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## HIGH GRADE BEDROCK GOLD MINERALISATION CONFIRMED AT PORTIA

Havilah is pleased to report that it has made significant advances in the understanding of bedrock gold mineralisation at Portia as the result of bottle roll assaying and washing of bedrock samples carried out in-house over the past few months.

In general, bottle roll gold assay results are higher than the previous conventional gold assay results on the same samples, and a few samples that have been washed in Havilah's gravity separation plant have even higher gold values, as indicated by the examples in the table below. For samples containing coarse gold, assays in the washed samples with a higher sample weight (generally > 15 kg) would be expected to be more accurate than the bottle roll samples (3 kg sample weight), which in turn should be more reliable than conventional assays (typically using only a 20-40 gram sample digest), based on statistical evidence.

TABLE OF 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 176	88	89	1	1.1	2.28	3.6
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

Some washed samples have spectacular coarse-grained gold that is frequently intergrown with limonite and weathered clay host rock (see photographs). In some drillholes the coarse-grained gold in bedrock appears to have gone almost undetected by conventional assaying methods (see results for drillholes PTAC 177 and PTAC 181 above). Also, 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). The coarse habit of the gold and the significantly higher assay results for the limited number of washed samples cited above suggests these results may even be underestimated due to the nugget effect, just as was the case for the overlying Base of Tertiary gold mineralisation described in earlier Havilah reports.

PREVIOUSLY REPORTED HIGHER GRADE BEDROCK GOLD RESULTS FROM PORTIA:

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
TH 1	79	118	39	1.4
TH 3	75	92	17	26

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

Havilah's recent drilling results indicate 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 deflation hollow.

In view of the coarse gold and the consequent nugget sampling problems, it is apparent that conventional gold assaying techniques will be unreliable for the Portia deposit. Havilah therefore intends to continue washing selected samples from existing drillholes as its immediate priority in order to gain greater certainty as to the true distribution and grade of the bedrock gold mineralisation. Unfortunately, this sample processing method takes at least three hours per sample and therefore throughput is limited. For this reason, and because of the other uncertainties involved, it will be difficult to achieve a JORC resource estimate for the Portia bedrock gold.

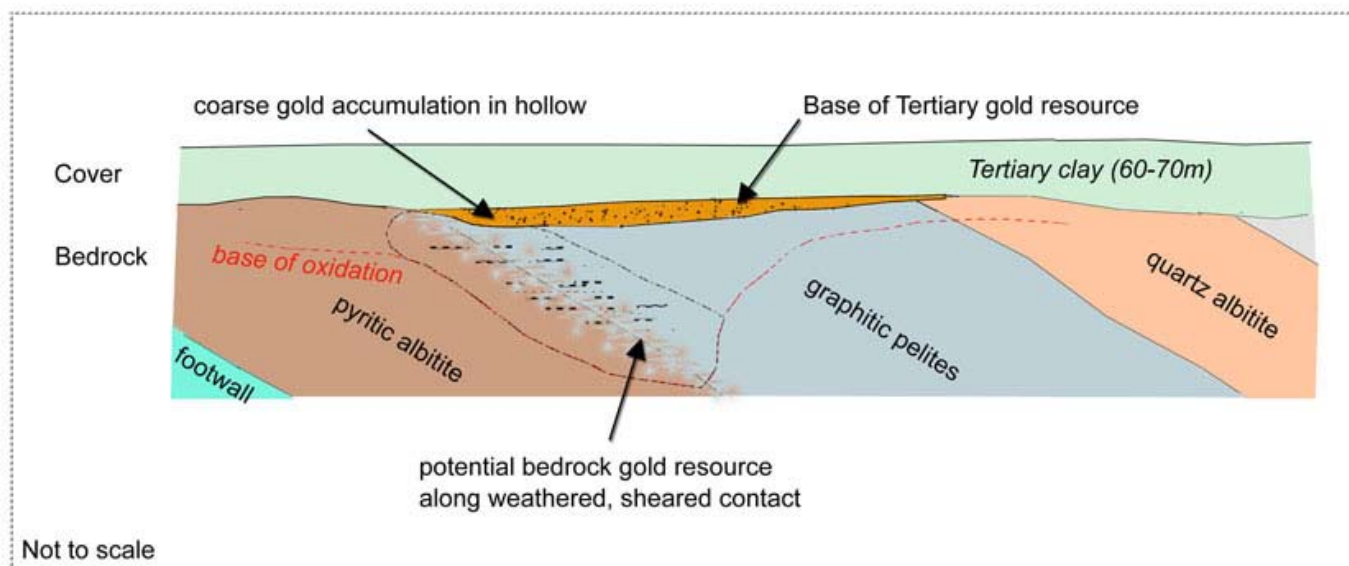
Ultimately, the best way to obtain accurate grade estimations of the bedrock gold mineralisation in this case will be via bulk sampling, as is typically employed in diamond exploration where similar problems are faced when estimating diamond grades in kimberlite pipes. To this end, Havilah is currently modelling options for a trial open pit that would be designed to maximize gold recovery from a minimum size open pit, with the ability to be expanded to encompass the entire deposit if trial mining operations were positive. 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

