



# Haoma Mining NL

A.B.N 12 008 676 177

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**MELBOURNE, VIC 3000**

February 1, 2016

## ACTIVITIES REPORT FOR THE QUARTER ENDED DECEMBER 31, 2015 – HIGHLIGHTS

- **Group Consolidated Financial Result:**

Haoma Mining's unaudited consolidated financial result for the three months ended December 31, 2015 was a before tax loss of \$1.83 million after interest of \$0.95 million, depreciation and amortisation of \$0.04 million, and development and test work expenditure of \$0.64 million.

- **Commencement of Pilot Plant Production at Bamboo Creek:**

Haoma's Directors are pleased to advise that the first production run at the Bamboo Creek Pilot Plant has been successful.

The initial production run processed 94.52 dry tonnes of Bamboo Creek Tailings with 4.31g/t gold recovered to date into cyanide solution. The first bullion pour produced a 452.8g bar with an estimated contained gold content of 195g (43.1%) which has been submitted to an independent laboratory for refining.

The independent refiner has advised that after initial treatment of the 452.8g bullion bar the bar contains a minimum of 50% gold and 35% silver. Using the refiner's 50% gold estimate for the bullion produced to date and other gold measured in cyanide solution leached from the tailings, the gold 'head grade' of Bamboo Creek Tailings processed and measured to date is 4.64g/t.

Additional bullion is currently being produced; shareholders will be advised of the final quantity of gold once the recovery process has been completed.

**The Bamboo Creek Pilot Plant is now capable of processing approximately 200 tonnes of Bamboo Creek Tailings per day; recovering about 900g of gold. Bullion (gold and silver) is currently being produced every few days. Pilot Plant operating costs are about \$15,000 a day.**

- **Provisional Patent Application - Refined Elazac Assay Method and Refined Elazac Extraction Method (Elazac Process):**

The Directors of Haoma are pleased to advise that on January 15, 2016 Elazac Mining Pty Ltd filed a new Australian Provisional Patent Application in respect to the Elazac Extraction and Assay Method. Haoma Mining has unlimited access to and use of the technology described in the Provisional Patent Application for no fee.

The **Provisional Patent Application Number 2016900128** was prepared by Griffith Hack. The provisional patent covers a confidential process which measures and extracts significantly more gold and silver than measured by traditional assaying methods (fire assay or aqua regia) or traditional mineral processing methods (such as using cyanide).

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2. Operations at Bamboo Creek Western Australia
3. Exploration Activities in Western Australia
4. Exploration Activities in Queensland
5. Annual General Meeting

### **1. GROUP CONSOLIDATED RESULT TO DECEMBER 31, 2015**

Haoma Mining NL Consolidated Profit & Loss	2014/15 2nd Qtr (\$m)	2014/15 Full Year (\$m)	2015/16 1st Qtr (\$m)	2015/16 2nd Qtr (\$m)	2015/16 YTD (\$m)
Operating Revenue:					
Royalties	0.28	0.70	-	<b>0.03</b>	<b>0.03</b>
Retail Sales & Misc.	0.03	0.13	0.04	<b>0.03</b>	<b>0.07</b>
Other Income	0.04	0.04	-	-	-
<b>Operating Revenue</b>	<b>0.35</b>	<b>0.87</b>	<b>0.04</b>	<b>0.06</b>	<b>0.10</b>
<b>Operating profit (loss) before interest, depreciation, amortisation, exploration &amp; development costs:</b>	0.05	(1.11)	(0.42)	<b>(0.20)</b>	<b>(0.62)</b>
Interest	(0.95)	(3.70)	(0.94)	<b>(0.95)</b>	<b>(1.89)</b>
Depreciation & amortization	(0.06)	(0.21)	(0.03)	<b>(0.04)</b>	<b>(0.07)</b>
Exploration, development & test work	(0.31)	(2.37)	(0.62)	<b>(0.64)</b>	<b>(1.26)</b>
<b>Operating (loss) before tax</b>	<b>(1.27)</b>	<b>(7.39)</b>	<b>(2.01)</b>	<b>(1.83)</b>	<b>(3.84)</b>

#### **1.1 Haoma's Group Consolidated Result**

Haoma Mining's unaudited consolidated financial result for the three months ended December 31, 2015 was a before tax loss of \$1.83 million after interest of \$0.95 million, depreciation and amortisation of \$0.04 million, and development and test work expenditure of \$0.64 million.

