Financial report for the financial year ended 31 July 2005

This section summarises the corporate governance policies and procedures of Havilah. During the year the Board reviewed its corporate governance policies and practices. As a result some of the company's corporate governance practices and procedures set out below were amended or adopted during the year.

The Board of Directors of Havilah aims to achieve the highest standards of corporate governance and has established corporate governance policies and procedures consistent with the ASX Corporate Governance Council's publication "Principles of Good Corporate Governance and Best Practice Recommendations".

Havilah's board composition, the small number of directors and the governance structure reflect the company's position as a small capitalisation junior mineral explorer currently with no source of regular income. In Havilah's case its mineral tenements and any mineral resources that it discovers are of greater value and risk than purely financial assets. As a result the Board believes that not all of the recommendations are appropriate to Havilah. Any departure from the recommendations is outlined in this section.

BOARD CHARTER

The Board of Directors monitors the progress and performance of Havilah on behalf of its shareholders, by whom it is elected and to whom it is accountable. The Board Charter, which is summarised below, seeks to ensure that the Board discharges its responsibilities in an effective and capable manner.

Board Responsibilities

The Board's primary responsibility is to satisfy the expectations and be a custodian for the interests of its shareholders. In addition, the Board seeks to fulfil its broader ethical and statutory obligations, and ensure that Havilah operates in accordance with these standards. The Board is also responsible for identifying areas of risk and opportunity, and responding appropriately.

The responsibility for the administration and functioning of Havilah is delegated by the Board to a company owned by the executive Chairman, which has a management contract with the company, and a company owned by the Technical Director, which has a consulting contract with the company. By monitoring the performance of these contracts, the Board ensures that Havilah is appropriately administered and managed.

Through regular and frequent contact between the Board and management and by monitoring management's activities, reports and performance, the Board ensures that management is aware of and responsive to the risks, opportunities and priorities recognised by the Board.

The Board guides the composition of a strategic planning process which adheres to the interests and expectations of Havilah's shareholders, and develops policies that manage risks and opportunities, and monitors company progress, expenditure, significant business investments and transactions and key performance indicators.

Havilah's Board retains the power to make all investment decisions.

Composition of the Board

It is a policy of Havilah that the Board comprises individuals with a range of knowledge, skills and experience that are appropriate to its activities and objectives. Havilah's three current directors are professionally qualified and have pertinent skills in mineral exploration, mineral resource/reserve evaluation, mine planning and development, financial risk management and project financing, which are directly relevant to the company's activities.

The number of directors must not be less than three. Currently, the Board is comprised of Dr Bob Johnson, the executive Chairman, who is engaged via a consulting contract with a company associated with him; Dr Chris Giles, the executive Technical Director, who is engaged via a consulting contract with a company associated with him; and Mr Ken Williams who is an independent non-executive Director. Information on the directors is contained on page 18 of this annual report. The Board considers that the current composition of the Board is ideal for a company of Havilah's size, having regard to the mix of skills and expertise, and capacity for efficient decision making.

Directors can seek independent advice at the expense of the company, and have access to the Company Secretary at all times.

Independence

Havilah does not have a majority of independent directors and maintains that to add two further directors to achieve this will mean significant additional expense and make for less efficient decision making, which would be to the detriment of a very small mineral exploration company such as Havilah. The Chairman is not an independent director, and again to achieve this for a small company such as Havilah would make for an inefficient Board and management. It is the Board's contention that all directors, whether independent or not, can and should act objectively at all times in the best interests of the company and its shareholders.

Havilah's policy is that any director must abstain from discussions and voting on any matters with which that director is associated and therefore potentially conflicted and this policy is strictly observed.

Nomination Committee

In view of the small size of Havilah's Board, the Board in its entirety acts, effectively, as a Nominations Committee. As such, the Board believes that a Nomination Committee is unnecessary for Havilah.

Nomination, Appointment and Retirement of Directors

If a vacancy occurs or if it is considered that the Board would benefit from the services and skills of an additional director, the Board selects a panel of candidates with appropriate expertise and experience, and appoints the most suitable candidate. Any such appointee would be required under the constitution to retire at the next annual general meeting and is eligible for election by shareholders at that meeting.

For directors retiring by rotation, the Board assesses that director before recommending re-election.

Compensation Arrangements and Remuneration Committee

The remuneration of the non-executive director of Havilah is reviewed by the Board and approved by the other directors. The Technical Director and Chairman have consulting contracts with Havilah via their respective associated companies on industry standard commercial terms, which are approved by the non-associated directors.

The Board believes that the small size of the Board and the fact that remuneration matters are monitored by the Board in its entirety, having regard to industry standard norms makes a separate Remuneration Committee unnecessary and inappropriate.

The maximum aggregate annual remuneration which may be paid to non-executive Directors is currently $100,000. This cannot be increased without approval of Havilah's shareholders.

Information on remuneration of Directors is contained on page 25 of this annual report.

D&O Insurance and Indemnity

The company maintains a Directors and Officers and Company Reimbursement Insurance Policy.

Performance Evaluation

The small size of the Board and the high risk nature of the company's exploration activities make the establishment of a formal performance evaluation strategy unnecessary. Performance evaluation is a discretionary matter for consideration by the entire Board and in the normal course of events the Board will review performance of the management, Directors and the Board as a whole.

LOCAL INDIGENOUS COMMUNITIES

Havilah has a policy that respects the culture and rights of all indigenous peoples with whom it comes into contact, and will consider assistance to any such communities that are deprived with community benefit programmes. This assistance will normally focus on health, education, training and employment of indigenous people who are directly affected by Havilah's exploration and development projects.

ENVIRONMENT

Havilah has a policy of best practice management of the environmental impacts of exploration, development and mining, in accordance with the prevailing regulations.

BUSINESS RISKS

Havilah is involved in the high risk business of mineral exploration in which successful outcomes are the exception. Consequently the company's major business risk is that its capital will be exhausted prior to making a successful discovery that can be converted into a profitable mine.

The Board aims to reduce this investment risk by extremely judicious selection of projects and careful drilling of only the best targets, and in this way Havilah is able to maximise the chances of success while minimising expenditure.

Proposed exploration programmes and budgets are normally submitted to the Board each six months for consideration and approval. At each meeting of the Board, the Technical Director presents a summary of exploration activities and estimated expenditures, which allows the Board to regularly monitor and assess the company's performance against approved programmes and budgets.

CODE OF CONDUCT

The Board acknowledges the need for the highest standards of corporate governance practice and ethical conduct by all directors, consultants and contractors of Havilah. The Board strives to provide leadership in this regard so that a culture of honesty and integrity is engendered in the company. In this regard it is expected that all Havilah directors, consultants and contractors will preserve the highest standards of integrity, accountability and honesty in their dealings, operating in strict adherence to statutory and ethical obligations. Given that Havilah has few full time employees and only a handful of consultants and contractors employed at various times, mentoring and monitoring compliance is straightforward.

SECURITIES TRADING POLICY

As a result of the nature of Havilah's exploration activities, directors, consultants and contractors of Havilah will sometimes be in possession of sensitive information that could be classified as "inside" knowledge. They may also be aware of potential transactions between Havilah and other companies.

Havilah has adopted a code of conduct that prohibits its directors, consultants and contractors from either buying or selling any shares in the company while they are in possession of any potentially market sensitive information prior to its public release to the ASX. This is designed to specifically prevent any insider trading by any director, consultant or contractor of Havilah.

Supervisory and Compliance Procedures

Havilah has procedures to ensure all directors, consultants and contractors of Havilah are familiar with these policies, that they are reviewed on a regular basis and updated as necessary.

The trading activity of each director, consultant and contractor is reviewed on a monthly basis by monitoring share movement reports.

AUDIT COMMITTEE

Owing to its small size and limited number of directors, Havilah has not formed an audit committee. Havilah's accounts are relatively simple and can be effectively monitored via trial balances, which are compiled monthly by the Company Secretary, who is a CPA. The Board has established internal controls, whereby all invoices must be approved by one or more non-associated directors before payment by the Company Secretary. Large sums of money cannot be paid or transferred without signature by two persons including the Company Secretary, the Chairman and/or the Technical Director.

The Board considers that ongoing monitoring of Havilah's accounts by the half yearly external review and annual external audit (for the half yearly financial report and annual report respectively) and quarterly compilations for the Appendix 4B releases provides adequate safeguards, given the relative simplicity of Havilah's accounts.

Each director makes a point of satisfying himself concerning the validity of the accounts before they are signed off. One of the directors, Mr Ken Williams is a financial expert.

