

Havilah Resources

(ASX : HAV)

5 December 2012

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

120.3 million ordinary shares

31.6 million listed options

10.4 million unlisted options



Grants Prospect Confirmed as a Significant New Iron Ore Discovery

Maiden Resource Estimate of 304 Million Tonnes

Havilah Resources NL (ASX: HAV) (the **Company**) is pleased to confirm a significant new iron ore discovery at the Grants prospect in the Braemar Iron Ore Province in northeastern South Australia. The discovery has no overburden and is 8 kilometres from the Transcontinental railway and is in close proximity to other power and gas infrastructure.

This discovery follows on from Havilah's other iron ore success at the Maldorky iron ore project which also contains a substantial iron ore resource of similar style in addition to the Lilydale iron ore prospect currently being explored. It underscores Havilah's intention of developing a long life regional iron ore portfolio capable of production within a relatively short timeframe for moderate capital expenditure. The style of mineralisation and associated processing for these projects has indicated that a high grade (plus 60% Fe), low impurity product can be shipped from site.

Commenting on the new resource estimate, Chairman, Dr Bob Johnson, said, "Grants will be a very attractive mining proposition owing to the fact that the deposit starts at surface and extends up to 180m depth in a single solid mass of essentially flat lying iron ore, with no overburden and minimal internal waste. The material appears to be mineralogically similar to Maldorky, hence it is expected that the same comparatively simple metallurgical processing methods would apply".

"Standing on top of the Grants deposit, one can see and hear the trains moving down the Transcontinental railway line, which makes Grants somewhat unique as new iron ore discovery" he said.

In summary, the key features of the Grants iron ore deposit are:

- **An Inferred Resource of 304 million tonnes of 24% Fe** (applying an 18% Fe cut-off grade).
- **Contains more than 100 million tonnes of premium grade product (>60% Fe)** with very low levels of impurity elements, assuming a yield factor of 33%.
- **Ideal open pit geometry** – a homogeneous keel shaped mass of iron ore up to 180m thick covering approximately 130 Ha, with minimal internal waste and almost no overburden.
- **Favourable logistics** - only 8 km from railway line, near to power and gas and 1 hour from Broken Hill

Based on recent systematic resource drilling at Grants, Havilah geologists have developed a geological model of the deposit, which is a large keel shaped slab of massive iron ore that outcrops at surface. The initial **Inferred Resource of 304 million tonnes of 24% Fe** at a cut-off grade of 18% Fe has been estimated using Vulcan 3D mining software based on this geological model, as summarised in the following table.

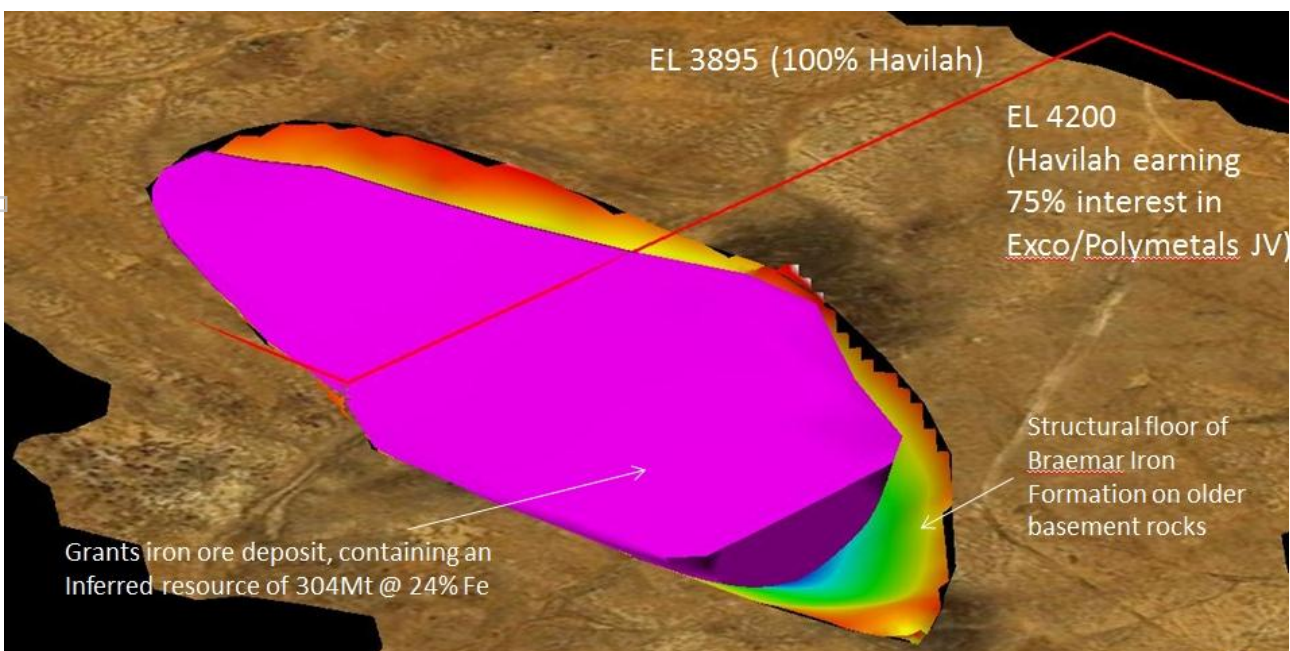
Grants Iron Ore Resource Estimate – December 2012

