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PORTIA BASE OF TERTIARY GOLD - RESOURCE STATEMENT

Havilah Resources NL (Havilah – ASX:HAV) advises that it has prepared an updated resource estimate for the Portia gold mineralization in order to facilitate mine planning studies for the trial open pit mine.

The Portia gold deposit, as presently understood, consists of two main components:

1. A base of Tertiary (BOT) gold rich layer that sits directly on the bedrock.
2. Bedrock gold mineralization that has been eroded to produce the BOT gold layer (see diagram).

The BOT gold mineralization is closely drilled and has proven to be consistently gold mineralized over an area of at least 600m x 100 m, and ranging from 1 to 4 metres in thickness. Owing to a known coarse gold sampling problem, Havilah processed the entire weight of air-core drill samples in a purpose built washing plant. This gave a high degree of confidence in the gold assays for drill intersections in the BOT layer, from which an **Inferred Resource of 720,000 tonnes @ 2.9 g/t for 67,000 ounces of gold has been estimated**, using a high grade cut of 60 g/t. The resource estimate is based on 895 assayed samples from 205 Havilah drillholes and was completed by a specialist geologist using Vulcan 3D software. **It is generally supported by the earlier Pasminco drilling results,** but because of acknowledged sampling and assaying problems, the Pasminco assays were not included in the present resource estimate. A table summarizing the important criteria related to the assessment and reporting of the Portia BOT gold resource is appended to this report.

The resource is assigned an inferred category, because although it is well constrained by drilling, and the individual assays are considered reliable, the overall grade and hence total contained gold, is critically dependent on the high grade cut value applied, as shown in the following table. This arises because of frequent high gold assays (>30 g/t), such that 30% of gold metal is attributable to only 1.4% of samples that contain the highest gold values. While these high gold assays are considered to be real because of the painstaking assay methodology used, caution dictates that an upper gold value cut of 30-60 g/t should be used to avoid such assays having a disproportionate influence, and therefore leading to an over-estimation of the grade of the deposit.

High grade cut g/t	uncut	60	30
Grade g/t	3.1	2.9	2.6
Total oz	72,000	67,000	60,000
Total tonnes	**720,000**		

Inferred resource estimates for base of Tertiary gold at Portia at different high grade cuts

The proposed trial open pit at Portia aims to exploit as much of this BOT gold resource as is economically feasible in order to generate a cash surplus. Preliminary open pit designs suggest that it could be possible to extract at least half of the contained gold (> 30,000 ounces) and still generate a cash surplus of approximately $10 million at a gold price of A$1,000 / ounce. However, since this is only a small trial open pit, the economics are critically dependent on minimizing capital costs, including overburden removal, and also the prevailing A$ gold price.

The main objective of the trial open pit is to expose and better understand gold mineralization in the underlying bedrock. To date, it has not been possible to determine a gold resource in the bedrock from surface drilling owing to poor sample quality and unreliable assays, combined with the erratic and patchy gold distribution. It is suspected that the bedrock gold mineralization is hosted by thin, but extremely gold rich quartz veins that are difficult to properly drill test from the surface. Exposure of the bedrock on the pit floor will enable sampling and mapping to be completed, and give confidence in the expected size of the bedrock gold resource. The results of this work will ultimately determine whether to proceed with a stage 2 open pit designed to extract mineralized weathered bedrock material and the remaining BOT gold mineralization not captured in the trial open pit.

Chairman Dr Bob Johnson said that the updated gold resource for the Portia BOT mineralization was consistent with earlier Pasminco estimates and Havilah scoping studies.
"Based on our whole of sample washing method we are confident in our assay values – even the extremely high grade bonanza values. In estimating the BOT resource we have taken a conservative approach in cutting back these high grade assays" he said.
"Our main objective with the trial pit is to sample the underlying bedrock gold mineralization, and if we can make a good profit from the BOT mineralization in the process, we will be very pleased" he said.