EXTERNAL AUDITOR ATTENDANCE AT ANNUAL GENERAL MEETINGS

The external auditor attends Annual General Meetings and is available to answer questions from shareholders on the auditor's report and the conduct of the audit.

CONTINUOUS DISCLOSURE POLICY

Havilah is committed to continuous disclosure of material information as a means of promoting transparency and investor confidence. Havilah's practices are designed to ensure Havilah is fully compliant with the ASX Listing Rules, including in particular those relating to continuous disclosure. Havilah's record of timely disclosure of market sensitive information and lack of any evidence of pre-announcement "leaks" indicates its compliance in this regard.

SHAREHOLDER COMMUNICATIONS STRATEGY

Havilah places great importance on the communication of accurate and timely information to its shareholders and market participants and recognises that efficient and continuous contact with stakeholders is an essential part of earning their trust and loyalty. Shareholders are actively encouraged to communicate with the company. Interested persons can join an email list to be notified immediately of important announcements to the ASX.

Investment Briefings

Havilah holds investment briefings for shareholders, analysts and other interested parties at various locations and times when directors believe it is appropriate.

Website: www.havilah-resources.com.au

Havilah believes its website is its most effective communication medium with shareholders, and therefore expends some effort keeping information on its website up to date and relevant. ASX announcements, quarterly reports and presentations plus relevant diagrams and photographs are regularly posted on Havilah's website.

The directors of Havilah Resources NL submit herewith the annual financial report of the company for the financial year ended 31 July 2005. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

The names and particulars of the directors of the company during or since the end of the financial year are:

Keith Robert Johnson (appointed 11 February 1997)
Christopher William Giles (appointed 11 February 1997)
Kenneth Graham Williams (appointed 15 November 2003)

Details of the directors are:

Keith Robert Johnson (Executive Chairman) BSc(Hons), PhD, FAusIMM, aged 58

Dr Bob Johnson, a geologist, is one of the world's leading practitioners of the application of computers to geological modelling and mine planning.

His company, Maptek Pty Ltd, is a major supplier of technical mining software with a network of integrated offices across Australia, North and South America, Africa and Europe marketing the interactive VULCAN mining system. This experience has provided a broad understanding of orebodies and of the role of 3D geometry in structural geology.

Dr Johnson, a resident of Adelaide, is a Fellow of the Australasian Institute of Mining and Metallurgy and a Member of the American Society of Mining Engineers.

Christopher William Giles (Executive Technical Director) BSc(Hons), PhD, MAIG, aged 52

Dr Chris Giles is an experienced geologist having supervised exploration programmes for a variety of organisations all over the world.

During his career he has worked on exploration teams that have been directly responsible for the discovery of six operating gold mines. Prior to joining Havilah, he was a joint founder and investor in East African Gold Mines Limited, responsible for ground selection and supervising initial exploration programmes that resulted in the discovery of two substantial gold deposits in the Mara region of Tanzania, which have recently been brought into production.

Dr Giles is a resident of Adelaide and a Member of the Australian Institute of Geoscientists.

Kenneth Graham Williams (Non-executive Director) BEcon(Hons), MApplFin, aged 44

Mr Ken Williams has extensive experience in mining finance and his skills will complement the technical skills of Drs Johnson and Giles.

He has previously held roles in the treasury operations at Qantas Airways Limited and Normandy Mining Limited, before becoming Chief Financial Officer of Normandy. Until March 2003, Mr Williams was Group Executive Finance and Business Manager at Newmont Australia Limited. He currently is a director of Australian Magnesium Corporation Ltd.

Mr Williams is a resident of Adelaide and member of the Australian Institute of Company Directors and the Finance and Treasury Association.

Directorships of other listed companies

Directorships of other listed companies held by directors in the three years immediately before the end of the financial year are as follows:

Name	Company	Period of Directorship
K R Johnson	Curnamona Energy Limited	since January 2005
C W Giles	Curnamona Energy Limited	since January 2005
K G Williams	Curnamona Energy Limited	since January 2005
K G Williams	Australian Magnesium Corporation Ltd	since April 2002

Company Secretary

Edward James Grose CPA, aged 58

Mr Grose has been employed by Maptek Pty Ltd for eleven years as financial controller. Prior to that he worked for four years in a public accounting practice and 20 years in the banking industry in a variety of roles.

Mr Grose is a resident of Adelaide and a member of CPA Australia.

PRINCIPAL ACTIVITIES

The principal continuing activity of the consolidated entity in the course of the financial year was the exploration for gold, basemetals and other mineral deposits.

DIVIDENDS

No dividends were paid or declared since the start of the financial year, and the directors do not recommend the payment of dividends in respect of the financial year.

REVIEW OF OPERATIONS

During the year the consolidated entity carried out exploration on its tenements and applied for, or acquired, additional tenements with the objective of identifying gold, basemetals and other mineral deposits.

A Review of Operations and the Chairman's Statement are contained elsewhere in the Annual Report.

CHANGES IN STATE OF AFFAIRS

During the financial year there was no significant change in the state of affairs of the consolidated entity other than that referred to in the financial statements or notes thereto.

SUBSEQUENT EVENTS

During 2005 the parent entity, Havilah Resources NL (Havilah), and Monax Mining Ltd (Monax) entered into an agreement dated 24 June 2005 whereby Havilah agreed to transfer exploration licences EL2964, EL3376 and EL3088 to Monax. In part payment for the tenements, on signing the agreement Havilah was issued 2,138,889 shares and 1,000,000 options in Monax. If listing conditions for Monax were not satisfied before the first anniversary of the agreement the options would expire. Upon successful listing of Monax on the Australian Stock Exchange (ASX) Havilah will be issued with further shares in Monax such that Havilah will hold 10% of the issued shares and options of Monax. Monax successfully listed on the ASX on 21 September 2005 (see Note 8).

On 12 August 2005 Havilah Resources NL (Havilah) raised additional capital by way of a placement of 1,200,000 shares at $1.07. Total cash raised was $1,284,000.

Apart from the information disclosed in Note 8 the above details have not been reflected in the statement of financial position for the year ended 31 July 2005. There has been no other matter or circumstance that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

ENVIRONMENTAL REGULATIONS

The consolidated entity carries out exploration activities on its exploration tenements in South Australia.

The consolidated entity's exploration operations are subject to environmental regulations under the various laws of South Australia and the Commonwealth. While its exploration activities to date have had a low level of environmental impact, the company has adopted a best practice approach in satisfaction of the regulations of relevant government authorities.

FUTURE DEVELOPMENTS

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

SHARE OPTIONS

During the year, options to acquire 200,000 ordinary shares in the company were granted under the company's employee share option plan.

7,630,000 options, converting to the same number of ordinary shares, were exercised during the year. The consideration received was $1,833,570. No options lapsed during the year. At an extraordinary meeting of members of the company held on 15 July 2005 approval was given to grant a further 3,520,000 options to directors. These options had not been issued as at 31 July 2005. Details of the balance in directors and consultants share option plan for the year are included in Note 28 in the financial report.

During and since the end of the financial year 3,520,000 share options were granted to the following directors of the company:

Directors	Number of options granted	Issuing entity	Number of shares under options
K R Johnson	1,650,000	Havilah Resources NL	1,650,000
C W Giles	1,650,000	Havilah Resources NL	1,650,000
K G Williams	220,000	Havilah Resources NL	220,000

Directors and consultants share option plan

Curnamona Energy Limited has an ownership based remuneration plan for directors and consultants. In accordance with the provisions of the plan, as approved by shareholders, at an annual general meeting, directors may issue options to purchase shares in the company to directors and consultants at an issue price determined by the market price of ordinary shares at the time the option is granted. The share options are not listed on the Australian Stock Exchange, carry no rights to dividends and no voting rights.

In accordance with the terms of the Plan, options may be exercised as follows:

- April 2005 series: at any time from the date of their issue to the date of their expiry.

Consideration received on the exercise of options is recognised in contributed equity.

Share Option Plan	2005 Number
Balance at beginning of the year	-
Granted during the financial year (i)	3,200,000
Balance at end of the financial year (ii)	3,200,000

(i) Granted during the financial year

2005

Option Series	Number	Grant Date	Expiry Date	Exercise Price	Fair Value Received
April 2005	3,200,000	18 April 2005	18 April 2010	$0.25	-

(ii) Balance at the end of the financial year

2005

Option Series	Number	Grant Date	Expiry Date	Exercise Price
April 2005	3,200,000	18 April 2005	18 April 2010	$0.25

DIRECTORS' INTERESTS

The following table sets out each director's relevant interest in shares and options of the company or a related body corporate as at the date of this report.

