HAVILAH RESOURCES NL

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The Manager
Companies Announcements Office
Australian Stock Exchange Ltd
10th Floor, 20 Bond Street
SYDNEY NSW 2000

27 February 2006

Dear Sir / Madam,

APPENDIX 5B – SECOND QUARTER ACTIVITIES AND CASH FLOW REPORT

HIGHLIGHTS

POSITIONED TO LEVERAGE VALUE FROM ADVANCED PROJECTS

- An updated mining scoping study for the Kalkaroo **copper-gold-molybdenum deposit shows that an** optimized open pit to 230 m 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 optimized open pit to 250m depth incorporates 11.5 million tonnes at a grade of 1.1% copper and 0.096% cobalt.** This project has robust profitability at current metal prices and would still break even if copper and cobalt prices dropped to half their present value.
- Major partners are being invited to fund the feasibility studies and mine development of these advanced projects in exchange for project equity.
- 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 exloration model and locates indications of uranium.

REVIEW OF OPERATIONS

Kalkaroo (Copper - Gold - Molybdenum Havilah 100% onership)

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 studies, **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.

The favourable mining economics are a function of the **soft overburden** (not requiring blasting), the **relatively low waste:ore ratio of 1.5:1** (cubic metres of waste per tonne of ore) and the more than 2 km length of the orebody that lends itself to **low cost coal mining methodologies** where the waste is dumped in the open pit behind the advancing mine face. There is good access to the deposit from the Barrier Highway and supplies of ground water in the region are believed to be adequate to support a mining operation.

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. In addition a highly altered mineralised diorite was drilled for the first time in the area, and raises the possibility of intrusion related mineralisation. 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 Havilah 100% ownership)

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 1970's 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 based largely on its own drilling, and taking into account current metal prices and revised capital and operating cost estimates. **An optimized 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 a period of at least 11.5 years at an annual throughput of 1 million tonnes to produce approximately 10,000 tonnes 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.

Current drilling data gives considerable geological confidence in the continuity and grade of the mineralisation, as there is good correlation between the outcropping lode, Havilah's shallow RC drilling and the previous deeper diamond drilling. It is emphasized, however, that more drilling is required to bring the resource to the confidence level required by the JORC code.

For the current scoping study it has been assumed that the proposed operation would produce a bulk sulphide concentrate containing both copper and cobalt for shipment to a smelter, thus eliminating the need for a complex processing plant and thereby minimising capital costs. 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 obtain 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.

In anticipation of a future mining operation, Havilah has pegged two Mineral Claims over the deposit during the period in the name of its wholly owned subsidiary, Mutooroo Metals Pty Ltd as the first step towards application for a Mining Lease.

Future Strategy for Kalkaroo and 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 phase of activity that requires a team of specialised experts 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 taken the decision 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

Part of the reason for seeking development partners for the Kalkaroo and Mutooroo projects is so that Havilah can concentrate on drill-testing the numerous exploration opportunities presented by its extensive 100% owned Curnamona Craton tenement holdings, where it believes it can continue to add significant shareholder value for a relatively modest exploration outlay. Havilah expects to maintain a continuous drilling programme through 2006 as it systematically tests some highly prospective targets for a variety of commodities. If the exploration team's record over the past two years continues, shareholders can look forward to at least one new significant discovery during 2006 at one or more of the projects described below.

A. Eurinilla Dome (Copper-Gold-Molybdenum Havilah 100% and 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. Mc Brides 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 Mc Arthur 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 prospect in early March with the objective of targeting specific zinc rich horizons within the mineralized 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 air-core drilling programme in the near future with the objective of locating the primary bedrock gold source, which is postulated to lie nearby. 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 outcropping 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.

3. 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.

