



HAVILAH RESOURCES NL

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ASX Release

28 February 2007

APPENDIX 5B – SECOND QUARTER ACTIVITIES AND CASH FLOW REPORT

POSITIVE RESULTS ON ALL FRONTS

HIGHLIGHTS

- **A successful entitlements issue to shareholders raising \$9.4 million that will be applied to progressing the Portia trial open pit and advancing the Kalkaroo feasibility study.**
- **28% increase in size of Kalkaroo copper resource including the West Kalkaroo mineralization to over 100 million tonnes.**
- **Feasibility study drilling at the Mutooroo project returns excellent grades of copper and cobalt over wide intervals**
- **Confirmation of high grade bedrock gold mineralisation at Portia from washing of more drill samples from the floor of the proposed trial open pit.**
- **Decision to proceed with field leach trials on Curnamona Energy's Oban uranium deposit (Havilah 50.6%)**

REVIEW OF OPERATIONS

CAPITAL RAISING

Havilah Resources NL (Havilah – ASX:HAV) is pleased to announce that its current capital raising of \$9.4 million, planned to close on 28 February, has been well supported by shareholders. There has been strong demand for shortfall shares by shareholders and the issue is likely to be fully subscribed. The funds will be put to work immediately on the main purposes outlined in the Prospectus, namely advancing the Portia trial open pit and the Kalkaroo feasibility study, plus testing various regional exploration targets

KALKAROO COPPER GOLD PROJECT (Havilah 100%)

Some of the best ever drilling intersections were reported from the West Kalkaroo prospect during the quarter, including **102 metres of 0.83% copper and 1.6 g/t gold in KKRC 136 and 81 metres of 0.48% copper and 1.6 g/t gold in KKRC 127**. It is notable that the West Kalkaroo resource is

now over 600 metres long and still remains open to the west and at depth on all drill sections, with the most westerly hole, KKRC135, yielding excellent gold and copper assays and terminating in ore (14 metres of 0.81% copper and 1.7 g/t gold). Thus there is good scope for future step out drilling to continue increasing the resource base. In addition, much of the West Kalkaroo resource is oxidised ore and at shallower depth than the main Kalkaroo resource and would therefore be expected to have more favourable mining economics, although mining scoping studies are yet to be carried out.

Havilah has incorporated all drilling results from West Kalkaroo into an updated resource model for Kalkaroo, **resulting in a 28% increase in the total resource, from 85 million tonnes (measured) to 108 million tonnes (measured and indicated) of combined copper, gold and molybdenum mineralisation.** The additional resource at West Kalkaroo is of indicated status at this stage because further drilling is required to improve sample quality, confirm geological interpretations and thereby more confidently constrain the ore envelope.

Using a A\$20 per tonne ore value cutoff, this resource **translates to 85 million mineable tonnes at a grade of 0.51 g/t Au and 0.45% Cu within a conservative optimized open pit model.** Compared with the previous Kalkaroo resource announced 12 months ago (Kalkaroo line in the following table), **this represents a 21% increase in the open pit mineable tonnes with a corresponding 13% increase in gold grade** and a marginal change in the copper grade. The expanded resource was achieved with 25 RC drillholes completed over a two month period for a net outlay of approximately \$ 400,000 or roughly 2.7 cents per resource tonne. The drilling programme was partly supported by a PACE grant from the South Australian Government.

Mineable Ore Envelope	Million Tonnes	Au g/t	Cu %	Mo ppm	Au g/t equiv	Cu % equiv	A\$ per tonne	Cu tonnes	Au ounces
Kalkaroo	70	0.46	0.47	124	2.28	0.86	62	329K	1.04M
W Kalkaroo	15	0.76	0.42		1.87	0.71	51	63K	0.37M
Total	85	0.51	0.45	101	2.19	0.83	59	392K	1.41M
A\$ prices		730 /oz	6250/t	110/kg			current	K=1000	M=million

The A\$ metal prices used to define the A\$20 per tonne cutoff are listed in the bottom row of the table and are lower than current metal prices. The A\$ per tonne ore values listed in the table are indicative only and are based on roughly current spot metal prices. It is notable that the total contained gold of 1.41 million ounces has climbed 36% in the current resource reflecting the important contribution of higher gold grades at West Kalkaroo. In gold terms, Kalkaroo has the equivalent of over 6 million ounces.

