



# Haoma Mining NL

A.B.N 12 008 676 177

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525 Collins Street  
**MELBOURNE, VIC 3000**

July 31, 2016

## ACTIVITIES REPORT FOR THE QUARTER ENDED JUNE 30, 2016 – HIGHLIGHTS

- **Group Consolidated Financial Result:**

During the Quarter Haoma produced and sold 1,566 grams (50.3ozs) of gold and 620 grams (19.9ozs) of silver from cyanide leaching trials on bulk samples of Bamboo Creek Tailings Concentrate for a total sale value of \$82,447.

Haoma Mining's unaudited consolidated financial result for the three months ended June 30, 2016 was a before tax loss of \$1.26 million after interest of \$0.48 million, depreciation and amortisation of \$0.05 million, and development and test work expenditure of \$0.80 million.

- **'Test work' at Bamboo Creek:**

**The Bamboo Creek Pilot Plant has been further modified with a view to increasing processing efficiencies and lowering production costs.** 'Test work' on gold extraction concentrated on samples from:

- 1) Bamboo Creek Tailings, and
- 2) Mt Webber iron ore, sourced from Atlas Iron with whom Haoma has a **Royalty Payment Entitlement regarding Mt Webber (M45/1197)** (See Appendix 1)

Bamboo Creek 'Test work' is now being conducted in conjunction with The University of Melbourne and involves mainly **hydrometallurgy methods** (cyanide and acids rather than smelting). **These methods result in a significant reduction in plant costs as smelting is only used at the final stages of gold recovery.**

The following initial **Hydrometallurgy 'Test work'** results have been achieved.

- 1) **Bamboo Creek Tailings:** Gold was recovered gravimetrically from a 500g sample of **Bamboo Creek Concentrate (1% of Bamboo Creek Tailings)** equating to 1,807g/t gold in the **'concentrate sample'** processed, or a 'back calculated' Bamboo Creek Tailings 'Head grade' of 18.1 g/t gold.
- 2) **Low Grade Mt Webber Iron Ore (<55% Fe):** Recoverable gold was read in cyanide after processing a 'large sample' of Mt Webber low grade iron ore. Specifically, 'wet' beneficiation of a 945.46g sample of **low grade (<55% Fe) Mt Webber iron ore** produced an **'upgraded ore fraction'** (78.5%) and a **'slimes fraction'** (21.5%). A 'gravity concentrate' from the **'slimes fraction'** produced cyanide recoverable gold with a **'back calculated' gold grade of 8.96 g/t in the 'slimes fraction'.**

The **iron grade of the 'upgraded ore fraction'** (78.5%), extracted from low grade Mt Webber iron ore (<55% Fe), was about **58% Fe. These results have the potential to 'upgrade the value' of Mt Webber and surrounding tenements.** It is anticipated that during the current Quarter further 'Test work' will be undertaken on processing 'ore parcels' of low grade Mt Webber iron ore through the Bamboo Creek Plant.