Directors	Fully Paid Ordinary Shares	Share options
K R Johnson	2,676,570	1,650,000
C W Giles	8,169,264	1,650,000
K G Williams	107,159	220,000

REMUNERATION REPORT

The directors of Havilah Resources NL during the year were:

K R Johnson (Executive Chairman)

C W Giles (Executive Technical Director)

K G Williams (Non-executive Director)

This report describes the remuneration arrangements in place for directors and executives of Havilah Resources NL.

Due to its size, the company does not have a remuneration committee. The remuneration of executives and non-executive directors is reviewed by the Board with the exclusion of the director concerned. Remuneration levels are determined by the Board on an individual basis at reasonable but competitive market rates. External advice on remuneration matters is sought whenever it is deemed necessary.

All remuneration paid to directors and executives is valued at the cost to the company and expensed.

The Company currently has no performance based remuneration component built into director and executive remuneration packages. However, the directors hold options to acquire shares in the company, issued as an incentive for the directors to advance the prospects of the Company's activities. Details are disclosed in the share options section above.

The Company has two executive directors and one non executive director. There are no executives of the consolidated entity.

Dr Johnson and Dr Giles were paid in the form of consulting fees to nominated companies in which the director has a controlling interest. Mr Williams was paid director's fees to a nominated company in which he has a controlling interest.

Remuneration packages contain the following key elements:

a) Primary benefits – consulting fees

b) Equity – share options granted under the share option plan as disclosed in Note 28 to the financial statements

The following table discloses the remuneration of the directors of the company.

2005	Primary Consulting Fees $	Equity Options* $	Total $	Percentage of total remuneration for the year that consists of options
K R Johnson	113,125	397,170	510,295	78%
C W Giles	128,000	397,170	525,170	76%
K G Williams	20,000	52,957	72,957	73%
Total	261,125	847,297	1,108,422	76%

The above consulting fees are actual costs to the company.

* *Equity options do not represent a cash payment to the directors and the share option may or may not be exercised by the director.*

The Company entered into service agreements with Dr Johnson and Dr Giles for a term of three years from 21 March 2002. In accordance with the provisions of the agreements the terms of service were extended for a further two years.

Should any of the above agreements be terminated earlier than their expiry date, a contingency exists for the contracted amount payable to the end of their terms. Dr Johnson and Dr Giles may terminate their agreements with three months notice. As at 31 July 2005 the company had a contingency in relation to these agreements of $440,000.

Details of current service agreements are set out in Note 21.

MEETINGS OF DIRECTORS

The following table sets out the number of directors' meetings held during the financial year while the person was a director and the number of meetings attended by each director (while they were a director).

Name	*Held*	*Attended*
K R Johnson	7	7
C W Giles	7	7
K G Williams	7	7

Due to the company's size and activities the company does not have audit or remuneration committees.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 44.

NON-AUDIT SERVICES

The directors are satisfied that the provision of non-audit services, during the year, by Deloitte Touche Tohmatsu ("auditor") (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 17 to the financial statements.

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year the Company paid a premium in respect of a contract insuring the directors and officers of the Company against a liability incurred as such by a director or officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate, against a liability, incurred as such an officer or auditor.

Signed at Adelaide this 20th day of October 2005 in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

K R Johnson
Chairman

HAVILAH RESOURCES NL
ABN 39 077 435 520

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE FINANCIAL YEAR ENDED 31 JULY 2005

	Note	Consolidated 2005 $	Company 2005 $	Company 2004 $
Revenue from ordinary activities	2	3,101,005	457,725	206,278
Depreciation expense		(24,092)	(20,428)	(45,326)
Amortisation expense		(9,070)	(8,320)	(8,321)
Travel expense		(2,082)	-	(2,167)
Insurance expense		(40,276)	(37,943)	(24,132)
Management fees		(189,567)	(144,545)	(129,375)
Consultant fees		(25,000)	(20,000)	(17,500)
Legal fees		(15,808)	(5,793)	(12,056)
Audit fees		(26,250)	(15,250)	(11,000)
ASX listing fees		(60,318)	(43,511)	(21,688)
Shareholder administration fees		(64,850)	(49,371)	(31,311)
Finance lease charges		(1,727)	(1,727)	(2,278)
Printing expense		-	-	(5,829)
Computer charges		(13,604)	(13,604)	(12,410)
Rates and taxes		(2,881)	(2,239)	-
Subscriptions		(5,840)	(5,240)	-
Royalty expenses		(2,000,000)	(2,000,000)	-
Salary expense		(10,923)	-	-
Other expenses from ordinary activities		(18,250)	(11,627)	(8,776)
Profit/(Loss) from ordinary activities before income tax expense		590,467	(1,921,873)	(125,891)
Income tax expense relating to ordinary activities	3	-	-	-
Net Profit/(Loss)		590,467	(1,921,873)	(125,891)
Net loss attributable to outside equity interest	15	9,959	-	-
Net profit/(loss) attributable to members of the parent entity		600,426	-	-
Total increase/(decrease) in equity other than those resulting from transactions with owners as owners		600,426	(1,921,873)	(125,891)
Earnings per share				
- Basic (cents per share) Profit/(loss)	22	0.88		(0.22)
- Diluted (cents per share) Profit/(loss)	22	0.85		(0.22)

The above statement should be read in conjunction with the accompanying notes on pages 24 to 42.

HAVILAH RESOURCES NL
ABN 39 077 435 520

STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2005

	Note	Consolidated 2005 $	Company 2005 $	Company 2004 $
Current Assets				
Cash and deposits	4	10,447,106	5,086,181	4,333,814
Receivables	5	13,817	16,230	-
Other	6	316,443	241,286	63,521
Total Current Assets		10,777,366	5,343,697	4,397,335
Non-Current Assets				
Receivables	5	-	765	-
Exploration and evaluation expenditure	7	4,165,705	4,119,102	2,399,869
Other financial assets	8	238,751	395,776	-
Property, plant and equipment	9	337,288	108,660	91,670
Total Non-Current Assets		4,741,744	4,624,303	2,491,539
TOTAL ASSETS		15,519,110	9,968,000	6,888,874
Current Liabilities				
Payables	10	2,551,744	2,337,355	303,079
Interest bearing liabilities	11	14,812	8,556	7,964
Total Current Liabilities		2,566,556	2,345,911	311,043
Non-Current Liabilities				
Interest bearing liabilities	11	44,267	11,083	19,639
Total Non-Current Liabilities		44,267	11,083	19,639
TOTAL LIABILITIES		2,610,823	2,356,994	330,682
NET ASSETS		12,908,287	7,611,006	6,558,192
Equity				
Contributed equity	13	11,846,685	11,846,685	8,871,998
Accumulated losses	14	(1,713,380)	(4,235,679)	(2,313,806)
Outside equity interest	15	2,774,982	-	-
TOTAL EQUITY		12,908,287	7,611,006	6,558,192

The above statement should be read in conjunction with the accompanying notes on pages 24 to 42.

HAVILAH RESOURCES NL
ABN 39 077 435 520

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2005

	Note	Consolidated 2005 $	Company 2005 $	Company 2004 $
Cash flow from operating activities				
Interest received		346,929	249,805	203,073
Payments to suppliers		(512,996)	(369,086)	(292,195)
Interest paid		-	-	(2,278)
Receipts from customers		18,743	37,356	3,205
Net cash used in operating activities	27(b)	(147,324)	(81,925)	(88,195)
Cash flow from investing activities				
Payments for exploration and evaluation expenditure		(2,033,685)	(1,996,111)	(1,133,901)
Government subsidies		134,413	134,413	-
Payments for plant and equipment		(119,396)	(42,733)	(48,543)
Net cash used in investing activities		(2,018,668)	(1,904,431)	(1,182,444)
Cash flow from financing activities				
Proceeds from share issue		2,746,687	2,746,687	992,372
Proceeds from share issue in subsidiary		5,657,420	-	-
Share issue expenses		(156,299)	-	(31,422)
Proceeds from borrowings		39,940	-	-
Finance lease repayments		(8,464)	(7,964)	(7,412)
Net cash provided by financing activities		8,279,284	2,738,723	953,538
Net increase/(decrease) in cash		6,113,292	752,367	(317,101)
Cash at beginning of financial year		4,333,814	4,333,814	4,650,915
Cash at end of financial year	27(a)	10,447,106	5,086,181	4,333,814

The above statement should be read in conjunction with the accompanying notes on pages 24 to 42.

1 SUMMARY OF ACCOUNTING POLICIES

FINANCIAL REPORTING FRAMEWORK

This financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Urgent Issues Group Consensus Views, and complies with other requirements of the law.

