



HAVILAH RESOURCES NL
ABN 39 077 435 520

Quarterly Activities Report - period ending January 2012

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: 124.5 Mt 0.50% Cu
0.39g/t Au Meas+Indic resource
plus 18.7 Mt 0.74 g/t Au Meas res

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

101.3 million ordinary shares

20.1 million listed options

10.4 million unlisted options

Contact

Dr Bob Johnson – Chairman
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Highlights for quarter

- Significant upgrade of Kalkaroo resource based on block modeling incorporating additional new drilling results and new metallurgical data, namely :
Gold Cap: 18.7Mt @ 0.74 g/t Au Measured resource
Main deposit: 124.5Mt @ 0.50% Cu & 0.39g/t Au Measured + Indicated resource
- Revised total metal inventory of 622,500 tonnes Cu and 2 million oz Au for the Kalkaroo deposit.
- Following a strategic review of how best to optimise returns to shareholders, Standard Chartered Bank appointed to manage a formal sale process for the Kalkaroo copper-gold deposit.
- Mining study for Maldorky generated a 3 stage open pit mine plan, with a low life of mine waste : ore ratio of only 0.19. Crushing and grinding resistance results indicate Maldorky ore is relatively soft in comparison with most other iron ores.
- Agreed terms for farm-in on the Grants iron ore project on EL 4200, northeast of Maldorky. Drilling equipment and crew mobilized to site.
- Intensive work continued on finalizing MARP document and securing final approvals for Portia open pit gold mine.
- MMG exploration venture commenced with a 100,000 line km detailed aeromagnetic survey over the entire exploration area.

Kalkaroo Resource Upgrade

Following completion of the feasibility study, Havilah has continued with technical work on the Kalkaroo copper-gold deposit, including additional drilling, metallurgical testing and re-evaluation of the processing flow sheet. This work indicates that the Kalkaroo deposit, with its large oxidized cap, is amenable to staged development that will significantly reduce the start up capital expenditure. Stage 1 will treat the soft oxidized saprolite gold and native copper ore from the upper part of the orebody in a simple gravity processing circuit, with the finer gold tails being treated in a conventional CIP plant. Stage 2, to commence 2-3 years after start up, will comprise a standard ball mill grinding and flotation circuit. Mining will then be scheduled to provide continuous ore feed to both processing circuits, as the oxidised ore is progressively stripped off the sulphide ore as mining moves progressively eastwards along the orebody. This can only be achieved because of the comparatively sizeable gold saprolite and native copper saprolite orebodies capping the main Kalkaroo sulphide deposit.

Over the past two months the Kalkaroo resource has been completely re-modelled in Vulcan 3D software, incorporating new drilling and metallurgical results and updated metal prices more in line with those prevailing currently and projected in the future. In addition, the substantial gold cap on the Kalkaroo orebody has been modelled separately as it contains no recoverable copper. Of particular note is that the Kalkaroo orebody is not closed off in any direction by drilling, so that the recoverable ore tonnages are mostly limited by mining economics. Consequently, by applying higher metal prices, appreciably higher tonnes of run of mine grade material, particularly from the western and eastern extensions and central fault zone, are included in the resource model. Total mineralised strike length at Kalkaroo now exceeds 3.3km.

Having regard to the above factors, a new resource model has been run, generating revised Measured and Indicated JORC resources for the Kalkaroo deposit as detailed in the following table.