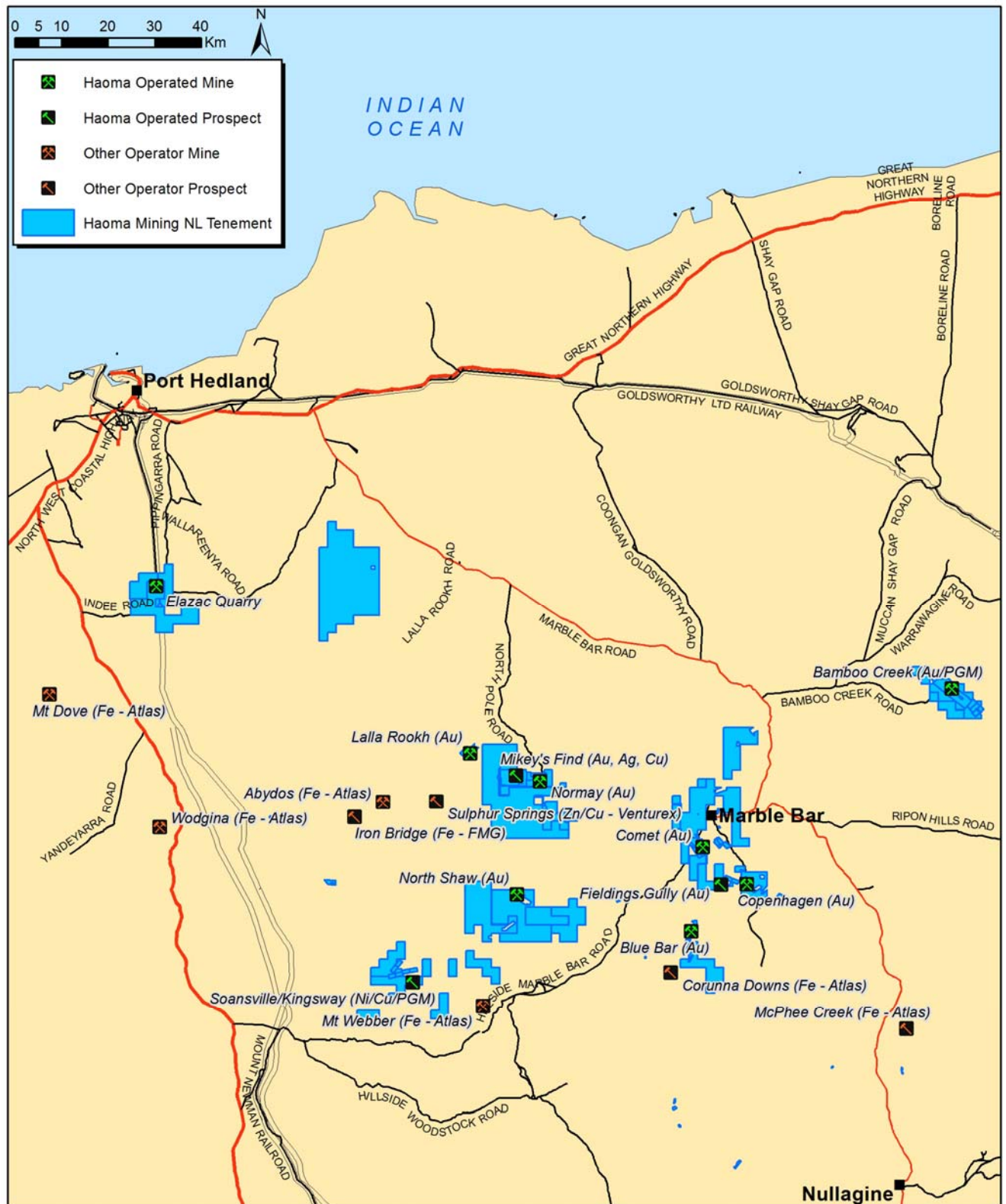
#### **1.2 Funding of Operations**

At present, funding for Haoma's operations is being provided by The Roy Morgan Research Centre Pty Ltd, a company owned and controlled by Haoma's Chairman, Gary Morgan.

At December 31, 2015 the principal debt to The Roy Morgan Research Centre Pty Ltd was \$35.10 million. Haoma has approved payment of interest on this debt at the 30 day commercial bill rate plus a facility margin of 4%. Interest will accrue until such time as the Board determines that the company is in a position to commence interest payments. Interest accrued for the 3 months to September 30, 2015 was \$952,025. Total interest accrued and unpaid to December 31, 2015 is \$28.204 million.

