

Havilah Resources

(ASX : HAV)

26 August 2013

Havilah Resources NL aims to become a significant new producer of iron ore, copper, gold, cobalt, molybdenum and tin from its 100% owned JORC mineral resources in northeastern South Australia.

120.3 million ordinary shares

31.6 million listed options

12 million unlisted options



QUARTERLY ACTIVITIES REPORT – PERIOD ENDING JULY 2013

HIGHLIGHTS FOR QUARTER

- **Portia mining approval** – acquisition of final field pump test data to satisfy DMITRE and EPA requirements for mining approval largely completed. Camp acquired.
- **Kalkaroo copper-gold project** – drilling confirmation of gold mineralisation in basal Tertiary clays at West Kalkaroo is positive for the low capital starter open pit concept.
- **Maldorky iron ore project** – completed native title claimant site survey which conditionally cleared mining area. Positive metallurgical testwork.
- **MMG exploration agreement** – 18 diamond drillhole program on a variety of copper targets ongoing.



Havilah remained focused on progressing its various development projects through the mining permitting and approval stages during the quarter in accordance with the schedule of activities outlined in the table below.

Activity / Project	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Portia	PEPR preparation Field data collection	PEPR submission Financing Contractor	Site works, camp and mining start Dewatering	Overburden mining Dewatering
Maldorky	MLP preparation Native title Metallurgy	MLP preparation Native title Metallurgy	MLP submission Native title PEPR preparation Metallurgy pilot	MLP approval PEPR submission Metallurgy pilot Dewatering study
Kalkaroo	Metallurgy Revised mining plan options	MLP preparation Native title Metallurgy BOT gold drilling	MLP preparation Native title Shallow resource definition drilling	MLP submission Native title PEPR preparation Process design
Mutooroo	MLP Metallurgy	MLP Metallurgy	MLP Processing options	MLP Processing options
Grants	Planning Infrastructure	Planning Infrastructure	Infrastructure Metallurgy	Metallurgy Infrastructure
Exploration	MMG geophysics and drilling Portia ML drilling	MMG drilling Portia ML drilling	MMG drilling	MMG drilling and evaluation

MLP – mining lease proposal, required to be approved before grant of a mining lease.

PEPR – program for environmental protection and rehabilitation, dealing with mine closure and rehabilitation, required to be approved before mine operating approvals are granted.

Native title agreement – must be negotiated and registered before a mining lease will be granted

(It should be noted that schedules indicated in the table are best estimates, given that quite often the timing is outside of Havilah's control, including government approvals (for MLP and PEPR) and negotiation of native title agreements. Also, the viability and hence commencement of a project is dependent on many economic factors including metal prices, contractor rates and financing terms, which may vary in ways not predicted.)

Details of the activities undertaken for the various projects during the current quarter are reported below against the activities listed in the above table .

PORTIA GOLD PROJECT

Havilah was not able to submit the final Portia PEPR document to DMITRE during the quarter as contemplated in the above planning table. This was because the hydrological consultant considered that a longer period of pump testing was required for their groundwater modelling in order to demonstrate to the level of certainty required by the EPA that the Shylock palaeochannel could take all excess water from dewatering of the Portia open pit.

This necessitated Havilah undertaking a further round of pump testing, which because of the greater volumes of water involved, required the construction of a small turkey's nest dam to contain the saline water. This involved seeking approvals from regulatory authorities and the landholder and then mobilising a contractor to construct the dam, all of which took some time to organise. Heavy rains also prevented heavy equipment accessing site for some weeks. Again all of this work was efficiently completed by Havilah's field crew.

At the time of writing, the new pump tests have been completed and automatic down-hole loggers are now recording recovery of the aquifer over the next seven days. These results will be provided to the groundwater

consultants for their modelling work, which it is hoped will convincingly demonstrate that the Shylock palaeochannel is able to accept all of the Portia open pit de-watering water.