Kalkaroo New Resource Estimate – February 2012

| Classification | Tonnes (to 4 sf) | Cu equiv. grade %* | Cu grade % | Augrade g/t | Cut-off grade | SG |
|--|---------------------|-----------------------|---------------|----------------|-------------------|------|
| GOLD CAP Measured | 18,690,000 | | | 0.74 | 0.2g/t | 1.86 |
| KALKAROO CuAu Measured | 85,890,000 | 0.81 | 0.52 | 0.41 | 0.3% Cu equiv. | 2.50 |
| KALKAROO CuAu Indicated | 38,620,000 | 0.68 | 0.45 | 0.33 | 0.3% Cu equiv. | 2.65 |
| KALKAROO CuAu Total Meas & Ind | 124,510,000 | 0.77 | 0.50 | 0.39 | 0.3% Cu equiv. | 2.55 |

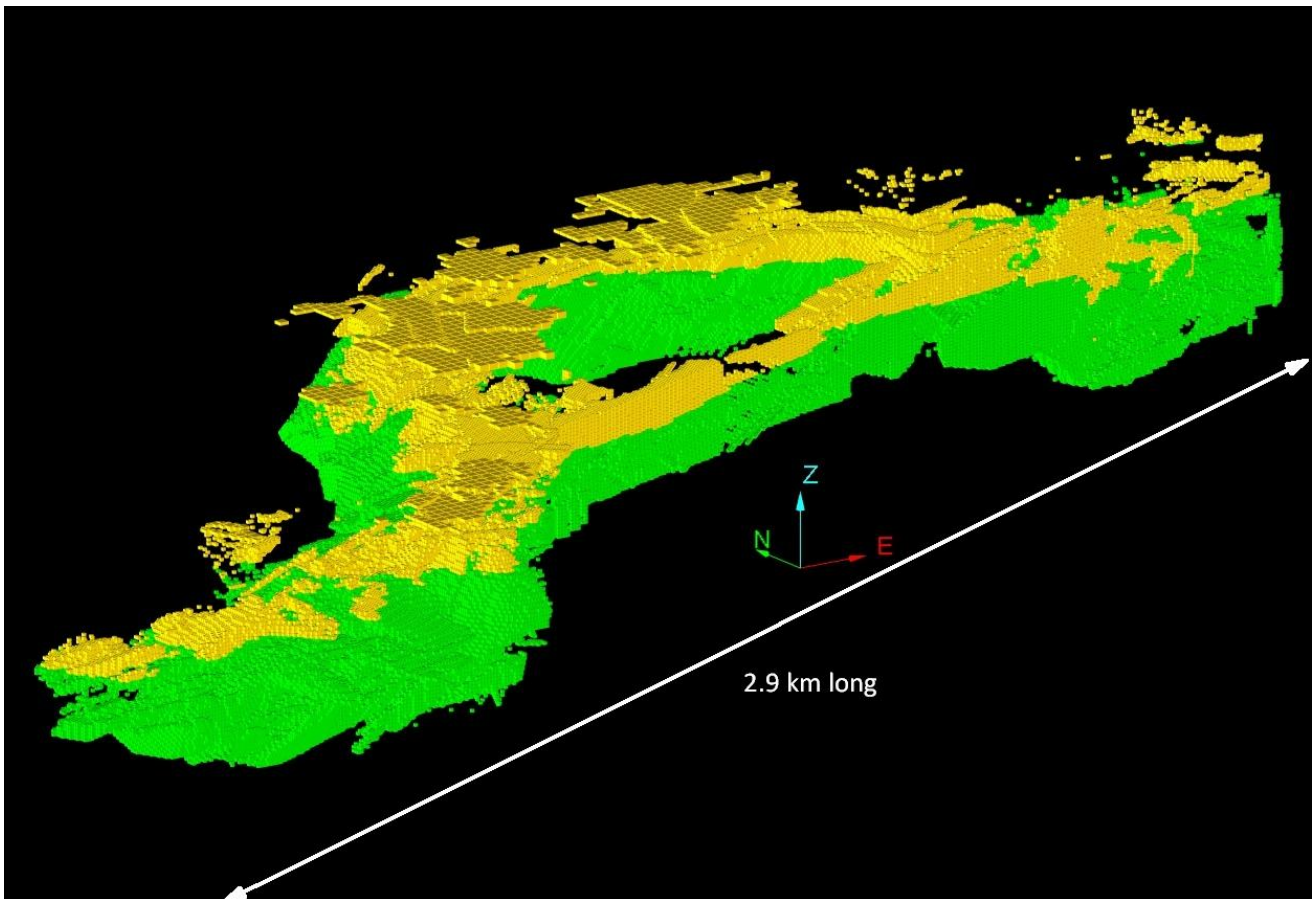
The Indicated category is defined by all ore blocks that lie more than 50m distant from the nearest drillhole and requires additional confirmatory drilling to bring it to a Measured status. Elsewhere, the Measured status incorporates all ore blocks lying within 50m of a drillhole and reflects the excellent geological continuity of mineralisation and host rocks between drill sections and individual drillholes. Based on this resource, Kalkaroo is calculated to contain **622,500 tonnes of copper and 2 million ounces of gold** as summarised below. A summary of the important criteria related to the assessment

