

HAVILAH RESOURCES NL

ABN 39 077 435 520

FINANCIAL REPORT For the Half-Year Ended 31 January 2014

Index

Directors' Report	2
Auditor's Independence Declaration	4
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	5
Condensed Consolidated Statement of Financial Position	6
Condensed Consolidated Statement of Changes in Equity	7
Condensed Consolidated Statement of Cash Flows	9
Notes to the Condensed Financial Statements	10
Directors' Declaration	12
Independent Review Report	13

DIRECTORS' REPORT

The directors of Havilah Resources NL submit herewith the financial report for the half-year ended 31 January 2014. 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 (retired 8 November 2013)
Christopher William Giles
Kenneth Graham Williams
Paul Stratford Mertin (appointed 31 October 2013)

REVIEW OF OPERATIONS

Havilah's main efforts during the period were directed towards progressing permitting and approvals for its three advanced mineral projects as summarised below.

1. Portia gold project – a revised PEPR document (Program for Environmental Protection and Rehabilitation) was lodged with DMITRE (Department of Manufacturing, Innovation, Trade, Resources and Energy) in October. One of the key issues addressed in the revised PEPR document was the disposal of excess water generated by dewatering of the Portia open pit. To gain regulatory approval for re-injection of this water into the nearby Shylock palaeochannel required gathering of extensive hydrogeological data and modelling, which fully occupied Havilah's field crew for over four months during the period. In January DEWNR (Department of Environment, Water and Natural Resources) requested further field test data for the re-injection concept, which is presently being addressed.

2. Maldorky iron ore project - work continued on the draft mining lease proposal document, which was lodged with DMITRE in early October. The document contained almost 1000 pages, including 80 Figures and 59 Tables in the main text. Feedback received on the document is positive and additional information on environmental impact assessments is currently being compiled prior to re-lodgement of what is hoped will be the final draft in March 2014. At the same time, work continued on negotiating agreements with the Wilyakali native title claimants, plus testing of iron ore processing in a pilot plant, with encouraging results achieved.

3. Kalkaroo copper-gold project - work on a mining lease proposal document for Kalkaroo was well advanced at the end of the period. Negotiations have commenced with the Adnyamathanha native title claimants for a mining agreement for Kalkaroo. The mining concept described in the MLP is for a five year starter open pit commencing at West Kalkaroo in order to reduce upfront capital expenditure and to minimise project execution risk, thereby making the project more fundable. This is possible because the Kalkaroo deposit has a higher grade and shallower "sweet spot" at West Kalkaroo. Also, the vertical zoning of metals in the Kalkaroo deposit allows for the progressive mining of different ore types, especially native copper, which can be treated by comparatively simple gravity processing methods. As part of this exercise, Havilah completed a shallow air-core drilling program within the confines of the conceptual starter open pit and discovered gold mineralisation at depths of only 35m in basal Tertiary clays. Extensions of these drillholes also confirmed the expected good grades of bedrock copper and gold mineralisation known from previous drilling.

MMG Exploration Pty Ltd ("MMG") completed its 2013 drilling program during the period, with a total of 105 aircore holes for 6,498 metres and 17 diamond drillholes for 7,556 metres completed for the calendar year. MMG reported the discovery of significant new skarn copper mineralisation at Croziers Dam prospect¹ (eg 12.5m of 0.46% Cu in drillhole BNG13DDOO1) which is located roughly half way between Portia and Kalkaroo. Red hematite altered hydrothermal breccias (highly fractured and broken rocks) similar to those seen in the alteration halos surrounding large IOCG (iron oxide copper gold) deposits such as Olympic Dam were also intersected in four separate diamond drillholes.

On the corporate front, resolutions proposed at an EGM on 28 August 2013 requisitioned by two shareholders holding 5.88% of Havilah's shares were overwhelmingly defeated. Regrettably the exercise was extremely costly for Havilah and distracted management from other important tasks. The requisitioning shareholders put up no credible plan for Havilah going forward as it faces the challenges of obtaining various mining permits and development finance. As subsequent events have shown, current management is well aware of the necessity for measured change to position Havilah as an emerging mining company, evidenced by restructuring of the Board. This was initiated by the appointment of Mr Paul Mertin, a former senior banking executive, as an independent non-executive director in order to strengthen the Board's financial capabilities. Mr Mertin has since been appointed Chair of the Audit Committee. Founding Executive Chairman, Dr Bob Johnson, stepped aside during the period in order to make way for the future appointment

of a senior executive, with relevant development and operational experience to oversee the successful commissioning of Havilah's planned mines.

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.