## **CONTENTS**

1. Group Consolidated Result to June 30, 2016
2. Operations at Bamboo Creek Western Australia

### **1. GROUP CONSOLIDATED RESULT TO JUNE 30, 2016**

<b>Haoma Mining NL Consolidated Profit &amp; Loss</b>	<b>2014/15 4th Qtr (\$m)</b>	<b>2014/15 Full Year (\$m)</b>	<b>2015/16 1st Qtr (\$m)</b>	<b>2015/16 2nd Qtr (\$m)</b>	<b>2015/16 3rd Qtr (\$m)</b>	<b>2015/16 4th Qtr (\$m)</b>	<b>2015/16 Full Year (\$m)</b>
Operating Revenue:							
Gold & Silver Sales					0.05	<b>0.08</b>	<b>0.13</b>
Gold Concentrate in Circuit					1.22	<b>(0.07)</b>	<b>1.15</b>
Royalties	0.02	0.70	-	0.03	-	<b>0.01</b>	<b>0.04</b>
Retail Sales & Misc	0.03	0.17	0.04	0.03	0.02	<b>0.02</b>	<b>0.11</b>
Profit on Sale of Investments						<b>0.14</b>	<b>0.14</b>
<b>Operating Revenue</b>	<b>0.05</b>	<b>0.87</b>	<b>0.04</b>	<b>0.06</b>	<b>1.29</b>	<b>0.18</b>	<b>1.57</b>
<b>Operating profit (loss) before interest, depreciation, amortisation, exploration &amp; development costs:</b>	<b>(0.83)</b>	<b>(1.11)</b>	<b>(0.42)</b>	<b>(0.20)</b>	<b>0.99</b>	<b>0.06</b>	<b>0.44</b>
Interest (*see Item 1.2 below)	(0.91)	(3.70)	(0.47)	(0.48)	(0.49)	<b>(0.48)</b>	<b>(1.92)</b>
Depreciation & amortization	(0.05)	(0.21)	(0.03)	(0.04)	(0.04)	<b>(0.05)</b>	<b>(0.16)</b>
Exploration, development & test work	(0.48)	(2.37)	(0.62)	(0.64)	(0.70)	<b>(0.80)</b>	<b>(2.76)</b>
<b>Operating (loss) before tax</b>	<b>(2.27)</b>	<b>(7.39)</b>	<b>(1.54)</b>	<b>(1.36)</b>	<b>(0.24)</b>	<b>(1.26)</b>	<b>(4.40)</b>

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

Haoma Mining's unaudited consolidated financial result for the three months ended June 30, 2016 was a before tax loss of \$1.26 million after interest of \$0.48 million, depreciation and amortisation of \$0.05 million, and development and test work expenditure of \$0.80 million.

During the Quarter Haoma produced and sold 1,566 grams (50.3ozs) of gold and 620 grams (19.9ozs) of silver from cyanide leaching trials on bulk samples of Bamboo Creek Tailings Concentrate for a total sale value of \$82,447. This was achieved with the Bamboo Creek Pilot Plant which was configured for batch processing of bulk samples.

In the March 31, 2016 Quarter Activities Report, Haoma advised shareholders that by the end of April 2016, 13.78 tonnes of 'Gold Concentrate' had been produced and that details of the gold grade will be released to the ASX when finally calculated. Haoma is continuing work to determine the correct final grade of this Gold Concentrate. No adjustment has been made to the value of gold held in circuit from that included in the March Quarter results other than to reflect the value of gold produced and sold during the Quarter.

#### **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. Interest on debt to Roy Morgan Research Centre accrues at the 30 day commercial bill rate plus a facility margin of 1%.

At June 30, 2016 the principal debt to The Roy Morgan Research Centre Pty Ltd was \$36.82 million. Interest accrued for the 3 months to June 30, 2016 was \$469,597. Total interest accrued and unpaid to June 30, 2016 is \$28.22 million.

The Roy Morgan Research Centre Pty Ltd has advised that that no net debt repayment will be required until Haoma's annualised EDITDA exceeds \$15 million per annum and that debt repayments will not exceed 50% of Haoma's EBITDA in any year.

