



# ACCEPT

## Havilah Resources NL's offer to acquire all of your shares in Geothermal Resources Limited ACN 115 281 144

### Bidder's Statement

Relating to an offer by **Havilah Resources NL ACN 077 435 520**, to acquire all of your shares in **Geothermal Resources Limited** for 1 Havilah Share for every 4 Geothermal Shares you own.

**THIS DOCUMENT CONTAINS IMPORTANT INFORMATION AND REQUIRES YOUR IMMEDIATE ATTENTION. THIS IS AN IMPORTANT DOCUMENT AND SHOULD BE READ IN ITS ENTIRETY. IF YOU ARE IN ANY DOUBT AS TO HOW TO DEAL WITH THIS DOCUMENT, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL OR OTHER PROFESSIONAL ADVISER AS SOON AS POSSIBLE.**

To accept the Offer you should follow the instructions on the enclosed personalised Acceptance Form.

If you have any questions about the Offer, this document or how to accept the Offer, please contact the Offer Information Line on +61 8 8338 9292 (normal charges apply).

If you are not inclined to accept the Offer immediately please retain this Bidder's Statement and the personalised Acceptance Form for future action.

## Important information

**Bidder's Statement** This Bidder's Statement is given by Havilah Resources NL ACN 077 435 520 (Havilah) to Geothermal Resources Limited ACN 115 281 144 under Part 6.5 of the Corporations Act and sets out certain disclosures required by the Corporations Act together with the terms of the Offer to acquire your Geothermal Shares.

This Bidder's Statement is dated 4 October 2011. It includes an Offer dated 13 October 2011 on the Offer Terms set out in section 12.

A copy of this Bidder's Statement was lodged with ASIC and ASX 4 October 2011. None of ASIC, ASX nor any of their officers takes any responsibility for the content of this Bidder's Statement.

**Notice to foreign shareholders** The distribution of this document may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this document should inform themselves of and observe these restrictions. This document has been prepared having regard to Australian disclosure requirements and Australian accounting standards. These disclosure requirements and accounting standards may differ from those in other countries. This document does not constitute an offer to sell to Geothermal shareholders, or a solicitation of an offer to purchase from Geothermal shareholders, any securities in Havilah or Geothermal in any jurisdiction in which such an offer or solicitation would be illegal. In particular, Geothermal shareholders who are Foreign Shareholders are not offered, and will not be issued with, Havilah Shares.

**Forward-looking statements** Statements contained in this document may contain forward-looking statements including statements with respect to Havilah's current intentions (which include those in section 7), statements of opinion and predictions of possible future events. Statements in this document that are not historical facts are 'forward-looking statements'.

Forward-looking statements relate to future matters and are subject to inherent risks and uncertainties. These risks and uncertainties include risks that are specific to the geothermal industry as well as matters such as general economic conditions, many of which are outside the control of Havilah and its Directors. These factors may cause the actual results, performance or achievements of Havilah, Geothermal or the Merged Group to differ, perhaps materially, from the results, performance or achievements expressed or implied by those forward-looking statements. The past performance of Havilah is not a guarantee of future performance.

The forward-looking statements do not constitute a representation that future profits (or any other matter) will be achieved in the amounts or by the dates indicated and are presented as a guide to assist Geothermal shareholders in assessing the Offer. The financial information and other forward-looking statements are based on information available to Havilah or Geothermal at the date of this document and should be read in conjunction with the assumptions underlying their preparation as set out in section 8.7.

Actual outcomes may differ materially from the events, intentions or results expressed or implied by any forward-looking statement in this document.

None of Havilah, its officers, or persons named in this document with their consent or any person involved in the preparation of this document makes any representation or

warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, or any intentions or outcomes expressed or implied in any forward-looking statement. You are cautioned not to place undue reliance on any forward looking-statement, having regard to the fact that the outcome may not be achieved. The forward-looking statements in this document reflect views held only as at the date of this document.

**Estimates and assumptions** Unless otherwise indicated, all references to estimates, assumptions and derivations of the same in this document are references to estimates, assumptions and derivations of the same by Havilah management. Management estimates and assumptions are based on views at the date of this document, and actual facts or outcomes may be materially different from those estimates and assumptions.

**Investment decisions** The information provided in this document is not investment advice and has been prepared without taking into account your individual investment objectives, financial circumstances or particular needs. You should seek independent financial and taxation advice from your financial or other professional adviser before deciding whether to accept the Offer.

**Notice to Geothermal shareholders in New Zealand** In offering Havilah Shares under the Offer in New Zealand, Havilah is relying on the Securities Act (Overseas Companies) Exemption Notice 2002. This document is not a prospectus or an investment statement under New Zealand law, and does not contain all the information that a prospectus or investment statement under New Zealand law is required to contain. New Zealand investors should seek their own advice and satisfy themselves as to the Australian and New Zealand tax implications of participating in the Offer.

**Internet sites** Each of Havilah and Geothermal maintains an internet site. The Havilah internet site is at the URL [www.havilah-resources.com.au](http://www.havilah-resources.com.au) and the Geothermal internet site is at the URL [www.geothermal-resources.com.au](http://www.geothermal-resources.com.au). Information contained in or otherwise accessible through these internet sites is not a part of this document. All references in this document to these internet sites are for your information only.

**Privacy** Havilah, and its share registry, **Computershare Limited**, may collect your information in the process of making and implementing the Offer, including information from the register of Geothermal shareholders for the purposes of making the Offer and, if accepted, administering your holding of Geothermal shares. Your information may be disclosed on a confidential basis to Havilah or its related bodies corporate and external service providers, and may be required to be disclosed to regulators, such as ASIC.

**Defined terms** A number of defined terms are used in this document. Unless expressly specified otherwise, defined terms have the meaning given in the Glossary in section 15. All references to \$, \$A, dollars, ¢ and cents are to Australian currency unless specified otherwise.

**Effect of rounding** A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this document are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this document.

# ACCEPT NOW

## Havilah's Offer of one Havilah Share for each four Geothermal Shares is in the best interests of Geothermal Resources Limited's shareholders.

1. The Offer represents a significant premium of 40% to Geothermal's closing price on Friday 19 August 2011<sup>1</sup> and a 44% premium based on the companies' respective 90 market trading day volume weighted average price (vwap) to 19 August 2011<sup>2</sup>.
2. Geothermal shareholders will receive shares in Havilah, which is a more diversified company that has greater resources to manage both companies' projects.
3. Havilah is better placed to raise the substantial development capital required to develop Geothermal's projects.
4. Havilah has greater resources to compile an application and is more likely to be successful with an application for a Grant for development capital under recently announced Renewable Energy Resources Scheme.
5. Geothermal has limited cash reserves and is very likely to require a capital raising in order to remain a going concern, absent ongoing financial support from Havilah. Geothermal shareholders face the prospect of significant dilution from future capital raisings to fund and develop its projects.
6. Havilah's 58.68% shareholding in Geothermal is a significant deterrent to any alternative bidder.
7. There is a significant risk that Geothermal's share price will fall upon the lapsing of the Havilah bid.
8. Geothermal's independent director, Mr Janes, recommends that Geothermal shareholders accept the takeover offer by Havilah, subject to the Independent Expert concluding that the offer is fair and reasonable to Geothermal shareholders, and subject to there being no superior proposal and no material adverse event occurring in respect to Havilah.
9. Geothermal directors have indicated that they intend to accept the offer in respect of all their shares.

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<sup>1</sup> Being the last trading day prior to both companies being placed in a trading halt to consider and negotiate the offer.

<sup>2</sup> Based on Geothermal's 90 market trading day VWAP to 19 August 2011 of 11.17 cents and Havilah's 90 market trading day VWAP of 64.29 cents to 19 August 2011.

## Key Dates

Announcement Date	26 August 2011
Register Date	7:00pm on 10 October 2011
Bidder's Statement lodged with ASIC and dated	4 October 2011
Offer opens	* 9:00am (Adelaide time) on 13 October 2011
Offer Closing Date (unless extended or withdrawn)	7:00pm (Adelaide time) on 14 November 2011

\* *Geothermal has given its consent to Havilah despatching this Bidder's Statement to Geothermal shareholders on the Offer Date, being a date earlier than would otherwise apply under section 633 of the Corporations Act.*

## How to Accept

**Acceptance Forms must be received in sufficient time for your instructions to be processed by 7:00 pm (Adelaide time) on 14 November 2011 unless the Offer is extended.**

Subject to section 12.5 of this Bidder's Statement, the Offer may only be accepted for all of your Geothermal Shares.

**For Issuer Sponsored Holdings of Geothermal shares** - If your Geothermal Shares are held on Geothermal's issuer sponsored sub-register (that is, if there is an 'I' appearing before your holder number on the enclosed Application Form), complete sign and return the Acceptance Form in accordance with the instructions on it.

**For CHESSE Holdings of Geothermal shares** - If your Geothermal Shares are held in a CHESSE Holding (that is if there is an 'X' appearing before your holder number on the enclosed Application Form), either:

- contact your Controlling Participant (usually your broker) and instruct them to accept the Offer on your behalf; or
- complete sign and return the Acceptance Form in accordance with the instructions on it.

Post your completed Application Form in the enclosed reply paid envelope to:

Computershare Investor Services  
Level 5, 115 Grenfell St, Adelaide, SA, 5000  
GPO Box 1326, Adelaide, SA, 5001

Registry Telephone      1300 556 161  
Registry Facsimile      1300 534 987

For more details on how to complete your Acceptance Form see section 0 of this Bidder's Statement. If you have any questions about the Offer or this document or about how to accept the Offer, please contact the Havilah Offer Information Line on 08 8338 9292 (from within Australia) or +61 8 8338 9292 (from outside Australia).

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## CHAIRMAN'S LETTER

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30<sup>th</sup> September 2011

Dear Fellow Geothermal Shareholder,

On behalf of the Board of Havilah Resources NL ("Havilah"), we are pleased to enclose an offer to acquire all of your shares in Geothermal Resources Limited ("Geothermal").

The Offer is 1 Havilah Share for every 4 Geothermal Shares you hold.

Although Geothermal holds good quality geothermal tenements, it does not have the capacity to raise significant development funds, and is at a disadvantage in applying for Government grants to develop its geothermal resources because of its poor financial position.

Havilah, as the largest Geothermal shareholder with 58.68%, believes in the long term development potential of Geothermal's geothermal assets. By moving the geothermal energy assets into the Havilah fold we will be able to continue our commitment to alternative energy, and in particular facilitate the exploitation of hot rock energy.

Havilah's Offer of one Havilah Share for each four Geothermal Shares:

- provides you value representing a significant premium to Geothermal's closing price before the announcement of Havilah's intention to make the Offer;
- allows you to become a shareholder in a more diversified company with greater resources to develop Geothermal's assets; and
- allows you to maintain an interest in Geothermal's geothermal projects.

If Havilah's offer for Geothermal is successful, the Merged Group will emerge as a stronger and more diversified group and one with greater capacity to attract interest from the wider investment community. I am confident the Merged Group, with its broader asset base, will be better placed to withstand cyclical downturns in metal prices and the volatility in the broader financial markets.

As Havilah already holds 58.68% of Geothermal, Geothermal is required to appoint an independent expert to assess whether, in the expert's opinion, Havilah's Offer is fair and reasonable to Geothermal's shareholders. Included with this document is Geothermal's Target's Statement which includes all the information known to Geothermal that you would reasonably require to decide whether or not to accept this Offer.

I encourage you to read this Bidder's Statement carefully. If Havilah acquires all Geothermal Shares, Geothermal shareholders (apart from Havilah itself) will hold approximately 4% (undiluted) of Havilah, and you will therefore be in a position to participate on a similar basis with Havilah shareholders in the significant benefits and value the combination of Havilah and Geothermal will create. As with any investment there are risks and these are described in section 9 of this document.

The Offer is open until 7:00 pm (Adelaide time) on 14 November 2011. If you have any questions about the Offer please do not hesitate to contact the offices of Havilah from outside or within Australia on +61 8 8338 9292.

Yours faithfully



K R (Bob) Johnson, Chairman

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## **1. REASONS WHY YOU SHOULD ACCEPT HAVILAH'S OFFER**

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### **1.1 The Offer provides substantial value**

The Offer represents a significant premium of 40% to Geothermal's closing price on Friday 19 August 2011<sup>3</sup> and a 44% premium based on the companies' respective 90 market trading day volume weighted average price (VWAP) to 19 August 2011<sup>4</sup>.

### **1.2 You will hold shares in a more diversified company**

Geothermal shareholders will receive fully paid ordinary shares in Havilah, which is a more diversified company that has greater resources to manage both companies' projects.

### **1.3 Havilah is better placed to develop Geothermal's assets**

Havilah is better placed to raise the substantial development capital required to develop Geothermal's projects.

### **1.4 Havilah is better placed to secure government funding**

Havilah has greater resources to compile an application and is more likely to be successful with an application for a Grant for development capital under recently announced Renewable Energy Resources Scheme. Havilah has greater resources to compile an application, and is in a stronger position to form alliances to gain access to Grants.

### **1.5 Risk of dilution on a capital raising**

Geothermal has limited cash reserves and is very likely to require a capital raising in order to remain a going concern, absent ongoing financial support from Havilah.

Geothermal shareholders face the prospect of significant dilution from future capital raisings to fund and develop its projects.

### **1.6 No alternative offer**

Havilah currently controls 58.68% of Geothermal and considers that the likelihood of another bidder emerging is remote. Havilah's shareholding in Geothermal gives Havilah the ability to preclude any other bidder from obtaining control of Geothermal.

### **1.7 Risk of Geothermal's share price falling**

There is a significant risk that Geothermal's share price will fall upon the lapsing of Havilah's Offer.

### **1.8 Recommendation of Geothermal's Independent Director**

Geothermal's independent director, Mr Janes, recommends that Geothermal shareholders accept the takeover offer by Havilah, subject to the Independent Expert concluding that the offer is fair and reasonable to Geothermal shareholders, and subject to there being no superior proposal and no material adverse event occurring in respect to Havilah.

### **1.9 Geothermal directors intend to accept the offer**

Each of the Directors of Geothermal currently intend to accept or procure acceptance of the Offer in respect of all the Geothermal Shares they own or control, subject to there being no superior proposal, and no Material Adverse Change having occurred.

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<sup>3</sup> Being the last trading day prior to both companies being placed in a trading halt to consider and negotiate the offer.

<sup>4</sup> Based on Geothermal's 90 market trading day VWAP to 19 August 2011 of 11.17 cents and Havilah's 90 market trading day VWAP of 64.29 cents to 19 August 2011.

## 2. FREQUENTLY ASKED QUESTIONS

The information in this section is a summary only of Havilah's Offer and is qualified by the detailed information set out elsewhere in this Bidder's Statement. You should read the entire Bidder's Statement and Geothermal's Target's Statement that will be sent to you soon, before deciding whether to accept the Offer.

