



Haoma Mining NL

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CHAIRMAN'S ADDRESS TO SHAREHOLDERS By Gary Morgan, Wednesday February 28, 2018

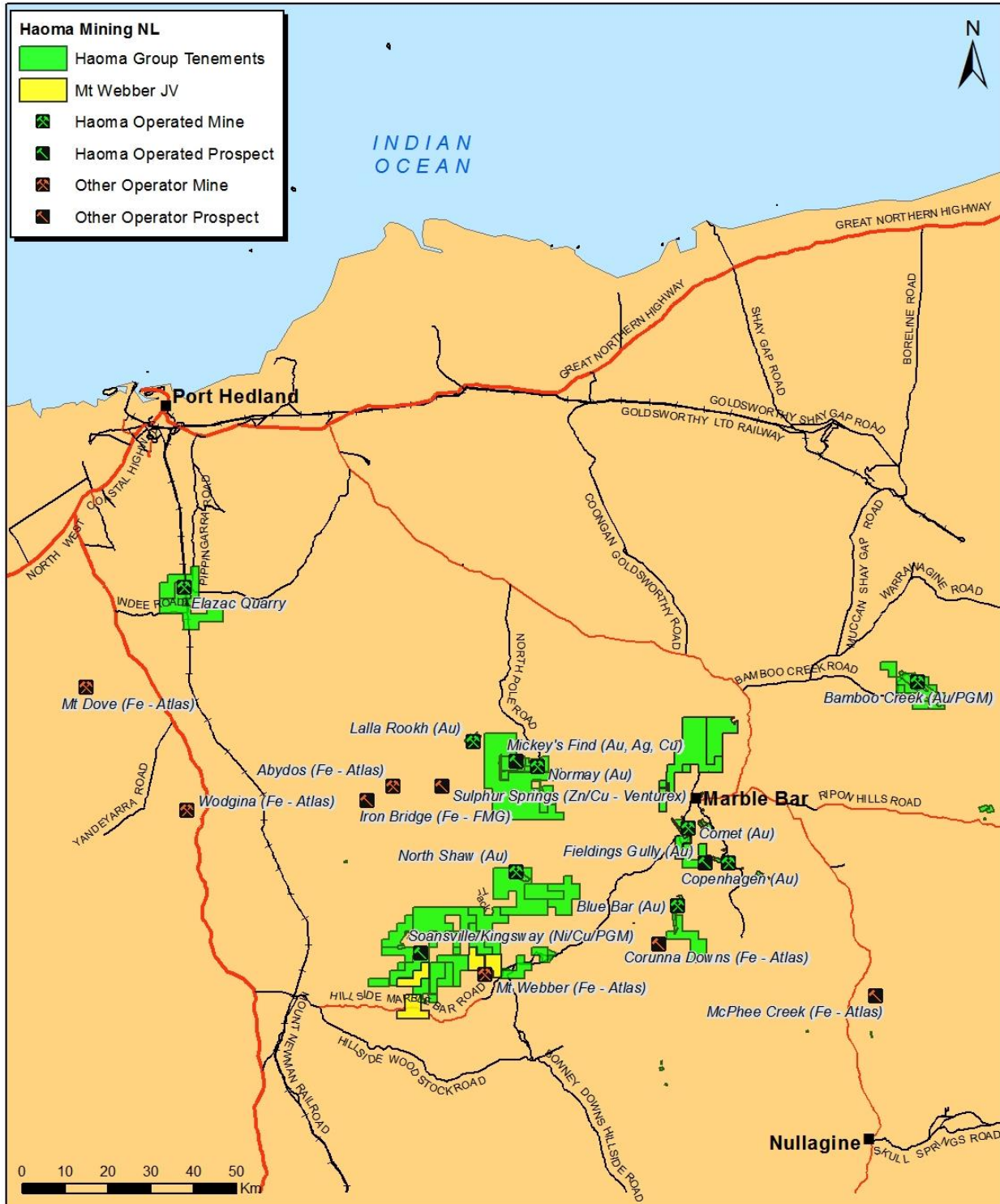


Figure 1: Location map of Haoma Mining and other Pilbara mining locations. Copenhagen and Klondyke tenements are now held by Calidus Resources. Haoma Mining has the right to 100% of the 'scree and alluvial material' on Calidus Resources Marble Bar tenements

Welcome to all Haoma Mining shareholders.

