



HAVILAH RESOURCES NL

63 Conyngham Street
Glenside 5065 South Australia
phone 61 8 8338 9292
fax 61 8 8338 9293
email info@havilah-resources.com.au
ABN 39 077 435 520

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

31 August 2006

Dear Sir / Madam,

APPENDIX 5B – FOURTH QUARTER ACTIVITIES AND CASH FLOW REPORT

HIGHLIGHTS

POSITIVE GOLD EXPLORATION RESULTS AT PORTIA AND KALKAROO

- At Kalkaroo significant new gold -copper mineralization discovered by drilling of a major quartz breccia vein zone over a strike length of 2 kilometres and up to 80m wide
- At Portia growing evidence for substantial coarse-grained gold mineralisation in the bedrock which has gone largely unrecognized to date owing to the difficulty of obtaining reliable assays.
- Havilah to determine the economics of a trial open pit at Portia in order to obtain a bulk sample and with the view to proceeding to a full scale mining operation if results are positive

REVIEW OF OPERATIONS

PORTIA GOLD PROJECT (Havilah 100% ownership)

During the quarter Havilah continued with its in house assaying of bedrock samples from earlier rounds of drilling at Portia by bottle roll and washing methods. As reported previously, **this has led to an important breakthrough in understanding of the distribution of gold in the bedrock, which may be the key to development of the Portia gold deposit.** Washing of entire drill samples continues to show evidence of significant amounts of often coarse-grained gold in the bedrock. Generally, where significant gold assays (> 1 g/t) have been determined in bedrock samples by other assay methods, these are confirmed by results for the washed samples. In some cases the previous gold assays may be significantly upgraded indicating a coarse gold sampling problem (see results for drillholes PTAC 177 and PTAC 181 in table below).

COMPARATIVE GOLD ASSAY RESULTS FOR DIFFERENT ASSAY METHODS

Hole ID	From	To	Metres	Au g/t conventional	Au g/t bottle roll	Au g/t washed
PTAC 160	80	81	1	0.95	6.8	8.3
PTAC 162	102	105	3	3.22	6.74	14.5
PTAC 177	84	85	1	0.54	18.61	43.5
PTAC 180	81	82	1	2.36	N/a	10.0
PTAC 181	82	83	1	0.48	N/a	16.25

It is now apparent that many isolated and sometimes unrepeated higher grade bedrock gold intersections reported from both earlier Pasminco / Werrie Gold and Havilah drilling at Portia are almost certainly reflecting significant intersections of as yet poorly defined bedrock gold mineralisation (see results in the table below).

PREVIOUSLY REPORTED HIGHER GRADE PORTIA BEDROCK GOLD RESULTS

Hole ID	From	To	Metres	Au g/t
BEN 494*	92	105	13	9.28
BEN 496	78	86	8	11.56
BEN 1717	99	106	7	4.7
PTAC 113	113	119	6	18.5
PTAC 162	117	132	15	5.0
PTAC 176	82	90	8	1.2
PTAC 177	94	104	8	13.2

*BEN series are Pasminco/ Werrie Gold drillholes, the remainder are Havilah drillholes

Interpretation of Havilah's recent drilling indicates that the bulk of the bedrock gold mineralisation may have originally formed along the sheared contact between footwall pyritic albitite and carbonaceous pelite (see attached diagram). This gold is associated with high levels of other pathfinder elements, such as arsenic, thus confirming its primary nature. Subsequent deep weathering and supergene enrichment along this contact is believed to have produced the observed coarse-grained gold and its intricate intergrowths with other oxidised minerals formed at the same time. The similarly coarse-grained base of Tertiary gold mineralisation is now thought to have been derived from this bedrock source by progressive erosion and accumulation in a shallow depression.

