



# Havilah Resources NL

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## Australian Stock Exchange Announcement

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### KALKAROO COPPER-GOLD-MOLYBDENUM PROJECT VALUATION UPDATE

In recent weeks Havilah has updated its earlier mining scoping study and financial model for the Kalkaroo deposit taking into account current metal prices and revised capital and operating cost estimates. An **optimized open pit to an average depth of 230 metres incorporates approximately 70 million tonnes of ore at a grade of 0.47% copper, 0.46 g/t gold and 124 ppm molybdenum with an in-ground value of \$3.6 billion**. This is a 20% increase in the within pit resource of 56 million tonnes of combined metals that was announced 12 months ago. It is sufficient to maintain a mining operation for a period of almost **11 years at an annual throughput of 6.5 million tonnes to produce an average 31,000 tonnes copper, 95,000 ounces gold and 820,000 kg molybdenum per annum**. Applying current metal prices and conservative costing estimates, this **translates to a net present value (NPV) for the Kalkaroo deposit of \$422 million at a 10% discount rate or a 40% rate of return**. Kalkaroo therefore represents a valuable mineral asset, being worth about seven times Havilah's current market capitalization at present metal prices on an NPV basis. In addition, there is excellent potential for discovery of depth and strike extensions to the deposit, which would further improve the mining economics.

The key factors used in the economic modelling include approximate current metal prices, a \$20 / tonne cutoff (roughly equivalent to a 0.3% copper cutoff), metallurgical recoveries of 90% and conservative mining, processing, royalty and depreciation costs and contingency allowances, further details of which will be found under the Kalkaroo project description on Havilah's website. The open pit model is based on a JORC 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 processing operation.

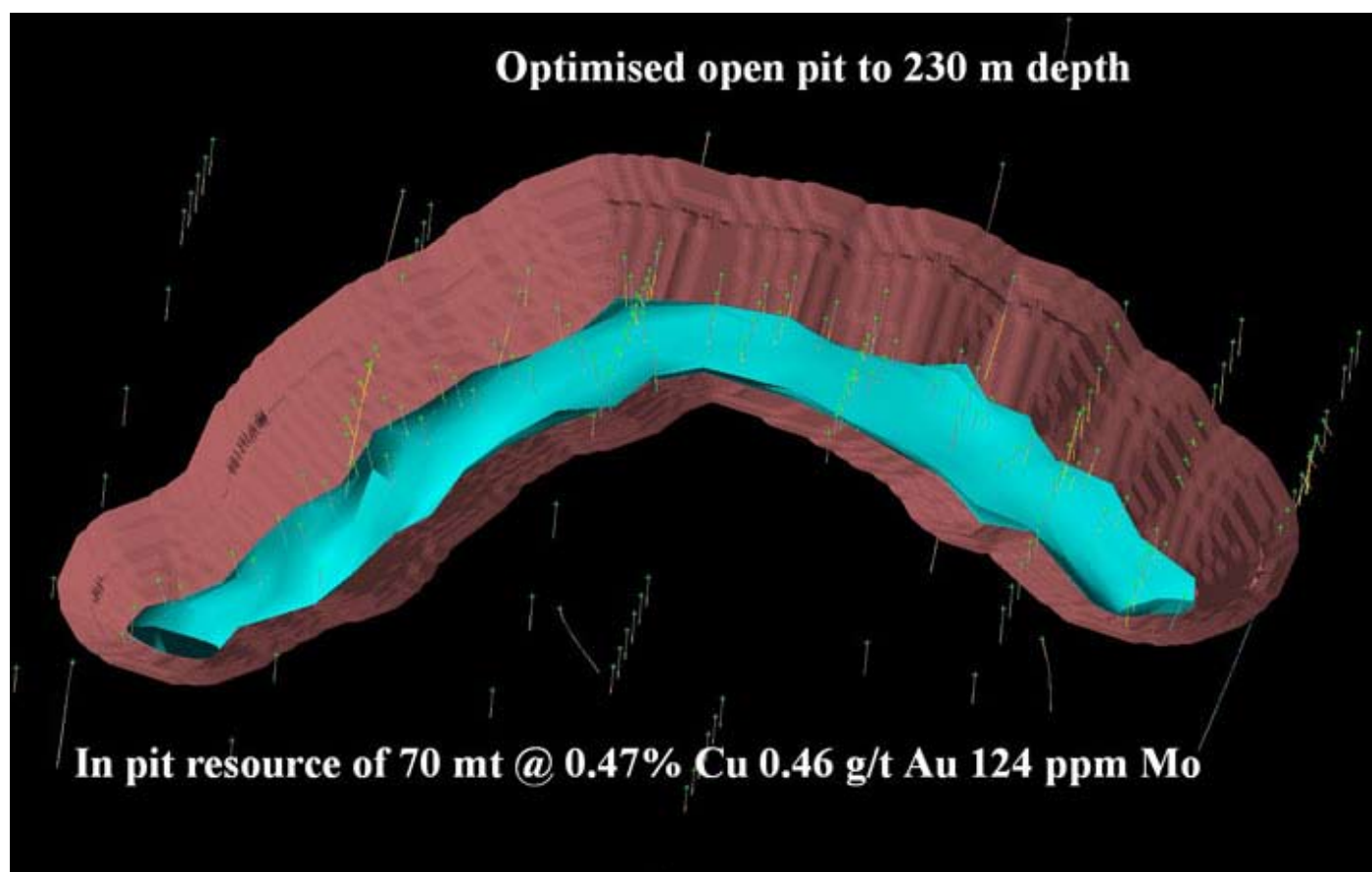
The Kalkaroo project is 100% owned by Havilah and is ready to be advanced to the mining feasibility study stage. An important and relatively expensive aspect of the feasibility study will be comprehensive metallurgical studies to determine the best processing route and suitable processing plant design, as the Kalkaroo ore consists of oxidized, supergene, transitional and primary zones containing a mixture of three valuable metals.