With the additional funds from the entitlements issue now in hand, Havilah has commenced a detailed feasibility study on the Kalkaroo deposit that is being managed by experienced senior resource geologist, Mr Peter Leah. Peter worked for 12 years for Rio Tinto in the Cobar district and brings with him important resource evaluation, metallurgical and mine operating experience that Havilah believes will be crucial to the proper economic evaluation of Kalkaroo and its ultimate development. The feasibility study will address the key issues of orebody metallurgy and more precise resource definition in order to better determine likely open pit limits. This will involve significant amounts of diamond drilling, including some large diameter core to obtain ore samples suitable for comprehensive metallurgical testing.

MUTOOROO COPPER-COBALT PROJECT (Havilah 100%)

Feasibility study drilling completed late last year and funded by Havilah's partner, Chinese resources group Heilongjiang Resources Limited, has returned excellent results including

27 metres of 1.75% copper and 0.22% cobalt in drillhole MTRC 55.

Current drilling was confined to the southern end of the potential resource and recently received assay results indicate thick sulphide intersections that approximate true widths as follows :

Hole No	From	To (m)	Interval	Cu%	Co ppm	A\$/T value*
MTRC050	37.8	45	7.2	1.5	2338	275
MTRC052	66	74	8	1.99	1831	275
MTRC053	86	93	7	2.05	1967	288
MTRC054	111	118	7	2.3	1850	298
MTRC055	130	157	27	1.75	2186	282
MTRC056	73	80	7	1.98	1336	239
MTRC058	112	121	9	1.44	2006	283

**using US\$2.60/lb Cu and US\$25/lb Co and 0.78 exchange rate*

Combining with Havilah's earlier drilling results it is now apparent that within the overall sulphide lode structure there is a thickened southerly plunging sulphide body with true widths of up to 30m (previously reported in holes MTRC044 and 45) as shown in the attached figure. The A\$ per tonne ore values, computed from current copper and cobalt metal prices indicated, give some idea of the potential value of this material and why the option of direct shipping the bulk sulphide concentrate appears attractive and is being pursued by Havilah's Chinese partner.

The newly defined thicker sulphide zone defined by Havilah's current drilling lies within the overall potential 11 million tonne resource envelope defined in Havilah's earlier published mining scoping study and could provide an optimum location for commencement of an open pit. The area drilled in detail thusfar represents only about 350 metres of some 1700 metres strike of Mutooroo copper-cobalt sulphide lode that to date has been drilled on relatively wide spacing. There is thus good scope to discover further thick, plunging sulphide bodies along strike, as already indicated by Broken Hill South's earlier diamond drilling (eg DDH005 which returned **9 metres of 1.6% Cu and 0.18% Co** from 290.8-299.8 metres and **23 metres of 1.2% Cu and 0.20% Co** from 306.3-329.2 metres). Up dip continuations of these deeper intersections will be targeted in the next round of drilling.

A primary objective of the feasibility study drilling is to prove up sufficient ore to JORC measured resource status to support an annual production schedule of around 20,000 tonnes of copper and 2,000 tonnes of cobalt. The aim is to achieve this goal over the next six months with closely spaced RC drilling and some twinned diamond drillholes that will in addition provide critical geotechnical and metallurgical data.

PORTIA GOLD PROJECT (Havilah 100%)

Samples from 20 drillholes on a roughly 20m x 20m grid in the floor of the proposed trial open pit continued to be processed in Havilah's washing and gravity separation plant during the quarter. From the resultant heavy mineral concentrate the visible coarse gold grains are hand picked and weighed. **Comparatively high grade gold intersections over significant widths** in several drillholes, have now been confirmed by this painstaking process as follows :

PTAC 191 26 metres of 15.4 g/t Au
PTAC 193 13 metres of 33.5 g/t Au
PTAC 197 25 metres of 14.5 g/t Au
PTAC 205 26 metres of 9 g/t Au

When compared with assays quoted in the previous quarterly report for the same drillholes, the new assays significantly extend the gold mineralized intervals (see table below). This in turn markedly increases the potential tonnage of gold bearing bedrock material.