<b>Question</b>	<b>Answer</b>	<b>Further information</b>
<b><i>What is Havilah's Offer?</i></b>	Havilah is offering to buy 100% of your Geothermal Shares by way of an off-market takeover bid by issuing to you one Havilah Share for every four Geothermal Shares you hold	Section 12
<b><i>Who is making the Offer?</i></b>	The Offer is being made by Havilah Resources NL.	Sections 3 - 5
<b><i>Are there any conditions to the Offer?</i></b>	In summary, the Offer is subject to the following Defeating Conditions: (a) Havilah holding at least 90% (by number) of Geothermal Shares; (b) receipt of all required regulatory approvals; (c) no restraint arising adversely affecting the Offer; (d) conduct by Geothermal of its business in the ordinary course of business; (e) the exercise or cancellation of all Geothermal Options; (f) no Prescribed Occurrence occurring; (g) no Material Adverse Change occurring; and (h) representations regarding Geothermal's issued securities continue to be true and correct.	Section 13
<b><i>What happens if the conditions are not waived or satisfied?</i></b>	If the conditions to the Offer are not satisfied or waived by the Closing Date, including any extensions to the Closing Date, the Offer will lapse and you will retain your Geothermal Shares.	Section 12.11
<b><i>What is this Bidder's Statement?</i></b>	This Bidder's Statement sets out the terms of the Offer for your Geothermal Shares and information relevant to your decision on whether or not to accept the Offer. It has been issued by Havilah under Part 6.5 of the Corporations Act for distribution to Geothermal shareholders. This Bidder's Statement is an important document. If you are in any doubt as to how to deal with this Bidder's Statement, you should consult your Broker or your legal, financial or other professional adviser as soon as possible.	
<b><i>What happens if I accept the Offer?</i></b>	If you accept the Offer and the Defeating Conditions are satisfied or waived Havilah will acquire your Geothermal Shares. In return you will receive one Havilah Share for every four Geothermal Shares you own.	Section 12
<b><i>When will I receive the Offer Consideration?</i></b>	If you accept the Offer you will receive the Offer Consideration on or before the earlier of: <ul style="list-style-type: none"> <li>• one month after the date the Offer is validly accepted by you or, if the Offer is still conditional when you accept, within one month after the Offer or the contract resulting from your acceptance of the Offer becomes unconditional; and</li> <li>• 21 days after the end of the Offer Period provided that the Offer has become unconditional.</li> </ul>	Section 12.8

<b>Question</b>	<b>Answer</b>	<b>Further information</b>
<b><i>What if I accept the Offer and Havilah then increases the Offer Consideration?</i></b>	You will receive the increased Offer Consideration even though you had already accepted the Offer.	
<b><i>Do I have to pay stamp duty or brokerage charges if I accept the Offer?</i></b>	There are no stamp duty charges or brokerage payable in relation to the Offer.	
<b><i>When does the Offer close?</i></b>	The Offer closes at 7:00pm (Adelaide time) on 14 November 2011 unless it is extended under the Corporations Act. You will receive written notification of any extension.	
<b><i>Can I accept the Offer in respect of part of my holding?</i></b>	No, you may only accept this Offer in respect of all the Geothermal Shares held by you (subject to sections 12.5(c) to 12.5(e) of this Bidder's Statement relating to certain trustees and nominees),	Sections 12.5(c) to 12.5(e)
<b><i>Does the Offer extend to Geothermal options and performance rights?</i></b>	Holders of Geothermal Options and performance rights which are converted into Geothermal Shares before the end of the Offer Period will be able to accept the Offer in respect of the Geothermal Shares which they are issued.	Section 12.5
<b><i>Are there any risks in accepting the Offer?</i></b>	There are a number of risks that may have a material impact upon the implementation of the Offer, the future performance of the Merged Group and the value of Havilah Shares, including Havilah's ability to get its projects into production and normal market risks.	Section 9
<b><i>As a Geothermal shareholder what choices do I have?</i></b>	As a Geothermal shareholder, you have the following choices in respect of your Geothermal Shares: <ul style="list-style-type: none"> <li>• accept Havilah's Offer;</li> <li>• sell your Geothermal Shares on ASX (unless you have previously accepted the Offer); or</li> <li>• do nothing.</li> </ul>	
<b><i>What are the tax implications if I accept the Offer?</i></b>	You should seek your own advice but normal roll-over relief would be expected if Havilah acquires more than 80% of Geothermal's Shares under the Offer.	Section 10
<b><i>How do I accept the Offer?</i></b>	To accept the Offer you should follow the instructions set out in section 0.	Section 0.
<b><i>Can I withdraw my acceptance?</i></b>	Under the terms of the Offer, you cannot withdraw your acceptance unless a withdrawal right arises under the Corporations Act.	
<b><i>What happens if I do not accept the Offer?</i></b>	If you do not accept the Offer, you will remain a Geothermal shareholder. If Havilah acquires more than 90% of Geothermal Shares and the other conditions of the Offer are either satisfied or waived, Havilah intends to proceed to compulsorily acquire your Geothermal Shares. In that case, you will not be paid the consideration for your Geothermal Shares until the end of the compulsory acquisition process.	
<b><i>Where do I go for further information?</i></b>	If you have any questions about Havilah's Offer, this Bidder's Statement or how to accept the Offer, please contact the Offer Information Line on +61 8 8338 9292 (normal charges apply). If you are in any doubt as to how to deal with this document you should consult your legal, financial or other professional adviser as soon as possible.	

### 3. PROFILE OF HAVILAH

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#### 3.1 Sources of information

Havilah Resources NL, (“**Havilah**”) is a “disclosing entity” for the purposes of the Corporations Act and as such is subject to Australian Securities Exchange (“ASX”) continuous reporting and disclosure obligations.

Havilah will provide, free of charge, a copy of Havilah’s 31 July 2010 Annual Financial Statements or a copy of the Havilah’s half yearly report to 31 January 2011 to any GHT shareholder who requests a copy during the offer period.

#### 3.1 Introduction

Havilah is an ASX listed junior explorer, exploring for copper, gold, iron ore, cobalt, tin and other base metals in South Australia. Havilah was officially admitted to the ASX on 18 March 2002 and quoted on the ASX on the 21 March 2002.

#### 3.2 Operations

Havilah is an independent mineral exploration company focused on South Australia and currently has its office in Adelaide, South Australia. It is actively working on bringing several projects into production.

#### 3.3 Projects

Havilah’s six main mineral projects are within the Curnamona Craton in the northeast of South Australia. These are:

##### ***Portia Gold Project (100%)***

A planned open cut gold mine with a granted mining lease, currently seeking approval of the Mining and Rehabilitation Plan. The deposit has a JORC Resource of 67,000 ounces of gold extractable by gravity separation methods.

##### ***Kalkaroo Copper-Gold Project (100%)***

A proposed open cut copper-gold mine project with a JORC Measured resource of 62.5 million tonnes grading 0.52% copper and 0.48 g/t gold. A recent feasibility study funded by Glencore International AG, has indicated that the project is bankable. There is currently a dispute over repayment of part of the cost of the feasibility study, which is the worst case scenario would result in the issue of 10,153,756 Havilah Shares to Glencore International AG.

##### ***Mutooroo Copper-Cobalt Project (100%)***

A copper-cobalt-sulphur project located about 60 km west of Broken Hill, containing a JORC Indicated and Inferred resource of 13.1 million tonnes of 1.48% copper plus substantial cobalt and sulphur. This is initially planned as an open cut mine, which later in its life would move to underground mining.

##### ***North Portia Copper-Gold Project (100%)***

A planned open cut copper-gold mine project with a JORC Inferred resource of 11.3 million tonnes grading 0.89% copper, 0.44 g/t gold and 500 ppm molybdenum. It is located 400 metres north of the Portia Gold Project.

##### ***Maldorky Iron Ore Project (100%)***

An iron ore project with a JORC Indicated resource of 147 million tonnes of iron ore grading 30.1% iron. It is proposed to upgrade the mined ore to a saleable product containing at least 60% iron. This project has the development advantages of minimal overburden and closeness to the Transcontinental Railway (providing access to the coastal port at Adelaide).

##### ***Lilydale Iron Ore Project (100%)***

An iron ore prospect with over 25 km of strike of iron ore formations waiting to be evaluated by resource drilling. Initial reconnaissance drilling results are encouraging with preliminary metallurgy test work indicating that a high quality iron ore product is potentially recoverable.

### **Option and Joint Venture Agreement with MMG Exploration**

Havilah has signed an option and joint venture agreement with MMG Exploration Pty Ltd (MMG) relating to exploration of all Havilah's Curnamona Craton exploration licences north of the Barrier Highway. The Agreement excludes Kalkaroo EL 4645 and ML 6354 covering the Portia and North Portia deposits.

Under the Agreement MMG is required to spend an amount of \$12 million over a period of 5 years on exploration work, which entitles MMG to secure a 60% participating interest in any potential development projects that it identifies within the exploration licences. MMG is required to spend a minimum of \$3 million on exploration prior to withdrawal.

Havilah will retain 100% ownership of the exploration licences and may continue with exploration of them on its own account. During the term of the Agreement Havilah will be obliged to offer MMG a 60% participating interest in any new discoveries it makes for which it is seeking a development partner. In the event MMG elects to participate in a Havilah discovery, MMG will reimburse Havilah twice its verifiable exploration expenditure.

A development project will be operated under a normal joint venture arrangement in which Havilah will have the opportunity to either contribute to maintain its 40% participating interest, or dilute to a 20% project interest carried through to the mine development stage.

Subject to FIRB approval, MMG has also agreed to take a placement of 4,000,000 Havilah shares at an issue price of \$1.25, raising \$5,000,000.

Further information on Havilah Resources projects may be obtained from Havilah's website at [www.havilah-resources.com.au](http://www.havilah-resources.com.au)

### **3.4 Source of Information**

Technical information contained in this section 3 has been extracted from various Havilah ASX announcements released over the last five years. The information relating to mineral resources has been compiled by Competent Persons as defined in the JORC code, and these Competent Persons have consented to the use of this information here. In each case, technical information, including the resource statement, was accompanied by a Competent Persons Statement as reproduced below.

#### **Competent Persons Statement**

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 mineralisation 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 herein in the form and context in which it appears.

### **3.5 Havilah's Board**

Details of the directors of Havilah Resources NL are set out below:

#### **Bob Johnson** (Chairman of Havilah)

KR (Bob) Johnson is a geologist with 40 years experience in professional, management and executive roles. He is an expert in 3D computer modelling of orebodies and computerised mine planning.

Bob was appointed to the board of Havilah on 11 February 1997.

#### **Chris Giles** (Technical Director of Havilah)

Chris Giles is an exploration geologist with over 30 years of technical and management experience in the mineral exploration industry.

Chris was appointed to the board of Havilah on 11 February 1997.

#### **Ken Williams** (Non-Executive Director)

Ken Williams joined the Havilah Board in 2003. He has extensive experience in mining finance and treasury management.

Ken was appointed to the board of Havilah on 15 November 2003.

### **3.6 Havilah's management**

Day to day management of Havilah is carried out by the two executive directors, Dr Bob Johnson and Dr Chris Giles. Both are highly experienced geologists each with over 30 years of experience in the resources industry. Once Havilah moves to mining production the management team will be expanded to ensure mining operations are closely supervised by experienced mining professionals. It is anticipated that the administrative and the technical functions will expand to match the increase in activity as the mines are progressively brought into production.

### **3.7 Relationship with Geothermal**

#### **(a) Shareholding**

In March 2006, Havilah sponsored the Initial Public Offering of Geothermal. Havilah retains a controlling interest in Geothermal and as at the date of this Bidder's Statement, Havilah is the largest shareholder in Geothermal with a Relevant Interest of 58.68%.

#### **(b) Agreements and other Business Dealings**

Geothermal and Havilah are both signatories to services agreements with Maptek Pty Limited, a company wholly owned by K R Johnson. Under the services agreement, Maptek provides certain services to both Geothermal and Havilah including administrative, corporate compliance, accounting and secretarial and computer services. As at the date of this Bidder's Statement, Maptek provides office administration, accounts payable, networked communication services and office space to both Havilah and Geothermal.

## 4. HAVILAH'S FINANCIAL INFORMATION

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### 4.1 Source of information

The information in this section 4 is only a summary of Havilah's historical financial information. Full details of Havilah's historical financial information, including applicable notes and the accounting policies underlying their preparation, are contained in Havilah's half yearly financial report for the half year ended 31 January 2011 which can be found on the Havilah website and in Havilah's past announcements to ASX.

### 4.2 Summary Income Statement

	Half-year ended 31 January 2011	Half-year ended 31 January 2010
	\$	\$
Revenue	170,142	255,559
Other income	158,363	521
Amortisation expense	(48,571)	(57,161)
Depreciation expense	(29,842)	(49,329)
Insurance expense	(51,818)	(40,070)
Management fee and consulting fee expense	(201,494)	(223,916)
Legal fees	(13,156)	(10,073)
Audit and review fees	(16,000)	(21,500)
Listing and shareholder administration fees	(59,260)	(25,936)
Finance costs	(13,324)	(18,256)
Printing expense	(13,500)	(7,008)
Subscriptions expense	(3,465)	(10,300)
Employee expense	(41,241)	(40,857)
Exploration expenditure written off	-	(35,248)
Plant hire expense	-	(59,400)
Motor vehicle expense	(18,919)	(20,222)
Directors fees	(22,500)	(22,500)
Computer charges	(16,862)	(21,136)
Share of loss of associate entity accounted for using the equity method	(258,262)	(102,364)
Share based payments	(1,147,785)	(57,688)
Other expenses	(18,027)	(30,181)
<b>Loss before income tax income</b>	<b>(1,645,521)</b>	<b>(597,065)</b>
Income tax income	13,275	19,175
<b>Loss for the period</b>	<b>(1,632,246)</b>	<b>(577,890)</b>
<b>Other comprehensive income</b>		
Gain on available-for-sale investments taken to equity	44,250	63,917
Income tax expense relating to other comprehensive income	(13,275)	(19,175)
Total other comprehensive income for the period	30,975	44,742
<b>Total comprehensive income for the period</b>	<b>(1,601,271)</b>	<b>(533,148)</b>

Loss attributable to:		
Owners of the parent	(1,626,842)	(493,313)
Non controlling interest	(5,404)	(84,577)
	<u>(1,632,246)</u>	<u>(577,890)</u>
Total comprehensive income attributable to:		
Owners of the parent	30,975	44,742
Non controlling interest	-	-
	<u>30,975</u>	<u>44,742</u>
Earnings per share		
- Basic (cents per share) – profit/(loss)	(1.98)	(0.602)
- Diluted (cents per share) – profit/(loss)	(1.98)	(0.602)

#### 4.3 Summary Balance Sheet

	31 January 2011	31 July 2010
	\$	\$
<b>Current Assets</b>		
Cash and cash equivalents	4,699,437	6,492,540
Trade and other receivables	281,205	28,640
Other	20,247	27,123
		<u>6,548,303</u>
<b>Total Current Assets</b>	5,000,889	6,548,303
<b>Non Current Assets</b>		
Exploration and evaluation expenditure	34,006,164	32,750,661
Investment accounted for using the equity method	4,993,061	5,080,093
Other financial assets	314,667	270,417
Plant and equipment	770,541	747,315
		<u>38,848,486</u>
<b>Total Non Current Assets</b>	40,084,433	38,848,486
		<u>45,396,789</u>
<b>TOTAL ASSETS</b>	45,085,322	45,396,789
<b>Current Liabilities</b>		
Trade and other payables	261,990	268,887
Borrowings	134,078	143,688
Provisions	92,799	134,360
Other liability	14,000,000	14,000,000
		<u>14,546,935</u>
<b>Total Current Liabilities</b>	14,488,867	14,546,935

<b>Non Current Liabilities</b>		
Borrowings	89,419	150,141
Provisions	49,087	-
Other liability	2,445,738	2,445,738
	<hr/>	
<b>Total Non Current Liabilities</b>	2,584,244	2,595,879
	<hr/>	
<b>TOTAL LIABILITIES</b>	17,073,111	17,142,814
	<hr/>	
<b>NET ASSETS</b>	28,012,211	28,253,975
	<hr/>	
<b>Equity</b>		
Issued capital	25,486,778	25,446,287
Reserves	9,813,956	8,495,501
Accumulated losses	(8,507,356)	(6,880,514)
	<hr/>	
Equity attributable to the owners of the parent entity	26,793,378	27,061,274
Non-controlling interest	1,218,833	1,192,701
	<hr/>	
<b>TOTAL EQUITY</b>	28,012,211	28,253,975
	<hr/>	

#### 4.4 Summary Cash Flow Statement

	<b>Half-year ended 31 January 2011</b>	<b>Half-year ended 31 January 2010</b>
	<b>\$</b>	<b>\$</b>
	<hr/>	
<b>Cash flow from operating activities</b>		
Receipts from customers	156,330	163,430
Payments to suppliers and employees	(650,754)	(372,371)
Interest and other costs of finance paid	(30,987)	(16,645)
	<hr/>	
<b>Net cash used in operating activities</b>	(525,411)	(225,586)
	<hr/>	
<b>Cash flow from investing activities</b>		
Interest received	127,554	154,186
Payments for exploration and evaluation	(1,266,527)	(2,116,373)
Government grant received for exploration activities	-	240,585
Payments for plant and equipment	(98,878)	(17,953)
	<hr/>	
<b>Net cash used in investing activities</b>	(1,237,851)	(1,739,555)
	<hr/>	

**Cash flow from financing activities**

Proceeds from issue of equity securities	79,727	-
Payment of costs associated with the issue of listed share options pursuant to a prospectus dated 22 October 2010	(39,236)	-
Repayment of borrowings	(70,332)	(117,102)
<b>Net cash used in financing activities</b>	<b>(29,841)</b>	<b>(117,102)</b>
Net decrease in cash	(1,793,103)	(2,082,243)
<b>Cash and cash equivalents at the beginning of the half-year</b>	<b>6,492,540</b>	<b>10,653,345</b>
<b>Cash and cash equivalents at the end of the half-year</b>	<b>4,699,437</b>	<b>8,571,102</b>

## 5. INFORMATION ABOUT HAVILAH SECURITIES

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### 5.1 Havilah issued securities

As at 29 September 2011, Havilah has:

- 82,948,891 fully paid ordinary shares on issue of which 82,948,891 Havilah Shares are quoted on ASX and may be freely traded.
- 20,149,472 Listed Options quoted on ASX. These options have an exercise date of the 30 October 2013 and an exercise price of \$0.50. Havilah also has 7,745,000 Director and Employee Options on issue which are not quoted on the ASX.