Before discussing the issues relating to Haoma's unfortunate dealings with the ASX I want to present to you details on the following:

1. Conglomerates in the Pilbara
2. Processing Just-in-Time Conglomerate Bulk Samples
3. Nuggety Gully (Bamboo Creek) Test Work
4. Haoma Mining's Mt Webber Agreement with Atlas Iron
5. Elazac Quarry at Cookes Hill
6. Re-listing of Haoma Mining shares - [See attached letter from Mr Murray Hohnen to Gary Morgan Chairman of Haoma Mining. Mr Hohnen was seconded from BHP as Assistant Director to the Australian Mining Industry Council in Canberra and agrees with Gary Morgan that the JORC Code used by the ASX is deficient when estimating gold and diamond reserves and can not be relied on when it is applied to Haoma's recent significant nugget discovery](#)

(<https://arc-haoma.s3.amazonaws.com/uploads/2018/02/Hoama-and-JORC-Murray-Hohnen-February-27-2018-1.pdf>)

1. Conglomerates in the Pilbara

On **October 5, 2017** Haoma shareholders were first made aware that [Haoma's tenements at the Bamboo Creek Mine, Comet Mine near Marble Bar and Soansville, contain pyritic conglomerate](#) materials in the Hardey Sandstone Formations.

On **October 16, 2017** Haoma announced that bulk sampling at **Just-in-Time** and **Tassie Queen** had recovered 'flat – watermelon seed-like' nuggets from conglomerates near the Comet Mine. (See Figure 4 which shows photos of 'flat – watermelon seed-like' nuggets.)

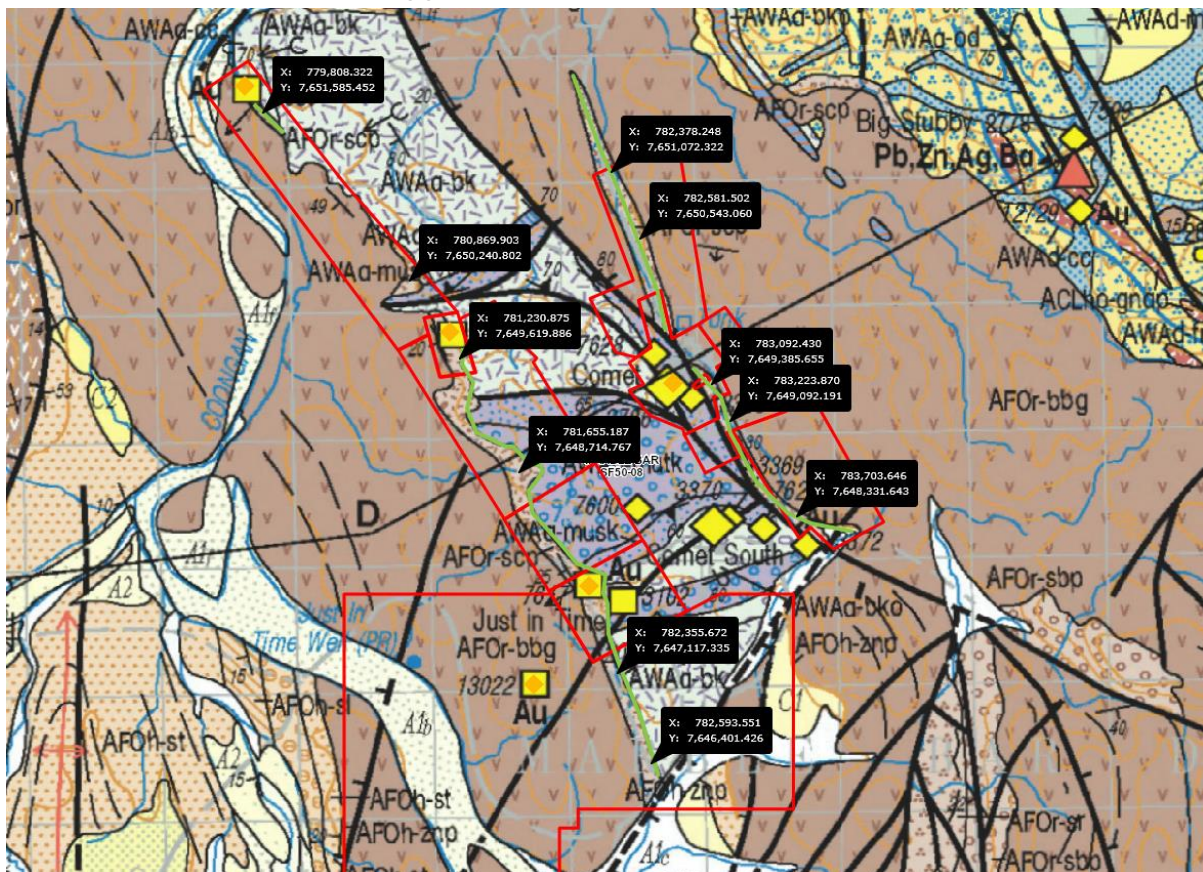


Figure 2: Haoma Mining, Earth geology – Comet Mine near Marble Bar tenements.

