

This Week

Originally Published on March 7<sup>th</sup> 2007

## Havilah Resources (HAV)

### Havilah Resources (HAV)

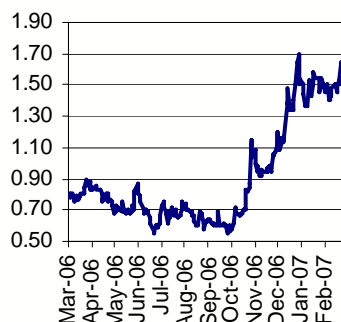
Havilah has raised \$9.4 million to undertake a trial pit at its Portia gold project and will also undertake a feasibility study at its Kalkaroo copper and gold project...

Page 1

### Capitla Structure - HAV

Shares	79.9 m.
Options	7.6 m.
Price	\$ 1.42
Market Cap	\$ 113 m.
Cash (est)	\$ 10 m.

Havilah has raised \$9.4 million to undertake a trial pit at its **Portia gold project** and will also undertake a feasibility study at its Kalkaroo copper and gold project, involving metallurgical studies and logistics.



StockAnalysis has taken all total intersections from Portia (ignoring higher grade sub-sections) and calculated the average grades and widths. The average width of intersections from the limited data available is 10.3 metres, though two holes ended in mineralisation, so this sample probably under calls the total thickness of gold mineralisation, which is seen to vary from 2 metres to over 26 metres. While the average grade is 20.8g/t, the weighted average grade from these intersections is 16.3g/t, calculated by dividing the sum of each individual intersection with its grade, by the total length of all intersections.

### Gold Intersections at Portia

Hole	Width m.	grade g/t	gm metres
188	3	10.5	32
189	5	16.5	83
191	26	15.4	400
193	13	33.5	436
194	2	25.5	51
196	9	12.5	113
197	25	14.5	363
198	5	17.4	87
199	3	8.5	26
201	2	81	162
204	4	5.7	23
205	26	9	234
Average	10.3	20.8	16.3

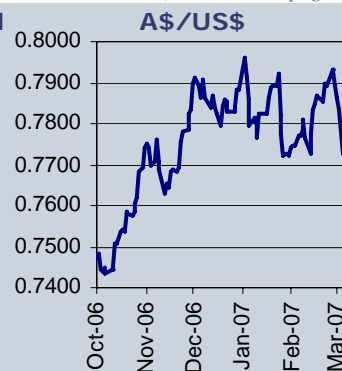
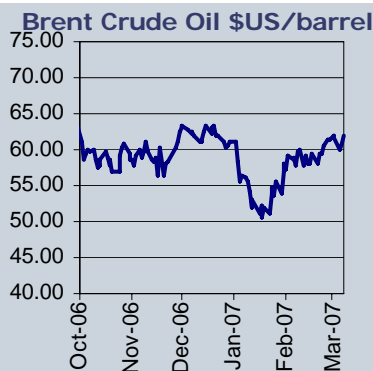
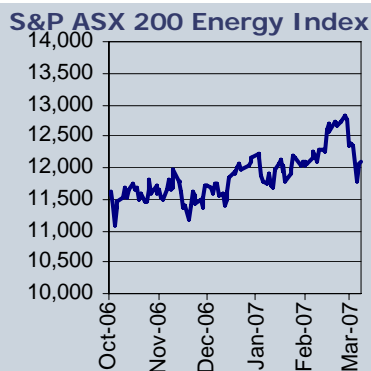
If a trial pit addresses an area of 30 metres by 30 metres to a depth of 25 metres, then assuming an SG of 2.4 tonnes per m<sup>3</sup>, 54,000 tonnes of material at an average grade of 6.7 g/t might be expected to deliver 11,700 ounces of gold to the pilot gravity plant. Recovery of this gold would be worth about \$7.2 million, largely paying for the trial operation and setting up the project for a long term operation.

Source: Havilah Resources, Strachan Corporate Pty Ltd

StockAnalysis suspects that higher gold grades may be achieved, but we will not know this for sure until the trial is run. This is why the company is running the trial! By the end of 2007, shareholders will know if the project is going to be viable, given an overburden of 65 to 75 metres of free digging material. If the project proves positive, Havilah will be able to reconfigure its operations to run as an ongoing production operation, with permanent water, power and low cost overburden removal. Portia will be largely an earth moving operation followed by a simple, low cost gravity separation of free gold, with no chemicals required. All up, StockAnalysis calculates that cash operating costs could be less than A\$250/oz, depending on final grade.