### 5.2 Havilah new Shares

Havilah currently has a dispute with Glencore International concerning the VWAP to be applied to the issue of new fully paid ordinary shares as repayment of \$7m loan to Glencore International. If the dispute is resolved during the Offer Period, this may result in the issue of ordinary shares to Glencore International lying at or somewhere between:

- A. 10,153,756 ordinary shares (assuming a VWAP of \$0.689) or
- B. 3,260,363 ordinary shares (assuming a VWAP of \$2.147)

Havilah will issue 4,000,000 new fully paid ordinary shares at a price of \$1.25 to MMG Exploration Pty Ltd during the Offer Period, if completion of the subscription agreement with MMG Exploration occurs.

### 5.3 Trading of Havilah Shares

The closing sale price of Havilah Shares on ASX on 30 September 2011 (being the last Trading Day before lodgement of the Bidder's Statement with ASIC) was 50 cents.

The highest recorded close price of Havilah Shares on ASX in the four months to the last Trading Day before 29 September 2011 was 73 cents on 9 June 2011.

The lowest recorded close price of Havilah Shares in the four months to the last Trading Day before 29 September 2011 was 49 cents on 9 August 2011.

### 5.4 Dividends

Havilah has not paid dividends. Havilah reviews its corporate dividend policy regularly and will continue to do so.

### 5.5 Havilah substantial holders

As at 29 September 2011, the substantial shareholders in Havilah were:

Name	Number of Havilah Shares	Approximate % holding
Trindal Pty Ltd <Trindal SUPER FUND A/C>	9,312,868	11.25%
IFG Trust (Jersey) Limited	8,262,607	9.98%

### 5.6 Rights and liabilities attaching to the Havilah Shares offered

A summary of the rights which relate to Havilah Shares is set out below. This summary does not purport to be exhaustive or constitute a definitive statement of the rights and liabilities of Havilah's Shareholders.

### 5.7 Voting

At a general meeting of Havilah on a show of hands, every member present in person, or by proxy, attorney or representative has one vote and upon a poll, every member present in person, or by proxy, attorney or representative has one vote for every Share held by them.

## 5.8 Dividends

The Shares will rank equally with all other issued Shares in the capital of Havilah and will participate in dividends out of profits earned by Havilah from time to time. Subject to the rights of holders of Shares of any special preferential or qualified rights attaching thereto, the profits of Havilah are divisible amongst the holders of Shares in proportion to the Shares held by them irrespective of the amount paid up or credited as paid up thereon. The Directors may from time to time pay to Shareholders such interim dividends as in their judgement the position of Havilah justifies.

## 5.9 Winding Up

Upon paying the application moneys, Shareholders will have no further liability to make payments to Havilah in the event of Havilah being wound up pursuant to the provisions of the Corporations Act.

## 5.10 Transfer of Securities

Generally, the Shares and Options in Havilah will be freely transferable, subject to satisfying the usual requirements of security transfers on the ASX. The Directors may decline to register any transfer of Shares but only where permitted to do so under its Constitution or the ASX Listing Rules.

## 5.11 Sale of Non-Marketable Holdings

The Company may take steps in respect of non-marketable holdings of Shares in Havilah to effect an orderly sale of those Shares in the event that holders do not take steps to retain their holdings in accordance with the Constitution and the ASX Listing Rules.

For more particular details of the rights attaching to Havilah Shares, investors should refer to the Constitution of the Company.

## 5.12 Havilah employee share plan

Havilah operates an Employee share scheme as an incentive to employees and as a retention benefit to key employees.

## 5.13 Havilah top 20 shareholders

Havilah's top 20 shareholders as at the date of this Bidder's Statement are listed in the table below.

Holder Name	No. of shares
TRINDAL PTY LTD <TRINDAL SUPER FUND A/C>	9,321,868
IFG TRUST (JERSEY) LIMITED	8,262,607
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,477,387
MRS SELVIE TJOWASI	2,027,800
HEILONGJIANG RESOURCES LIMITED	1,990,500
STATSMIN NOMINEES PTY LTD	1,876,149
WOOLSTHORPE INVESTMENTS LIMITED	2,173,510
TRINDAL PTY LTD	1,422,629
MACQUARIE BANK LIMITED <METALS & ENERGY CAP DIV A/C>	1,337,833
CITICORP NOMINEES PTY LIMITED	1,288,836
MR BRIAN KENNETH MURPHY <MURPHY'S SUPER FUND A/C>	1,144,910
PROF GEOFFREY DRISCOLL + MRS JAN DRISCOLL <DRISCOLL S/FUND A/C>	1,100,000
STATSMIN NOMINEES PTY LTD <STATSMIN SUPER FUND A/C>	1,066,000
WILLSTREET PTY LTD	1,050,000
SYDNEY FUND MANAGERS LTD	1,000,000
MRS JANET MOYES	800,978
J P MORGAN NOMINEES AUSTRALIA LIMITED	784,285
GREGORACH PTY LTD	788,005
DR KEITH ROBERT JOHNSON	756,467
ROCKLAND PTY LTD	699,693

#### 5.14 Directors' interests in Havilah Shares

As at the date of this Bidder's Statement, the Directors had the following Relevant Interests in Havilah Shares:

<b>Director</b>	<b>Number of Havilah shares</b>	<b>Number of Havilah options</b>
K R Johnson	3,865,281	4,231,133
C W Giles	10,878,508	6,237,412
K G Williams	214,297	853,575
<b>Total</b>	<b>14,958,086</b>	<b>10,468,545</b>

Havilah Shares may be held either directly or indirectly by a Havilah Director.

## **6. PROFILE OF GEOTHERMAL**

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### **6.1 Sources of information / disclaimer**

Geothermal is a “disclosing entity” for the purposes of the Corporations Act and as such is subject to ASX continuous reporting and disclosure obligations. The following information about Geothermal has been prepared by Havilah using publicly available information and information provided by Geothermal that has not been independently verified. Accordingly Havilah does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of this information. The information regarding Geothermal in this document should not be regarded as comprehensive.

Information in this section which has been released to ASX by Geothermal or provided to Havilah by Geothermal is dealt with in summary form only. You should refer to the Target's Statement which has been included in the package sent to you for more information in relation to Geothermal and you may also wish to view Geothermal's website [www.geothermal-resources.com.au](http://www.geothermal-resources.com.au).

A list of announcements made by GHT to ASX between the date of lodgement with ASIC of its annual financial report for the year ended 31 July 2010 and 29 September 2011 (being the day before the date of lodgement of this Bidder's Statement with ASIC) appears in Annexure C.

### **6.2 Overview**

Geothermal is an explorer aiming to find and develop geothermal resources based on excessive heat flows in parts of the Earth's crust.

### **6.3 Operations**

Geothermal has no active operations other than its exploration program which is currently operating on a minimal, tenement maintenance basis. The Renewable Energy Resources Scheme announced by the Federal government in July may be an avenue to advance the work on Geothermal's properties.

### **6.4 Development**

Geothermal has no active developments as the projects are still immature.

### **6.5 Exploration**

Drilling activity is dormant due to lack of funds. Any exploration work is confined to computer modelling studies.

The Frome Project in the Curnamona Craton is a hot buried granite project focusing on the hot dry rock concept to provide a heat source to heat circulating water to power an electricity generator. It is about 80 km from some of Havilah's mineral projects.

Geothermal's second project is the Crower Project in the Otway Basin where the focus is on exploitation of hot sedimentary aquifers. Here thick porous sandstone formations contain groundwater heated by the hot underlying granitic basement. While the temperatures are likely to be lower than in the Frome granite source, the drilling risk is considered to be lower, due to the numerous petroleum drillholes in the region. Geothermal has not drilled in this region, although seismic studies using public domain data have indicated some targets of potential interest.

### **6.6 Reserves and Resources**

Based on its deep drilling of the Frome project, Geothermal has published an Inferred Resource estimate for the thermal energy in place for the defined resource area of 84,000 PJ. The Inferred Resource status reflects the uncertainty concerning how much of this in place thermal energy will ultimately prove to be recoverable. Geothermal sought unsuccessfully to obtain a Geothermal Development Project grant for \$7m to assist it take the Frome project to the next “proof of concept” stage, in which a circulating hot water system would be established in hydro-fractured rock between two deep wells drilled into the hot fractured granite heat source.

The Competent Persons Statement accompanying this resource estimate is reproduced below. “This geothermal resource estimate was compiled by Dr Chris Giles in accordance with the guidelines defined in Edition 1 (2008) of the “Geothermal Reporting Code, 2008”. Dr Giles is a member of The Australian Institute of Geoscientists and is employed by the Company on a consulting contract. He has sufficient experience which is relevant to the style of geothermal play under consideration to qualify as a Competent Person as defined in Edition 1 (2008) of the “Geothermal Reporting Code, 2008”. Dr Giles consents to the release of the information compiled in this report in the form and context in which it appears.”

## 6.7 Geothermal's capital structure

As at 29 September 2011, Geothermal had the following classes of securities and number of securities in those classes:

Class of securities	Number of securities in the class
Ordinary shares	35,869,753
Unlisted options	2,425,000

## 6.8 Market information about Geothermal shares

In the four month period prior to the Offer the range of prices of shares traded were

Maximum 23.5 cents 14 July 2011

Minimum 7.5 cents 30 June 2011

## 6.9 Employee & Directors Share Options

Geothermal operates an Employee Share Option Plan as an incentive to employees and as a retention benefit to key employees.

A total of 425,000 employee options in Geothermal have been issued to employees under the Employee Share Option Plan and a total of 2,000,000 options have been issued to Directors.

Geothermal options issued under the employee share option plan and options issued to Directors are unlisted and lapse upon termination of employment of the relevant employee or Director. All options vest in the event of a takeover offer

It is important to note that the Offer does not extend to the Geothermal employee or Director's options. Accordingly, holders of Geothermal employee and Director options may exercise all of their options and obtain Geothermal Shares, for which they may or may not accept the Offer

With respect to options held by Directors, it is the present intention of each of the Directors to exercise their options prior to the close of the offer, subject to there being no superior proposal and no material adverse change in respect to Havilah. The holders of the employee options have not indicated their intent at this stage.

As part of the Takeover Bid Implementation Agreement, Havilah and Geothermal agreed that each party will use their respective reasonable endeavours to procure the Options are exercised or cancelled 7 days before the Conditions Notice Date, and Havilah will provide Geothermal with such assistance as it is reasonably able to provide to procure the exercise or cancellation of the Options.

## 6.10 Source of financial information

The information in section 6.10 is only a summary of Geothermal's historical financial information. Full details of Geothermal's historical financial information, including applicable notes and the accounting policies underlying their preparation, are contained in Geothermal's Half Yearly Financial Report for the half year ended 31 January, 2010 which can be found on the Geothermal website and in Geothermal's past announcements to ASX.

## 6.11 Summary income statement

	Half-year ended 31 January 2011	Half-year ended 31 January 2010
	\$	\$
Revenue	112,092	14,280
Other income	158,363	-
Depreciation expense	(5,994)	(9,267)
Amortisation expense	(4,328)	(5,432)
Directors fees	(7,333)	(10,000)
Consulting fees	(10,000)	(20,900)
Insurance expense	(2,247)	(1,454)
Management fee expense	(86,741)	(86,741)
Legal fees	(2,361)	-
Audit and review fees	(7,000)	(13,000)
Staff training	-	(3,000)
ASX listing fees	(1,783)	(2,407)
Shareholder administration fees	(15,306)	(7,827)
Printing expense	(4,500)	(3,223)
Salary expense	(52,982)	-
Annual leave expense	(612)	(3,197)
Share based payments	(76,322)	(6,292)
Finance costs	(95)	(952)
Exploration expenditure written off	-	(35,248)
Motor vehicle expense	(1,034)	(984)
Other expenses	(4,896)	(9,043)
<b>Loss before income tax expense</b>	<b>(13,079)</b>	<b>(204,687)</b>
Income tax expense	-	-
<b>Loss for the period</b>	<b>(13,079)</b>	<b>(204,687)</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b>(13,079)</b>	<b>(204,687)</b>
Earnings per share		
- Basic (cents per share) – (loss)	(0.04)	(0.57)
- Diluted (cents per share) – (loss)	(0.04)	(0.57)

## 6.12 Summary balance sheet

	31 January 2011	31 July 2010
	\$	\$
<b>Current Assets</b>		
Cash and cash equivalents	206,329	366,278
Trade and other receivables	223,938	8,280
<b>Total Current Assets</b>	<u>430,267</u>	<u>374,558</u>
<b>Non Current Assets</b>		
Plant and equipment	90,412	100,734
Exploration and evaluation expenditure	4,505,403	4,486,266
<b>Total Non Current Assets</b>	<u>4,595,815</u>	<u>4,587,000</u>
<b>TOTAL ASSETS</b>	<u>5,026,082</u>	<u>4,961,558</u>
<b>Current Liabilities</b>		
Trade and other payables	69,107	68,438
Provisions	12,009	11,397
<b>Total Current Liabilities</b>	<u>81,116</u>	<u>79,835</u>
<b>Non Current Liabilities</b>		
Other (deferred income)	1,995,225	1,995,225
<b>Total Non Current Liabilities</b>	<u>1,995,225</u>	<u>1,995,225</u>
<b>TOTAL LIABILITIES</b>	<u>2,076,341</u>	<u>2,075,060</u>
<b>NET ASSETS</b>	<u>2,949,741</u>	<u>2,886,498</u>
<b>Equity</b>		
Issued capital	3,896,993	3,896,993
Reserves	176,608	100,286
Accumulated losses	(1,123,860)	(1,110,781)
<b>TOTAL EQUITY</b>	<u>2,949,741</u>	<u>2,886,498</u>

## 6.13 Summary cash flow statement

	Half-year ended 31 January 2011	Half-year ended 31 January 2010
	\$	\$
<b>Cash flow from operating activities</b>		
Receipts from customers	117,729	-
Payments to suppliers	(226,465)	(124,711)
Interest and other costs of finance paid	(95)	(952)
<b>Net cash used in operating activities</b>	<b>(108,831)</b>	<b>(125,663)</b>
<b>Cash flow from investing activities</b>		
Interest received	4,991	14,280
Payments for exploration and evaluation	(56,108)	(659,481)
Government grants received for exploration activities	-	240,585
Payments for plant and equipment	-	(5,455)
<b>Net cash used in investing activities</b>	<b>(51,117)</b>	<b>(410,071)</b>
<b>Cash flow from financing activities</b>		
Repayment of borrowings	-	(32,070)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(32,070)</b>
Net decrease in cash	(159,948)	(567,804)
<b>Cash and cash equivalents at the beginning of the half-year</b>	<b>366,278</b>	<b>1,180,812</b>
<b>Cash and cash equivalents at the end of the half-year</b>	<b>206,330</b>	<b>613,008</b>

## 6.14 Geothermal Board

Details of the directors of Geothermal Resources Limited are set out below:

### **Bob Johnson** (Chairman of Geothermal)

KR (Bob) Johnson is a geologist with 40 years experience in professional, management and executive roles. He is an expert in 3D computer modelling of orebodies and computerised mine planning.

Bob was appointed to the board of Geothermal on 14 July 2005.

### **Chris Giles** (Technical Director of Geothermal)

Chris Giles is an exploration geologist with over 30 years of technical, and management experience in the mineral exploration industry.

Chris was appointed to the board of Geothermal on 14 July 2005.

### **Ken Williams** (Non-Executive Director of Geothermal)

Ken Williams joined the Havilah Board in 2003. He has extensive experience in mining finance and treasury management.

Ken was appointed to the board of Geothermal on 14 July 2005..

### **Martin Janes** (Non-Executive Director of Geothermal)

Mr Janes is an experienced mining finance executive. He has held senior Treasury roles with Normandy Mining Limited, Newmont Mining Corporation and until December 2010 was Chief Financial Officer of Terramin Australia Limited. Mr Janes is currently General Manager – Marketing and Project Finance at an ASX listed mining company and brings a wealth of experience in corporate finance and mergers and acquisitions.

Martin was appointed to the board of Geothermal on 21 August 2011.

## 6.15 Directors' Interest in Geothermal Resources

As at the date of this Bidder's Statement, the Directors had the following Relevant Interests in Geothermal shares:

<b>Director</b>	<b>Number of Geothermal Shares</b>	<b>Number of Geothermal Options (unlisted)</b>
K R Johnson	671,263	900,000
C W Giles	627,726	900,000
K G Williams	86,307	200,000
M Janes	3,000	nil

Geothermal Shares may be held either directly or indirectly by a Geothermal Director.

Each of the Directors currently intend to accept or procure acceptance of the Offer in respect of all the Geothermal Shares they own or control, subject to there being no superior proposal, and no Material Adverse Change having occurred.

Geocom Pty Ltd and Maptek Pty Ltd (companies owned by Dr Giles and Dr Johnson respectively) have consulting contracts with Geothermal, and Maptek Pty Ltd has a management services contract with Geothermal. Geocom Pty Ltd and Maptek Pty Ltd have agreed that they will waive any termination payments due to them by Geothermal, due to early termination of their contracts, subject to fulfilment or waiver of all Defeating Conditions.

