

REVIEW OF OPERATIONS

KALKAROO (copper-gold-molybdenum) 100% interest

With the escalation in metal prices and inclusion of further drilling results since the preliminary mining scoping study completed almost twelve months ago, Havilah revised its economic evaluation of the Kalkaroo deposit during the period in order to provide shareholders with a more accurate appreciation of the potential value of the deposit. Based on detailed engineering considerations, an optimum open pit design to 230 metres depth is calculated to contain 70 million tonnes at a grade of 0.47% copper, 0.46 g/t gold and 124 ppm molybdenum.

This in pit resource has grown by 20% from earlier estimates largely by extending the open pit to the drilled limits of the measured resource. There is sufficient ore to maintain an open pit mining operation for a period of almost 11 years at an annual throughput rate of 6.5 million tonnes ore to produce approximately 31,000 tonnes copper, 95,000 ounces gold and 186,000 kg molybdenum per annum. Applying current metal prices, metallurgical recoveries of 90% and conservative operating and capital costs, the mining operation is capable of yielding an annual operating surplus of more than \$100 million. The project is economically robust and is still profitable at half current copper and molybdenum prices. There is excellent potential for discovery of depth and strike extensions to the deposit, which would further improve the mining economics.

A summary of further relevant information and the key parameters applied to these calculations is provided under the Kalkaroo project description on Havilah's website. The open pit model is based on a measured resource calculated from 56 Havilah RC holes completed in 2004 and 39 earlier drillholes, including diamond drillholes, completed by Placer, Newcrest and MIM Exploration. The excellent correlation between drillholes provides considerable confidence in the geological continuity and grade of the mineralisation at Kalkaroo, justifying its measured resource status.

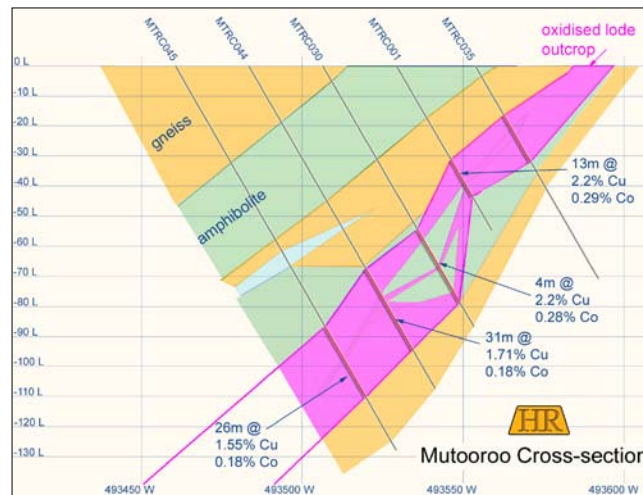
Drilling under the PACE grant on the Kalkaroo north and south domes was the main field activity during this shortened quarter ahead of the Christmas break. The highlights as previously announced were several native copper intersections and an ore grade intercept of 63m of 0.41% Cu and 69 metres of 0.67 g/t Au in drillhole KKRC071 some 2 km south of the Kalkaroo deposit. Directors view the drilling results as positive because for the first time the prospective copper-gold horizon was proven to exist away from Kalkaroo and where intersected, was invariably mineralised, thus confirming Havilah's exploration model. Overall the geology is quite complex due to faulting and dislocation of key rock units and will require considerably more drilling to outline areas of economic mineralisation.

MUTOOROO (copper-cobalt) 100% interest

Havilah's Mutooroo project lies roughly sixty kilometres west of Broken Hill and fifteen kilometres south of the Indian Pacific railway line. Extensive diamond drilling by Broken Hill South in the early 1970s to depths of 500 metres outlined a published copper resource of approximately 8.7 million tonnes of 1.9% copper in a sulphide lode structure. This historic resource figure may not comply with current JORC reporting standards, although it is based on 28 diamond drillholes and is therefore considered reliable. A feature of the deposit, not known to the earlier explorers, is the presence of appreciable amounts of cobalt in the sulphide ore, which has a significant impact on the current mining economics.

Havilah updated its preliminary mining scoping study and financial model for the Mutooroo deposit during the period, taking into account current metal prices and revised capital and operating cost estimates. An optimised open pit to 250m depth incorporates 11.5 million tonnes at a grade of 1.1% copper and 0.096% cobalt. This is sufficient to maintain a mining operation for at least 11.5 years at an annual throughput of 1 million tonnes to produce approximately 10,000 tonnes of copper and 1,000 tonnes of cobalt per annum. Based on current metal prices and the various parameters used, a mining operation on this resource is capable of generating an operating surplus of roughly \$23 million per annum after tax, with an estimated rate of return of approximately 40%. The project is quite robust and would break even, with pay back of all capital, at around half current metal prices. There is excellent potential for discovery of extensions to the deposit, which would further improve the mining economics.

