



HAVILAH RESOURCES NL
ABN 39 077 435 520



Quarterly Activities Report - period ending July 2011

Havilah Resources (ASX: HAV)

Havilah Resources NL aims to become a significant producer of copper, gold, cobalt and molybdenum from its 100% owned Kalkaroo, Mutooroo and Benagerie projects, which are at advanced feasibility stage. It holds more than 6,500 km² of surrounding tenements in the highly mineralized Curnamona Province of South Australia, where it maintains an active drilling program. Deposits of iron ore, tin and hard rock uranium have been drilled, with good exploration upside. Havilah owns strategic interests in uranium explorer, Curnamona Energy (45.4%) and hot rock geothermal explorer, Geothermal Resources (58%.)

Issued Capital

82 million ordinary shares
20.495 million listed options
2.425 million unlisted options

Contact

Dr Bob Johnson – Chairman
+ 61 (0)8 83389292

Highlights for quarter

- **Maiden Indicated Resource of 147 million tonnes of 30.1% Fe** (applying an 18% Fe cut-off grade) announced for Maldorky iron ore deposit.
- Uncertainty surrounding Kalkaroo project removed with Glencore declining to proceed with funding of a mining development.
- Intensive work on finalizing MARP document and securing final approvals for Portia open pit gold mine
- Non-binding MOU's signed with two well respected Chinese corporations regarding co-operation on evaluating the development and investment prospects for the Maldorky iron ore.
- Off-market takeover bid for all shares in Geothermal Resources not held by Havilah on a 1:4 basis.





Maldorky Iron Ore Deposit

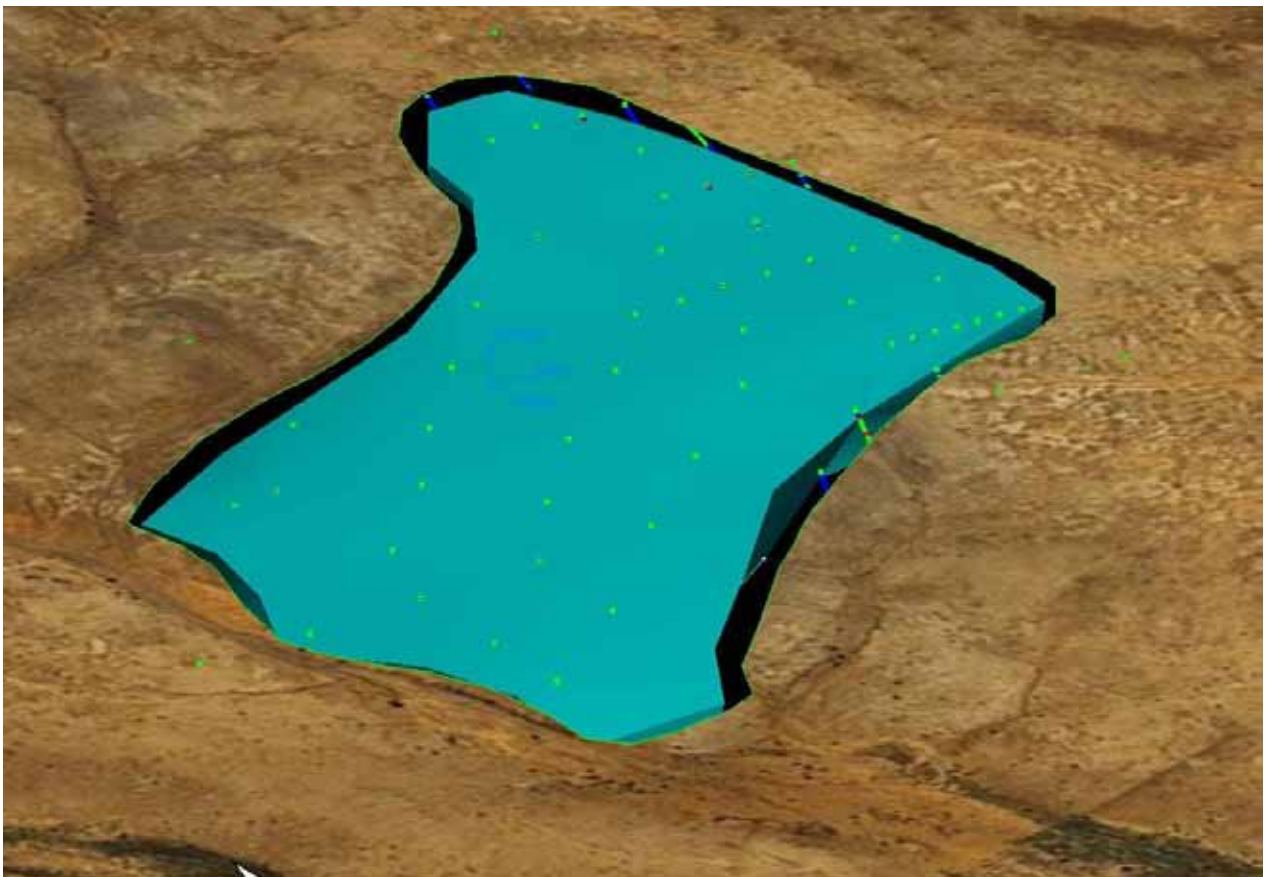
The Maldorky iron ore deposit was discovered last year as the result of drilling a prominent magnetic anomaly associated with poorly outcropping Braemar Iron Formation, in an area several kilometres south of the abandoned Radium Hill uranium mine.