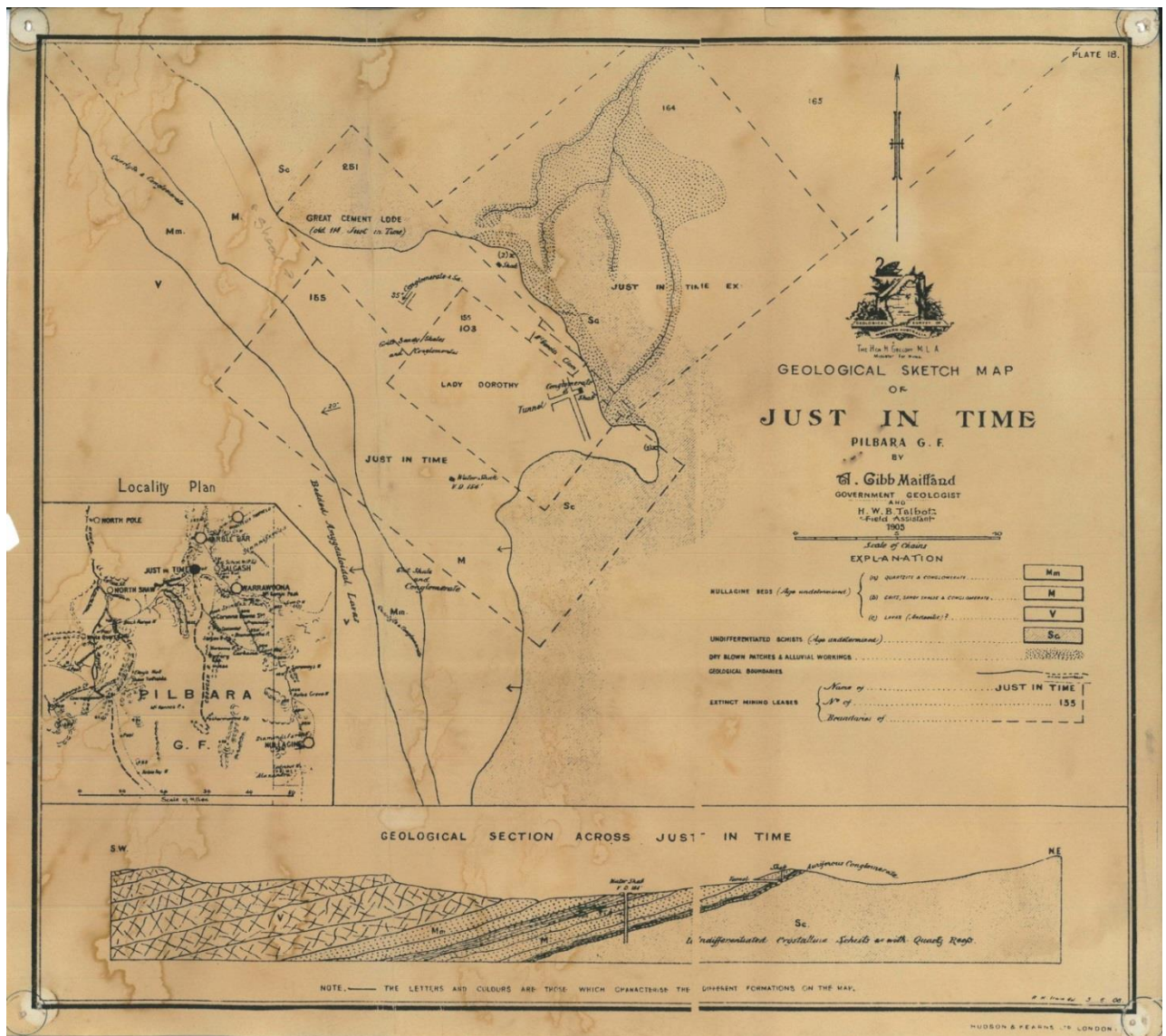


Figure 3: 1907 map of the Just-in-Time conglomerate showing the conglomerate's location.

The recovered 'flat – watermelon seed-like' gold nuggets were nearly 100% pure gold. We know this because Prof. Peter Scales (University of Melbourne) supervised the use of microprobe and other specialised techniques to measure the gold percentage in nuggets recovered, see Appendix 2 – [Haoma October 31, 2017 – Activities Report for the Quarter Ended September 30, 2017](#).



Figure 4: Near surface nuggets recovered from the Just-in-Time conglomerate, south west of the Comet Mine, total weight of nuggets 33.167 grams.

