

HAVILAH RESOURCES NL

ABN 39 077 435 520

FINANCIAL REPORT For the Half-Year Ended 31 January 2013

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DIRECTORS' REPORT

The directors of Havilah Resources NL submit herewith the financial report for the half-year ended 31 January 2013. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

The names of the directors of the Company during or since the end of the half-year are:

Keith Robert Johnson
Christopher William Giles
Kenneth Graham Williams
Peter Desmond Reeve (appointed 6 December 2012)

REVIEW OF OPERATIONS

Havilah discovered a major new iron ore resource at the **Grants project** during the period with a maiden Inferred Resource of **304 million tonnes of 24% Fe** (applying an 18% Fe cutoff grade). The deposit has favourable mining geometry, comprising a homogeneous keel-shaped mass of iron ore up to 180m thick covering approximately 130 Ha, with minimal internal waste and almost no overburden.

At the **Kalkaroo copper-gold project** a deep drilling program comprising five diamond drillholes completed up to 600m down-dip of the Kalkaroo resource all returned mineralised intersections demonstrating the potential to expand the present resource down dip of the current open pit design for only an incremental increase in overburden removal. In addition, a new hangingwall mineralised position was discovered raising for the first time the possibility of shallower stacked ore lenses above the main mineralised prospective sequence.

Work at the **Portia gold project** focused on finalising all matters necessary for securing mine operating approvals. This involved acquisition of additional technical field data in order to satisfy Environmental Protection Authority (EPA) requirements in relation to tailings dam design and water usage and discharge for the Portia gold mining operation. Havilah also progressed discussions with potential financiers, contractors, camp suppliers and various stakeholders.

A draft mining lease proposal was prepared and submitted to DMITRE for the **Maldorky iron ore project** and points arising from the feedback are currently being addressed by Havilah staff dedicated to the task. Work continues on finalizing agreements with the Wilyakali native title claimants, plus testing of iron ore processing in a pilot plant.

Other exploration highlights for the period included :

- A significant new copper-gold discovery at **Wilkins** where several Havilah drillholes intersected wide low grade copper-gold intervals in a quartz-magnetite rich skarn host in a structure that extends for several kilometres.
- Widespread subeconomic gold and copper results returned from MMG aircore drilling at the **Eurinilla dome** and **Croziars dam** prospects. MMG's proposed 2013 exploration program includes approximately 10,000m of diamond drilling, 7,000m of aircore drilling and further gravity and electrical geophysics.

On the corporate front, Havilah completed a successful pro-rata 1:10 non-renounceable rights issue at \$0.65 per new share, raising almost the full amount sought of approximately \$7m, with directors taking their full entitlements and nearly all the shortfall being placed.

Experienced mining executive, Mr Peter Reeve, was appointed in an executive role to assist in the commercialisation of the Company's broad suite of mineral assets.

SUBSEQUENT EVENT

Other than noted elsewhere in this report or attached financial statements or notes thereto, there has been no matter or circumstance that has arisen since the end of the financial period, that has significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 4 of the half-year financial report.

Signed in accordance with a resolution of the Directors made pursuant to Section 306 (3) of the Corporations Act 2001.

On behalf of the directors

K R Johnson
Chairman



Adelaide, 20 March 2013

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The Board of Directors
Havilah Resources NL
31 Flemington Street
GLENSIDE SA 5065

20 March 2013

Dear Board Members

Havilah Resources NL

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Havilah Resources NL.