## **7. HAVILAH'S INTENTIONS IN RELATION TO GEOTHERMAL**

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### **7.1 Overview of intentions**

This section sets out the intentions of Havilah on the basis of the facts and information concerning Geothermal which are available to Havilah at the time of preparation of this document and the existing circumstances affecting the business of Geothermal so far as they are known to Havilah, in relation to the following:

- (a) the continuation of, and changes to, Geothermal's business and assets;
- (b) the compulsory acquisition of Geothermal's shares and delisting of Geothermal; and
- (c) the future employment of present employees of Geothermal.

All statements of intention in this section are statements of current intention only and may change as new information becomes available and/or circumstances change.

### **7.2 Background to intentions**

It is Havilah's current intention to maintain Geothermal's geothermal tenements and work towards their development as alternative energy sources. These assets, if brought to development, may be valuable for Havilah.

Geothermal has not been able to raise new capital or attract a funding partner for its assets. While Geothermal has estimated heat resources for the tenements, the economic climate is such that funding development will be a long term exercise requiring patience and persistence. Emerging Renewables Program grants will be applied for wherever applicable and these may be done in association with other parties to enhance the chances of success.

### **7.3 Intentions following Havilah acquiring 90% of more of Geothermal shares**

If Havilah acquires a relevant interest in 90% or more of the shares in Geothermal, it has the following intentions:

#### **Corporate Matters**

- (a) Proceed with the compulsory acquisition of the outstanding Geothermal shares in accordance with the provisions of the Corporations Act.
- (b) Make arrangements for Geothermal to be removed from the official list of ASX.

#### **Operations, developments and exploration**

Geothermal's activity will be managed internally by Havilah once the acquisition is complete and accounting systems adjusted to track the costs associated with the geothermal division of Havilah. The staff and executive directors of Havilah will manage and carry out work on Geothermal's projects as Havilah management considers appropriate.

#### **Geothermal management**

Only one geologist now works in Geothermal. It is Havilah's intention that this employee will be transferred to Havilah. No loss of knowledge is anticipated.

### **7.4 Intentions if Havilah acquires less than 90% of Geothermal Shares**

The Offer is subject to a number of conditions, including a condition that Havilah and its Associates acquire a relevant interest in 90% or more of the Geothermal Shares on issue. Havilah does not currently intend to waive this condition. However, if it does not acquire 90% or more of the Geothermal Shares on issue, but waives that condition, then Havilah has the following intentions.

#### **Corporate matters**

Havilah intends to maintain Geothermal's listing on ASX while it meets ASX requirements for maintaining a listing and it is cost effective to do so. If Havilah becomes entitled at some later time to exercise general compulsory acquisition rights under the Corporations Act, it would exercise those rights.

**Assumption of control of Board and management**

Subject to the Corporations Act and the constitution of Geothermal, Havilah will seek to remove one member of the board of Geothermal to reflect Havilah's proportionate ownership interest in Geothermal. Havilah will seek, through its nominees on the board of Geothermal, to implement the intentions detailed in section 7.3 to the extent that they are consistent with Geothermal being a controlled entity of Havilah and are considered to be in the best interests of all Geothermal shareholders.

**Other intentions**

Subject to the above, it is the present intention of Havilah on the basis of the information concerning Geothermal which is known to it at the date of this document and the existing circumstances affecting the business of Geothermal, that:

- (a) the business of Geothermal will be otherwise continued in substantially the same manner as it is presently being conducted;
- (b) no other major changes will be made to the business of Geothermal;
- (c) there will not be any other redeployment of the fixed assets of Geothermal; and
- (d) the present employees of Geothermal will be employed by Havilah.

## **8. PROFILE OF THE MERGED GROUP**

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### **8.1 Overview of the Merged Group**

The Merged Group will provide shareholders with a diversified exploration company with potential for significant growth resulting in economic benefits which may not be available to either Havilah or Geothermal individually.

### **8.2 Pro forma historical information for the Merged Group**

This section 8 contains reviewed pro forma financial information for the Merged Group, reflecting the aggregated businesses of Havilah and Geothermal. The pro forma financial information is presented in this section 8 to provide Geothermal shareholders with an indication of the profile of the Merged Group as at the latest disclosed reviewed financial accounts for both Havilah and Geothermal, being 31 January 2011.

Since Geothermal is already a partly owned subsidiary of Havilah the accounts of Havilah are already consolidated to include the accounts of Geothermal.

The information in this section 8 is presented on a reviewed pro forma basis only. As a result it is likely that this information will differ from the actual financial information for the Merged Group. The pro forma historical balance sheet of the Merged Group as at 31 January 2011 and the pro forma adjustments are disclosed in this section 8.

### **8.3 Basis of preparation of the Merged Group pro forma financial information**

The Merged Group pro forma financial information has been prepared on the basis that Havilah acquires Geothermal and accordingly:

- (a) the accounting policies of the Merged Group used to prepare the Merged Group pro forma financial information are based on AASB standards; and
- (b) the Merged Group pro forma financial information has been presented based on the reviewed historical financial statements of Havilah and Geothermal as at 31 January 2011; and
- (c) the Merged Group pro forma financial information is presented in abbreviated form and does not contain all the disclosures that are usually provided in an half year financial report in accordance with the Corporations Act. In particular it does not include notes to and forming part of the financial statements of Havilah or Geothermal.

No adjustments have been made in the Merged Group pro forma financial information for any expected synergies, integration costs, changes in interest income or expense or other costs that may impact the consolidated income statement following the acquisition by Havilah of all Geothermal shares. No adjustments have been made in the Merged Group pro forma financial information for any one-off or non-recurring costs or discontinued operations.

### **8.4 Pro forma unaudited consolidated balance sheet as at 31 January 2011**

The Merged Group's reviewed pro forma balance sheet is compiled from the aggregation of the:

- (a) Havilah historical consolidated balance sheet as at 31 January 2011, a summary of which is set out in section 4.3 of this Bidder's Statement;
- (b) Geothermal historical consolidated balance sheet as at 31 January 2011, a summary of which is set out in section 6.12 of this Bidder's Statement;
- (c) pro forma adjustments to reflect the acquisition of Geothermal by Havilah as if Havilah acquired all Geothermal shares on 31 January 2011.

Set out the below is the Merged Group's reviewed pro forma historical balance sheet as at 31 January 2011. Since the Havilah accounts are already consolidated to include its subsidiary Geothermal, the pro forma balance sheet is similar that for Havilah Resources apart from adjustments related to this transaction.

	<b>Pro Forma Balance Sheet 31 January 2011</b>	<b>Adjustments</b>	<b>Adjusted Pro Forma Balance Sheet 31 January 2011</b>
	\$	\$	\$
<b>Current Assets</b>			
Cash and cash equivalents	4,699,437	5,300,000	9,999,437
Trade and other receivables	281,205		281,205
Other	20,247		20,247
<b>Total Current Assets</b>	<b>5,000,889</b>		<b>10,300,889</b>
<b>Non Current Assets</b>			
Exploration and evaluation expenditure	34,006,164		34,006,164
Investment accounted for using the equity method	4,993,061		4,993,061
Other financial assets	314,667		314,667
Plant and equipment	770,541		770,541
<b>Total Non Current Assets</b>	<b>40,084,433</b>		<b>40,084,433</b>
<b>TOTAL ASSETS</b>	<b>45,085,322</b>		<b>50,385,322</b>
<b>Current Liabilities</b>			
Trade and other payables	261,990		261,990
Borrowings	134,078		134,078
Provisions	92,799		92,799
Other liability	14,000,000		14,000,000
<b>Total Current Liabilities</b>	<b>14,488,867</b>		<b>14,488,867</b>
<b>Non Current Liabilities</b>			
Borrowings	89,419		89,419
Provisions	49,087		49,087
Other liability	2,445,738		2,445,738
<b>Total Non Current Liabilities</b>	<b>2,584,244</b>		<b>2,584,244</b>
<b>TOTAL LIABILITIES</b>	<b>17,073,111</b>		<b>17,073,111</b>
<b>NET ASSETS</b>	<b>28,012,211</b>	<b>5,300,000</b>	<b>33,312,211</b>

The pro-forma balance sheet shows adjustments based on the following transactions as if they occurred on 31 January 2011.

Exercise of 2,000,000 options held by the directors of Geothermal Resources at an exercise price of 0.15 cents.

Placement of 4,000,000 Havilah shares at an issue price of \$1.25 to MMG Exploration Pty Ltd in terms of subscription agreement.

## 8.5 Notes to pro-forma consolidated balance sheet

Since the Havilah accounts are already consolidated to include its subsidiary Geothermal, the pro forma balance sheet is the same as that for Havilah Resources NL apart from the adjustments below.

## 8.6 Pro forma adjustments

The following pro forma adjustments (listed as notes in the reviewed pro forma historical balance sheet in section 8.4 above) have been made in the compilation of Merged Group pro forma financial information on the assumed acquisition of all Geothermal shares by Havilah:

- (1) Payment of advisory fees on completion of the Offer estimated at \$100,000.
- (2) Havilah's purchase of all Geothermal shares on the issue of 1 Havilah share to Geothermal shareholders for every 4 Geothermal shares held. The number of Havilah Shares issued for Geothermal will be 4,311,969 valued at \$2,587,181. This assumes 2,425,000 Geothermal options will be exercised during the Offer Period.
- (3) Placement of 4,000,000 Havilah shares at an issue price of \$1.25 to MMG Exploration Pty Ltd in terms of the subscription agreement.

## 8.7 Main assumptions

It has been assumed that:

- (a) 86,948,891 Havilah Shares are on issue immediately prior to Havilah acquiring all Geothermal shares;
- (b) 35,869,753 Geothermal shares are on issue immediately prior to Havilah acquiring all Geothermal shares of which Havilah already holds 21,046,878 shares leaving 14,822,875 to be acquired;
- (c) Havilah's share price is 60 cents (being the closing price of Havilah Shares on ASX on 15 November 2011) on the date Havilah acquires all Geothermal shares;
- (d) for the purposes of calculating goodwill in the pro forma Merged Group balance sheet as at 31 January 2011, the book value of Geothermal's assets and liabilities is assumed to be equal to their fair value as at 31 January 2011. The fair value assessment post acquisition may result in the identification of differences from book value which could materially impact the gain recognised on acquisition in the Merged Group's pro forma balance sheet.

## 8.8 Material items post 31 January 2011

Since 31 January 2011 the following material event should be considered in addition to the pro forma Merged Group's balance sheet (and which is not taken account of in the pro forma Merged Group's balance sheet):

**Geothermal Resources Short Term Support Letter** On the 19<sup>th</sup> August, 2011 Havilah issued a letter of support for Geothermal Resources guaranteeing that Geothermal would be provided with financial support (if required) by Havilah to support the 'going concern' requirements of the auditors.

## 8.9 Outlook for the Merged Group

If Havilah acquires all Geothermal Shares Havilah will remain the entity listed on the ASX and will be the ultimate holding company for all companies within the new Merged Group. The acquisition by Havilah of all Geothermal Shares will result in a Merged Group with a diversified portfolio of mineral and geothermal tenements.

This Bidder's Statement does not include forecasts or projections for production or earnings in relation to Havilah or the Merged Group. Havilah believes that the inclusion of such forecasts would be unduly speculative and potentially misleading to Geothermal shareholders, particularly in the current uncertain economic environment and due to the effect that minerals and energy prices may have on future production and earnings performance.

## 8.10 Merged Group top 20 shareholders

Holder Name	Number of shares
TRINDAL PTY LTD <TRINDAL SUPER FUND A/C>	9,426,643
IFG TRUST (JERSEY) LIMITED	8,462,607
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,500,276
MRS SELVIE TJOWASI	2,187,033
WOOLSTHORPE INVESTMENTS LIMITED	2,173,510
HEILONGJIANG RESOURCES LIMITED	1,990,500
STATSMIN NOMINEES PTY LTD	1,876,149
TRINDAL PTY LTD	1,422,629
MACQUARIE BANK LIMITED <METALS & ENERGY CAP DIV A/C>	1,337,833
CITICORP NOMINEES PTY LIMITED	1,288,836
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	1,246,397
STATSMIN NOMINEES PTY LTD <STATSMIN SUPER FUND A/C>	1,186,378
MR BRIAN KENNETH MURPHY <MURPHY'S SUPER FUND A/C>	1,144,910
PROF GEOFFREY DRISCOLL + MRS JAN DRISCOLL <DRISCOLL S/ FUND A/C>	1,100,000
WILLSTREET PTY LTD	1,050,000
SYDNEY FUND MANAGERS LTD	1,000,000
MRS JANET MOYES	819,978
GREGORACH PTY LTD	802,532
DR KEITH ROBERT JOHNSON	758,467
ROCKLAND PTY LTD	699,693

## 8.11 Pro forma capital structure

A pro forma capital structure of Havilah upon completion of the Offer is set out below. This capital structure has been prepared on the basis that Havilah acquires all Geothermal Shares that it does not already own and that none of the options in Havilah are exercised before the close of the Offer, that all of the Geothermal Options are exercised prior to the close of the Offer and that a placement of 4,000,000 ordinary shares in Havilah is made to MMG during the Offer Period

Total Number of Ordinary shares on Issue in Havilah (post merger)	91,260,859
Total number of Listed Havilah Options (post merger)	20,149,472
Total number of Unlisted Havilah Options (post merger)	10,745,000

As noted under section 5.2, new Ordinary shares in Havilah may be issued during the Offer Period to Glencore International in repayment of a \$7m loan.

At the lower VWAP of \$0.6894, the Total Number of Ordinary shares on Issue in Havilah (post merger) would increase to: 101,414,615

At the higher VWAP of \$2.147, the Total Number of Ordinary shares on Issue in Havilah (post merger) would increase to: 94,521,222

## 8.12 Dividends

The current Havilah dividend policy will be maintained. Once some of Havilah's projects generate surplus profits, directors will consider paying some surplus funds as dividends to shareholders.

## **9. INVESTMENT RISKS**

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### **9.1 Introduction**

An overview of the key risks that may have a material adverse impact upon the implementation of the Offer, the future performance of the Merged Group and the value of Havilah Shares are described in this Bidder's Statement and include those risks set out in this section 9. The risks identified in this section 9 are not exhaustive. Havilah gives no assurances or guarantees of future performance or profitability, or payment of dividends by, the Merged Group.

Additionally Havilah gives no assurances or guarantees that the risks set out in this document will not change. There may be other material risks which are not disclosed in this document because they were not known by Havilah or were not considered to be material at the date of this Bidder's Statement. Many of the risks below arising from Havilah's Offer are also inherent within each of Geothermal and Havilah as separate entities.

The value of the Offer to Geothermal shareholders will depend upon the future performance of the Merged Group and the value of those Havilah Shares. As a result, Geothermal shareholders should carefully consider both the risks affecting the Offer and those risks affecting the future performance of the Merged Group and the value of the Havilah Shares.

Geothermal shareholders should be aware that an investment in the Merged Group has risks which are associated with investing in listed securities. Any future dividends, the value of the Merged Group's assets and the market value or price of the Havilah Shares quoted on ASX may be influenced by these and other risk factors.

Many of these factors are common to those affecting the current performance of Havilah and Geothermal. Some of the risks may be mitigated by the use of safeguards and appropriate systems and controls. However, many risks that may affect the Merged Group are outside the control of Havilah, Geothermal and the Merged Group.

This section 9 does not take into account the investment objectives, financial circumstances or particular needs of individual Geothermal shareholders. It is important that Geothermal shareholders carefully read this Bidder's Statement in its entirety (particularly the risks set out in this section 9), consider their personal circumstances (including financial and taxation issues) and seek independent professional advice before deciding whether to accept the Offer.

### **9.2 Specific risk factors that affect the Merged Group**

Set out below are some of the key risks that have been identified as potentially affecting the performance of the Merged Group, the ability of the Merged Group to pay dividends and the value of the Havilah Shares.

The past performance of Havilah and Geothermal is not necessarily representative of the future performance of the Merged Group or the value of Havilah Shares.

#### **(a) Metal prices**

Any future earnings of the Merged Group will be significantly affected by local and worldwide metal prices. Low metal prices will have a materially adverse affect on the Merged Group. It is not possible to accurately predict future movements in metal prices particularly in the current uncertain economic environment.

#### **(b) Production and operation risks**

Mining activities carry an inherent degree of risk. Various production and operational factors could affect the success of the Merged Group. These include unanticipated mining or geological conditions, climatic conditions, environmental issues, exploration results, equipment failures, transport interruptions, processing inputs, industrial disputes, cost overruns and other general operating risks. Geothermal shareholders will be exposed to production and operational risks associated with Havilah's business if Havilah acquires all Geothermal Shares.

Certain approvals (whether regulatory, environmental or otherwise) may be needed in connection with the operations of the Merged Group and there is a risk that these approvals will not be given, or will be delayed.

