HAVILAH RESOURCES LIMITED
ABN 39 077 435 520

INTERIM FINANCIAL REPORT
FOR THE FINANCIAL HALF-YEAR ENDED
31 JANUARY 2020

For further information please see the Havilah website or contact:

Dr Chris Giles: Technical Director
Telephone: +61 8 8155 4500
Email: info@havilah-resources.com.au
Website: www.havilah-resources.com.au

Contents	Page

Forward-looking Statements
This Interim Financial Report prepared by Havilah includes forward-looking statements. Often, but not always, forward-looking statements can generally be identified by the use of forward-looking words such as 'may', 'will', 'expect', 'intend', 'plan', 'estimate', 'anticipate', 'continue', and 'guidance', or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward-looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Group's actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the Company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward-looking statements are based on the Group and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Group's business and operations in the future. The Group does not give any assurance that the assumptions on which forward-looking statements are based will prove to be correct, or that the Group's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Group or management or beyond the Group's control.

Although the Group attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward-looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Group. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements. Forward-looking statements in this Interim Financial Report speak only at the date of issue. Subject to any continuing obligations under applicable law or the ASX Listing Rules, in providing this information the Group does not undertake any obligation to publicly update or revise any of the forward-looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

DIRECTORS' REPORT
FOR THE FINANCIAL HALF-YEAR ENDED 31 JANUARY 2020

The Board of Directors submits its Directors' Report on Havilah Resources Limited and its subsidiaries (the 'Group') for the financial half-year ended 31 January 2020 (the 'financial half-year'). All amounts are presented in Australian dollars. Havilah Resources Limited ('Havilah' or 'Company') is a public company limited by shares and is listed on the ASX. It is incorporated and domiciled in Australia. Its registered office is at 164 Fullarton Road, Dulwich, 5065 South Australia.

Directors

The Directors of the Company at the date of this Directors' Report are:

Mr Victor Previn (Independent Non-Executive Director) appointed 9 October 2019
Mr Simon Gray (Executive Director) appointed 9 October 2019
Dr Christopher Giles (Executive Director – Technical Director)

The Directors of the Company that resigned during the financial half-year were:
Mr Mark Stewart (*appointed a Director on 12 December 2017; ceased to be a Director on 9 October 2019*); and
Mr Martin Janes (*appointed a Director on 2 January 2019; ceased to be a Director on 9 October 2019*).

Directors held office during and since the end of the financial half-year unless otherwise stated.

Company Secretary

Mr Simon Gray was appointed as Company Secretary on 29 January 2019.

Principal Activity

The principal activity of the Group during the financial half-year was exploration for minerals (predominantly copper, gold, cobalt and iron ore) on its extensive mineral tenement holdings in the Curnamona Craton region of northeastern South Australia. The objective is to translate exploration success into shareholder value by developing the JORC Ore Reserves and Mineral Resources into profitable operating mines and/or via sale or farm-out with suitable well-funded partners.

Key Strategic Objectives

Optimise returns to shareholders from strategic management of its multi-commodity mineral portfolio in South Australia by:

- progressing and de-risking advanced mineral projects to attract investment partners via farm-out or asset sale; and
- making new exploration discoveries on the large and highly prospective Curnamona Craton mineral tenement holding.

Review of Operations

The first two priority tasks of the new Board of Directors was to recapitalise the Company and to fully repay the Investec Australia Finance Pty Limited ('Investec') loan via a non-renounceable pro-rata entitlement offer to eligible shareholders. This was only possible due to the newly unified and supportive shareholder base.

The Company has also been restructured with the appointment of two new Directors, a reduction in overheads, and concentration on value-adding technical activities. The Company redirected its focus onto what we believe all shareholders really want: namely to maximise the value of its multi-commodity mineral portfolio and to make new mineral discoveries in a way that generates sustainable share price appreciation.

The streamlined technical team's primary objective is to progress pre-feasibility studies on Havilah's advanced mineral projects to upgrade their investment attractiveness. This in turn will enhance the opportunities for sale or farm-out of the projects. In addition, planned exploration drilling programs will aim to make material new copper-gold mineral discoveries on the Company's highly prospective mineral tenement holding.

Kalkaroo and Mutooroo provide Havilah shareholders with significant leverage to current high gold prices and anticipated future improved copper prices. The Board of Directors still considers the outlook for copper as positive based on the likely increased demand associated with the shift to copper-intensive renewable energy sources, and the fundamental need for copper in the economy.

DIRECTORS' REPORT
FOR THE FINANCIAL HALF-YEAR ENDED 31 JANUARY 2020

Review of Operations (continued)

Kalkaroo Copper-Gold-Cobalt Project (HAV 100% ownership)

The Kalkaroo project is Havilah's flagship mineral project, located approximately 400 kilometres ('km') northeast of Adelaide and 95 km northwest of the regional mining city of Broken Hill, in proximity to the transcontinental railway line and Barrier highway. The project comprises several Mining Leases and hosts a 100.1 million tonne ('Mt') JORC Ore Reserve (classification: proved 90.2 Mt; probable 9.9 Mt) that contains 474,000 tonnes of copper and 1.4 million ounces of gold suitable for a large-scale open pit mining operation. Havilah also owns the Kalkaroo Station pastoral lease, a non-mineral asset on which the Kalkaroo project is located, reducing land access risks for the project.

The Company has continued to de-risk this project by obtaining Mining Leases, purchasing the Kalkaroo Station, finalising the Native Title Mining Agreement and publishing a pre-feasibility study ('PFS').

During the financial half-year, Havilah began updating the Kalkaroo PFS program of work designed to investigate potential upside scenarios identified by the original PFS, with the aim of adding further value to the project. The Company re-engaged RPM Global Asia Limited to update the PFS based on improved metal recoveries (resulting from extensive new metallurgical studies), revised Australian dollar metal prices and re-optimised mining schedules and plant throughputs.

The ultimate objective of the updated PFS is to maximise the returns for shareholders from Kalkaroo either by developing the JORC Ore Reserves and Mineral Resources into a profitable operating mine and/or via sale or farm-out with a suitable well-funded partner. To this end, Havilah continues to engage and share data with suitably credentialed major groups who have shown interest, but does not plan to actively market the project until such time as the updated PFS is completed.

Mutooroo Copper-Cobalt-Gold Project (HAV 100% ownership)

The Mutooroo project is a lode-style copper and cobalt deposit, located approximately 60 km southwest of Broken Hill, and 16 km south of the transcontinental railway line and Barrier highway. It contains a JORC Mineral Resource (Measured, Indicated and Inferred) of 13.1 Mt of 1.48% copper for a total contained 195,000 tonnes of copper, 8,400 tonnes of cobalt and 44,600 ounces of gold. The project comprises three main tenements, in addition to a number of surrounding exploration tenements, collectively referred to as the Mutooroo Copper-Cobalt District.

The Group aims to advance the Mutooroo PFS as a standalone open pit copper mine and also progress an underground mining scoping study to determine the economics of exploiting the significant underground sulphide lode at depth. Havilah continues its investigation of the best options to realise value for the cobalt contained in iron sulphide concentrates, in order to capture additional project revenue.

A detailed, high resolution, airborne electromagnetic ('AEM') survey was recently flown over Havilah's priority targets in the vicinity of the Mutooroo deposit. Final data and the report from the AEM survey were received by Havilah during the financial half-year. The data, assessed by an independent consultant geophysicist, has highlighted several interpreted bedrock conductors potentially representing massive sulphide bodies. A number of priority anomalies were identified in the report for follow up, including the priority one target at Mutooroo West.