As lead audit partner for the review of the financial statements of Havilah Resources NL, for the half-year ended 31 January 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit;
and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Stephen Harvey
Partner
Chartered Accountants

HAVILAH RESOURCES NL
ABN 39 077 435 520
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 JANUARY 2013

	Half-year ended 31 January 2013	Half-year ended 31 January 2012
	\$	\$
Revenue	165,942	141,017
Other income (Note 4(a))	2,025,044	-
Amortisation expense	(42,711)	(53,173)
Depreciation expense	(108,058)	(122,933)
Insurance expense	(42,039)	(44,034)
Management fees	(95,229)	(243,622)
Legal fees	(27,247)	(61,396)
Audit and review fees	(26,000)	(26,500)
Listing and shareholder administration fees	(58,295)	(97,795)
Finance costs	(3,754)	(11,014)
Printing expense	(2,579)	(19,800)
Subscriptions expense	(6,665)	(945)
Employee expense	(49,700)	16,154
Travel expense	(19,313)	(11,977)
Consulting fees	(61,923)	(58,879)
Motor vehicle expense	(12,197)	(12,537)
Directors fees	(64,639)	(44,157)
Computer charges	(29,320)	(11,623)
Impairment of other financial assets	-	(68,833)
Share based payments	(475,507)	(280,544)
Exploration expenditure written off (Note 4(b))	(4,513,168)	(3,243,994)
Other expenses	(25,783)	(27,443)
Loss before income tax income	(3,473,141)	(4,284,028)
Income tax expense/income	(62,618)	(207,658)
Loss for the period	(3,535,759)	(4,491,686)
Other comprehensive income, net of income tax		
<i>Items that may be reclassified subsequently to profit or loss</i>		
(Loss)/gain on available-for-sale investments taken to equity	(61,950)	(3,443)
Other comprehensive income for the period, net of income tax	(61,950)	(3,443)
Total comprehensive income for the period	(3,597,709)	(4,495,129)
<i>Loss attributable to:</i>		
Equity holders of the parent:		
Share of loss for the period	(3,535,759)	(2,541,044)
Gain from minority on issue of shares	-	82,456
Loss attributable to equity holders of the parent	(3,535,759)	(2,458,588)
Minority interest		
Share of loss for the period	-	(1,950,642)
Loss on issue of shares	-	(82,456)
Loss attributable to minority interest	-	(2,033,098)
	(3,535,759)	(4,491,686)
Earnings per share		
- Basic (cents per share) – profit/(loss)	(3.09)	(2.70)
- Diluted (cents per share) – profit/(loss)	(3.09)	(2.70)

Notes to the condensed financial statements are included on pages 10 to 12.

HAVILAH RESOURCES NL
ABN 39 077 435 520
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2013

	31 January 2013 \$	31 July 2012 \$
Current Assets		
Cash and cash equivalents	8,143,259	3,282,346
Trade and other receivables	17,360	80,157
Other	38,768	62,416
Total Current Assets	8,199,387	3,424,919
Non Current Assets		
Exploration and evaluation expenditure	35,999,890	38,633,886
Other financial assets	711,250	799,750
Plant and equipment	1,216,023	1,372,856
Total Non Current Assets	37,927,163	40,806,492
TOTAL ASSETS	46,126,550	44,231,411
Current Liabilities		
Trade and other payables	377,740	782,386
Borrowings	27,309	54,499
Provisions	263,628	258,005
Total Current Liabilities	668,677	1,094,890
Non Current Liabilities		
Borrowings	-	4,005
Provisions	201,772	142,526
Other liability	500,513	2,495,738
Total Non Current Liabilities	702,285	2,642,269
TOTAL LIABILITIES	1,370,962	3,737,159
NET ASSETS	44,755,588	40,494,252
Equity		
Issued capital	52,358,025	44,974,487
Reserves	8,974,032	8,560,475
Accumulated losses	(16,576,469)	(13,040,710)
TOTAL EQUITY	44,755,588	40,494,252

Notes to the condensed financial statements are included on pages 10 to 12.

