

4 July 2018

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

Kalkaroo back in the spotlight Target Price: A\$0.64

Havilah's Kalkaroo copper project has been hidden from a buoyant M&A cycle whilst under an 18 month exclusivity agreement with Chinese firm Wanbao. This agreement expired on 30-June, leaving Havilah free to pursue value-adding options. As one of Australia's largest undeveloped copper-gold assets we believe Kalkaroo can now be better appreciated by the market, allowing Havilah to assess various development, partnering and/or sale options. Key project parameters will be outlined in an optimised PFS due later in CY'18. Kalkaroo is well positioned close to key infrastructure in South Australia, hosts an ore reserve of 100Mt at 0.47% Cu & 0.44g/t Au within a resource of 245Mt at 0.5% Cu & 0.4g/t Au, with the deposit not closed off. Exploration prospectivity is significant with a number of nearby prospects with well mineralised drill intercepts which require follow-up. We reiterate our BUY recommendation and A\$0.64/sh target price.

Exclusivity period with Wanbao has expired

- Kalkaroo has been under an 18 month exclusivity agreement with Chinese company Wanbao Mining whom conducted a PFS with a view to participate in the development of the project.
- The exclusivity period expired on 30 June 2018 with Wanbao still able to engage with Havilah on a non-exclusive basis.

Now free to assess value-adding options

- Havilah is now free to consider all development and investment options. The Kalkaroo dataroom is open, which we expect to be well visited given its hiatus from business development due diligence short lists.

Completion of the PFS will create further value

- Havilah has acquired all the data associated with the Wanbao PFS, with additional work to be completed by the end 2018.
- The PFS work program is aimed at creating additional project value by incorporating a potential cobalt revenue stream and improvements to gold recoveries.
- Metallurgical testwork is underway.

Valuation of A\$0.64/sh

- We value Kalkaroo at A\$112m (A\$0.33/sh) based on 0.5xNPV₁₅, with Mutooroo at A\$102m (A\$0.30/sh) on 1xNPV₁₅.
- Valuation upside from improved Co/Au recoveries at Kalkaroo and potential exploration success leading to larger resources and mine life at both Mutooroo & Kalkaroo.

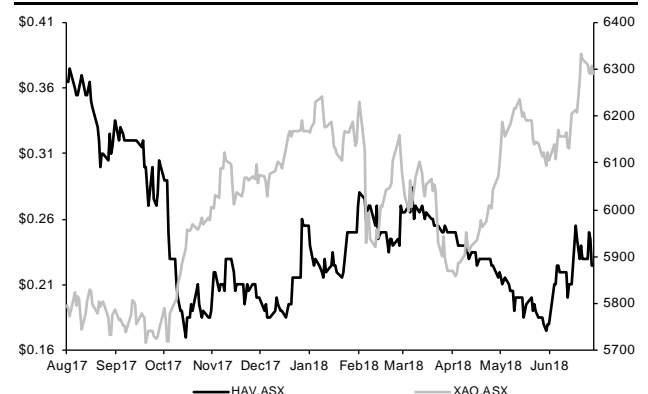
Company Data

Shares – ordinary (M)	218.2
Market capitalisation (\$M)	49.1
12 month low/high (\$)	0.17/ 0.37
Average monthly turnover (\$M)	1.8
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	11	6
Cashflow (\$M)	6	-3	-2	13	22
CFPS (¢ps)	1.8	-0.7	-0.7	3.9	6.3
PCFPS (x)	13	-32	-33	6	4
Enterprise Value (\$M)	51	45	34	-8	272
EV / EBITDA (x)	16	-7	-12	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.

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Analysis

Havilah Resources (HAV)

4-Jul-18

Year End July

PROFIT & LOSS		2017A	2018F	2019F	2020F	2021F
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)
Free cash flow	A\$M	(0)	(5)	(19)	(149)	(280)
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	10.9	6.2
EPS Growth	%	(461)	(48)	69	467	75
CFPS	¢	1.8	(0.7)	(0.7)	3.9	6.3
PCFR	x	12.4	na	na	5.8	3.6
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\$0.23
Issued Shares	(M)	218
Issued shares	(M)	125
Fully Diluted	(M)	343
Mkt Cap.	(\$M)	A\$49M

Mutooroo Resource

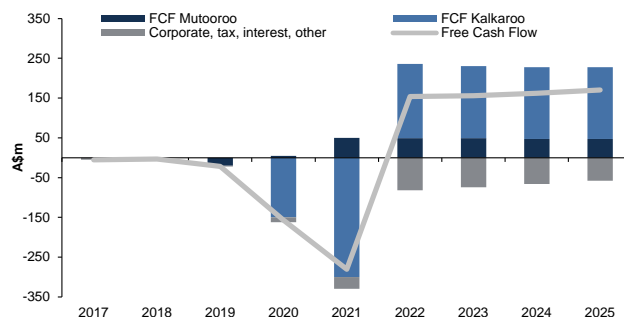
Tonnes	Mt	13.1
Copper grade	%	1.50%
Cobalt grade	%	0.14%
Gold grade	g/t	0.22
Kalkaroo		
Tonnes	Mt	245
Copper grade	%	0.45%
Cobalt grade	%	0.01%
Gold grade	g/t	0.40

Mutooroo Production

		2017A	2018F	2019F	2020F	2021F
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

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



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

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