



HAVILAH RESOURCES NL

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ASX Release

31 August 2007

## **APPENDIX 5B – FOURTH QUARTER ACTIVITIES AND CASH FLOW REPORT**

### **GOOD RESULTS ON ALL FRONTS**

#### **HIGHLIGHTS**

- **Glencore International agrees to fund Kalkaroo feasibility study with the right to fund a future mine development.**
- **Feasibility study drilling at the Mutooroo project continues to return economic copper and cobalt grades over good widths.**
- **At Portia assay results from large diameter diamond drillcore confirm substantial bedrock gold mineralization.**
- **Drilling continues to expand the limits of Curnamona Energy's Oban uranium deposit (Havilah 48.6%)**
- **Four 500 metre deep drillholes completed on Geothermal Resources Frome project (Havilah 63.6%)**

#### **REVIEW OF OPERATIONS**

#### **CORPORATE**

Havilah Resources NL (Havilah - ASX :HAV) previously announced its intention to reduce its interest in its various subsidiary companies and to distribute a substantial proportion of the proceeds to shareholders. Initially this will involve Havilah's 48.2 % interest in Curnamona Energy, comprising 24 million shares. An announcement of details will be made once taxation advice is confirmed

In keeping with changes in regulations for mail out of Annual Reports, an Annual Report Election form will soon be dispatched to all shareholders. Shareholders are urged to take this opportunity to provide their email address if they have not already done so, so that they can be notified of important announcements concerning Havilah's activities, including when the Annual Report is available online.

#### **KALKAROO COPPER GOLD PROJECT (Havilah 100%)**

After considerable effort over a period of some eighteen months, Havilah was successful in attracting an outstanding partner in Glencore International to help develop the Kalkaroo copper-gold-molybdenum deposit. Glencore is a major Swiss-based mining, processing and commodities trading company.

Initially, Glencore has committed to fund a \$14 million feasibility study, which, upon completion, will give it the right to arrange all project development funding in exchange for a 14% project interest and marketing rights for all metals. The joint venture is confined to the Kalkaroo mineral resource and its immediate extensions.

The feasibility study drilling has already commenced at Kalkaroo where Havilah's immediate objectives are to carry out resource definition and resource extension drilling and to obtain sufficient drill-core to commence comprehensive metallurgical studies, with the view to designing an optimum metallurgical processing route. **Drillcore from the first drillhole shows abundant visible native copper mineralization in veins and fractures (see photograph).** The resource extension drilling will aim to test the depth extensions of the Kalkaroo mineralization beyond the 150 – 180 metre depth previously drilled by Havilah.

### **PORTIA GOLD PROJECT (Havilah 100%)**

Assay results for three large diameter diamond drillholes sunk beneath the proposed trial open pit at Portia have been received and confirm economic grades of gold mineralization in the bedrock beneath the rich base of Tertiary gold layer as follows :

#### **PORTIA BEDROCK GOLD RESULTS DERIVED FROM WASHING SAMPLES**

<b>Hole No</b>	<b>From</b>	<b>To</b>	<b>Interval</b>	<b>Au g/t</b>	<b>Comments</b>
<b>NEW HOLES</b>					
PTDD 206	80.4	135.9	55.5	4.0	Total interval
Base Tertiary	80.4	86.3	5.9	7.3	Base of Tertiary only
PTDD 207	81.7	117	35.3	4.7	Total interval
Base Tertiary	81.7	86.2	4.5	37.4	Base of Tertiary only
PTDD 208	74	86	12	1.83	Total interval
Base Tertiary	74	78.15	4.15	2.19	Base of Tertiary only
<b>EARLIER HOLES</b>					
PTAC189	98	104	5	16.5	Washed aircore samples
PTAC191	75	101	26	15.4	As above
PTAC193	84	97	13	33.5	As above
PTAC197	74	99	25	14.5	As above
PTAC 198	73	78	5	17.4	As above
PTAC205	76	98	26	9.0	As above

The first of these diamond drillholes, namely PTDD 206 as previously reported returned a total interval of **56 metres of 4 g/t Au and terminated in economic grade gold mineralization at 136 metres depth.** This hole included roughly 6 metres base of Tertiary gold mineralization at an average grade of 7.3 g/t.

**PTDD207 drilled on the same easting and approximately 30 metres north of PTDD206 also returned a wide total interval of 35 metres of 4.7 g/t Au, mostly in bedrock.** This drillhole returned a spectacular 2100 g /t Au (or 70 oz / tonne) over 0.7 metres in the base of Tertiary layer, but was cut to 100 g/t for the purpose of the average quoted above. **PTDD208, drilled beneath these two holes, returned 12 metres of 1.83 g/t, again mostly in bedrock,** but as yet assay results for deeper sections of this hole are incomplete. These results support the previous assays obtained

from washing bedrock samples in various aircore holes in the vicinity, as reported in the above table.

These diamond drillhole results dispel doubts that economic grades of gold mineralization are present within the bedrock. The wide bedrock gold intervals obtained in these three diamond drillholes greatly enhances the economics for a viable open pit mining operation. Havilah is currently in process of completing various tasks in support of its application for a Mining Lease over Portia that will allow it to commence a trial open pit. This includes preparation of a Mining and Rehabilitation Plan (“MARF”) in support of a mining lease application over the Portia area. In parallel, Havilah is negotiating with the Adnyamathanha native title claimants on the Portia mining lease application.