HAVILAH RESOURCES NL
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 JANUARY 2013

	Share capital \$	Buy Out Reserve \$	Share option reserve \$	Available for sale revaluation reserve \$	Accumulated losses \$	Attributable to owners of the parent \$	Non- controlling interest \$	Total \$
Balance at 1 August 2011	25,881,381	-	10,039,857	3,443	(9,435,080)	26,489,601	7,363,522	33,853,123
Loss for the period	-	-	-	-	(2,458,588)	(2,458,588)	(2,033,098)	(4,491,686)
Loss on available for sale investment	-	-	-	(4,918)	-	(4,918)	-	(4,918)
Income tax relating to components of comprehensive income	-	-	-	1,475	-	1,475	-	1,475
Total comprehensive income for the period	-	-	-	(3,443)	(2,458,588)	(2,462,031)	(2,033,098)	(4,495,129)
Issue of 3,250 shares on exercise of listed options at 50c per share	1,625	-	-	-	-	1,625	-	1,625
Issue of 125,000 shares to acquire the remaining 30% of the Eurinella JV at 71c per share	88,750	-	-	-	-	88,750	-	88,750
Issue of 4,000,000 shares to MMG Exploration Pty Ltd pursuant to subscription agreement dated 6 September 2011 at \$1.25 per share	5,000,000	-	-	-	-	5,000,000	-	5,000,000
Issue of 10,153,756 shares to Glencopper SA Pty Ltd pursuant to Heads of Agreement dated 29 June 2007 at \$0.6894 per share	7,000,000	-	-	-	-	7,000,000	-	7,000,000
Issue of 4,205,576 shares pursuant to take-over offer dated 26 August 2011 to acquire all the issued capital of Geothermal Resources Ltd not already held by Havilah Resources NL	2,221,892	(851,562)	-	-	-	1,370,330	(1,370,330)	-
Shares issued to directors of Geothermal Resources Limited on exercise of options	-	-	-	-	-	-	300,000	300,000
Transfer on exercise of options by directors	-	-	(47,920)	-	-	(47,920)	47,920	-
Costs associated with the issue of shares	(684,924)	-	-	-	-	(684,924)	(2,350)	(687,274)
Related income tax	205,478	-	-	-	-	205,478	705	206,183
Share based payment	-	-	260,445	-	-	260,445	20,099	280,544
Balance at 31 January 2012	39,714,202	(851,562)	10,252,382	-	(11,893,668)	37,221,354	4,326,468	41,547,822

Notes to the condensed financial statements are included on pages 10 to 12

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 JANUARY 2013

	Share capital \$	Buy Out Reserve \$	Share option reserve \$	Available for sale revaluation reserve \$	Accumulated losses \$	Total \$
Balance at 1 August 2012	44,974,487	(2,599,798)	11,084,556	75,717	(13,040,710)	40,494,252
Loss for the period	-	-	-	-	(3,535,759)	(3,535,759)
Loss on available for sale investment	-	-	-	(88,500)	-	(88,500)
Income tax relating to components of comprehensive income	-	-	-	26,550	-	26,550
Total comprehensive income for the period	-	-	-	(61,950)	(3,535,759)	(3,597,709)
Issue of 727,090 shares on exercise of listed options at 50c per share	363,545	-	-	-	-	363,545
Issue of 5,240 shares on exercise of listed options at 75c per share	3,930	-	-	-	-	3,930
Issue of 160 shares on exercise of listed options at \$1.00 per share	160	-	-	-	-	160
Issue of 4,223,873 shares pursuant to rights issue prospectus dated 31 July 2012 at 65c per share	2,745,509	-	-	-	-	2,745,509
Issue of 6,618,684 short fall shares pursuant to rights issue prospectus dated 31 July 2012 at 65c per share	4,302,145	-	-	-	-	4,302,145
Costs associated with the issue of shares	(67,819)	-	-	-	-	(67,819)
Related income tax	36,068	-	-	-	-	36,068
Share based payment	-	-	475,507	-	-	475,507
Balance at 31 January 2013	52,358,025	(2,599,798)	11,560,063	13,767	(16,576,469)	44,755,588

Notes to the condensed financial statements are included on pages 10 to 12

HAVILAH RESOURCES NL
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 JANUARY 2013.

