



HAVILAH RESOURCES NL

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Dear Fellow Shareholder

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In response to the ongoing downgrading of junior companies by the stock market, Havilah has trimmed its already modest expenditures. This has involved termination of most contractors, and focusing all effort on completion of the Kalkaroo feasibility study, which is 100% funded by Glencore International.

Our single-minded aim remains to get at least one of our projects into production as soon as possible in order to generate a steady cashflow. Given that bank financing has all but dried up, and commodity prices (excepting gold) have plummeted, raising finance is more challenging. We are fortunate to have a strong partner like Glencore International involved at Kalkaroo, who continue to maintain their enthusiasm for the project.

We are witnessing the demise of many businesses who have taken on debt that cannot be serviced, and cannot be rolled over. This is also happening with dramatic speed in our own industry, with closure of mines and once ambitious companies folding by the day due to the pincer effect of high debt and reduced revenues caused by falling commodity prices. This is not a time for taking risks, and it may mean that we have to stage and scale our projects until commodity prices pick up. We are fortunate that Kalkaroo contains a mix of commodities, including abundant gold that is booming for Australian miners. We intend to take advantage of this fact to help us get Kalkaroo off the ground. The Benagerie gold project could be brought into production utilising the Kalkaroo treatment plant.

The only caveat to this is the time required to obtain a mining lease, which confers the right to mine in South Australia. Shareholders should understand that we spend an inordinate amount of time and money on simply trying to comply with all the government requirements under the guise of "permitting" and establishing our "social licence to mine." Included in this is the requirement that a native title agreement must be in place before a mining lease can be granted. We have little control over the timetable and we can only systematically work away at all the red tape.

In response to the present economic situation we have temporarily suspended work at Mutooroo and swung all of our people onto Kalkaroo. This does not imply any lack of faith in the Mutooroo project, but the desire to minimise our expenditures and focus our effort on the project that has the best chance of being financed. Mutooroo remains a great project and we will finish the work there later on, perhaps with the assistance of a new partner.

Directors decided not to proceed with the in specie distribution of Curnamona Energy shares at this time as they were not prepared to see its share price further decimated. Havilah shareholders still own their stake in Curnamona Energy via Havilah, and by retaining a controlling stake we at least have the chance of realising proper value for the shares in time. We remain very positive about the outlook for uranium and Curnamona Energy, with its Oban deposit and extensive exploration holdings in a world class province.

In my long business experience I have always found that it is in these times of extreme adversity that the greatest opportunities arise, if one is not panicked into irrational actions. This is the principle of contrarian investing so well practised and stated by the legendary Warren Buffet who said he likes to be greedy when others are fearful and fearful when others are greedy. I would like to change the word "greedy" to "brave" because that is more appropriate in our case. Being brave in the context of the present financial crisis means moving forward in a careful, measured way that minimises financial and technical risk.

I can assure all of our battered shareholders that Havilah will survive and prosper as we will be brave going forward. We will scale our projects according to the economic situations we face. We are likely to be able to purchase plant and equipment at greatly reduced prices. If we can commence production during this time, we will be set for the next rise in commodity prices. Contrast this with many of our peers who have worked extremely hard to bring mines into production only to be faced with greatly reduced commodity prices at the time when they are burdened with maximum debt. Unfortunately, many will not survive the next two years.

We have an extremely competent and hard working team of employees on whom we can rely to deliver what is asked of them. As directors we are committed to acting prudently and not taking any actions that could jeopardise the future of Havilah. We remain optimistic notwithstanding the current market conditions.

Best Regards

Bob Johnson Chairman