The nuggets were similar to nugget discoveries by Novo Resources (TSX-V: NVO) and Artemis Resources (ASX: ARV) at ‘Comet Well’ and ‘Purdy’s Reward’, and by De Grey Mining (ASX: DEG) at ‘Louden’s Patch’ – **120 km from Purdy’s Reward & a further 200 km from Haoma’s discovery at the Comet Mine.** (See Figure 1 which is a location map of Haoma Mining and other Pilbara mining locations.)

In December 2017 further analysis was undertaken of the **Just-in-Time** conglomerate bulk sample by **Aqua Regia** and **Leach Well (cyanide)**.

The results showed additional recoverable gold ‘after the gold nuggets had been removed’. An additional **3.26g/t gold** calculated back to the ‘head’ grade of the 1.4 tonne sample was recovered into **Aqua Regia**. i.e. additional ‘fine’ gold recovered into solution after the nuggets (**gold grade 3.31g/t calculated back to the ‘Head’ grade**) had been removed: **6.57g/t – total gold grade.**

Haoma Directors believe, the discovery of ‘**flat – watermelon seed-like**’, **nearly 100% pure, gold nuggets plus additional recoverable gold** from Comet Mine conglomerate material from **Just-in-Time and Tassie Queen** suggests there is potential for recovering significant quantities of gold and other precious metals from different ores covering a large area of the Pilbara.

The full results from testing samples of Comet Mine conglomerate materials were published in Haoma’s Activities Reports for the September 2017 and December 2017 Quarters. A copy of the Haoma’s December 2017 Activities Report is available for those attending today.

2. Comet Mine Test Work to begin on Just-in-Time Conglomerate Bulk Samples

We are now ready to begin test work which involves processing Just-in-Time Conglomerate bulk samples.

This week Haoma is relocating from Bamboo Creek a Screening Plant, a 300 tonne per day Dry Blower and other equipment to the Just-in-Time conglomerate area near the Comet Mine. (See below Figures 5 & 6.)

Depending on the weather, processing of the Just-in-Time conglomerate bulk test samples should commence within two weeks.



Figure 5: Screening Plant and Dry Blower being tested in Nuggety Gully at Bamboo Creek.



Figure 6: Dry Blower being tested in Nuggety Gully at Bamboo Creek.

3. Nuggety Gully (Bamboo Creek) Test Work

Nuggety Gully is located at the north western entrance to the Bamboo Creek Valley.

Recent test work on a bulk sample of Nuggety Gully ‘scree and alluvial’ material measured the following precious metal grades using XRF and the Refined Elazac Assay Method: **164.77g/t gold and 188.59g/t platinum.**



Figure 7: Photo of Bamboo Creek Range from M45/481, looking north-west towards Nuggety Gully

In February an initial 18.6 tonne bulk test sample of Nuggety Gully ‘scree and alluvial’ material was collected.

A sample of 4.27 tonnes was then collected from the 18.6 tonne bulk sample. The 4.27 tonnes sample was processed through a Screening Plant to recover 2.13 tonnes of ‘fines’. (See below Figures 8.)



Figure 8: Nuggety Gully Screening Plant.

A sub-sample of 15 kg was collected from the 2.13 tonnes of ‘fines’. This sample was then processed at the Bamboo Creek Laboratory.

A **concentrate** was recovered which represented approximately 1.9% of the ‘fines’ sub-sample processed.

XRF and the Refined Elazac Assay Method were used to measure the grade of precious metals in the recovered **concentrate**.

The following are gold and platinum grades back ‘calculated’ to the ‘Head grade’ of in the 4.27 tonne (sub-sample) of Nuggety Gully ‘scree and alluvial’ material processed:

164.77g/t gold and 188.59g/t platinum.

The above back ‘calculated’ to the ‘Head grade’ precious metal grades measured in the Nuggety Gully bulk sample processed are much **higher** than precious metal grades measured when Nuggety Gully test work was conducted in **February 2013**.

On February 25, 2013 Haoma advised shareholders that a 2.838 kg sample of a Nuggety Gully ‘magnetic outcrop’ from the Bamboo Creek Valley when assayed by the Refined Elazac Assay Method measured the following precious metal grades:

89.28g/t gold, 24.29g/t silver and 3.29g/t platinum.

Future Processing of Nuggety Gully ‘Scree and Alluvial’ Bulk Samples

Processing bulk trial samples of Nuggety Gully ‘scree and alluvial’ material through the Bamboo Creek Plant is expected to begin within 6 weeks.

The Bamboo Creek Valley ‘scree and alluvial’ material extends south-east from Nuggety Gully for approximately 10 km. The average width across the Bamboo Creek Valley is about half a kilometre.

It is worth pointing out that drilling is not required because in 1996 BHP drilled a series of holes, up to 150 meters, in the Bamboo Creek Valley. Drill holes were conducted along and across the Bamboo Creek Valley. The drill core samples are held in storage at Bamboo Creek.