Assuming this to be the case, it is anticipated that the PEPR, complete with all consultant's reports, will be re-submitted during the next quarter. After that, the timing of receipt of mine operating approvals is dependent on the consultation period required by the regulators and whether they raise any further substantive issues that require further data gathering and involvement of consultants. If no further issues are raised, Havilah could reasonably expect to have its mining approvals granted during the fourth quarter of 2013.

During the quarter Havilah entered into an agreement with Polymetals to acquire the nearby 48 room White Dam mining camp on favourable terms. This is a complete modern camp that includes a kitchen, mess and septic system that has been well maintained and is in excellent condition. Havilah has until the end of the year to remove the camp.

Acquiring a camp is an important pre-requisite to commencing mining development work at Portia and avoids the potentially long lead time and considerably greater expense of building a new camp. In addition, Havilah can gain cost efficiencies by moving the camp with its own personnel in its own time with the assistance of local contractors.

Key tasks to be undertaken during the next quarter are

1. Completion of consultant's report for the dewatering re-injection work.
2. Re-submission of the revised PEPR document and stakeholder consultation.
3. Commencement of pit dewatering water bores by the field crew and completion of sterilisation drilling.
4. Complete draft scope of works for formal tenders for mining contractors.

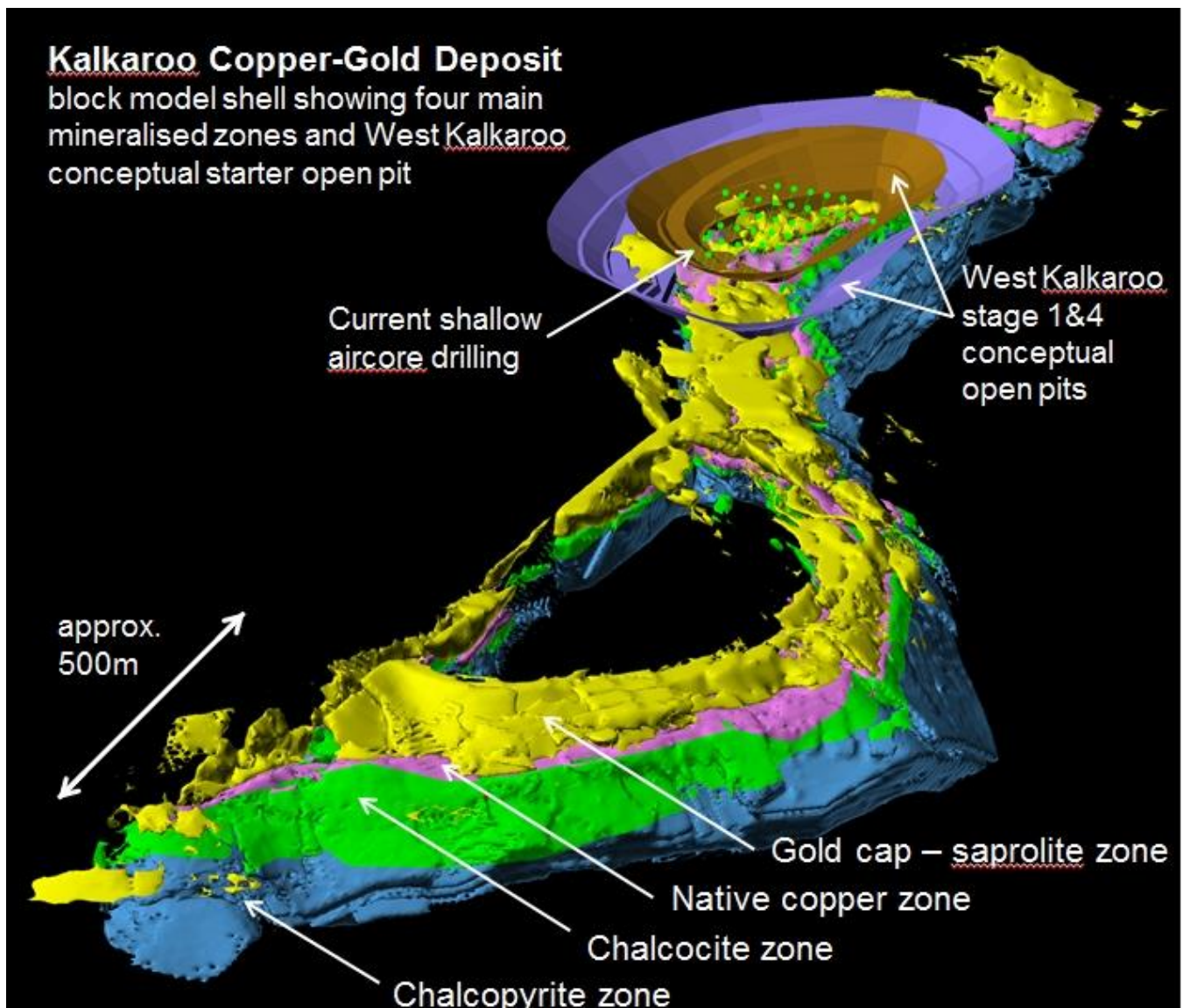
*Newly acquired 48 room
White Dam mining camp
including mess, kitchen,
cool rooms, laundry,
recreation room and
enviroflow septic system*



