



HAVILAH RESOURCES NL

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ASX Release

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APPENDIX 5B – SECOND QUARTER ACTIVITIES AND CASH FLOW REPORT

POSITIVE PROGRESS ON FEASIBILITY STUDIES

HIGHLIGHTS

- **Feasibility diamond drilling at Kalkaroo confirms wide economic grade copper and gold intersections.**
- **Metallurgy results from Mutooroo indicate favourable recoveries of copper and cobalt from the sulphide ore.**
- **Finalisation of native title agreement at Portia.**
- **Prospect Hill tin samples sent to metallurgical testing lab**
- **Curnamona Energy commences drilling in prospective Yarramba palaeochannel**
- **Geothermal Resources commences shallow drilling of Frome project**

REVIEW OF OPERATIONS

CORPORATE

At Havilah Resources NL (Havilah - ASX :HAV) 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. Presently the Company is still awaiting advice on demerger relief from the Australian Taxation Office before announcing details of the share distribution to shareholders.

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

Feasibility study drilling funded by Glencore International continued, with roughly 60 holes completed by the end of the quarter. Almost half were cored holes, some of which were designed to provide samples for metallurgical testing. The remainder were resource delineation holes.

Assay results have recently been received for some of these holes and **confirm generally wide zones of economic grade copper and gold mineralization, both in the oxidized and primary zones** as follows :

Hole No	From	To	Interval m	Cu %	Au g/t	Comments
KKDD155A	168	214	46	0.68	0.75	Kalkaroo Main zone step out
KKDD156	114	174	60	1.12	0.41	Kalkaroo Main zone step out
KKDD157	124	182	58	0.63		Kalkaroo Main zone step out
also	110	182	72		0.54	
KKRC165	102	144	42	0.95		West Kalkaroo infill
also	92	144	52		0.52	
KKRC178	86	100	14		1.7	West Kalkaroo infill
KKRC179	66	72	6		6.1	West Kalkaroo infill
KKDD142	76	189	113	0.63	1.33	West Kalkaroo metallurgy
including	103	136	33	1.23		
including	76	134	58		2.3	
KKDD158	72	160	88	0.62	1.44	West Kalkaroo infill
KKRC160	78	178	100	1.13	0.84	West Kalkaroo infill
KKRC161	76	104	28		2.3	West Kalkaroo infill

It is particularly encouraging that results for the first three step-out holes in the Kalkaroo Main zone (KKDD155A, 156, 157), designed to test for depth extensions of the stratabound primary copper –gold mineralization down dip, all returned grades above the orebody average, and over good widths. Further deep step out holes are being drilled, which have the potential to considerably expand the Kalkaroo Main zone mineral resource, if depth continuity of the economic grade stratabound mineralization can be established.

Quartz fracture vein style mineralization truncates the above Main zone stratabound mineralization at the western and eastern ends of the orebody (see map) and is marked by generally higher gold grades (eg KKDD142, 158, 161). Most of the widest and best grade drill intersections have been obtained in this style of mineralization from West Kalkaroo as follows :

KKDD142 113 metres of 0.63% Cu and 1.33 g/t Au
KKRC160 100 metres of 1.13% Cu and 0.84 g/t Au

It is also pleasing to report that unexpectedly high gold grades have been found relatively high up in the weathered bedrock in many holes (eg KKRC178 and 179). This gold is a bonus because it sits above the main copper-gold mineralization, and would be mined as part of the overburden removal to access the main orebody.

Metallurgical samples representative of the main recognized ore types, namely native copper, high grade saprolite gold and chalcocite in the oxidized zone and chalcopyrite-gold-molybdenite in the primary sulphide zone are now at Optimet metallurgical testing laboratory in Adelaide and will be systematically processed in coming weeks. Preliminary metallurgical testing on the native copper ore shows that **more than 40% of the copper is recovered by screening of the greater than 2 mm size fraction**, with the bulk of the remainder recovered by flotation of more finely ground material. This result is potentially positive outcome for the project economics because native copper makes up a high proportion of the copper ore in the oxidized zone.

MUTOOROO PROJECT (Havilah 100%, copper-cobalt)

The focus of work during the quarter has been metallurgical studies on representative copper-cobalt sulphide ore samples obtained from large diameter diamond drill core. Results reported by Optimet metallurgical testing laboratory are almost complete and show that:

- Energy requirements for crushing and grinding the sulphide ore are relatively modest.
- The sulphide ore grade can be upgraded through removal of the silicate minerals (mostly quartz) by comparatively simple gravity beneficiation methods.
- A high grade copper concentrate can be produced by conventional flotation methods.
- Leaching of the roasted sulphide ore yields comparatively high copper and cobalt recoveries (96% copper and 90% cobalt for 4 hour leach of 0.25 mm feed material) with the possibility of producing sulphuric acid as a saleable by-product.