Now that Haoma can measure the precious metal grades in Bamboo Creek Valley material the BHP core samples are of value in determining the number of tonnes available for future processing.

4. Haoma Mining’s Mt Webber Agreement with Atlas Iron

In August 23, 2010 Haoma shareholders were advised the ‘indicated’ and ‘inferred’ reserve estimate prepared by Giralia Mineral Resource for the Mt Webber deposit.

The information provided showed **28,900,000 tonnes** were the ‘indicated’ reserves for the Mt Webber main ‘Southern Zone’. Also shown were the ‘inferred’ reserves of **4,300,000 tonnes** for ‘Lower Zone’ and **1,900,000 tonnes** for the Northern Zone’.

Table 1: Mineral Resource Estimate – Mt Webber Dalton Deposit, Aug. 23, 2010

Area	Category	Vol (m ³)	Tonnes	Fe%	P%	SiO2%	Al2O3%	LOI%	CaFe%
Main Southern Zone	Indicated	10,300,000	28,900,000	57.9	0.097	6.69	1.49	8.17	63.05
Lower Zone	Inferred	1,500,000	4,300,000	53.7	0.046	15.29	0.81	6.50	57.43
Northern Zone	Inferred	700,000	1,900,000	55.0	0.070	8.10	3.24	8.52	60.12
TOTAL		12,500,000	35,100,000	57.2	0.089	7.81	1.50	7.99	62.16

Note: The above CSA Mineral Resource was estimated within wireframe solids based on a nominal lower cut-off grade of 50% Fe. The resource is quoted from blocks above the specified Fe % cut-off grade. Differences may occur due to rounding.