Like Kalkaroo, Mutooroo has high exploration potential for the discovery of additional copper-cobalt resources both along strike and at depth of the existing JORC Mineral Resource and in the immediate surrounding area. Planning has commenced for both the underground mining scoping study and the drilling for additional open pit resources later this calendar year.

Resource estimation studies are planned to obtain a resource estimate for the cobalt contained within the copper JORC Inferred Resource envelope. This will be predominantly based on existing and new assays for cobalt, previously obtained by Havilah from sampling and assaying of five deep historic diamond drillholes at Mutooroo.

DIRECTORS' REPORT
FOR THE FINANCIAL HALF-YEAR ENDED 31 JANUARY 2020

Review of Operations (continued)

Grants Basin, Maldorky and Grants Iron Ore Projects (HAV 100% ownership)

The Maldorky project has a 147 Mt of 30.1% iron JORC Mineral Resource (Indicated) at an 18% iron cut-off. It is located approximately 90 km southwest of Broken Hill, and 26 km south of the transcontinental railway line and Barrier highway. The iron ore resource is contained in a flat tabular deposit with a thin overburden, making it well suited to an open pit mining operation. The Mining Lease application has been accepted by the Department for Energy and Mining ('DEM'), pending finalisation of a Native Title Mining Agreement that is currently in progress.

The Grants iron ore deposit contains 304 Mt of 24% iron JORC Mineral Resource (Inferred) at an 18% iron cut-off. The lack of overburden and geometry of the deposit is favourable for an open pit mining operation. It is located approximately 80 km west-southwest of Broken Hill, and 8-10 km south of the transcontinental railway line and Barrier highway. Only 1 km east is the potentially large Grants Basin iron ore deposit containing an Exploration Target***** of 3.5-3.8 billion tonnes of 24-28% iron. The western end of this exploration target crops out as a solid mass of iron ore at least 270 metres thick from surface. In order to convert a portion of this Exploration Target to a JORC Mineral Resource, Havilah advanced plans to undertake a resource delineation drilling program during the calendar year. The purpose is to delineate a JORC Mineral Resource for an open pit to approximately 200 metres depth that can form the basis for a scoping study.

The objectives at Grants Basin are two-fold:

- to provide sufficient data for a scoping study, upon which Havilah can do its own internal valuation studies; and
- demonstrate its attractiveness to a suitable well-funded partner/investor.

***** Note that the potential quantity and grade of the Exploration Target is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Jupiter MT Anomaly Target (HAV 100% ownership)

Jupiter is a major unexplained magnetotelluric ('MT') conductive zone analogous to that seen extending to depth below Olympic Dam. A gravity survey in the vicinity of the Jupiter MT target was undertaken during the financial half-year. The objective of the gravity survey was to cover the Jupiter C2 conductive zone (the interpreted mineralising fluid pathway) in order to obtain better geophysical definition of the target area.

Interpretation of this new gravity survey data confirms an earlier recognised circular gravity anomaly and highlights several other features of potential exploration interest. It also provides independent corroborative support for Jupiter as an exciting conceptual copper-gold target. Further geophysical and other work is planned (e.g. shallow MT survey, conduct surface geochemical 'sniffing' sampling) to assist in defining future potential drilling targets.

Exploration Strategy

The Group will drive exploration value through the detailed evaluation of its tenements to identify quality exploration prospects and targets. The Board of Directors believes that it is strategically important for the Company's longer-term sustainability to maintain a focus on ensuring a future pipeline of prospective opportunities.

This strategy will entail maintaining a balanced portfolio in terms of risk and reward, containing both higher-value, near-term exploration prospects while ensuring a holding of prospective acreage capable of sustaining longer-term production and mineral resource growth.

Accordingly, a focused and methodical exploration strategy will be implemented, concentrating on high prospectivity geological targets. Methodologies will continue to assess exploration and mineral resource replacement potential in value terms. The objective is that the allocation of exploration expenditure is commensurate with the potential value of exploration targets.

Supported by funds raised from the recent Entitlement Offer, the Group plans to undertake exploration drilling of several high conviction copper-gold exploration targets within its large prospective mineral tenement holding during the course of the calendar year. This will be carried out by Havilah's own drilling crew using a dry-hired percussion drilling rig, that has proven itself to be effective in past drilling campaigns in the Curnamona Craton.

DIRECTORS' REPORT
FOR THE FINANCIAL HALF-YEAR ENDED 31 JANUARY 2020

Review of Operations (continued)

Rare Earth Potential Highlighted for Kalkaroo Project and Other Prospects (HAV 100% ownership)

During the financial half-year, re-assaying selected retained drill samples from the Kalkaroo project and the Croziers copper prospect has confirmed significantly elevated levels of rare earth elements ('REE').

The REE re-assaying was prompted by Havilah's new management team's recent technical review of limited REE data that was available from earlier MMG Limited joint venture diamond drillholes on several Havilah prospects, along with compilation of Lanthanum and Neodymium data from a limited number of Havilah drillholes. MMG Limited reported some elevated REE results from both the Eurinilla and Birksgate prospect areas, generally associated with copper-gold mineralisation.

Two copper-gold mineralised reconnaissance aircore drillhole samples recently re-assayed from West Kalkaroo show elevated levels of higher value REE, namely Neodymium, Praseodymium, Dysprosium and Terbium. These four REE make up approximately 80% of the potential value of REE in the two drill samples, which are from the soft clayey saprolite gold ore at West Kalkaroo. The levels of these REE in the underlying copper ore types (e.g. native copper, chalcocite and chalcopyrite) is yet to be determined, although it is noted that previous limited Lanthanum assay values were generally elevated.

While the available limited REE results are promising, considerably more exploration drilling and assaying is required to determine the full extent of REE mineralisation associated with the stratabound replacement and vein style copper-gold mineralisation across Havilah's mineral tenements in the Curnamona Craton.

Havilah proposes to initiate study of the REE recovery options, with the following key tasks planned:
- complete shallow drillholes at the Kalkaroo project and Croziers prospect areas to obtain samples that are suitable for metallurgical recovery studies;
- mineralogical studies to determine the identities and physical properties (such as size, shape and density) of the REE-bearing mineral phases; and
- metallurgical tests designed to establish recoveries of REE minerals from the mineralised drill samples.

Cash Flows
Operating activities resulted in net cash outflows of $2,775,765 (31 January 2019: $844,762) for the financial half-year, predominantly for payments to suppliers and employees, which included staff redundancy payments of $342,752.

Net cash outflows from investing activities of $275,334 (31 January 2019: $1,981,486) for the financial half-year were primarily associated with payments for exploration and evaluation expenditure ($155,787) on the Group's exploration projects.

Financing activities resulted in net cash inflows of $1,783,016 (31 January 2019: $2,162,843) for the financial half-year, predominantly associated with proceeds from issue of new ordinary shares $3,763,978 and funds held in escrow $1,010,000; partially offset by repayment of Research & Development claims $363,537, principal element of lease payments $83,496 and Investec loan of $2,500,000 being fully repaid during the financial half-year.

The financial half-year ended with a net decrease in cash equivalents of $1,268,083 (31 January 2019: $663,405).

