

Havilah Resources

(ASX: HAV)

1 September 2014

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.

150.4 million ordinary shares

30.1 million ordinary shares

11.7 million unlisted options



QUARTERLY ACTIVITIES REPORT – PERIOD ENDING JULY 2014

HIGHLIGHTS FOR QUARTER

- **Oversubscribed Rights Issue** – raised \$4.2m target, with more than 700 shareholders participating.
- **Maldorky iron ore project** – Mining Lease Proposal (MLP) document posted for public comment. Premium quality iron ore concentrate produced by pilot plant.
- **Kalkaroo copper-gold project** – final draft MLP lodged with Department for State Development (DSD). Refinement of financial models for various development options.
- **Portia gold project mining approval** – lodged revised Program for Environmental Protection and Rehabilitation (PEPR) for final approval. Discussions with potential investors ongoing.
- **Environmental Manager appointed** - to assist with completion of Kalkaroo and Maldorky permitting and other key regulatory tasks.

Havilah remained focused on progressing its three advanced mineral development projects through the mine permitting and approval stages during the quarter as summarised below.

MALDORKY IRON ORE PROJECT

A major milestone was achieved when the Maldorky MLP document passed a stringent adequacy check and was posted on DSD's website. The 1,200+ page document contains comprehensive technical and environmental information about the Maldorky iron ore project, including various supporting consultants' reports included in 14 appendices. It was compiled by Havilah technical staff with assistance from technical experts over a period of two years, during which time it was revised several times to meet DSD's requirements.

Interested shareholders and stakeholders are referred to the document for full details about Havilah's mining plans at Maldorky, which involves an open pit, initially producing about 1 million tonnes of saleable product, increasing to 2 million tonnes in the third year after the start of production. The document may be accessed via the following link

http://www.minerals.statedevelopment.sa.gov.au/public_notices/mining_proposals_open_for_public_comment/maldorky_iron_project

At the date of this report, the public exposure period has closed and Havilah is now addressing the limited number of public submissions received. The Company's next step in the Maldorky mine permitting process is to compile a PEPR document. Much of the information required for this document is already included in the MLP document and will be supplemented with more detailed hydrological work and detailed mine closure plans. In parallel the Company is also continuing with negotiation of a native title mining agreement with the Wilyakali people, who have lodged a native title claim over the area.

During the quarter Havilah also completed the initial phase of gravity concentration testing of approximately 1.5 tonnes of a specially prepared representative iron ore sample. This sample was ground to -106 microns, which earlier work has shown provides optimum liberation of the iron ore minerals, namely hematite and magnetite.



A high quality iron ore concentrate was recovered, with exceptionally low contents of aluminium, phosphorous, sulphur and other undesirable elements (see assay below) by a staged gravity processing method that relies on the high specific gravity of the iron minerals relative to the silicate and carbonate gangue components. This work confirms that it is possible to generate a premium iron ore concentrate by the simple combination of optimum size grinding, screening and gravity separation of the hematite rich Maldorky ore.

Fe (%)	Al ₂ O ₃ (%)	CaO (%)	P (%)	S (%)	SiO ₂ (%)	TiO ₂ (%)	LOI (%)
65.02	0.79	0.23	0.04	<0.001	4.42	0.88	0.07

Table of assay data from composite of 8 concentrates (assays completed by ALS Global, Perth)

Priority tasks for Havilah during the next quarter are:

1. Progress grant of a mining lease by satisfactorily addressing all public comments.
2. Completion of negotiation of a native title mining agreement with the Wilyakali people.
3. Conduct sinter testing of the iron ore concentrate to ascertain its suitability as blast furnace feed.
4. Scale up the pilot testing on a bulk sample exceeding 10 tonnes to validate recovery and production rates.

KALKAROO COPPER-GOLD PROJECT

A final draft of the Kalkaroo MLP document was lodged with DSD at the end of the quarter and represents the culmination of over twelve months of intensive data compilation work by Havilah personnel utilising the lessons learnt from our previous successful lodgements. The document contains comprehensive information on a wide range of aspects including design details for the tailings storage facility, waste dump and processing facilities as well as consultants' reports on the flora and fauna, hydrology, mine dewatering, groundwater and geotechnical aspects. Assuming the document passes DSD's adequacy test it will be posted on DSD's website for public comment. The document has now been with DSD for five weeks and at the present time Havilah has received no indication of when that might occur.