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 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.

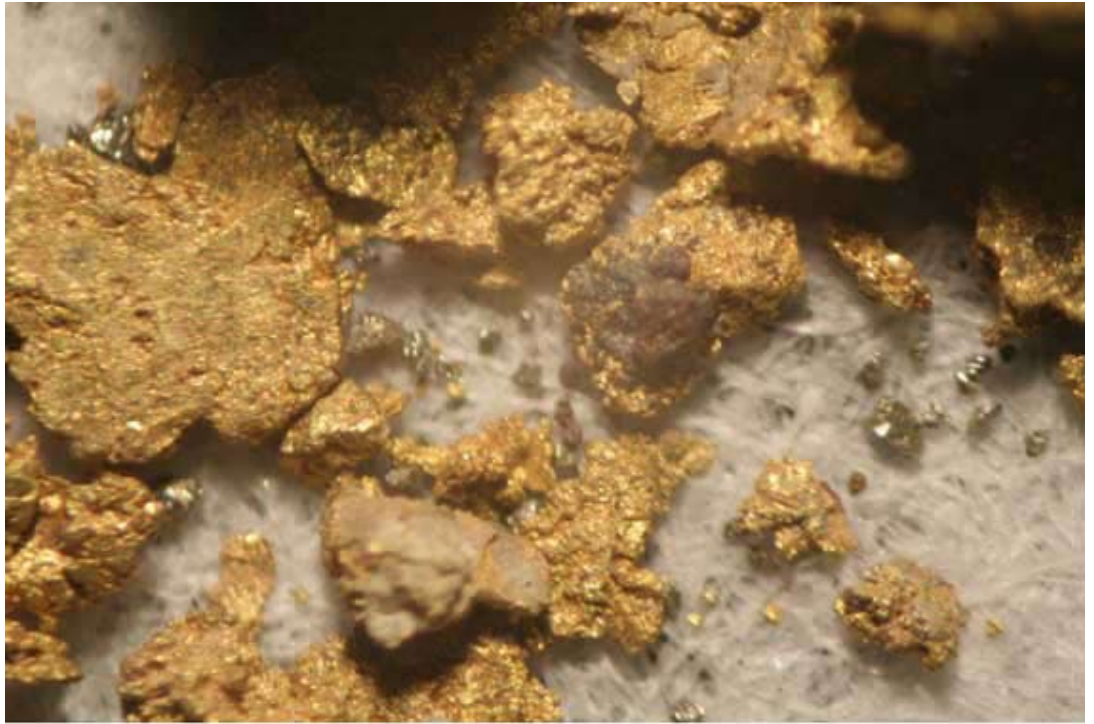
Accordingly, over the next few months Havilah plans to progress the critical steps required for mining permitting, including lodging a mining licence application, finalisation of a native title agreement, conducting groundwater studies and carrying out detailed costing estimates for both mining and processing. The initial objective will be to estimate the grade of the deposit so that the economics of a full scale gold mining operation can be determined.

On other fronts, Havilah is continuing discussions with potential partners for the completion of feasibility studies and development of the Mutooroo and Kalkaroo copper deposits. Drilling has resumed on the breccia vein zone at Kalkaroo after an extended break due to heavy rain in the area.

Dr K R Johnson  
CHAIRMAN



Interpreted location of bedrock gold mineralisation in relation to the geology and the overlying base of Tertiary gold resource at Portia



PTAC162 103-104m

Showing coarse-grained flattish gold grains and delicate intergrowth of gold within limonite grains (above ) and white clay (below )



PTAC162 103-104m

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