During the next quarter Havilah intends to undertake drilling targeted specifically at the interpreted mineralized contact zone and to continue washing selected samples from its earlier drillholes in order to gain greater certainty as to the true distribution and grade of the bedrock gold mineralisation. Due to the technical difficulties in achieving a JORC resource estimate for the coarse-grained Portia bedrock gold mineralisation, Havilah has initiated studies on the feasibility of excavating a trial pit on the richest part of the deposit in order to obtain a bulk sample for processing. The primary objective would be to estimate the grade of the deposit so that the economics of a full scale gold mining operation can be determined. Since the bulk of the gold is coarse-grained and free, and hosted within soft clayey weathered bedrock, it would be expected to be liberated by high pressure washing in a trommell and subsequent gravity separation in a scaled up version of Havilah's current washing plant. Further work is being done on the design and costing of such a gold processing plant.

Accordingly, during the next quarter Havilah plans to progress the critical steps required for mining permitting, including preparation of a mining lease application, negotiation of a native title agreement, conducting groundwater studies and carrying out detailed costing estimates for the trial pit and pilot processing plant.

The potential prize if this work is successful is a substantial gold mining operation over a number of years, since preliminary estimates indicate that the potential volume of mineralized bedrock material at Portia is of the order of 8 million tonnes (of as yet uncertain grade) lying immediately beneath the base of Tertiary mineralisation. The longer term upside for Havilah is applying the knowledge gained at Portia in the search for additional bedrock gold mineralisation in similar geological settings elsewhere on the Benagerie dome where there is known gold mineralization from earlier drilling (eg at the Shylock and Lorenzo prospects).

KALKAROO COPPER GOLD PROJECT (Havilah 100%)

Drilling at Kalkaroo during the quarter has targeted gold mineralisation in the earlier identified quartz breccia vein zone, that cuts through the Kalkaroo dome (see diagram). New drilling results from the central portion of the Kalkaroo dome (Central Kalkaroo) have returned encouraging gold grades and wide zones of associated low grade copper as follows :

NEW CENTRAL KALKAROO DRILL RESULTS

Hole ID	From	To	Metres	Cu%	Au g/t	Comments
KKRC113	98	104	6		1.5	Breccia vein zone at EOH only
KKRC118	87	114	27		0.52	Within breccia vein zone
KKRC119	77	96	19		1.2	North of breccia vein zone
and	56	117	61	0.15		as above

Each of these drillholes are on separate section lines 100 metres apart and cover some 200 metres of strike in total. **This exploratory drilling indicates the presence of appreciable copper-gold mineralization in the quartz breccia vein zone in a new area that has not been previously tested.** Assay results for two further holes covering an additional 200 metres of strike are currently awaited.

The gold assays reported above do not appear to reconcile with the observed amounts of visible gold panned from the drill samples, especially in drillholes 118 and 119. Alternative assay techniques, including fire assay and bottle roll leaching, will be applied to selected samples in order to resolve this apparent discrepancy.

The above Central Kalkaroo results follow on from results reported earlier in the quarter from West Kalkaroo, some 1.3 km to the west where five holes within or near the same quartz breccia vein zone on two section lines 100 metres apart intersected potentially economic grades of copper and gold mineralisation as follows:

PREVIOUSLY REPORTED WEST KALKAROO DRILL RESULTS

Hole ID	From	To	Metres	Cu%	Au g/t	Comments
KKRC099	63	102	39	0.43	1.45	Within breccia vein zone
KKRC101	87	147	60	0.20	1.0	Within breccia vein zone
and	39	141	102	0.23		as above
KKRC102	123	199	76	0.67	0.63	Part breccia, part Kalkaroo style
KKRC103	81	96	15	0.52	0.39	Kalkaroo stratabound style
KKRC097	75	153	78	0.5	0.75	Previously reported

The breccia vein zone was also intersected in previous Havilah drilling at the eastern and western ends of the main Kalkaroo copper deposit in 2005, again with potentially ore-grade copper and gold intersections as follows.