DIRECTORS' REPORT
FOR THE FINANCIAL HALF-YEAR ENDED 31 JANUARY 2020

Financial Position

On 25 October 2019 the Company opened a non-renounceable pro-rata entitlement offer of ordinary shares to eligible shareholders on the basis of 1 new ordinary share for every 4 ordinary shares held at an offer price of $0.10 per new ordinary share (the 'Entitlement Offer'). The Entitlement Offer closed on 11 November 2019. The Directors reserved the right to issue 'Shortfall Shares' (the number of new ordinary shares under the Entitlement Offer not applied for by eligible shareholders under their entitlement or offered to shareholders because they are ineligible shareholders) at their discretion.

At the end of the financial half-year the Group had a cash and cash equivalents balance of $2,551,563 (31 July 2019: $3,819,646). Included in cash and cash equivalents was $1,010,000 (31 July 2019: $Nil) held in an escrowed bank account.

The Group's working capital, being current assets less current liabilities, increased from a net current asset deficiency of $2,050,297 as at 31 July 2019 to a surplus of $160,250 as at 31 January 2020 predominantly as a result of the funds raised from the Entitlement Offer and the deferred income liability de-recognised.

Exploration and evaluation expenditure carried forward decreased during the financial half-year to $35,433,339, primarily due to $155,787 incurred on exploration tenements; offset by impairment of $106,688 and amounts received from SIMEC Mining for iron ore project costs no longer reimbursable.

The ownership of the land on which the Kalkaroo project is situated, via the Kalkaroo Station pastoral lease, continues to be carried at cost ($2,241,023) in property, plant and equipment.

All leases, with the exception of short-term and low value leases, are now recognised on the condensed consolidated statement of financial position as a right-of-use asset and a corresponding lease liability as a result of the adoption of Australian Accounting Standard AASB 16 *'Leases'* from 1 August 2019. Right-of-use assets as at 31 January 2020 were $122,238 (non-current). Lease liabilities as at 31 January 2020 of $122,238 (current) represent leased office premises at 164 Fullarton Road, Dulwich, South Australia. The Company has exercised an option under this lease to vacate the premises during May 2020, as it is too large a space for the Company's current requirements.

The carrying value of non-current financial assets, mainly the receivable due from Consolidated Mining & Civil Pty Ltd ('CMC'), has been reassessed resulting in a write-down of the CMC receivable amount to $Nil (31 July 2019 CMC receivable balance: $2,595,451). In making this decision the Group has reviewed the likelihood that the conditions required to be completed, in order for the amount to be payable, will occur (i.e. that the North Portia mine achieves $3,500,000 of production revenue). Given there has been no significant progress in developing the North Portia mine, along with the present extraordinary market conditions associated with COVID-19 that make raising finance difficult, the Directors believe they cannot predict with any certainty the time period when, if at all, the amount will become payable.

The Group's total liabilities decreased predominantly due to full repayment of the Investec loan of $2,500,000 during the financial half-year and the current liability for deferred income being de-recognised on 1 January 2020; partially offset by the recognition of current liabilities from 1 August 2019 and a loan for the purchase of a heavy-duty field vehicle to be used by the Company's Drilling Supervisor.

The Company issued 37,596,628 new ordinary shares during the financial half-year, with contributed equity increasing by $3,721,769 as at 31 January 2020.

The $1,010,000 paid to the Company by shareholders held in an escrowed bank account as at 31 January 2020, pending the issue of fully paid new ordinary shares, was recognised as a current other financial liability (funds held in escrow). 10,100,000 ordinary shares were subsequently issued at $0.10 per share via share placement.

DIRECTORS' REPORT
FOR THE FINANCIAL HALF-YEAR ENDED 31 JANUARY 2020

Financial Results

The consolidated result of the Group for the financial half-year was a loss after tax of $4,538,567 (31 January 2019: $4,697,516). This loss includes the full write-down of the CMC receivable of $2,595,451. A revision of the CMC receivable carrying value was recognised during the financial year half-year ended 31 January 2019 of $2,527,130.

Corporate and other administrative costs for the financial half-year of $2,564,847 (31 January 2019: $1,371,984) includes gross employee benefits expense of $1,246,621 (31 January 2019: $1,420,600), which includes $342,752 (31 January 2019: $Nil) of staff redundancy payments. Corporate and other administrative costs also included $360,289 in external legal, other consultants, public relations and other costs associated with the proposed investment by SIMEC Mining and $44,552 costs associated with the cancelled Extraordinary General Meeting that was to have been held on 12 November 2019.

Corporate and other administrative costs also included $Nil (31 January 2019: $255,595) in penalties imposed by the Australian Taxation Office ('ATO') associated with the re-assessed Research & Development incentive scheme claims from the 2013 and 2014 financial years. The Company continues to dispute the findings of Industry Science Australia and re-affirms its position that the Research & Development projects claimed are legitimate. At the present time Havilah is awaiting the findings of its appeal to the Administrative Appeals Tribunal to be handed down.

The loss for the financial half-year also included exploration and evaluation impairment expense of $106,688 (31 January 2019: $201,334) and share-based payments expense of $298,867 (31 January 2019: $226,897) associated with unlisted share options provided in prior financial periods to Directors $21,370 (disclosed in Directors' remuneration) (31 January 2019: $12,466), employees $159,560 (disclosed in employee and contractor benefits expense) (31 January 2019: $Nil) and Investec $117,937 (31 January 2019: $214,431). The amounts expensed with respect to employees is a result of redundancies made during the financial half-year.

Lease costs are now recognised in the condensed consolidated statement of profit or loss over the lease term in the form of depreciation on the right-of-use asset and finance charges representing the unwind of the discount on the lease liability, replacing operating lease expenses previously reported under Australian Accounting Standard AASB 117 *'Leases'*. Under AASB 16, the Group recognised depreciation expense of $90,251 on right-of-use assets and interest expense of $13,455 on the lease liabilities in the condensed consolidated statement of profit or loss during the financial half-year.

Partially offsetting the loss for the financial half-year was revenue associated with interest income of $8,804 (31 January 2019: $1,858), Portia Gold Mine royalty revenue of $29,293 (31 January 2019: $111,489) and recognition of $1,000,000 (31 January 2019: $Nil) of deferred income in relation to the SIMEC Mining exclusivity extension on the Group's Maldorky and Grants iron ore projects. On 1 January 2020 the income impact of the $1,000,000 was recognised by Havilah, on de-recognition of the current liability for deferred income, as no transaction was completed with SIMEC Mining during calendar year 2019.

From 9 October 2019, the new Board of Directors acted promptly to reduce corporate overheads and it is an ongoing goal of the Board, in consultation with management, to identify and pro-actively realise further cost reductions to preserve as far as possible the Company's cash resources.

Business Strategies and Prospects, Likely Developments and Expected Results of Operations

The Review of Operations sets out information on the business strategies and prospects for future financial years, refers to likely developments in operations and the expected results of those operations in future financial years. Information in the Review of Operations is provided to enable shareholders to make an informed assessment about the business strategies and prospects for future financial years of the Group. Other than the matters included in this Directors' Report or elsewhere in this Interim Financial Report, information about other likely developments in the Group's operations and the expected results of those operations have not been included. Details that could give rise to likely material detriment to Havilah, for example, information that is confidential, commercially sensitive or could give a third party a commercial advantage has not been included.

DIRECTORS' REPORT
FOR THE FINANCIAL HALF-YEAR ENDED 31 JANUARY 2020

Summary of Governance Arrangements and Internal Controls in Place for the Reporting of Ore Reserves and Mineral Resources

Ore Reserves and Mineral Resources are estimated by suitably qualified employees and consultants in accordance with the JORC Code, using industry standard techniques and internal guidelines for the estimation and reporting of Ore Reserves and Mineral Resources. These estimates and the supporting documentation were reviewed by a suitably qualified Competent Person prior to inclusion in this Interim Financial Report.