and reporting of the Kalkaroo copper-gold resource is provided in the table at the end of this document.

Kalkaroo Metal Inventory – February 2012

| Classification | Category | Tonnes | Cu tonnes | Au oz | Cu equiv. t* |
|----------------------|------------|-------------|-----------|------------------------|--------------|
| GOLD CAP | Measured | 18,690,000 | | 445,000 | |
| KALKAROO CuAu | Meas & Ind | 124,510,000 | 622,500 | 1,561,000 | 958,700 |
| | | | | Total 2,006,000 | |
| Current price US\$ | | | 8,450/t | 1,770/oz | |

The contained metal is significantly higher than in previous resource models due largely to the higher input metal prices, additional drilling and metallurgical data and slightly differing modelling approaches and methodologies. Of note is the new resource for the **Gold Cap** orebody that sits on top of the **main Kalkaroo** copper-gold orebody (see image below). This orebody contains 445,000 ounces of gold in its own right at indicated gold recoveries of at least 95%, and will be mined along with the overburden in order to expose the main Kalkaroo copper-gold orebody.

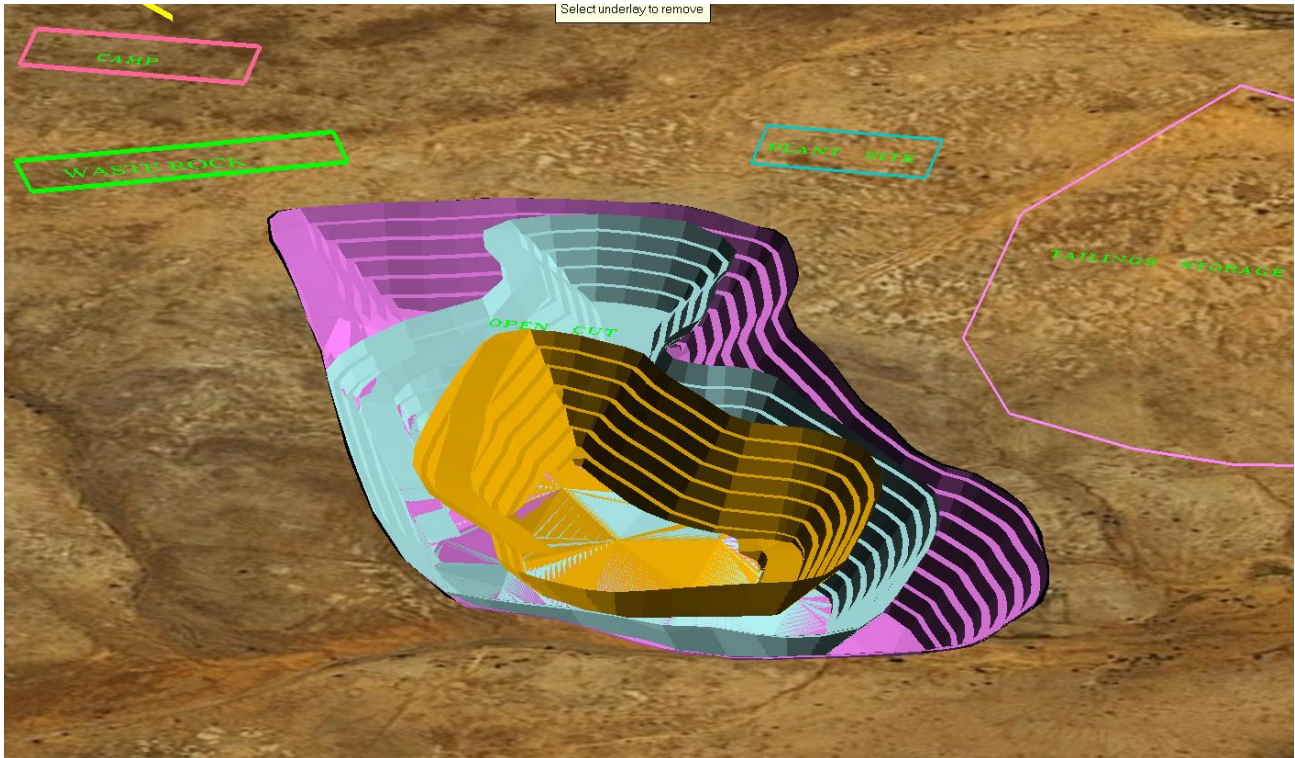


Oblique view of Kalkaroo block model, showing gold cap (yellow) above main copper-gold resource (green)

The new resource block model is presently being modeled by pit optimization software using a copper price of US\$6,000 / t and a gold price of US\$1,600 /oz in order to develop a revised open pit mine plan. The resulting mining parameters will be combined with updated capital and operating costs in order to develop a revised economic model for mining the Kalkaroo deposit.

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. Based on the previously published Indicated Resource of 147 Mt of 30.1% Fe, a 3 stage open pit was designed by a consultant mining engineer, using sophisticated open pit optimization software (see image below).



Three stage Maldorky open pit mine design : stage 1 –orange, stage 2 - blue and stage 3 – pink.

This mine design has a comparatively low waste : ore ratio of 0.19 due to the flat nature of the orebody and the minimal volumes of internal waste. This implies favourable mining economics for the Maldorky deposit.

