HAVILAH RESOURCES NL

ABN 39 077 435 520

FINANCIAL REPORT
For the Half-Year Ended
31 January 2006

Index

DIRECTORS' REPORT

The directors of Havilah Resources NL submit herewith the financial report for the half-year ended 31 January 2006. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of the directors of the consolidated entity during or since the end of the half-year are:

Keith Robert Johnson
Christopher William Giles
Kenneth Graham Williams

The above named directors held office during and since the end of the half-year.

REVIEW OF OPERATIONS

During the half year the Company continued with exploration of its Curnamona Craton tenements, with the main field activities focused on drilling the Mutooroo prospect and the Kalkaroo south and north domes.

A major achievement for the Company was confirmation of substantial shallow copper-cobalt mineralisation at the Mutooroo prospect, based on 48 RC drillholes. This project lies roughly sixty kilometres west of Broken Hill and fifteen kilometres south of the Indian Pacific railway line. Extensive diamond drilling by Broken Hill South in the early 1970's to depths of 500 metres outlined a published copper resource of approximately 8.7 million tonnes of 1.9% copper in a sulphide lode structure.

Havilah carried out a mining scoping study and financial model for the Mutooroo deposit during the period based largely on its own drilling, and taking into account current metal prices and revised capital and operating cost estimates. **An optimized open pit to 250m depth incorporates 11.5 million tonnes at a grade of 1.1% Copper and 0.096% Cobalt. This is sufficient to maintain a mining operation for a period of at least 11.5 years at an annual throughput of 1 million tonnes to produce approximately 10,000 tonnes copper and 1,000 tonnes of cobalt per annum.** Based on current metal prices the project is quite robust and would break even, with pay back of all capital, at around half current metal prices. In the scoping study it was assumed that the proposed operation would produce a bulk sulphide concentrate containing both copper and cobalt for shipment to a smelter, thus eliminating the need for a complex processing plant and thereby minimising capital costs. While current drilling data gives considerable geological confidence in the nature and continuity of mineralisation, further drilling is required to bring the resource to the confidence level required by the JORC code. There is excellent potential for discovery of extensions to the deposit, which would further improve the mining economics. In anticipation of a future mining operation, Havilah pegged two Mineral Claims over the deposit during the period in the name of its wholly owned subsidiary, Mutooroo Metals Pty Ltd as the first step towards application for a Mining Lease.

Havilah also revised its economic evaluation of the Kalkaroo deposit during the period. Based on detailed engineering studies, an optimum open pit design to 230 metres depth is calculated to contain 70 million tonnes at a grade of 0.47% copper, 0.46 g/t gold and 124 ppm molybdenum. The open pit model is based on a measured resource calculated from 56 Havilah RC holes completed in 2004 and 39 earlier drillholes, including diamond drillholes, completed by Placer, Newcrest and MIM Exploration. The excellent correlation between drillholes provides considerable confidence in the geological continuity and grade of the mineralisation at Kalkaroo, justifying its measured resource status. This in pit resource has grown by 20% from earlier estimates largely by extending the open pit to the drilled limits of the measured resource. There is sufficient ore to maintain an open pit mining operation for a period of almost 11 years at an annual throughput rate of 6.5 million tonnes ore to produce approximately **31,000 tonnes copper, 95,000 ounces gold and 186,000 kg molybdenum per annum**. The project is economically robust and is still profitable at half current copper and molybdenum prices. There is excellent potential for discovery of depth and strike extensions to the deposit, which would further improve the mining economics.

With the assistance of a PACE grant Havilah undertook drilling of the Kalkaroo north and south domes during the period. This returned several native copper intersections and an ore grade intercept of **63m of 0.41% Cu and 69 metres of 0.67 g/t Au** in drillhole KKRC071 some 2 km south of the Kalkaroo deposit. Directors view the drilling results as positive because for the first time economic grade mineralisation in the prospective copper-gold horizon was proven to exist away from Kalkaroo, thus confirming Havilah's exploration model. Overall the geology is quite complex due to faulting and dislocation of key rock units and will require considerably more drilling to define the extent of the mineralisation discovered.