(Continued on page 2)

Indices & Prices	
All Ordinaries	5,803.30
Energy Index	12,102.70
Brent US\$/bbl	61.83
AUS\$/US\$	0.7758
As at Close March 8th	



In the meantime, drilling financed by Havilah's Chinese partners at its **Mutooroo copper cobalt project** has uncovered some very high grade copper/cobalt zones within the mineralised envelope. Mutooroo is presently estimated as 11 million tonnes grading 1.1% Cu plus 0.1% Co, but recent intersection such as 27 metres grading 1.75% Cu and 0.22% Co hold promise to boost the overall grade. Based on current understanding of grade, at today's metal prices Mutooroo offers mineralisation with an insitu value of around \$147/tonne. The project holds potential for production of a low cost, gravity concentrate containing most of the copper and cobalt, contained in a valuable, iron sulphide matrix. StockAnalysis estimates that an 8 year project to produce about 15,000 tpa of copper plus 1,450 tpa of cobalt would have an NPV of over 54 million (61 cps) for Havilah.

### Havilah Valuation Matrix

	\$m.	\$/share	Comments
Cash	10	0.11	
Unissued equity	10	0.12	
Investments	43	0.49	CUY, MOX & GHT
Mutooroo 50%	54	0.61	DCF
Sub Total	117	1.33	
Kalkaroo 100%	112	1.28	A10cts/lb + A\$20/oz
Portia	23	0.26	A\$50/oz for 460Koz
Nth Portia	13	0.15	A\$10 cts/lb
Exploration	20	0.23	Nominal
Corporate	-8	-0.09	
<b>Total</b>	<b>277</b>	<b>3.16</b>	

Source: Strachan Corp. Pty Ltd.

Havilah has a base value of \$1.33 per share, before allowing any value for Portia or Kalkaroo. We will have to wait for results from the Portia trial pit to determine the worth of this 100% owned project, but StockAnalysis suspects that it could be worth well over \$1 per share.

The **Kalkaroo copper/gold project** must overcome significant obstacles before it can be seen as being commercial. Firstly it has a low grade, with an insitu value of just A\$54/t. Secondly, it contains largely oxide and transitional grade mineralisation with perhaps about 40% sulphide material at depth, making it difficult to process and recover metals. Much will depend on an ability to employ low cost mining and processing to which end, the company

plans to undertake pilot metallurgical processing tests. On the positive side, Kalkaroo is large and mineralisation is still not closed off, so far containing about 384,000 tonnes of copper and 1.4 million ounces of gold, plus molybdenum.

### Recommendation:

**Havilah remains a speculative buy with an underlying value of at least \$1.33 and upside to over \$3 per share.**

### Contact

Peter Strachan:  
Pex Publications:

[Peter@stockanalysis.com.au](mailto:Peter@stockanalysis.com.au)

5/1 Almondbury Rd Mt Lawley, WA 6050

Tel: 08 9272 6555 Fax: 08 9272 5556

Website: [www.stockanalysis.com.au](http://www.stockanalysis.com.au)

### Disclaimer

The information or advice (including any financial product advice) herein is believed to be reliable and accurate when issued however, Strachan Corporate Pty Ltd ABN 39 079 812 945; AFSL 259730 ("Strachan"), does not warrant its completeness, reliability or accuracy. Strachan, its Directors and their Associates from time to time may hold shares in the securities mentioned in this report and therefore may benefit from any increase in the price of those securities. Opinions and estimates constitute Strachan's judgment. The author certifies that the views expressed in this document accurately reflect the analyst's personal views about the subject company and are subject to change without notice. Strachan, its officers, agents and employees exclude all liability whatsoever, in negligence or otherwise, for any loss or damage relating to this document to the full extent permitted by law. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The investments and strategies discussed herein may not be suitable for all investors. The advice in StockAnalysis has been prepared without taking account of any particular person's investment objectives, financial situation or needs. Therefore, before acting on the advice, you should consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. There may be a product disclosure statement or other offer document for the securities and financial products we write about in StockAnalysis. You should obtain a copy of the product disclosure statement or offer document before making any decision about whether to acquire the security or product. If you have any doubts you should contact your investment advisor. The investments discussed may fluctuate in price and changes in commodity prices and exchange rates may have adverse effects on the value of investments. The author holds shares in OEL, EXS, CYL, ARQ, ACE, ROC, MGR, SUN, TAP, HGR, EXR, PCL, WSS, RCR, HZN, HAV & BRT.