An experienced consulting metallurgist has undertaken a comprehensive review of all available Kalkaroo metallurgical data and has formulated a series of recommendations that will assist the Company in undertaking detailed process plant engineering design, necessary for accurate project capital and operating cost estimates.

Over the next quarter management will continue to focus on:

1. Advancing the MLP document through the regulatory review process.
2. Progressing native title mining agreement negotiations.
3. Follow up recommendations relating to further metallurgical test work.
4. Engaging with potential investors who can assist in providing development funding.

PORTIA GOLD PROJECT

During the quarter the site pumping and injection trials were completed. The final report compiled by Australian Groundwater Technologies (AGT) confirmed that the disposal of excess mine water via reinjection into the Shylock Palaeochannel within the mining lease is viable. The findings from the reinjection trial report have been incorporated into the Portia project PEPR document. Briefings with relevant government agencies commenced last week in which the findings from the trial and the project's revised water management strategy were discussed. Havilah is confident that all previous concerns raised have now been addressed and remains optimistic that final approvals will be forthcoming to allow mining to commence before the end of 2014.

In the meantime Havilah is continuing to negotiate with contractors and financiers concerning future funding of the Portia project. The Company's financial models, updated with current gold price and exchange rates, continue to support the robust economics of this project. In the near future Portia could be a substantial revenue generator from gold recovered from the base of Tertiary gold layer.



EMPLOYMENT OF ENVIRONMENTAL MANAGER

Havilah announced the appointment of Mr Andrew Woitd as Environmental Manager after the end of the quarter. Andrew has had 10 years' experience in environmental management, most recently as Senior Environmental Officer for IMX Resources at the Cairn Hill magnetite-copper-gold project in northern South Australia. Prior to that, he worked for several years as an environmental engineer for Golder Associates on a range of projects and also for One Steel (now Arrium Mining) operations at Whyalla. Andrew brings a wealth of highly relevant practical experience and his initial task will be to assist in preparation of the PEPR documents for the Maldorky and Kalkaroo projects and the associated management plans and environmental compliance monitoring programs.

EXPLORATION

Havilah's current focus on completion of permitting and mine planning for its advanced projects, has meant that exploration work has been curtailed for the time being and consequently there are no new Havilah drilling results to report for this quarter.

MMG Exploration Pty Ltd advises that it has completed a 15 hole diamond drilling program on three main prospect areas within Havilah's exploration licenses. Results are being compiled and will be released when appropriate quality control checks are complete and required ASX supporting documentation is drafted.

PROMOTIONAL ACTIVITIES

Havilah's Managing Director, Dr. Chris Giles, made presentations to shareholders in Sydney, Melbourne and Adelaide in mid-August. Interested shareholders may find the presentation slides on the following link http://www.havilah-resources.com.au/pdf/Shareholder_Presentation_13Aug2014_Final.pdf, and a video of the presentation at <http://www.havilah-resources.com.au/videos.html>.

The Company intends to conduct a more active promotional campaign over the coming months in conjunction with Phillip Capital who assisted with the promotion of the rights issue.

CORPORATE AND FINANCE

As at 31 July 2014 the Company had available funds of approximately \$1.3 million. Expenditure during the quarter was almost entirely focused on work related to mining approvals for the Portia, Kalkaroo and Maldorky projects.

