



HAVILAH RESOURCES NL

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ASX Release

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## APPENDIX 5B – THIRD QUARTER ACTIVITIES AND CASH FLOW REPORT

### ADVANCING HAVILAH'S COPPER STRATEGY

#### HIGHLIGHTS

- **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**

#### REVIEW OF OPERATIONS

#### COPPER STRATEGY

At the recent South Australian Resources and Energy conference in Adelaide, Dr Bob Johnson, Havilah's Chairman, outlined 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 auger 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 mineralization, where economic copper and gold grades were intersected over considerable widths, as for example in drillholes KKDD 147,159 and 144 (see table).

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 oxidized 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 drillholes KKDD 146, 154 and 145 in above table), designed to test for depth extensions of the stratabound primary copper –gold mineralization down dip, continued to return economic grade copper, gold and molybdenum mineralization over appreciable widths. **This included one of the better intersections obtained from Kalkaroo in drillhole KKDD146, namely 38 metres of 2.13% copper and 0.46 g/t gold.** Currently, a series of shallow reverse circulation holes are being drilled to test for up-dip extensions of the higher grade oxide copper mineralization, similar to that intersected 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 was completed over the Kalkaroo resource during the quarter. This 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 mineralized 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 maximize 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 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 modeling and open pit design purposes. Recent RC percussion drilling has been systematically testing the oxidized 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 oxidized ore. Preliminary assay results from direct measurement on the drillcore 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 oxidized material that is present above the sulphide orebody.

Four strategically placed diamond drillholes have recently been completed for the specific purpose of obtaining 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 mineralization 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 oxidized 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 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 to an economically viable size for an open pit operation.

## **CURNAMONA ENERGY LIMITED (Havilah 45.4% ownership)**

Considerable effort was directed towards progressing permitting requirements for the operation of a field leach trial on the Oban deposit. Public comments received on the retention lease application document have been addressed and PIRSA is currently making a decision on grant of the retention lease. Drilling during the quarter concentrated 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.

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

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.