| Cut-off Grade (Fe%) | Tonnes (to 4 sf) | Average Grade (Fe%) | Average SG |
|---------------------|------------------|---------------------|------------|
| 0 | 331,700,000 | 23.1 | 3.46 |
| 10% | 328,300,000 | 23.3 | 3.47 |
| 15% | 323,000,000 | 23.5 | 3.48 |
| 18% | 304,000,000 | 24.0 | 3.49 |
| 20% | 274,300,000 | 24.4 | 3.51 |

The resource estimate relies on laboratory XRF assay results from 37 Havilah drillholes (total metreage 3919m). The resource block model is constrained by a geological ore envelope, which coincides closely with a natural 15-18% Fe assay boundary. The table at the end of this report summarises the various geological parameters relevant to the resource estimate presented here.

As with the nearby Maldorky deposit, the overall resource grade and tonnage is relatively insensitive to the applied cut-off grade up to about 20% Fe. This arises from the predominance of higher iron grades (>35% Fe) in the deposit and the natural 15-18% Fe assay limit at the deposit boundaries. For the case of the 18% cut-off, all waste material (both internal and overburden) is less than 10% of the total deposit tonnage.

The Inferred Resource category reflects the relatively wide, approximately 180m spacing of drillholes used to define the resource. Even at this drill spacing it is evident that the the iron ore mineralisation is remarkably continuous within the ore envelope, and Havilah’s geologists are confident that with further infill drilling it will be possible to convert to a Measured Resource. It is anticipated that almost all of the 304 million tonne Inferred Resource will be mineable, subject to economic factors, owing to the favourable shape of the deposit, comparatively uniform grade distribution, and lack of overburden. These factors highlight the extremely favourable open pit mining characteristics of the Grants iron ore deposit, as illustrated by the topographic cut-away below.