The financial report has been prepared on the basis of historical cost and except where stated, does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

SIGNIFICANT ACCOUNTING POLICIES

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following significant accounting policies have been adopted in the preparation of the financial report:

(a) Acquisition of Assets

Assets acquired are recognised at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

(b) Depreciation

Plant and equipment are depreciated at rates based upon their useful lives. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over the expected useful life. The following estimated useful lives are used in the calculation of depreciation:

Plant and equipment:	3 to 5 years
Equipment under finance lease:	4 years

(c) Exploration, Evaluation and Development Expenditure

Exploration, evaluation and development expenditures in relation to separate areas of interest for which rights of tenure are current, are capitalised in the year in which they are incurred and are carried at cost. The cost of acquisition of an area of interest and exploration expenditure relating to that area of interest is carried forward as an asset in the statement of financial position where:

(i) It is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest or by its sale; or
(ii) Exploration activities are continuing in an area of interest and activities have not yet reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable ore reserves.

Should a project or an area of interest be abandoned, the expenditure will be written off in the year in which the decision is made. Where a decision is made to proceed with development, accumulated expenditure will be amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

(d) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except:

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
(ii) for receivables and payables which are recognised inclusive of GST, the net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(e) Income Tax

Tax effect accounting principles are followed whereby income tax expense is matched with the accounting results after allowing for permanent differences. The future income tax benefit relating to income tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

(f) Interests in Joint Venture Operations

The consolidated entity's proportionate interests in the assets, liabilities, and expenses of joint venture operations are included in the financial statements under the appropriate headings. Details of the consolidated entity's joint venture interests are shown in Note 19.

(g) Receivables

Trade receivables and other receivables are recorded at amounts due less any allowance for doubtful debts.

(h) Recoverable Amount

Non-current assets are written down to recoverable amount where the carrying value of any non-current asset exceeds recoverable amount. In determining the recoverable amount of non-current assets, the expected cash flows have not been discounted to their present value.

(i) Revenue Recognition

Disposal of assets:
Revenue from the disposal of assets is recognised when the consolidated entity has passed control of the asset to the buyer.

Interest Revenue:
Interest revenue is recognised on an accrual basis.

(j) Accounts Payable

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

(k) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

(l) Leased Assets

Leased assets classified as finance leases are recognised as assets. The amount initially brought to account is the present value of minimum lease payments.

A finance lease is one which effectively transfers from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased property.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Finance lease payments are allocated between interest expense and reduction of lease liability over the term of the lease. The interest expense is determined by applying the interest rate implicit in the lease to the outstanding lease liability at the beginning of each lease payment period.

Operating lease payments are recognised as an expense on a basis which reflects the pattern in which economic benefits from the leased asset are consumed.

(m) Principles of Consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the company (the parent company) and its controlled entities as defined in Accounting Standard AASB 1024 "Consolidated Accounts". Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each controlled entity from the date on which the company obtains control and until such time as the company ceases to control such entity.

In preparing the consolidated financial statements, all inter-company balances and transactions and unrealised profits arising within the consolidated entity are eliminated in full.

(n) Investments

Investments in controlled entities are recorded at cost. Investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the company financial statements. Other investments are recorded at cost.

Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

	Consolidated	Company	
	2005	**2005**	**2004**
	$	**$**	**$**
2 REVENUE FROM ORDINARY ACTIVITIES			
(a) Operating revenue:			
Interest – other entities	366,082	260,179	203,073
Other income	18,743	37,356	3,205
	384,825	297,535	206,278
(b) Non operating revenue:			
Gain on dilution of holding in Curnamona Energy Ltd	2,716,180	-	-
Proceeds from sale of mining tenements	-	160,190	-
	3,101,005	457,725	206,278

The profit on sale of mining tenements is equal to the proceeds.

(c) Significant item:

Included in the net loss for the year is a payment to Placer Dome Australia Limited relating to an advance royalty payment of $2 million for the extinguishment of its interests in EL2720.

3 INCOME TAX

(a) Prima facie income tax expense/(benefit) on pre tax accounting profit/(loss) reconciles to income tax expense in the financial statements as follows:

	Consolidated 2005 $	Company 2005 $	Company 2004 $
Profit/(Loss) from ordinary activities	600,426	(1,921,873)	(125,891)
Income tax expense/(benefit) calculated at 30%	180,128	(576,562)	(37,767)
Permanent differences:			
Legal fees	4,742	1,738	3,627
Royalty expenses	600,000	600,000	-
Gain on dilution of holdings in Curnamona Energy Ltd	(814,824)	-	-
Share issue costs	(40,593)	(29,788)	(29,788)
Timing differences and tax losses not brought to account as future income tax benefits	70,547	4,612	63,928
Income tax attributable to loss from ordinary activities	-	-	-
(b) Net future income tax benefits not brought to account as assets:			
Tax losses - revenue	1,222,147	1,208,323	673,544

The taxation benefits of tax losses and timing differences not brought to account will only be obtained if:

(a) assessable income is derived of a nature and of amount sufficient to enable the benefit from the deductions to be realised;

(b) conditions for deductibility imposed by the law are complied with; and

(c) no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

		Consolidated 2005 $	Company 2005 $	Company 2004 $
4	**CURRENT ASSETS - CASH**			
	Cash on hand	4	4	3
	Cash at bank	522,796	436,113	126,932
	Cash on deposit	9,924,306	4,650,064	4,206,879
		10,447,106	5,086,181	4,333,814
5	**RECEIVABLES**			
	Current asset – receivables			
	Other receivables	13,817	13,817	-
	Amounts due from wholly owned controlled entities	-	2,413	-
		13,817	16,230	-
	Non-current assets - receivables			
	Amount due from wholly owned controlled entities	-	765	-
6	**CURRENT ASSETS - OTHER**			
	Accrued interest receivable	19,153	10,374	-
	Prepaid expenses	39,311	23,028	32,696
	GST refundable	257,979	207,884	30,825
		316,443	241,286	63,521
7	**NON CURRENT ASSETS - EXPLORATION AND EVALUATION EXPENDITURE**			
	Cost brought forward	2,399,869	2,399,869	756,847
	Expenditure incurred during the year	2,139,000	2,092,397	1,643,022
	Less reimbursed from SA State Government	(134,413)	(134,413)	-
	Less licences sold (see Note 8)	(238,751)	(238,751)	-
	Cost carried forward	4,165,705	4,119,102	2,399,869
8	**OTHER FINANCIAL ASSETS**			
	Shares in controlled entity – listed at cost	-	155,025	-
	Shares in controlled entities – unlisted at cost	-	2,000	-
	Other financial assets	238,751	238,751	-
		238,751	395,776	-

Shares in listed controlled entity relates to the Company's holding in Curnamona Energy Limited which is listed on the Australian Stock Exchange (ASX). The Company's holding as at 31 July 2005 has a market value of $18,000,001.

Other financial assets: The company and Monax Mining Ltd (Monax) entered into an agreement dated 24 June 2005 whereby Havilah Resources NL (Havilah) agreed to transfer exploration licences EL2964, EL3376 and EL3088 to Monax. In part payment for the tenements, on signing the agreement Havilah was issued 2,138,889 shares and 1,000,000 options in Monax. Upon successful listing of Monax on the ASX Havilah was to be issued with further shares in the company such that Havilah will hold 10% of the issued shares and options of Monax. Monax successfully listed on the ASX on 21 September 2005.

	Consolidated			Company		
	Plant and Equipment	Equipment under finance lease	Total	Plant and Equipment	Equipment under finance lease	Total
9 NON-CURRENT ASSETS -	**2005**	**2005**	**2005**	**2005**	**2005**	**2005**
PLANT AND EQUIPMENT	**$**	**$**	**$**	**$**	**$**	**$**
Gross carrying amount at cost						
Opening balance	172,217	41,603	213,820	172,217	41,603	213,820
Additions	238,840	39,940	278,780	45,738	-	45,738
Disposals	-	-	-	-	-	-
Closing balance	411,057	81,543	492,600	217,955	41,603	259,558
Accumulated depreciation/amortisation						
Opening balance	106,803	15,347	122,150	106,803	15,347	122,150
Depreciation/amortisation for the year	24,092	9,070	33,162	20,428	8,320	28,748
Disposals	-	-	-	-	-	-
Closing balance	130,895	24,417	155,312	127,231	23,667	150,898
Net book value						
As at 31 July 2004	65,414	26,256	91,670	65,414	26,256	91,670
As at 31 July 2005	280,162	57,126	337,288	90,724	17,936	108,660

	Consolidated	Company	
	2005	**2005**	**2004**
	$	**$**	**$**
Aggregate depreciation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year:			
Plant and equipment	24,092	20,428	45,326
Equipment under finance lease	9,070	8,320	8,321
	33,162	28,748	53,647

10 CURRENT LIABILITIES - PAYABLES			
Trade payables	330,733	130,149	299,329
Accruals *	2,221,011	2,207,206	3,750
	2,551,744	2,337,355	303,079

* Included in accruals is $2 million relating to a payment due to Placer Dome Australia Limited which was paid on 12 August 2005. Refer Note 2(c) for further details.