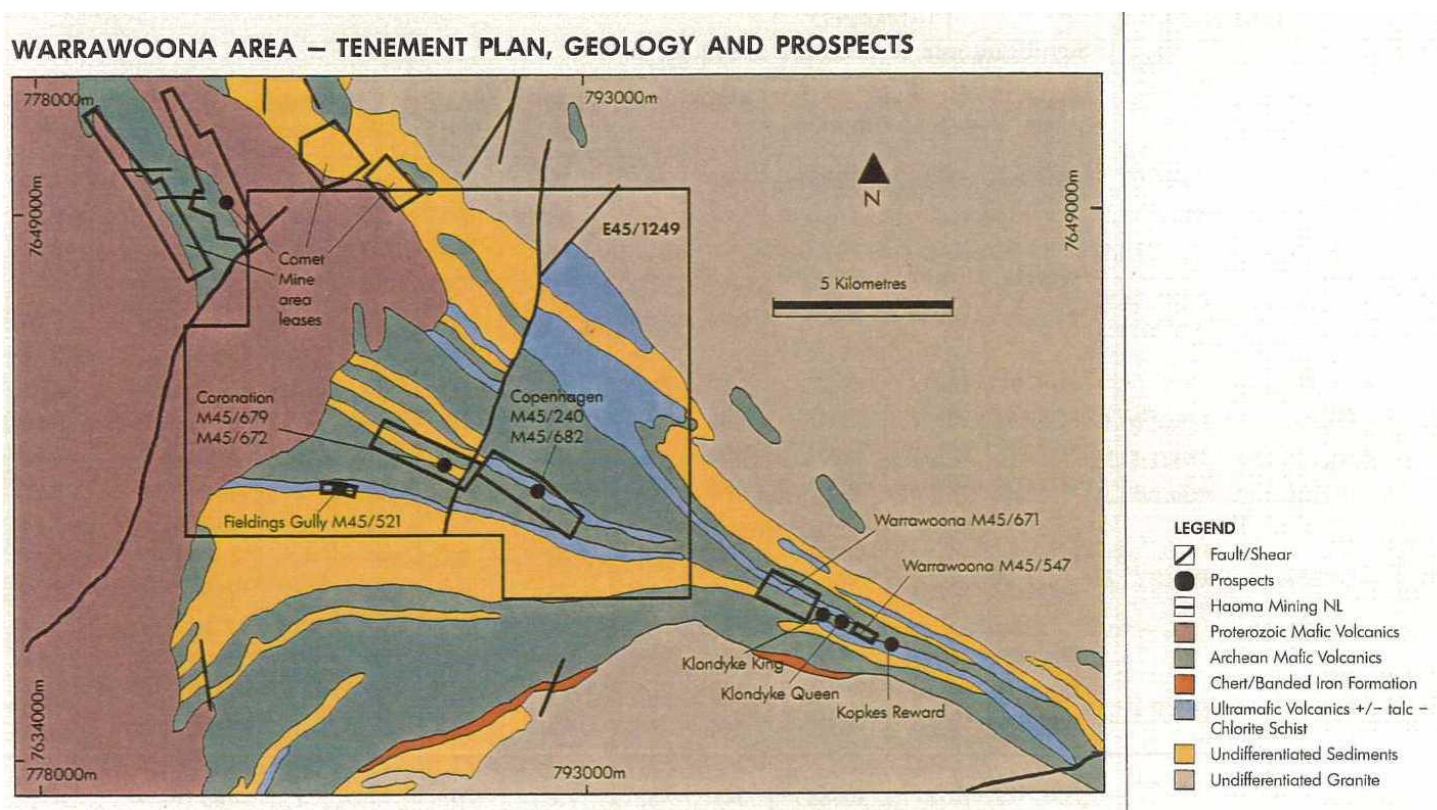
### 1.3 Sale of Shares in Exterra Resources Limited

During the Quarter, Haoma disposed of its shareholding of 10 million shares in Exterra Resources Limited. All shares were sold on market. Total proceeds received were \$460,605 for an average sale price of \$0.046 per share.