Competent Person's Statement

The information in this Interim Financial Report that relates to Exploration Targets, Exploration Results, Mineral Resources and Ore Reserves is based on data compiled by geologist Dr Christopher Giles, a Competent Person who is a member of The Australian Institute of Geoscientists. Dr Giles is a Director of the Company, a full-time employee and is a substantial shareholder. Dr Giles has sufficient experience, which is relevant to the style of mineralisation and type of deposit and activities described herein, to qualify as a Competent Person as defined in the 2012 Edition of *'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'*. Dr Giles consents to the inclusion in this Interim Financial Report of the matters based on his information in the form and context in which it appears. Information for the Kalkaroo Ore Reserve and Mineral Resource complies with the JORC Code 2012. All other information was prepared and first disclosed under the JORC Code 2004 and is presented on the basis that the information has not materially changed since it was last reported. Havilah confirms that all material assumptions and technical parameters underpinning the reserves and resources continue to apply and have not materially changed.

External Auditor's Independence Declaration

A copy of the external Auditor's Independence Declaration for the financial half-year, as required under Section 307C of the *Corporations Act 2001*, is included on page 9.

Matters Subsequent to the End of the Financial Half-Year

During March 2020, the World Health Organisation declared the outbreak of a novel coronavirus ('COVID-19') as a pandemic, which continues to spread throughout Australia. The spread of COVID-19 has caused significant volatility in Australian and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the Australian and international economies. The imposition of governmental measures such as travel restrictions and border closings, stay-at-home and quarantine notices, and country lockdowns may have an impact on the Group's plans in terms of delays and the Group is unable to determine if it will have a material impact to its operations.

Other than the matters noted above and disclosed in Note 15 of the condensed consolidated financial statements, there has been no matter or circumstance that has arisen since the end of the financial half-year, that has significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

This Directors' Report is made in accordance with a resolution of the Board of Directors.

On behalf of the Board of Directors:

Dr Christopher Giles	**Mr Simon Gray**
Executive Director	Executive Chairman

8 April 2020

GT Auditor's **Independence Declaration**

Level 3, 170 Frome Street
Adelaide SA 5000

Correspondence to:
GPO Box 1270
Adelaide SA 5001

T +61 8 8372 6666

Auditor's Independence Declaration

To the Directors of Havilah Resources Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Havilah Resources Limited for the six month period ended 31 January 2020, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 8 April 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL HALF-YEAR ENDED 31 JANUARY 2020

	Note	Financial Half-Year Ended 31 January 2020	31 January 2019
		$	$
Revenue	4	38,097	113,347
Other income	4	1,000,000	-
Total revenue and other income		1,038,097	113,347
Fair value gains on financial assets		83,584	-
Write-down of CMC receivable	4 (c)	(2,595,451)	(2,527,130)
Corporate and other administration costs	4	(2,564,847)	(1,371,984)
Finance costs	4	(142,953)	(495,984)
Share-based payments expense		(117,937)	(214,431)
Exploration and evaluation expenditure expensed		(139,127)	-
Impairment of capitalised exploration and evaluation expenditure	5	(106,688)	(201,334)
Reassessment of right-of-use asset		6,755	-
Total expenses		(5,576,664)	(4,810,863)
Loss before income tax		(4,538,567)	(4,697,516)
Income tax expense		-	-
Loss for financial half-year attributable to equity holders of the Company		**(4,538,567)**	**(4,697,516)**
Other comprehensive income for financial half-year, net of income tax		-	-
Total comprehensive loss for the financial half-year attributable to equity holders of the Company		**(4,538,567)**	**(4,697,516)**
Loss per ordinary share attributable to equity holders of the Company:		**Cents**	**Cents**
Basic loss per ordinary share		(1.9)	(2.2)
Diluted loss per ordinary share		(1.9)	(2.2)

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2020

	Note	31 January 2020	31 July 2019
		$	$
Current assets			
Cash and cash equivalents		2,551,563	3,819,646
Trade and other receivables		100,247	46,672
Other current assets		40,519	121,588
Total current assets		2,692,329	3,987,906
Non-current assets			
Exploration and evaluation expenditure	5	35,433,339	35,524,097
Property, plant and equipment		2,727,800	2,841,336
Right-of-use assets	6	122,238	-
Other financial assets		118,000	2,704,871
Total non-current assets		38,401,377	41,070,304
Total assets		41,093,706	45,058,210
Current liabilities			
Trade and other payables		411,972	764,628
Borrowings	7	61,605	2,632,486
Lease liabilities	8	122,238	-
Provisions		404,719	616,150
Other financial liabilities	9	1,531,545	885,082
Deferred income		-	1,139,857
Total current liabilities		2,532,079	6,038,203
Non-current liabilities			
Borrowings	7	69,131	-
Provisions		-	9,580
Deferred income		675,909	675,909
Total non-current liabilities		745,040	685,489
Total liabilities		3,277,119	6,723,692
Net assets		**37,816,587**	**38,334,518**
Equity			
Contributed equity	10	75,396,563	71,674,794
Accumulated losses		(35,903,107)	(31,421,839)
Share-based payments reserve		922,928	681,360
Buy-out reserve		(2,599,797)	(2,599,797)
Total equity		**37,816,587**	**38,334,518**

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF-YEAR ENDED 31 JANUARY 2020

	Contributed Equity	Accumulated Losses	Share-based Payments Reserve	Buy-out Reserve	Total Equity
	$	$	$	$	$
Balance as at 1 August 2018	71,674,794	(24,506,419)	514,131	(2,599,797)	45,082,709
Loss for the financial half-year	-	(4,697,516)	-	-	(4,697,516)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the financial half-year	-	(4,697,516)	-	-	(4,697,516)
Transactions with owners in their capacity as owners:					
Issue of 5,000,000 unlisted options to Investec	-	-	138,569	-	138,569
Issue of 2,500,000 unlisted options to Investec	-	-	75,862	-	75,862
Unlisted options lapsed	-	416,802	(416,802)	-	-
Share-based payments expense	-	-	12,466	-	12,466
Balance as at 31 January 2019	**71,674,794**	**(28,787,133)**	**324,226**	**(2,599,797)**	**40,612,090**
Balance as at 1 August 2019	71,674,794	(31,421,839)	681,360	(2,599,797)	38,334,518
Loss for the financial half-year	-	(4,538,567)	-	-	(4,538,567)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the financial half-year	-	(4,538,567)	-	-	(4,538,567)
Transactions with owners in their capacity as owners:					
Ordinary shares issued	3,763,978	-	-	-	3,763,978
Transaction costs arising on ordinary shares issued	(42,209)	-	-	-	(42,209)
Unlisted options lapsed	-	57,299	(57,299)	-	-
Share-based payments expense	-	-	298,867	-	298,867
Balance as at 31 January 2020	**75,396,563**	**(35,903,107)**	**922,928**	**(2,599,797)**	**37,816,587**

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL HALF-YEAR ENDED 31 JANUARY 2020

