

# Quarterly Activities Report

**ASX Code**

HDN  
HDNO

**Capital Details**

Shares on issue	126.7M
Share Price	\$0.10
Market cap	\$12.7M
12 month low	\$0.10
12 month high	\$0.54
Cash at 30 June	\$5.1M

**Directors****Non Executive Chairman**

John Caldon

**Managing Director**

Colin McCavana

**Operations Director**

David Mason

**Non Executive Directors**

Dennis O'Neill  
Clair Medhurst  
BT Kuan

**Projects**

Tabalong Coal  
Balline Garnet  
Liberator Uranium

**Drilling Services**

Queensland  
Western Australia  
Indonesia

## September Quarter 2008

### HIGHLIGHTS

- **TABALONG COAL – CONTINUED EVALUATION OF PROJECT AND DESIGN OF FURTHER DRILLING TO DETERMINE EXTENT OF RESOURCE**
- **DRILLING SERVICES BUSINESS PROVIDES GOOD CASH FLOW AND EXCEEDS BUDGET**
- **INTERNAL EXPANSION OF DRILLING SERVICES BUSINESS**
- **ADDITIONAL INFILL DRILLING AT BALLINE ALLUVIAL GARNET PROJECT**
- **TWO DRILLING PROGRAMS UNDERWAY AT THE SHOBRIDGE PROJECT**

*Haddington (ASX: HDN) is a diversified exploration, development and services company with exploration and development activities in uranium, garnet and coal, and a profitable mining services arm providing drilling, geophysical and project development services. The Company is aggressively expanding its mining services businesses and is working toward becoming a producer of coal and garnet in the medium term.*

## **TABALONG COAL PROJECT**

Haddington continues to explore and evaluate its highly prospective coal leases at Muara Uya, Tabalong in South Kalimantan, Indonesia with a view to commencing production in early 2010.

Project activities undertaken during the September quarter included:

- Design of further drilling to locate the extent of the B seam (18m thick section) as well as resource extension, geotechnical data and limit of oxidation (LOX) drilling for the initial mining development.
- Evaluation of infrastructure requirements and alternative options for transportation of the coal.
- Substantial work on a robust project cost model has also been performed.

Further work is currently focused on designing additional mining areas with a view to progressing as many areas as possible to JORC Mineable Reserve status.

## **DRILLING AND EXPLORATION SERVICES OPERATIONS**

The drilling and exploration services businesses performed well during the quarter and exceeded budget for EBITDA, producing EBITDA of \$926,808 for the quarter. Cash flow from the drilling and exploration services complements the Company's expenditure on exploration and development and reduces overall cash outgoings.

During the quarter the company sold its shareholding in RGGGA (a Queensland based geologging business) to a management buyout. The business was underperforming and consistently returning losses. In order to return to profitability the business required an injection of capital for the upgrading of existing equipment and purchase of new equipment. Return on the capital required did not meet the Company's investment criteria. The sale will return a loss of \$58,000 to the group.

The Company is continuing to operate the Indonesian based Velseis Indonesia geologging business, which is operating profitably and outperforming budget expectations.

On 25 September 2008, the Company announced that it had decided not to proceed with the acquisition of Phoenix Drilling.

Haddington's ongoing objective for its drilling services businesses is to grow its position in the coal industry in Australia and Indonesia, expanding where profitable contracts arise, and diversify into minerals exploration drilling where greater equipment utilisation and higher revenues are achievable.

Internal growth through the acquisition of new rigs and negotiation of new long-term contracts is the basis of an active expansion program that the Company has in place for the drilling services business.

During the September quarter the expansion program continued with:

- The purchase of a new Hydco 1000H rig, which is currently in Perth being fitted with accessories and support equipment to take on new contracts in Western Australia. The rig has been funded from cash flow and will be commissioned before the end of October.
- The deployment into Western Australia of one of the Company's rigs from Queensland on a longer term contract drilling for coal.
- The commissioning in Indonesia of two new Coretech rigs from China, which will enhance the scope of the drilling activities of Haddington's Indonesian subsidiary, PT Asiadrill.

#### **BALLINE GARNET PROJECT**

Haddington continues to explore and evaluate its tenements at its Balline Garnet project with the intention of commencing production in late 2009.

Project activities undertaken during the September quarter included:

- An infill drilling programme on the Central Zone was completed, and samples from the 139 holes drilled are currently being processed and assayed.
- The program of work for infill drilling on the Northern Zone has been approved by the Department of Industry and Resources (DOIR). The work is programmed to commence following receipt of the results of the Central Zone work.
- Substantial work on a definitive project feasibility study has been undertaken and further financial modelling is being carried out prior to its finalisation.

#### **SHOBRIDGE PROJECT**

Work in the Northern Territory 2008 field season continued with two drilling programs commencing at the Shoobridge project in September:

- An eight (8) hole diamond drilling program at the Liberator Prospect.
- A twenty eight (28) hole reverse circulation (RC) drilling program to test anomalies at the Full Hand, Jacksons, Phillip Greets, Plateau Point and Two Nicks Prospects.

### Diamond Drilling Program

Drilling was commenced on targets at the Liberator Prospect that were identified following assessment of the results of a geophysical survey carried out in June and July 2008.

A program of 8 diamond holes for 1,060m is planned to test targets outlined by the geophysical survey.

### Reverse Circulation Drilling Program

The drilling program encompasses the following:

- Six (6) RC holes at the Full Hand Prospect. Two (2) will test for sulphide mineralisation, whilst four (4) will test for lead and copper mineralisation.
- Five (5) RC holes have been planned to test for potential lead mineralisation beneath abandoned workings at the Jacksons Prospect.
- Nine (9) RC holes have been planned to test for sulphide mineralisation in sediments below the Phillip Greets old mine workings.
- Four (4) RC holes to test the lead/silver potential of the Plateau Point Prospect.
- Four (4) RC holes are planned to test the copper and gold potential of the Two Nicks Prospect.

Samples from these drilling programs have been submitted for analysis and the results of these samples are pending.

### **ON BEHALF OF THE BOARD OF DIRECTORS OF HADDINGTON RESOURCES LIMITED.**

A handwritten signature in black ink, appearing to read "Colin McCavana".

**Colin McCavana**  
Managing Director

*The information in this report that relates to coal Exploration Results is based on information compiled by David Mason who is a Fellow of the Australian Institute of Mining and Metallurgy. David Mason is a fulltime employee of Haddington Resources Limited. David Mason has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. David Mason consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.*