	Half-year ended 31 January 2013 \$	Half-year ended 31 January 2012 \$
Cash flow from operating activities		
Receipts from customers	81,138	1,889
Payments to suppliers and employees	(652,449)	(633,570)
Interest and other costs of finance paid	(3,754)	(11,014)
Net cash used in operating activities	(575,065)	(642,695)
Cash flow from investing activities		
Interest received	97,741	139,380
Payments for exploration and evaluation	(2,013,921)	(2,280,797)
Payments for plant and equipment	(19,732)	(36,738)
Proceeds from sale of plant and equipment	55,615	-
Net cash used in investing activities	(1,880,297)	(2,178,155)
Cash flow from financing activities		
Proceeds from issue of shares	7,415,289	5,001,625
Proceeds from shares issued to non-controlling interest	-	300,000
Payment of costs associated with share issues	(67,819)	(687,274)
Repayment of borrowings	(31,195)	(131,904)
Net cash provided by financing activities	7,316,275	4,482,447
Net increase in cash	4,860,913	1,661,597
Cash and cash equivalents at the beginning of the half-year	3,282,346	5,003,069
Cash and cash equivalents at the end of the half-year	8,143,259	6,664,666

Notes to the condensed financial statements are included on pages 10 to 12

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

This half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 "Interim Financial Reporting". Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting". The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the 2012 annual financial report for the financial year ended 31 July 2012. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current half-year. The adoption of all new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior half-years.

2. SEGMENT INFORMATION

The Group has a number of exploration licenses in Australia which are managed on a portfolio basis. The decision to allocate resources to individual projects in the portfolio is predominantly based on available cash reserves, technical data and the expectations of future metal prices. Accordingly, the Group effectively operates as one segment, being exploration in Australia. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Group.

3. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no changes in contingent liabilities or contingent assets from those disclosed in the annual report for the year ended 31 July 2012.

4. SIGNIFICANT ITEM

(a) Other income

Included in other income is \$1,995,225 (2012 \$nil) relating to the amortisation of the REDI government grant (which was received for geothermal exploration activities) due to the associated exploration expenditure being fully written off during the half year ended 31 January 2013.

(b) Exploration expenditure written off

During the half year ended 31 January 2013 the Company has written off all capitalised geothermal exploration expenditure (\$4,513,168) due to the current uncertainty in Australia associated with geothermal exploration activities.

As a result of the failure of the leaching process at the Oban test site during the half year ended 31 January 2012, the Company wrote off all the capitalised exploration expenditure associated with the Oban site. As a result of this failure the carrying value of all exploration capitalised was reviewed and where capitalised exploration expenditure related to potential deposits that had similar characteristics as the Oban deposit, work ceased and the amounts capitalised were written off. The total amount written off was \$3,243,994.

5. ISSUE OF SECURITIES

During the half-year ended 31 January 2013 the Company issued the following securities:

- 727,090 (2012 3,250) ordinary shares on the conversion of 727,090 (2012 3,250) listed share options with an exercise price of 50c.
- 5,240 (2012 nil) ordinary shares on the conversion of 5,240 (2012 nil) listed share options with an exercise price of 75c.
- 160 (2012 nil) ordinary shares on the conversion of 160 (2012 nil) listed share options with an exercise price of \$1.00.
- 4,223,873 ordinary shares pursuant to Non-renounceable Rights Issue announced on 31 July 2012
- 6,618,684 ordinary shares issued following placement of shortfall shares under Non-renounceable Rights Issue which closed on 31 August 2012.

6 SUBSEQUENT EVENTS

There has been no matter or circumstance that has arisen since the end of the half-year, that has significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in the future.

DIRECTORS DECLARATION

The Directors declare that:

- (a) in the directors opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to Section 303 (5) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in blue ink, appearing to read 'K R Johnson', is written over the printed name.

K R Johnson
Director

Adelaide, 20 March 2013

Independent Auditor's Review Report to the Members of Havilah Resources NL

We have reviewed the accompanying half-year financial report of Havilah Resources NL, which comprises the condensed statement of financial position as at 31 January 2013, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 12.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 January 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Havilah Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Havilah Resources NL, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Havilah Resources NL is not in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 January 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Stephen Harvey
Partner
Chartered Accountants
Adelaide, 20 March 2013