Maldorky Mining Parameters – December 2012

| Pit Stage | Cutoff | Ore Tonnes | Fe | Waste Tonnes | Strip Ratio |
|-----------|--------|-------------|--------|--------------|-------------|
| 1 | 18% | 49,596,548 | 31.531 | 1,291,358 | 0.03 |
| 2 | 18% | 48,692,714 | 29.663 | 6,447,077 | 0.13 |
| 3 | 18% | 41,351,145 | 29.129 | 18,830,260 | 0.46 |
| | | 139,640,408 | | 26,568,696 | 0.19 |

Metallurgical results received during the period confirm that, based on a range of industry standard comminution measurement criteria, the Maldorky iron ore is classified as “soft”. All parameters lie in the lowest quartile for crushing and grinding resistance. As a result, the predicted power consumption for crushing and grinding lies in the lowest 12% of all deposits in the commercial SAG Mill Comminution (SMC) test database.

Considerable progress has been made on compilation of the Maldorky mining lease proposal (MLP), which is the key document required by DMITRE in support of the mining lease application over the Maldorky deposit.



MMG Exploration Venture

As the first step in its exploration for large scale copper deposits on Havilah's exploration licences MMG commenced a detailed aeromagnetic survey during the quarter, comprising over 100,000 line km on a 50m line spacing and 30-40m flying height. At the time of writing the survey was nearly 40 % complete. MMG plans to commence drilling in the second half of the year following detailed evaluation of the results of the aeromagnetic survey and final selection of key targets.

Grants Iron Ore Exploration

During the period Havilah signed a binding undertaking on the terms for a farm-in with Exco Resources Limited and Polymetals Mining Limited for the exploration of EL 4200 for iron ore. This EL lies immediately east of Havilah's EL 3895, and is believed to have similar iron ore potential to Maldorky. Under the terms of the farm-in, Havilah will earn the right to a 75% interest in any ML granted over an iron ore deposit it discovers by expending \$1.2m on exploration prior to 31 December 2013. The area was extensively mined in the late 1800's to supply iron flux to the Broken Hill smelters.