	Financial Half-Year Ended	
	31 January 2020	**31 January 2019**
	$	**$**
Cash flows from operating activities		
Receipts from customers	29,293	111,489
Interest received	8,804	-
Payments to suppliers and employees	(2,545,237)	(919,872)
Payments for exploration and evaluation expenditure expensed	(139,127)	-
Interest and other costs of finance paid	(129,498)	(36,379)
Net cash flows used in operating activities	(2,775,765)	(844,762)
Cash flows from investing activities		
Interest received	-	1,858
Payments for exploration and evaluation expenditure capitalised	(155,787)	(1,587,364)
Payments for property, plant and equipment	(123,547)	(4,000)
Proceeds from disposal of non-current assets	4,000	-
Payments associated with sale of subsidiary in a prior financial period	-	(391,980)
Net cash flows used in investing activities	(275,334)	(1,981,486)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	3,763,978	-
Payment of ordinary share issue costs	(42,209)	-
Funds held in escrow	1,010,000	-
Proceeds from borrowings	79,289	2,500,000
Payment for borrowing costs	-	(262,157)
Repayment of Research & Development claims	(363,537)	-
Repayments of borrowings	(2,581,009)	(75,000)
Principal element of lease payments	(83,496)	-
Net cash flows provided by financing activities	1,783,016	2,162,843
Net decrease in cash and cash equivalents	(1,268,083)	(663,405)
Cash and cash equivalents at beginning of the financial half-year	3,819,646	1,845,904
Cash and cash equivalents at end of the financial half-year	**2,551,563**	**1,182,499**

The accompanying notes form an integral part of these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL HALF-YEAR ENDED 31 JANUARY 2020

Note 1. Basis of Preparation of the Condensed Consolidated Financial Statements

This Interim Financial Report is a general-purpose financial report and has been prepared in accordance with Australian Accounting Standard AASB 134 *'Interim Financial Reporting'* and the *Corporations Act 2001*. All amounts are presented in Australian dollars.

The Interim Financial Report represents a 'condensed set of financial statements' as referred to in AASB 134. Accordingly, it does not include all the information normally included in an Annual Report and should be read in conjunction with the Company's most recent Annual Report for the financial year ended 31 July 2019.

The condensed consolidated financial statements are for the Group and have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

The condensed consolidated financial statements have been prepared using the same accounting policies, critical estimates, judgements and methods of computation as disclosed in the Company's Annual Report for the financial year ended 31 July 2019, except for AASB 16 *'Leases'* as discussed below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with financial half-year amounts and other disclosures.

Statement of Compliance

Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 134 '*Interim Financial Reporting'*.

Adoption of New or Revised Australian Accounting Standards and Interpretations that are First Effective in the Current Reporting Period

The Group has adopted all the new and/or revised Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the financial half-year ended 31 January 2020. The Group has not elected to apply any new or revised Australian Accounting Standards before their operative dates during the financial half-year.

Significant new and/or revised Australian Accounting Standards and amendments thereof and Interpretations effective for the financial half-year that are relevant to the Group include:

(i) AASB 16 *'Leases'*; and
(ii) AASB Interpretation 23 *'Uncertainty over Income Tax Treatments'*.

A number of other Australian Accounting Standards and Interpretations, along with revisions to the Conceptual Framework for Financial Reporting, have been issued and will be applicable in future periods. While these remain subject to ongoing assessment, no significant impacts have been identified to date. These standards have not been applied in the preparation of this Interim Financial Report.

The adoption of all of the relevant new and/or revised Australian Accounting Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has had no effect on either the amounts reported for the current or previous financial half-years, except for AASB 16 as disclosed below.

AASB 16 'Leases'
The Group has applied AASB 16 from 1 August 2019. The Group has adopted the simplified transition approach without restatement of comparative information for the financial year prior to first adoption. There was no change in accumulated losses as a result of applying AASB 16 as at 1 August 2019.

AASB 16 eliminates the distinction between operating and finance leases and brings all operating leases (other than short-term and low value leases) onto the condensed consolidated statement of financial position. As a lessee, the Group recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

In applying AASB 16 for the first time, the Group used the following transition practical expedients permitted by the new standard:

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL HALF-YEAR ENDED 31 JANUARY 2020**

Note 1. Basis of Preparation of the Condensed Consolidated Financial Statements (continued)

AASB 16 'Leases' (continued)
(a) use of a single discount for operating leases, as they have reasonably similar characteristics (and it did not have a material effect);
(b) the accounting for operating leases with a remaining lease term of 12 months (or less) were classified as short-term leases, which have continued to be recognised on a straight-line basis as an expense in profit or loss; and
(c) use of hindsight in determining the lease term where the lease agreement contains an option to extend or reduce the lease term.

The Group elected under AASB 16 not to apply the new standard to contracts that were not identified as containing a lease under AASB 117 *'Leases'* and AASB Interpretation 4 *'Determining whether an Arrangement contains a Lease'*.

At transition, all relevant lease liabilities were measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease or, where that rate was not readily determined, the Group's estimated incremental borrowing rate as at 1 August 2019. All right-of-use assets were measured at the amount of the lease liability on transition.

As a result of applying AASB 16, as at 1 August 2019 the Group recognised right-of-use assets of $526,470 as a non-current asset and lease liabilities of $526,470 (current $169,909 and non-current $356,561). There was no change in accumulated losses as a result of applying AASB 16 as at 1 August 2019. When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using an average rate of 5.6% as at 1 August 2019.

Under AASB 16, the Group recognised depreciation expense of $90,251 on right-of-use assets and interest expense of $13,455 on lease liabilities in the condensed consolidated statement of profit or loss during the financial half-year. Principal element of lease payments of $83,496 was shown under financing activities and the interest element of lease payments of 5.6% was shown under operating activities in the condensed consolidated statement of cash flows during the financial half-year.

The following table provides a reconciliation of non-cancellable operating lease commitments disclosed in Note 29(e) 'Operating Lease Rental Commitments' in the 2019 Annual Report to the total lease liabilities recognised as at 1 August 2019:

Reconciliation	**$**
Operating lease rental commitments as at 31 July 2019 (undiscounted)	728,093
Less: prior financial period overstatement	(157,861)
Less: effect of discounting	(43,762)
Total lease liabilities recognised as at 1 August 2019	526,470

Leases: Significant Accounting Policy
The Group recognises a right-of-use asset and a lease liability at the lease commencement date (i.e. the date the underlying asset is available for use). The right-of-use asset is initially measured at cost (present value of the lease liability plus deemed cost of acquiring the asset less any lease incentives received). The recognised right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

The lease liability is initially measured at the present value of the lease payments expected to be paid over the lease term, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Group's estimated incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. The lease liability is further remeasured if the estimated future lease payments change as a result of index or rate changes, residual value guarantees or likelihood of exercise of purchase, extension or termination options. When lease contracts are terminated or altered, the unpaid lease liability and net carrying value of the right-of-use asset is de-recognised.

Short-term (12 months or less) leases and low value (below $5,000) leases continue to be expensed in the condensed consolidated statement of profit or loss.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL HALF-YEAR ENDED 31 JANUARY 2020**

Note 2. Going Concern

The Group's Interim Financial Report is prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities and commitments in the normal course of business.

During the six months ended 31 January 2020, the Company recognised a loss of $4,538,567, had net cash outflows from operating activities of $2,775,765 and had accumulated losses of $35,903,107 as at 31 January 2020. In addition, the impacts of the COVID-19 pandemic, which occurred subsequent to the financial half-year, are uncertain and it is possible that there may be subdued activity for the next twelve months from the date of signing this Interim Financial Report.