	Number	Number	Number
Number of employees at end of financial year	2	1	-

	$	$	$
11 INTEREST BEARING LIABILITIES			
Secured current finance lease liability	14,812	8,556	7,964
Secured non-current finance lease liability	44,267	11,083	19,639

The above finance lease liabilities are secured by the assets leased, the current market value of which exceeds the value of the finance lease liability.

	Consolidated 2005 $	Company 2005 $	Company 2004 $
12 DEFERRED TAX LIABILITY			
Deferred tax liability	-	-	-
The provision for deferred income tax has been reduced by future income tax benefits attributable to tax losses by the amount of:	467,368	453,129	550,238

	Consolidated 2005 $	Company 2005 $	Company 2004 $
13 CONTRIBUTED EQUITY			
Issued share capital			
71,336,273 fully paid ordinary shares (2004: 60,125,472)	11,846,685	11,846,685	8,871,998

Movement in issued shares for the year	2005		2004	
	Number	$	Number	$
Balance at beginning of the financial year	60,125,472	8,871,998	54,950,020	7,633,548
Issue of shortfall shares pursuant to prospectus dated 7 April 2004 at 27c	3,380,801	912,817	-	-
Issue of shares to Lynch Mining at 18.5c	-	-	1,500,000	277,500
Issue of shares to Lynch Mining at $1.14 in exchange for 30% interest in Benagerie JV	200,000	228,000	-	-
Prospectus dated 7 April 2004 at 27c	-	-	3,675,452	992,372
Costs associated with the issue of shares	-	-	-	(31,422)
Exercise of 6,130,000 options held by Directors and employees at various prices	6,130,000	1,533,870	-	-
Exercise of 1,500,000 options by Lynch Mining at 20c	1,500,000	300,000	-	-
Balance at end of the financial year	71,336,273	11,846,685	60,125,472	8,871,998

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

At the company's extraordinary general meeting held on 15 July 2005, shareholders approved the issue of 1,650,000 options to K R Johnson, the issue of 1,650,000 options to C W Giles and 220,000 options to K G Williams.

	Consolidated 2005 $	Company 2005 $	Company 2004 $
14 ACCUMULATED LOSSES			
Balance at the beginning of the financial year	(2,313,806)	(2,313,806)	(2,187,915)
Net profit/(loss)	600,426	(1,921,873)	(125,891)
Balance at the end of the year	(1,713,380)	(4,235,679)	(2,313,806)

	Consolidated 2005 $
15 OUTSIDE EQUITY INTERESTS	
Outside equity interests in controlled entities comprises:	
Contributed equity	2,784,941
Retained profits	(9,959)
	2,774,982

16 REMUNERATION OF DIRECTORS AND EXECUTIVES

The specified directors of Havilah Resources NL during the year were:

- Keith Robert Johnson (Executive Chairman)
- Christopher William Giles (Executive Technical Director)
- Kenneth Graham Williams (Non-executive Director)

Directors' remuneration packages are reviewed by the Board of Directors and determined with due regard to current market rates and are benchmarked against comparable industry salaries, adjusted by a performance factor to reflect changes in the performance of the economic entity.

There are no specified executives of the economic entity.

2005	Primary Consulting Fees $	Equity Options** $	Total $
K R Johnson	113,125*	397,170	510,295
C W Giles	128,000*	397,170	525,170
K G Williams	20,000*	52,957	72,957
Total	261,125	847,297	1,108,422

The above consulting fees are actual costs to the company.

* *Consulting fees paid to nominated company in which the director has a controlling interest.*

** *Equity options do not represent a cash payment to the directors and the share option may or may not be exercised by the director.*

2004	Primary Consulting Fees $	Equity Options** $	Total $
K R Johnson	106,600*	-	106,600
C W Giles	141,600*	-	141,600
K G Williams	12,500*	8,807	21,307
H G Walker***	5,000****	-	5,000
Total	265,700	8,807	274,507

The above consulting fees are actual costs to the company.

* *Consulting fees paid to nominated company in which the director has a controlling interest.*

** *Equity options do not represent a cash payment to the directors and the share option may or may not be exercised by the director.*

*** *H G Walker resigned as a Director on 15 November 2003.*

**** *Consulting fees paid directly to Selection (LSG) Management Pty Ltd, a company in which the director had an interest.*

The company entered into service agreements with Dr Johnson and Dr Giles for a term of three years from 21 March 2002. In accordance with the provisions of the agreements the terms of service were extended for a further two years.

Should any of the above agreements be terminated earlier than their expiry date, a contingency exists for the contracted amount payable to the end of their terms. Dr Johnson and Dr Giles may terminate their agreements with three months notice. As at 31 July 2005 the company had a contingency in relation to these agreements of $440,000.

Details of current service agreements are set out in Note 21.

	Consolidated 2005 $	Company 2005 $	Company 2004 $
17 REMUNERATION OF AUDITOR			
Auditing the financial reports	24,450	13,450	11,000
Other services:			
Benagerie Ridge Exploration Joint Venture audit	1,800	1,800	-
Investigating accountants report – Curnamona Energy Limited	18,690	-	-
	44,940	15,250	11,000

18 RELATED PARTY DISCLOSURES

a) Equity interests in related parties

Equity interests in controlled entities

Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 25 to the financial statements.

Equity interests in joint ventures

Details of interests in joint ventures are disclosed in Note 19 to the financial statements.

b) Specified directors and specified executives remuneration

Details of specified directors and specified executives remuneration are disclosed in Note 17 to the financial statements.

c) Transactions with specified directors

During the financial year, specified director related entities provided administration and drilling services to the company on normal commercial terms and conditions totaling $946,777 (2004 $615,355).

Details are set out below:

Director	Type of Service	Amount $	Terms and Conditions
K R Johnson	Administration	145,700	$11,500 per month, increased to $13,040 per month in March 2005, for the provision of office space, general administration and accounting services
K R Johnson	Drilling plant hire	751,585	Drilling services are charged at various rates per metre ($16.50 to $40.00) and various hourly rates ($60 to $340)
K R Johnson	Administration	10,288	Preparation of annual report, prospectus and other publications at hourly rates varying from $75 to $130
K R Johnson	Maintenance for Vulcan software and additional Vulcan licence	39,204	One year's charge at 15% of original purchase price plus purchase of an additional Vulcan licence

d) Director equity holdings

Fully paid ordinary shares issued by Havilah Resources NL

Directors	Balance at 1 August 2004 Number	Received on exercise of options Number	Net other changes * Number	Balance at 31 July 2005 Number	Balance held Nominally Number
K R Johnson	2,602,570	3,000,000	(2,926,000)	2,676,570	-
C W Giles	8,069,264	3,000,000	(2,900,000)	8,169,264	-
K G Williams	-	50,000	57,159	107,159	-

Fully paid ordinary shares issued by Curnamona Energy Limited

Directors	Balance at 1 August 2004 Number	Received on exercise of options Number	Net other changes * Number	Balance at 31 July 2005 Number	Balance held Nominally Number
K R Johnson	-	-	300,000	300,000	-
C W Giles	-	-	300,000	300,000	-
K G Williams	-	-	59,600	59,600	-

* *Represents trading of shares.*

Options issued by Havilah Resources NL

Directors	Balance 1 August 2004 Number	Issued during the year Number	Exercised during the year Number	Balance 31 July 2005 Number	Balance held nominally Number
K R Johnson	3,000,000	-	3,000,000	-	-
C W Giles	3,000,000	-	3,000,000	-	-
K G Williams	50,000	-	50,000	-	-

Options issued by Curnamona Energy Ltd

Directors	Balance 1 August 2004 Number	Issued during the year Number	Exercised during the year Number	Balance 31 July 2005 Number	Balance held nominally Number
K R Johnson	-	1,500,000	-	1,500,000	-
C W Giles	-	1,500,000	-	1,500,000	-
K G Williams	-	200,000	-	200,000	-

(e) Transactions within the wholly owned group

During the financial year the consolidated entity reduced its holding in Curnamona Energy Limited from 100% to 50.6% as a result of the float and subsequent listing of the company on the Australian Stock Exchange. The aggregate gain to the consolidated entity as a result of the dilution in holdings is $2,716,180.