## MUTOOROO COPPER-COBALT PROJECT (Havilah 100%)

Feasibility study drilling funded by Havilah’s Chinese partner continued during the quarter, with some 34 RC percussion drillholes completed, including two extensions to earlier holes **Almost all drillholes intersected economically significant copper and cobalt mineralization over several metres**, with particular highlights as follows :

Hole_ID	From (m)	to (m)	int (m)	Cu%	Co ppm	A\$/T value
MTRC074	89	95	6	1.35	1318	191
MTRC075	102	113	11	1.15	1161	166
& MTRC075	168	172	4	1.7	1750	247
MTRC076	122	128	6	1.66	1778	247
MTRC077	192	206	14	2.29	2240	325
MTRC078	217	219	2	2.12	2205	311
MTRC092	184	190	6	2.11	1740	277
MTRC099	116	122	6	1.28	1742	216
MTRC101	169	175	6	1.25	1603	205
MTRC102	171	193	22	1.22	1409	189
MTRC103	152	167	15	1.34	1166	180
& MTRC103	204	208	4	1.04	1713	197
MTRC104	181	193	12	1.69	1645	239
MTRC105	198	202	4	2.04	1695	269
MTRC106	165	178	13	0.96	998	144
& MTRC106	182	185	3	0.72	947	119
& MTRC106	190	212	22	0.93	954	135

*\*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*

Exceptional thicknesses of sulphide material were encountered in some holes (eg **22 metres in MTRC077, 14 metres in MTRC102 and 38 metres in MTRC 106 - all approximating true widths** –see yellow highlighted holes in above table). In most drillholes at least two massive sulphide zones were intersected, a main zone and a generally thinner footwall zone (eg MTRC075 and MTRC103 – see green highlight in above table). Some drillholes, such as MTRC106 (see pink highlight in above table), contain three sulphide zones, namely an upper, middle and footwall zone, resulting in a significant total thickness of sulphide mineralization. Drillholes MTRC 102, 103, 104 and 106 appear to be defining a new flat dipping “fat zone” towards the northern limits of the drilled area.

In addition to the above resource drilling, three large diameter PQ diamond drillholes have just been completed to obtain samples for comprehensive metallurgical testing. Sulphide mineralization in the diamond drillcore is extremely impressive (see photo). Preliminary tests on RC chip samples have shown that the silicate gangue material can be separated comparatively readily by gravity means, resulting in an estimated 30% upgrade of the sulphide ore head grade.

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. It is expected that with the current round of closely spaced RC drilling and metallurgical test work underway, this goal will be achieved before the end of the year.

#### **CURNAMONA ENERGY LIMITED (Havilah 48.2% ownership)**

Curnamona Energy's drilling efforts have focused on the Oban area, where it has greatly expanded the area of sand-hosted uranium mineralization. At the same time Curnamona Energy has been working through the various governmental permitting issue in order obtain all approvals for commencement of a field leach trial.

#### **GEOHERMAL RESOURCES LIMITED (Havilah 63.6% ownership)**

Geothermal Resources completed four diamond drillholes to 500 metres depth on its Frome Project for the purpose of measuring bottom of hole temperatures and thereby estimating geothermal gradients in the region. A contractor will commence the down hole temperature logging shortly

#### **FINANCE**

As at 31 July 2007 the Company had available funds of approximately \$10 million. Total exploration expenditure by the company on its own account during the quarter was approximately \$400,000. In addition, approximately \$330,000 of joint venturer's funds were spent on feasibility drilling and preliminary metallurgical work at the Mutooroo project.

It is expected that total exploration expenditure on Havilah's account in the next quarter will be comparable with the current quarter. Joint venture expenditure at Kalkaroo will rise considerably next quarter, with the recent commencement of the feasibility study drilling programme.

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



**Kalkaroo drill core from approx. 110 metres depth with rich native copper metal distributed through the weathered host formation**



**Mutooroo drillcore showing massive sulphide ore with abundant copper sulphide in the form of chalcopyrite (brassy yellow mineral), plus pyrrhotite (bronze mineral) and barren quartz (white) from approx. 92 metres depth**

# 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")

31/07/07

Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>	Current quarter \$A'000	Year to date (. 12 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a)exploration and evaluation	-397	-1713
(b) development		
(c) production		
(d) administration	-177	-453
1.4 Dividends received	163	319
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)	114	208
	-297	- 1639
<b>Net Operating Cash Flows</b>		
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a)prospects		
(b)equity investments		
(c) other fixed assets	- 65	- 132
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	-7	-13
	-72	- 145
<b>Net investing cash flows</b>		
1.13 Total operating and investing cash flows (brought forward)	-369	-1784

<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-25	9449
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)		
<b>Net financing cash flows</b>		-25	9449
<b>Net increase (decrease) in cash held</b>		-394	7665
1.20	Cash at beginning of quarter/year to date	10383	2324
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	9989	9989

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	204
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	
<b>Total</b>	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	285	393
5.2 Deposits at call	9704	9990
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)	9989	10383

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 <b>Preference + securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	79,905,733	79,905,733		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	27,833 Ordinary shares were issued as the result of exercise of listed and employee options			
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	140,000 200,000 3,520,000 100,000 200,000 90,000 3,612,981	Employee Employee Directors Employee Employee Employee Listed	<i>Exercise price</i> 25 cents 102 cents 118 cents 106 cents 96 cents 75 cents 160 cents	<i>Expiry date</i> 09/10/08 09/05/09 14/08/10 29/08/10 17/02/11 19/10/11 30/04/10
7.8 Issued during quarter	275,000 100,000 200,000	Employee Employee Employee	178 cents 212 cents 231 cents	12/02/12 13/04/12 08/06/12

7.9	Exercised during quarter	7,617		<i>Exercise price</i> 160 cents	<i>Expiry date</i> 30/04/10
7.10	Expired during quarter				
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <i>(totals only)</i>				

#### 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 ~~does not~~\* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: .....  
(Director/Company secretary)

Date: 30 August 2007

Print name: Dr KR Johnson..... Director / Chairman.....

#### 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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