

27 June 2018

Havilah Resources Limited (HAV) BUY Share Price: \$0.23

Mutooroo prospectivity confirmed Target Price: A\$0.64

Havilah has reported high cobalt assays in reconnaissance surface samples from its 720km² Mutooroo Cobalt District (Figure 1). The highest individual assay was 5,950 ppm (0.6%) cobalt at the Taipan prospect. A potential southern extension to the Mutooroo copper-cobalt-gold deposit has been identified and five new copper-cobalt prospects have been confirmed (Figure 2). The results confirm the prospectivity of the Mutooroo tenements. Follow up sampling is underway to advance the prospects to drill testing status. Havilah is giving priority to Mutooroo's broader regional copper-cobalt potential and is planning to expand exploration and accelerate the Mutooroo project scope of work.

Five new copper-cobalt prospects identified

- First pass surface reconnaissance sampling to follow up on historical work has validated high cobalt and associated copper results, with cobalt grades up to 5,950 ppm (0.6%).
- A total of 99 samples were collected. Of these, 37 were >500 ppm cobalt, 23 were >1000 ppm cobalt and 4 were >2500 ppm cobalt. The Mutooroo resource itself has a cobalt grade of 1400 ppm (0.14%).
- This is Havilah's first ever cobalt targeted exploration campaign.
- A potential southern extension to the Mutooroo copper-cobalt-gold deposit has been identified.
- Five new copper-cobalt prospects have also been confirmed to date. There are still untested targets.

Further Exploration – What's Next?

- Havilah is now implementing more detailed surface sampling programs to determine the nature and extent of the cobalt-copper mineralisation.
- Follow up sampling is underway, including systematic infill sampling of the prospects to define drill targets and identify additional targets.
- Follow up drill campaigns at Scorpion, King Brown and Trinity, all within 5 km of Mutooroo, are planned for the second half of the year.
- Plans are being developed to expand the Mutooroo cobalt district exploration program and accelerate the Mutooroo project scope of work.

Valuation of A\$0.64/sh

- We value Mutooroo at A\$102m (A\$0.30/sh) on 1xNPV₁₅ and Kalkaroo at A\$112 (A\$0.33/sh) on 0.5xNPV₁₅.

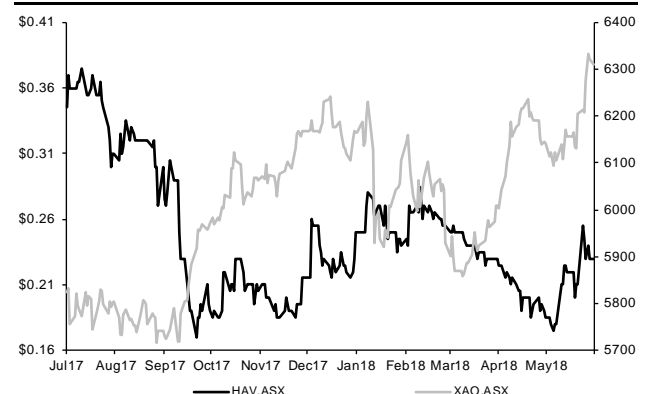
Company Data

Shares – ordinary (M)	218.2
Market capitalisation (\$M)	50.2
12 month low/high (\$)	0.17/ 0.37
Average monthly turnover (\$M)	1.7
GICS Industry	Metals & Mining

Financial Summary (fully diluted/normalised)

Year end July	2017A	2018F	2019F	2020F	2021F
Revenue (\$M)	17	4	0	40	80
Costs (\$M)	14	11	3	17	30
EBITDA (\$M)	3	-6	-3	23	49
NPAT (\$M)	-4	-6	-2	7	12
EPS (¢ps)	-1.2	-1.8	-0.6	2.1	3.6
EPS growth (%)	-461.2	-48.0	69.1	466.9	75.1
PER (x)	na	na	na	12	7
Cashflow (\$M)	6	-3	-2	13	22
CFPS (¢ps)	1.8	-0.7	-0.7	3.9	6.3
PCFPS (x)	14	-34	-35	6	4
Enterprise Value (\$M)	54	48	37	-4	276
EV / EBITDA (x)	17	-7	-13	0	12
Payout ratio (%)	0	0	0	0	0
Dividends (¢ps)	0	0	0	0	0
Yield (%)	0	0	0	0	0
Franking (%)	0	0	0	0	0

HAV – performance over one year



Disclosure and Disclaimer

This report must be read with the disclosure and disclaimer on the final page of this document.