The wholly owned group includes:

- the ultimate parent entity in the wholly owned group;
- wholly owned controlled entities; and
- other entities in the wholly owned group.

The ultimate parent entity in the wholly owned group is Havilah Resources NL.

Amounts receivable from entities in the wholly owned group are disclosed in Note 5.

During the financial year Havilah Resources NL provided accounting and administration services, at no charge, to entities in the wholly owned group.

19 JOINT VENTURE OPERATIONS

The consolidated entity's and company's interests in unincorporated joint venture operations at 31 July 2005 are as follows:

	2005	2004
Sandstone joint venture (EL 2889)	7.8%	7.8%
Benagerie joint venture (EL 2812, EL 3299, EL 2878, EL 3151)	-	70.0%
Eurinella (EL 3256)	70.0%	-

The above joint ventures are only involved in exploration activities.

The amount included in exploration and evaluation expenditure (Note 7) includes $1,490,778 (2004: $1,163,678) relating to the above joint ventures. There are no other assets or liabilities in the joint ventures.

20 EXPLORATION EXPENDITURE COMMITMENTS

The company has certain obligations to perform exploration work and expend minimum amounts of money on such works on mineral exploration tenements.

These obligations will vary from time to time, subject to statutory approval. The terms of current and future joint ventures, the grant or relinquishment of licences, and changes to licence areas at renewal or expiry, will alter the expenditure commitments of the company.

Total expenditure commitments at balance date in respect of minimum expenditure requirements not provided for in the financial statements, excluding commitments where a joint venture party has agreed to meet the company's obligations, are approximately:

	Consolidated	Company	
	2005	2005	2004
	$	$	$
No later than one year	1,658,000	1,508,000	1,300,000
Later than one year but not later than two years	1,700,000	1,450,000	1,450,000
Later than two years but not later than five years	3,300,000	2,800,000	2,500,000
	6,658,000	5,758,000	5,250,000

21 CONTINGENT LIABILITIES

(a) Mining Tenements	500,000	500,000	-

Payment against exploration licence pending state government approval of mining operation plan

(b) Management and Service Agreements

The consolidated entity has entered into consultancy and service agreements with related entities of K R Johnson and C W Giles. Should the agreements be terminated at an earlier date, a contingency exists for the contracted amount payable to the end of the term. As at 31 July 2005, the company had a contingency in relation to these agreements of $440,000 (2004: $128,125) and the consolidated entity had a contingency in relation to these agreements of $750,000.

Details of management and service agreements outstanding as at 31 July 2005 relating to Havilah Resources NL are set out below. The directors may terminate the agreement by giving one month's notice.

Director	Type	Details	Term
K R Johnson	Consultancy	Minimum of 1600 hours per year at $132,000 per annum	Three years from 18 March 2002 with an option which has been exercised for the company to extend the term for a further two years
C W Giles	Consultancy	Minimum of 1600 hours per year at $132,000 per annum	Three years from 18 March 2002 with an option which has been exercised for the company to extend the term for a further two years

Details of management and service agreements outstanding as at 31 July 2005 relating to Curnamona Energy Ltd are set out below. The directors may terminate the agreement by giving one month's notice.

Director	Type	Details	Term
K R Johnson	Consultancy	Minimum of 600 hours per annum at $60,000 per annum	Three years from 18 February 2005 with an option for the company to extend the term for a further two years
C W Giles	Consultancy	Minimum of 600 hours per annum at $60,000 per annum	Three years from 18 February 20025 with an option for the company to extend the term for a further two years

(c) Native Title

Native title claims exist over some tenements in South Australia in which the consolidated entity has interests. The company is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the company or its projects.

22 EARNINGS PER SHARE

	Consolidated 2005 cents per share	Company 2004 cents per share
Basic earnings per share	0.88	(0.22)
Diluted earnings per share	0.85	(0.22)

Basic Earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	2005 $	2004 $
Earnings/(Loss)	600,426	(125,891)

Earnings used in the calculation of basic earnings per share agrees directly to net loss in the statement of financial performance.

	2005 Number	2004 Number
Weighted average number of ordinary shares	67,959,101	56,814,530

Diluted Earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows:

	2005 $	2004 $
Earnings/(Loss)	600,426	(125,891)

Earnings used in the calculation of diluted earnings per share agrees directly to net loss in the statement of financial performance.

	2005 Number	2004 Number
Weighted average number of ordinary shares for the purposes of diluted earning per share	70,408,893	56,814,530

Weighted average of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share reconciles to the weighted average number of ordinary shares using in the calculation of basic earnings per share as follows:

	2005 Number	2004 Number
Weighted average number of ordinary shares used in the calculation of basic EPS	67,959,101	56,814,530
Consultant share options	1,796,432	-
Other share options	653,360	-
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted EPS	70,408,893	56,814,530

23 FINANCIAL INSTRUMENTS

(a) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

(b) Interest Rate Risk

The following table details the exposure to interest rate risk at the reporting date. All other financial assets and liabilities of the consolidated entity are non-interest bearing.

	Average Interest Rate %	Variable Interest Rate $	Fixed Interest Rate Maturity		Total $
			Less than 1 year $	1 to 5 years $	
2005					
Financial Assets					
Cash at bank	3.25%	522,800	-	-	522,800
Term deposits	5.40%	-	9,924,306	-	9,924,306
Total		522,800	9,924,306	-	10,447,106
Financial Liabilities					
Finance lease liability	7.196%	-	8,556	11,083	19,639
Hire purchase liability	7.420%	-	6,256	33,184	39,440
Total		-	14,812	44,267	59,079
2004					
Financial assets					
Cash at bank	3.25%	126,935	-	-	126,935
Term deposits	5.00%	-	4,206,879	-	4,206,879
Total		126,935	4,333,814	-	4,333,814
Financial Liabilities					
Finance lease liability	7.196%	-	7,964	19,639	27,603
Total		-	7,964	19,639	27,603

(c) Credit Risk

The Company does not have any significant exposure to credit risk.

(d) Net Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

24 SEGMENT INFORMATION

The Company operates in the mineral exploration industry in South Australia.

25 CONTROLLED ENTITY

Name of entity	Country of Incorporation	Ownership Interest 2005 %	Ownership Interest 2004 %
Parent Entity			
Havilah Resources NL	Australia		
Controlled Entities			
Curnamona Energy Limited	Australia	50.6%	-
Kalkaroo Copper Pty Ltd	Australia	100%	-
Mutooroo Metals Pty Ltd	Australia	100%	-

26 COMPANY STATUS

Havilah Resources NL is a no liability company incorporated and operating in Australia.

27 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of cash

	Consolidated	Company	
	2005 $	2005 $	2004 $
Cash on hand	4	4	3
Cash at bank	522,796	436,113	126,932
Cash on deposit	9,924,306	4,650,064	4,206,879
	10,447,106	5,086,181	4,333,814

(b) Reconciliation of operating loss after income tax to net cash (used in) provided by operating activities

	Consolidated	Company	
	$	2005 $	2004 $
Net Profit/(Loss)	590,467	(1,921,873)	(125,891)
Non-cash items:			
Gain on dilution of holding in subsidiary	(2,716,180)	-	-
Depreciation and amortisation	33,162	28,749	53,647
(Profit) on sale of capitalised exploration and evaluation costs.	-	(160,190)	-
Change in assets and liabilities:			
Increase/(decrease) in payables	2,211,966	2,166,149	30
(Increase)/decrease in receivables	(13,817)	(16,995)	-
(Increase)/decrease in other current assets	(252,922)	(177,765)	(15,981)
Net cash from operating activities	**(147,324)**	**(81,925)**	**(88,195)**

(c) Non cash financing and investing activities

During the year the company established Curnamona Energy Limited ("Curnamona"), a 100% subsidiary, and upon the successful capital raising by Curnamona, the company's interest was diluted to 50.6% of the ordinary share capital.

During the year the company established Kalkaroo Copper Pty Ltd and Mutooroo Metals Pty Ltd.

During the year the company issued 200,000 fully paid ordinary shares at a deemed issue price of $1.14, being the market price of the company's shares at date of issue, to acquire the 30% interest in EL2812 held by Lynch Mining Pty Limited.

The above transactions are not reflected in the statement of cash flows.