PREVIOUSLY REPORTED KALKAROO DRILL RESULTS

Hole ID	From	To	Metres	Cu%	Au g/t	Comments
KKRC055	75	153	78		0.82	West end of breccia vein zone
and	108	144	36	0.58	0.48	
KKRC034	72	111	39		1.62	East end of breccia vein zone
KKRC031	96	117	21		2.66	East end of breccia vein zone

A few previous exploration drillholes by MIM and Newcrest also intersected the quartz breccia-vein zone and returned noteworthy gold and copper grades eg Newcrest drillhole NKA 165 16 metres of 0.5 g/t Au from 105-121 metres (at bottom of hole), which lies approximately 350 east of Havilah drillhole KKRC119 at Central Kalkaroo reported above.

It is now evident from Havilah's drilling that the mineralized quartz breccia vein zone occurs along a major regional fault structure that extends in a west-southwesterly direction (see diagram). It lies immediately south of, and separate from, the Kalkaroo copper-gold orebody, which is itself a substantial stratabound mineral deposit containing an estimated within pit resource of 70 million tonnes of 0.47 %Cu, 0.46 g/t Au and 125 ppm Mo (refer to previous Havilah announcements).

Based on the drilling results thusfar, it is believed that the Kalkaroo quartz breccia vein style mineralisation holds considerable promise of growing into a large low grade gold-copper resource that could possibly be developed in conjunction with the nearby Kalkaroo copper deposit. The host fault zone is known to extend for over 6 kilometres in length and mineralization extends to at least 400 metres depth (eg MIM diamond drillhole hole KMD 1 intersected several zones of quartz breccia vein hosted copper-gold mineralization, including 12.5 metres of 0.84% Cu and 0.20g/t Au from 465-478 metres and 7.2 metres of 1.1% Cu and 0.3 g/t Au from 484.8-492 metres).

Havilah plans to continue exploration drilling at both the central and west Kalkaroo prospects and adjacent areas during the next quarter with the objective of expanding the copper and gold metal inventory at Kalkaroo.

CURNAMONA ENERGY LIMITED (Havilah 50.6% ownership)

Havilah maintains a 50.6 % interest in Curnamona Energy, which has continued with its 2006 drilling programme in the Yarramba Palaeochannel. Geologically significant indications of uranium mineralisation have been returned by the drilling thusfar and numerous prospective targets will be tested in a programme of drill testing that is planned to continue until the end of the year.

Substantial drilling delays were experienced during the quarter owing to heavy rains and inundation of access routes to drilling sites, which resulted in a lower than expected number of holes being drilled.

GEOHERMAL RESOURCES LIMITED (Havilah 63.6%)

Geothermal Resources was successful in being awarded a \$2.5 million Federal Government REDI grant, for assistance with research and development and commercialization of hot rock geothermal energy from the Frome project area. The grant funds will encompass both shallow drilling to determine regional geothermal gradients and a deeper drilling programme designed to intersect possible heat sources.

During the quarter an Activity Notification was lodged with PIRSA as required under the Petroleum Act (2000). Preparation of the requisite documentation was a major, but important undertaking because it is a requirement under the Petroleum Act that the Activity Notification be approved before any drilling can commence in the project area. Geothermal Resources intends to commence its planned shallow geothermal gradient drill testing programme on its Frome project area late in the next quarter, subject to contractor availability.

HAVILAH VALUATION AND SHARE PRICE

Havilah continues to be substantially undervalued given its high quality mineral assets. Recent tax loss selling and sales by some substantial shareholders at depressed prices have not helped. Throughout this period directors or their associates have been buyers of shares, when permitted under Havilah's corporate governance rules, thus indicating their steadfast belief in the Company's prospects.

While securing development partners has been unexpectedly slow, ultimately it may prove to have been fortuitous in view of Havilah's recent gold drilling results at Kalkaroo, which will add more value to this project, and which continues to remain 100% owned by Havilah. Directors believe that ongoing strong metals demand dictates that in time proper value will be realized in Havilah's multi-metal development projects. In the meantime, Havilah is progressing with the planning and preparatory stages of the Portia gold project as, if feasible, it will be a comparatively simple, low capital project that Havilah can manage. It may well provide the cashflow required for Havilah to develop its own substantial copper and gold projects at Kalkaroo if necessary and thereby transform the Company into a significant miner in its own right without substantially diluting existing shareholders.