On October 8, 2015, the District Court in Perth ordered that Haoma's workers compensation insurer pay the judgement amount awarded to a former employee of Haoma Mining in relation to an injury claim. Haoma Mining has provided an amount of \$748,420 in its financial statements in respect to this item. The workers compensation insurer may appeal this decision. To date Haoma has not been advised of an appeal having been filed.

## 2.0 OPERATIONS AT BAMBOO CREEK, WESTERN AUSTRALIA



**Figure 1: Location map of Haoma Mining and other Pilbara mining locations.**

## **2.1 Commencement of Pilot Plant Production at Bamboo Creek<sup>1</sup>**

At the Haoma Mining AGM held on December 12, 2015, shareholders were advised that it was anticipated that commercial quantities of gold will be produced during the First Quarter, 2016 using the new Elazac Process. Shareholders were also advised that production costs would be low as only limited additional capital expenditure is needed to process Bamboo Creek Tailings then extract precious metals from the Bamboo Creek gold bearing sulphides concentrate.

Haoma's Directors are pleased to advise that the first production run at the Bamboo Creek Pilot Plant has been successful.

The initial production run processed 94.52 dry tonnes of Bamboo Creek Tailings with 4.31g/t gold recovered to date into cyanide solution. The first bullion pour produced a 452.8g bar with an estimated contained gold content of 195g (43.1%) which has been submitted to an independent laboratory for refining.

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Additional bullion is currently being produced; shareholders will be advised of the final quantity of gold once the recovery process has been completed.

**The Bamboo Creek Pilot Plant is now capable of processing approximately 200 tonnes of Bamboo Creek Tailings per day; recovering about 900g of gold. Bullion (gold and silver) is currently being produced every few days. Pilot Plant operating costs are about \$15,000 a day.** Haoma has sent samples of the Pilot Plant 'residue' to an overseas platinum group metals (PGM) refiner. The 'residue' is a sulphide concentrate. SEM analysis of the 'residue' shows it contains gold and PGM.

When 'residue' tests have been completed shareholders will be advised of the quantities of precious metals recovered and the cost.

## **2.2 Provisional Patent Application - Refined Elazac Assay Method and Refined Elazac Extraction Method (Elazac Process)**

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**Note 1:** The information & data in Section 2 of this report as it relates to Metallurgical Results is based on information compiled by Mr. Peter Cole who is an expert in regard to this type of metallurgical test work. The results relate to testing the effectiveness of a new method of assaying for gold and other mineral content (the Refined Elazac Assay Method) and a new method for extraction of gold and other minerals from the ore (the Refined Elazac Extraction Method). These methods are together referred to as the Elazac Process. The information reported relates solely to ongoing test work in relation to bringing the Elazac Process to commercial realisation. Mr. Cole has worked in the mining industry for over 30 years and has been associated with the development of the Elazac Process over a long period (approximately 15 years). Mr. Cole is one of only a few people with sufficient relevant knowledge and experience to report results in relation to test work on the Refined Elazac Assay Method and Refined Elazac Extraction Method. Mr. Cole has consented to the inclusion in this report of the information and data in the form and context in which it appears.

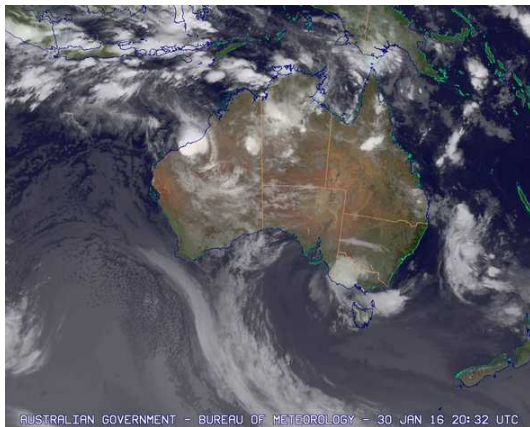
The Elazac Provisional Patent science is complex and not easily understood but its application is very effective. There are large quantities of mineral ores which combine to form complexes that were previously not known to cause assay difficulties.

The science explains why it has been difficult to assay these mineral ores accurately and to extract gold and silver from them.