KALKAROO COPPER-GOLD PROJECT

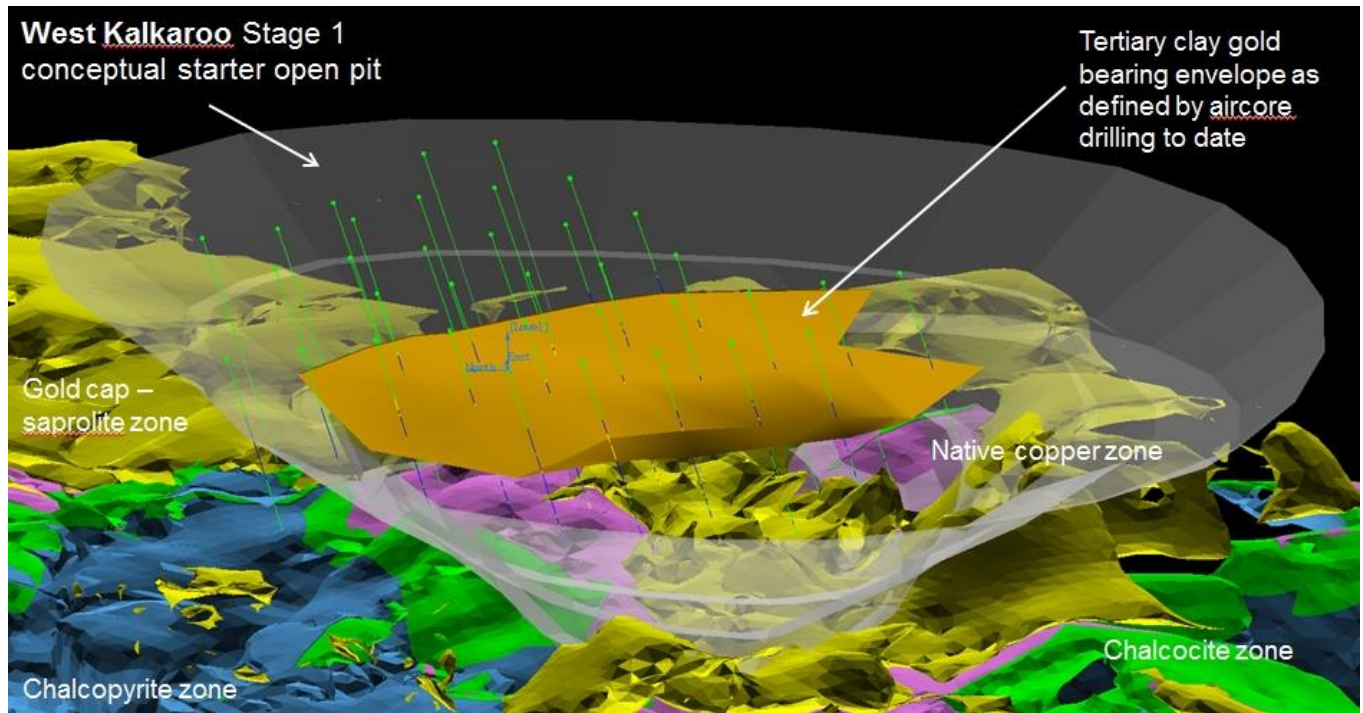
In previous drilling at Kalkaroo it was noted that gold occasionally occurred near the base of the Tertiary cover sequence in the vicinity of the bedrock copper-gold deposit. Some drilling results were quite spectacular (eg 3m of 88 g/t Au from 54-57m in KKRC129), although most results were in the 1-2g/t range. The shallowest intersection was at a downhole depth of about 25m below the surface. Evaluation of this gold zone was beyond the scope of the feasibility study work plan at the time, which was largely focussed on copper resources. As a result, the basal Tertiary gold occurrences were not defined to JORC standards and have not been included in any resource or mining models for Kalkaroo to date.