FINANCE

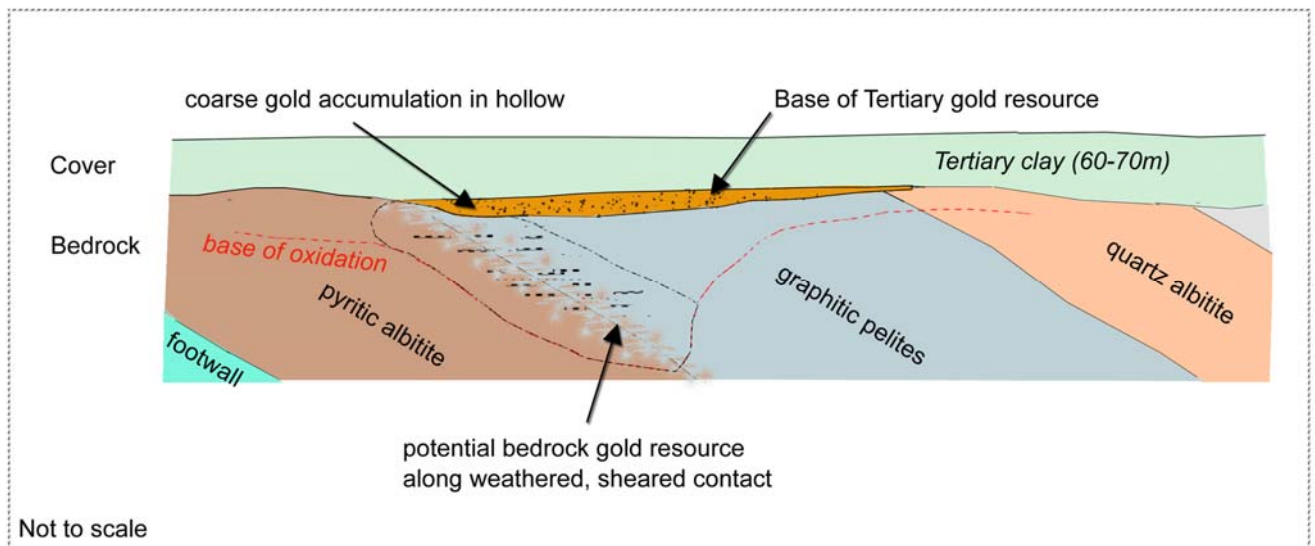
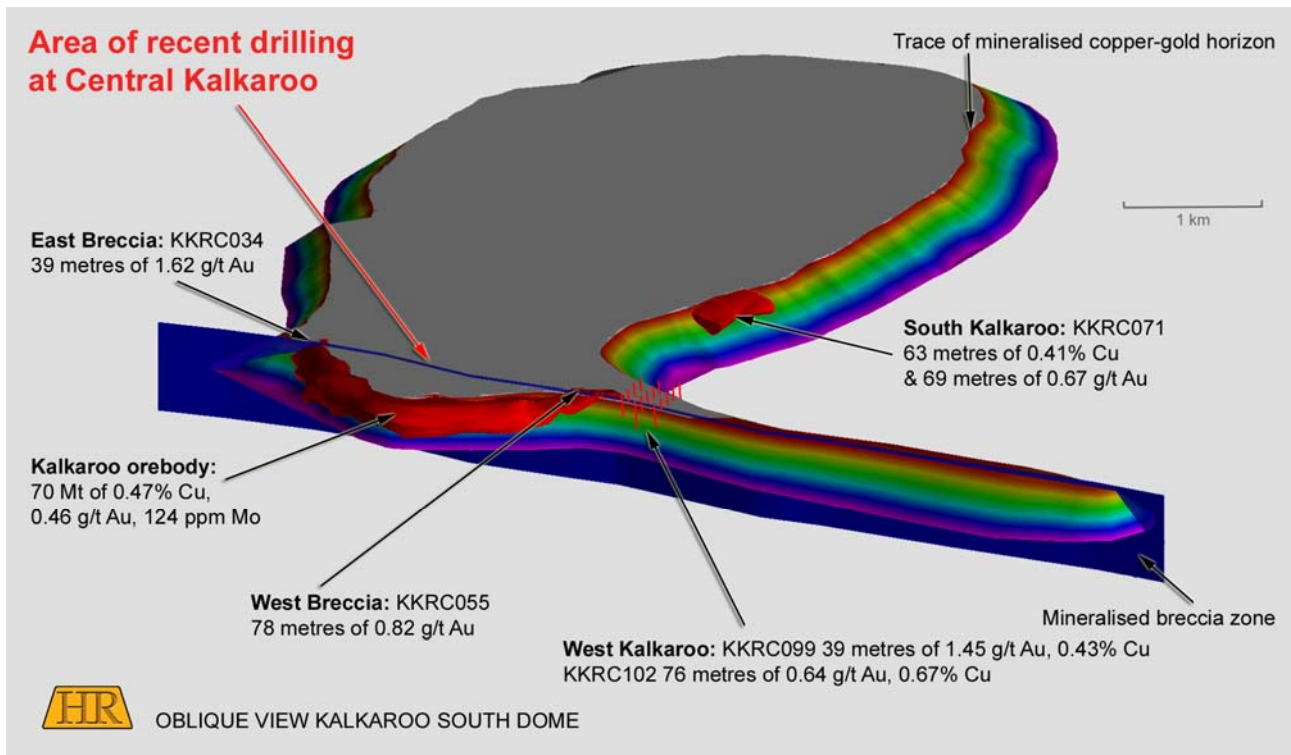
As at 31 July 2006 the company had available funds of \$2.32 million, of which the majority is held in a term deposit. Total exploration expenditure by the company during the quarter was \$481,000 of which drilling and related expenses including assaying and field costs, accounted for more than 80%.