The Company made the decision during the year to seek major partners to fund the feasibility studies and mine development phases of activity for both the Mutooroo and Kalkaroo projects, in exchange for project equity. Both projects will be offered on a standalone basis and Havilah will retain the very considerable exploration upside in all of its Curnamona Craton regional exploration areas. No further drilling is planned by Havilah at either project until the process of securing development partners is complete. Future drilling to determine the precise resource and metallurgy parameters will form part of the feasibility study.

In investee companies, Curnamona Energy commenced uranium drilling of the Yarramba palaeochannel, Monax Mining successfully listed on the ASX at a substantial premium and Prospectus and Entitlements Issue documents for Geothermal Resources were sent to Havilah shareholders

SUBSEQUENT EVENT

Geothermal Resources Limited, a subsidiary of Havilah Resources NL, was listed on the Australian Stock Exchange on the 21 March 2006 following the successful initial public offering. Geothermal Resources Limited received $3,000,000 by the issuing of 12,000,000 shares. After deducting costs, of approximately $80,000, the net proceeds received will be approximately $2,920,000. At the date of listing, Havilah Resources NL's interest in Geothermal Resources Limited decreased from 100% to 63.6%.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 4 of the half-year financial report.

Signed in accordance with a resolution of the directors made pursuant to Section 306 (3) of the Corporations Act 2001.

On behalf of the directors

K R Johnson
Chairman

Adelaide, 12 April 2006

Deloitte

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Deloitte House
190 Flinders Street
Adelaide SA 5000
GPO Box 1969
Adelaide SA 5001 Australia

DX 664
Tel: +61 (0) 8 8407 7000
Fax: +61 (0) 8 8407 7001
www.deloitte.com.au

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

12 April 2006
Our Ref: amh/JJH

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 review of the financial statements of Havilah Resources NL for the half-year ended 31 January 2006, 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 review; and

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jaron Handel

J J Handel
Partner
Chartered Accountants

HAVILAH RESOURCES NL
ABN 39 077 435 520
CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 JANUARY 2006

	Note	Half-year ended 31 January 2006 $	Half-year ended 31 January 2005 $
Revenue		260,345	127,082
Other income	2	762,149	-
Amortisation expense		(4,160)	(4,160)
Depreciation expense		(52,802)	(22,035)
Travel expense		(8,188)	-
Insurance expense		(20,723)	(16,047)
Management fee expense		(159,840)	(69,000)
Consulting Fees		(28,875)	(10,000)
Legal fees		(2,693)	-
Audit fees		(21,400)	(8,500)
ASX listing fees		(9,811)	(17,349)
Shareholder administration fees		(40,790)	(32,111)
Finance costs		(5,946)	(935)
Printing expense		(834)	-
Subscriptions		(1,782)	-
Share based payments		(35,425)	(239)
Salary expense		(41,578)	-
Superannuation expense		(6,164)	-
Workers compensation insurance expense		(7,763)	-
Annual leave expense		(19,783)	-
Licence fee expense		(3,140)	-
Freight expense		(3,306)	-
Motor vehicle expense		(8,946)	-
Directors fee expense		(20,000)	-
Exploration expenditure written off	2	(544,897)	-
Other expenses		(7,140)	(7,786)
Loss before income tax expense		(33,492)	(61,080)
Income tax expense		-	-
Loss for the period		(33,492)	(61,080)
Loss attributable to minority interest		59,403	-
Profit/(Loss) attributable to members of the parent entity		25,911	(61,080)
Earnings per share			
- Basic (cents per share) – profit/(loss)		0.04	(0.09)
- Diluted (cents per share) – profit/(loss)		0.04	(0.09)

Notes to the financial statements are included on pages 9 to 20.