During the quarter Havilah commenced an aircore drilling program that specifically targeted the shallow Tertiary clay-hosted gold mineralisation within the confines of a recent conceptual starter open pit design at West Kalkaroo (see pictures below). The rationale was that access to shallow Tertiary gold mineralisation at an early stage of mining could potentially lower the start-up project risk in bringing forward project revenue and therefore contributing materially to recovering the cost of overburden removal. It could also serve to commission the gold treatment plant ahead of the main gold ore delivery from the saprolite gold cap that overlies the main copper mineralisation.



Showing location of the conceptual starter open pit at West Kalkaroo with respect to the main Kalkaroo deposit

Initial drilling results received during the quarter and in the last few days are most encouraging, indicating appreciable low grade gold mineralisation in a distinctive darker coloured, roughly horizontal layer near the base of the Tertiary clay sequence at 23-36m depth (see pictures below and accompanying photo of drill chip trays at the end of this report). This mineralisation is proving to be quite laterally persistent and can now be traced across four drill lines over a distance of at least 150m (see diagram below). It appears to form a “mushroom cloud” halo lying above the Kalkaroo copper-gold resource as defined by the previous feasibility study drilling.



Conceptual Stage 1 starter open pit design at West Kalkaroo showing the Tertiary gold mineralisation envelope as presently defined by the shallow aircore drillholes completed to date.

Recent assay results for the Tertiary clays include :

KKAC428 : 4m of 1.1 g/t Au (27-31m)
KKAC432 : 7m of 0.88 g/t Au (28-35m)
KKAC434 : 6m of 1.1 g/t Au (28-34m)
KKAC436 : 4m of 1.1 g/t Au (27-31m)

The aircore drillholes were continued into the underlying weathered bedrock until bit refusal and returned economic grades of gold and copper typical of the Kalkaroo deposit as summarised below (see also drilling cross section) :

KKAC420 : 37m of 4.8 g/t Au (61-98m end of hole)
KKAC421 : 45m of 0.96% Cu (59-104m) and 50m of 0.76 g/t Au (72-122m end of hole)
KKAC419 : 8m of 1.2% Cu (78-86m end of hole) and 6m of 4.95 g/t Au (74-80m)
KKAC428 : 22m of 2.6 g/t Au (73-95m)
KKAC429 : 39m of 1.6 g/t Au (68-107m)
KKAC435 : 23m of 1.14% Cu (79-102m)

Cyanide leach tests on two representative Tertiary clay samples composited from two drillholes returned better than 80% gold recovery within 8 hours and low cyanide consumption. The clay material will not require crushing or milling and will therefore be relatively cheap to process in a conventional CIP gold plant.

As aircore drilling results are received, they will be incorporated into the West Kalkaroo conceptual starter open pit mine design in order to progressively update the economic model. At this stage it is apparent that treatment of this material could provide early cashflow to assist in meeting the overburden removal costs.