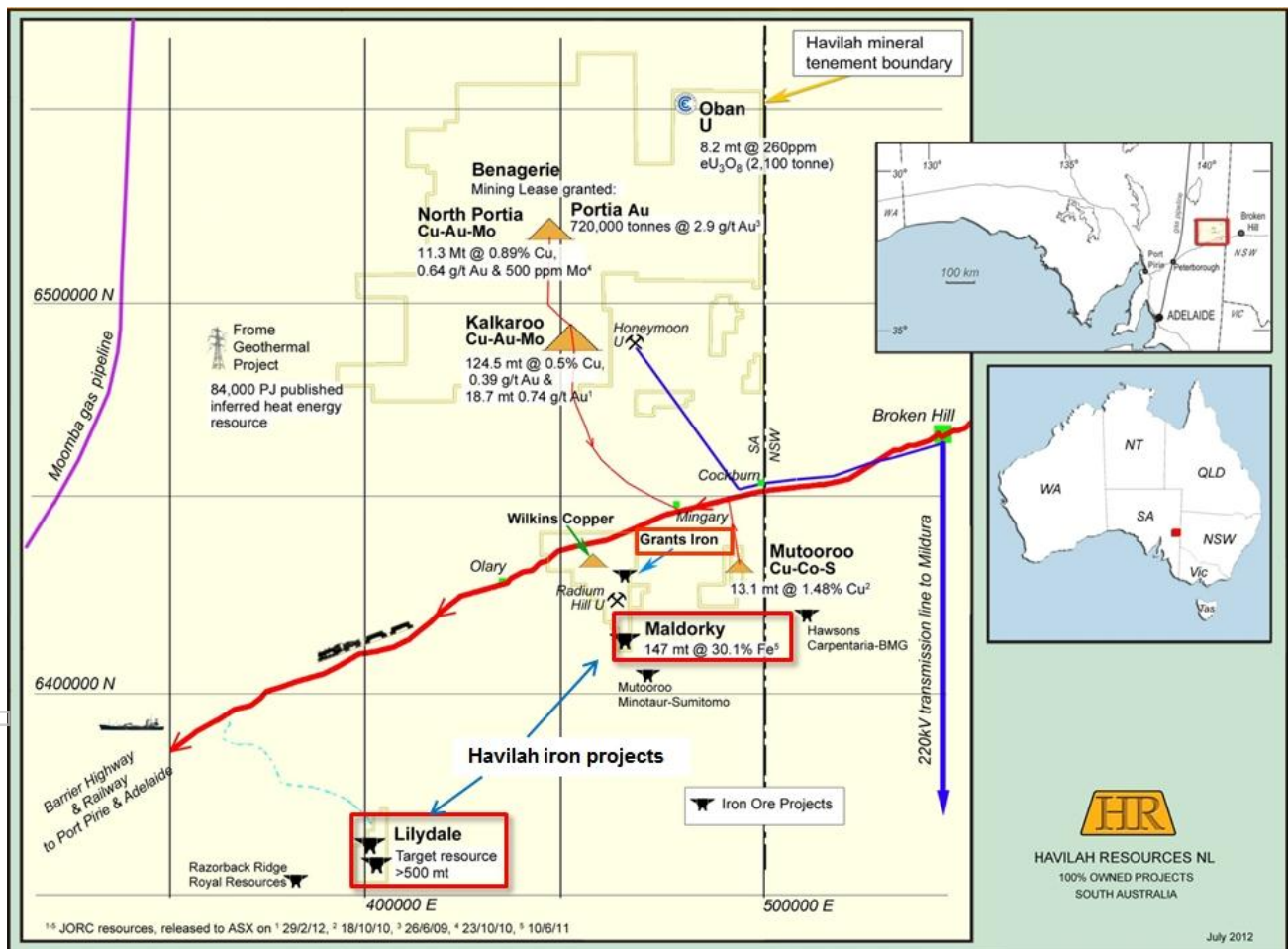
Grants iron ore deposit in relation to local terrain. An I-Site laser scanner survey has recently been completed over the deposit producing extremely accurate topography for resource estimations and future mine planning purposes.

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The Grants deposit is roughly 2,250m long x 700m wide and covers an area of roughly 130Ha. Of this, roughly 35Ha of the deposit, equating to approximately 100 million tonnes, is located within Havilah's 100% owned EL 3895 and the balance of approximately 204 million tonnes, is within the adjoining EL 4200 farm-in, where Havilah is earning a 75% interest from the Polymetals (ASX:PLY) / Exco (ASX:EXS) joint venture. The thickest intersection is a remarkable 180m of 22.6% Fe from surface in drillhole GTRC40 in the central portion of the deposit.

The potential for a significant iron ore deposit at Grants was recognised during reconnaissance investigations by Havilah geologists late last year. It forms a low rise of typical Braemar Iron Formation that is heavily lateritised at surface. Notably, this lateritised iron ore was hand-picked from the "Grants Quarries" during the 1890's and railed to Broken Hill for use as a flux in smelting of the lead ores. It appears to have been preserved in a structural depression or trough in the older Broken Hill age basement rocks and there is good scope to discover extensions and additional deposits in the basin with further drilling.

Dr K R Johnson
CHAIRMAN (08) 83389292



Competent Person Statement

This Mineral Resource Statement 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 compiled by 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.



Assessment and Reporting Criteria

The following table provides a summary of important criteria related to the assessment and reporting of the Grants iron ore resource.