PORTIA BEDROCK GOLD RESULTS DERIVED FROM WASHING SAMPLES

Hole No	From	To	Interval	Au g/t	Comments
PTAC188	73	76	3	10.5	assaying incomplete
PTAC189	98	104	5	16.5	1m not assayed
PTAC191	75	101	26	15.4	
<i>PTAC191</i>	<i>95</i>	<i>101</i>	<i>6</i>	<i>57.4</i>	<i>previously reported</i>
PTAC193	84	97	13	33.5	assaying incomplete
<i>PTAC193</i>	<i>84</i>	<i>95</i>	<i>5</i>	<i>59.8</i>	<i>previously reported</i>
<i>PTAC194</i>	<i>80</i>	<i>82</i>	<i>2</i>	<i>25.5</i>	<i>previously reported</i>
<i>PTAC196</i>	<i>82</i>	<i>94</i>	<i>9</i>	<i>12.5</i>	<i>previously reported</i>
PTAC197	74	99	25	14.5	2m not assayed
<i>PTAC197</i>	<i>74</i>	<i>80</i>	<i>6</i>	<i>55.6</i>	<i>previously reported</i>
PTAC 198	73	78	5	17.4	
PTAC 199	75	78	3	8.5	assaying incomplete
<i>PTAC201 BOT</i>	<i>75</i>	<i>77</i>	<i>2</i>	<i>81</i>	<i>previously reported</i>
PTAC204 BOT	72	76	4	5.7	
PTAC204	84	90	5	1.2	1m not assayed
PTAC205	76	98	26	9.0	2m not assayed
<i>PTAC205</i>	<i>83</i>	<i>95</i>	<i>12</i>	<i>9.4</i>	<i>previously reported</i>

Note : New assay intervals are shaded. Previously reported assay intervals are unshaded. All samples are from bedrock excepting those marked BOT, which are from the base of Tertiary gold layer. Average gold grades quoted are uncut.

A more consistent picture is emerging of the overall gold distribution as more samples are washed and the statistical errors associated with the coarse-grained “nugget” gold sampling problem are reduced. It is apparent, however, that the total gold resource at Portia is greatly influenced by several extremely high grade gold zones, whose dimensions are very difficult to constrain by drilling.

Havilah therefore continues to investigate the feasibility of excavating a trial open pit to obtain a large bulk sample in order to more accurately estimate the grade and distribution of gold within the Portia deposit so that the economics of a full scale gold mining operation can be determined. The trial open pit will not proceed until there is reasonable certainty that the amount of recoverable gold will more than cover the trial mining costs. The above reported results are a positive indication that this will be the case, but this needs to be confirmed with more complete results before a final decision is made.

In the meantime, funds raised from the current entitlements issue will be used to complete various tasks in advance of commencing the trial open pit, such as obtaining all permitting, building all required infrastructure, dewatering and geotechnical studies, and diamond drilling.

CURNAMONA ENERGY LIMITED (Havilah 50.6% ownership)

Curnamona Energy has reported that its wholly owned subsidiary, Oban Energy Pty Limited, has pegged a Mineral Claim over its 100% owned Oban uranium project, located 60 kilometres north of the Honeymoon uranium deposit. Oban Energy plans to commence a field leach trial on the Oban deposit in order to conclusively determine the amenability of the resource to in situ leach extraction methods.

Drilling in the second half of last year at Oban returned numerous economically significant uranium intersections within coarse-grained palaeochannel sands, including a well mineralized area covering some 100,000 square metres (average Grade Thickness of 0.2 m% eU₃O₈). The *in situ* value of gamma-indicated uranium in this small area is over \$70 million at current spot uranium prices, with the potential for a tenfold increase in the immediate vicinity.

Subject to obtaining required approvals from PIRSA and other relevant government agencies, field leach trials are permitted on a Mineral Claim, but product cannot be sold. Curnamona Energy's immediate objective is to secure all necessary permitting and to proceed with construction of the required processing plant on site. Assuming the field leach trial is successful, Oban Energy would obtain a mining licence and upgrade the field leach trial pilot plant to a full scale operation

In the meantime, exploration drilling at Oban is planned to re-commence early in March, following completion of maintenance and repairs to the Company's drilling rig and construction of a semi-permanent camp near Oban that will service both the drilling and field leach trial personnel.