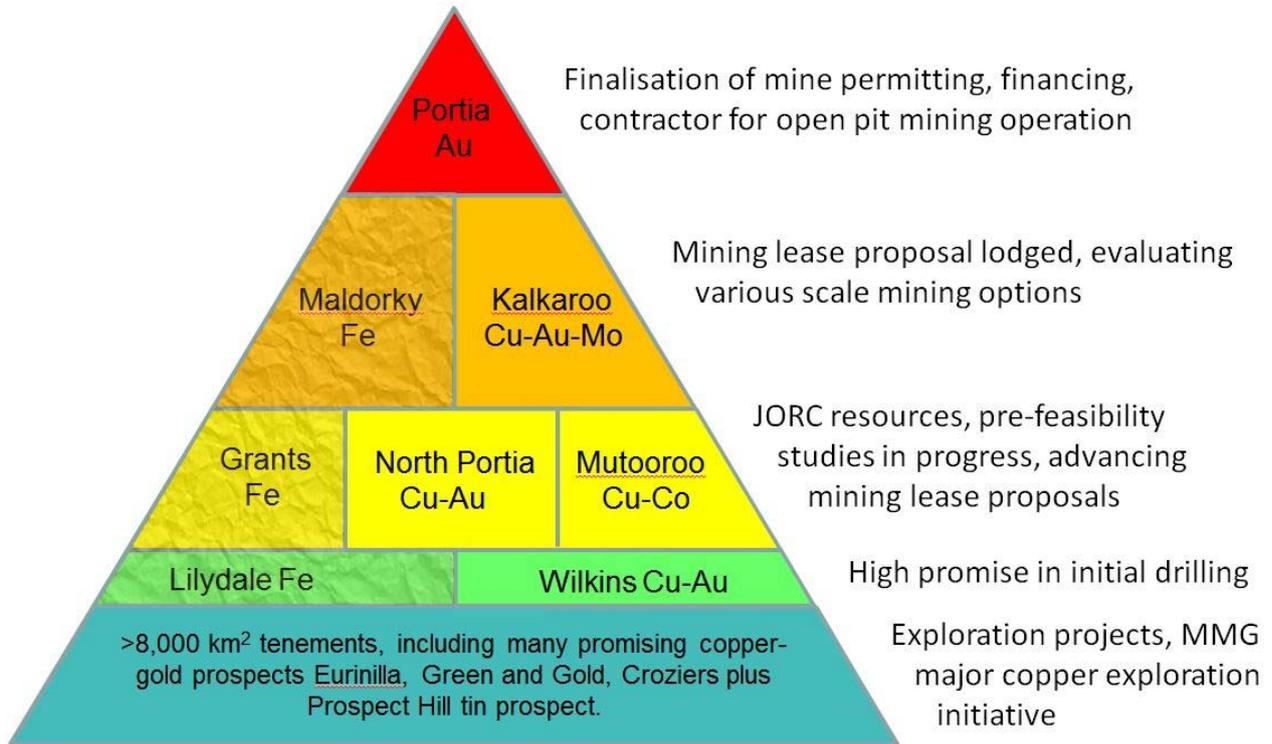
On 16 July the Company announced a 1 for 4 non-renounceable rights issue of shares at an issue price of \$0.14 per new share to raise approximately \$4.2 million, with one attaching free new option being issued for each new share subscribed for. The rights issue closed on 22 August and was oversubscribed by approximately 32%. On 29 August the Company issued 30,084,206 new shares with 30,084,206 attaching free new options to finalise the rights issue. More than 700 shareholders took up their full entitlements of which almost half applied for additional shares. The funds from the rights issue will be applied to specific activities centred around de-risking and enhancing the value of Havilah's four advanced mineral projects as outlined in the Prospectus.

Commenting on the outcome of the right issue, Managing Director, Dr Chris Giles, said that Havilah management was extremely grateful to its supportive shareholders for providing the funds that will allow Havilah to progress its planned busy program of mining permitting work. We need development partners for all of our projects and by doing all the laborious and time consuming permitting work and resolving land access issues and proving financial viability, we are de-risking the projects and making them more attractive to prospective investors. We consider that now is the ideal time to be developing mineral projects because in the ashes of the junior resources sector are the seeds of prosperity caused by the paucity of good quality new mineral investment opportunities going forward."

For further information visit the Company website www.havilah-resources.com.au or contact: Dr Chris Giles, Managing Director, on (08) 8338-9292 or email: info@havilah-resources.com.au.

Competent Persons' Statement

The information in this announcement that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on data and information compiled by geologist, Dr Chris Giles, a Competent Person who is a member of The Australian Institute of Geoscientists. Dr. Giles is Managing Director of the Company and is employed by the Company on a consulting contract. Dr. Giles has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr. Giles consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.