The continuation of the Group as a going concern is dependent upon its ability to generate sufficient net cash inflows from operating and financing activities and manage the level of exploration and other expenditure within available cash resources. The Directors consider that the going concern basis of accounting is appropriate as the Group has the following options:

- the ability to issue share capital under the *Corporations Act 2001*, by a share purchase plan, share placement or rights issue;
- the option of farming out all or part of its assets;
- the option of selling interests in the Group's assets; and
- the option of relinquishing or disposing of rights and interests in certain assets.

In the event that the Group is unsuccessful in implementing one or more of the funding options listed above, such circumstances would indicate that a material uncertainty exists that may cast significant doubt as to whether the Company will continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the Interim Financial Report.

The Interim Financial Report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

Note 3. Segment Information

There was a change in the operating segments during the financial half-year.

The Group has a number of exploration tenements in South Australia, which it manages on a portfolio basis. The decision to allocate resources to individual projects in the portfolio is predominantly based on available cash assets, technical data and the expectation of future metal prices. Accordingly, the Group now operates as one segment being exploration for minerals in South Australia. This is the basis on which its internal reports are reviewed and used by the Board of Directors (the 'chief operating decision maker') in monitoring, assessing performance and in determining the allocation of resources.

The results, asset and liabilities from this segment are equivalent to the condensed consolidated financial statements.

The Group's operations are all undertaken in South Australia.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL HALF-YEAR ENDED 31 JANUARY 2020

Note 4. Results for the Financial Half-Year

	Financial Half-Year Ended	
	31 January 2020	31 January 2019
	$	$
The results for the financial half-year include the following specific revenues and expenses:		
Revenue and Other Income		
Interest income from unrelated entities	8,804	1,858
Royalty revenue from Portia Gold Mine	29,293	111,489
Total revenue	38,097	113,347
SIMEC Mining exclusivity payment (refer (a) below)	1,000,000	-
Total other income	1,000,000	-
Expenses		
Corporate and other administrative costs:		
- Employee and contractor benefits expense (refer (b) below)	(1,246,621)	(1,420,600)
- less amounts capitalised	-	1,007,683
- Administration expenses	(386,450)	(385,489)
- Research & Development tax amendment penalties	-	(255,595)
- Extraordinary General Meeting expenses (refer (d) below)	(404,841)	(130,500)
- Directors' remuneration	(199,602)	(102,101)
- Depreciation and amortisation expense	(127,333)	(61,955)
- Impairment of plant and equipment	(200,000)	-
- Corporate costs	-	(23,427)
Total corporate and other administrative costs	(2,564,847)	(1,371,984)
Finance costs:		
- Investec loan establishment costs	-	(262,157)
- Amortisation of Investec loan establishment costs	-	(56,429)
- Interest expense	(120,157)	(146,944)
- Interest element on lease liabilities	(13,455)	-
- Bank fees	(9,341)	(30,454)
Total finance costs	(142,953)	(495,984)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL HALF-YEAR ENDED 31 JANUARY 2020

Note 4. Results for the Financial Half-Year (continued)

(a) During the previous financial year, SIMEC Mining elected to extend the exclusivity period to complete its due diligence on the Group's Maldorky and Grants iron ore projects until 31 March 2019. In accordance with the extension agreement entered into during December 2018, the Group received $1,000,000 from SIMEC Mining during February 2019. As the $1,000,000 payment together with any SIMEC Mining exploration funding ($139,857) could have been deducted from any amount payable by SIMEC Mining to the Group under any potential future transaction that may have been concluded between the parties during calendar year 2019 it was recognised as deferred income (liability) on the condensed consolidated statement of financial position. On 1 January 2020 $1,000,000 was recognised by Havilah as revenue and the $139,857 as a reduction from exploration and evaluation expenditure carried forward, as no transaction was completed with SIMEC Mining during calendar year 2019.

At the Extraordinary General Meeting of the Company held on 12 September 2019, the resolution for the approval of the proposed investment in Havilah Resources Limited of up to $100 million by SIMEC Mining was not passed by shareholders. In a letter dated 13 September 2019, SIMEC Mining advised that it had terminated the Share Subscription Agreement as it was conditional on shareholders' approval and that SIMEC Mining reserved its rights under the Share Subscription Agreement.

(b) Represents employee expenses including share-based payments expense $159,560 (2019: $Nil) excluding amounts capitalised as part of exploration and evaluation expenditure $Nil (2019: $1,007,683). It includes staff redundancy payments of $342,752 (2019: $Nil) during the financial half-year.

(c) The Directors conducted a review of the amount owing from Consolidated Mining & Civil Pty Limited ('CMC'). The current agreement with CMC allows for a payment of $3,800,000 once the first $3,500,000 of North Portia mine production revenue is achieved. The Directors considered that given the complexity of the North Portia project which includes raising finance, obtaining government approvals and the establishment of mining operations, and given the present extraordinary market conditions associated with COVID-19, they could not currently predict with any certainty if any amount was recoverable and in what time frame any amount may be forthcoming. As a consequence, the CMC receivable on sale of subsidiary of $2,595,451 has been written-down to $Nil during the financial half-year. During the financial year half-year ended 31 January 2019 a revision of the CMC receivable carrying value was recognised of $2,527,130.

(d) Costs associated with the SIMEC Mining Share Subscription Agreement and Extraordinary General Meeting (held on 12 September 2019) includes external legal fees $156,361, costs relating to independent expert reports $21,491, other consultants $50,000, public relations $76,912, and printing and postage costs $55,525. In addition, $44,552 was paid for costs associated with the cancelled Extraordinary General Meeting that was to have been held on 12 November 2019.

Note 5. Exploration and Evaluation Expenditure

	31 January 2020	31 July 2019
	$	$
Cost brought forward	35,524,097	32,984,095
Expenditure incurred during the financial period	155,787	3,673,159
Costs reimbursed by SIMEC Mining	(139,857)	-
Impairment of capitalised exploration and evaluation expenditure	(106,688)	(1,133,157)
Total expenditure and evaluation expenditure carried forward	35,433,339	35,524,097

A review of the Group's exploration and evaluation tenement portfolio was conducted during the financial half-year, which resulted in impairments from tenement expiry and/or relinquishment. Prior financial period expenditure impairment related to ongoing expenditure to maintain iron ore, uranium and geothermal tenements.

The expenditure is carried forward on the basis that exploration and evaluation activities in the areas of interest have not reached a stage that permits reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the areas is continuing. The future recoverability of the carrying amount of capitalised exploration and evaluation expenditure is dependent on successful development and commercial exploitation, or alternatively, the sale of the respective areas of interest.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL HALF-YEAR ENDED 31 JANUARY 2020

Note 6. Right-of-Use Assets

The following table provides the movement during the financial half-year in the Group's right-of-use assets:

Property	$
Recognised upon AASB 16 transition as at 1 August 2019	526,470
Re-evaluation of lease term	(313,981)
Depreciation expense during the financial half-year	(90,251)
Total right-of-use assets at end of the financial half-year	122,238

On 30 November 2019 the Company advised the owner of the right-of-use asset that it would exercise its discretion in the lease agreement to terminate with six months' notice and agree to pay a termination fee of approximately $75,000 as the property no longer meets the ongoing requirements of the Company. The right-of-use asset has been reassessed based on the new term, which will end May 2020.

The lease liability has been reassessed accordingly using the same interest rates as used when the asset and liability were initially recognised. This has resulted in a write-down of the liability of $320,736 to $122,238 (refer Note 8).