## **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.

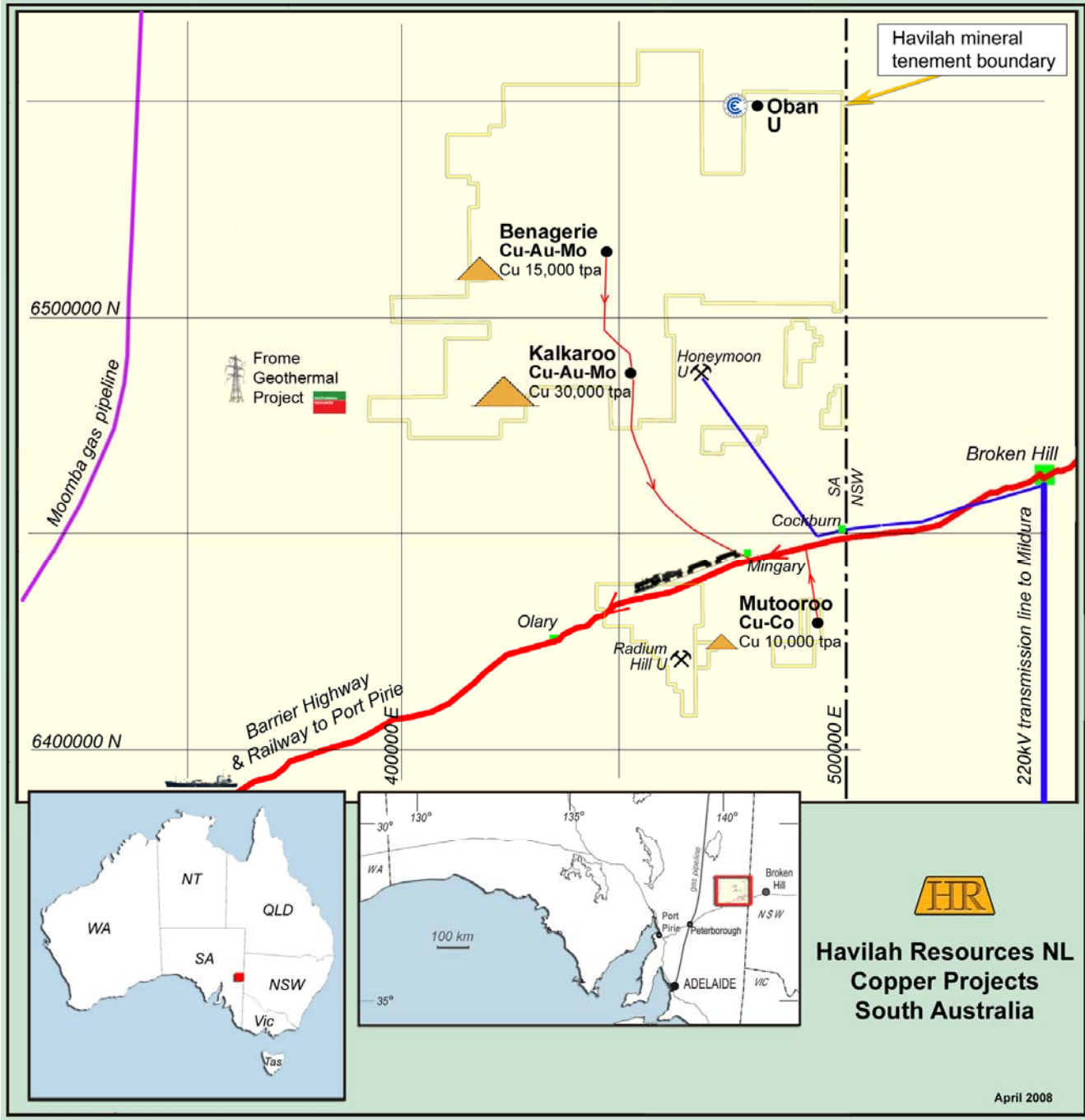
During the quarter the \$3 million provided by Heilongjiang Resources Limited for the Mutooroo feasibility study was converted to equity by the issue of 2 million Havilah shares at a price of \$1.50 each.

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

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



**HR**  
**Havilah Resources NL**  
**Copper Projects**  
**South Australia**

April 2008

# 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")

30/04/08

Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>	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	-2610	-5952
(b) development		
(c) production		
(d) administration	-619	-1063
1.4 Dividends received	245	781
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)		
	-2984	- 6234
<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	- 92	- 275
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 (PACE)	25	25
1.12 Other (cash from Kalkaroo JV partner)	7000	14000
	6933	13750
<b>Net investing cash flows</b>		
1.13 Total operating and investing cash flows (brought forward)	3949	7516

<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.		27
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	-30	-73
1.18	Dividends paid		
1.19	Other (provide details if material)		
<b>Net financing cash flows</b>		-30	-46
<b>Net increase (decrease) in cash held</b>		3919	7470
1.20	Cash at beginning of quarter/year to date	16073	12522
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	19992	19992

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	235
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		
<b>Total</b>		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	677	499
5.2 Deposits at call	19315	15574
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	19992	16073

#### 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's 3669 3828 3935 3936 3937 3938 3939 3940			

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</b> <b>+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>	81,950,946	79,950,946		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	2,000,000		150	Fully paid
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>	120,000 200,000 3,587,768 3,520,000 100,000 200,000 90,000 275,000 100,000 150,000 300,000 1,800,000	Employee Employee Listed Directors Employee Employee Employee Employee Employee Employee Employee Directors	<i>Exercise price</i> 25 cents 102 cents 160 cents 118 cents 106 cents 96 cents 75 cents 178 cents 212 cents 231 cents 218 cents 199 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 17/12/12 10/01/13
7.8	Issued during quarter	1,000,000 500,000 350,000	Unlisted Unlisted Employee	180 cents 225 cents 150 cents	06/03/13 06/03/13 04/04/13
7.9	Exercised during quarter			<i>Exercise price</i>	<i>Expiry date</i>
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: 29 May 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.