Havilah's drilling equipment and drilling crew mobilized to the area after the end of the quarter, and at the time of writing had commenced drilling. Assay results will be reported as they come to hand.

Portia Gold Project

A complete version of the Portia mining and rehabilitation program (MARF) was submitted to DMITRE (formerly PIRSA) in early January. Feedback from DMITRE indicates further revisions of certain details are required. Approval of the MARF is required before DMITRE 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.

Strategic Review

In order to explore ways to resolve the substantial mismatch between Havilah's market capitalization versus the in-ground value of its mineral assets, Havilah directors commenced a strategic review during the quarter. A key outcome is that Havilah will sell down its 100% interest in the Kalkaroo copper-gold deposit with the aim of generating a more immediate cash return for shareholders and to provide funding for other development projects. Standard Chartered Bank (SCB) were appointed as corporate advisor after the end of the quarter to manage the formal sale process and to provide ongoing corporate advice.

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.

Finance

As at 31 January 2012 the Company had available funds of approximately \$5.14 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 Mineral Resource Statement in this report has been compiled in the accordance with the guidelines defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004 Edition).

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.

** copper equivalent grade = copper assay in ppm + (gold assay in ppm x 6866), reflecting the fact that 1 ppm Au has an equivalent value to 6866 ppm Cu using a conversion factor of 32150.746 troy ounce per metric tonne. The gold and copper prices used in the copper equivalent calculation (US \$7,980/metric tonne for copper and US \$ 1,704 / oz for gold) are the average prices for the six monthly period from 1 August 2011 to 31 January 2012 sourced from World Bank commodity price data, as published on their website (www.econ.worldbank.org). Metallurgical recoveries have not been factored into the calculation, because metallurgical test work indicates comparable metal recoveries for both copper and gold.*



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

Name of entity

Havilah Resources NL

ABN

39 077 435 520

Quarter ended ("current quarter")

31 January 2012

Consolidated statement of cash flows

| Cash flows related to operating activities | | Current quarter \$A'000 | Year to date (.6.....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 | -575 | -1,476 |
| 1.3 | Dividends received | | |
| 1.4 | Interest and other items of a similar nature received | 63 | 88 |
| 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 | -808 | -1,894 |
| Cash flows related to investing activities | | | |
| 1.8 | Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets | -7 | -37 |
| 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 | -7 | -37 |
| 1.13 | Total operating and investing cash flows (carried forward) | -815 | -1,931 |



| | | | |
|---|--|-------|--------|
| 1.13 | Total operating and investing cash flows (brought forward) | -815 | -1,931 |
| Cash flows related to financing activities | | | |
| 1.14 | Proceeds from issues of shares, options, etc. | 5,302 | 5,302 |
| 1.15 | Proceeds from sale of forfeited shares | | |
| 1.16 | Proceeds from borrowings | | |
| 1.17 | Repayment of borrowings | -24 | -61 |
| 1.18 | Dividends paid | | |
| 1.19 | Other (Payment for bank guarantee deposit \$90. Costs of share issues \$687) | -687 | -777 |
| | Net financing cash flows | 4,591 | 4,464 |
| | Net increase (decrease) in cash held | 3,776 | 2,533 |
| 1.20 | Cash at beginning of quarter/year to date | 1,366 | 2,609 |
| 1.21 | Exchange rate adjustments to item 1.20 | | |
| 1.22 | Cash at end of quarter | 5,142 | 5,142 |

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 | 301 |
| 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 contract drilling to Talager Drilling Pty Ltd, a company associated with Dr Bob Johnson. Drilling charges are at standard commercial rates as determined by public quotes for comparable equipment, and approved by non-associated directors. Some is also payment to Mapttek, a company associated with Dr Bob Johnson for geological resource modelling work at standard charge out rates. Other payments are to companies associated with the directors for management and consulting services in accordance with service agreements previously entered into, and for reimbursement of expenses incurred by directors on behalf of the Company.