### **(c) Development Consents**

There is a risk that additional development consents will be required. There is also a risk that the Merged Group will not be able to satisfy the requirements to obtain these development consents or will be able to obtain such consents only on onerous terms and conditions. The Merged Group may also incur material expenses and costs in seeking and obtaining such consents.

### **(d) Developments**

Development projects may incur further costs than currently anticipated or may be delayed due to the need to obtain regulatory approvals or licenses or due to problems with contractors or suppliers, financing issues or accidents during construction or commissioning of mines.

### **(e) Timing delays**

There is a risk that the Merged Group will not achieve its financial and strategic goals due to delays or difficulties occurring during the integration of the two businesses.

### **(f) Increased Financing costs**

Havilah may incur greater than anticipated implementation costs during the integration of the businesses of Havilah and Geothermal. The net funds of the Merged Group may not be sufficient for expenditure that may be required to integrate the operations of Havilah and Geothermal or to expand its operations or projects or for other capital expenditure, further exploration or feasibility studies or otherwise in the Merged Group's operations. The Merged Group may need to raise additional debt or equity funds in the future. There is no assurance that the Merged Group will be able to obtain additional debt or equity funding when required in the future, or that the terms associated with such funding will be acceptable to the Merged Group, particularly having regard to the current uncertain economic environment and the effect that metal prices may have on future production and earnings performance. This may have an adverse effect on the Merged Group's financial results.

### **(g) Cash position**

There is no guarantee that the Merged Group will be able to maintain a sufficient cash balance following the acquisition by Havilah of all Geothermal Shares.

### **(h) Hedging risk**

Neither Havilah nor Geothermal currently use hedging contracts to reduce the impact of future fluctuations on exposures such as the price of metals and currency exchange rates. However, hedging contracts entered into in the future may negatively impact the profitability of the Merged Group if unanticipated changes in metal prices or exchange rates occur. In the current uncertain economic environment such changes have been occurring, and may continue to occur, frequently.

### **(i) Accounting**

The Merged Group will be required to perform a fair value assessment of all of Geothermal's assets and liabilities following the acquisition by Havilah of all Geothermal Shares. This assessment may result in increased depreciation and amortisation charges. These charges may be substantially greater than those that would exist in Havilah and Geothermal as separate businesses.

### **(j) Re-rating**

Post Merger, Havilah may not achieve an improved re-rating of its share price or an improved credit profile. Due to the occurrence of adverse changes in the business or unforeseen circumstances, Havilah Shares may decline in value.

### **(k) Regulatory and legislative risks**

Any changes in the laws and regulations under which the Merged Group operates may adversely impact on the Merged Group's activities, planned projects and financial results. These laws and regulations include mining and exploration-related laws, laws requiring permits and licences, environmental regulations and health and safety laws and regulations.

### **(l) Environment**

Mining and exploration activities are strictly regulated by environmental legislation and government authorities. There is a risk that environmental regulation may prevent or impede the Merged Group's activities. It is possible that environmental approvals for the Merged Group's projects are not granted or are delayed. If this occurred it may materially affect the Merged Group's earnings.

**(m) Litigation**

The Merged Group may be subject to litigation and other claims based on the conduct of Havilah and Geothermal that occurred prior to the acquisition by Havilah of all Geothermal Shares and the conduct of Havilah which follows the acquisition. The dispute with Glencopper Pty Limited (a subsidiary of Glencore International AG) will be heard before the Supreme Court of NSW on the 12 October 2011.

**(n) Resource and Reserve estimates**

Geothermal has made estimates of its Geothermal Resources and Reserves based on relevant reporting codes, where required, and judgments based on knowledge, skills and industry experience. However, there is no guarantee that estimates will prove to be accurate. Actual mining results may materially differ from estimates due to further findings and results not previously known or fluctuations in operating costs, exchange rates and metal prices.

**(o) Insurance**

The Merged Group will have various insurances covering its business. However, certain risks are not covered by insurance due to limitations or exclusions in insurance policies or because the Merged Group will have decided not to insure against certain risks because of high premiums or for other reasons. Mining accidents, cave-ins, business interruption, compensation claims, environmental effects, fires, floods earthquakes and various other events may not be adequately covered by insurance. Such insurance could significantly increase the costs of the Merged Group.

**(p) Health and safety**

The businesses of Havilah and Geothermal are subject to strict health safety and safety laws and regulations. The Merged Group may become liable for past and current conduct of Havilah and Geothermal which violates such laws and regulations. Penalties for breaching health and safety laws can be significant and include criminal penalties. Victims of workplace accidents may also commence civil proceedings against the Merged Group. These events might not be insured by the Merged Group or may be uninsurable. In addition, any changes in health and safety laws and regulations may increase compliance costs for the Merged Group. Such an event would negatively impact the financial results of the Merged Group.

**(q) Native title**

Havilah's and Geothermal's geothermal and mineral tenements and other entitlements to property and minerals may be affected by native title claims, unregistered agreements, transfers or unknown defects in title. Native title claims and Aboriginal heritage issues may have a material adverse impact on the Merged Group's activities and may hinder or prevent its mining and exploration activities.

**(r) Past transactions**

Previous transactions undertaken by either Havilah or Geothermal which involved the acquisition or disposal of assets may continue to bear risks associated with the possibility of warranty or other claims in connection with such transactions to which it was a party.

**(s) Competition**

Upon entry into production, the Merged Group will be subject to competition from other miners. Competitors include current miners and future entrants into the market. Other companies may have competitive advantages such as new technology and new production processes. The Merged Group may be unable to successfully compete and may suffer material adverse consequences such as loss of market share and customers.

**(t) Counterparty risk**

There is a risk, which is higher in the current uncertain economic environment, that contracts and other arrangements to which Havilah and Geothermal are party and obtain a benefit will not be performed by the relevant counterparties if the those counterparties become insolvent or are otherwise unable to perform their obligations.

### 9.3 General risk factors

In addition to the specific business risks above, there are a number of general risks associated with holding Havilah Shares including, but not limited to, the following risks which may impact the operations or financial performance of the Merged Group, the market for its products or the price of Havilah Shares:

- (a) changes to government, legislation, government or regulatory regulations and policy (including taxation laws and policies, accounting laws, policies and standards and practices, fiscal, monetary and regulatory policies and changes in introduction of carbon tax and trading emission schemes and government “climate-change” policy);
- (b) the condition of the Australian and overseas economies (including the aggregate investment being undertaken and economic output occurring in those economies, inflation and interest rates and the prices of products which are inputs used in the operations of the Merged Group);
- (c) investor sentiment, local and international stock market conditions, adverse industry publicity and recommendations by brokers and analysts; and
- (d) global geo-political events, hostilities and acts of terrorism.

## 10. TAXATION INFORMATION

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### 10.1 Background

This taxation summary provides a general description of the Australian taxation consequences for Geothermal shareholders who dispose of their Geothermal Shares pursuant to the Offer and does not take into account the specific circumstances of any particular Geothermal shareholder. This taxation summary is not, and is not intended to be, taxation advice to any Geothermal shareholder and should not be relied on as such.

The summary does not address the taxation consequences for:

- (a) Geothermal shareholders who are subject to special tax rules (for example, tax exempt entities, insurance companies and superannuation funds);
- (b) Geothermal shareholders who acquired their Geothermal Shares (or options to acquire Geothermal Shares) in respect of their employment, or an associate's employment, with Geothermal or an associated company of Geothermal; and
- (c) non-resident Geothermal shareholders who hold their Geothermal Shares through a permanent establishment in Australia.

All Geothermal shareholders should seek their own independent professional advice regarding the taxation implications associated with the Offer. The following description is based upon the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997 as in effect at September 2011 but it is not intended to be an authoritative or complete statement of the applicable law.

### 10.2 Capital Gains Tax

#### Summary

The sale of Geothermal Shares pursuant to the Offer will constitute a disposal of the Geothermal Shares and a "CGT event" for Australian capital gains tax (**CGT**) purposes. The "date of disposal" for capital gains tax purposes will generally be the date that the Offer is accepted. If, for any reason the Offer does not proceed, no disposal will occur. A Geothermal shareholder may make a capital gain or a capital loss from the disposal of Geothermal Shares pursuant to the Offer. These amounts will be relevant in determining whether the Geothermal shareholder is required to include a net capital gain in their assessable income for the income year in which the Offer is accepted. In general, capital gains and capital losses are firstly aggregated to determine whether there is a net capital gain, which is calculated after taking into account any discount capital gains or other concessions in respect of the capital gains. The remaining net capital gain is included in assessable income and subject to tax at the applicable marginal rate of the Geothermal shareholder.

#### Capital Gain

##### Australian Resident Shareholders

The taxation treatment on the disposal of ordinary shares by Geothermal shareholders will depend upon whether the shares are held on revenue or capital account. Australian resident shareholders who trade in Geothermal Shares as part of the ordinary course of their business would hold their shares on revenue account. These shareholders will be required to include the profit arising from the disposal of their ordinary shares in their assessable income. Conversely, a loss arising from the disposal of ordinary shares on revenue account would be allowed as a deduction from assessable income. Generally, all other Australian resident Geothermal shareholders will hold their ordinary shares on capital account. These Australian resident shareholders should consider the impact of Australian capital gains tax rules on the disposal of their ordinary shares.

A Geothermal shareholder will acquire their ordinary shares in Havilah on the date the offer is accepted. The cost base of the Havilah ordinary shares acquired under the Offer should be determined with reference to the market value of Havilah ordinary shares on the date of issue (that is, the date of disposal of their Geothermal Shares). This is subject to obtaining access to scrip-for-scrip rollover relief discussed below, in which case the cost base of Havilah Shares will be determined with reference to the cost base of the Geothermal Shares.

Subject to the application of the CGT scrip-for-scrip rollover relief discussed below, an Australian resident Geothermal shareholder will derive a capital gain where the proceeds received on disposal of their Geothermal Shares exceed the cost base. The capital proceeds received on disposal will be the market value of the Havilah Shares the Geothermal shareholder receives under the Offer. A Geothermal shareholder will make a capital loss on the disposal of their Geothermal Shares where the disposal

proceeds received are less than the reduced cost base of the ordinary shares for capital gains tax purposes. Capital losses can only be used to offset current year capital gains or carried forward to offset future capital gains. They cannot be used to reduce non capital income. Any net capital gain (after recoupment of capital losses) is included in the shareholder's assessable income. The applicable tax payable on the net capital gain will be dependant on the type of shareholder. An Australian tax resident individual shareholder will be taxed at their marginal rate. Alternatively, an Australian resident company shareholder will be subject to tax at the corporate rate of 30% of taxable income. Where an Australian resident shareholder has held the ordinary share as a capital asset for at least 12 months the capital gain may be reduced by the general CGT discount concession for particular shareholders. The discount percentage for individuals and trusts is 50%, and for complying superannuation funds and life insurance companies 33%. This means generally only 50% (for individuals and trusts) and 67% (for complying superannuation funds) of the capital gain is included in shareholder's assessable income after the offset of any capital losses. Corporate shareholders are not eligible for the general CGT discount concession.

### **Non-Australian Resident Shareholders**

Where non-Australian resident shareholders hold Geothermal Shares on revenue account, the profits on their disposal may be required to be included in the shareholder's assessable income. This is subject to the application of any double tax treaty relief which may exclude such profits from Australian taxation.

Generally, all other non-Australian resident Geothermal shareholders will hold their ordinary shares on capital account. These shareholders should consider the impact of Australian capital gains tax rules on the disposal of their Geothermal Shares. Non-Australian resident shareholders are only subject to Australian capital gains tax where those shareholders are disposing of shares in an Australian company where they held 10% or more of the company and the company predominately holds interests in land and/or mining, quarrying or prospecting rights within Australia. This will also be subject to any double tax treaty relief. Non-Australian resident shareholders will need to seek specific advice in respect of their particular circumstances with respect to Australian capital gains tax on the disposal of shares in Geothermal at the time of any disposal

### **Scrip-for-scrip Rollover Relief**

If as a result of the Offer, Havilah acquires at least 80% of the voting shares in Geothermal, CGT scrip-for-scrip rollover relief (**Rollover Relief**) may be available to Geothermal qualifying shareholders who would otherwise realise a capital gain from the disposal of Geothermal Shares pursuant to the Offer. Scrip-for-scrip rollover relief may not be available to non-residents. Non-residents should seek tax advice in relation to how the rollover relief applies to their specific circumstances. The cost base for Havilah Shares acquired under the Offer and subject to rollover relief will generally be the cost base of the original parcel of Geothermal Shares disposed of under the Offer.

Rollover Relief will not be available to Geothermal shareholders who realise a capital loss from the disposal of Geothermal Shares. Where Rollover Relief is available a Geothermal shareholder can elect to either obtain Rollover Relief or recognise the capital gain. A Geothermal shareholder cannot elect for Rollover Relief to apply where the disposal of Geothermal Shares gives rise to a capital loss. If Rollover Relief is available and the Geothermal shareholder elects for Rollover Relief to apply, any capital gain realised by the Geothermal shareholder from the disposal of Geothermal Shares will be disregarded and the Geothermal shareholder will acquire a cost base in the replacement Havilah Shares equal to its cost base in the Geothermal Shares prior to disposal. If Rollover Relief is available and a Geothermal shareholder elects for it to apply, the Geothermal shareholder does not need to lodge a formal election or other document with the Australian Taxation Office. Instead, the income tax return of the Geothermal shareholder needs to be completed in a manner consistent with the Rollover Relief being available. The effect of choosing Rollover Relief will depend upon the particular circumstances of each Geothermal shareholder and may not benefit all shareholders. Geothermal shareholders should seek their own independent tax advice in relation to whether to choose Rollover Relief.

### **10.3 GST**

Australian GST should not apply to the disposal of Geothermal Shares by Geothermal shareholders, the issue of Havilah Shares, or any subsequent disposal of Havilah Shares by Havilah shareholders. Geothermal shareholders who are registered for Australian GST purposes may not be entitled to full input tax credits for any GST incurred on costs associated with acquiring or disposing of shares in Havilah or Geothermal. Geothermal shareholders should seek their own tax advice in this respect.

### **10.4 Stamp Duty**

No stamp duty will be payable by Geothermal shareholders either on the transfer of Geothermal Shares to Havilah or on the issue of Havilah Shares to Geothermal shareholders.

## 11. OTHER MATERIAL INFORMATION

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### 11.1 Information held by Havilah

Information held by Havilah about Geothermal is as disclosed in Geothermal's ASX announcements. Intellectual knowledge is common to both companies due to the executive directors working for both companies.

### 11.2 Voting power of Havilah in Geothermal

As at 12 October 2011, being the date immediately before this Bidder's Statement is sent to all Geothermal shareholders, Havilah has voting power of 58.68% in Geothermal.

### 11.3 Relevant Interests of Havilah in Geothermal Shares

Havilah holds a relevant interest in 21,046,878 Geothermal Shares, giving it a relevant interest in approximately 58.68% of all Geothermal Shares.

### 11.4 Acquisition by Havilah of Geothermal Shares during previous four months

No Geothermal Shares have been purchased by or issued to Havilah in the four months before the date of this Bidder's Statement.

### 11.5 Inducing benefits given by Havilah during previous four months

During the four months before the date of lodgement of this Bidder's Statement with ASIC, neither Havilah nor any Associate of Havilah gave, offered to give or agreed to give, a benefit to another person that is not available under the Offer to all Geothermal shareholders and was likely to induce the other person, or an Associate of the other person, to:

- (a) accept the Offer; or
- (b) dispose of Geothermal Shares.

### 11.6 Directors' interests in Geothermal Shares

Director	Number of Geothermal Shares	Number of Geothermal Options (unlisted)
K R Johnson	671,263	900,000
C W Giles	627,726	900,000
K G Williams	86,307	200,000
M Janes	3,000	nil

### 11.7 Offer extends to new Geothermal Shares

For the purposes of section 633(2) of the Corporations Act, the date for determining the people to whom this Bidder's Statement is sent is the Register Date.

Should any Geothermal Options be exercised after the Register Date and prior to the close of the Offer, then the Offer will extend to any person who becomes registered or entitled to be registered as the holder of Geothermal Shares before the close of the Offer.

If additional Geothermal Shares are issued after the end of the Offer Period, subject to Havilah being entitled to compulsorily acquire Geothermal Shares under Chapter 6A of the Corporations Act, Havilah may compulsorily acquire any Geothermal Shares issued after the end of the Offer Period.

### 11.8 Havilah is a disclosing entity

Because Havilah is offering Havilah Shares as consideration for the acquisition of Geothermal Shares under the Offer, the Corporations Act requires that this document must include all information that would

be required for a prospectus for an offer of Havilah Shares under sections 710 to 713 of the Corporations Act. Havilah does not need to issue a prospectus for the offer of Havilah Shares as the offer is occurring under a takeover bid.