Note 7. Borrowings

	31 January 2020	31 July 2019
	$	$
Current		
Secured		
Investec loan (standby credit facility)	-	2,500,000
Hire purchase loan	10,158	-
Unsecured		
Insurance premium funding	51,447	132,486
Total current borrowings	61,605	2,632,486
Non-current		
Secured		
Hire purchase loan	69,131	-
Total non-current borrowings	69,131	-

During the financial half-year, the Investec loan was repaid in full. The loan security formerly held by Investec over the Kalkaroo and Mutooroo assets lapsed.

Hire purchase loan is a secured loan for the purchase of a heavy-duty field vehicle used by the Company's Drilling Supervisor.

Insurance premium funding is an unsecured fixed interest rate debt with a repayment period not exceeding one year.

The Group has access to a $500,000 secured overdraft facility with the National Australia Bank Limited at a business lending rate of 3.0% plus a customer margin of 2.2%. As at the end of the financial half-year, the Group has no balance owing on this facility and the full amount is available for use. The facility expires January 2022.

The Group also has access to a $500,000 bank guarantee facility provided by the National Australia Bank Limited, of which $216,000 is currently being utilised to secure bank guarantees for an office lease security deposit and a rehabilitation bond.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL HALF-YEAR ENDED 31 JANUARY 2020

Note 8. Lease Liabilities

The following table provides the movement during the financial half-year in the Group's lease liabilities:

	$
Secured	
Recognised upon AASB 16 transition as at 1 August 2019	526,470
Principal element of lease payments	(83,496)
Re-evaluation of lease term (refer Note 6)	(320,736)
Total lease liabilities at end of the financial half-year	122,238
Current lease liabilities at end of the financial half-year	122,238
Non-current lease liabilities at end of the financial half-year	-

The Group does not face a significant liquidity risk with regard to its lease liabilities.

Note 9. Other Financial Liabilities

	31 January 2020	31 July 2019
	$	$
Unsecured		
Research & Development income amendment (refer (a) below)	521,545	885,082
Funds held in escrow (refer (b) below)	1,010,000	-
Total current other financial liabilities	1,531,545	885,082

(a) Industry Science Australia carried out a review of the Group's Research & Development projects registered for the income tax years ended 31 July 2013 and 31 July 2014. Certain registered activities for both income tax years were found not to meet the requirements of the *Income Tax Assessment Act 1997*. During the financial half-year ended 31 January 2019, the Company entered into a payment plan with the ATO in respect of the amount outstanding due to amended income tax returns for 2013 and 2014 for Research & Development claims disallowed. The amount included interest and penalties imposed.

The Company lodged an appeal to the Administrative Appeals Tribunal against the decisions and argued its case at an Administrative Appeals Tribunal hearing, which concluded during June 2019. It is currently awaiting the outcome of the hearing on this matter. The Company continues to dispute the findings of Industry Science Australia and re-affirms its position that the Research & Development projects claimed are legitimate.

(b) On 25 October 2019 the Company opened a non-renounceable pro-rata entitlement offer of ordinary shares to eligible shareholders on the basis of 1 new ordinary share for every 4 ordinary shares held at an offer price of $0.10 per new ordinary share (the 'Entitlement Offer'). The Entitlement Offer closed on 11 November 2019. The Directors reserved the right to issue 'Shortfall Shares' (the number of new ordinary shares under the Entitlement Offer not applied for by eligible shareholders under their entitlement or offered to shareholders because they are ineligible shareholders) at their discretion provided that the Company made the issue within three months after the close of the Entitlement Offer and the issue price was not less $0.10 per new ordinary share.

As at 31 January 2020, $1,010,000 had been paid to the Company by shareholders to take up Shortfall Shares and held in an escrowed bank account pending the issue of fully paid new ordinary shares. These ordinary shares have been subsequently issued via a share placement due to the expiry of the three-month window for Shortfall Shares.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL HALF-YEAR ENDED 31 JANUARY 2020**

Note 10. Contributed Equity

	31 January 2020	31 July 2019
	$	$
(a) Contributed Equity		
Ordinary shares, fully paid	75,396,563	71,674,794
Total contributed equity	75,396,563	71,674,794

(b) Movement in Ordinary Shares

Date	Details	Number of ordinary shares	$
1 August 2018	Opening balance in previous financial year	218,249,052	71,674,794
31 July 2019	Balance at end of the previous financial year	218,249,052	71,674,794
10 October 2019	Ordinary shares issued – listed options exercised	14,286	5,714
18 November 2019	Ordinary shares issued – Entitlement Offer	31,353,622	3,135,362
22 November 2019	Ordinary shares issued – Shortfall Shares	5,000,000	500,000
4 December 2019	Ordinary shares issued – Shortfall Shares	350,000	35,000
4 December 2019	Ordinary shares issued – listed options exercised	100	40
30 January 2020	Ordinary shares issued – Shortfall Shares	878,620	87,862
	Transaction costs arising on ordinary shares issued	-	(42,209)
31 January 2020	Balance at end of the financial half-year	255,845,680	75,396,563

The Company does not have a limited amount of authorised capital and ordinary shares have no par value.

No ordinary shares were issued during the financial year ended 31 July 2019.

Note 11. Dividends

There were no ordinary dividends declared or paid during the financial half-year by the Company (31 January 2019: $Nil).

Note 12. Commitments for Expenditure, Contingent Liabilities and Contingent Assets

The Amalgamated Expenditure Agreement ('AEA') with the DEM (the regulator of exploration tenements in South Australia) expired on 31 December 2019 and all conditions were met. The Group is currently in discussions with DEM regarding an AEA commencing effective from 1 January 2020.

There have not been any other significant changes in commitments for expenditure or contingent liabilities from the 31 July 2019 Annual Report, except for the Group's non-cancellable operating leases which are now recognised and disclosed as lease liabilities as set out in Note 8.

Pursuant to an agreement with CMC, the Group has a contingent payment of $3,800,000 due to it on the development of the North Portia mine and that mine achieving production revenue of $3,500,000.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL HALF-YEAR ENDED 31 JANUARY 2020

Note 13. Key Management Personnel

Remuneration arrangements of key management personnel are disclosed in the 2019 Annual Report.

During the financial half-year ended 31 January 2020, several changes to the position of Key Management Personnel occurred.

Mr Walter Richards was made redundant from his role as Chief Executive Officer effective 2 October 2019. A redundancy payment of $244,141 was paid during the financial half-year.

Messrs Mark Stewart and Martin Janes resigned as Directors of the Company on 9 October 2019. For the period to their resignation they received $50,582 and $22,721 respectively. In addition, Arion Legal a company associated with Mr Stewart received $2,565 for legal services during the financial half-year.

Messrs Victor Previn and Simon Gray were appointed Directors of the Company on 9 October 2019. On 18 December 2019, shareholders overwhelmingly approved the election of Messrs Victor Previn and Simon Gray as Directors at the Company's Annual General Meeting held in Adelaide.

Mr Victor Previn is entitled to $30,000 per year as a Non-Executive Director, exclusive of superannuation.

As an Executive Director, Mr Simon Gray is entitled to $80,000 per year, exclusive of superannuation, effective from 1 December 2019. Mr Gray's previous remuneration arrangement as Company Secretary was terminated on 1 December 2019. This previous agreement entitled him to $4,166 per month to act as Company Secretary. Mr Gray's current role includes Executive Chairman at meetings, Chief Financial Officer and Company Secretary of the Group.

