



HAVILAH RESOURCES NL
ABN 45 115 281 144

Quarterly Activities Report - period ending October 2011

Havilah Resources (ASX: HAV)

Havilah Resources NL aims to become a significant new producer of copper, gold, cobalt and molybdenum from its 100% owned mineral discoveries :

Kalkaroo: 62.5Mt 0.52% Cu
0.48g/t Au Measured resource

Mutooroo: 13.1Mt 1.48%Cu,
0.14%Co Meas+Indic+Inferred res

North Portia: 11.3Mt 0.89%Cu,
0.64g/tAu, 500ppmMo Ind+Inf res

Portia: 720,000t 2.9g/t Au Inferred resource

Maldorky: 147Mt 30.1% Fe (18% Fe cutoff) Indicated resource
Excellent potential to expand known resources in all cases.

MMG Exploration spending \$12m over 5 years exploring for IOCG and sedimentary hosted Pb-Zn deposits on Havilah's tenements

Issued Capital

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

Contact

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Highlights for quarter

- Agreement reached with MMG Exploration Pty Ltd Havilah for exploration of Havilah's northern tenements for major basemetal deposits.
- \$5 million funds raised by placement to MMG of 4 million shares at \$1.25 each.
- New discoveries of economic grade copper-gold mineralization found in drilling on Kalkaroo north and south domes and Eurinilla dome.
- Intensive work continued on finalizing MARP document and securing final approvals for Portia open pit gold mine
- Mining plan completed for Maldorky and planning for comprehensive metallurgical test work required for process plant design.
- Off-market takeover bid for all shares in Geothermal Resources closed with Havilah holding 94.17% and moving to compulsory acquisition.





Maldorky Iron Ore Project

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. **An Indicated Resource of 147 Mt of 30.1% Fe at a cut-off grade of 18% Fe** was estimated based on 51 RC drillholes.

Work on this project continued on several fronts during the quarter, and included :

1. Compilation of documentation in support of a mining lease application.
2. Visit by representatives of Zoomlion, a major Chinese equipment supplier, with whom Havilah has previously signed a non-binding co-operation MOU.
3. Advanced planning for a metallurgical testing program to test the grinding and separation characteristics of the Maldorky ore, using diamond drillcore.
4. Advanced planning for a geotechnical logging program using diamond drillcore to determine among other things the likely pitwall stability parameters.
5. Detailed mine design and mine planning by a consultant mining engineer, in the final stages of completion at the time of writing. The results will be reported shortly.

Subsequent to the end of the quarter Havilah entered into a binding agreement on farm-in terms for iron ore exploration with the owners of adjacent EL 4200, namely Polymetals (White Dam) Pty Ltd / Exco Operations (SA) Limited joint venture. Under the farm-in terms, Havilah will be entitled to a 75% interest in any mining lease granted over iron ore resources it discovers subject to expending a sum of \$1.2 million over a period of two years from the date of the agreement. The owners of EL 4200 may then contribute or dilute and retain a residual royalty. Based on study of the Braemar Iron Formation on its adjacent EL 3895, Havilah believes EL 4200 may have potential for iron ore deposits of similar style to Maldorky, located within 10km of the transcontinental railway line. An exploration drilling program to test this will be mounted early in the New Year, subject to timely PIRSA drilling approval.

MMG Exploration Option and Joint Venture Agreement

During the quarter Havilah signed an Option and Joint Venture Agreement (Agreement) with **MMG Exploration Pty Ltd (MMG)** relating to exploration of all Havilah's Curnamona Craton exploration licences lying north of the Barrier Highway. The Agreement does not impact on any of Havilah's existing projects, including Kalkaroo, Mutooroo, Portia, North Portia, Maldorky or Lilydale, which Havilah will continue to progress towards development. Havilah will also retain 100% ownership of the exploration licences and may continue with exploration of them on its own account

Under the Agreement MMG is required to spend an amount of \$12 million over a period of 5 years on exploration work, which entitles MMG to secure a 60% participating interest in any potential development projects that it identifies within the exploration licences. MMG are required to spend a minimum of \$3 million on exploration prior to withdrawal. MMG also subscribed for 4,000,000 Havilah shares at an issue price of \$1.25, raising \$5,000,000 and giving it a 4.25% interest in Havilah.