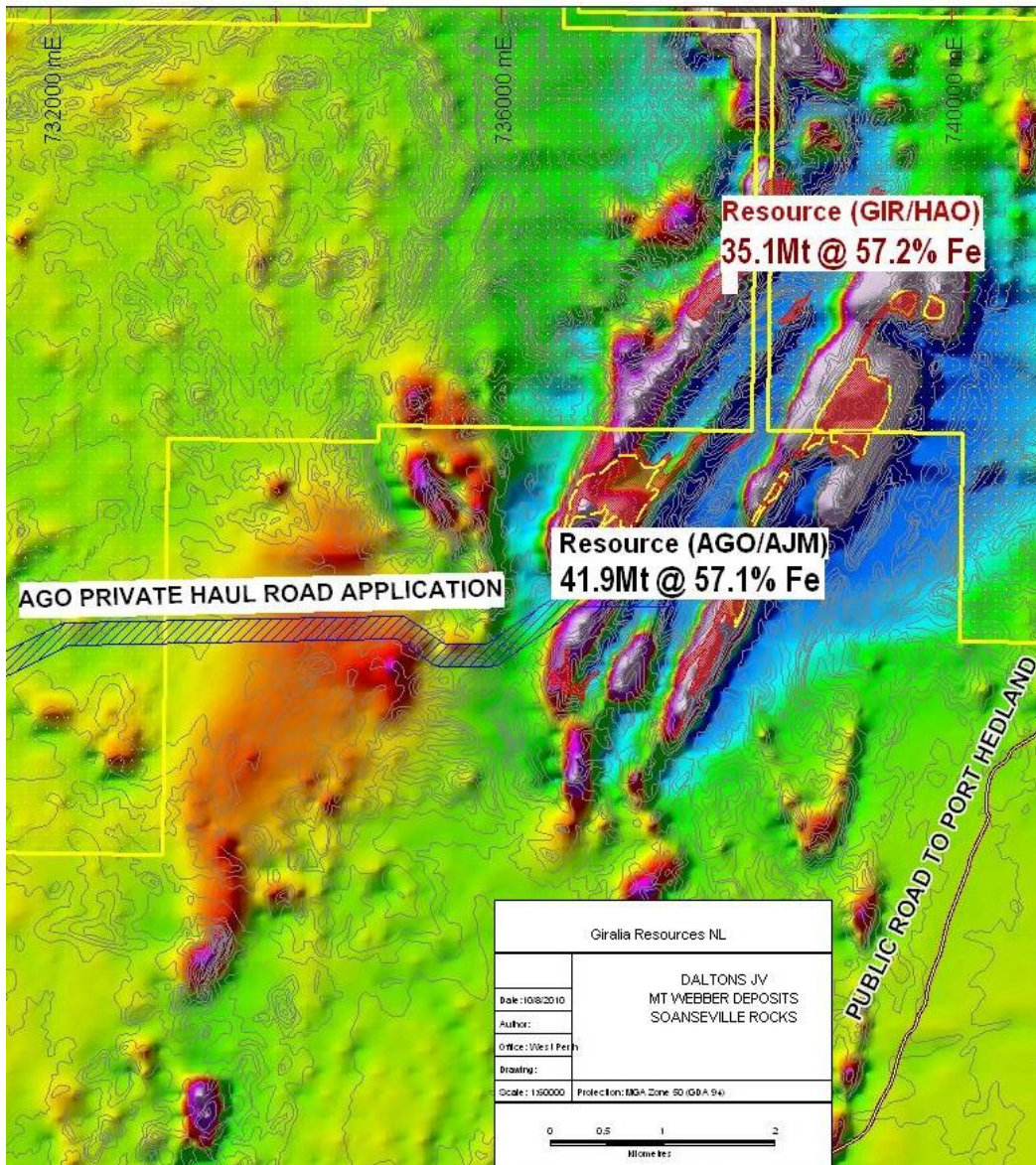


Figure 9: Mt Webber Mineral Resource Image – as at August 23, 2010

In April 2012 Haoma sold its Mt Webber Dalton iron ore rights to Atlas Iron Limited. The Sale Agreement covered **24 million tonnes** of iron ore with Haoma’s entitlement under the agreement for a royalty today of approximately \$1.50 for each additional tonne as a ‘Dalton Reserve Uplift Payment’¹.

The payment entitlement is ‘triggered’ when Mt Webber Dalton reserves are upgraded to be above 24 million tonnes. That is, reserve ‘development work’ on the Mt Webber tenements, which were subject to the Sale Agreement (E45/2186 and M45/1197), results 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.

To date the Atlas Mt Webber reserve estimate covers only the upper Main Southern Zone of the Mt Webber deposit.

¹ The uplift payment per ‘Excess Reserve’ was \$1.38 per tonne. That amount is indexed by CPI from March 23, 2012. (Today the royalty is about \$1.50 per tonne.)

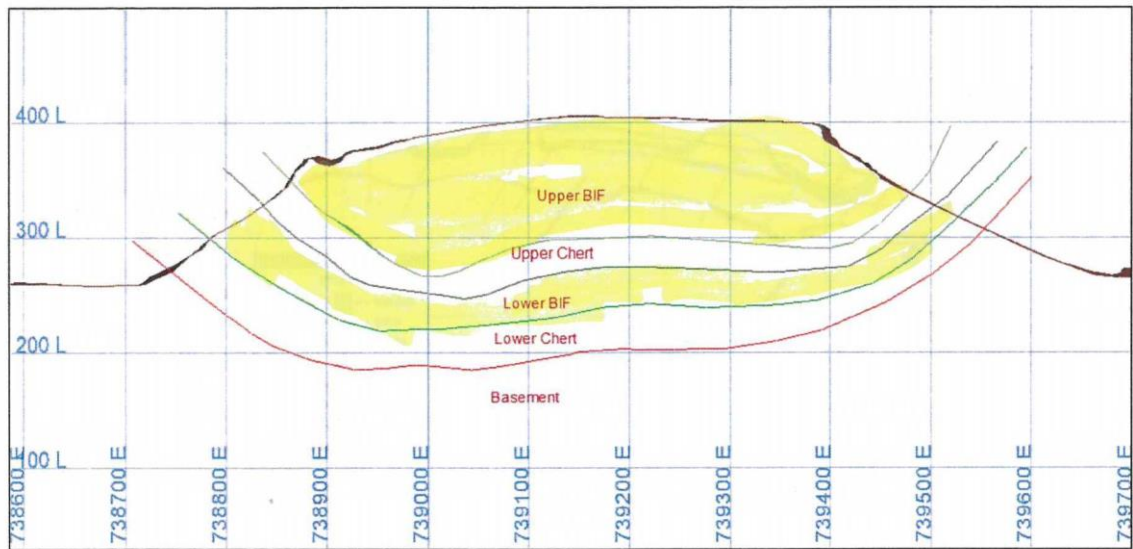


FIGURE 12.1. STRATIGRAPHIC UNIT AT GIBSON – DALTONS (SECTION 7617450N, LOOKING NORTH)

Figure 10: Atlas Iron Cross Section of Mt Webber (looking north)