Following completion of 51 drillholes and demonstration of good continuity of mineralisation, an initial JORC resource estimation, using Vulcan 3D software, generating an **Indicated Resource of 147 Mt of 30.1% Fe at a cut-off grade of 18% Fe** as detailed in the following table.

Maldorky Iron Ore Resource Estimate – June 2011

Cut-off Grade (Fe%)	Tonnes (to 4 sf)	Average Grade (Fe%)	Average SG
0	172,400,000	27.8	3.61
15%	156,700,000	29.3	3.66
18%	147,800,000	30.1	3.69

Overburden above the deposit is generally thin to absent and the orebody is typically at least 100m thick over most of the area. It is believed that this deposit has been enhanced by localized thickening of the magnetic iron formation due to the combined influences of extreme shearing and drag folding at this particular locality.



3D Cut-away of the topography showing the Maldorky orebody lying just below the surface



It is anticipated that almost all of the 147 Mt Indicated Resource will be mineable, subject to economic factors, based on the favourable shape of the orebody, comparatively uniform grade distribution, and lack of overburden. The central part of the orebody has the consistently highest grades, greatest thicknesses (typically > 100m thickness) and it also outcrops. These factors highlight the extremely favourable open pit mining characteristics of the Maldorky deposit, as illustrated by the topographic cut-away above.

Metallurgical work indicates that the Maldorky iron ore has similar characteristics to those reported by fellow junior explorers in the *Braemar Iron Alliance, namely :

- Relatively low work index ore.
- Straightforward processing that can upgrade the low grade ore to a premium magnetite rich product, with low levels of unwanted elements (eg. Al, Si, P, Ti, Cr, S).

The Maldorky deposit has several favourable attributes that Havilah believes will make it a particularly attractive mining proposition in the emerging Braemar iron ore province :

- A flat, shallow, orebody covering only 62.4Ha requiring a simple open pit mine plan.
- Lack of overburden and internal waste material resulting in minimal non-ore mining costs.
- Relatively high grade (30%) and high yield (approximately 40% of the ore converted to saleable product), meaning lower unit mining and processing cost per tonne of saleable product.
- Only 26 km from the railway line (the closest of all known Braemar iron ore resources to date), minimizing haulage costs.

During the quarter non-binding Memoranda of Understanding (MOU) were signed with **Hunan Valin Liangang Import and Export Co., Ltd** and **Zoomlion Material Handling Equipment Co., Ltd** regarding co-operation on evaluating the development and investment prospects for the Maldorky iron ore deposit. Both are large and highly successful organizations in China, who are rapidly progressing global business strategies.

