

arrangement".

While there is no certainty that a deal will be announced by the end of April, or indeed at all, we suggest that the payment of A\$1m by SIMEC to allow due diligence extensions was a positive sign.

SOTP Valuation: 30 cps

HAV's current combined iron ore Resource is estimated at 451Mt @ 26% Fe for 117Mt of contained Fe.

At an assumed Resource value of US\$0.15 per t of contained metal (based on peer average Resource valuations), we calculate HAV's iron ore Resource could be worth ~A\$24m (equivalent to A\$0.10 per diluted share).

Importantly, HAV disclosed on 3 April 2019 an exploration target for the GIOB of at least 3.5Bt @ 24% for 840Mt of contained Fe.

Converting this to a Resource, could increase the iron ore valuation by multiples.

Allied to our (risk-adjusted) valuation of A\$38m for Kalkaroo, we calculate HAV's SOTP valuation at A\$71m (A\$0.30ps).

Recommendation: Speculative Buy (Higher Risk).

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