4. GEOTHERMAL 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.

At the flagship Frome project, new seismic data, combined with existing gravity data indicates extensive areas of likely radiogenic heat producing Precambrian granite lying beneath optimum depths of younger heat insulating sediments. It is now evident that multiple hot dry rock geothermal targets exist over a wide area, making this portion of the Curnamona Craton a world class hot dry rock geothermal exploration play.

5. CONCLUDING STATEMENT

Havilah is fortunate that the Curnamona Craton is so well endowed with such a variety of mineral commodities. Having identified the exploration potential, and then successfully demonstrated it by drilling, Havilah’s immediate objective is to now realise the value in its mineral assets. The current resource boom conditions give Havilah an unprecedented opportunity to leverage maximum value from its high quality advanced projects. **Shareholders may be confident that directors will spare no effort during 2006 to realise the value in Havilah’s advanced mineral projects as rapidly as possible and at the same time strive to achieve new value adding discoveries within the key project areas identified above.**

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.

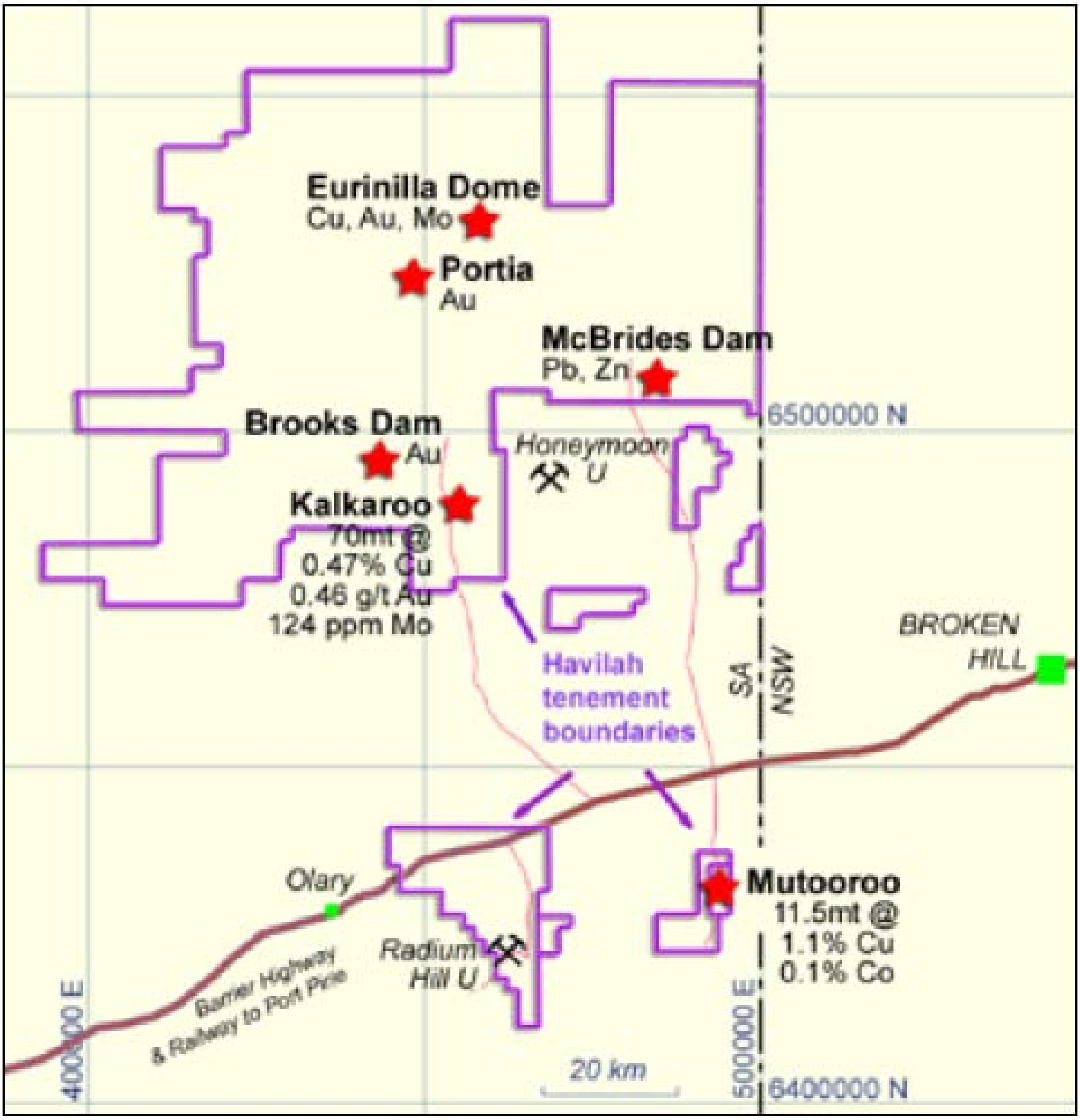
Total net exploration expenditure by the company during the quarter was $795,000 of which drilling and related expenses including assaying and field costs, accounted for more than 80%. It is expected that $137,500 related to drilling costs incurred at Kalkaroo during the quarter, will be reimbursed under 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 Mc Brides and Eurinilla propects, 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