1. See HAV's ASX release dated 21st January 2014 entitled "New Copper Discovery at Croziers Dam"

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 G Williams
Chairman

Adelaide, 21 March 2014

Deloitte Touche Tohmatsu
ABN 74 490 121 060

11 Waymouth Street
Adelaide SA 5000
GPO Box 1969
Adelaide SA 5001 Australia

Tel: +61 (0) 8 8407 7000
Fax: +61 (0) 8 8407 7003
www.deloitte.com.au

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

21 March 2014

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 2014, 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 review; 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 2014

	Half-year ended 31 January 2014	Half-year ended 31 January 2013
	\$	\$
Revenue	65,100	165,942
Other income (Note 4(a))	10,024	2,025,044
Amortisation expense	(35,749)	(42,711)
Depreciation expense	(67,151)	(108,058)
Insurance expense	(46,885)	(42,039)
Management fees	(86,575)	(95,229)
Legal fees	(125,573)	(27,247)
Audit and review fees	(16,000)	(26,000)
Listing and shareholder administration fees	(59,376)	(58,295)
Finance costs	(12,183)	(3,754)
Printing expense	(2,468)	(2,579)
Subscriptions expense	(2,835)	(6,665)
Employee expense	(108,260)	(49,700)
Travel expense	(1,165)	(19,313)
Consulting fees	(40,751)	(61,923)
Motor vehicle expense	(13,961)	(12,197)
Directors fees	(43,889)	(64,639)
Computer charges	(19,678)	(29,320)
Share based payments	(15,714)	(475,507)
Exploration expenditure written off (Note 4(b))	(3,141,428)	(4,513,168)
Other expenses	(38,067)	(25,783)
Loss before income tax income	(3,802,584)	(3,473,141)
Income tax expense/income	-	(62,618)
Loss for the period	(3,802,584)	(3,535,759)
Other comprehensive income, net of income tax		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Loss on available-for-sale investments taken to equity	-	(61,950)
Other comprehensive income for the period, net of income tax	-	(61,950)
Total comprehensive income for the period	(3,802,584)	(3,597,709)
Earnings per share		
- Basic (cents per share) – profit/(loss)	(3.16)	(3.09)
- Diluted (cents per share) – profit/(loss)	(3.16)	(3.09)

Notes to the condensed financial statements are included on pages 10 to 11.

HAVILAH RESOURCES NL
ABN 39 077 435 520
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2014

	31 January 2014	31 July 2013
	\$	\$
Current Assets		
Cash and cash equivalents	3,499,808	5,811,788
Trade and other receivables	86,990	37,991
Other	13,219	41,862
Total Current Assets	3,600,017	5,891,641
Non Current Assets		
Exploration and evaluation expenditure	36,350,455	37,658,365
Other financial assets	642,417	657,167
Plant and equipment	1,163,801	1,150,857
Total Non-Current Assets	38,156,673	39,466,389
TOTAL ASSETS	41,756,690	45,358,030
Current Liabilities		
Trade and other payables	507,180	410,083
Borrowings	12,605	3,989
Provisions	523,685	469,800
Total Current Liabilities	1,043,470	883,872
Non Current Liabilities		
Borrowings	39,642	-
Provisions	21,587	35,681
Other liability	500,513	500,513
Total Non-Current Liabilities	561,742	536,194
TOTAL LIABILITIES	1,605,212	1,420,066
NET ASSETS	40,151,478	43,937,964
Equity		
Issued capital	52,328,811	52,328,427
Reserves	8,986,423	8,970,709
Accumulated losses	(21,163,756)	(17,361,172)
TOTAL EQUITY	40,151,478	43,937,964

Notes to the condensed financial statements are included on pages 10 to 11.

HAVILAH RESOURCES NL
ABN 39 077 435 520
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 JANUARY 2014

	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 11.

HAVILAH RESOURCES NL
ABN 39 077 435 520
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 JANUARY 2014

	Share capital \$	Buy out Reserve \$	Share option reserve \$	Available for sale revaluation reserve \$	Accumulated losses \$	Total \$
Balance at 1 August 2013	52,328,427	(2,599,798)	11,570,507	-	(17,361,172)	43,937,964
Loss for the period	-	-	-	-	(3,802,584)	(3,802,584)
Loss on available for sale investment	-	-	-	-	-	-
Income tax relating to components of comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(3,802,584)	(3,802,584)
Issue of 538 shares on exercise of listed options at 50c per share	269	-	-	-	-	269
Issue of 115 shares on exercise of listed options at \$1.00 per share	115	-	-	-	-	115
Share based payment	-	-	15,714	-	-	15,714
Balance at 31 January 2014	52,328,811	(2,599,798)	11,586,221	-	(21,163,756)	40,151,478

Notes to the condensed financial statements are included on pages 10 to 11

HAVILAH RESOURCES NL
ABN 39 077 435 520
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 JANUARY 2014.