HAVILAH RESOURCES NL
ABN 39 077 435 520
CONSOLIDATED BALANCE SHEET
AS AT 31 JANUARY 2006

	31 January 2006 $	31 July 2005 $
Current Assets		
Cash and cash equivalents	7,742,476	10,447,106
Trade and other receivables	154,515	13,817
Other	138,297	316,443
Total Current Assets	8,035,288	10,777,366
Non Current Assets		
Exploration and evaluation expenditure	5,193,430	4,538,869
Other financial assets	927,150	-
Plant and equipment	492,637	337,288
Total Non Current Assets	6,613,217	4,876,157
TOTAL ASSETS	14,648,505	15,653,523
Current Liabilities		
Trade and other payables	211,234	2,551,744
Borrowings	37,022	14,812
Provisions	19,783	-
Total Current Liabilities	268,039	2,566,556
Non Current Liabilities		
Borrowings	110,553	44,267
Other	134,413	134,413
Total Non Current Liabilities	244,966	178,680
TOTAL LIABILITIES	513,005	2,745,236
NET ASSETS	14,135,500	12,908,287
Equity		
Issued capital	13,145,685	11,846,685
Reserves	859,560	905,027
Accumulated losses	(2,592,466)	(2,618,407)
Parent entity interest	11,412,779	10,133,305
Minority interest	2,722,721	2,774,982
TOTAL EQUITY	**14,135,500**	**12,908,287**

Notes to the financial statements are included on pages 9 to 20.

HAVILAH RESOURCES NL
ABN 39 077 435 520
CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE
FOR THE HALF-YEAR ENDED 31 JANUARY 2006

	Half-year ended 31 January 2006 $	Half-year ended 31 January 2005 $
Available-for-sale investments:		
Valuation gain/(loss) taken to equity	(73,750)	-
Net income/expense recognised directly in equity	(73,750)	-
Profit/(loss) for the period	25,941	(61,080)
Total recognised income and expense for the period	(47,809)	(61,080)
Attributable to:		
Equity holders of the parent	11,594	(61,080)
Minority interest	(59,403)	-
	(47,809)	(61,080)

Notes to the financial statements are included on pages 9 to 20.

HAVILAH RESOURCES NL
ABN 39 077 435 520
CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 JANUARY 2006

	Note	Half-year ended 31 January 2006 $	Half-year ended 31 January 2005 $
Cash flow from operating activities			
Payments to suppliers	2	(2,464,604)	(389,369)
Interest and other costs of finance paid		(5,946)	(935)
Net cash used in operating activities		**(2,470,550)**	**(390,304)**
Cash flow from investing activities			
Interest received		284,158	127,082
Payments for exploration and evaluation		(1,538,680)	(945,312)
Payments for plant and equipment		(267,684)	(1,350)
Net cash used in investing activities		**(1,522,206)**	**(819,580)**
Cash flow from financing activities			
Repayment of borrowings		(10,873)	(3,911)
Proceeds from share issues		1,299,000	2,426,737
Net cash provided by financing activities		**1,288,127**	**2,422,826**
Net (decrease) increase in cash		(2,704,630)	1,212,942
Cash and cash equivalents at the beginning of the half-year		**10,447,106**	**4,333,814**
Cash and cash equivalents at the end of the half-year		**7,742,476**	**5,546,756**

Notes to the financial statements are included on pages 9 to 20.

1 SUMMARY OF ACCOUNTING POLICIES

This half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 "Interim Financial Reporting". Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting". The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

The consolidated entity changed its accounting policies on 1 August 2005 to comply with A-IFRS. The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards", with 1 August 2004 as the date of transition. An explanation of how the transition from superseded policies to A-IFRS has affected the consolidated entity's financial position, financial performance and cash flows is discussed in Note 8.

The accounting policies set out below have been applied in preparing the financial statements for the half year ended 31 January 2006, the comparative information presented in these financial statements, and in the preparation of the opening A-IFRS balance sheet at 1 August 2004 (as disclosed in Note 8), the consolidated entity's date of transition, except for the accounting policies in respect of financial instruments.

The consolidated entity has not restated comparative information for exploration and evaluation expenditure, and financial instruments, including derivatives as permitted under the first-time adoption transitional provisions. The accounting policies for exploration and evaluation expenditure, and financial instruments applicable to the comparative information are consistent with those adopted and disclosed in the lodged 2005 annual financial report. The impact of changes in these accounting policies on 1 August 2005, the date of transition for exploration and evaluation expenditure, and financial instruments, is discussed further in Note 1 (r).