During the financial half-year, Dr Christopher Giles (Executive Director – Technical Director) became a full-time employee of the Company. Previously, Havilah had employed him on a consultancy agreement, which expired on 31 July 2019. Dr Giles' current remuneration is $174,000 exclusive of superannuation. Dr Giles is also provided a fully maintained four-wheel drive vehicle for Company use. The employment agreement can be terminated by either party with six months' notice. The consulting fees have previously been disclosed in employee and contractor benefits expense.

Note 14. Financial Instruments

The Group's financial instruments consist of cash and cash equivalents, trade and other receivables, bank term deposits, investment in equity instruments designated as FVTPL, security deposits, other financial assets, trade and other payables, borrowings, lease liabilities and other financial liabilities. For financial assets and financial liabilities carried at fair values, there has been no change in either relevant valuation methods or fair value hierarchy during the financial half-year except for lease liabilities, which were recognised upon AASB 16 transition as at 1 August 2019 (as set out in Note 1).

There have been no transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments.

There have been no changes in the classification of financial assets as a result of a change in the purpose or use of those assets.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL HALF-YEAR ENDED 31 JANUARY 2020**

Note 15. Subsequent Events

The Interim Financial Report was authorised for issue by the Board of Directors on 8 April 2020. The Board of Directors has the power to amend and reissue the Interim Financial Report.

Since 31 January 2020, the following material events have occurred:

(a) Share Placement

On 12 March 2020 10,100,000 ordinary shares were issued at $0.10 per share via a share placement, associated with the $1,010,000 held in escrow as at 31 January 2020.

(b) Memorandum of Understanding with Port Augusta Operations Pty Ltd

During February 2020, the Company signed a confidential non-binding Memorandum of Understanding ('MOU') with Port Augusta Operations Pty Ltd ('PAO') for the use of an iron ore port and transhipment facility on the Spencer Gulf, South Australia. PAO will hold a 99-year lease over the former Port Playford, near Port Augusta, comprising land and port terminal facilities that includes an existing rail loop, unloading facility, sea wall, roads and storage sheds. PAO is in the process of developing the port land and port terminal facilities into a modern iron ore export terminal that will involve refurbishment, upgrading and certain other transhipment arrangements. Upon completion of the port development PAO will provide port and transhipment services for iron ore, which the present MOU contemplates.

The port facility will be well located with respect to Havilah's iron ore projects and an existing railway line, which would minimise logistics capital expenditure.

(c) Exploration Drilling Commenced at Kalkaroo

An exploration drilling campaign commenced at Kalkaroo during March 2020 using drilling equipment managed and operated by Havilah, with clear objectives to define a shallow gold resource in Tertiary age clays and to better define the saprolite gold mineralisation within the confines of a conceptual starter open pit at West Kalkaroo. A secondary objective is to explore the largely untested, highly prospective Kalkaroo fault zone for shallow gold mineralisation lying outside of the current saprolite gold resource. Bulk drill samples will be collected to allow study of the mineralogical and metallurgical recovery parameters for REE minerals previously noted in assays from West Kalkaroo.

(d) COVID-19 Pandemic

Havilah is abiding by all official directives, and continues to closely monitor the impacts of the COVID-19 virus on the health and wellbeing of its personnel, contractors and stakeholders. It has in place COVID-19 protocols and response plans to minimise the potential transmission of COVID-19, and currently its operations are continuing with limited disruption. However, there are no guarantees that in the future further restrictions will not be required, or government mandated, as events continue to unfold relating to the COVID-19 pandemic.

The Interim Financial Report has been prepared based upon conditions existing as at 31 January 2020 and considers those events occurring subsequent to that date that provide evidence of conditions that existed at the end of the reporting period. As the declaration of COVID-19 as a pandemic occurred after 31 January 2020, its impact is considered an event that is indicative of conditions that arose after the reporting period and, accordingly, no adjustments have been made to the condensed consolidated financial statements as at 31 January 2020 for any impacts of the COVID-19 pandemic.

On 2 April 2020 the South Australian Government announced that committed exploration expenditure would be waived for twelve months, combined with a six month deferral of mineral exploration and geothermal licence fees, due to the impact of COVID-19 containment measures on the mining and exploration industry.

DIRECTORS' DECLARATION
FOR THE FINANCIAL HALF-YEAR ENDED 31 JANUARY 2020

The Directors declare that:

(a) in the Directors' opinion, the condensed consolidated financial statements and notes, set out on pages 10 to 23, are in accordance with the *Corporations Act 2001,* including:

(i) complying with Australian Accounting Standard AASB 134 *'Interim Financial Reporting'* and the *Corporations Regulations 2001*; and

(ii) giving a true and fair view of the Group's financial position as at 31 January 2020 and of its performance for the financial half-year ended on that date; and

(b) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This Directors' Declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Board of Directors:

C.W. Giles.

Dr Christopher Giles
Executive Director

Mr Simon Gray
Executive Chairman

8 April 2020

GT Independent **Auditor's Review Report** to the Members

Grant Thornton

Level 3, 170 Frome Street
Adelaide SA 5000

Correspondence to:
GPO Box 1270
Adelaide SA 5001

T +61 8 8372 6666

Independent Auditor's Report

To the Members of Havilah Resources Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Havilah Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 January 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Core Lithium Limited does not give a true and fair view of the financial position of the Group as at 31 January 2020, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of $4,538,567, had net cash outflows from operating activities of $2,775,765 and had accumulated losses of $35,903,107 during the half year ended 31 January 2020. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Emphasis of matter – COVID-19

We draw attention to Note 15(d) of the financial report, which describes the circumstances relating to the material subsequent event regarding COVID-19 and the continued uncertainty surrounding any potential financial impact on the Group's financials. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

GrantThornton

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Core Lithium Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 8 April 2020

GLOSSARY

Term	Definition
AEA	Amalgamated Expenditure Agreement.
AEM	airborne electromagnetic.
ASX	ASX Limited ABN 98 008 624 691, trading as Australian Securities Exchange.
ATO	Australian Taxation Office.
CMC	Consolidated Mining & Civil Pty Ltd.
Company	Havilah Resources Limited.
COVID-19	novel coronavirus.
DEM	Department for Energy and Mining (South Australia).
Entitlement Offer	On 25 October 2019 the Company opened a non-renounceable pro-rata entitlement offer of ordinary shares to eligible shareholders on the basis of 1 new ordinary share for every 4 ordinary shares held at an offer price of $0.10 per new ordinary share. The Entitlement Offer closed on 11 November 2019.
FVTPL	fair value through profit and loss.
financial half-year	the financial half-year ended 31 January 2020.
Group	the consolidated entity consisting of Havilah Resources Limited and its subsidiaries.
Havilah	Havilah Resources Limited.
Investec	Investec Australia Finance Pty Limited.
JORC	Joint Ore Reserves Committee.
JORC Code	Australasian Code for reporting of exploration results, Mineral Resources and Ore Reserves.
km	kilometres.
MT	magnetotellurics.
Mt	million tonnes.
PFS	pre-feasibility study.
REE	rare earth elements.
Shortfall Shares	The number of new ordinary shares under the Entitlement Offer not applied for by eligible shareholders under their entitlement or offered to shareholders because they are ineligible shareholders, provided that the Company makes the issue within three months after the close of the Entitlement Offer and the issue price is not less $0.10 per new ordinary share.
SIMEC Mining	OneSteel Manufacturing Pty Ltd (trading as SIMEC Mining), a member of the GFG Alliance.