



HAVILAH RESOURCES NL

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ASX Release

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APPENDIX 5B – THIRD QUARTER ACTIVITIES AND CASH FLOW REPORT

HIGHLIGHTS

- **Over subscribed entitlements issue raises \$9.4 million**
- **Feasibility study drilling at the Mutooroo project continues to return good copper and cobalt grades.**
- **Large diameter diamond drillcore obtained from Portia for geotechnical and metallurgical test work.**
- **Progress on field leach trial approvals for Curnamona Energy's Oban uranium deposit (Havilah 48.6%)**
- **Drilling commenced on shallow drillholes for temperature measurements on Geothermal Resources Frome project (Havilah 63.6%)**

REVIEW OF OPERATIONS

CORPORATE

Havilah Resources NL (Havilah – ASX:HAV) \$9.4 million entitlements issue closed on 28 February 2007 fully subscribed. Owing to strong take up of entitlements by major shareholders shortfall shares were limited and it was necessary to scale back shortfall requests. The funds are now being applied to advancing the Portia trial open pit and the Kalkaroo feasibility study, plus testing various regional exploration targets in accordance with the prospectus.

Havilah has announced its intention to reduce its interest in its various subsidiary companies and to distribute a substantial proportion of the proceeds to shareholders. The rationale behind this move is to pass on to shareholders some of the value in Havilah's current investment portfolio.

PORTIA GOLD PROJECT (Havilah 100%)

A three hole 415 metre large diameter diamond drill coring programme was completed within the area of the proposed trial open pit at Portia during the quarter. Tests are being performed on the drillcore to determine the physical characteristics of the clayey overburden material, including its load bearing capacity and shearing strength which in turn impact on the expected slope stability and

hence pit wall angles. This geotechnical information is important to the proper design of the open pit at Portia.

The three drillholes all intersected the base of Tertiary and bedrock gold prospective zones and half core is presently being assayed by a modified whole of sample aqua regia digest method as a check of Havilah's previous assaying that to date has been based entirely on percussion drilling samples. Results will be reported when complete intervals have been assayed.

Work continues on preparation of a Mining and Rehabilitation Plan ("MARF") in support of a mining lease application over the Portia area. In parallel, Havilah has complied with a request for an independent study on the economics of its advanced projects by the legal advisors to the Adnyamathanha native title claimants, in order to progress negotiations with the claimants on the Portia mining lease application.

KALKAROO COPPER GOLD PROJECT (Havilah 100%)

Comprehensive rehabilitation work of previous drill sites was carried out at Kalkaroo during the quarter.

Detailed work programmes and budgets were prepared for the feasibility study by project manager Peter Leah. Total budgeted outlay for the feasibility study is approximately \$13 million, with completion expected by the end of 2008, subject to no unforeseen delays. The major expenditure items in the budget are additional resource and metallurgical drilling and comprehensive metallurgical testing of ore samples.

Discussions are ongoing with potential partners to assist with financing the feasibility and development of the Kalkaroo project.

MUTOOROO COPPER-COBALT PROJECT (Havilah 100%)

Feasibility study drilling funded by Havilah's Chinese partner continued during the quarter. Good widths of economic metal grades continued to be generated as follows :

Hole No	From	To (m)	Interval	Cu%	Co ppm	A\$/T value*
MTRC062	72	79	7	1.92	1778	266
MTRC069	32	39	7	2.27	2123	316
MTRC070	34	51	17	2.11	2982	365
MTRC072	41	46	5	1.76	2230	286
MTRC074	192	206	14	2.29	2240	325

**using US\$2.60/lb Cu and US\$25/lb Co and 0.78 exchange rate. The \$A values are for the particular drillhole intervals quoted and are not necessarily representative of the ultimate resource*

Intersections for drillholes MTRC 69, 70 and 72 show economic grades of mineralization much nearer the surface than previously intersected, which is very encouraging for open pit mining, while similarly good grades in drillhole MTRC 74 confirm economic depth extensions. The A\$ per tonne values of the drillhole intersections shown in the table, computed from copper and cobalt metal prices indicated, give an idea of the potential in situ value of this sulphide material and why the option of direct shipping the bulk sulphide concentrate appears attractive and is being pursued by Havilah's Chinese partner.

A primary objective of the feasibility study drilling is to prove up sufficient ore to JORC measured resource status to support an annual production schedule of around 20,000 tonnes of copper and 2,000 tonnes of cobalt. The aim is to achieve this goal before the end of the year with closely

spaced RC drilling and some twinned diamond drillholes that will in addition provide critical geotechnical and metallurgical data.

CURNAMONA ENERGY LIMITED (Havilah 48.2% ownership)

Curnamona Energy raised \$6.4 million via a placement of 3.2 million shares at \$2 per share to JP Morgan Asset Management during the quarter. This gives it \$10 million with which to complete its immediate objectives of :

1. Constructing a field leach trial plant on the Oban uranium deposit upon finalization of all required permitting.
2. Ongoing exploration of the hundreds of kilometers of untested palaeochannel sands for further in situ leach uranium deposits.
3. Upgrading drilling capacity with commissioning of a second mud drilling rig mounted on an all terrain 6x6 truck.