| Criteria | Status |
|--|--|
| Sampling Techniques, Assay Data, Drilling Details | |
| Havilah drillholes used in resource estimation | <ul style="list-style-type: none"> • 37 RC holes totalling 3,469m, drilled by Havilah Resources, were used in defining the resource. There were no previous drillholes in the region prior to Havilah's work. |
| Drilling techniques | <ul style="list-style-type: none"> • All RC holes were drilled using standard face sampling hammers with bit sizes ranging from 121mm to 133mm. |
| Sampling techniques | <ul style="list-style-type: none"> • Havilah RC samples were collected at 1m intervals. All bagged samples were initially assayed with a calibrated Niton XRF analyzer, with three separate 15 second readings being averaged for each sample. • For intervals assaying over 15% Fe, approximately 0.75kg of sample was collected from each sample bag by either riffle splitting or spear (no measurable method induced difference was detected) and composited over a 3m interval to produce 2-3kg assay samples. The composite samples were sent to the lab, where they were dried and pulverized in a mixer mill. A disk was prepared from the pulp for Fusion XRF analysis. |
| Drill sample recovery | <ul style="list-style-type: none"> • Havilah RC sample quality & recovery was continuously logged ; overall both were excellent. In the rare instances when sample quality was unacceptable the cause was high water flow in extremely fractured rock. |
| Logging | <ul style="list-style-type: none"> • All Havilah RC holes were logged by experienced geologists with the data directly entered into a digital logging system, from where the data was uploaded into an Excel spreadsheet. • All Havilah drill chip trays are stored at Havilah's camp at Yarramba Station. |
| Quality of assay data and laboratory tests | <ul style="list-style-type: none"> • Havilah samples were assayed by ALS via the Fusion XRF method. This provided a complete whole rock XRF analysis for each sample. • Havilah monitored assay data accuracy and precision via least squares regression analysis comparing ALS results with the Niton XRF field results. Overall correlation of results was extremely good with correlation coefficients typically exceeding 0.9. When scatter occurred it frequently related to wet samples. The Niton results are consistently 1-4% lower than the ALS results; this difference is attributed to: the moisture in the field samples, attenuation by the plastic sample bags, and variability of the distance between the sample and Niton probe. • No data quality issues were identified. |
| Verification of drilling methods and sampling | <ul style="list-style-type: none"> • The only drilling technique used was RC ; no specific twinned diamond core holes were drilled. Given the relatively high iron contents in the ore zone (>15%) it is highly unlikely that there will be significant variation between drilling methods, provided recoveries were at all times acceptable. |
| Location of drillholes | <ul style="list-style-type: none"> • Havilah's drillhole collar coordinates were surveyed in UTM coordinates using a differential GPS system with an x:y:z accuracy better than 20cm:20cm:40cm. • Havilah's RC holes were surveyed using a digital multi shot survey camera, at nominal 10m intervals downhole. • Havilah's RC hole collar RL's were tied into a laser scanner topo survey. |

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|--|---|
| Drillhole spacing and distribution | <ul style="list-style-type: none"> Havilah's RC drillholes were spaced on a grid at roughly 180m intervals. Resource drilling is predominantly concentrated between 467800E and 469500E and between 6432400N and 6431600N (ADG66). |
| Estimating and Reporting of Mineral Resources | |
| Database integrity | <ul style="list-style-type: none"> Havilah's database was progressively built up as new data was added to it, and quality control checks were made. Examination of the database has not revealed any issues that could significantly affect the current resource estimation. |
| Geological interpretation | <ul style="list-style-type: none"> The Grants iron ore resource is hosted by the regionally extensive Neoproterozoic Braemar Iron Formation. It is normally steeply to shallowly dipping and may be up to 200m thick, comprising multiple iron formation and interbedded tillite horizons. The subhorizontal nature of the deposit and keel shape of the Braemar Iron Formation at Grants is interpreted to be due to preservation (or formation) of the deposit in a trough in the older basement rocks. |
| Estimation and Modelling Techniques | <ul style="list-style-type: none"> Polygons and hence triangulations are based on interpretations completed on nominal 150m sections. Triangulated interpretations were generated based on geological criteria and a natural assay break at around 15-18% Fe. The block model was constructed with parent blocks of 20mE by 20mN by 10mRL with sub blocks available to a minimum of 2mE by 2mN by 1mRL. Inverse distance was used to estimate Fe grades and specific gravity. Multiple estimation passes with varying search neighbourhood sizes were run to ensure the accuracy of the result. The search directions for each estimation were aligned with relevant geological correlations and distances based on drill hole spacing. 3m assay composites were used with length weighting used in estimation. A minimum of 2 and maximum of 10 composites were used per estimate. |
| Moisture | <ul style="list-style-type: none"> Tonnes have been estimated on a dry basis. |
| Cut-off parameters | <ul style="list-style-type: none"> The bounding ore envelope was largely defined by geological and assay criteria. The block modeller calculated the volumes and average grades within the bounding ore envelope for Fe cut-offs of 0%, 5%, 10%, 15%, 18% and 20%. |
| Bulk density | <ul style="list-style-type: none"> Density values are based on measurements made by Optimet Laboratories in their Adelaide lab for similar Maldorky iron ore samples with a range of iron contents. Based on the established iron density relationship, each block was assigned a density based on its iron content. |
| Classification | <ul style="list-style-type: none"> Mineral resources have been classified as Inferred based on the relatively wide spacing of drillholes (averaging approximately 180mx180m). Even at this drillhole spacing the deposit is both continuous and predictable. There is little apparent inherent variability in the grades and there appears to be a natural grade cut-off or discontinuity at 15-18% Fe. |

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