**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 a major partner to fund the feasibility study and mine development, in exchange for project equity.** Havilah has compiled a shortlist of major companies who would be capable development partners for Kalkaroo and over the next two months will give these companies the opportunity to review the technical data with a view to participation.

The Kalkaroo deposit and some 14 kilometres of prospective strike on the Kalkaroo south dome will be offered for joint venture on a stand-alone basis. Limited exploration drilling during late 2005 highlighted the exploration potential of the south dome, with identification of several native copper occurrences and an ore grade intercept of **63m of 0.41% Cu and 69 metres of 0.67 g/t Au** in drillhole KKRC071 some 3 km south of the Kalkaroo deposit. Havilah will retain the very considerable exploration upside in the remainder of its Curnamona Craton regional exploration areas. No further drilling is planned by Havilah at Kalkaroo until the process of securing development partners is complete. Future confirmatory drilling to bring the measured resource to ore reserve status will form part of the feasibility study.

Commenting on the scoping study, Havilah's Chairman Dr Bob Johnson, said that "Kalkaroo was a large and valuable metal deposit that would require considerable funding to bring into production". To hasten development of Kalkaroo, yet at the same time conserve its capital, he said that Havilah had decided to seek a major funding partner. **"This strategy will allow Havilah management to maintain focus on value adding exploration** on its prospective 100% owned Curnamona Craton exploration areas thereby enabling Havilah to gain maximum benefit from any new discoveries" he said. Adding that "Havilah planned a continuous programme of drilling through 2006, which had already commenced with drilling of the Mc Bride's zinc prospect".

Dr K R Johnson  
CHAIRMAN



The information in this report has been compiled 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. Both are employed by the Company on consulting contracts and qualify as Competent Persons as defined in the JORC Code 2004. Both 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