28 SHARE OPTION PLAN

(a) Directors and consultants share option plan

Havilah Resources NL has an ownership based remuneration plan for directors and consultants. In accordance with the provisions of the plan, as approved by shareholders, at an annual general meeting, directors may issue options to purchase shares in the company to directors and consultants at an issue price determined by the market price of ordinary shares at the time the option is granted. The share options are not listed on the Australian Stock Exchange, carry no rights to dividends and no voting rights.

In accordance with the terms of the Plan, options may be exercised as follows:

- January 2002 series: at any time from the date of their issue to the date of their expiry.
- October 2003 series: one fifth of the options granted can be exercised in any one year and options not exercised during a particular year will accumulate and may be exercised in subsequent years.
- November 2003 series: at any time from the date of their issue to the date of expiry.

The difference between the total market value of options issued during a financial year, at the date of issue, and the total amount received from directors and consultants, is not recognised in the financial statements. Consideration received on the exercise of options is recognised in contributed equity. During the financial year $1,533,870 (2004: $nil) was recognised in contributed equity arising from the exercise of options.

Share Option Plan	2005 Number	2004 Number
Balance at beginning of the year (i)	6,350,000	6,000,000
Granted during the financial year (ii)	200,000	350,000
Exercised during the financial year (iii)	(6,130,000)	-
Balance at end of the financial year (iv)	420,000	6,350,000

SHARE OPTIONS

7,630,000 options were exercised for $1,833,570 during the year. No options lapsed during the year. At an extraordinary meeting of members of the company held on 15 July 2005 approval was given to grant a further 3,520,000 options to directors. These options had not been issued as at 31 July 2005.

During and since the end of the financial year 3,520,000 share options were granted to the following directors of the company:

Directors	Number of options granted	Issuing entity	Number of shares under options
K R Johnson	1,650,000	Havilah Resources NL	1,650,000
C W Giles	1,650,000	Havilah Resources NL	1,650,000
K G Williams	220,000	Havilah Resources NL	220,000

(i) Balance at the beginning of financial year

2005

Option Series	Number	Grant Date	Expiry Date	Exercise Price
January 2002	6,000,000	25 January 2002	25 January 2007	$0.25
October 2003	300,000	8 October 2003	8 October 2008	$0.25
November 2003	50,000	30 November 2003	30 November 2008	$0.40
Total	6,350,000			

2004

Option Series	Number	Grant Date	Expiry Date	Exercise Price
January 2002	6,000,000	25 January 2002	25 January 2007	$0.25

(ii) Granted during the financial year

2005

Option Series	Number	Grant Date	Expiry Date	Exercise Price
May 2005	200,000	9 May 2005	9 May 2009	$1.02

2004

Option Series	Number	Grant Date	Expiry Date	Exercise Price
October 2003	300,000	8 October 2003	8 October 2008	$0.25
November 2003	50,000	30 November 2003	30 November 2008	$0.40
Total	350,000			

(iii) Exercised during the financial year

2005

Option Series	Number of Options Exercised	Grant Date	Exercise Date	Expiry Date	Exercise Price	Number of Shares Issued	Fair Value Received $	Fair Value at Date of Issue $
Jan 2002	6,000,00	25 Jan 02	13 Dec 04	8 Oct 08	$0.25	6,000,000	1,494,000	5,700,000
Oct 2003	40,000	8 Oct 03	22 Nov 04	8 Oct 08	$0.25	40,000	9,960	31,600
Oct 2003	40,000	8 Oct 03	6 Dec 04	8 Oct 08	$0.25	40,000	9,960	46,400
Nov 2003	50,000	30 Nov 03	17 Mar 05	30 Nov 08	$0.40	50,000	19,950	65,000
Total	6,130,000					6,130,000	1,533,870	5,843,000

The fair value at issue date was calculated by reference to the market price on the shares on the issue date.

(iv) Balance at the end of the financial year

2005

Option Series	Number *	Grant Date	Expiry Date	Exercise Price
October 2003	220,000	8 October 2003	8 October 2008	$0.25
May 2005	200,000	9 May 2005	9 May 2009	$1.02
Total	420,000			

2004

Option Series	Number *	Grant Date	Expiry Date	Exercise Price
January 2002	6,000,000	25 January 2002	25 January 2007	$0.25
October 2003	300,000	8 October 2003	8 October 2008	$0.25
November 2003	50,000	30 November 2003	30 November 2008	$0.40
Total	6,350,000			

** All shares options vest immediately upon granting.*

(b) Other share option plan

At the annual general meeting of Havilah Resources NL held on 19 December 2003, shareholders approved the Issue to Lynch Mining Pty Ltd of 1,500,000 options to acquire fully paid ordinary shares in the company.

The options are not listed on the Australian Stock Exchange, carry no rights to dividends and no voting rights. The options may be exercised at any time from the date of issue to the date of their expiry.

The difference between the market value of options issued at date of issue and the total amount received is not recognised in the financial statement. Consideration received on the exercise of options is recognised in contributed equity.

	2005 Number	2004 Number
Balance at the beginning of the year (i)	1,500,000	-
Granted during the year (ii)	-	1,500,000
Exercised during the year (iii)	(1,500,000)	-
Balance at the end of the financial year (iv)	-	1,500,000

(i) Balance at the beginning of the financial year

2005

Option Series	Number	Grant Date	Expiry Date	Exercise Price
October 2003	1,500,000	8 Oct 2003	8 Oct 2008	$0.20

2004: Nil

(ii) Granted during the financial year

2005: Nil

2004

Option Series	Number	Grant Date	Expiry Date	Exercise Price
October 2003	1,500,000	8 Oct 2003	8 Oct 2008	$0.20

(iii) Exercised during the financial year

2005

Option Series	Number of Options Exercised	Grant Date	Exercise Date	Expiry Date	Exercise Price	Number of Shares Issued	Fair Value Received $	Fair Value at Date of Issue $
Oct 2003	1,500,000	8 Oct 03	21 Feb 05	8 Oct 08	$0.20	1,500,000	300,000	2,175,000

2004: Nil

(iv) Balance at the end of the financial year

2005: Nil

2004

Option Series	Number	Grant Date	Expiry Date	Exercise Price
October 2003	1,500,000	8 Oct 2003	8 Oct 2008	$0.20

(c) Directors and consultants share option plan

Curnamona Energy Limited has an ownership based remuneration plan for directors and consultants. In accordance with the provisions of the plan, as approved by shareholders, at an annual general meeting, directors may issue options to purchase shares in the company to directors and consultants at an issue price determined by the market price of ordinary shares at the time the option is granted. The share options are not listed on the Australian Stock Exchange, carry no rights to dividends and no voting rights.

In accordance with the terms of the Plan, options may be exercised as follows:

- April 2005 series: at any time from the date of their issue to the date of their expiry.

Consideration received on the exercise of options is recognised in contributed equity.

Share Option Plan	2005 Number
Balance at beginning of the year	-
Granted during the financial year (i)	3,200,000
Balance at end of the financial year (ii)	3,200,000

(i) Granted during the financial year

2005

Option Series	Number	Grant Date	Expiry Date	Exercise Price	Fair Value Received
April 2005	3,200,000	18 April 2005	18 April 2010	$0.25	-

(ii) Balance at the end of the financial year

2005

Option Series	Number	Grant Date	Expiry Date	Exercise Price
April 2005	3,200,000	18 April 2005	18 April 2010	$0.25

29 LEASES

Finance Leases

(a) Leasing arrangements

Finance leases relate to plant and equipment with a lease term of four years. The company has an option to purchase the equipment for a nominal amount at the conclusion of the lease.

	Consolidated		Company			
	Minimum future lease payments	Present value of minimum future lease payments	Minimum future lease payments		Present value of minimum future lease payments	
	2005 $	2005 $	2005 $	2004 $	2005 $	2004 $
No later than 1 year	17,768	14,812	9,690	9,690	8,556	7,964
Later than 1 year and not later than 5 years	50,747	44,267	11,211	20,899	11,083	19,639
Later than 5 years	-	-	-	-	-	-
Minimum lease payments	68,515	59,079	20,901	30,589	19,639	27,603
Less future finance charges	9,436	-	1,262	2,986	-	-
Present value of minimum lease payments	59,079	59,079	19,639	27,603	19,639	27,603

Included in the financial statements as:

Current interest bearing liabilities	14,812	8,556	7,864
Non-current interest bearing liabilities	44,267	11,083	19,639
Total	**59,079**	**19,639**	**27,603**

30 ACQUISITION OF BUSINESSES

Names of businesses acquired	Principal activity	Date of acquisition	Proportion of shares acquired %	Cost of acquisition $
Controlled entities				
Curnamona Energy Ltd	Mineral Exploration	17/2/05	100	155,025
Kalkaroo Copper Pty Ltd	Mineral Exploration	27/9/04	100	1,000
Mutooroo Metals Pty Ltd	Mineral Exploration	7/6/05	100	1,000
				157,025

The cost of acquisition comprises cash for all of the acquisitions.