GEOHERMAL RESOURCES LIMITED (Havilah 63.6% ownership)

Geothermal Resources has announced that it will commence the first round of shallow geothermal gradient drilling at its Frome Project in March. Havilah has agreed to expedite the drilling of these holes by offering the use of two drilling rigs that it has on permanent contract for its mineral exploration work. Precollar holes will be drilled and cased with a percussion drill rig and a then a diamond drill rig will be used continue the holes to the planned minimum depths of 500 metres.

HAVILAH VALUATION AND STRATEGY

Following completion of the successful entitlements issue, and \$9.4 million raising, the second plank in Havilah's future growth strategy is in place. These funds will allow Havilah to progress the trial open pit at Portia, with the aim of establishing a sustainable gold mining operation and Havilah's first mining cashflow.

The funds will also be applied to feasibility study work at Kalkaroo that will address the main outstanding metallurgical, geotechnical and resource definition issues. It is expected that this work will add substantial value to Kalkaroo, leading to its financing and development.

Havilah's investments in other listed companies continued to do well, amounting to approximately \$40 million, based on market values at the time of writing, versus a total market capitalisation of Havilah of roughly \$100 million.

FINANCE

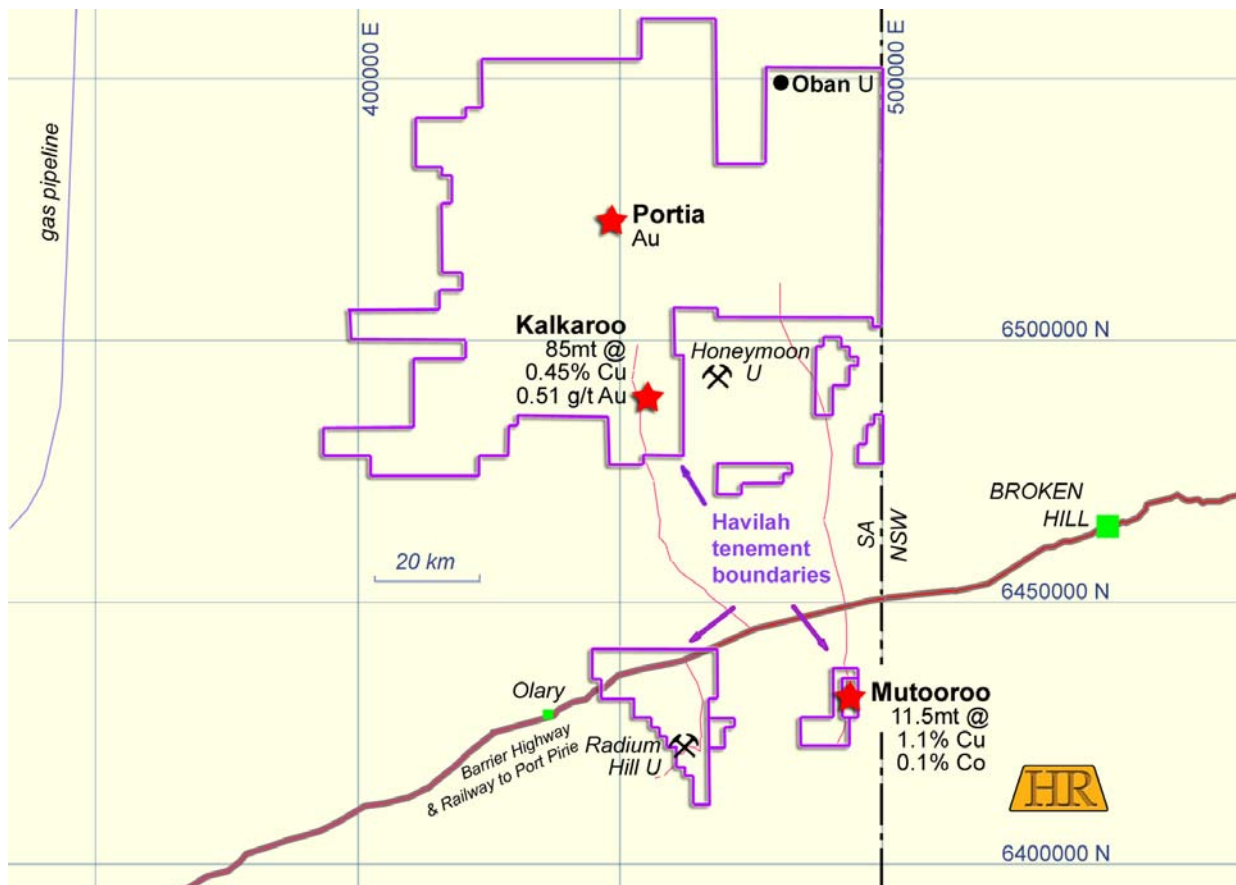
As at 31 January 2007 the company had available funds of \$1.04 million, of which the majority is held in a term deposit. This will be supplemented by the successful \$9.4 million raising, bringing cash on hand to almost \$10.5 million. Total exploration expenditure by the company during the quarter was approximately \$755,000 of which drilling and related expenses, including assaying and field costs, accounted for more than 80%. More than \$100,000 of drilling and related costs expended on behalf of the Mutooroo joint venture and included in the above expenditure figure will be reimbursed to Havilah during the next quarter.