Havilah will continue progressing the Kalkaroo project on several fronts during the next quarter :

1. Continuation of the current aircore drilling program to primarily test the shallow Tertiary clay-hosted gold mineralisation at West Kalkaroo within the confines of the conceptual starter open pit design.
2. Rigorous evaluation of a low capital start-up alternative for Kalkaroo based on the stage 1-4 conceptual starter open pit that concentrates on the highest grade, shallow free gold and native copper mineralisation at West Kalkaroo.
3. Preparation of a mining lease proposal with the aim of completing the mine permitting work by early 2014. This work is being undertaken by a dedicated geologist, with experience in this area, who has been employed specifically for this purpose.
4. Tailings dam design and supporting field sampling and porosity measurements to obtain key parameters for the design work.
5. Progress the negotiation process for a native title mining agreement with the Adnyamathanha people, recognising that it is necessary to have a registered native title mining agreement in place before a mining lease will be granted.
6. Evaluation of the case for constructing a central processing plant at Kalkaroo that can treat gold and copper material transported from known resources at Portia, North Portia and Mutooroo and potential future resources such as Wilkins and Eurinilla. Immediately obvious benefits are simplification of the permitting requirements for each site and avoidance of costly duplication of processing facilities and infrastructure.

MALDORKY IRON ORE PROJECT

Following signing of an Aboriginal Sites Survey Agreement for Exploration with the Wilyakali native title claimants on 19 May 2013, a site survey was completed over the Maldorky deposit in July. The chief objective of the survey was to check earlier drill sites and ground disturbance that Havilah had undertaken prior to lodgement of the Wilyakali native title claim. No visual cultural sites were identified during the survey and the Wilyakali people indicated that mining of the Maldorky deposit was likely to be acceptable provided due care was taken to respect the cultural and heritage values of the area. Co-operation on a subsequent survey has allowed backhoe trenching in order to obtain characterisation samples of tailings dam base material and will also permit future shallow drilling for tailings dam porosity testwork and geological logging.

Work continued on gathering key technical data for the mining lease proposal document. This included obtaining further metallurgical data on bulk iron ore samples to assist with the process plant design. A specialist consultant mining engineer has commenced preliminary work on tailings dam design parameters and related water balance and site layout studies.

EXPLORATION

Havilah's drilling during the quarter was restricted to water bores and sterilization drillholes beneath proposed infrastructure at Portia and the shallow aircore drilling at Kalkaroo as described above.

MMG Exploration Pty Ltd ("MMG") continued with its 2013 drilling program on copper targets that it has selected mainly from its extensive geophysical work and detailed structural analysis of the region. At the time of writing MMG had completed 8 holes from its planned 18 hole diamond drilling program and had reported no results. MMG's earlier 105 hole (6,498m) aircore drilling program did not return any noteworthy assay results.

CORPORATE AND FINANCE

On 3rd July 2013, shareholders holding 5.88% of Havilah's shares requisitioned an Extraordinary General Meeting to consider motions to change board control of the Company. Havilah complied with this request and the EGM is scheduled for 28 August 2103.