Further details of the project and the main parameters used in these calculations are provided under the Mutooroo Mine project description on Havilah's website.



In September 2005 Havilah signed a memorandum of understanding with a Chinese consortium associated with the Jiangxi copper smelter, which provided for the consortium to earn an exclusive right to develop the Mutooroo deposit and earn an equity interest in the project. During the period this group advised that they no longer wish to take up their exclusive right to participate, leaving Havilah free to offer the project to other interested parties.

Future Strategy for Kalkaroo & Mutooroo Advanced Projects

Both the Kalkaroo and Mutooroo projects are 100% owned by Havilah and are ready to be advanced to the feasibility study stage. This is an expensive and time consuming activity requiring a team of specialists and an order of magnitude greater funding than that currently available to Havilah.

Given the shortage of quality advanced mineral projects in Australia and the premiums attached to them in the current market, Havilah has decided to seek major partners to fund the feasibility studies and mine development, in exchange for project equity. Both projects will be offered on a standalone basis and Havilah will retain the very considerable exploration upside in all of its Curnamona Craton regional exploration areas. No further drilling is planned by Havilah at either project until the process of securing development partners is complete. Future drilling to determine the precise resource parameters will form part of the feasibility study.

Exploration strategy for 2006

Obtaining development partners for the Kalkaroo and Mutooroo projects would allow Havilah to concentrate on drill-testing the numerous exploration opportunities in the Curnamona Craton tenement holdings. Havilah expects to maintain a continuous drilling programme through 2006 as it systematically tests some highly prospective targets for a variety of commodities.

A. Eurinilla Dome (copper-gold-molybdenum : Havilah 100% & 70%)

The Eurinilla Dome is geologically similar to the Kalkaroo Dome with several ore grade copper and gold intersections in previous drillholes. Havilah plans to use the knowledge it has gained from drilling similar mineralisation at Kalkaroo and North Portia to systematically target the host Curnamona copper-gold horizon for the first time at Eurinilla. A PACE grant to the value of \$50,000 has been awarded to Havilah to assist with this drilling.

B. McBrides Dam (lead-zinc : Havilah 100%)

Widely anomalous zinc has been intersected in previous drilling, making this one of the best untested zinc prospects in Australia, especially considering the comparable geological setting to such major zinc-lead deposits as Century, Mt Isa and McArthur River, and the interpreted time equivalence to the massive Broken Hill orebody. The prospect has presented drilling difficulties in the past owing to water aquifers in running sands and swelling clays

lying above the mineralised bedrock. Drilling will commence at this project in early March with the objective of targeting specific zinc rich horizons within the mineralised sequence. This drilling is also supported by a PACE grant to the amount of \$100,000.

C. Portia (gold : Havilah 100%)

Further base of Tertiary samples from earlier Havilah drilling have been washed in Havilah's gravity separation plant over the last few months and continue to confirm the consistency and high gold grades of this small gold deposit. Havilah is currently in process of revising its resource estimates incorporating the new results, in order to determine the mining economics at current gold prices. It is also planned to carry out a shallow bedrock air-core drilling programme in the near future with the objective of locating the postulated nearby primary bedrock gold source. Any bedrock gold mineralisation in proximity would greatly improve the economics of mining the Portia base of Tertiary gold deposit.

D. Brooks Dam (gold : Havilah 100%)

This prospect was discovered by MIM Exploration, who identified a large gold soil anomaly and found up to 0.37 ppm gold in out-cropping bedrock several kilometres west of Kalkaroo. Havilah plans to follow up these encouraging gold indicators during the first half of 2006. The economics of mining any discoveries will be greatly enhanced by the minimal cover at this prospect.

E. Radium Hill extensions (uranium : Havilah 100%)

The historic Radium Hill uranium lodes are recorded as lying within north-easterly trending shears, the interpreted extensions of which lie on Havilah's Cutana and Bonython Hill exploration licences. It is planned to carry out reconnaissance drilling to locate new Radium Hill style uranium lodes in the first half of the year, once field work to locate optimum drill sites is complete.