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 | 650 |
| 4.2 Development | |
| 4.3 Production | |
| 4.4 Administration | 250 |
| 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 | 235 | 109 |
| 5.2 Deposits at call | 4,907 | 1,257 |
| 5.3 Bank overdraft | | |
| 5.4 Other (provide details) | | |
| Total: cash at end of quarter (item 1.22) | 5,142 | 1,366 |

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 | 101,311,223 | 101,311,223 | | |
| 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> | 20,146,472 25,000 100,000 1,800,000 6,000,000 500,000 1,000,000 150,000 1,100,000 560,000 200,000 700,000 | Listed Employee Employee Directors Directors Unlisted Unlisted Employee Employee Employee Employee Employee | <i>Exercise price</i> 50 cents 178 cents 150 cents 199 cents 96 cents 225 cents 180 cents 46 cents 96 cents 76 cents 76 cents 98 cents | <i>Expiry date</i> 30/10/2013 12/02/12 04/04/13 10/01/13 20/11/14 06/03/13 06/03/13 23/03/14 20/11/14 27/5/14 27/5/15 20/7/14 |



| | | | | | |
|------|--|--------|----------|----------|---------|
| 7.8 | Issued during quarter | | | | |
| 7.9 | Exercised during quarter | | | | |
| 7.10 | Expired during quarter | 60,000 | Employee | 76 cents | 27/5/15 |
| 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 give a true and fair view of the matters disclosed.

Sign here: Date: 29 February 2012
(Director/Company secretary)

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 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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TABLE OF ASSESSMENT AND REPORTING CRITERIA

The following table provides a summary of important criteria related to the assessment and reporting of the Main copper-gold resource and the Gold Cap gold resource at Kalkaroo.

| Criteria | Status |
|--|--|
| Sampling Techniques, Assay Data, Drilling Details | |
| Havilah drillholes used in resource estimation | <ul style="list-style-type: none"> • A total of 314 Havilah drillholes totaling approximately 54,981 metres are included. This includes a total of approximately 13,500m of drill core and 34,000m of RC samples. |
| Non-Havilah drillholes used in resource estimation | <ul style="list-style-type: none"> • 46 earlier non-Havilah drillholes totaling approximately 10,500m were also used in the resource estimation. • This includes three generations of pre-Havilah drillholes, completed by major mining companies, namely Placer Dome, Newcrest and MIM. • There is good correlation of the geology and assay data between these earlier drillholes and Havilah drillholes. |
| Drilling techniques | <ul style="list-style-type: none"> • All RC holes were drilled using standard face sampling hammers with bit sizes ranging from 120mm to 136mm. • Diamond core sizes ranged from NQ (50mm) to PQ3 (83mm). Triple tube methods were used where required to maximize core recoveries. • Drill core was routinely orientated where ground conditions allowed, mainly using the spear technique. |
| Sampling techniques | <ul style="list-style-type: none"> • RC assay samples averaging 2-3kg were riffle split as 1-2m intervals. • Half core samples were collected on 1m intervals. |
| Drill sample recovery | <ul style="list-style-type: none"> • Overall RC sample recoveries and diamond drill core recoveries were good and are considered adequate for interpretation purposes. • Core recovery for Havilah diamond drillholes averaged 93 %. |
| Logging | <ul style="list-style-type: none"> • All RC samples and drillcore was logged by experienced geologists directly into a digital logging system with data uploaded into an Access database. • All drillcore and RC chip trays have been photographed. • All drillcore and RC chip sample trays and some back-up samples are stored on site at Kalkaroo. |
| Quality of assay data and laboratory tests | <ul style="list-style-type: none"> • A range of elements were analysed by a range of slightly different techniques by the four companies, all of which are considered acceptable. • Havilah samples were also subjected to the following additional check assaying to provide more reliable results where coarser grained native copper and to a lesser extent, gold, was present. <ul style="list-style-type: none"> • Screen copper analyses were routinely carried out for samples where native copper had been identified during |