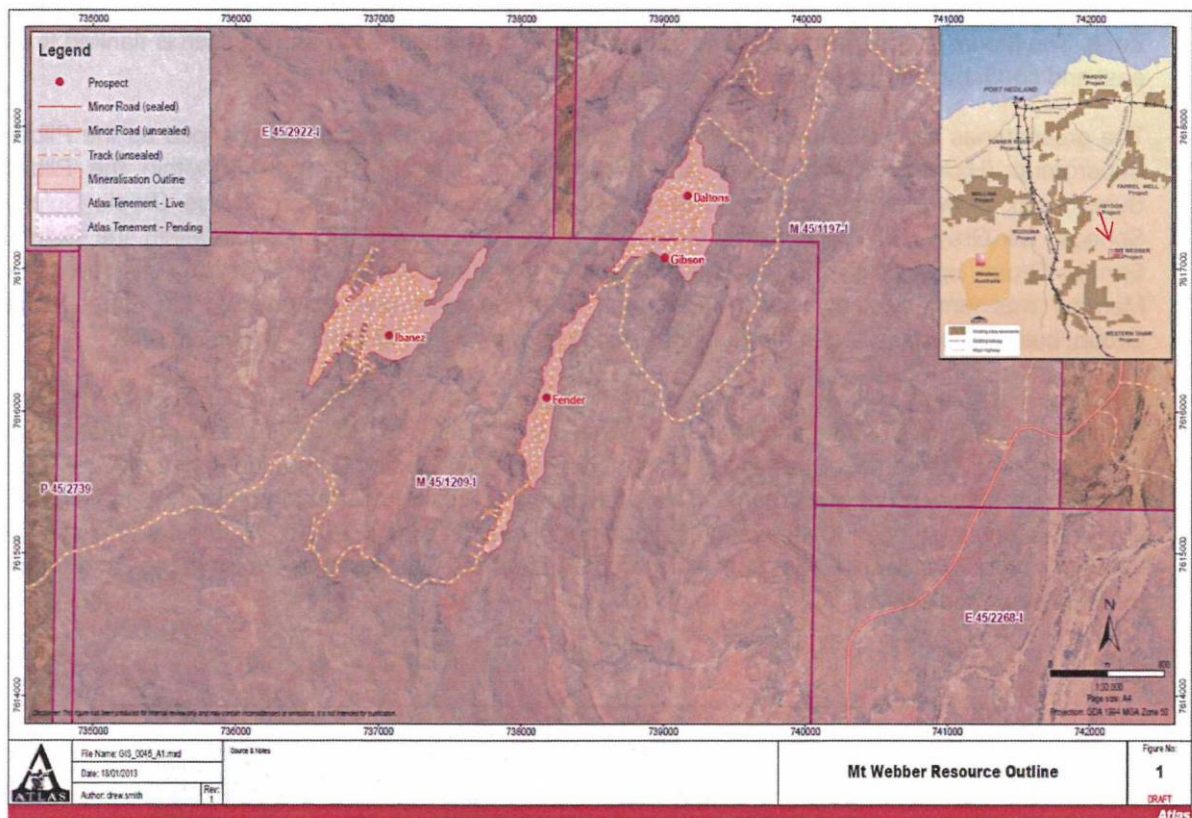


Figure 11: M45/12091 areas currently being mined by Atlas Iron

Under the Dalton’s 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 development of this

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.

The information provided above creates an interesting opportunity for Haoma.

5. **Elazac Quarry at Cookes Hill**

For the last 10 years **Haoma's Elazac Quarry located about 50km south of Port Hedland** was operated by BGC Contracting Pty Ltd who supplied dolerite for Pilbara infrastructure construction including railway lines and roads.

In February 2015 BGC Contracting put the Elazac Quarry on 'care and maintenance'. The BGC contract with Haoma expired in 2017 and BGC did not renew their contract to operate the Elazac Quarry.

Haoma is now operating the Elazac Quarry. Total sales of dolerite and other 'hard rock' in the December Quarter was \$280,316.

6. **Re-listing of Haoma Shares**

Haoma Directors believe the ASX should not have suspended trading in Haoma's shares. [All correspondence with the ASX is available from Haoma Mining's Announcements.](#)

<https://arc-haoma.s3.amazonaws.com/uploads/2018/02/Consolidated-Correspondence-with-ASX.pdf>

The Directors are at present considering alternatives so Haoma's shares can be traded.



Chairman,
Haoma Mining NL
February 28, 2018

Mr Gary Morgan
Chairman
Haoma Mining NL

Dear Gary

I have been following with interest, the difficulties Haoma has experienced in finding a way through the exploration reporting requirements incorporated into the ASX requirements through the JORC code. It seems that there are two issues. The first is the short term listing issue. The second is the perceived shortcomings in the Code that Haoma's current travails have revealed. As I understand it these are shortcomings that relate to exploration reporting of a newly observed geological phenomenon and derive from new exploration technologies. The empirical evidence is the collection of small gold nuggets photographed in Haoma's Annual Report.

I have an interest in the JORC Code through a long personal history with minerals exploration in Australia and the global mining industry. I was the AMIC (now the Minerals Council of Australia) representative on the committee charged with one of the early rewrites of the code. During that rewrite I was troubled that in trying to maintain a one size fits all code, difficulties were created for geological outliers, particularly gold, diamonds and the like. I also had trouble with the restrictive definition limiting competence to members of the Institute and its international counterparts. I seemed to me to be a restraint of trade but so thoroughly ingrained that there was no appetite for change.