It is expected that total exploration expenditure in the next quarter will be comparable to that in the current quarter owing to the continuous programme of drilling being conducted. This may be offset to some extent by reimbursement of expended drilling costs at the Mc Brides and Eurinilla prospects, under various PACE grants.

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



Gold mineralization model for Portia, showing gold distributed along deeply weathered contact in bedrock and accumulated at the base of Tertiary layer

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")

31/07/06

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (. 9 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a)exploration and evaluation	-481	-1995
(b) development		
(c) production		
(d) administration	-160	-415
1.4 Dividends received	36	202
1.5 Interest and other items of a similar nature received		
1.6 Interest and other costs of finance paid		
1.7 Income taxes paid		
1.7 Other (provide details if material)	15	32
	-590	-2176
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	- 1	- 20
1.9 Proceeds from sale of:(a)prospects		
(b)equity investments		
(c)other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities	135	135
1.12 Other		-2000
	134	-1885
Net investing cash flows		
1.13 Total operating and investing cash flows (brought forward)	-456	-4061

Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.		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			1299
Net increase (decrease) in cash held		-456	-2762
1.20	Cash at beginning of quarter/year to date	2780	5086
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	2324	2324

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	428
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	350,000
4.2 Development	
Total	350,000

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	153	243
5.2 Deposits at call	2171	2537
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	2324	2780

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	72,596,273	72,596,273		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
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>	160,000 200,000 3,520,000 100,000	Employee Employee Directors Employee	<i>Exercise price</i> 25 cents 107 cents 118 cents 106 cents	<i>Expiry date</i> 09/12/08 09/05/09 14/08/10 29/08/10
7.8 Issued during quarter				
7.9 Exercised during quarter			<i>Exercise price</i>	<i>Expiry date</i>
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				

7.12 Unsecured notes <i>(totals only)</i>		
---	--	--

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: 31 August 2006

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

== == == == ==