	Half-year ended 31 January 2014	Half-year ended 31 January 2013
	\$	\$
Cash flow from operating activities		
Receipts from customers	2,298	81,138
Payments to suppliers and employees	(646,693)	(652,449)
Interest and other costs of finance paid	(2,479)	(3,754)
Net cash used in operating activities	<u>(646,874)</u>	<u>(575,065)</u>
Cash flow from investing activities		
Interest received	63,407	97,741
Payments for exploration and evaluation	(1,754,769)	(2,013,921)
Payments for plant and equipment	(3,314)	(19,732)
Proceeds from sale of plant and equipment	35,454	55,615
Net cash used in investing activities	<u>(1,659,222)</u>	<u>(1,880,297)</u>
Cash flow from financing activities		
Proceeds from issue of shares	384	7,415,289
Payment of costs associated with share issues	-	(67,819)
Repayment of borrowings	(6,268)	(31,195)
Net cash (used in)/provided by financing activities	<u>(5,884)</u>	<u>7,316,275</u>
Net (decrease)/increase in cash	(2,311,980)	4,860,913
Cash and cash equivalents at the beginning of the half-year	<u>5,811,788</u>	<u>3,282,346</u>
Cash and cash equivalents at the end of the half-year	<u>3,499,808</u>	<u>8,143,259</u>

Notes to the condensed financial statements are included on pages 10 to 11

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 2013 annual financial report for the financial year ended 31 July 2013. 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.

Going Concern

The financial report has been prepared on the going concern basis which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the half-year ended 31 January 2014 the Group made a loss after tax of \$3,802,584 (2013: \$3,535,759), used net cash in operating activities of \$646,874 (2013: \$575,065) and used cash in exploration and evaluation activities of \$1,754,769 (2013: \$2,013,921). At 31 January 2014 the Group has a cash balance of \$3,499,808 (2013: \$5,811,788) and a current asset surplus of \$2,556,547 (2013: \$5,007,769).

The Directors consider that the available funds will be sufficient to enable the Group to meet its administration costs over the period of twelve months from the date of signing this financial report.

To fund the Group's ongoing exploration commitments and the pre development activities of its current projects the Group will require additional funds. In the event that the exploration commitments are not met the Group will negotiate with the South Australian Government for a reduction in the exploration commitment and/or agree on a reduction of the area covered by the various exploration licences.

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 2013.

4. SIGNIFICANT ITEM

(a) Other income

Included in other income is \$nil (2013 \$1,995,225) 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 Group wrote off all capitalised geothermal exploration expenditure (\$4,513,168) due to the current uncertainty in Australia associated with geothermal exploration activities.

During the half year ended 31 January 2014 the Group wrote-down the carrying value of a number of tenements by \$3,141,428, to a value that the Directors would be prepared to accept under a sales transaction of those tenements.

5. ISSUE OF SECURITIES

During the half-year ended 31 January 2014 the Company issued the following securities:

- 538 (2013 727,090) ordinary shares on the conversion of 538 (2013 727,090) listed share options with an exercise price of 50c.
- 115 (2013 160) ordinary shares on the conversion of 115 (2013 160) listed share options with an exercise price of \$1.00.

6. NON-CASH TRANSACTIONS

During the current half-year, the Group acquired \$54,526 of plant and equipment under a finance lease (2013: nil). This non-cash investing and financing activity is not reflected in the Statement of Cash Flows.

7. 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.

8. EXPLORATION EXPENDITURE COMMITMENTS

The Group has certain obligations to perform exploration work and expend minimum amounts of money on such works on mineral exploration tenements. These obligations will vary from time to time, subject to statutory approval. The terms of current and future joint ventures, the grant or relinquishment of licences, and changes to licence areas at renewal or expiry, will alter the expenditure commitments of the Group. Total expenditure commitments at balance date in respect of minimum expenditure requirements not provided for in the financial statements are approximately:

	Half-year ended 31/1/14
	\$
No later than one year	2,349,250
Later than one year but no later than two years	3,160,000
Later than two years but no later than five years	4,632,500

The above commitments do not take into account the amount that will be spent by MMG Exploration Pty Ltd. Any expenditure under this agreement reduces the Group's requirement to fund the exploration commitments.

9. CAPITAL COMMITMENT

The Group as at 31 January 2014 has a capital commitment for plant and equipment of \$475,000.

10 KEY MANAGEMENT PERSONNEL

Remuneration arrangements of key management personnel are disclosed in the annual financial report. In addition, K R Johnson retired on 8 November 2013, no termination payments were made and K G Williams was appointed non-executive Chairman and is now entitled to receive director fees of \$88,000 per annum, and P S Mertin was appointed as a non-executive director on 31 October 2013 and is entitled to receive director fees of \$50,000 per annum (inclusive of being Chair of the Audit Committee).

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



K G Williams
Chairman

Adelaide, 21 March 2014

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 consolidated statement of financial position as at 31 January 2014, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated 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 2014 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 2014 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, 21 March 2014