

leached from the remaining residue, leaving potentially saleable high grade iron ore. The scope of such an operation is beyond that originally contemplated by the Heilongjiang Resources joint venture. Havilah is currently in discussions with another party to provide the funds for the substantial capital investment required.

In the meantime, resource delineation drilling is continuing in order to finalise definition of the orebody for resource modelling and open pit design. Recent RC percussion drilling has been systematically testing the oxidised copper resource in the top 20-30 metres of the deposit. In addition, three large diameter diamond drillholes have been completed in order to obtain sufficient weight of sample to undertake column leach tests to determine whether it is viable to acid leach copper and cobalt from the oxidised ore. Preliminary assay results from direct measurement on the drill core by a Niton instrument, are encouraging, with wide intervals of >0.3 % copper present. If leaching tests are successful, it is proposed to commence production at Mutooroo with a heap leaching operation for the >1 million tonnes of oxidised material that is present above the sulphide orebody.

Four strategically placed diamond drillholes have recently been completed to obtain geotechnical data necessary for the design of the open pit. The diamond drill rig will now move to complete the tails of several deeper holes that are designed to test the depth extent of a thicker zone of footwall sulphide mineralisation discovered last year.

BENAGERIE PROJECT (Havilah 100%, copper-gold-molybdenum)

The Benagerie Project incorporates the Portia and North Portia deposits that will be developed as one project. A final round of resource delineation drilling and metallurgical testing for the oxidised zone of the copper deposit will commence in the next quarter. A detailed Aboriginal Heritage survey of the proposed mine site and related infrastructure developments has recently been completed.

PROSPECT HILL (Havilah earning 85%,tin)

Preliminary metallurgical test work on three composite RC drill chip samples from Havilah's October 2007 drilling programme by Burnie Research Laboratory confirmed that the tin, which is mostly present as free cassiterite grains, can be effectively recovered by gravity methods. For example, for the high grade composite (4.8% Sn) 84% of the tin reported to a 48% tin concentrate, while for the low grade composite (0.5% Sn) 79% of the tin was recovered into an 8.5% tin concentrate (along with abundant sulphide minerals and garnet). Further metallurgical test work on drill core is required to determine the optimum tin recovery parameters. This work will also investigate parallel recovery of associated sulphide minerals that contain appreciable copper, lead, zinc and silver.

A further programme of more than 2000 metres of drilling is planned at Prospect Hill in the next quarter to follow up the earlier high grade tin intersections. The aim is to expand the presently known tin mineralisation beyond its current limits to an economically viable size for an open pit operation.

CURNAMONA ENERGY LIMITED (Havilah 45.4%)

Considerable effort was directed to progressing permitting requirements for operation of a field leach trial on the Oban deposit. Public comments received on the retention lease application document have been addressed; PIRSA is currently making a decision on grant of the retention lease. Drilling during the quarter concentrated in the northern Yarramba Palaeochannel to the west of the Oban uranium deposit, where the palaeochannel is up to 3 km wide and 120 m deep.

GEOHERMAL RESOURCES LIMITED (Havilah 63.6%)

Two additional shallow drillholes were completed and logged during the quarter. A model of the variation in the regional temperature gradient has pin-pointed the optimum location for a deeper drillhole. Accordingly, planning is now proceeding for drilling of a diamond core hole to a target depth of 1800 metres, located 3 km west of Frome 3, with the objective of confirming continuity of the high temperature gradient at depth.

Further technical details relating to Havilah activities will be found on the Company's website:
www.havilah-resources.com.au

FINANCE

As at 30 April 2008 the Company had available funds of approximately \$20 million. Of this amount roughly \$8.8 million is joint venturer's funds to be allocated to the Kalkaroo project. The great majority of the \$3.229 million expenditure during the quarter was for the Kalkaroo resource delineation drilling and associated costs including assaying and supervision.

During the quarter the \$3 million provided by Heilongjiang Resources Limited for the Mutooroo feasibility study was converted to equity by the issue of 2 million Havilah shares at a price of \$1.50 each.

It is expected that total expenditure on Havilah's own account in the next quarter will be higher than the current quarter as feasibility study drilling continues at Mutooroo and new rounds of drilling commence on the Benagerie and Prospect Hill projects. Joint venture expenditure at Kalkaroo will be comparable with the current quarter, as the feasibility study drilling programme winds back, but other activities expand.

Dr K R Johnson, CHAIRMAN

HAVILAH RESOURCES NL

ABN 39 077 435 520



Quarterly Report
May 2008

HIGHLIGHTS

ADVANCING HAVILAH'S COPPER STRATEGY

- *Glencore International provides second tranche of \$7m to complete the Kalkaroo feasibility study, which is progressing well.*
- *Feasibility drilling at Mutooroo targets a shallow copper resource in oxidised zone that is suitable for a leaching operation.*
- *Positive metallurgy results for Prospect Hill tin samples.*
- *New uranium prospects identified by Curnamona Energy.*
- *Temperature model developed for Frome Project and selection of deep drillhole site.*

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 mineralisation 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.

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REVIEW OF OPERATIONS

COPPER STRATEGY

At the recent South Australian Resources and Energy conference in Adelaide, Dr Bob Johnson, Havilah's Chairman, outlined the Havilah Resources NL (Havilah – ASX:HAV) proposed copper strategy. The complete presentation is posted on Havilah's website.

