Haoma Mining NL

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August 8, 2018

Haoma Mining Activities Report to Shareholders

Six Months Ended June 30, 2018

Highlights

- Haoma Mining's consolidated financial result for the year ended June 30, 2018 was a loss of $3.45 million after charges for interest $1.96m, depreciation and provisions $1.03m and test work $1.91m. Cash costs for the year were $3.41m (including operating costs of $1.98m). Operating revenues were $0.65m and proceeds from sales of assets (including shares received as consideration) were $2.56m resulting in **a full year net cash outlay of $200,000.**

- **A gold assay method has now been developed using aqua regia. Based on two separate aqua regia assays of 'low grade' Mt Webber iron ore, the average gold grade measured was 14.5g/t gold.**

- Production of gold from 'dry blowing' of Nuggety Gully 'scree and alluvial' material will commence in the current Quarter.

- Haoma Mining is now operating the Elazac Quarry at Cookes Hill. For the year ended June 30, 2018 sales of dolerite at $5 per tonne were $323,571. Following the recent increase in Pilbara activities Haoma has received enquiries for significant quantities (up to 500,000 tonnes) of Elazac Quarry dolerite which has a low silica content.

- At Ravenswood in North Queensland, during the next six months test parcels of ore from each of Haoma's eleven leases will be crushed and screened by size for further measuring of 'ore size' gold grades.

- Haoma's Directors are pleased Hancock Prospecting Pty Ltd now owns a majority of Atlas Iron Limited.

Contents:

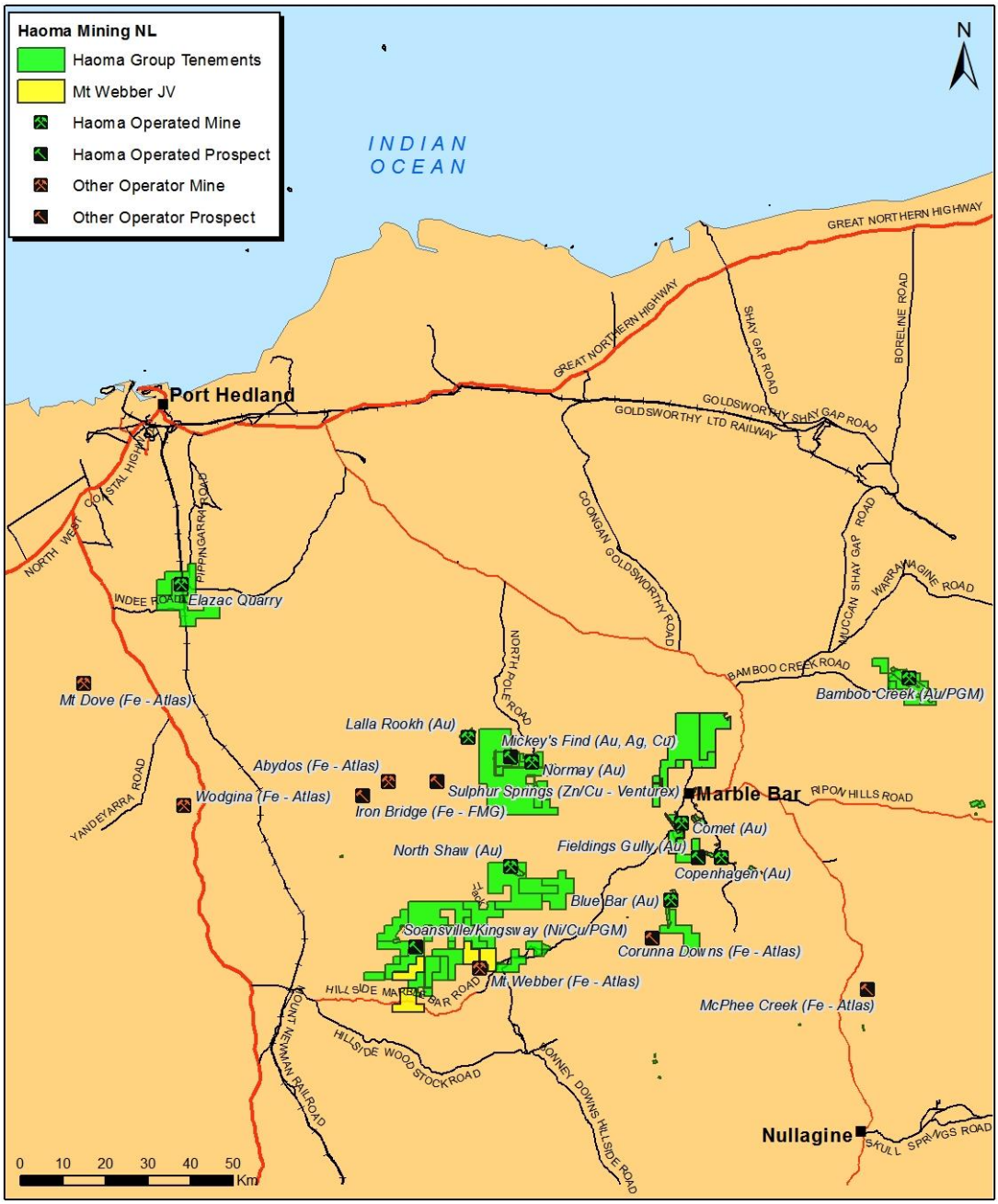

Figure 1: Location map of Haoma Mining NL Pilbara mining tenements. (Yellow areas show Haoma joint venture tenements with Atlas Iron.)