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

(a) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs.
Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and bank deposits.

(c) Exploration and Evaluation Expenditure

Exploration and evaluation 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 less accumulated impairment losses where 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:
- the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale:
  or

1 SUMMARY OF ACCOUNTING POLICIES (cont'd)

(c) Exploration and Evaluation Expenditure (cont'd)

- 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.

Capitalised exploration costs are reviewed each reporting date to determine whether an indication of impairment exists. If any such indication exists, the recoverable amount of the capitalised exploration costs is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years. Where a decision is made to proceed with development, accumulated expenditure will be tested for impairment, transferred to development properties and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

(d) Employee benefits

The directors have elected under section 334 (5) of the Corporation Act 2001 to apply Accounting Standard AASB 119 "Employee Benefits" (December 2004) and AASB 2004/3 "Amendment to Australian Accounting Standards", even though the standards are not required to be applied until accounting periods beginning on or after 1 January 2006.

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

Defined contribution plans
Contributions to defined contribution superannuation plans are expensed when incurred.

(e) Government grants

Government grants are assistance by the government in the form of transfer of resources to the consolidated entity in return for past or future compliance with certain conditions relating to the operating activities of the entity.

Government grants related to income are recognised as income over the periods necessary to match them with the related costs. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the consolidated entity with no future related costs are recognised as income of the period in which it becomes receivable.

Government grants relating to assets are treated as deferred income and recognised in profit and loss over the expected useful lives of the assets concerned.

1 SUMMARY OF ACCOUNTING POLICIES (cont'd)

(f) Financial assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Other financial assets are classified into the following specified categories: held-to-maturity investments, available-for-sale financial assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Held-to-maturity investments
Bills of exchange and debentures are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Available-for-sale financial assets
Certain shares and share options held by the consolidated entity are classified as being available-for-sale and are stated at fair value less impairment. Gains and losses arising from changes in fair value are recognised directly in the available-for-sale revaluation reserve, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is included in profit or loss for the period.

Loans and receivables
Trade receivables, loans and other receivables are recorded at amortised cost less impairment.

(g) Financial instruments issued by the company

Debt and equity instruments
Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Interest and dividends
Interest and dividends are classified as expense or as distribution of profit consistent with the balance sheet classification of the related debt or equity instruments.

(h) Goods and service 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 cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is

1 SUMMARY OF ACCOUNTING POLICIES (cont'd)

(h) Goods and service tax (cont'd)

recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(i) Impairment of assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(j) Income tax

Current tax

Current tax is calculated by references to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax.

1 SUMMARY OF ACCOUNTING POLICIES (cont'd)

(j) Income tax (cont'd)

Deferred tax (cont'd)

liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

(k) Joint ventures

Interests in jointly controlled assets and operations are reported in the financial statements by including the consolidated entity's share of assets employed in the joint ventures, the share of liabilities incurred in relation to the joint ventures and the share of any expenses incurred in relation to the joint ventures in their respective classification categories.

(l) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

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

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefit from the leased asset are consumed.

1 SUMMARY OF ACCOUNTING POLICIES (cont'd)

(m) Payables

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.

(n) Plant and Equipment

Plant and equipment and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of deprecation:

• Plant and equipment – at cost	3-5 years
• Plant and equipment under lease	4 years

(o) 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 subsidiaries as defined in Accounting Standard AASB 127 "Consolidated and Separate Financial Statements". Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceeds the cost of acquisition, the deficiency is credited to profit and loss in the period of acquisition.

The interest of minority shareholders is stated at the minority's proportion of the fair value of the assets and liabilities recognised.

The consolidated financial statements include the information and results of each subsidiary 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.