Updated Havilah project triangle showing current status of various projects

Project*	JORC Res	FS	ML	PEPR	Comments on Current Activities and Status
Portia Au	✓	✓	✓	▲	<ul style="list-style-type: none"> Mining Lease granted, progressing operating approvals for open pit mine. Employed an experienced mining engineer as project manager. Negotiations in progress for mining contract and funding of project
Kalkaroo Cu Au Mo	✓	✓	▲		<ul style="list-style-type: none"> Final draft Mining Lease Proposal being completed. Updated mining and financial models based on improved metal recoveries. Management actively seeking a suitable development partner.
Maldorky Fe	✓	▲	▲		<ul style="list-style-type: none"> Mining Lease Proposal approved for public exposure stage. Metallurgical testwork and processing flow sheet design in progress. Management actively seeking a suitable development partner.
Mutooroo Cu Co S	✓	▲	▲		<ul style="list-style-type: none"> Mining lease proposal in preparation. High value ore supports direct shipping for offshore processing Progressing discussions with possible end user purchasers of ore.

▲ work in progress

Table summarising current stage of work on each of Havilah's four advanced projects.

Appendix 5B

Mining 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 2014

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	(907)	(3,593)
(b) development	-	-
(c) production	-	-
(d) administration	(127)	(890)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	15	98
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	(1,019)	(4,385)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(47)	(233)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	33	68
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(14)	(165)
1.13 Total operating and investing cash flows (carried forward)	(1,033)	(4,550)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,033)	(4,550)
	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	(3)	(12)
1.18	Dividends paid	-	-
1.19	Other (share issue costs)	-	-
	Net financing cash flows	(3)	(12)
	Net increase (decrease) in cash held	(1,036)	(4,562)
1.20	Cash at beginning of quarter/year to date	2,286	5,812
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,250	1,250

Payments to directors of the entity, associates of the directors, 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	108
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

+ See chapter 19 for defined terms.

- 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	840
4.2 Development	-
4.3 Production	-
4.4 Administration	180
Total	1,020

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	53	132
5.2 Deposits at call	1,197	2,154
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,250	2,286

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Changes in interests in mining 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	Nil	Nil	Nil
6.2	Interests in mining tenements and petroleum tenements acquired or increased	EL5448 MC4368 MC4369	0% 0% 0%	100% 100% 100%

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 (description)				
7.2				
Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3	120,334,034	120,334,034	-	-
*Ordinary securities				
7.4				
Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5	-	-	-	-
*Convertible debt securities (description)				

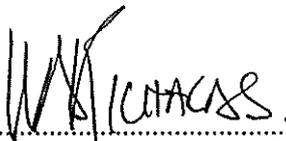
+ See chapter 19 for defined terms.

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	- -	- -	- -	- -
7.7	Options <i>(description and conversion factor)</i>	Unlisted 6,000,000 1,100,000 200,000 200,000 602,000 1,200,000 2,150,000	Directors Employee Employee Employee Employee Employee Employee	Exercise price 96 cents 96 cents 76 cents 98 cents 109 cents 36 cents 25 cents	Expiry date 20 November 2014 20 November 2014 27 May 2015 23 February 2016 25 June 2016 1 April 2018 25 June 2018
7.8	Issued during quarter	1,200,000 2,150,000	Employee Employee	36 cents 25 cents	1 April 2018 25 June 2018
7.9	Exercised during quarter				
7.10	Expired during quarter	560,000 200,000	Employee Employee	76 cents 98 cents	27 May 2014 23 February 2016
7.11	Debentures <i>(totals only)</i>	-	-		
7.12	Unsecured notes <i>(totals only)</i>	-	-		

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:


(Company secretary)

Date: 30 August 2014

Print name: Walter Richards

+ See chapter 19 for defined terms.