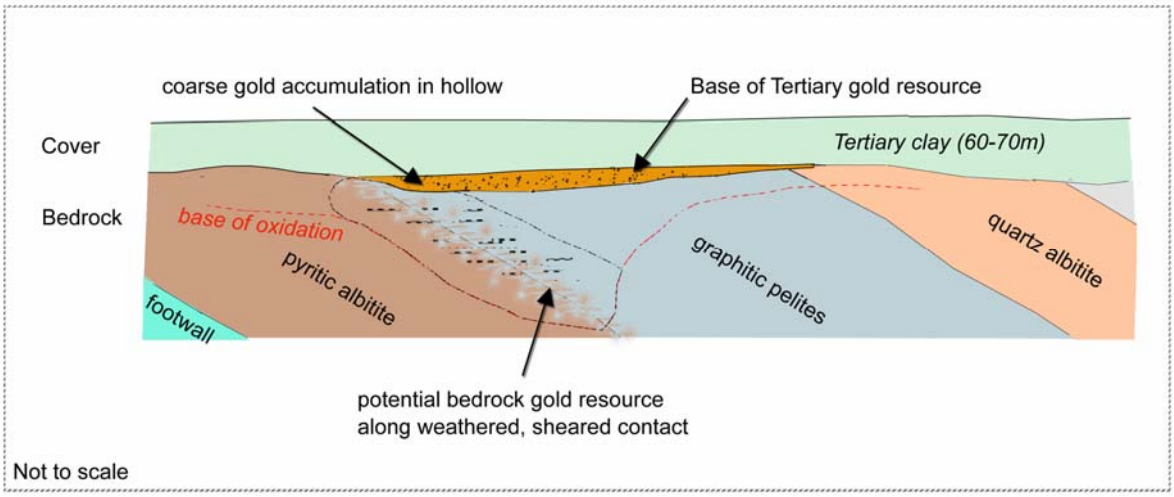
Havilah continues to progress the mine permitting process with PIRSA**.** Approval of the Mining Lease Proposal (posted on PIRSA's website at : http://www.pir.sa.gov.au/minerals/public_notices/portia_gold_project_mining_lease_proposal.) will pave the way for PIRSA to grant a mining lease. A Mining and Rehabilitation Plan (MARP) must then be approved before the trial open pit can proceed at Portia. This will also involve payment of a rehabilitation bond and compliance with other regulatory procedures prior to commencement of the operation.

Dr K R Johnson
CHAIRMAN

This Mineral Resource Statement has been compiled in the accordance with the guidelines defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004 Edition).

The information in this report has been compiled by Dr Bob Johnson who is a member of the Australasian Institute of Mining and Metallurgy and Dr Chris Giles who is a member of The Australian Institute of Geoscientists. Drs Johnson and Giles are employed by the Company on consulting contracts. They have sufficient experience which is relevant to the style of 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 in this report in the form and context in which it appears.

Enquiries should be directed to Dr Bob Johnson, Chairman, on (08) 83389292



Interpretive model showing the location of the base of Tertiary (BOT) gold resource that is sitting in a shallow depression in the bedrock. The gold is thought to have eroded from the underlying bedrock, possibly from the contact zone between footwall pyritic albitite rocks and overlying graphitic pelites.

SUMMARY OF IMPORTANT CRITERIA RELATED TO THE ASSESSMENT AND REPORTING OF THE PORTIA BASE OF TERTIARY GOLD RESOURCE

Criteria	Status
Sampling Techniques, Assay Data, Drilling Details	
Havilah drillholes used in resource estimation	• 205 Havilah aircore (AC) drillholes totaling approximately 21,000 metres are included.
Non-Havilah drillholes used in resource estimation	• Approximately 65 earlier Pasminco-Werrie Gold JV AC and RC drillholes totaling approximately 8,500m were not used in the resource estimation. • There is a reasonable correlation of the geology and assay data between these earlier drillholes and Havilah's drillholes.
Drilling techniques	• All AC holes were drilled using a blade bit and minimal air pressure to avoid collapsing the holes. • Drilling is extremely challenging and special techniques were used to ensure good sample return from the BOT layer.
Sampling techniques	• AC drill samples were bagged. 1 kg was split off for conventional laboratory assaying. The remainder of the sample for the entire BOT interval was washed in a specially designed gravity separation plant operated by Havilah.
Drill sample recovery	• AC sample recoveries through the BOT layer were good and are adequate for interpretation purposes.
Logging	• All AC samples were logged by experienced geologists and later holes were logged directly into a digital logging system with data uploaded into an Access database. • Representative samples were stored in chip trays for later reference. • Chip sample trays and some back-up samples are stored on site and at the Adelaide office.
Quality of assay data and laboratory tests	• For the BOT gold mineralization, all conventional laboratory assay data that used a small sample size is suspect owing to a known coarse-gold nugget effect. This problem expressed itself as widely varying and unrepeatable assays from the same sample or nearby samples. Consequently, no conventional assay data was used in the resource estimate. • To overcome this problem Havilah designed and built a simple gravity treatment plant and treated the entire AC metre sample weight (typically 18-22 kg) remaining after removal of a 1 kg split for conventional laboratory analysis. •The concentrate from a small Knelson concentrator was further concentrated on a Gemini table (vibrating table) and finally by panning. The coarse gold was then hand-picked and weighed on a sensitive balance. • This assay methodology is unlikely to produce significant