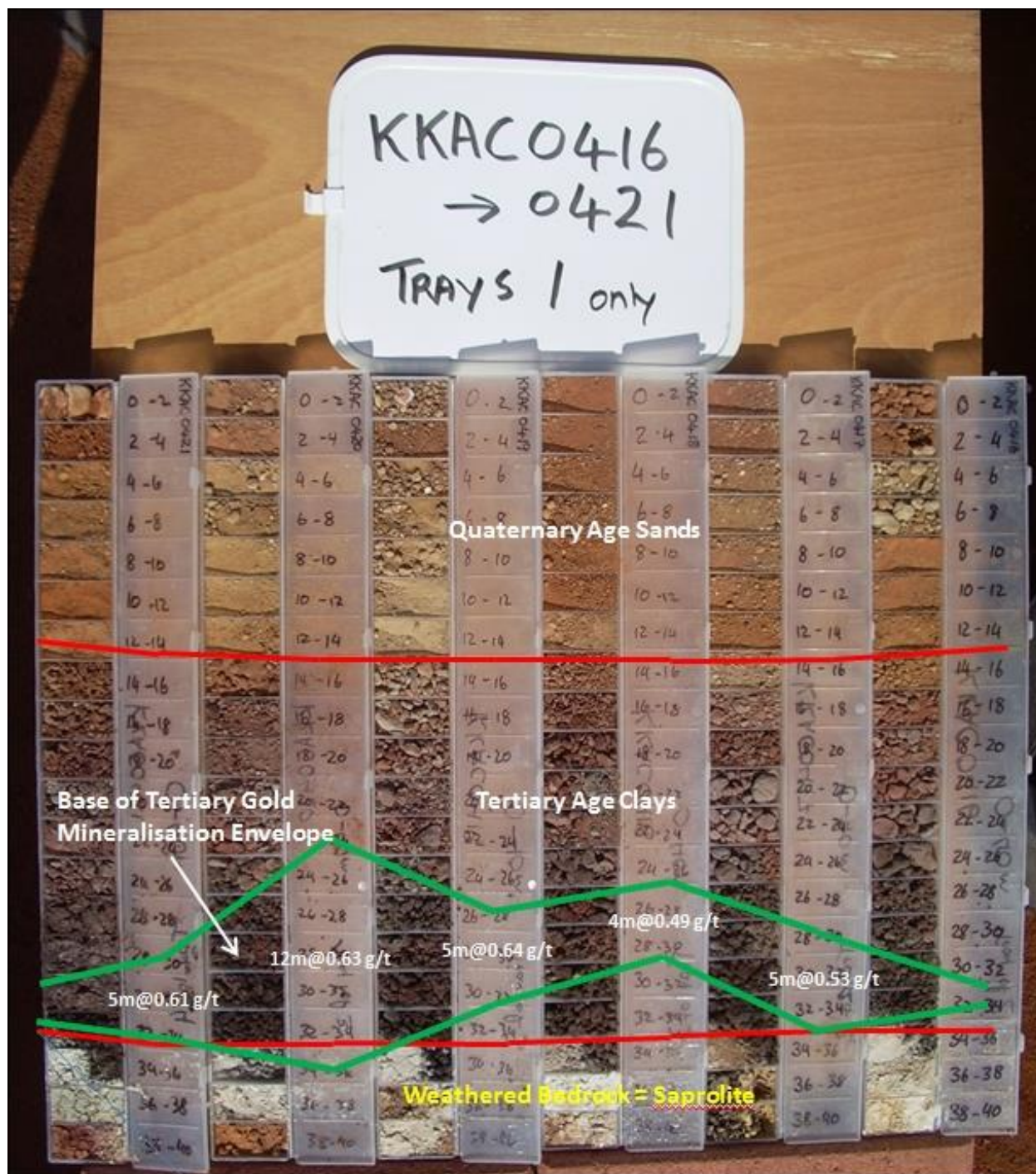
As at 31 July 2013 the Company had available funds of approximately \$5.8m. Expenditure during the quarter was almost entirely focused on additional work related to mining approvals for the Portia and Maldorky projects and aircore drilling at Kalkaroo.