The information in this report has been prepared by Dr Bob Johnson and Dr Chris Giles, who are members of the Australasian Institute of Mining and Metallurgy and The Australian Institute of Geoscientists, respectively, and are adherents to the respective Institute’s codes and recommended practices. Both have had a minimum of five years experience in the types of activities being reported.

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



Eurinilla Dome
Cu, Au, Mo
Portia
Au
McBrides Dam
Pb, Zn
6500000 N
Brooks Dam
Au
Honeymoon
U
Kalkaroo
70mt @
0.47% Cu
0.46 g/t Au
124 ppm Mo
Havilah
tenement
boundaries
SA
NSW
BROKEN
HILL
Olary
Mutooroo
11.5mt @
1.1% Cu
0.1% Co
Radium
Hill U
Barrier Highway
& Railway to Port Pirie
400000 E
500000 E
20 km
6400000 N

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	Quarter ended ("current quarter")
077 435 520	31/01/06

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (. 3 months) $A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a)exploration and evaluation	-742	-1356
	(b) development		
	(c) production		
	(d) administration	-101	-163
	Dividends received		
1.4	Interest and other items of a similar nature received	48	113
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)		2
	Net Operating Cash Flows	-795	-1404
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a)prospects		
	(b)equity investments		-25
	(c) other fixed assets	- 4	- 7
1.9	Proceeds from sale of:(a)prospects		
	(b)equity investments		
	(c)other fixed assets		
1.10	Loans to other entities	-84	-84
1.11	Loans repaid by other entities		
1.12	Other		-2000
	Net investing cash flows	-88	-2116
1.13	Total operating and investing cash flows (brought forward)	-883	-3250

	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	5	1299
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	5	1299
	Net increase (decrease) in cash held	-878	-2221
1.20	Cash at beginning of quarter/year to date	3743	5086
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	2865	2865

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	366
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

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

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	475,000
4.2 Development	
Total	475,000

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	181	168
5.2 Deposits at call	2684	3575
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	2865	3743

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	EL 3503	Granted exploration licence		100%

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** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	72,596,273	72,596,273		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	20,000	20,000	25 cents	Employee opt ex
7.5	**+Convertible debt securities** *(description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	160,000 200,000 3,520,000 100,000	Employee Employee Directors Employee	*Exercise price* 25 cents 107 cents 118 cents 106 cents	*Expiry date* 09/12/08 09/05/09 14/08/10 29/08/10
7.8	Issued during quarter				
7.9	Exercised during quarter	20,000	Employee	*Exercise price* 25 cents	*Expiry date* 09/12/08
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 /~~does not*~~ *(delete one)* give a true and fair view of the matters disclosed.

Sign here: .... Date: 27 February 2006
(Director/Company secretary)

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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