It is apparent from the metallurgical testing work that several possible processing routes exist for the sulphide ore. These are being investigated and costed in detail as part of the feasibility study to determine which alternative offers the best return on investment.

Resource delineation drilling using both reverse circulation and diamond drilling rigs is planned to re-commence during the next quarter in order to define both the depth and strike extent of the thicker sulphide ore zones for resource modeling and open pit design purposes.

PORTIA PROJECT (gold)

During the quarter Havilah significantly progressed the two key tasks required by the Mining Act, which are essential for the grant of a Mining Lease over the Portia – North Portia deposit, namely finalization of a mining native title agreement (as required under part 9B of the Mining Act) and submission of a comprehensive mining and rehabilitation plan (MARP).

After a period of negotiation, spanning more than eighteen months, a meeting of the Adnyamathanha people in Hawker on 12 December 2007 authorized the seven Registered Native Title Claimants and ATLA (Adnyamathanha Traditional Lands Association Aboriginal Corporation) to sign a mining native title agreement over the proposed mining lease area covering the Portia-North Portia project. The details of the mining native title agreement remain confidential, but in general terms includes the issue of shares in Havilah, and other benefits such as training and employment commitments.

Subject to the MARP conforming to PIRSA's strict requirements, and after due process and public consultation, PIRSA is expected to grant a Mining Lease, which will allow the trial open pit gold mining operation at Portia to proceed. In the meantime, planning for site work infrastructure and processing plant design is in progress.

PROSPECT HILL (tin)

Three representative composite RC drill chip samples of different grade ore material (nominally 0.47%, 0.9% and 5% tin) have been sent to the Burnie Research Laboratory in Tasmania in order to determine the gravity recovery characteristics of the primary cassiterite mineralization.

A second round of drilling is planned at Prospect Hill in the first half of the year in order to follow up the earlier high grade tin intersections. The aim is to expand the presently known tin mineralization beyond its current limits, with an initial open pit target objective of 700,000 tonnes of 0.8% tin. In addition, shallow drilling will be conducted in nearby valleys to search for alluvial tin accumulations.

CURNAMONA ENERGY LIMITED (Havilah 45.4% ownership)

Curnamona Energy's drilling until the end of 2007 continued to successfully expand the area of sand-hosted uranium mineralization at Oban. With sufficient uranium mineralisation now outlined

to support a modest in situ recovery mining operation at Oban, effort is now focused on progressing permitting requirements for the operation of a field leach trial on the Oban deposit.

Following the New Year break, Curnamona Energy's two drilling rigs commenced drilling in the northern Yarramba Palaeochannel lying to the west of the Oban uranium deposit, where the palaeochannel is up to 3 km wide and 120 m deep. The objective is to find local oxidation-reduction boundaries within the palaeochannel which are favourable for deposition of uranium.

GEOTHERMAL RESOURCES LIMITED (Havilah 63.6% ownership)

Towards the end of the quarter Geothermal Resources made preparations for commencement of three further shallow drillholes designed to test the geothermal gradient on its Frome Project. The holes will be drilled in the area between drillholes Frome 3 and Frome 9, both of which returned abnormally high bottom of hole temperatures from downhole logging completed last year (see map).

The purpose of the three additional holes is to narrow down the area of highest geothermal gradient in the interpreted core region of the buried Vulcan granite. This will allow selection of the optimum location for a drillhole to at least 1000 metres deep in the next stage of deeper drill testing that is expected to commence in the first half of 2008, subject to drill rig availability.