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

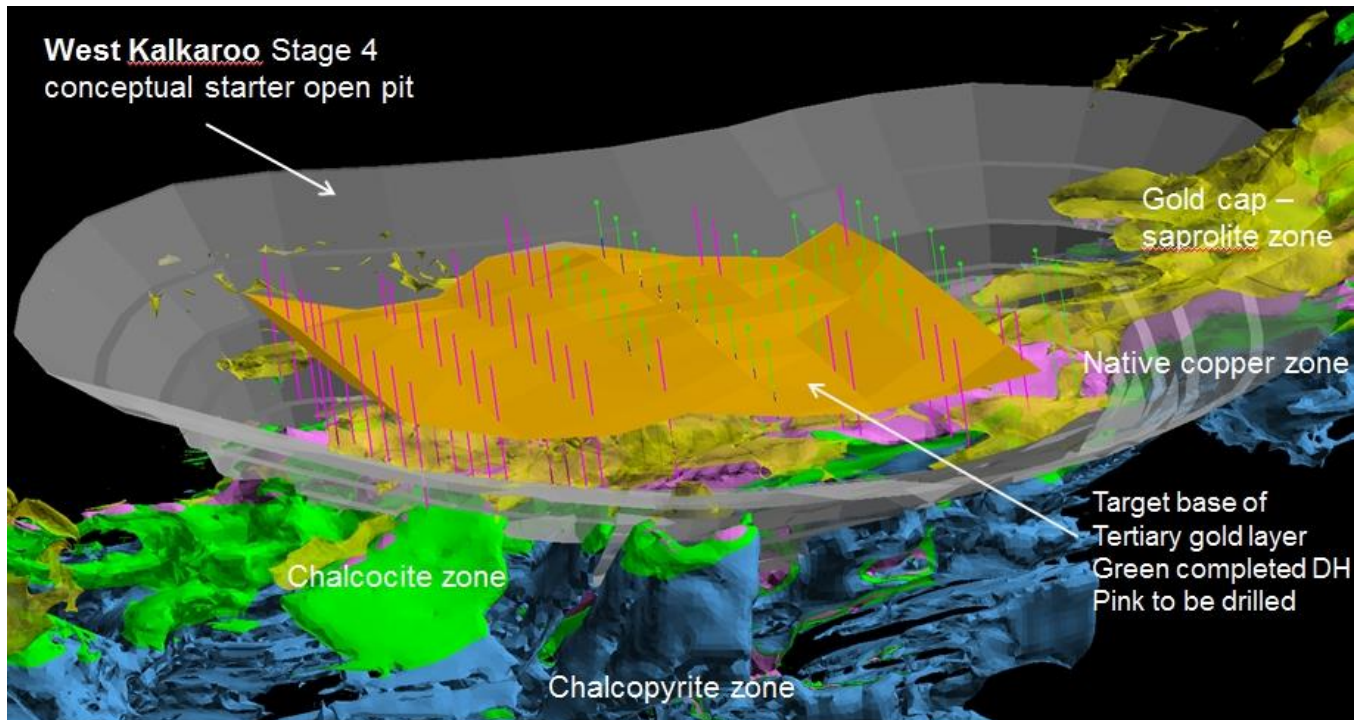
Dr Bob Johnson, Chairman, on (08) 83389292 or email : info@havilah-resources.com.au

Competent Persons Statement

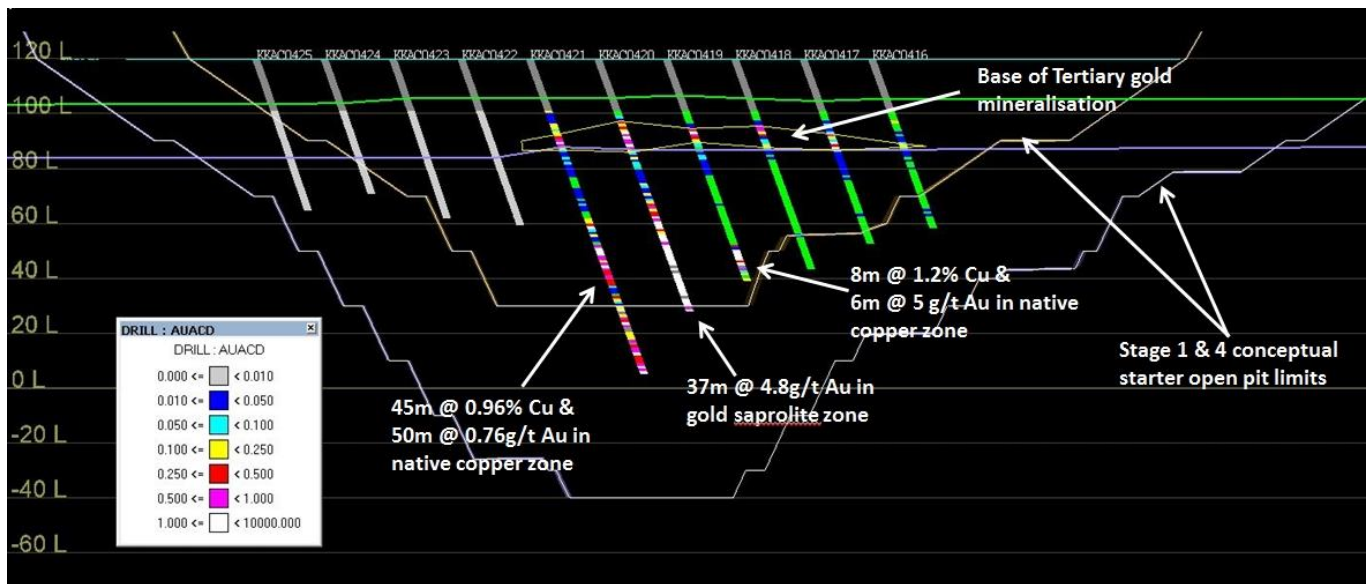
The information in this report has been prepared by geologists Dr Bob Johnson, who is a member of the Australasian Institute of Mining and Metallurgy, and Dr Chris Giles who is a member of The Australian Institute of Geoscientists. Drs Johnson and Giles are employed by the Company on consulting contracts. 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.