MMG is owned by Minmetals Resources Limited (HKSE 1208), an international upstream base metals company. It is one of the world's largest producers of zinc as well as a substantial producer of copper, lead, gold and silver. Minmetals Resources Limited currently has mining operations located in Australia and Asia and a large portfolio of exploration and development projects in Australia, Asia and North America. Its operations include the Century mine in Queensland, Sepon copper and gold

operations in Laos, Golden Grove underground base and precious metals mine in Western Australia and the polymetallic Rosebery mine in Tasmania.

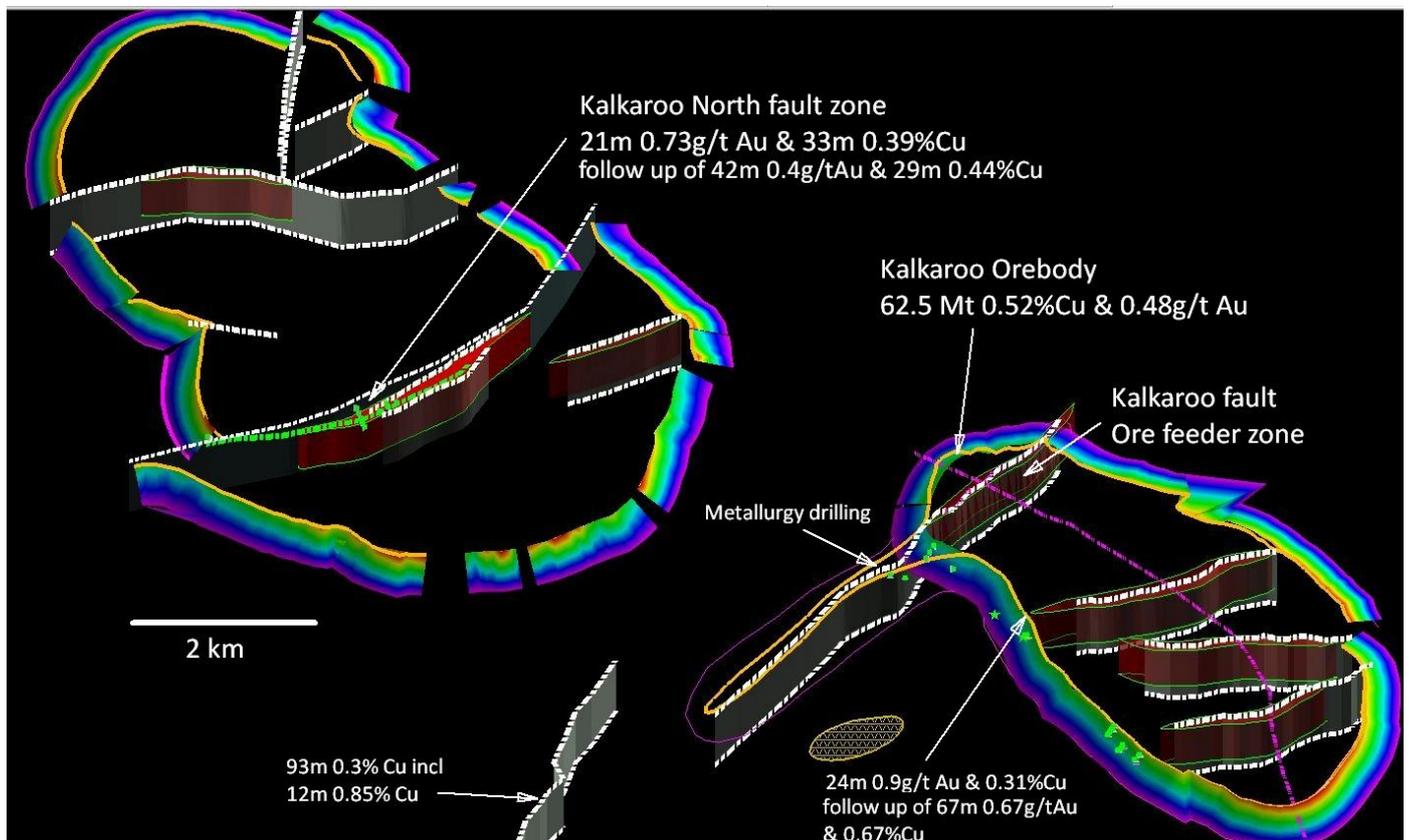
MMG's experienced geoscientific team have recognized the potential for discovery of large copper-gold and lead-zinc deposits on Havilah's exploration licences. They have backed this judgment with a planned major exploration program, commencing with a detailed aeromagnetic survey covering the entire Havilah tenement block early in the New Year

Kalkaroo Copper-Gold Project

A. Regional Exploration

Havilah has continued to confirm new discoveries of significant copper and gold mineralization within trucking distance of the Kalkaroo deposit (see diagram). This includes :