FINANCE

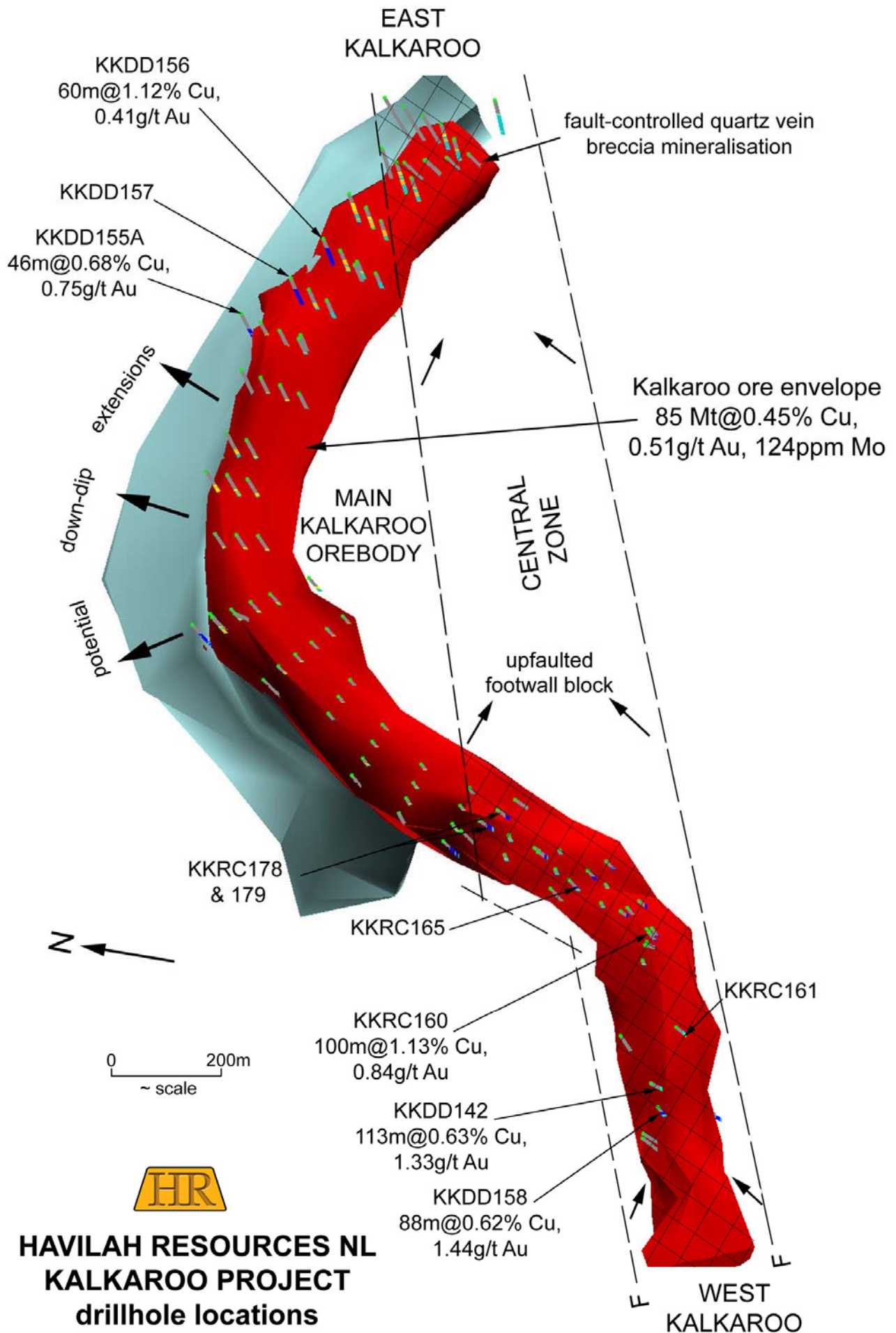
As at 30 January 2008 the Company had available funds of approximately \$16 million. Of this amount roughly \$4.76 million is joint venturer's funds to be allocated to the Kalkaroo project and roughly \$1.5 million is joint venturer's funds to be allocated to the Mutooroo project. Of the total \$2.6 million exploration and administration expenditure during the quarter, \$650,000 was on Havilah's own account with the balance being joint venturers' funds that were spent on feasibility drilling and preliminary metallurgical work at the Mutooroo and Kalkaroo projects.

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 be comparable, or slightly higher than the current quarter, as the feasibility study drilling programme continues. Mutooroo expenditure will be significantly higher with the resumption of drilling in the next quarter.

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")

31/01/08

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (. 6 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a)exploration and evaluation	-2281	-3342
(b) development		
(c) production		
(d) administration	-326	-444
1.4 Dividends received	287	536
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)		
	-2320	- 3250
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	- 122	- 183
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 (cash from Kalkaroo JV partner)		7000
	-122	6817
Net investing cash flows		
1.13 Total operating and investing cash flows (brought forward)	-2442	3567

Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	12	27
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	-28	-43
1.18	Dividends paid		
1.19	Other (provide details if material)		
Net financing cash flows		-16	-16
Net increase (decrease) in cash held		-2458	3551
1.20	Cash at beginning of quarter/year to date	18531	12522
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	16073	16073

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	399
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	2,500
4.2 Development	
Total	2,500

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	499	2439
5.2 Deposits at call	15574	16092
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	16073	18531

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	MC 3826 MC 3827		

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	79,950,946	79,950,946		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	45,213 Ordinary shares were issued as the result of exercise of listed and employee options			
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>	120,000 200,000 3,587,768 3,520,000 100,000 200,000 90,000 275,000 100,000 150,000	Employee Employee Listed Directors Employee Employee Employee Employee Employee Employee	<i>Exercise price</i> 25 cents 102 cents 160 cents 118 cents 106 cents 96 cents 75 cents 178 cents 212 cents 231 cents	<i>Expiry date</i> 09/10/08 09/05/09 30/04/10 14/08/10 29/08/10 17/02/11 19/10/11 12/02/12 13/04/12 08/06/12

7.8	Issued during quarter	300,000 1,800,000	Employee Directors	218 cents 199 cents	17/12/12 10/01/13
7.9	Exercised during quarter	25,213 20,000	Listed Employee	<i>Exercise price</i> 160 cents 25 cents	<i>Expiry date</i> 30/04/10 09/10/08
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <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: 25 February 2008

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.