| | |
|--|---|
| | <p>geological logging.</p> <ul style="list-style-type: none"> • Screen fire gold analyses were routinely carried out where the initial gold assays were in excess of 0.5ppm. • Assay data accuracy and precision was continuously checked through submission of field and laboratory standards, blanks and repeats which were inserted at a nominal rate of approximately 1 per 20 drill samples. No data quality issues of significance were identified. |
| <p>Verification of drilling methods and sampling</p> | <ul style="list-style-type: none"> • Ten pairs of twinned RC/DD holes were analysed with comparisons made for the relative intersection widths, hole size, volume differences, metre x %Cu and metre x gm Au, RC sample size and quality and any possible contamination issues. It was found that although there were wide variations in total copper metal and gold metal calculations between twinned holes, the overall average RC and drillcore metal calculations produced similar results (within 8% for copper and within 6% for gold). There was no observed bias between the drill methods and no significant differences in intersection widths. |
| <p>Location of drillholes</p> | <ul style="list-style-type: none"> • Drillhole collar coordinates were surveyed in UTM coordinates using a differential GPS system with an x:y:z accuracy of 20cm:20cm:40cm. • Diamond drillholes were surveyed at approximately 30m downhole intervals using an Eastman single or multi-shot down-hole camera or a digital camera. • Earlier Havilah RC holes were not surveyed and were assumed not to have deviated significantly from their collar azimuth and inclination. Most later RC holes were surveyed in the rods with only dip measurements recorded. The last RC program used non magnetic drill rods to allow dip and azimuth readings to be collected with only minor ($\pm 1^\circ$) deviations noted. |
| <p>Drillhole spacing and distribution</p> | <ul style="list-style-type: none"> • Havilah drilling was completed on nominal 50m sections perpendicular to the strike of the primary copper-gold mineralisation at Kalkaroo West and on nominal 100m sections perpendicular to the strike of the Kalkaroo Main Dome mineralisation. Holes were drilled towards the south at -60 to -75°. • Earlier non-Havilah holes were drilled at various oblique angles and directions including to the north. • The intersection angle is between 60 and 90 degrees through the Kalkaroo Main Dome style mineralisation and between 20 and 45 degrees through the more steeply dipping Kalkaroo West vein style mineralisation. • Resource drilling is predominantly concentrated between 453800E and 456600E and between 6488500N and 6490000N. The deposit is largely untested deeper than 250m below surface. |

| Estimating and Reporting of Mineral Resources | |
|--|---|
| Database integrity | Examination of the database has not revealed any issues of concern that could significantly affect the current resource estimation. |
| Geological interpretation | <ul style="list-style-type: none"> • The mineralisation at Kalkaroo is located around the north plunging nose of a major structural dome and the bulk of the mineralisation is hosted by a specific package of sediments, the Mine Sequence (MS). The Dome is transected by a major E-W trending, subvertical, quartz-carbonate vein breccia system. A later shear offsets the MS and vein/breccia system by 200m to the north along the western limb of the Dome. • Primary copper-gold sulphide mineralisation at Kalkaroo occurs as two main styles. <ol style="list-style-type: none"> 1. Stratabound style – Kalkaroo Main Dome and lesser Kalkaroo West - mineralisation is hosted within the MS which dips away from the Dome at 30-45°. 2. Vein/Breccia style - mainly Kalkaroo West - mineralisation is controlled by the quartz-carbonate breccia vein system within a gently W plunging anticlinal fold containing the MS. Best veining, alteration and mineralisation appears to be developed where the vein/breccia system intersects the MS lithologies. • Secondary/supergene copper-gold mineralisation is developed as saprolite/oxide gold, native copper and chalcocite dominant zones within the weathering profile. The depth of weathering and associated supergene mineralisation is enhanced around the vein/breccia style mineralisation at Kalkaroo West where it reaches 275m below surface. |
| Estimation and Modelling Techniques | <ul style="list-style-type: none"> • Polygons and hence triangulations are based on interpretations completed on nominal 50m sections for Kalkaroo West and nominal 100m sections for Kalkaroo Main Dome. Sectional interpretations are made perpendicular to the strike. • Triangulated interpretations have been generated for the following lithological domains: <ul style="list-style-type: none"> • Namba • Eyre • Saprolite (sap) • Kalkaroo Main Dome (k), subdivided into k1, k2.2, k2.5, k2.8, k3.2 and k3.5 • Kalkaroo West (kw), subdivided into kw1, kw2.2, kw2.5, kw2.8 and kw3.5 • Kalkaroo East West Quartz Vein (ewvein) • The block model was constructed with parent blocks of 15mE by 15mN by 15mRL. Within the lithological domains, the blocks were given a fixed size of 5mx5mx5m. • Length weighted assay composites were used. • Composite grades for Au were cut to 30ppm. • Composite Cu grades above 10% were restricted to having an influence of only 5mx5mx5m during estimation. |