It is expected that total exploration expenditure in the next quarter will be significantly less than that in the current quarter due to the summer break in field activities. Havilah also expects to receive reimbursement of \$100,000 drilling costs relating to West Kalkaroo, from a PACE grant during the next quarter.

Dr K R Johnson
CHAIRMAN

The information in this report has been prepared by Dr Bob Johnson who is a member of the Australasian Institute of Mining and Metallurgy and Dr Chris Giles who is a member of The Australian Institute of Geoscientists. Drs Johnson and Giles are employed by the Company on consulting contracts. They have sufficient experience which is relevant to the style of mineralization and type of deposit under consideration to qualify as Competent Persons as defined in the JORC Code 2004. Drs Johnson and Giles consent to the release of the information compiled in this report in the form and context in which it appears.

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



Location of advanced projects referred to in text

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

HAVILAH RESOURCES NL

ABN

077 435 520

Quarter ended ("current quarter")

31/1/07

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (. 6 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a)exploration and evaluation	-755	-1154
	(b) development		
	(c) production		
	(d) administration	-155	-231
	Dividends received		
1.4	Interest and other items of a similar nature received	20	50
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)	55	94
		-835	- 1241
Net Operating Cash Flows			
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a)prospects		
	(b)equity investments		
	(c) other fixed assets	- 24	- 45
1.9	Proceeds from sale of:(a)prospects		
	(b)equity investments		
	(c)other fixed assets		
1.10	Loans to other entities	-2	-6
1.11	Loans repaid by other entities		
1.12	Other		
		-26	- 51
Net investing cash flows			
1.13	Total operating and investing cash flows (brought forward)	-861	-1292

Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	5	5
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
Net financing cash flows		-856	-1287
Net increase (decrease) in cash held			
1.20	Cash at beginning of quarter/year to date	1893	2324
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1037	1037

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	599
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

The majority of this amount comprises payment for contract drilling to Talager Drilling Pty Ltd, a company associated with one of the directors. Drilling charges are at standard commercial rates as determined by public quotes for comparable equipment, and approved by non-associated directors. Other payments are to companies associated with the directors for management and consulting services in accordance with service agreements previously entered into, and for reimbursement of expenses incurred by directors on behalf of the Company.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	400,000
4.2 Development	
Total	400,000

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	167	143
5.2 Deposits at call	870	1750
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	1037	1893

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference + securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	72,616,273	72,616,273		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	20,000 Ordinary shares were issued as the result of exercise of 20,000 Employee Options expiring 9 December 2008			
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	140,000 200,000 3,520,000 100,000 50,000	Employee Employee Directors Employee Employee	<i>Exercise price</i> 25 cents 102 cents 118 cents 106 cents 75 cents	<i>Expiry date</i> 09/12/08 09/05/09 14/08/10 29/08/10 19/10/11
7.8 Issued during quarter	50,000 200,000	Employee Employee	75 cents 96 cents	19/10/11 17/02/11
7.9 Exercised during quarter	20,000	Employee	<i>Exercise price</i> 25 cents	<i>Expiry date</i> 9/12/08

7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does ~~not~~* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:
(Director/Company secretary)

Date: 27 February 2007

Print name: Dr KR Johnson.....

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with

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