Analysis

Havilah Resources (HAV)

27-Jun-18

Year End July

		2017A	2018F	2019F	2020F	2021F
PROFIT & LOSS						
Revenue	A\$M	17	4	0	40	80
Operating Costs	A\$M	13	9	1	15	28
Exploration	A\$M	0	0	0	0	0
Other	A\$M	1	2	2	2	2
EBITDA	A\$M	3	(6)	(3)	23	49
Depreciation & Amort.	A\$M	0	0	0	3	6
EBIT	A\$M	3	(7)	(3)	20	43
Net Interest	A\$M	5	0	(0)	10	26
Pre-Tax Profit	A\$M	(2)	(7)	(3)	10	18
Tax	A\$M	3	(0)	(1)	3	5
Net Profit	A\$M	(4)	(6)	(2)	7	12
Abnormal	A\$M	0	0	0	0	0
Reported Profit	A\$M	(4)	(6)	(2)	7	12
Dividends Paid	A\$M	0	0	0	0	0
Adjustments	A\$M	0	0	0	0	0

CASHFLOW

Net Op Cash Flow	A\$M	6	(2)	(3)	23	49
Net Interest	A\$M	(0)	(0)	0	(10)	(26)
Tax Paid	A\$M	0	0	0	0	(2)
Operating Cash Flow	A\$M	6	(3)	(2)	13	22
Net Capex	A\$M	(2)	(1)	(17)	(162)	(302)
Exploration	A\$M	(4)	(2)	(0)	(0)	(0)
Investing Cash Flow	A\$M	(7)	(2)	(17)	(162)	(302)
<i>Free cash flow</i>	<i>A\$M</i>	<i>(0)</i>	<i>(5)</i>	<i>(19)</i>	<i>(149)</i>	<i>(280)</i>
Net Borrowings	A\$M	(4)	(0)	10	460	0
Dividends	A\$M	0	0	0	0	0
Equity Issues	A\$M	4	11	30	0	0
Other	A\$M	0	0	0	0	0
Financing Cash Flow	A\$M	1	11	40	460	0
Net IncreaseCash	A\$M	0	6	21	311	(280)

BALANCE SHEET

Cash	A\$M	1	7	28	339	59
Other Current	A\$M	2	2	2	2	2
Current Assets	A\$M	3	9	30	341	61
Fixed Assets	A\$M	9	6	26	197	498
Exploration	A\$M	34	35	35	35	35
Other	A\$M	1	1	1	1	1
Non Current Assets	A\$M	44	42	62	233	535
Total Assets	A\$M	47	51	92	574	595
Borrowings	A\$M	0	0	0	0	0
Payables	A\$M	3	1	1	1	1
Other	A\$M	1	1	1	1	1
Current Liab	A\$M	4	2	2	2	2
Borrowings	A\$M	0	0	10	280	280
Provisions	A\$M	1	1	1	1	1
Other	A\$M	1	1	1	1	1
Non Current Liab	A\$M	2	2	12	282	282
Total Liabilities	A\$M	6	4	14	284	284
Total Equity	A\$M	41	47	78	290	312

RATIO ANALYSIS

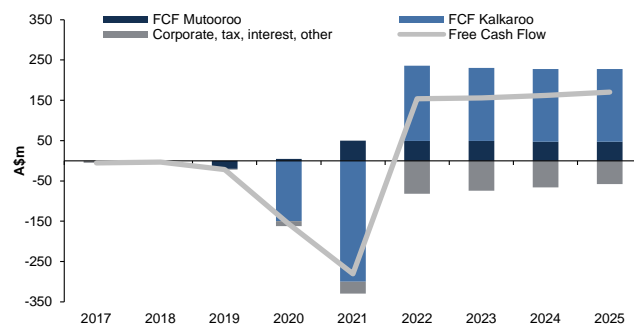
EPS	¢	(1.2)	(1.8)	(0.6)	2.1	3.6
PER	x	na	na	na	12.1	6.9
EPS Growth	%	(461)	(48)	69	467	75
CFPS	¢	1.8	(0.7)	(0.7)	3.9	6.3
PCFR	x	13.8	na	na	6.4	4.0
DPS	¢	0.0	0.0	0.0	0.0	0.0
Yield	%	0%	0%	0%	0%	0%
Payout Ratio	%	0%	0%	0%	0%	0%
Gearing ND/E	%	-2%	-14%	-22%	-20%	71%
Interest Cover	x	0.6	na	12.9	2.0	1.7
EBITDA Margin	%	18	(157)	(1,396)	58	62
EBIT Margin	%	17	(160)	(1,496)	50	54
Return On Assets	%	6	(13)	(3)	3	7
Eff Tax rate	%	30	30	30	30	30