| | |
|--------------------|--|
| | <ul style="list-style-type: none"> • Estimation was performed using inverse distance techniques in combination with unfolding methodologies bound by upper and lower surfaces for each domain. • Cu, Au and specific gravity were estimated separately for all domains. • Up to three estimation passes with increasing search neighbourhood size was used. • Search ellipsoid orientation was controlled using stratigraphic surfaces during estimation with unfolding methods. • An octant based search was used for sample selection during grade estimation. • A minimum of 3 and maximum of 20 composites were used per block estimate. |
| Moisture | <ul style="list-style-type: none"> • Tonnes have been estimated on a dry basis. |
| Cut-off parameters | <p>Gold Cap resource has been calculated using a 0.2g/t gold lower cutoff grade, and 30g/t gold upper cutoff grade.</p> <p>For the Kalkaroo main copper-gold resource a 0.3% copper equivalent lower cutoff grade was applied. Composite grades for gold were cut to 30ppm., while composite copper grades above 10% were restricted to having an influence of only 5mx5mx5m during estimation.</p> <p>The copper equivalent grade has been calculated as follows: copper equivalent grade = copper assay in ppm + (gold assay in ppm x 6866), reflecting the fact that 1 ppm Au has an equivalent value to 6866 ppm Cu using a conversion factor of 32150.746 troy ounce per metric tonne. The gold and copper prices used in the copper equivalent calculation (US \$7,980/metric tonne for copper and US \$ 1,704 / oz for gold) are the average prices for the six monthly period from 1 August 2011 to 31 January 2012 sourced from World Bank commodity price data, as published on their website (www.econ.worldbank.org). Metallurgical recoveries have not been factored into the calculation, because metallurgical test work indicates comparable metal recoveries for both copper and gold (in the range 80-95%). Based on comprehensive metallurgical test work on the various Kalkaroo ore types it is Havilah's opinion that both the copper and gold have a reasonable expectation of being recovered in economic quantities in line with the metallurgical test results.</p> |
| Bulk density | <ul style="list-style-type: none"> • A total of 11,774 core samples were measured for density. • Most SG calculations were made using the weight in air vs weight in water method. |
| Classification | <ul style="list-style-type: none"> • Mineral resources have been classified on the basis of distance of blocks from the nearest drillhole, with due regard to the geological continuity of mineralization. Indicated Resource category applies to all ore blocks > 50m from the nearest drillhole while Measured Resource category applies to all blocks 50m or closer to a drillhole. • In the geologist's opinion it is unlikely that further drilling |



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| | <p>within the resource envelope would materially alter the current resource estimate for the Measured Resource category due to the excellent geological continuity of mineralization and accompanying host lithologies between drill sections and individual drillholes. Additional drilling is required to bring the Indicated Resource to a Measured status.</p> |
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