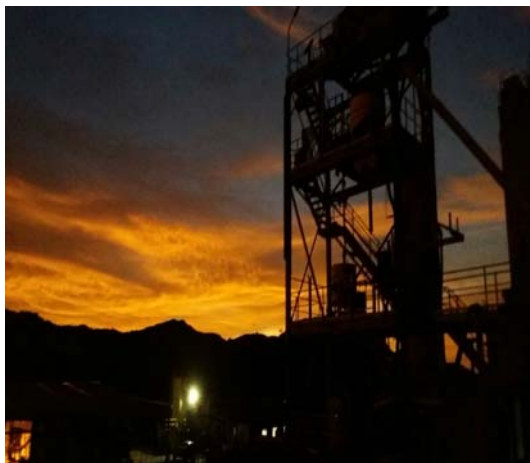
Haoma's Directors believe the new Elazac Process could be used at Australian mines with ore bodies similar to those at Bamboo Creek and Mt Webber to recover significant quantities of gold and silver. These ore bodies have previously been classified as containing refractory ores from which precious metals could not be recovered.

### **2.3 Tropical Cyclone Stan**

Over the weekend of January 30-31, 2016, Category 2 Tropical Cyclone Stan moved inland from the WA coast near Pt Hedland through the Pilbara Region of Western Australia to the Bamboo Creek and Marble Bar region. Early Sunday January 31 the eye of the cyclone passed over Bamboo Creek. Production was suspended for 2 days to secure the plant. Fortunately there was no damage to the plant and production has resumed today, Monday February 1, 2016.



**Tropical Cyclone Stan crossing WA Coast,  
8.30pm January 30, 2016**



**Evening, Bamboo Creek, January 31, 2016**



**Morning, Bamboo Creek, January 31, 2016**

Yours sincerely,

A handwritten signature in black ink, which appears to read "Gary Morgan".

**Gary C Morgan, CHAIRMAN**

# Appendix 5B

## Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

**HAOMA MINING NL**

ABN

12 008 676 177

Quarter ended ("current quarter")

31st December 2015

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from product sales and related debtors	30	85
1.2	Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(373)	(1,003)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received		
1.5	Interest and other costs of finance paid	(2)	(6)
1.6	Income taxes paid		
1.7	Other (provide details if material)	-	-
	<b>Net Operating Cash Flows</b>	(521)	(1,444)
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	(4)	(4)
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
	<b>Net investing cash flows</b>	(4)	(4)
1.13	Total operating and investing cash flows (carried forward)	(525)	(1,448)



**Appendix 5B****Mining exploration entity and oil and gas exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(525)	(1,448)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	525	1,459
1.17	Repayment of borrowings	(3)	(8)
1.18	Dividends paid		
1.19	Other (provide details if material)		
	<b>Net financing cash flows</b>	522	1,451
	<b>Net increase (decrease) in cash held</b>	(3)	3
1.20	Cash at beginning of quarter/year to date	18	12
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	15	15

**Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	--
1.24	Aggregate amount of loans to the parties included in item 1.10	--

1.25 Explanation necessary for an understanding of the transactions

Nil.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil.

+ See chapter 19 for defined terms.

### **Financing facilities available**

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	--	--
3.2 Credit standby arrangements	--	--

### **Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	500
4.2 Development	--
4.3 Production	100
4.4 Administration	100
<b>Total</b>	<b>700</b>

### **Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	15	18
5.2 Deposits at call	--	--
5.3 Bank overdraft	--	--
5.4 Other (provide details)	--	--
<b>Total: cash at end of quarter (item 1.22)</b>	<b>15</b>	<b>18</b>



**Appendix 5B****Mining exploration entity and oil and gas exploration entity quarterly report****Changes in interests in mining tenements and petroleum tenements**

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	190,143,665	190,143,665		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	Nil.  --	Nil.  --		
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				

+ See chapter 19 for defined terms.

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
7.8	Issued during quarter	--	--	--	--
7.9	Exercised during quarter	--	--	--	--
7.10	Expired during quarter	--	--	--	--
7.11	<b>Debentures</b> (totals only)	N/A	N/A		
7.12	<b>Unsecured notes</b> (totals only)	N/A	N/A		

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does ~~does not~~ give a true and fair view of the matters disclosed.



**Mr. Gary C Morgan**  
Chairman

31/01/2016

## Notes

- 1        The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2        The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3        **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4        The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5        **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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