(p) Revenue recognition

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

(q) Share-based payments

Equity-settled share-based payments granted after 7 November 2002 that were unvested as of 1 January 2005, are measured at fair value at the date of grant. Fair value is measured by use of the Black-Scholes model. The expected life used in the model has

1 SUMMARY OF ACCOUNTING POLICIES (cont'd)

(q) Share-based payments (cont'd)

been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(r) Comparative Information – exploration and evaluation, and financial instruments

The consolidated entity has elected not to restate comparative information, as permitted on the first-time adoption of A-IFRS for financial instruments within the scope of Accounting Standards AASB 132 "Financial Instruments: Disclosure and Presentation" and AASB 139 "Financial Instruments: Recognition and Measurement", and exploration and evaluation expenditure within the scope of AASB6 "Exploration and Evaluation of Mineral reserves".

There is no effect of changes in the accounting policies for exploration and evaluation expenditure, and financial instruments on the balance sheet as at 1 August 2005.

2 SIGNIFICANT ITEMS

Included in the consolidated income statement for the half-year ended 31 January are the following significant items:

	Half-year ended 31 January 2006 $	Half-year ended 31 January 2005 $
Other income	762,149	-
Exploration expenditure written off	(544,897)	-

During the half-year ended 31 January 2006 the consolidated entity recorded a gain of $762,149 as result of a sale of mining tenements to Monax Mining Limited and the subsequent float of Monax Mining Limited.

During the half-year ended 31 January 2006 the consolidated entity decreased capitalised exploration and evaluation expenditure by $544,897 in relation to areas of interest where activities had significantly decreased and there was not sufficient confidence that capital expenditure would be recouped through the successful development and exploration of the particular area of interest.

2 SIGNIFICANT ITEMS (cont'd)

Included in the consolidated cash flow statement for the half-year ended 31 January is the following significant item:

	Half-year ended 31 January 2006 $	Half-year ended 31 January 2005 $
Payments to suppliers	(2,464,604)	(389,369)

During the half-year ended 31 January 2006 the consolidated entity paid $2,200,000 to Placer Dome Australia Limited (which was accrued at 31 July 2005) for the extinguishment of its interests in an exploration licence.

3 SEGMENT INFORMATION

The consolidated entity operates in the mineral exploration industry in South Australia.

4 CONTINGENT LIABILITIES AND CONTINGENT ASETS

There were no changes in contingent liabilities or contingent assets from those disclosed in the annual report for the year ended 31 July 2005.

5 CHANGES IN THE COMPOSITION OF THE CONSOLIDATED ENTITY

During the half-year ended 31 January 2005 the following companies were acquired:

Name of company	Principal activity	Date of acquisition	Proportion of shares acquired	Cost of acquisition $
Geothermal Resources Ltd	Exploration	9 August 2005	100%	3

6 ISSUE OF SECURITIES

During the half year ended 31 January 2006, the company issued 1,200,000 (2005: 3,580,801) ordinary shares for $1,284,000 (2005: $1,140,817) and 60,000 (2005: 6,080,000) ordinary shares for $15,000 (2005: $1,513,920) on exercise of 60,000 share options (2005: 6,080,000).

During the half year ended 31 January 2006, the company issued 100,000 share options (2005: nil) over ordinary shares.

7 SUBSEQUENT EVENTS

Geothermal Resources Limited, a subsidiary of Havilah Resources NL, was listed on the Australian Stock Exchange on the 21 March 2006 following the successful initial public offering. Geothermal Resources Limited received $3,000,000 by the issuing of 12,000,000 shares. After deducting costs, of approximately $80,000, the net proceeds received will be approximately $2,920,000. At the date of listing, Havilah Resources NL's interest in Geothermal Resources Limited decreased from 100% to 63.6%.

8 IMPACTS OF THE ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The consolidated entity changed its accounting policies on 1 August 2005 to comply with Australian equivalents to International Financial Reporting Standards (A-IFRS). The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1. "First time Adoption of Australian Equivalents to International Financial Reporting Standards", with 1 August 2004 as the date of transition, except for exploration and evaluation expenditure, and financial instruments, including derivatives, where the date of transmission is 1 August 2005 (refer note 1r).