On 19 April Havilah's 30 million shares in Curnamona Energy were released from escrow.

GEOHERMAL RESOURCES LIMITED (Havilah 63.6% ownership)

Geothermal Resources commenced shallow geothermal gradient drilling at its Frome Project during the quarter with four pre-collar drillholes completed by Havilah's contracted percussion drilling rig to a maximum 200 metres depth. Diamond drilling to complete the holes to 500 metres depth is currently underway after having been delayed by recent heavy rains in the region.

HAVILAH VALUATION AND STRATEGY

Following completion of the successful entitlements issue, and \$9.4 million raising, the second plank in Havilah's future growth strategy is in place. These funds will allow Havilah to progress the trial open pit at Portia, with the aim of establishing a sustainable gold mining operation and Havilah's first mining cashflow.

The funds will also be applied to feasibility study work at Kalkaroo that will address the main outstanding metallurgical, geotechnical and resource definition issues. It is expected that this work will add substantial value to Kalkaroo, leading to its financing and development.

Havilah's investments in other listed companies continued to increase in value during the quarter, exceeding \$110 million at one stage, versus a corresponding total market capitalisation of Havilah of roughly \$180 million. With Havilah's Curnamona Energy shares now out of escrow Havilah plans to return some of this value to its shareholders over the next two years.

FINANCE

As at 30 April 2007 the Company had available funds of approximately \$10.4 million, boosted by the \$9.4 million capital raising. Total exploration expenditure by the company during the quarter was approximately \$200,000, considerably lower than the previous quarter owing to the reduced field activities over summer.

It is expected that total exploration expenditure in the next quarter will be significantly more than that in the current quarter owing to commencement of active field programmes.

Dr K R Johnson
CHAIRMAN

The information in this report has been prepared by Dr Bob Johnson who is a member of the Australasian Institute of Mining and Metallurgy and Dr Chris Giles who is a member of The Australian Institute of Geoscientists. Drs Johnson and Giles are employed by the Company on consulting contracts. They have sufficient experience which is relevant to the style of mineralization and type of deposit under consideration to qualify as Competent Persons as defined in the JORC Code 2004. Drs Johnson and Giles consent to the release of the information compiled in this report in the form and context in which it appears.

Enquiries should be directed to Dr Bob Johnson, Chairman, on (08) 83389292

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

HAVILAH RESOURCES NL

ABN

077 435 520

Quarter ended ("current quarter")

30/4/07

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (. 9 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a)exploration and evaluation	-162	-1316
(b) development		
(c) production		
(d) administration	-45	-276
1.4 Dividends received	106	156
1.5 Interest and other items of a similar nature received		
1.6 Interest and other costs of finance paid		
1.7 Income taxes paid		
1.7 Other (provide details if material)		94
	-101	- 1342
Net Operating Cash Flows		
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a)prospects		
(b)equity investments		
(c) other fixed assets	- 22	- 67
1.9 Proceeds from sale of:(a)prospects		
(b)equity investments		
(c)other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other		-6
	-22	- 73
Net investing cash flows		
1.13 Total operating and investing cash flows (brought forward)	-123	-1415

Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	9469	9474
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
Net financing cash flows		9469	9474
Net increase (decrease) in cash held		9346	8059
1.20	Cash at beginning of quarter/year to date	1037	2324
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	10383	10383

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	156
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

The majority of this amount comprises payment for contract drilling to Talager Drilling Pty Ltd, a company associated with one of the directors. Drilling charges are at standard commercial rates as determined by public quotes for comparable equipment, and approved by non-associated directors. Other payments are to companies associated with the directors for management and consulting services in accordance with service agreements previously entered into, and for reimbursement of expenses incurred by directors on behalf of the Company.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	400,000
4.2 Development	
Total	400,000

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	393	167
5.2 Deposits at call	9990	870
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	10383	1037

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference + securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	79,877,900	79,877,900		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	7,261,627 Ordinary shares were issued as the result of an Entitlements issue			
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	140,000 200,000 3,520,000 100,000 200,000 100,000	Employee Employee Directors Employee Employee Employee	<i>Exercise price</i> 25 cents 102 cents 118 cents 106 cents 96 cents 75 cents	<i>Expiry date</i> 09/10/08 09/05/09 14/08/10 29/08/10 17/02/11 19/10/11
7.8 Issued during quarter	3,630,814	Listed	160 cents	30/04/10
7.9 Exercised during quarter			<i>Exercise price</i>	<i>Expiry date</i>

7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does ~~not~~* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:
(Director/Company secretary)

Date: 30 May 2007

Print name: Dr KR Johnson.....

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with

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