Disposals

During the financial year the consolidated entity disposed of 49.4% of its interest in Curnamona Energy Ltd, a company incorporated and carrying on mineral exploration in South Australia. Disposal resulted from a successful float of Curnamona Energy on the Australian Stock Exchange

31 SUBSEQUENT EVENTS

During 2005 the parent entity, Havilah Resources NL (Havilah), and Monax Mining Ltd (Monax) entered into an agreement dated 24 June 2005 whereby Havilah agreed to transfer exploration licences EL2964, EL3376 and EL3088 to Monax. In part payment for the tenements, on signing the agreement Havilah was issued 2,138,889 shares and 1,000,000 options in Monax. If listing conditions for Monax were not satisfied before the first anniversary of the agreement the options would expire. Upon successful listing of Monax on the Australian Stock Exchange (ASX) Havilah will be issued with further shares in Monax such that Havilah will hold 10% of the issued shares and options of Monax. Monax successfully listed on the ASX on 21 September 2005 (see Note 8).

On 12 August 2005 Havilah Resources NL (Havilah) raised additional capital by way of a placement of 1,200,000 shares at $1.07. Total cash raised was $1,284,000.

Apart from the information disclosed in Note 8 the above details have not been reflected in the statement of financial position for the year ended 31 July 2005. There has been no other matter or circumstance that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

32 IMPACT OF ADOPTING AUSTRALIAN EQUIVALENT TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The consolidated entity will be required to prepare financial statements that comply with Australian equivalents to International Financial Reporting Standards ("A-IFRS") for annual reporting periods beginning on or after 1 January 2005. Accordingly, the consolidated entity's first half-year report prepared under A-IFRS will be for the half-year reporting period ending 31 January 2006, and its first annual financial report prepared under A-IFRS will be for the year ending 31 July 2006.

The directors are in the process of completing an evaluation of the impact of A-IFRS on the consolidated entity.

The directors have identified the following as being the key accounting policy differences expected to arise on transitioning to A-IFRS. This does not represent an exhaustive list of the differences that will arise, and further analysis may change the consolidated entity's assessment of the importance or otherwise of the various differences.

(a) First-time adoption of A-IFRS

On first-time adoption of A-IFRS, the consolidated entity will be required to restate its comparative balance sheet such that the comparative balances presented comply with the requirements specified in the A-IFRS. That is, the balances that were presented in the financial report for the half-year ending 31 January 2005 and year ending 31 July 2005 may not be the balances that will be presented as comparative numbers in the financial report for the following half year, and year end, as a result of the requirement to retrospectively apply the A-IFRS. In addition, certain assets and liabilities may not qualify for recognition under A-IFRS, and will need to be derecognised. Required adjustments on first-time adoption are to be made against opening retained earnings (1 August 2004), except for financial instruments.

(b) Capitalised exploration and development expenditure

Under Australian Generally Accepted Accounting Principles (A-GAAP) explorative, evaluation and development expenditure in relation to separate areas of interest, for which rights of tenure are current, are capitalised in the year in which they are incurred and carried forward as an asset where:

(i) it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest or by its sale; or

(ii) exploration activities are continuing in an area and activities have not yet reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverably ore reserves.

Should a project or an area of interest be abandoned, the expenditure will be written off in the year in which the decision is made.

Under A-IFRS, exploration, evaluation and development expenditure in relation to separate areas of interest are capitalised in the year in which they are incurred and carried forward as an asset as long as the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

   a. the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
   b. exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation expenditure is assessed for impairment when facts and circumstances suggest that their carrying amount exceeds their recoverable amount and where this is the case an impairment loss is recognised. Should a project or an area of interest be abandoned, the expenditure will be written off in the period in which the decision is made. Where a decision is made to proceed with development, accumulated expenditure will be amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

The directors have elected to apply the first-time adoption exemption available to Havilah Resources NL and not apply AASB 6 "Exploration for and Evaluation of Mineral Reserves" to comparatives. Accordingly, there are no quantitative impacts on the 31 July 2005 financial statements.

(c) Impairment testing

Under A-IFRS all current and non-current assets will be subject to impairment testing. The consolidated entity will be required to test the values attributed to assets where impairment is indicated. Such testing will require the consolidated entity to identify the smallest group of assets generating independent cash inflows, called cash generating units ("CGUs"), and determine the recoverable amount for each CGU. Recoverable amounts are determined using the higher of either value in use calculated using reliable estimates of future discounted cash flows, or fair values less costs to sell. Where the carrying amount of a CGU exceeds the recoverable amount, an impairment loss exists which will be recognised in the income statement. The consolidated entity has not yet determined the impact, if any, of any impairment which may be required. It is not practicable to determine the impact of the change in accounting policy for future financial reports, as any impairment or reversal thereof will be affected by future conditions.

(d) Income tax

The consolidated entity currently recognises deferred taxes by accounting for the differences between accounting profit and taxable income, which give rise to 'permanent' and 'timing' differences. Under A-IFRS, deferred taxes are measured by reference to the 'temporary differences' determined as the difference between the carrying amount and tax base of assets and liabilities recognised in the balance sheet

Under A GAAP tax losses are recognised as an asset only when realisation of the benefit is "virtually certain". Under A-IFRS tax losses are recognised as an asset when realisation of the benefit is "probable".

The directors consider that under A-IFRS tax losses will not be recognised as a deferred tax asset as realisation of the benefit is not probable.

The quantitative impacts on the 31 July 2005 financial statements have not been finalised.

(e) Financial instruments

The directors have elected to apply the first-time adoption exemption available to Havilah Resources NL to defer the date of transition of AASB 132 "Financial Instruments: Disclosure and Presentation" and AASB 139 "Financial Instruments: Recognition and Measurement" to 1 August 2005. Accordingly, there are no quantitative impacts on the 31 July 2005 financial statements.

Under current A-GAAP, financial assets and financial liabilities are recognised at cost. On adoption of A-IFRS, the consolidated entity will be required to classify these financial instruments into various specified categories. The classification of the instrument will affect the instrument's subsequent measurement – at amortised cost using the effective interest rate method, fair value with movements recognised through equity or fair value recognised through the profit and loss. The consolidated entity is evaluating the different options available, but has not made any determination at reporting date of the accounting to be adopted, and consequently, the impact of the change on the financial statements cannot yet be quantified.

(f) Share-based payments

Share-based compensation forms part of the remuneration of executives, employees and consultants of the consolidated entity. The consolidated entity does not recognise an expense for any share-based compensation granted. Under A-IFRS, the consolidated entity will be required to recognise an expense for such share-based compensation. Share-based compensation will be measured at the fair value of the share options determined at grant date. The entity will not retrospectively recognise share-based payments vested before 1 January 2005 as permitted under A-IFRS first time adoption. Post 1 January 2005, for any share-based compensation granted, the consolidated entity will recognise an expense and a corresponding increase in share capital.

The quantitative impacts on the 31 July 2005 financial statements have been included within Directors remuneration.

Also, under A-IFRS, government grants received cannot be offset against exploration expenditure. The impact of the change on the financial statements has not yet been quantified.

Directors' Declaration

The Directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and

(c) the directors have been given the declarations required by Section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to Section 295(5) of the Corporations Act 2001.

On behalf of the Directors

K.R. Johnson

K R Johnson
Director

Adelaide, South Australia

20th October 2005

Deloitte.

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The Board of Directors
Havilah Resources NL
63 Conyngham Street
GLENSIDE SA 5065

20 October 2005

Dear Board Members

Havilah Resources NL

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Havilah Resources NL.

As lead audit partner for the audit of the financial statements of Havilah Resources NL for the financial year ended 30 June 2005, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu.

DELOITTE TOUCHE TOHMATSU

Jane Handel.

J J Handel
Partner
Chartered Accountants

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Independent audit report to the members of Havilah Resources NL

Scope

The financial report and directors' responsibility
The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Havilah Resources NL (the company) and the consolidated entity, for the financial year ended 31 July 2005 as set out on pages 21 to 43. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach
We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the Corporations Act 2001 and Accounting Standards and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Havilah Resources NL is in accordance with:

(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 July 2005 and of their performance for the year ended on that date; and
(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

Deloitte Touche Tohmatsu.

DELOITTE TOUCHE TOHMATSU

J Handel.

J J Handel
Partner
Chartered Accountants

Adelaide, 20 October 2005