An explanation of how the transition from superseded policies to A-IFRS has affected the consolidated entity's financial position, financial performance and cash flows is set below:

Effect of A-IFRS on the balance sheet as at 1 August 2004

There is no effect of A-IFRS on the balance sheet as at 1 August 2004.

8 IMPACTS OF THE ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (cont'd)

Effect of A-IFRS on the income statement for the half-year ended 31 January 2005 and the financial year ended 31 July 2005.

		Half-year ended 31 January 2005			Financial year ended 31 July 2005		
	Note	Super-seded policies* $	Effect of Transition To A-IFRS $	A-IFRS $	Super-ceded policies** $	Effect of Transition To A-IFRS $	A-IFRS $
Revenue		127,082	-	127,082	384,825	-	384,825
Amortisation expense		(4,160)	-	(4,160)	(9,070)	-	(9,070)
Depreciation expense		(22,035)	-	(22,035)	(24,092)	-	(24,092)
Travel expense		-	-	-	(2,082)	-	(2,082)
Insurance expense		(16,047)	-	(16,047)	(40,276)	-	(40,276)
Management fee expense		(69,000)	-	(69,000)	(189,567)	-	(189,567)
Consulting fees		(10,000)	-	(10,000)	(25,000)	-	(25,000)
Legal fees		-	-	-	(15,808)	-	(15,808)
Audit fees		(8,500)	-	(8,500)	(26,250)	-	(26,250)
ASX listing fees		(17,349)	-	(17,349)	(60,318)	-	(60,318)
Shareholder administration fees		(32,111)	-	(32,111)	(64,850)	-	(64,850)
Finance costs		(935)	-	(935)	(1,727)	-	(1,727)
Computer charges		-	-	-	(13,604)	-	(13,604)
Rates and taxes		-	-	-	(2,881)	-	(2,881)
Subscriptions		-	-	-	(5,840)	-	(5,840)
Share based payments	(a)	-	(239)	(239)	-	(959,753)	(959,753)
Royalty expense		-	-	-	(2,000,000)	-	(2,000,000)
Salary expense		-	-	-	(10,923)	-	(10,923)
Other expenses		(7,786)	-	(7,786)	(18,250)	-	(18,250)
Loss before income tax expense		(60,841)	(239)	(61,080)	(2,125,713)	(959,753)	(3,085,466)
Income tax expense		-	-	-	-	-	-
Loss attributable to outside equity interest		-	-	-	2,726,139	54,726	2,780,865
Net profit/(loss) attributable to members of the parent entity		(60,841)	(239)	(61,080)	600,426	(905,027)	(304,601)

* Reported financial results under previous Australian GAAP.

** The amounts disclosed under the superseded policies column is different to amounts reported in the 31 July 2005 financial report due to the exclusion of the gain on dilution of the company's interest in Curnamona Energy Limited of $2,716,180 from the 'revenue' line item above. The $2,716,180 gain attributable to the parent entity's interest in Curnamona Energy Limited has been accounted for in the superseded policies column by increasing the loss attributable to the outside equity interest.