Havilah is a disclosing entity (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, Havilah is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of Havilah Shares. Havilah Shares have been quoted on ASX during the 12 months prior to the date of this Bidder's Statement. Havilah, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;  
copies of documents lodged with ASIC in relation to Havilah (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, an ASIC office; and
- (b) it will provide a copy of each of the following documents, free of charge, to any person on request during the Offer Period:
  - (i) the annual financial report of Havilah for the 12 months ended 31 July 2010 (being the annual financial report most recently lodged by Havilah with ASIC); and
  - (ii) all continuous disclosure notices given by Havilah after the lodgement of that annual financial report with ASIC and before the lodgement of this Bidder's Statement with ASIC.

Requests for copies of these documents may be made by calling the Havilah Offer Information Line on or +61 8 8338 9292. Copies of all documents lodged with ASIC in relation to Havilah can be inspected at the registered office of Havilah during normal office hours.

A list of material announcements relating to the Offer appears in Annexure A. A list of announcements made by Havilah to ASX between the date of lodgement with ASIC of its annual financial report for the year ended 31 July 2010 (being 22 October 2010) and the lodgement of this Bidder's Statement with ASIC on 4 October 2011 appears in Annexure B.

Other than information contained in this Bidder's Statement, there is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules and is information that a Geothermal shareholder or a professional adviser to a Geothermal shareholder would reasonably require for the purpose of making an informed assessment of:

- (a) the assets and liabilities, financial position and performance, profits and losses and prospects of Havilah; or
- (b) the rights and liabilities attaching to the Havilah Shares.

None of the information referred to in this section 11 is incorporated by reference into this document or is included with this document.

## 11.9 Consents

### ***Statements in this Bidder's Statement***

Thomsons Lawyers has given and has not, before the date of lodgement of this Bidder's Statement with ASIC, withdrawn its written consent to being named in this Bidder's Statement as legal adviser to Havilah in respect of the Offer in the form and context in which it is named.

### ***Consents not required under ASIC Class Orders***

This Bidder's Statement includes or is accompanied by statements which are made in, or based on, statements made in documents lodged with ASIC or ASX. Under the terms of ASIC Class Order 01/1543, the parties making those statements are not required to consent to, and have not consented to, the inclusion of those statements in this Bidder's Statement. Geothermal shareholders are entitled to obtain from Havilah free of charge a copy of any document which contained such a statement. If you would like to receive a copy of any of these documents, please contact the Havilah Offer Information Line on +61 8 8338 9292 and you will be sent a copy free of charge.

#### **11.10 Status of Defeating Conditions**

The Defeating Conditions of the Offer are set out in section 13. Havilah will use all reasonable endeavours to ensure the Defeating Conditions are satisfied as soon as possible after the date of this Bidder's Statement.

#### **11.11 Expiry date**

No Havilah Shares will be issued on the basis of this document and the Offer contained in this document after the date that is 13 months after the date of this Bidder's Statement.

#### **11.12 Takeover Bid Implementation Agreement**

Geothermal has entered into a Takeover Bid Implementation Agreement with Havilah. A copy of this agreement was released to ASX on 26 August 2011.

#### **11.13 No escalation agreements**

Neither Havilah nor any associate of Havilah has entered into any escalation agreement in respect of Geothermal Shares that is prohibited by section 622 of the Corporations Act.

#### **11.14 No other material information**

Except as set out in this document, there is no other information material to the making of a decision by Geothermal shareholders whether or not to accept the Offer that does not relate to the value of the Havilah Shares offered as the Offer Consideration under the Offer that is known to Havilah and has not previously been disclosed to the holders of Geothermal Shares.

## **12. FORMAL TERMS OF THE OFFER**

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### **12.1 The Offer**

- (a) Havilah offers to acquire all of your Geothermal Shares, including any Geothermal Shares which become registered in your name in the register of shareholders of Geothermal during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of rights attached to, other securities convertible into Geothermal Shares which are on issue on the Register Date, for the Offer Consideration on the terms and subject to the conditions set out in the Offer.
- (b) Havilah will be entitled to all Rights that accrue after the Announcement Date to Geothermal Shares which it acquires under the Offer. If any Rights are received by you and such documents as may be necessary to vest title to those Rights in Havilah are not passed on to Havilah, or the benefit of those Rights is not passed on to Havilah, Havilah may reduce the consideration payable to you under the Offer by the amount (or value, as reasonably assessed by Havilah) of those Rights.
- (c) The Offer extends to any person who becomes registered or entitled to be registered as the holder of any of your Geothermal Shares during the period from the Register Date to the end of the Offer Period.
- (d) By accepting the Offer, you undertake to transfer to Havilah not only the Geothermal Shares to which the Offer relates but also all the Rights attached to the Geothermal Shares.
- (e) The Offer is dated 13 October 2011.

### **12.2 Offer Consideration**

- (a) You will receive the Offer Consideration if you accept the Offer and all of the Defeating Conditions are satisfied or waived.
- (b) The Offer Consideration is 1 Havilah Share for every 4 Geothermal Shares held (subject to rounding of fractional entitlements).
- (c) If you become entitled to a fraction of one Havilah Share in respect of any single CHES Holding or Issuer Sponsored Holding of Geothermal Shares in your name, that fraction will be disregarded and will be rounded down to the nearest whole Havilah Share.
- (d) Havilah Shares to be issued under the Offer will rank equally in all respects with existing Havilah Shares on issue at the Register Date.

### **12.3 Offer Period**

The Offer will, unless withdrawn, remain open for acceptance during the period commencing on the date of the Offer, being 13 October 2011 and ending at 7:00pm (Adelaide time) on the later of:

- (a) 14 November 2011; or
- (b) any date to which the Offer Period is extended in accordance with the Corporations Act.

### **12.4 Official quotation of Havilah shares**

- (a) Havilah has been admitted to the official list of ASX and Havilah Shares are traded on ASX. Havilah Shares of the same class as those to be issued under the Offer have been granted official quotation by ASX.
- (b) An application will be made to ASX within seven days after the date of this Bidder's Statement for the granting of official quotation of the Havilah Shares to be issued as Offer Consideration. In accordance with section 625(3) of the Corporations Act, the Offer is subject to a condition that application for admission to quotation of the Havilah Shares issued under the Offer is made within seven days after the start of the Offer Period and permission for admission to quotation being granted no later than seven days after the end of the Offer Period. This condition may not be waived.

## 12.5 Persons to whom the Offer is made

### **Offerees**

- (a) An Offer in this form and bearing the same date is being made to:
  - (i) each holder of Geothermal Shares registered in Geothermal's register of Geothermal shareholders as at the Register Date; and
  - (ii) any person who becomes registered or entitled to be registered as the holder of Geothermal Shares during the period from the Register Date to the end of the Offer Period due to the conversion of or exercise of rights attached to other securities convertible into Geothermal Shares which are on issue on the Register Date.
- (b) If at the time the Offer is made to you, or at any time during the period from the Register Date to the end of the Offer Period and before you accept the Offer, another person is, or is entitled to be, registered as the holder of some or all of your Geothermal Shares to which the Offer relates (**Transferred Shares**), then:
  - (i) a corresponding Offer will be deemed to have been made to that other person in respect of the Transferred Shares;
  - (ii) a corresponding Offer will be deemed to have been made to you in respect of your Geothermal Shares other than the Transferred Shares; and
  - (iii) the Offer is deemed to have been withdrawn immediately after making such corresponding offers.

### **Trustees and nominees**

- (c) If you are a trustee or nominee for several persons in respect of separate parcels of Geothermal Shares, section 653B of the Corporations Act deems an Offer to have been made to you in respect of each separate and distinct parcel.
- (d) To validly accept the Offer for any of those separate and distinct parcels, you must:
  - (i) if the parcel consists of Geothermal Shares held in an Issuer Sponsored Holding, complete and sign the Acceptance Form; and
  - (ii) if the parcel consists of Geothermal Shares held in a CHESS Holding, initiate acceptance in accordance with Rule 14.14 of the ASX Settlement Rules,
  - (iii) in each case specifying that the Geothermal Shares in respect of which you are accepting are a separate and distinct parcel and the number of Geothermal Shares in the separate and distinct parcel to which the acceptance relates.
- (e) You may at the one time accept the Offer in respect of two or more such separate and distinct parcels as if they were a single parcel.
- (f) If sections 12.5(c) to 12.5(e) apply to you, please contact the Havilah Offer Information Line on +61 8 8338 9292 for such additional copies of this document or the Acceptance Form as are necessary.

## 12.6 How to accept the Offer

### **General**

- (a) Subject to sections 12.5(c) to 12.5(f) and 12.6(j), you may only accept the Offer in respect of all of your Geothermal Shares.
- (b) You may accept the Offer at any time during the Offer Period.

### **Issuer Sponsored Holdings**

- (c) If any of your Geothermal Shares are in an Issuer Sponsored Holding, to accept the Offer in respect of those Geothermal Shares you must:
  - (i) complete and sign the Acceptance Form in accordance with the instructions on the Acceptance Form; and

- (ii) ensure that the Acceptance Form together with all other documents required by the terms of the Offer and the instructions on the form are received before the expiry of the Offer Period at one of the addresses given on the Acceptance Form.

#### ***CHESSE Holdings***

- (d) If your Geothermal Shares are in a CHESSE Holding, to accept the Offer you must comply with the ASX Settlement Rules. To accept the Offer in respect of those Geothermal Shares:
  - (i) you should instruct your Controlling Participant (usually your Broker) to initiate acceptance of the Offer in accordance with Rule 14.14 of the ASX Settlement Rules before the expiry of the Offer Period; or
  - (ii) if you are a Participant, you must initiate acceptance of the Offer in accordance with the ASX Settlement Rules before the expiry of the Offer Period.

Alternatively, you may complete and sign the Acceptance Form in respect of those Geothermal Shares which are in the CHESSE Holding in accordance with the instructions on the form and return the form, together with all other documents required by those instructions, to the address given on the Acceptance Form. This will authorise Havilah to instruct your Controlling Participant to initiate acceptance of the Offer on your behalf. You must ensure that the Acceptance Form is received in time for Havilah to give instructions to your Controlling Participant and your Controlling Participant to carry out those instructions before the expiry of the Offer Period. You will be taken to have completed acceptance of the Offer when your Controlling Participant initiates acceptance of the Offer in accordance with Rule 14.14 of the ASX Settlement Rules.

#### ***Geothermal shares held in different forms***

- (e) If your Geothermal Shares are held in different parcels in different forms, your acceptance of the Offer will require action under sections 12.5(c) to 12.5(f) in relation to the different parcels of your Geothermal Shares.

#### ***Nominee holdings***

- (f) If your Geothermal Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee, you should contact that nominee for assistance in accepting the Offer.

#### ***Status of Acceptance Form***

- (g) The Acceptance Form which accompanies this document forms part of the Offer. The requirements on the Acceptance Form must be observed when accepting the Offer. Acceptance of the Offer for Geothermal Shares held in an Issuer Sponsored Holding will be effective only when (subject to section 0(j)) the properly completed Acceptance Form (together with any document required by the instructions on that form) has been received at one of the addresses set out on the Acceptance Form.
- (h) The method chosen to deliver the Acceptance Form and other documents is at the risk of each accepting Geothermal shareholder.

#### ***Where to deliver your Acceptance Form***

- (i) You may send your completed and signed Acceptance Form (and any other documents, if any, required by the instructions on the Acceptance Form) by post to:

Computershare Investor Services  
GPO Box 1903, Adelaide, SA, 5001

Alternatively you can deliver your completed and signed Acceptance Form in person to:

Computershare Investor Services  
Level 5, 115 Grenfell St,  
Adelaide SA

### **Havilah's discretion**

- (j) Notwithstanding sections 12.6(a) to 12.6(e) and 12.6(g) to 12.6(i), Havilah may at its discretion treat any Acceptance Form received before the end of the Offer Period (at an address indicated on the Acceptance Form or such other address or fax number as may be acceptable to Havilah) as valid or waive any requirement of sections 12.6(a) to 12.6(e) and 12.6(g) to 12.6(i) in any case, but the payment of the consideration in accordance with the Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by Havilah.

### **12.7 Effect of acceptance**

By accepting the Offer, or initiating acceptance of the Offer, in accordance with section 0, you will, or will be deemed to, have:

- (a) accepted the Offer for all of your Geothermal Shares and irrevocably agreed to the terms and conditions of the Offer to sell all of your Geothermal Shares to Havilah (regardless of the number of Geothermal Shares specified in the Acceptance Form or other acceptance);
- (b) subject to the Offer being declared free from the Defeating Conditions or those conditions being satisfied or waived, agreed to transfer all of your Geothermal Shares to Havilah in accordance with the terms set out in the Offer;
- (c) subject to the Offer being declared free from the Defeating Conditions or those conditions being satisfied or waived, authorised Havilah to issue to you the Havilah Shares due to you, and to register your name in the Havilah register of shareholders in respect of those Havilah Shares, and agreed that you will be bound by the Constitution;
- (d) authorised Havilah (by its directors, officers or agents) to complete your Acceptance Form by inserting such details as are omitted in respect of your Geothermal Shares and to rectify any errors in or omissions from the Acceptance Form (including, without limiting the generality of the foregoing, altering the number of Geothermal Shares stated to be held by you if it is otherwise than as set out in the Acceptance Form) as may be necessary to make the Acceptance Form an effective acceptance of the Offer or to enable registration of the transfer of all of your Geothermal Shares to Havilah;
- (e) represented and warranted to Havilah that as a fundamental condition going to the root of the contract that, both at the time of acceptance of the Offer and at the time of transfer of your Geothermal Shares to Havilah, your Geothermal Shares (including any Rights) are fully paid and free from all mortgages, charges, liens, encumbrances, interests of third parties of any kind (whether legal or otherwise) and restrictions on transfer of any kind and that you have full power, capacity and authority to sell and transfer your Geothermal Shares (including the legal and beneficial ownership in those Geothermal Shares and any Rights);
- (f) with effect from the date that the Offer, or any contract resulting from your acceptance of the Offer, becomes unconditional until registration of a transfer of your Geothermal Shares to Havilah, irrevocably appointed Havilah and each of its directors, secretaries and officers severally as your true and lawful exclusive attorney, agent and proxy in your name and on your behalf, with power to do all things which you could lawfully do concerning your Geothermal Shares or in exercise of any right derived from the holding of your Geothermal Shares, including (without limiting the generality of the foregoing):
  - (i) attending and voting at any meeting of Geothermal shareholders;
  - (ii) demanding a poll for any vote to be taken at any meeting of Geothermal shareholders;
  - (iii) proposing or seconding any resolution to be considered at any meeting of Geothermal shareholders;
  - (iv) requisitioning the convening of any meeting of Geothermal shareholders and convening a meeting pursuant to any such requisition (or joining with other Geothermal shareholders to do either of those things);
  - (v) notifying Geothermal that your address in the records of Geothermal for all purposes, including the despatch of notices of meeting, annual reports and distributions, should be altered to an address nominated by Havilah and directing

Geothermal to send all correspondence, payments or notifications in respect of any Rights and any other communications and documents whatsoever in respect of your Geothermal Shares to Havilah at that address;

- (vi) executing all forms, transfers, assignments, notices, instruments (including instruments appointing a director of Havilah as a proxy in respect of all or any of your Geothermal Shares and a transfer form for your Geothermal Shares), proxy forms, consents, agreements and resolutions relating to your Geothermal Shares as may be necessary or desirable to convey your Geothermal Shares and Rights to Havilah;
  - (vii) requesting Geothermal to register in the name of Havilah your Geothermal Shares which you hold on any register of Geothermal; and
  - (viii) doing all things incidental or ancillary to any of the foregoing, and to have agreed that in exercising the powers conferred by that power of attorney, the attorney may act in the interests of Havilah as the intended registered holder and beneficial owner of your Geothermal Shares and to have further agreed to do all such acts, matters and things that Havilah may require to give effect to the matters the subject of this paragraph (including the execution of a written proxy form to the same effect as this paragraph which complies in all respects with the requirements of the constitution of Geothermal) if requested by Havilah.
- (g) agreed that the appointment in section 12.7(f) is being given for valuable consideration to secure the interest acquired in your Geothermal Shares and is irrevocable;
  - (h) agreed, in the absence of a prior waiver of this requirement by Havilah, not to attend or vote in person at any meeting of Geothermal or to exercise any of the powers conferred on Havilah or its nominee in section 12.7(f);
  - (i) agreed to indemnify Havilah in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or in consequence of the transfer of your Geothermal Shares being registered by Havilah without production of your Holder Identification Number for your Geothermal Shares;
  - (j) represented and warranted to, and agreed with, Havilah that your Geothermal Shares in respect of which you have accepted the Offer will be purchased by Havilah with all Rights (being those accruing after the Announcement Date) and you will execute all such instruments as Havilah may require for the purposes of vesting in it any such Rights;
  - (k) irrevocably authorised and directed Geothermal to pay Havilah or to account to Havilah for all Rights (being those accruing after the Announcement Date) in respect of your Geothermal Shares subject, however, to any such Rights received by Havilah being accounted for by Havilah to you if the Offer is withdrawn or the contract formed by your acceptance of the Offer is rescinded or rendered void;
  - (l) except where Rights (being those accruing after the Announcement Date) have been paid or accounted for, irrevocably authorised Havilah and its directors to adjust the consideration payable to you under the Offer by the value of all Rights in respect of your Geothermal Shares as reasonably assessed by Havilah (or, if there is a dispute, by the Chairman of ASX or his nominee), and agreed that any deduction will be made from the Offer Consideration otherwise due to you on the basis that one Havilah Share is valued at the Havilah Share five day VWAP to the Business Day prior to the Business Day on which Geothermal Shares commence trading on an ex Rights basis;
  - (m) if you signed the Acceptance Form in respect of any of your Geothermal Shares in a CHES Holding, irrevocably authorised Havilah to:
    - (i) instruct your Controlling Participant to initiate acceptance of the Offer in respect of all such Geothermal Shares in accordance with the ASX Settlement Rules; and
    - (ii) give any other instruction in relation to your Geothermal Shares to your Controlling Participant on your behalf under the sponsorship agreement between you and the Controlling Participant,
    - (iii) even though at the time of such transfer Havilah has not paid the consideration due to you under the Offer;

- (n) if at the time of acceptance of the Offer your Geothermal Shares are in a CHESS Holding, with effect from the date that the Offer, or any contract resulting from your acceptance of the Offer, becomes unconditional:
  - (i) authorised Havilah to cause a message to be transmitted to ASX Settlement in accordance with Rule 14.17.1 of the ASX Settlement Rules so as to transfer your Geothermal Shares to Havilah's takeover transferee holding, even though at the time of such transfer Havilah has not paid the consideration due to you under the Offer; and
  - (ii) represented and warranted to Havilah that, unless you have notified Havilah in accordance with sections 12.5(c) to 12.5(e), your Geothermal Shares do not consist of separate parcels of Geothermal Shares.