Drill chips from aircore drillholes KKAC416-421 showing distribution of gold mineralisation grades in the darker portion of the basal Tertiary clays at West Kalkaroo.



Conceptual starter open pit at West Kalkaroo showing the target base of Tertiary gold mineralisation lying above the bedrock mineralisation zones. The completed aircore drillholes are shown in green.



Cross section showing aircore bedrock drilling intersections and the base of Tertiary gold target zone located within Stage 1 and 4 conceptual open pit designs. See drill chip photo above for gold grades in the base of Tertiary clays

Appendix 5B

Rule 5.5

Mining exploration entity and oil and gas exploration entity quarterly report (Unaudited)

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Havilah Resources NL

ABN

39 077 435 520

Quarter ended ("current quarter")

31 July 2013

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	-817 -260	-3,631 -1,203
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	47	201
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		-1,030	-4,633
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	-78	-98
1.9	Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	-	56
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
Net investing cash flows		-78	-42
1.13	Total operating and investing cash flows (carried forward)	-1,108	-4,675

1.13	Total operating and investing cash flows (brought forward)	-1,108	-4,675
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	7,415
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	-12	-55
1.18	Dividends paid		
1.19	Other (share issue costs)	-	-155
	Net financing cash flows	-12	7,205
	Net increase (decrease) in cash held	-1,120	2,530
1.20	Cash at beginning of quarter/year to date	6,932	3,282
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	5,812	5,812

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'ooo
1.23	Aggregate amount of payments to the parties included in item 1.2	217
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Much of this amount comprises payment for hire of an RC drilling rig from Talager Drilling Pty Ltd, a company associated with Dr Bob Johnson. Hire rates are at standard commercial rates as determined by public quotes for comparable equipment, and approved by non-associated directors. Some is also payment to Maptek, a company associated with Dr Bob Johnson for geological resource and mine design work at standard charge out rates and also for provision of serviced offices for Havilah. Other payments are to companies associated with the directors for consulting services in accordance with service agreements previously entered into.

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	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	233	180
5.2 Deposits at call	5,579	6,752
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	5,812	6,932

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum 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	120,333,381	120,333,381	
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 (description and conversion factor)	19,196,662 1,797,116 10,842,317 1,000,000 2,000,000 6,000,000 100,000 1,100,000 560,000 200,000 400,000 602,000	Listed Listed Listed Directors Directors Directors Employee Employee Employee Employee Employee Employee	<i>Exercise price</i> 50 cents 75 cents 100 cents 96 cents 68 cents 96 cents 46 cents 96 cents 76 cents 76 cents 98 cents 109 cents	<i>Expiry date</i> 30/10/13 23/3/14 30/8/13 28/11/16 28/11/16 20/11/14 23/3/14 20/11/14 27/5/14 27/5/15 23/2/16 25/6/16
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 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).
- This statement does give a true and fair view of the matters disclosed.

Sign here: Bob Johnson
(Director/Company secretary)

Date 23 August 2013

Print name:Bob Johnson.....

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 and petroleum 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 or petroleum 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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Rule 5.3