Share Price	(\$)	A\$0.25
Issued Shares	(M)	218
Issued shares	(M)	125
Fully Diluted	(M)	343
Mkt Cap.	(\$M)	A\$55M

		Mutooroo		Resource	
		Mt	13.1		
Copper grade	%		1.50%		
Cobalt grade	%		0.14%		
Gold grade	g/t		0.22		
		Kalkaroo			
		Mt	245		
Copper grade	%		0.45%		
Cobalt grade	%		0.01%		
Gold grade	g/t		0.40		

		2017A	2018F	2019F	2020F	2021F
Production						
Ore milled	Mt	0.00	0.00	0.00	0.25	0.50
Grade - copper	%	0.00%	0.00%	0.00%	1.53%	1.53%
Grade - gold	g/t	0.00	0.00	0.00	0.23	0.23
Recoveries - copper	%	0%	0%	0%	90%	90%
Recoveries - gold	%	0%	0%	0%	85%	85%
Copper in concentrate	t	0	0	0	3,443	6,885
Gold in concentrate	oz	0	0	0	1,571	3,143
C1 Costs	US\$/lb	0.00	0.00	0.00	0.24	0.24
AISC	US\$/lb	-0.01	0.00	0.00	0.56	0.56

		2017	2018	2019	2020	2021
Kalkaroo						
Production						
Ore milled	Mt	0.0	0.0	0.0	0.0	0.0
Grade - Copper	%	0.00%	0.00%	0.00%	0.00%	0.00%
Grade - Gold	g/t	0.0	0.0	0.0	0.0	0.0
Recoveries - copper	%	0%	0%	0%	0%	0%
Recoveries - gold	%	0%	0%	0%	0%	0%
Copper in concentrate	t	0	0	0	0	0
Gold in concentrate	oz	0	0	0	0	0
C1 Costs	US\$/lb	0.00	0.00	0.00	0.00	0.00
AISC	US\$/lb	0.00	0.00	0.00	0.00	0.00



		2017	2018	2019	2020	2021
REVENUE						
Mutooroo	A\$M	0	0	0	40	80
Kalkaroo	A\$M	0	0	0	0	0
Total	A\$M	0	0	0	40	80
CAPEX						
Mutooroo	A\$M	0	0	20	21	2
Kalkaroo	A\$M	0	0	0	150	300
Total	A\$M	0	0	20	171	302