CURNAMONA ENERGY LIMITED

Havilah maintains a 50.6 % interest in Curnamona Energy which has already commenced its 2006 drilling programme in the Yarramba palaeochannel just downstream from the Honeymoon uranium deposit. Curnamona Energy achieved several significant milestones last year that directors believe have positioned it for success in 2006. Notably, its exploration concepts were validated by both electromagnetic surveys and drilling, and geologically significant indications of uranium mineralisation were returned by the drilling within the palaeochannel.

GEOHERMAL RESOURCES LIMITED

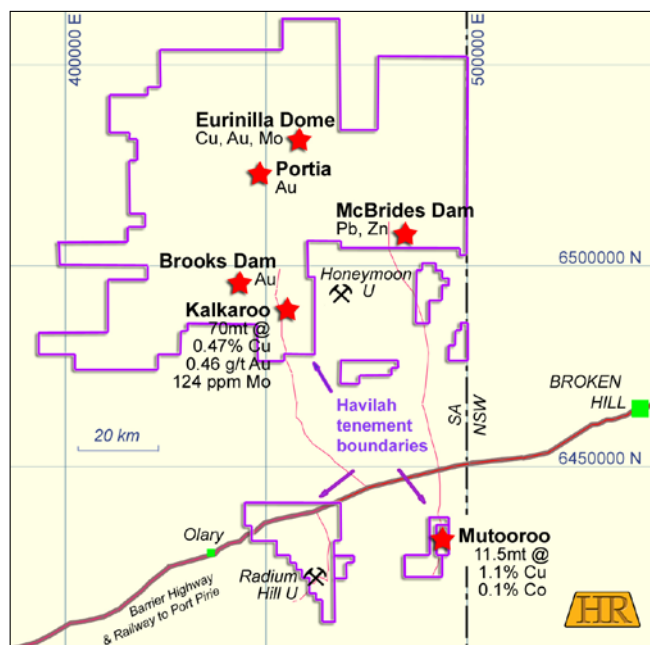
The prospectus and entitlements issue for Geothermal Resources is currently in the hands of eligible Havilah shareholders. This company is a potential value driver for Havilah because it will be an active participant in the burgeoning renewable energy industry. Geothermal Resources aims to raise \$3.75 million with an additional \$1 million in oversubscriptions and Havilah will retain greater than 50% interest at the time of public listing.

FINANCE

As at 31 January 2006 the company had available funds of \$2.865 million, of which the majority is held in a term deposit. Total net exploration expenditure by the company during the quarter was \$795,000 of which drilling and related expenses including assaying and field costs, accounted for more than 80%. It is expected that \$137,500 related to drilling costs incurred at Kalkaroo during the quarter, will be reimbursed under a PACE grant during the next quarter.

With no carry over of drilling costs from the current quarter, it is expected that total exploration expenditure in the next quarter will be appreciably less. In addition, some proposed drilling costs at the McBrides and Eurinilla projects, which will represent Havilah's single largest expenditure item in the next quarter, will be reimbursed under various PACE grants.

Dr K R Johnson
CHAIRMAN



Further technical details relating to the Havilah ELs will be found on Havilah's website:

www.havilah-resources.com.au

The information in this report has been prepared by Dr Chris Giles, who is a member of The Australian Institute of Geoscientists, and an adherent to the Institute's codes and recommended practices. He has a minimum of five years experience in the types of activities being reported.

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HAVILAH RESOURCES NL

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HIGHLIGHTS

POSITIONED TO LEVERAGE VALUE FROM ADVANCED PROJECTS

- An updated mining scoping study for the Kalkaroo copper-gold-molybdenum deposit shows that an optimised open pit to 230m depth contains an estimated 70 Mt of 0.47% copper, 0.46 g/t gold and 124 ppm molybdenum. At current metal prices this is roughly equivalent to a 5 million ounce gold deposit at a grade of 2.27 g/t.
- A similar study for the Mutooroo copper-cobalt deposit shows that an optimised open pit to 250m depth incorporates 11.5 million tonnes at a grade of 1.1% copper and 0.096% cobalt.
- Latest drilling on the north and south Kalkaroo domes has intersected the mineralised horizon in the expected position, with several potentially economic copper intersections.
- A continuous programme of drilling is planned for 2006 to explore gold, copper, zinc, lead and hard rock uranium targets on Havilah's highly prospective Curnamona Craton tenements.
- Prospectus for Geothermal Energy Limited 1:5 entitlement offer sent to Havilah shareholders.
- Curnamona Energy drilling confirms its exploration model and locates indications of uranium.

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