



HAVILAH RESOURCES NL

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Dear Sir / Madam,

EXPLORATION UPDATE - BENAGERIE DOME PROJECT
(EL 2812 – Benagerie Ridge Joint Venture, Havilah 70%, Lynch Mining 30%)

North Portia Prospect

Further encouraging results have been received from drill holes targeted within the potential North Portia copper-gold resource envelope as follows :

Hole ID	From	To	Metres	Cu %	Au (gms/t)	Mo ppm	Ore value/tonne(\$)
NPAC014	87	159	72	0.59	0.38	87	32
Including	117	144	27	0.92	0.57	160	50
NPAC015	129	165	36	1.55	1.0	558	94
Including	129	144	15	3.1	1.9	1109	187

A feature of these holes, like those announced previously, is the comparatively high in-situ value of the ore at current metal prices. To date, Havilah's drilling has confirmed robust copper-gold mineralisation on several drill sections over a north-south strike length of approximately 300 metres at grades consistent with earlier Pasminco-Werrie Gold joint venture estimates of 1% copper and 0.5 g/t gold within their potential 20 million tonne resource envelope. A bonus is the comparatively high level of molybdenum (Mo) in most holes, which potentially adds substantial value to the resource.

Drilling will continue with the objective of extending the currently open mineralisation both along strike and down dip.

Portia Gold Prospect

Havilah's work to date at Portia has followed up on earlier Pasminco-Werrie Gold joint venture drilling, which discovered erratically distributed and sometimes exceptionally high grade gold mineralisation in a distinctive base of Tertiary layer roughly 1-4 metres thick, and also in the underlying weathered bedrock. This led to the conclusion at the time that the gold in the base of Tertiary layer accumulated in a shallow depression from erosion of high-grade gold bearing veins in the bedrock. This was also supported by the frequent association of gold with other metals such as silver and mercury, indicating a primary source for the gold grains.

Havilah's drilling and sampling has found that the gold mineralisation in the base of Tertiary layer is remarkably uniform and evenly distributed. A gold resource of the order of 60,000 ounces at a grade of at least 4 g/t is indicated for the base of Tertiary layer tested so far. This resource remains open in all directions, with particularly good potential for expansion along the axis of the depression. The above resource figure roughly accords with earlier estimates by the Pasminco-Werrie Gold joint venture, but is based on far more reliable data.

The challenge provided by the base of Tertiary gold mineralisation is that it is confined to a thin flat-lying layer beneath at least 70 metres of barren overburden. To mine it by conventional open cut methods would require a substantially larger and more confined gold resource, which could only be found in the interpreted underlying bedrock source. The Pasminco-Werrie Gold joint venture drilling returned some spectacular bedrock gold intersections, indicating considerable promise for a bedrock gold resource. Havilah's drilling to date has not been able to duplicate any of the earlier high grade Pasminco-Werrie Gold joint venture results; this has prompted more than one round of careful check drilling to discover possible explanations and avoid any obvious mistakes. For this reason Havilah has been cautious in making a definitive announcement about the Portia gold resource until now.

While Havilah has obtained frequent quite encouraging drilling results from the bedrock as previously reported, so far no consistent pattern of bedrock gold mineralisation has emerged, and current indications are that there is an insufficiently large bedrock gold resource beneath the base of Tertiary layer to support a conventional open pit mining operation. Nevertheless, the base of Tertiary gold resource has significant value that is potentially exploitable by non-conventional mining methods, which are currently being investigated by Havilah. In the meantime, strategic drill testing of the bedrock will continue, because the weight of earlier exploration evidence still supports the likelihood of a significant primary gold source in the vicinity.

Shylock Prospect

An additional seven holes were drilled in the vicinity of previous Pasminco-Werrie Gold joint venture high-grade gold intersections, along the regional contact zone between pyritic albitite footwall rocks and hangingwall pelitic rocks. No significant gold intersections were returned, although there is considerable sulphide mineralisation associated with the contact zone. It is evident that the gold mineralisation here is not solely related to the contact, nor the abundance of pyrite, and future drilling will require targeting based on additional critical parameters.

KALKAROO PROJECT (EL 2720 – Curnamona Craton)

The planned infill drilling programme at Kalkaroo, designed to test within the confines of the modelled mineralisation envelope of 10 million tonnes, grading 0.85% copper and 0.4 g/t gold, based on earlier drilling results is on track to commence before the end of the month, following completion of a few remaining deeper holes at North Portia and Portia.

DRILLING METHODS

Critical to achievement of any exploration company's aims is the availability of suitable drilling equipment and establishment of techniques appropriate to the ground conditions, at reasonable cost. At a time when drilling rigs are extremely difficult to obtain in South Australia, Havilah is fortunate to have a dedicated multi purpose drilling rig and extremely skilled crew on continuous contract, meaning it can continuously drill, moving from prospect to prospect at a time of its choosing.

Drilling in the Curnamona Craton area presents some of most difficult challenges found anywhere in Australia because no single drilling technique is suited to drilling through the 60 or more metres of soft clays and frequent running sands, and then handling the harder rock and copious amounts of water found in some of the deeper holes at North Portia and Portia. Consequently, the drilling is often more difficult and much slower than anticipated, but invariably, with persistence and innovation, the technical problems faced are overcome.

Because Havilah is drilling its various prospects almost continuously, shareholders can expect a regular flow of drilling results over the next few months, subject only to any delays caused by drilling difficulties and sample processing.

Dr K R Johnson
CHAIRMAN

The information in this report has been prepared by Dr Chris Giles, who is a member of The Australian Institute of Geoscientists, and an adherent to the Institute's codes and recommended practices. He has 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.