	errors, except possibly on the downside if some fine gold is lost during the processing. The consistency of results from the BOT by this methodology is considered the best evidence that the washing and weighing method of gold assaying is appropriate in this case.
Verification of drilling methods and sampling	• Twinned, repeat or nearby AC holes gave almost identical results for the washed BOT samples. • Three diamond core drillholes gave comparable results to the AC holes for the BOT gold mineralization. • The AC method was considered most reliable of all drilling techniques because it caused minimal disturbance to the BOT layer, and also gave the highest sample volume for washing.
Location of drillholes	• Drillhole collar coordinates were surveyed in UTM coordinates using a differential GPS system with an x:y:z accuracy of 20cm:20cm:40cm. • Havilah AC holes were not surveyed and were assumed not to have deviated significantly from their collar azimuth and inclination owing to the large drill rod size used.
Drillhole spacing and distribution	• Havilah drilling was completed on nominal 20m sections perpendicular to the interpreted strike of the BOT layer. Holes were mostly drilled towards the west at -60 to -75º in order to cut the bedrock approximately perpendicular to layering. • Earlier non-Havilah holes were drilled with a similar azimuth and dip. • Some Havilah AC holes were drilled vertically or towards the south, but this did not appear to effect the intersection widths or gold grades in the BOT mineralization. • Resource drilling is predominantly concentrated between 447600E and 448000E and between 6521300N and 6522000N. The deposit is largely untested deeper than 110m below surface.
Estimating and Reporting of Mineral Resources	
Database integrity	Examination of the database has not revealed any issues of concern that could significantly affect the current resource estimation.
Geological interpretation	• The Portia gold mineralization consists of two main components: 1. A base of Tertiary (BOT) gold rich layer that sits directly on the bedrock. 2. Bedrock gold mineralization that has been eroded to produce the BOT gold layer. • The nature of the bedrock gold mineralization is poorly understood at present but appears to be locally extremely high grade and patchy. The primary gold possibly occurs in thin veins along a formation boundary between pyritic footwall rocks and highly graphitic black shales. • The BOT gold mineralization is well defined by the drilling and quite well understood. It is hosted by a distinctive silty “light grey clay” that sits in a depression on the weathered bedrock surface.

	• Gold in the BOT layer varies from fine- to coarse-grained, and appears to have moved only a short distance from its bedrock source. The BOT mineralization is therefore interpreted to be of eluvial origin – ie accumulated in a shallow depression down-slope from its source (see diagram).
Estimation and Modelling Techniques	• Polygons and hence triangulations are based on interpretations completed on 20m and 40m sections for Portia BOT mineralisation. Sectional interpretations are made perpendicular to the strike. • Only samples that fell inside the triangulation model representing the BOT gold resource were used in the estimation of gold grades. • 1m composite assay intervals were used. • Gold grades were estimated using the inverse distance squared method, as provided in Maptek Vulcan software. • Estimation was carried out initially using all sample data within a 20m x10m x5m search ellipsoid in order to restrict the area of influence of the high grade assays. Then a search radius of 50m x 25m x 10m was run using all samples below the high grade cut value to estimate into any intervening void areas. The results of the two estimation passes were combined to obtain the total resource figure
Moisture	• Tonnes have been estimated on a dry basis.
Cut-off parameters	• Mineral resources have been reported at a 30 and 60 g/t gold grade cut. • High grade gold assays (>50g/t) are common in the BOT mineralization, and are likely to be real. Applying an upper cut is a conservative approach that ensures higher grade gold assays do not overly influence the average grade for the deposit.
Bulk density	• An average SG of 1.8 was used for the BOT layer, based on numerous SG determinations of similar material from Kalkaroo.
Classification	• There is a high level of confidence in the continuity of the BOT mineralization at Portia and in the assay results used in the resource estimate. • The overall grade and hence total contained gold, is critically dependent on the gold cutoff value applied, owing to the frequent high gold grades (>50g/t). • This creates a degree of uncertainty in the total amount of gold that can ultimately be recovered, causing the resource to be assigned an inferred status.