- **21m of 0.73 g/t Au** (123-144m) followed by **33m of 0.39% Cu** (144-177m) in KKRC 377 in an east-west fault zone transecting the Kalkaroo north dome.
- **93m of 0.30% Cu** (117-210m) including **12m of 0.85% Cu** (144-156m) in KKRC 382 in a fault splay off the main Kalkaroo fault zone.
- **24m of 0.9 g/t Au and 0.31% Cu** (70-94m) including 79-94m of 1.41 g/t Au in KKRC 365 in a stratiform replacement horizon adjacent to a major east-west fault zone transecting the Kalkaroo south dome.



Oblique diagrammatic view across the Kalkaroo north and south domes (multi-colour outline) showing the main cross structures (dashed white lines). Note the close spatial relationship between the Kalkaroo fault zone and the Kalkaroo orebody. Havilah has been drill testing several targets, including the large Kalkaroo north fault structure in the Kalkaroo north dome where a new copper-gold discovery was made late last year.

The geological structure and strength of mineralization at each of these localities augers well for proving up new resources with additional drilling.



B. Metallurgical Drilling

Kalkaroo is a significant gold deposit in its own right, containing almost 1 million ounces of gold. In order to better understand the gold mineralisation in the upper oxidised part of the orebody, five metallurgical RC drillholes were completed at Kalkaroo West during the quarter, specifically targeting the uppermost gold saprolite zone more or less equidistantly along the strike of the Kalkaroo West planned starter open pit. Assay results indicate long vertically continuous gold intervals through the top of the orebody (lying above the native copper zone) as follows :

KKRC387 74m of 1.81 grams/t Au (64-139m end of hole)
KKRC388 60m of 2.23 grams/t Au (66-126m end of hole)
KKRC389 63m of 0.82 grams/t Au (68-132m)
KKRC390 58m of 1.44 grams/t Au (79-137m end of hole)
KKRC393 78m of 1.4 grams/t Au (72-150m end of hole)

Initial observations from painstaking panning of the higher grade drill samples are that significant quantities of both coarser (gravity recoverable) and extremely fine gold are present. A small leach circuit is therefore likely to be added to the plant design to recover the very fine gold from the upper saprolite gold zone. Although associated copper may be up to 0.3%, the feasibility study test work indicated that cyanide consumption was low as most of the copper in this zone is insoluble. Greater than 95% gold recoveries were obtained in metallurgical tests that used a standard gravity and cyanide leaching process. Inclusion of the leaching circuit, and the additional gold recovered, will make a material positive contribution to the economics of the Kalkaroo project, especially considering that this soft material can be selectively mined at the top of the orebody, with no drill and blast required.

During the next quarter Havilah will review existing feasibility study data, including revisions of the mine design, with the aim of determining the best strategy going forward for Kalkaroo.

For the interest of shareholders, a new computer generated fly-through of the Kalkaroo orebody can be viewed at : <http://www.youtube.com/watch?v=mL5V5b4MADs>

C. Glencore Share Issue

Havilah has agreed to issue 10,153,756 shares to Glencopper SA Pty Ltd (a wholly owned subsidiary of Glencore International AG) in order to re-acquire 100% ownership of the Kalkaroo copper-gold deposit following Glencore's decision not to proceed with development. As a result Glencopper SA Pty Ltd will hold 10.8 % interest in Havilah.

Portia Gold Project

Work continued with the assistance of a full time consultant on satisfying PIRSA's requirements for the Mining and Rehabilitation Program report (MARF). Revisions to the document included further geotechnical detail on pit wall stability, tailings dam design, waste dump design and excess water storage, plus many other details on hydrology, soils, flora and fauna, manning and infrastructure. Approval of the MARF is required before PIRSA will provide an operating permit for the mine.

Havilah is unable to finalise financing options for the project or secure contractors for construction and mining, until the mine operating permits, contingent on approval of the MARF, are granted.



In the meantime Havilah continued exploration at the Lorenzo gold prospect immediately south of the Portia, with no new assay results to report as yet.

Mutooroo Copper-Cobalt Project

Havilah's consultant mining engineer completed a mine design for Mutooroo during the quarter. The optimized open pit design captures approximately 30 % of the previously published JORC resource of 13.1Mt at 1.48% Cu. The within pit sulphide resource of approximately 3.5Mt is sufficient for 7 years production at a rate of 500,000 tpa. Considerable ore remains below the bottom of the open pit design, but the high stripping ratios prevent its economic exploitation. This ore is potentially exploitable via decline from the base of the open pit.