### 1.4 Discussions in Relation to Sale of 5 Marble Bar Region Tenements' Mining Rights

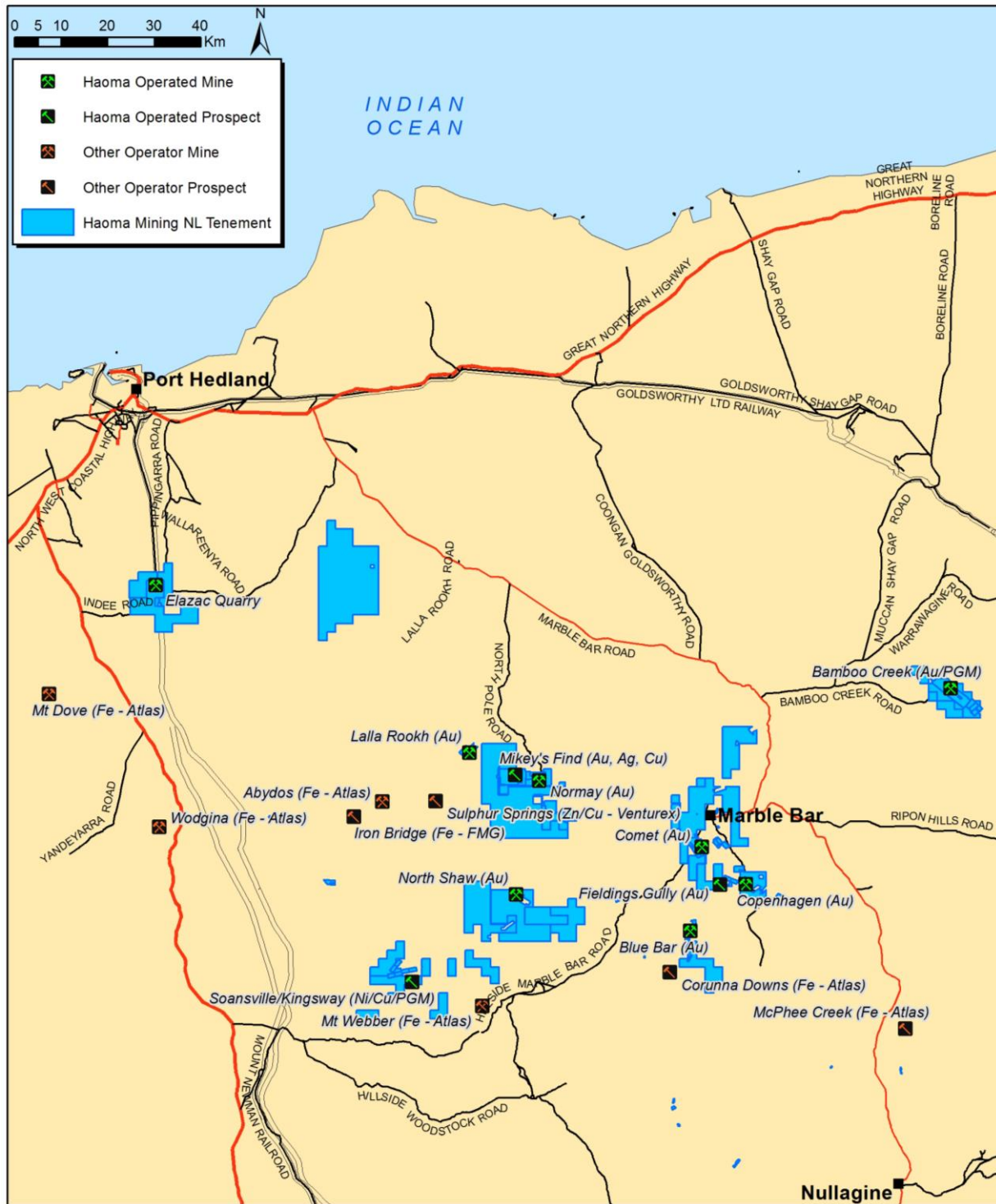
- Fieldings Gully (M45/521)
- Coronation (M45/672)
- Copenhagen (M45/682, M45/240)
- Warrawoona (M45/671)
- Warrawoona (M45/547)

Haoma is in discussions for the sale of gold and silver mining rights in respect to its 5 Marble Bar Region tenements from Fielding's Gully to Warrawoona. Further details will be released as and when an agreement is completed.



**Figure 1: Haoma Mining's Fielding's Gully to Warrawoona Area Tenement Plan.**

## 2.0 OPERATIONS AT BAMBOO CREEK, WESTERN AUSTRALIA



**Figure 2: Location map of Haoma Mining and other Pilbara mining locations.**

## 2.1 **‘Test Work’ at Bamboo Creek**<sup>1</sup>

During the Quarter Haoma produced and sold 1,566 grams (50.3ozs) of gold and 620 grams (19.9ozs) of silver from cyanide leaching trials on bulk samples of Bamboo Creek Tailings Concentrate for a total sale value of \$82,447.

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### **2) Low Grade Mt Webber Iron Ore (<55% Fe):**

**Recoverable gold was read in cyanide** after processing a ‘large sample’ of Mt Webber low grade iron ore. Specifically, ‘wet’ beneficiation of a 945.46g sample of **low grade (<55% Fe) Mt Webber iron ore** produced an ‘**upgraded ore fraction**’ (78.5%) and a ‘**slimes fraction**’ (21.5%). A ‘gravity concentrate’ from the ‘**slimes fraction**’ produced **cyanide recoverable gold with a ‘back calculated’ gold grade of 8.96 g/t in the ‘slimes fraction’.**

The **iron grade of the ‘upgraded ore fraction’ (78.5%)**, extracted from low grade Mt Webber iron ore (<55% Fe), **was about 58% Fe.**

A repeat ‘wet’ beneficiation test of a 7.8 kg sample of **low grade (<55% Fe) Mt Webber iron ore** produced an ‘**upgraded ore fraction**’ (77.9%) and a ‘**slimes fraction**’ (22.1%). A ‘gravity concentrate’ from the ‘**slimes fraction**’ produced a DIBK readable gold grade of 9.4g/t ‘back calculated’ to the ‘slimes fraction’.