Under the MOU's Havilah will supply bulk samples of beneficiated Maldorky ore to a recognized testing facility in China who will determine the suitability of the ore for local steel mills. Havilah has engaged the services of experienced mining engineer, Mr Chris Seels to assist in the selection of mining equipment and overseeing the shipment, construction and commissioning of such equipment until such times as commercial rates of production are achieved.

On other fronts Havilah is continuing with preparation of documentation in support of its mining lease application, and has completed required flora, fauna and hydrological surveys.

Kalkaroo Copper-Gold Project

During the quarter Glencore advised Havilah that it did not wish to participate in future development of the Kalkaroo project, and would sell its rights in the Mining Tenements and the Feasibility Study to Havilah in consideration for the issue of A\$7 million worth of ordinary shares in Havilah. There is dispute over the issue price of the shares, which if not resolved will be subject to a court determination. Glencore's exit decision removes uncertainty surrounding the Kalkaroo Project, and means that Havilah will continue to own 100% of an attractive copper-gold deposit with a completed bankable feasibility study.



Havilah plans to pursue a measured strategy to maximise the value of this large copper-gold asset and to explore various development options. This will include further drilling to expand shallow gold and copper metal resources along strike and alternative metallurgical processing methods to improve recoveries, particularly of gold and native copper in order to maximize early cashflow.

Kalkaroo contains almost 1 million ounces of contained gold, and is a large gold deposit in its own right, therefore optimising gold recoveries will be a high priority for future work.

Portia Gold Project

Considerable effort has been expended during the quarter on revising the Mining and Rehabilitation Program report (MARF), in accordance with PIRSA directives, and in obtaining supporting consultants reports. Havilah is in ongoing discussions with potential financiers for the project as well as contractors for construction and mining.

Mutooroo Copper-Cobalt Project

Havilah has received an informal expression of interest from a Chinese party who wish to investigate purchase of the Mutooroo sulphide to treat in an existing processing facility in China.

Havilah is also currently preparing a mining lease proposal for Mutooroo, which is the first step towards grant of a mining lease and subsequent mining approvals by PIRSA.

Prospect Hill

Havilah has earned a 65% interest in the Prospect Hill EL following completion of two earlier drilling programs. This year it was planned to carry out a drilling program to increase the hard rock primary tin resource and to explore for secondary alluvial tin deposits in water courses draining the bedrock.

Our joint venture partners advise that the planned exploration program is postponed indefinitely due to threats of legal action by legal representatives of the Native Title claimants. The legal representatives have claimed that proposed drilling activities will affect the enjoyment of native title rights of the claimants, notwithstanding that the EL confers on the holders the rights to explore and develop mineral deposits and that legitimate aboriginal heritage surveys have been completed. Havilah understands its joint venture partners are awaiting answers to their questions directed to the legal representatives on how reconnaissance drilling activities following the strict PIRSA guidelines on implementation and rehabilitation, will affect native title rights in a practical sense.

Curnamona Energy Limited (Havilah 45.4% ownership)

Exploration continued during the quarter, with encouraging results received from drillholes in the Yarramba palaeochannel several kilometers downstream from the Honeymoon uranium deposit. Leach testing results from Oban continue to be inconclusive.

Geothermal Resources Limited (Havilah 58% ownership)

After the end of the quarter Havilah advised that it had entered into a binding Takeover Bid Implementation Agreement (TBIA) with Geothermal Resources Limited (ASX:GHT) (**Geothermal**). Subject to the terms of the TBIA, Havilah proposes to acquire all Geothermal ordinary shares not currently held by Havilah (representing approximately 41.32% of Geothermal's issued shares) by way of an off-market takeover bid. Havilah is offering one of its ordinary shares for every four ordinary



shares in Geothermal. The bid is subject to a number of conditions including a 90% minimum acceptance condition.

This offer represents an attractive 40% premium over the closing trading price of 9.2 cents for Geothermal based on the closing price of 51.5 cents for Havilah shares on Friday 19 August 2011. Geothermal shareholders will receive shares in a more diversified company, which has greater resources to manage the projects and is better placed to raise the substantial development capital required. With four mining projects on the drawing board, which have substantial power requirements, it is Havilah's intention, if feasible, to develop Geothermal's Frome project as an adjunct to its own energy requirements.