I think the Code is deficient in demanding full reporting of exploration results that speak for themselves and do not extrapolate from those results to infer a resource.

If the *Welcome Stranger* had been discovered by a company listed today on the ASX, its discovery could not have been simply and quickly reported by directors as a set of empirical facts relating the discovery, the weight and the element concerned. Instead, a member of the Institute would have had to be involved to opine on second hand facts. Shareholders would have just had to wait. So much for transparency, materiality and competence.



The Code is a living document that has evolved significantly over the years. Each revision has attempted to create greater clarity in the reporting process and in turn the ASX has used the Code at the forefront of its efforts to protect shareholders from the many shonks that abound.

In the main, the Code does a good job. It enables investors a measure of comfort as whatever is in the potential resource moves through the levels of certainty. It is particularly good for bulk disseminated minerals like copper and iron ore where drilling, sampling and metallurgical data need serious interpretation. For such minerals, ore reserves are typically proved for the life of mine at least and are taken into the block models used in mine design. At Ok Tedi, for example the distributed nature of the noble metals in the

predominately copper ore made quantification of the likely credits relatively precise. We could count on producing a couple of tonnes of gold each year.

By contrast, gold, diamonds and the like are that are not disseminated are more problematic. It is unusual for a gold mining operation to have proven reserves beyond a year or so.

On the issue of competence, giving a monopoly over minerals reporting to a single professional organisation seems to be an anachronism. Hopefully, a less restrictive model might be a subject for the next Code revision.

New categories might include-

- members of the Australian academic community who have the relevant experience; and
- other experts qualified under processes akin to those taken by the Courts and ASIC.

The Courts regularly rely on experts with specialised knowledge based on their training, study or experience to form opinions about specialised or technical matters relevant to the cases being heard. The Courts require that an expert's opinion be sound, complete, fair, unbiased and within the area of their expertise. The expert witness has a duty to the Court to provide fair evidence, rather than to act as an advocate for the party who asked them to appear. Another model is that adopted by ASIC for registration of company auditors. Both models assume that opinions will be standards and ethics based.

Tying competence to professionals subject to an enforceable code of ethics seems to be an artefact of history of questionable relevance in the modern era. The Courts and ASIC do not require it of their experts and it is hard to see why the minerals industry should. In these litigious times investors would probably rate the opinion of an expert with profession indemnity insurance ahead of an expert bound by an ethical code.

It seems that the shortcomings in the Code and not the ASX's actions that the source of Haoma's current problems. The ASX is applying its listing rules (incorporating the industry inspired JORC Code) as it interprets them and there the matter ends unless a close examination of the surrounding rules reveals some wriggle room that would permit directors to short circuit JORC in the case of 'exploration results that speak for themselves'.

As battle lines already seem to have been drawn, it is hard to see the ASX changing its stance unless a competent person under the current definition gives the opinion required. The obvious way is for one of Haoma's existing experts to become a member of the Institute or to arrange for a report from a member.

The longer game, if Haoma has the appetite for it, would involve a push for a further review of the Code with particular focus on gold mining and competence. Would there be support for this within the broader gold mining community? A submission for change would need to be prepared and submitted to the members of the JORC Committee. The

approach most likely to succeed would involve the recruitment of some of the significant gold exploration and mining organisations and sponsors within the Minerals Council.

Launching a review call would add legitimacy to Haoma's bona fides in the current disputation with the ASX.

Regards

A handwritten signature in black ink, appearing to read 'Murray Hohnen', is positioned above a dark, rectangular redaction mark.

Murray Hohnen
27 February 2018

Murray Hohnen, CV:

After graduation, Murray Hohnen worked in Adelaide with Finlayson & Co, a commercial legal firm.

Murray Hohnen then joined Utah Development Company in Brisbane as a lawyer and worked through takeovers by GE then BHP.

He served as 'in-house' counsel, secretary of the CQCA and TDM Bowen Basin coal ventures. In addition Murray Hohnen acted as an Alternate Director of UDC's iron ore interests at Mt Goldsworthy and convenor of UCD's exploration development group.

For three years Murray Hohnen was seconded as Assistant Director to the **Australian Mining Industry Council** in Canberra.

Murray Hohnen was then assigned to international coal marketing operations in Brisbane.

When BHP established its Copper Division, Murray Hohnen was appointed as Vice President of Group Relations with responsibility for Australasia and Asia. In this role Murray Hohnen served as Director then Chairman of OK Tedi Mining Limited, a moderate sized producer of copper and gold. The OK Tedi Management Group was constantly reviewing new grass roots exploration opportunities.