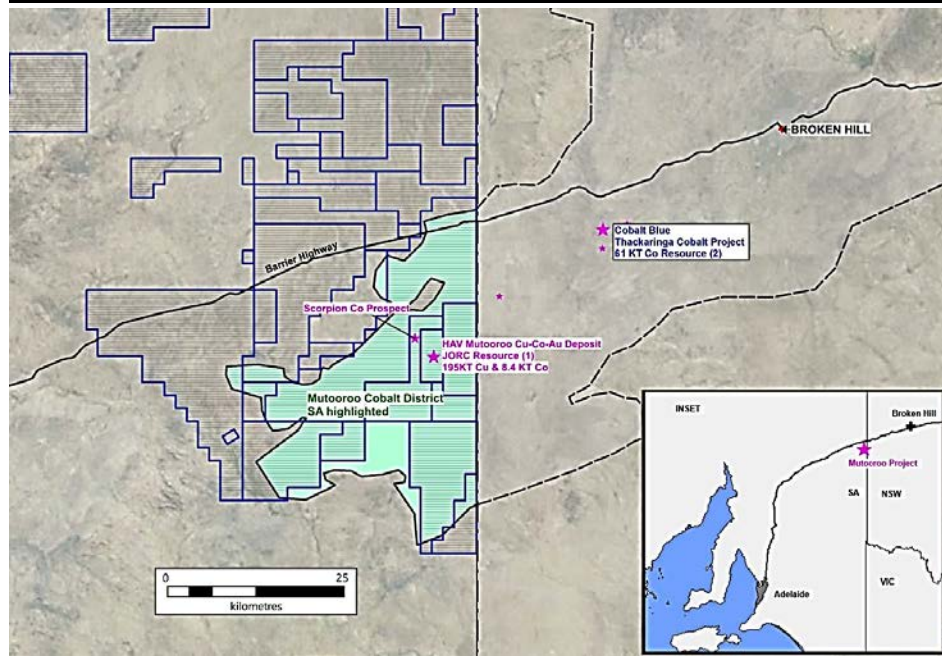
ASSUMPTIONS

Exchange Rate	A\$/US\$	0.77	0.77	0.75	0.75	0.75
Copper price	US\$/lb	2.80	3.04	3.00	3.00	3.00
Copper price	A\$/lb	3.65	3.95	4.00	4.00	4.00
Gold price	US\$oz	1,258	1,320	1,300	1,250	1,250
Gold price	A\$oz	1,641	1,716	1,733	1,667	1,667

		NPV (+1Yr)	A\$M	A\$/sh.
Mutooroo	NPV ₁₅		102	\$ 0.30
Kalkaroo (risked @ 50%)	NPV ₁₅		112	\$ 0.33
N Portia Royalty			0	\$ -
Corporate costs			(12)	\$ (0.03)
Net Cash (Debt)			18	\$ 0.05
Total			220	\$ 0.64

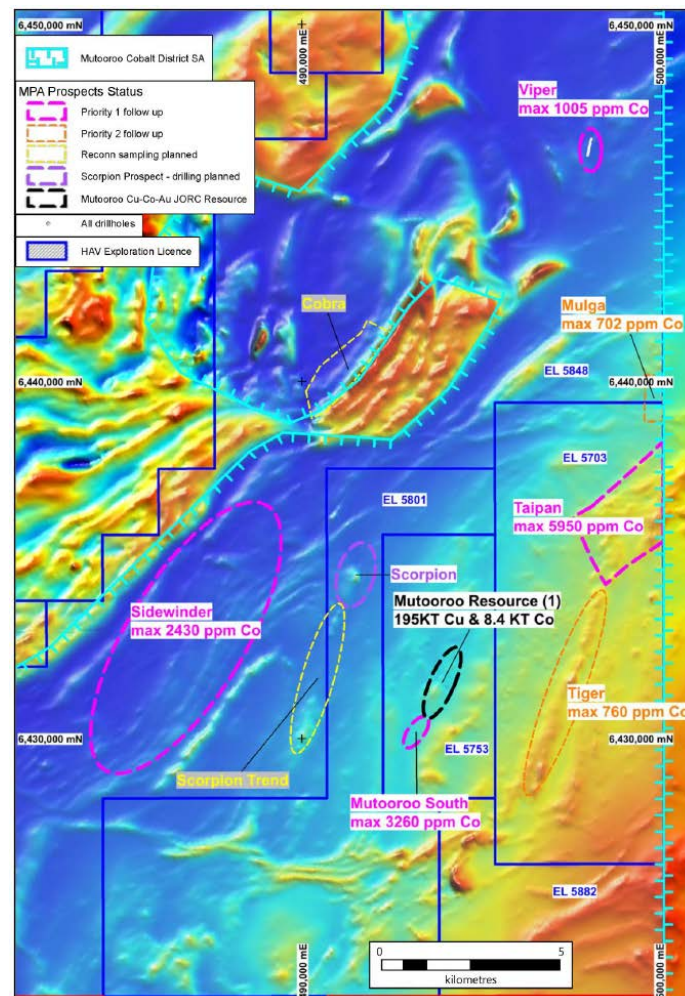
Source: Petra Capital

Figure 1: Havilah Tenements in South Australia



Source: Company Reports

Figure 2: Havilah Copper-Cobalt Prospects



Source: Company Reports

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