In Geothermal's response, the independent Geothermal director, Mr Janes, has stated that he recommends Geothermal shareholders accept the takeover offer and Mr Williams and Mr Janes have stated that they intend to accept the Havilah offer in respect of the Geothermal shares they respectively own or control, subject in each case to the Independent Expert concluding that the offer is fair and reasonable to Geothermal shareholders and subject to there being no superior proposal and no material adverse event occurring in respect to Havilah. Mr Williams has stated that he has determined it is not appropriate for him to make a recommendation in respect to the offer due to being a director and shareholder of Havilah.

Geothermal's response notes that Geothermal has limited cash reserves and is very likely to require a capital raising within twelve months in order to remain a going concern, in the absence of ongoing financial support from Havilah. In this circumstance, Geothermal shareholders (including Havilah) would face the prospect of significant dilution from future capital raisings to fund and develop its projects.

Havilah is presently working on preparation of a Bidder's Statement, which is planned to be lodged with the Australian Securities & Investment Commission and be sent to Geothermal shareholders in the second half of September.

Finance

As at 31 July 2011 the Company had available funds of approximately \$2.61 million. Expenditure during the quarter was spread over a number of projects, with the majority of expenditure outlaid on exploration drilling, and various activities, including consultants fees, related to permitting work.

For further information visit the Company website www.havilah-resources.com.au or contact :

Dr Bob Johnson, Chairman, on (08) 83389292 or email : info@havilah-resources.com.au

Competent Persons Statement

The information in this report has been prepared by geologists 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.



Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Havilah Resources NL

ABN

39 077 435 520

Quarter ended ("current quarter")

31 July 2011

Consolidated statement of cash flows

Cash flows related to operating activities		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 & evaluation (b) development (c) production (d) administration	-888	-3,001
		-143	-529
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	39	208
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	Net Operating Cash Flows	-992	-3,322
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		-235
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 (provide details if material)		
	Net investing cash flows	-103	-235
1.13	Total operating and investing cash flows (carried forward)	-1,095	-3,557



1.13	Total operating and investing cash flows (brought forward)	-1,095	-3,557
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	1	223
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	-37	-144
1.18	Dividends paid		
1.19	Other (provide details if material)	-	-39
	Net financing cash flows	-36	40
	Net increase (decrease) in cash held	-1,131	-3,517
1.20	Cash at beginning of quarter/year to date	3,740	6,126
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	2,609	2,609

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	247
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

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

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

Financing facilities available

Add notes as necessary for an understanding of the position.

Amount available \$A'000	Amount used \$A'000
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3.1	Loan facilities		
3.2	Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000	
4.1	Exploration and evaluation	750
4.2	Development	
4.3	Production	
4.4	Administration	150
Total		900

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	78	97
5.2	Deposits at call	2,531	3,643
5.3	Bank overdraft		
5.4	Other (provide details)		
Total: cash at end of quarter (item 1.22)		2,609	3,740

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				
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	82,823,891	82,821,849		
+Ordinary securities				
7.4				
Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5				
+Convertible debt securities <i>(description)</i>				
7.6				
Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				



			<i>Exercise price</i>	<i>Expiry date</i>
7.7	Options <i>(description and conversion factor)</i>	20,149,722	Listed	50 cents
		50,000	Employee	75 cents
		25,000	Employee	178 cents
		100,000	Employee	150 cents
		1,800,000	Directors	199 cents
		6,000,000	Directors	96 cents
		500,000	Unlisted	225 cents
		1,000,000	Unlisted	180 cents
		150,000	Employee	46 cents
		1,100,000	Employee	96 cents
		560,000	Employee	76 cents
		320,000	Employee	76 cents
		700,000	Employee	98 cents
7.8	Issued during quarter	560,000	Employee	76 cents
		320,000	Employee	76 cents
		700,000	Employee	98 cents
7.9	Exercised during quarter	142	Listed	50 cents
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 5).

2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:KR Johnson.....Date: 30/8/11.....
(Director/Company secretary)

Print name:



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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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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