The key point is that Havilah is targeting annual copper and gold production of 55,000 tonnes and 100,000 ounces respectively, from mining operations to be developed on its three advanced projects, namely Kalkaroo, Mutooroo and Benagerie (Portia-North Portia) over the next three years. This will be accompanied by appreciable by-product cobalt, molybdenum and sulphuric acid production.

Feasibility studies are in progress on all projects and are expected to be completed by the end of 2008, with mining decisions to be made shortly thereafter. Initially, it is proposed to exploit the shallower oxide resources at all deposits, in order to reduce start up capital costs and to expedite the commencement of production.

To date, results from the feasibility drilling and metallurgy are extremely encouraging and augur well for positive feasibility study outcomes.



CORPORATE

At Havilah's annual general meeting on 19 December 2007, shareholders voted in favour of the proposed capital reduction and in specie distribution of Curnamona Energy Limited shares. The Company has provided additional information to the Australian Taxation Office during the quarter and is still awaiting their advice on demerger relief before going ahead with the share distribution to shareholders.

KALKAROO PROJECT (Havilah 100%, copper-gold-molybdenum)

Feasibility study drilling continued, with a further 89 resource delineation holes completed by the end of the quarter. Glencore International deposited the second tranche of \$7 million for completion of the feasibility study. Most drilling during the quarter was concentrated on the West Kalkaroo quartz breccia style of mineralisation, where economic copper and gold grades were intersected over considerable widths, as for example in drillholes KKDD147, 159 & 144 (see table below).

Hole No	From	To	Interval m	Cu %	Au g/t	Comments
KKDD147	83	161	78	0.73	1.23	West Kalkaroo quartz breccia
KKDD159	129	212	83	0.52	0.56	West Kalkaroo quartz breccia
KKDD144	119	218	99	0.77	0.75	West Kalkaroo quartz breccia
Including	119	141	22	1.2	1.1	oxidized ore
Including	165	213	48	0.89	0.9	sulphide ore
KKDD146	109	147	38	2.13	0.46	Main zone oxidised ore
KKDD154	199	245	46	0.79	0.58	Main zone sulphide ore
KKDD145	120	153	33	0.71		Main zone
also	116	153	37		0.41	
also	139	156	17			920 ppm Mo

Step-out holes in the Kalkaroo Main zone (eg KKDD146, 154 & 145 above), designed to test for depth extensions of the stratabound primary copper-gold mineralisation down dip, continued to return economic grade copper, gold and molybdenum mineralisation over appreciable widths. This included one of the better intersections obtained from Kalkaroo in KKDD146, namely 38 metres of 2.13% copper and 0.46 g/t gold. Currently, a series of shallow reverse circulation holes is being drilled to test for up-dip extensions of the higher grade oxide copper mineralisation, similar to that in KKDD146.

It is expected that resource delineation drilling for the entire Kalkaroo deposit to the nominal open pit depth of 200 metres, will be completed during the next quarter. Subject to timely receipt of all outstanding assay results, detailed resource calculations will then commence. Geotechnical drilling and core logging to obtain rock mechanics data for pit wall stability calculations will continue after completion of the resource drilling.

A detailed gravity survey completed over the Kalkaroo resource showed a marked gravity low over the main quartz breccia zone at West and Central Kalkaroo, presumably caused by the extremely deep weathering associated with the broken and faulted rock. Drilling of the gravity low extended the mineralised quartz breccia material, which contained visible native copper, a further 150 metres west.

Metallurgical testing of large diameter core samples carried out at Optimet laboratory in Adelaide has shown that good recoveries of copper, molybdenum and gold can be obtained by standard gravity and flotation treatment methods from both the oxide and sulphide ore types. In particular:

1. For the native copper (or copper metal) mineralisation in the oxide zone, high recoveries of copper (up to 90%) and gold (up to 80%) were achieved by screening of the +2mm size crushed material (recovering more than 40% of the native copper) followed by flotation of the ground -2mm size material to produce a high grade copper product. Gold floats readily with the native copper.
2. Conventional flotation of mixed chalcopyrite and chalcocite ore can produce a >30% copper concentrate with recoveries of both gold and copper exceeding 85%.
3. For the primary sulphide ore copper recoveries of 92-95% for a copper concentrate in the range of 25-29% copper are achievable.
4. A high proportion of the molybdenum in the primary ore can be recovered and it is expected that by optimising flotation conditions it should be possible to achieve good separation of copper and molybdenum.
5. A pyrite concentrate, produced after recovery of copper from the primary sulphide ore assayed 0.275% cobalt, which could yield valuable by-products of sulphuric acid and cobalt.

With key metallurgical results now in hand, work has commenced on the design of a process flow sheet and costing of the processing plant components.

MUTOOROO PROJECT (Havilah 100%, copper-cobalt)

During the quarter, Havilah's partner on the Mutooroo project, Heilongjiang Resources Limited decided to convert their earn-in interest in the Mutooroo copper-cobalt project into a direct equity investment in Havilah, and accordingly, were issued with 2 million shares and 1.5 million unlisted options.

This arose partly because the metallurgical test work indicated that the original concept of a low capital operation, involving direct shipping sulphide ore to China for smelting, will not maximise the return from this project. Given the current high sulphuric acid prices, the favoured processing route now involves roasting the high sulphur ore off-site to produce sulphuric acid. The copper and cobalt can be successfully