8 IMPACTS OF THE ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (cont'd)

Effect of A-IFRS on the balance sheet as at 31 January 2005 and 31 July 2005

	Note	31 January 2005 Super-seded policies* $	31 January 2005 Effect of Transition To A-IFRS $	31 January 2005 A-IFRS $	31 July 2005 Super-seded policies* $	31 July 2005 Effect of Transition To A-IFRS $	31 July 2005 A-IFRS $
Current Assets							
Cash and cash equivalents		5,546,756	-	5,546,756	10,447,106	-	10,447,106
Trade and other receivables		173,914	-	173,914	13,817	-	13,817
Other		101,336	-	101,336	316,443	-	316,443
Total Current Assets		5,822,006	-	5,822,006	10,777,366	-	10,777,366
Non Current Assets							
Exploration and evaluation expenditure	(b)	3,445,085	-	3,445,085	4,404,456	134,413	4,538,869
Plant and equipment		66,825	-	66,825	337,288	-	337,288
Total Non Current Assets		3,511,910	-	3,511,910	4,741,744	134,413	4,876,157
TOTAL ASSETS		9,333,916	-	9,333,916	15,519,110	134,413	15,653,523
Current Liabilities							
Trade and other payables		158,137	-	158,137	2,551,744	-	2,551,744
Borrowings		8,255	-	8,255	14,812	-	14,812
Total Current Liabilities		166,392	-	166,392	2,566,556	-	2,566,556
Non Current Liabilities							
Borrowings		15,437	-	15,437	44,267	-	44,267
Other	(b)	-	-	-	-	134,413	134,413
Total non Current Liabilities		15,437	-	15,437	44,267	134,413	178,680
TOTAL LIABILITIES		181,829	-	181,829	2,610,823	134,413	2,745,236
NET ASSETS		9,152,087	-	9,152,087	12,908,287	-	12,908,287
Equity							
Issued capital		11,526,735	-	11,526,735	11,846,685	-	11,846,685
Reserves	(a)	-	239	239	-	905,027	905,027
Accumulated losses		(2,374,648)	(239)	(2,374,887)	(1,713,380)	(905,027)	(2,618,407)
Parent entity interest		9,152,087	-	9,152,087	10,133,305	-	10,133,305
Minority interest		-	-	-	2,774,982	-	2,774,982
TOTAL EQUITY		9,152,087	-	9,152,087	12,908,287	-	12,908,287

* Reported financial position under previous Australian GAAP.

Effect of A-IFRS on the cash flow statement for the financial year ended 31 December 2004

There are no material differences between the cash flow statement presented under A-IFRS and the cash flow statement presented under the superseded policies.

8 IMPACTS OF THE ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (cont'd)

Effect of A-IFRS on the balance sheet as at 31 January 2005 and 31 July 2005 (cont'd)

Notes to the reconciliations of income and equity

a) **Share based payments**

Under superseded policies, share based payments relating to share options issued to directors and employees were not recognised until the share options were exercised. Under A-IFRS, share based payments relating to share options issued to directors and employees are recognised on a straight line basis over the vesting period of the share options. Accordingly an expense has been recognised in the income statement over the vesting period of the share options, with a corresponding amount recognised in the share option reserve in the balance sheet.

b) **Government grants**

Under superseded policies, government grants received were netted off the cost of the asset or expenses incurred. Under A-IFRS, government grants that compensate the company for expenses incurred are recognised as revenue in the income statement on a systematic basis in the same periods in which the expenses are incurred. Government grants that compensate the company for the cost of an asset are recognised in the income statement as other operating income on a systematic basis over the useful life of the asset. Accordingly exploration and evaluation expenditure in the balance sheet has been increased with a corresponding increase in deferred income in the balance sheet.

DIRECTORS DECLARATION

The Directors declare that:

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

(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.

Signed in accordance with a resolution of the directors made pursuant to Section 303 (5) of the Corporations Act 2001.

On behalf of the Directors

K R Johnson
Director

Adelaide, 12 April 2006

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Deloitte House
190 Flinders Street
Adelaide SA 5000
GPO Box 1969
Adelaide SA 5001 Australia

DX 664
Tel: +61 (0) 8 8407 7000
Fax: +61 (0) 8 8407 7001
www.deloitte.com.au

Independent review report to the members of Havilah Resources NL

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of recognised income and expense, selected explanatory notes and the directors' declaration for the consolidated entity for the half-year ended 31 January 2006 as set out on pages 5 to 21. The consolidated entity comprises both Havilah Resources NL (the company) and the entities it controlled at the end of the half-year or from time to time during the half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with Accounting Standards in Australia and the Corporations Act 2001. This includes responsibility for the maintenance of adequate financial 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.

Review Approach

We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001 and Accounting Standards AASB 134 "Interim Financial Reporting" and AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards", so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations, its changes in equity and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Deloitte.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Havilah Resources NL is not in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 January 2006 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standards AASB 134 "Interim Financial Reporting" and AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards" and the Corporations Regulations 2001.

Deloitte Touche Tohmatsu.

DELOITTE TOUCHE TOHMATSU

Jason Handel.

J J Handel
Partner
Chartered Accountants
Adelaide, 12 April 2006