SCHEDULE OF TENEMENTS AS AT 31 JULY 2014

Tenement	Tenement Name	Area km ²	Holder or Applicant	Nature of Company's Interest
EL4275	Prospect Hill South	30	Havilah Resources NL	100%
EL4313	Eurinilla	70	Havilah Resources NL	100%
EL4416	Sandstone	215	Havilah Resources NL	100%
EL4441	Billeroo West	176	Havilah Resources NL	100%
EL4590	Mutooroo Mine	23	Havilah Resources NL	100%
EL4591	Mundi Mundi	73	Havilah Resources NL	100%
EL4592	Bonython Hill	20	Havilah Resources NL	100%
EL4645	Kalkaroo	998	Havilah Resources NL	100%
EL4646	Mutooroo West	72	Havilah Resources NL	100%
EL4691	Mulyungarie	1139	Havilah Resources NL	100%
EL4704	Telechie North	35	Havilah Resources NL	100%
EL4727	Oratan	107	Havilah Resources NL	100%
EL4782	Benagerie	585	Havilah Resources NL	100%
EL4806	Prospect Hill	45	Teale & Brewer	Earning 85% interest
EL4817	Border Block	35	Havilah Resources NL	100%
EL4818	Mundaerno Hill	58	Havilah Resources NL	100%
EL4940	Emu Dam	614	Havilah Resources NL	100%
EL4967	Frome	53	Curnamona Energy Limited	100%
EL5049	Jacks Find	103	Curnamona Energy Limited	100%
EL5050	Kopi Flat	348	Curnamona Energy Limited	100%
EL5051	Thurlooka	361	Curnamona Energy Limited	100%
EL5052	Yalkalpo East	76	Curnamona Energy Limited	100%
EL5053	Billeroo	129	Curnamona Energy Limited	100%
EL5054	Moolawatana	368	Curnamona Energy Limited	100%
EL5106	Coonee	136	Curnamona Energy Limited	100%
EL5107	Pernatty	237	Havilah Resources NL Red Metal Limited	Red Metal 86.4%, Havilah Resources NL 13.6%
EL5179	Cutana	363	Havilah Resources NL	100%
EL5246	Chocolate Dam	59	Havilah Resources NL	100%
EL5260	Cochra	29	Havilah Resources NL	100%
EL5369	Olary	151	Havilah Resources NL	100%
EL5370	Yalkalpo	195	Curnamona Energy Limited	100%
EL5393	Mingary	229	Exco Operations (SA) Ltd Polymetals (White Dam) Pty Ltd	Earning 80% interest from Exco
EL5396	Lake Charles	322	Havilah Resources NL	100%
EL5420	Lake Namba	516	Havilah Resources NL	100%
EL5421	Swamp Dam	53	Havilah Resources NL	100%
EL5422	Telechie	347	Havilah Resources NL	100%
EL5423	Yalu	491	Havilah Resources NL	100%
EL5448	Carnanto	836	Havilah Resources NL	100%

Tenement	Project	Area Ha	Holder or Applicant	Nature of Company's Interest
ML6346	Portia	1745.1	Benagerie Gold Pty Ltd	100%
MC4345	Portia	29.8	Benagerie Gold Pty Ltd	100%
MC3826	Kalkaroo	249.2	Kalkaroo Copper Pty Ltd	100%
MC3827	Kalkaroo	248.3	Kalkaroo Copper Pty Ltd	100%
MC3828	Kalkaroo	90	Kalkaroo Copper Pty Ltd	100%
MC4368	Kalkaroo	974.9	Kalkaroo Copper Pty Ltd	100%
MC4369	Kalkaroo	138	Kalkaroo Copper Pty Ltd	100%
MPLA T02680	Kalkaroo	249	Kalkaroo Copper Pty Ltd	100%
MC4264	Lilydale	249.64	Lilydale Iron Pty Ltd	100%
MC4265	Lilydale	249.7	Lilydale Iron Pty Ltd	100%
MC4266	Lilydale	249.7	Lilydale Iron Pty Ltd	100%
MC4267	Lilydale	249.74	Lilydale Iron Pty Ltd	100%
MC4271	Maldorky	249.49	Maldorky Iron Pty Ltd	100%
MC4272	Maldorky	248.06	Maldorky Iron Pty Ltd	100%
MC4273	Maldorky	131.95	Maldorky Iron Pty Ltd	100%
MC4274	Maldorky	116.82	Maldorky Iron Pty Ltd	100%
MC4364	Maldorky	112.24	Maldorky Iron Pty Ltd	100%
ML5678	Mutooroo	16	Mutooroo Metals Pty Ltd	100%
MC3565	Mutooroo	100	Mutooroo Metals Pty Ltd	100%
MC3566	Mutooroo	138	Mutooroo Metals Pty Ltd	100%
RL123	Oban	248.1	Oban Energy Pty Ltd	100%

Tenement	Tenement Name	Area km ²	Holder or Applicant	Nature of Company's Interest
GEL181	Frome	1305	Geothermal Resources Limited	100%
GEL214	Penola-Robe	1948	Geothermal Resources Limited	100%
GEL498	Lake Eliza	258	Geothermal Resources Limited	100%