It is evident that the present size of the project would not support the high construction cost of a new roaster and acid plant in Australia at present metal prices. However, if on site capital costs can be minimized by processing ore at an existing offshore facility then the operation becomes profitable and could produce a cash surplus to Havilah in excess of \$200m over the 7 year life of the open pit, assuming revenues are split 50:50 with a partner (see economic model in description of Mutooroo project at <http://www.havilah-resources.com.au/mutooroo.html>).

Future objectives for the project include :

- Find more shallow open pit ore long strike (high probability of success)
- Seek an offshore partner with an existing processing facility (this alternative has been under investigation in China for the past year, with promising results).
- Mining model to include a decline beneath the current optimized open pit.

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.

Eurinilla Dome Exploration

During the quarter Havilah acquired the outstanding 30% interest in EL 4313, that covers the southern portion of the Eurinilla dome, that it did not own by the issue of 125,000 shares to the vendor. Havilah's 100% interest in EL 4313 is included in the MMG exploration agreement package of tenements.

The Eurinilla dome is known to have widespread copper and gold mineralisation from previous BHP and Havilah drilling. A 3D geological model generated from the earlier drilling highlighted a shallow dipping horizon of low grade copper mineralisation that extends across a broad section of this dome. This horizon is stratigraphically equivalent to the copper-gold mineralised horizon that occurs at Kalkaroo and North Portia.

Targeting of this horizon with several new drillholes returned encouraging results, including :

21m of 0.48% Cu in EUR002 and

9m of 0.90% Cu, 1.62 g/t Au, 11 g/t Ag and 400 ppm Bi (bismuth) in EUR007

It is evident that the total amount of copper in this horizon at Eurinilla is very considerable and future exploration will aim to locate the zones of upgraded copper and gold mineralisation in areas of structural disturbance, such as faulting, fracturing or drag folding.



Prospect Hill

Work on this promising tin project has been stopped 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)

Field activities were limited during the quarter while personnel were mostly involved in equipment repairs and maintenance and rehabilitation work.

Geothermal Resources Limited (Havilah moving to compulsory acquisition)

At the time of writing, the takeover offer for Geothermal Resources Limited (ASX:GHT) (**Geothermal**) by Havilah has closed, with Havilah having acquired more than 94.17% of the shares in Geothermal and now moving to compulsory acquisition

Finance

As at 31 October 2011 the Company had available funds of approximately \$1.36 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. Subsequent to the end of the quarter Havilah received \$5 million from the placement of 4 million shares to MMG Exploration. This has boosted Havilah's cash reserves to more than \$6 million.

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 October 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	-901 -210	-901 -210
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	25	25
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	-1086	-1086
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	-30	-30
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	-30	-30
1.13	Total operating and investing cash flows (carried forward)	-1,116	-1116



1.13	Total operating and investing cash flows (brought forward)	-1,116	-1,116
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	-37	-37
1.18	Dividends paid		
1.19	Other (provide details if material)	-90	-39
	Net financing cash flows	-127	-127
	Net increase (decrease) in cash held	-1,243	-1243
1.20	Cash at beginning of quarter/year to date	2,609	2,609
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1,366	1,366

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	212
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
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	850
4.2 Development	
4.3 Production	
4.4 Administration	400
Total	1,250

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	109	78
5.2 Deposits at call	1,257	2,531
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	1,366	2,609

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 +Ordinary securities	90,275,299	89,875,299		
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				
7.7 Options <i>(description and conversion factor)</i>	20,149,722	Listed	<i>Exercise price</i> 50 cents	<i>Expiry date</i> 30/10/13
	25,000	Employee	178 cents	12/02/12
	100,000	Employee	150 cents	04/04/13
	1,800,000	Directors	199 cents	10/01/13
	6,000,000	Directors	96 cents	20/11/14
	500,000	Unlisted	225 cents	06/03/13
	1,000,000	Unlisted	180 cents	06/03/13
	150,000	Employee	46 cents	23/03/14
	1,100,000	Employee	96 cents	20/11/14
	820,000	Employee	76 cents	27/05/14
	700,000	Employee	98 cents	20/07/14



7.8	Issued during quarter				
7.9	Exercised during quarter	250	Listed	50 cents	30/10/13
7.10	Expired during quarter	60,000	Employee	76 cents	27/05/14
		50,000	Employee	75 cents	19/10/11
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: 29/11/11.....
(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.