**The above results have the potential to ‘upgrade the value’ of Mt Webber and surrounding tenements.** It is anticipated that during the current Quarter further ‘Test work’ will be undertaken on processing ‘ore parcels’ of low grade Mt Webber iron ore through the Bamboo Creek Plant.

If the results of processing ‘ore parcels’ are the same as the ‘large sample’ tests have indicated, it will be possible to upgrade the % Fe using ‘wet’ beneficiation thus increasing the value of the iron ore to be exported and increasing iron ore reserves in the Mt Webber Region; and producing significant gold from ‘slimes fraction’.

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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.



## **2.2 Bamboo Creek Tailings available to be processed**

As shareholders have been previously advised there are approximately 1 million tonnes of Bamboo Creek Tailings available to be processed.

**After costs, the expected ‘Gross profit’ of the gold produced from processing the 1 million tonnes of Bamboo Creek Tailings is expected to be significant. The Haoma Directors anticipate the gold contained in the Bamboo Creek Tailings will be extracted within 3 years. Some additional revenue is expected to be generated from Platinum Group Metals (PGM).**



**Figure 3: Bamboo Creek Tailings Storage with Bamboo Creek Pilot Plant in background**

Yours faithfully,

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

**Gary C Morgan,  
CHAIRMAN**

## **APPENDIX 1: Haoma's Mt Webber (M45/1197) Royalty Payment Entitlement**

The April 2012 Tenement Sale Agreement under which Haoma sold its Mt Webber iron ore rights to Atlas Iron Limited includes a 'Reserve Uplift Payment' entitlement.

The payment entitlement is triggered whenever reserve development work on the tenements which were subject to the Sale Agreement (E45/2186 and M45/1197) result in Atlas Iron releasing an announcement to the ASX of a JORC compliant iron ore reserve in excess of 24 million tonnes inclusive of any iron ore tonnes previously mined.

The uplift payment per 'Excess Reserve' is \$1.38 per tonne. That amount is indexed by CPI from March 23, 2012. (Today about \$1.50 per tonne.)

Under the Tenement Sale Agreement, Haoma was granted the right to access and explore for other minerals within Mining Lease M45/1197.

If Haoma subsequently identifies a JORC Compliant Resource of a mineral other than iron within the Designated Area and Haoma proposes a development of the resource then the parties to the Agreement must confer to discuss whether development of the resource can be achieved without any adverse impact on the iron ore activities.

If the parties are not able to reach agreement as to how potential conflict of activities may be resolved then the conflict will be resolved in favour of the activity with the higher Assessed Economic Value.

# 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")

30th June 2016

### Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (9 months) \$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	101	290
1.2	Payments for (a) exploration & evaluation	(817)	(2,548)
	(b) development		
	(c) production	(278)	(483)
	(d) administration	(128)	(1,133)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received		
1.5	Interest and other costs of finance paid	(1)	(12)
1.6	Income taxes paid		
1.7	Other (provide details if material)	-	-
	<b>Net Operating Cash Flows</b>	(1,123)	(3,886)
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects	-	(2)
	(b) equity investments		
	(c) other fixed assets	(26)	(39)
1.9	Proceeds from sale of: (a) prospects		
	(b) equity investments	460	460
	(c) other fixed assets		
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>	434	419
1.13	Total operating and investing cash flows (carried forward)	(689)	(3,467)

+ See chapter 19 for defined terms.



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

1.13	Total operating and investing cash flows (brought forward)	(689)	(3,467)
<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	978	3,772
1.17	Repayment of borrowings	(300)	(308)
1.18	Dividends paid		
1.19	Other (provide details if material)		
	<b>Net financing cash flows</b>	678	3,464
	<b>Net increase (decrease) in cash held</b>	(11)	(3)
1.20	Cash at beginning of quarter/year to date	20	12
1.21	Exchange rate adjustments to item 1.20		
		9	9
1.22	<b>Cash at end of quarter</b>		

**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	9	20
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>9</b>	<b>20</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

29/07/2016

## 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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