## 12.8 When you will receive your Offer Consideration

- (a) Subject to this section 12.8 and sections 0 and 12.9 to 12.10 and the Corporations Act, if you accept the Offer Havilah will allot the Offer Consideration that you are entitled to under sections 12.2 on or before the earlier of:
  - (i) the day one month after you accept the Offer or, if the Offer is subject to a Defeating Condition when accepted, the day one month after the contract resulting from your acceptance becomes unconditional; and
  - (ii) the day 21 days after the end of the Offer Period.
- (b) Where documents are required to be given to Havilah with your acceptance to enable Havilah to become the holder of your Geothermal Shares (such as a power of attorney):
  - (i) if the documents are given with your acceptance, Havilah will allot the Offer Consideration to you in accordance with section 12.8(a);
  - (ii) if the documents are given after acceptance and before the end of the Offer Period while the Offer is still subject to a Defeating Condition, Havilah will allot the Offer Consideration to you by the end of whichever of the following periods ends first:
    - (A) one month after the contract resulting from your acceptance becomes unconditional; and
    - (B) 21 days after the end of the Offer Period;
  - (iii) if the documents are given after acceptance and before the end of the Offer Period while the Offer is no longer subject to a Defeating Condition, Havilah will allot the Offer Consideration to you by the end of whichever of the following periods ends first:
    - (A) one month after Havilah is given the documents; and
    - (B) 21 days after the end of the Offer Period;
  - (iv) if the documents are given after the end of the Offer Period while the Offer is no longer subject to a Defeating Condition, Havilah will allot the Offer Consideration to you within 21 days after the documents are given; or
  - (v) if the documents are given after the end of the Offer Period while the Offer is still subject to a Defeating Condition, Havilah will allot the Offer Consideration to you within 21 days after the contract which arises upon your acceptance of the Offer becomes unconditional.
- (c) If you accept the Offer, Havilah is entitled to all Rights (being those accruing after the Announcement Date) in respect of your Geothermal Shares. Havilah may require you to provide all documents necessary to vest title to those Rights in Havilah, or otherwise to give it the benefit or value of those Rights. If you do not do so before Havilah has caused the Offer Consideration to be allotted to you, Havilah will be entitled to deduct the amount (or value, as reasonably assessed by Havilah) of such Rights from the consideration otherwise due to you. Any such deduction will be made from the Offer Consideration that you are otherwise entitled to on the basis that one Havilah share is valued at the Havilah share five day VWAP to the Business Day prior to the Business Day on which Geothermal Shares commence trading on an ex Rights basis.

- (d) The obligation of Havilah to allot any Havilah Shares to which you are entitled under the Offer will be satisfied by Havilah:
- (i) entering your name on the register of shareholders of Havilah; and
  - (ii) despatching or procuring the despatch to you of an uncertificated holding statement in your name by pre-paid ordinary mail or, in the case of addresses outside Australia, by pre-paid airmail, to your address as shown on the register of Geothermal shareholders maintained by Havilah. If your Geothermal Shares are held in a joint name, an uncertificated holding statement will be issued in the name of the joint holders and forwarded to the address that appears first in the copy of the register of Geothermal shareholders maintained by Havilah.
- (e) If, at the time of acceptance of the Offer, you are resident in or a resident of a place to which, or you are a person to whom, the following regulations apply:
- (i) *Banking (Foreign Exchange) Regulations 1959*;
  - (ii) part 4 of the *Charter of the United Nations Act 11945 (Cth)*;
  - (iii) the *Charter of the United Nations (Dealing with Assts) Regulations 2008 (Cth)*;
  - (iv) the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth)*; or
  - (v) any other law of Australia that would make it unlawful for Havilah to provide consideration for your Geothermal Shares,

acceptance of the Offer will not create for you or transfer to you any right (contractual or contingent) to receive the consideration specified in the Offer unless and until all requisite authorities or clearances have been obtained by Havilah.

## 12.9 Foreign Shareholders

- (a) If you are Foreign Shareholder, you should be aware that this Offer in jurisdictions outside Australia may be restricted by law, and you should seek advice and observe any such restrictions. Any such failure to comply with such restrictions may constitute a violation of applicable securities laws. The Offer does not constitute an offer in any place in which, or to persons to whom, it would not be lawful to make an offer. Havilah in its absolute discretion will determine whether to issue Havilah Shares to you as the Offer Consideration, having regard to any such restrictions.
- (b) In respect of those Havilah Shares which you would have become entitled to receive under sections 12.2 but for restrictions under section 12.9(a), Havilah will:
- (i) arrange for the issue to the Nominee of the number of Havilah Shares which you and all other Ineligible Overseas Shareholders would have been entitled to under 12.2 but for section 12.9(a);
  - (ii) cause the Nominee to sell on-market, or cause the Nominee to procure the on-market sale of, all of the Havilah Shares issued to it under section 12.9(b)(i) as soon as practicable and in any event not more than 30 Business Days after the close of the Offer;
  - (iii) after the sale of the Havilah Shares pursuant to section 12.9(b)(ii), cause the Nominee to pay, or procure the payment of, the amount which is received by the Nominee upon the sale of all Havilah Shares under section 12.9(b)(ii) less brokerage and other sale expenses (**Proceeds of Sale**) to Havilah; and
  - (iv) pay, or procure the payment of the proportion of the Proceeds of Sale which you are entitled to receive, ascertained in accordance with the following formula:

### **Proceeds of Sale x (A/B)**

where:

A is the number of Havilah Shares which Havilah would otherwise be required to cause Havilah to issue to you as a result of your acceptance of the Offer under section 12.2; and

B is the total number of Havilah Shares issued to the Nominee under section 12.9(b)(i).

- (c) The amount payable to you under section 12.9(b) will be paid by cheque in one lump sum in Australian currency. The cheque will be sent to you at your risk by pre-paid airmail to your address as shown on the copy of the register of Geothermal shareholders maintained by Havilah. Under no circumstances will interest be paid on the proceeds of this sale, regardless of any delay in remitting these proceeds to you.
- (d) Notwithstanding anything else contained in this document, neither Havilah nor Havilah is under any obligation to spend any money, or undertake any action, in order to satisfy itself that a person is not an Ineligible Overseas Shareholder and is therefore eligible to receive Havilah Shares under the Offer.

#### **12.10 Defeating Conditions**

The Offer and any contract that results from the acceptance of the Offer are subject to fulfilment of the Defeating Conditions set out in section 13.

#### **12.11 Nature and effect of Defeating Conditions**

- (a) Each of the Defeating Conditions set out in section 13 is a condition subsequent.
- (b) Each of the Defeating Conditions set out in section 13 is a separate and distinct condition, and shall not be taken to limit the meaning or effect of any other Defeating Condition, nor shall any condition in section 13 merge on completion of any contract arising from acceptance of the Offer.
- (c) The breach or non-fulfilment of any Defeating Condition does not prevent a contract to sell your Geothermal Shares arising from your acceptance of the Offer, but if
  - (i) Havilah has not declared the Offer to be free from the Defeating Conditions in section 13 before the date applicable under subsection 650F(1) of the Corporations Act; and
  - (ii) the Defeating Conditions in section 13 have not been fulfilled at the end of the Offer Period,

all contracts resulting from the acceptance of the Offer and all acceptances that have not resulted in binding contracts are void. In such case, Havilah will:

- (iii) return all documents forwarded by you to the address shown in the Acceptance Form; and
- (iv) notify ASX Settlement of the lapse of the Offer in accordance with Rule 14.19 of the ASX Settlement Rules.

#### **12.12 Benefit of the Defeating Conditions**

Subject to the provisions of the Corporations Act, Havilah alone shall be entitled to the benefit of the Defeating Conditions in section 13 and any non-fulfilment of such Defeating Conditions may be relied upon only by Havilah.

#### **12.13 Freeing of the Offer from the Defeating Conditions**

Subject to section 650F of the Corporations Act, Havilah may at any time in its sole discretion declare the Offer free from any or all of the Defeating Conditions generally or in relation to any specific occurrence or any specific entity by giving notice in writing to Geothermal.

#### **12.14 Statutory condition**

The Offer and any contract that results from your acceptance of it are subject to the condition that:

- (a) an application is made to ASX within seven days after the date of this Bidder's Statement for the granting of admission to official quotation of the Havilah Shares to be issued as Offer Consideration; and
- (b) permission for admission to official quotation by ASX of the Havilah Shares to be issued pursuant to the Offer is granted no later than seven days after the end of the Offer Period.

If this condition is not fulfilled, all contracts resulting from the acceptance of the Offer will be automatically void.

#### **12.15 Notice on the status of the Defeating Conditions**

The date for giving the notice on the status of the Defeating Conditions required by section 630(3) of the Corporations Act is the Conditions Notice Date (subject to extension in accordance with section 630(2) of the Corporations Act if the Offer Period is extended).

#### **12.16 Variation of the Offer**

Havilah may vary the Offer as permitted by Part 6.6 Division 2 of the Corporations Act.

#### **12.17 Withdrawal of the Offer**

- (a) In accordance with section 652B of the Corporations Act, the Offer may only be withdrawn with the consent in writing of ASIC, which consent may be given subject to such conditions (if any) as are specified in the consent.
- (b) If Havilah withdraws the Offer, all contracts arising from its acceptance will automatically be void.

#### **12.18 Governing law**

The Offer and any contract that results from your acceptance of the Offer are governed by the laws in force in South Australia.

## 13. CONDITIONS OF THE OFFER

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The Offer, and any contract that results from your acceptance of the Offer, is subject to the following conditions being satisfied or waived by Havilah:

### 13.1 Minimum acceptance condition

Before the end of the Offer Period, Havilah and its associates have relevant interests in at least 90% (by number) of all Geothermal Shares.

### 13.2 Approvals by a Regulatory Agency

Before the end of the Offer Period, Havilah has obtained any Regulatory Approval required in respect of its intended ownership of Geothermal and its operation of the business of Geothermal.

### 13.3 No restraint adversely affecting the Offer

No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Offer or the transactions contemplated by the Offer is in effect at the close of the Offer Period.

### 13.4 Conduct of business

Between the Announcement Date and the end of the Offer Period (each inclusive) Geothermal or any subsidiary of Geothermal has not done any of the following:

- (a) **(licences and permits)**: doing or omitting to do anything that causes or is reasonably likely to cause any licence or permit necessary or desirable for the conduct of its business to be suspended, revoked, cancelled or otherwise materially adversely impacted;
- (b) **(acquisition of assets)**: acquiring (including by way of subscription for equity), offering to acquire, agreeing to acquire, leasing, or entering into a binding commitment, or granting a person an irrevocable option to require it, to acquire or lease any asset for a consideration of greater than \$100,000, or making an announcement in relation to such an acquisition, offer or agreement;
- (c) **(disposal of assets)**: leasing, sub-leasing or disposing of, offering to lease or sub-lease or dispose of, agreeing to lease or sub-lease or dispose of or granting a person an irrevocable option to require it to lease or sublease or dispose of any asset (including any shares held by Geothermal or a subsidiary of Geothermal) (or any interest in one or more assets) for a consideration of greater than \$100,000, or making an announcement in relation to such a lease, sublease, disposition, agreement or option, other than inventory in the ordinary course of business;
- (d) **(financial indebtedness)**: except for liabilities incurred in connection with the Offer, increasing its level of financial indebtedness (including financial liabilities incurred under finance leases), other than in the ordinary and usual course of business, by an amount in excess of \$100,000;
- (e) **(capital expenditure)**: making capital expenditure in excess of \$100,000 in aggregate;
- (f) **(joint venture or partnership)**: entering into a joint venture, partnership or other similar arrangement;
- (g) **(dividend)**: declaring, paying or distributing any dividend, bonus or other share of its profits or assets or returning or agreeing to return any capital to its members;
- (h) **(encumbrance)**: creating, or agreeing to create, any mortgage, charge, lien or other encumbrance over the whole, or a substantial part, of its business or property; or
- (i) **(prosecution or litigation)**: is or becomes a party to any material prosecution, litigation or arbitration other than as a plaintiff or applicant, in respect of Geothermal or any of its subsidiaries or their respective business or assets that exposes Geothermal or the subsidiary to a potential liability exceeding \$100,000 (including legal costs) or having a material adverse effect on the business of Geothermal or any of its subsidiaries, not including litigation that is initiated or instigated by Havilah or any of its subsidiaries.

### 13.5 Geothermal Options

At least 7 days before the Conditions Notice Date, the exercise or cancellation of all Geothermal Options.

### 13.6 No Prescribed Occurrence

Between the Announcement Date and the end of the Offer Period (each inclusive), no Prescribed Occurrence occurs without the prior written approval of Havilah.

### 13.7 No Material Adverse Change

Between the Announcement Date and the end of the Offer Period (each inclusive), no Material Adverse Change occurs.

### 13.8 Representations

Between the Announcement Date and the end of the Offer Period (each inclusive), no circumstance or event occur which would make any of the following statements, if those statements had been made on the Announcement Date, untrue or incorrect in any material respect:

- (a) subject to the issue of any Geothermal Shares on exercise of Options or Executive Entitlements in accordance their terms, the issued share capital of Geothermal comprises 35,869,753 Geothermal Shares;
- (b) there are no securities of Geothermal convertible into Geothermal Shares other than 2,425,000 Geothermal Options, each option entitling the holder to subscribe for one Geothermal Share on the terms and conditions applicable to that option;
- (c) other than the Geothermal Options referred to in paragraph 13.8(b) above, there are no options or other entitlements over Geothermal Shares or to have Geothermal Shares issued; and
- (d) Geothermal is not involved in any negotiations with a party other than Havilah relating to or concerning a Competing Proposal.

### 13.9 Nature of conditions

Each of the Defeating Conditions set out in each paragraph and subparagraph of section 13 will:

- (a) be construed as a separate, several and distinct condition;
- (b) be a condition subsequent; and
- (c) until the expiration of the Offer Period (or in the case of the condition referred to in section 13.6, until three business days after the end of the Offer Period) will be for the benefit of Havilah alone and may be relied upon only by Havilah.

### 13.10 Conditions apply to multiple events

Where an event occurs that would mean at the time the event occurs a Defeating Condition to which the Offer or the contract resulting from an acceptance of the Offer is then subject would not be fulfilled, each Defeating Condition affected by that event becomes two separate Defeating Conditions on identical terms except that:

- (a) one of them relates solely to that event; and
- (b) the other specifically excludes that event, and that Havilah may declare the Offer free from either of those Conditions without declaring it free from the other and may do so at different times. This clause may apply any number of times to a particular Defeating Condition (including a Defeating Condition arising from a previous operation of this clause).

Havilah may decide Offer is free from all or any of the conditions. Havilah may at any time at its sole discretion but in compliance with section 650F and section 630(1) of the Corporations Act declare the Offer free from any or all of the conditions set out in each paragraph and subparagraph of Schedule 1 by notice in writing to Geothermal as permitted under the Corporations Act.

#### **14. APPROVAL OF THE BIDDER'S STATEMENT**

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This Bidder's Statement has been approved by a unanimous resolution passed by all the directors of Havilah.

This Bidder's Statement is dated 4 October 2011.

Signed on behalf of Havilah by K R Johnson, being a director of Havilah who has been authorised to sign by a unanimous resolution passed by all the directors of Havilah.



K R Johnson, PhD  
Chairman

## 15. GLOSSARY

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**AASB** means the Australian Accounting Standards Board.

**Acceptance Form** means the personalised acceptance and transfer form enclosed with this Bidder's Statement which forms part of the Offer.

**AGM** means, when used in reference to a company, the annual general meeting of that company.

**Announcement Date** means 26 August 2011.

**Approvals** includes approvals, licences, authorisations, authorities, consents, permissions, clearances, grants, confirmations, orders, exemptions, waivers or rulings.

**ASIC** means the Australian Securities and Investments Commission.

**Associate** has the same meaning as given to that term for the purposes of Chapter 6 of the Corporations Act (as modified by ASIC from time to time).

**ASX Clear Operating Rules** means the operating rules of ASX Clear Pty Limited ABN 48 001 314 503 from time to time.

**ASX Settlement** means ASX Settlement Pty Ltd ABN 49 008 504 532

**ASX Settlement Rules** means the rules of ASX Settlement from time to time, except to the extent of any relief given by ASX Settlement.

**ASX** means ASX Limited ACN 008 624 691 or the securities market operated by ASX Limited ACN 008 624 691, as the context requires.

**Bidder's Statement** means this document, which is given by Havilah in respect of the Offer pursuant to Part 6.5 of the Corporations Act and in compliance with the requirements of sections 636 and 637 of the Corporations Act.

**Board** means, when used in reference to a company, the board of directors of that company.

**Broker** means a person who is a share broker and a participant in CHESSE.

**Business Day** has the meaning given in the Listing Rules.

**CHESSE** means Clearing House Electronic Subregister System, which provides for electronic transfer of securities in Australia.

**CHESSE Holding** means a holding of Geothermal shares on the CHESSE subregister of Geothermal.

**Closing Date** means 7:00pm (Adelaide time) on the last day of the Offer Period.

**Compliance Rules** means any and all relevant or applicable provisions of:

- (a) the Corporations Act;
- (b) the Corporations Regulations;
- (c) the Listing Rules;
- (d) the ASX Settlement Rules;
- (e) the ASX Clear Operating Rules;
- (f) the Constitution;
- (g) any practice note, policy statement, class order, declaration, guideline, policy or procedure pursuant to the provisions of which either ASIC or ASX is authorised or entitled to regulate, implement or enforce, either directly or indirectly, the provisions of any of the foregoing statutes, regulations, rules, deeds or agreements or any conduct or proposed conduct of any person pursuant to any of the abovementioned statutes, regulations, rules, deed or agreements.

**Condition Period** means the period between the Announcement Date and the Closing Date.

**Conditions Notice Date** means 7 November 2011 (subject to extension in accordance with section 630(2) of the Corporations Act if the Offer Period is extended).

**Constitution** means the constitution of Havilah, as amended from time to time.

**Controlling Participant** means a Participant who is designated as the controlling participant for share in a CHESS Holding in accordance with the ASX Settlement Rules.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Corporations Regulations** means the *Corporations Regulations 2001* (Cth).

**CPI** means consumer price index.

**Defeating Condition** means each condition of the Offer set out in section 13 of this Bidder's Statement.

**Directors** means the board of directors of Havilah.

**EBIT** means earnings before interest and tax.

**Employee Share Option Plan** means the Geothermal employee share option plan governed by rules released to the ASX on 20<sup>th</sup> March 2006.

**Foreign Shareholder** means a Geothermal shareholder whose address as shown on the Geothermal share register is a place outside Australia and its external territories and New Zealand.

**Geothermal** means Geothermal Resources Limited ABN 45 115 281 144

**Geothermal Group** means Geothermal and each of its subsidiaries.

**Geothermal Options** means an option, issued by Geothermal prior to the Announcement Date, to acquire by way of issue of a Share.

**Geothermal Resource** means a geothermal resource as defined under the Australian Code for Reporting of Exploration Results, Geothermal Resources and Geothermal Reserves.

**Geothermal Share** means a fully paid ordinary share in the capital of Geothermal.

**Government Agency** means any government or governmental, semi-governmental, administrative, monetary, fiscal or judicial body, department, commission, authority, tribunal, agency or entity in any part of the world.

**Havilah** means Havilah Resources NL ABN 39 077 435 520

**Havilah Group** means Havilah and each of its subsidiaries.

**Implementation Agreement** means the Takeover Bid Implementation Agreement between Geothermal and Havilah described in section 11.12.

**Insolvency Agreement** means for a person, being in liquidation or provisional liquidation or bankruptcy or provisional bankruptcy or under administration, having a controller, receiver, receiver and manager or analogous person appointed to it or any of its property, being taken under section 459F(1) of the Corporations Act (or its statutory equivalent in any other jurisdiction) to have failed to comply with a statutory demand, being unable to pay its debts or otherwise insolvent, dying, ceasing to be of full legal capacity or otherwise becoming incapable of managing its own affairs for any reason, becoming an insolvent under administration (as defined in section 9 of the Corporations Act (or its statutory equivalent in any other jurisdiction)), entering into a compromise or arrangement with, or assignment for the benefit of, any of its members or creditors or any analogous event, the making of an order by a court for the winding up of a person, or a person resolving that it be wound up.

**Issue** means the issue of Havilah Shares pursuant to the Offer.

**Issuer Sponsored Holding** means a holding of Geothermal shares on Geothermal's issuer sponsored subregister.

**JORC Resource** means an economic resource as defined under the Joint Ore Reserves Committee guidelines.

**Listing Rules** mean the official listing rules of ASX as amended or replaced from time to time, except to the extent of any express written waiver granted by ASX.

**Material Adverse Change** means an event, occurrence or matter which individually or when aggregated with all such events, occurrences or matters diminish, or could reasonably be expected to diminish, the Net Assets of Geothermal as at 31 July 2011 by \$100,000 or more, other than:

- (a) an event, occurrence or matter required to be done or procured by Geothermal pursuant to the Implementation Agreement or the Offer;
- (b) any asset write off or write down required to be made by the accounting standards;
- (c) a change of law or accounting practice;
- (d) an actual event, occurrence or matter which is known to Havilah or its Representatives prior to the Announcement Date (which does not include knowledge of the risk of an event, occurrence or matter happening);
- (e) an event, occurrence or matter that was apparent or reasonably ascertainable by Havilah or its Representatives from:
  - (i) documents made available to them by Geothermal; or
  - (ii) responses provided to them in interviews with Geothermal management; or
- (f) an event, occurrence or matter that was apparent or reasonably ascertainable by Havilah or its Representatives from:
  - (i) announcements made by Geothermal to ASX prior to the Announcement Date; or
  - (ii) information that was publicly available prior to the Announcement Date from databases maintained by ASIC or any other Government Agency.

**Merged Group** means the Havilah Group following its acquisition of all or a majority of the Geothermal Shares.

**Merger** means the acquisition by Havilah of all or a majority of the Geothermal Shares.

**Net Assets of Geothermal** means the excess of total assets over total liabilities of Geothermal on a consolidated basis.

**Nominee** means a nominee to be appointed by Havilah and approved by ASIC.

**Offer** means Havilah's offer to acquire all the ordinary shares of GHT as contained in section 12.

**Offer Consideration** means the consideration under the Offer as contained in section 12.2 of this Bidder's Statement.

**Offer Period** means the period during which the Offer will remain open for acceptance, commencing on the date of the Offer and ending at 7:00 pm (Adelaide time) on 14 November 2011 or such later date to which the Offer has been extended.

**Participant** means a participant as defined in the ASX Settlement Rules.

**Prescribed Occurrence** means:

- (a) Geothermal converting all or any of its shares into a larger or smaller number;
- (b) Geothermal or a subsidiary of Geothermal resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;
- (c) Geothermal or a subsidiary of Geothermal: entering into a buy-back agreement; or resolving to approve the terms of a buy-back agreement under the Corporations Act;
- (d) Geothermal or a subsidiary of Geothermal issuing shares, securities or other instruments convertible into shares, debt securities or granting an option over its shares, or agreeing to make such an issue or grant such an option other than issuing shares pursuant to the exercise of Options or Executive Entitlements in accordance their terms;
- (e) Geothermal or a subsidiary of Geothermal making any change or amendment to its constitution;
- (f) an Insolvency Event occurring in relation to Geothermal or a subsidiary of Geothermal.

**Public Authority** means any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial body, department, commission, authority tribunal, agency or entity.

**Register** means, as the context requires, the share register, Havilah Note register or option register of Havilah.

**Register Date** means the date set by Havilah under section 633(2) of the Corporations Act, being 10 October 2011.

**Regulatory Approval** means:

- (a) any approval, consent, authorisation, registration, filing, lodgement, permit, franchise, agreement, notarisation, certificate, permission, licence, direction, declaration, authority, waiver, modification or exemption from, by or with a Government Agency; or
- (b) in relation to anything that would be fully or partly prohibited or restricted by law if a Government Agency intervened or acted in any way after lodgement, filing, registration or notification:
  - (i) the expiry of any applicable period without intervention or action; or
  - (ii) the receipt of a statement in writing from the Government Agency that it does not intend to intervene or take action.

**Related Entity** means, in respect of a party, another entity which is:

- (a) related to the first entity within the meaning of section 50 of the Corporations Act; or
- (b) in any consolidated entity (as defined in section 9 of the Corporations Act) which contains the first entity.

**Relevant Interest** has the meaning given in sections 608 and 609 of the Corporations Act.

**Renewable Energy Resources Scheme** means arrangements for government financial support for the research & development, demonstration and commercialisation of renewable energy forming part of the Commonwealth Government's Securing a Clean Energy Future announced on 10 July 2011.

**Representative** means in relation to an entity:

- (a) any of the entity's related entities; and
- (b) any of the officers and advisers of the entity or of any of its related entities.

**Rights** means mean all accretions, rights or benefits of whatever kind attaching to or arising from Geothermal shares directly or indirectly at or after the Announcement Date including, without limitation, all dividends, all rights to receive dividends and all rights to receive or subscribe for shares, units, notes, bonds, options or other securities declared, paid or issued by Geothermal or by any Subsidiary of Geothermal.

**Shares** or **Havilah Shares** means a fully paid ordinary share in the capital of Havilah.

**Subsidiary** has the meaning given to the term in section 9 of the Corporations Act.

**Tax** means any tax, levy, excise, duty (including stamp duty), charge, surcharge, contribution, withholding tax, impost or withholding obligation of whatever nature, whether direct or indirect, by whatever method collected or recovered, together with any penalties, fines, interest or statutory charges.

**Target's Statement** means the target's statement prepared pursuant to sections 633 and 638 of the Corporations Act in relation to the Offer.

**Trading Day** has the meaning given in the Listing Rules.

**VWAP** means volume weighted average price.

## 16. CORPORATE DIRECTORY

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**Registered Office**

63 Conyngham Street,  
Glenside 5065 SA

**Share Registry**

Computershare Registry Services  
Level 5, 115 Grenfell St,  
Adelaide, SA, 5000

**Offer Information Line**

Within Australia: 08 8338 9292  
Outside Australia: +61 8 8338 9292

**External Auditors**

Deloitte Tohmatsu Touche  
11 Waymouth St, Adelaide 5000

**Legal Advisor**

Thomsons Lawyers  
Level 7, 19 Gouger Street  
Adelaide 5000 SA

**Website**

[www.havilah-resources.com.au](http://www.havilah-resources.com.au)

## **Annexure A**

### **Material announcements relating to the Offer**

26-Aug-11	GHT: Havilah Resources Takeover Offer For Geothermal Resources
26-Aug-11	Havilah Resources Takeover Offer For Geothermal Resources
23-Aug-11	HAV: Response to Geothermal Resources Announcement
23-Aug-11	GHT: Approach by Havilah Resources re Off-market Takeover

## **Annexure B**

### **HAV's past announcements to ASX**

23-Sep-11	Appendix 3B
23-Sep-11	Appendix 3B
06-Sep-11	Option and JV Agreement with MMG and Share Placement
31-Aug-11	Quarterly Activities Report
26-Aug-11	GHT: Havilah Resources Takeover Offer For Geothermal Resources
26-Aug-11	Havilah Resources Takeover Offer For Geothermal Resources
23-Aug-11	HAV: Response to Geothermal Resources Announcement
23-Aug-11	GHT: Approach by Havilah Resources re Off-market Takeover
22-Aug-11	Trading Halt
26-Jul-11	Chinese Co-operation to Advance Maldorky Iron Project
25-Jul-11	Havilah to Acquire Glencore`s Rights in Kalkaroo Project
15-Jul-11	New Copper-Uranium Mineralisation at Kalkaroo
10-Jun-11	Maldorky Iron Ore Deposit - Resource Statement
06-Jun-11	Response to ASX Query
31-May-11	Quarterly Activities Report
26-May-11	Broken Hill Investor Presentation
25-May-11	Investor Presentation at Broken Hill
23-May-11	MEP: Media Release Braemar Iron Foundation
12-May-11	Singapore Investor Presentation
12-May-11	Investor Presentation
03-May-11	Exploration Update
02-May-11	Change of Director`s Interest Notice
29-Apr-11	Change of Director`s Interest Notice
27-Apr-11	Change of Director`s Interest Notice
18-Apr-11	CUY: Field Activities Update
18-Apr-11	Exploration Activities Update
15-Apr-11	Top 20 security holders
08-Apr-11	Half Year Accounts
31-Mar-11	Exploration Activities Update
03-Mar-11	Appendix 3B
02-Mar-11	Drilling Expands Maldorky Iron Ore Deposit
24-Feb-11	Appendix 3B
24-Feb-11	Quarterly Activities / Cashflow Report
22-Feb-11	Appendix 3B
18-Feb-11	CUY: Field Activities Update
17-Feb-11	Prospect Hill Tin Project
10-Feb-11	Appendix 3B
09-Feb-11	Change of Director`s Interest Notice
07-Feb-11	Investor Presentation

07-Feb-11 Ceasing to be a substantial holder  
 07-Feb-11 New Shareholders  
 07-Jan-11 Change of Director`s Interest Notice  
 31-Dec-10 Share Trading Policy  
 29-Dec-10 Exploration Update - Maldorky Iron Ore Project  
 08-Dec-10 Presentation to AGM  
 08-Dec-10 Results of AGM and Chairman`s Address  
 06-Dec-10 North Portia Project - Presentation  
 06-Dec-10 Havilah To Proceed With Portia Gold Project  
 06-Dec-10 Change of Director`s Interest Notice  
 03-Dec-10 Change of Director`s Interest Notices  
 01-Dec-10 Change of Director`s Interest Notice  
 30-Nov-10 Quarterly Activities and Cashflow Report  
 30-Nov-10 New Copper-Gold Discovery at North Kalkaroo  
 24-Nov-10 EGM 2010 Shareholders Presentation  
 24-Nov-10 North Portia Copper-Gold Deposit Resource Statement  
 24-Nov-10 Results of Meeting  
 04-Nov-10 Notice of Annual General Meeting/Proxy Form  
 04-Nov-10 GHT: Sale of PEL 186  
 29-Oct-10 Presentation at SACOME Breakfast Briefing  
 28-Oct-10 CUY: Oban In situ Recovery Trial - Progress Report  
 26-Oct-10 Notice of Extraordinary General Meeting/Proxy Form  
 25-Oct-10 Change of Director`s Interest Notice x 3  
 22-Oct-10 Annual Report to Shareholders

## **Annexure C**

### **GHT's past announcements to ASX**

26-Aug-11 GHT: Havilah Resources Takeover Offer For Geothermal Resources  
 26-Aug-11 Havilah Resources Takeover Offer For Geothermal Resources  
 23-Aug-11 Initial Director`s Interest Notice  
 23-Aug-11 HAV: Response to Geothermal Resources Announcement  
 23-Aug-11 GHT: Approach by Havilah Resources re Off-market Takeover  
 22-Aug-11 Trading Halt  
 15-Aug-11 Quarterly Activities / Cashflow Report  
 19-Jul-11 Appendix 3B  
 31-May-11 Quarterly Activities Report  
 08-Apr-11 Half Year Accounts  
 28-Feb-11 Quarterly Activities and Cashflow Report  
 10-Jan-11 Change of Director`s Interest Notice  
 31-Dec-10 Share Trading Policy  
 08-Dec-10 AGM Presentation  
 08-Dec-10 Results AGM and Chairman`s Address  
 30-Nov-10 Quarterly Activities and Cashflow Report  
 04-Nov-10 Notice of Annual General Meeting/Proxy Form  
 04-Nov-10 GHT: Sale of PEL 186  
 04-Nov-10 SNE Acquires Otway Basin Tenement  
 22-Oct-10 Annual Report to Shareholders

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