1. Group Consolidated Result to June 30, 2018

Haoma Mining NL Consolidated Profit & Loss	2016/17 Full Year ($m)	2017/18 1st Half Year ($m)	**2017/18 2nd Half Year ($m)**	**2017/18 Full Year ($m)**
Operating Revenue:				
Gold & Silver Sales	-	**-**	**0.01**	**0.01**
Rock Sales	-	**0.25**	**0.07**	**0.32**
Royalties	0.08	**0.02**	**0.01**	**0.03**
Retail Sales & Misc.	0.12	**0.13**	**0.15**	**0.28**
Test work	0.10	**-**	**-**	**-**
Operating Revenue	0.30	**0.40**	**0.24**	**0.64**
Other Income – profit on sale of assets	0.29	**1.90**	**0.45**	**2.35**
Total Revenue	0.59	**2.30**	**0.69**	**2.99**
Operating profit (loss) before interest, depreciation, amortisation, exploration & development costs:	(0.56)	**1.39**	**0.06**	**1.45**
Interest	(1.80)	**(0.94)**	**(1.02)**	**(1.96)**
Depreciation, amortisation & provisions	(0.19)	**(0.09)**	**(0.94)**	**(1.03)**
Exploration, development & test work	(2.14)	**(0.90)**	**(1.01)**	**(1.91)**
Operating (loss) before tax	(4.69)	**(0.54)**	**(2.91)**	**(3.45)**

1.1 Haoma's Group Consolidated Result

Haoma Mining's unaudited consolidated financial result for the year ended June 30, 2018 was a before tax loss of $3.45 million after interest of $1.96 million, depreciation, amortisation and rehabilitation provisions of $1.03 million, and development and test work expenditure of $1.91 million. The result includes a $1.88 million profit from sale of 37.5 million Calidus Resources Ltd shares and $500,000 cash received as consideration for the sale to Calidus of seven Klondike tenements near Marble Bar.

1.2 Funding of Operations

Haoma presently earns revenue from rock sales, retail sales and mineralogical test work activities. It is anticipated that future earnings from precious metal production will eventually provide significant income. Revenue derived from business operations may be supplemented by one-off sales of assets or other commercial arrangements in relation to asset holdings. To the extent that these combined activities do not provide sufficient funds for operations, funding for the consolidated group is provided by The Roy Morgan Research Centre Pty Ltd, a company owned and controlled by Haoma's Chairman, Gary Morgan.

The Roy Morgan Research Centre Pty Ltd has given an assurance that repayment of accumulated debt will not be required until Haoma's annualised EDITDA exceeds $15 million per annum and that debt repayments would not be required to exceed 50% of Haoma's EBITDA in any year. Notwithstanding that there is no immediate requirement for repayment of the loan the Directors regularly review the level of debt.

In the event that Haoma at that time has a cash surplus in excess of short term funding requirements the Directors may elect to make a voluntary repayment of funds to The Roy Morgan Research Centre Pty Ltd.

At June 30, 2018 the principal debt to The Roy Morgan Research Centre Pty Ltd was $39.72 million. Interest accrued for the 6 months to June 30, 2018 was $998,652. Total interest accrued and unpaid to June 30, 2018 is $31.91 million. Interest on debt to Roy Morgan Research Centre accrues at the 30 day commercial bill rate plus a facility margin of 1%.

2.0 Haoma's Activities in the Pilbara, Western Australia

2.1 Test Work at Bamboo Creek Pilot Plant

a) During June/July 2018[1] the Bamboo Creek Plant facilities have been used to process different bulk samples (about 10kg each) of **Bamboo Creek Tailings and 'low grade' Mt Webber iron ore** (using the Elazac Process). A 'Precious Metal Concentrate' can now be consistently recovered which is between **2.5% & 5%** of the sample processed. This latest % recovery of concentrate is considerably higher than previous recoveries of concentrates – 0.34%, 0.60%, 1.19% & 0.95% – reported to Haoma shareholders May 28, 2018. See attached Appendix 1.

XRF analysis of the 'Precious Metal Concentrate' showed the metal to contain **3% to 5% gold and platinum.** This result is similar to results previously reported. (See previous results reported in attached Appendix 1 released May 28, 2018)

Applying the % 'Precious Metal Concentrate' grade to the **'low grade' Mt Webber iron ore** processed shows the 'calculated' 'Precious metal Head Grade' is significant.

In the next few weeks Haoma's consultants from the University of Melbourne will report on the complete 'composition' of the 'Precious Metal Concentrates' which by XRF measured 3% to 5% gold and platinum.

b) The Directors are pleased to advise Haoma shareholders an assay method has now been developed using aqua regia. Based on two separate aqua regia assays of **'low grade' Mt Webber iron ore**, the gold grade measured was: **14.5g/t gold**

The above result is the average of 2 aqua regia solution samples which measured 14.2g/t & 14.8g/t gold by AAS - 'calculated back' to the **'low grade' Mt Webber iron ore sample.**

2.2 Processing of Bamboo Creek 'Scee and Alluvial' Material

During the last 6 weeks 'test' dry blowing of Nuggety Gully 'scree and alluvial' material was conducted. Proceeds of $11,560 were received for 6.7ozs gold produced. It is anticipated production will commence in the current Quarter

Figure 2: Dry Blower being tested in Nuggety Gully at Bamboo Creek.

[1] 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 20 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.

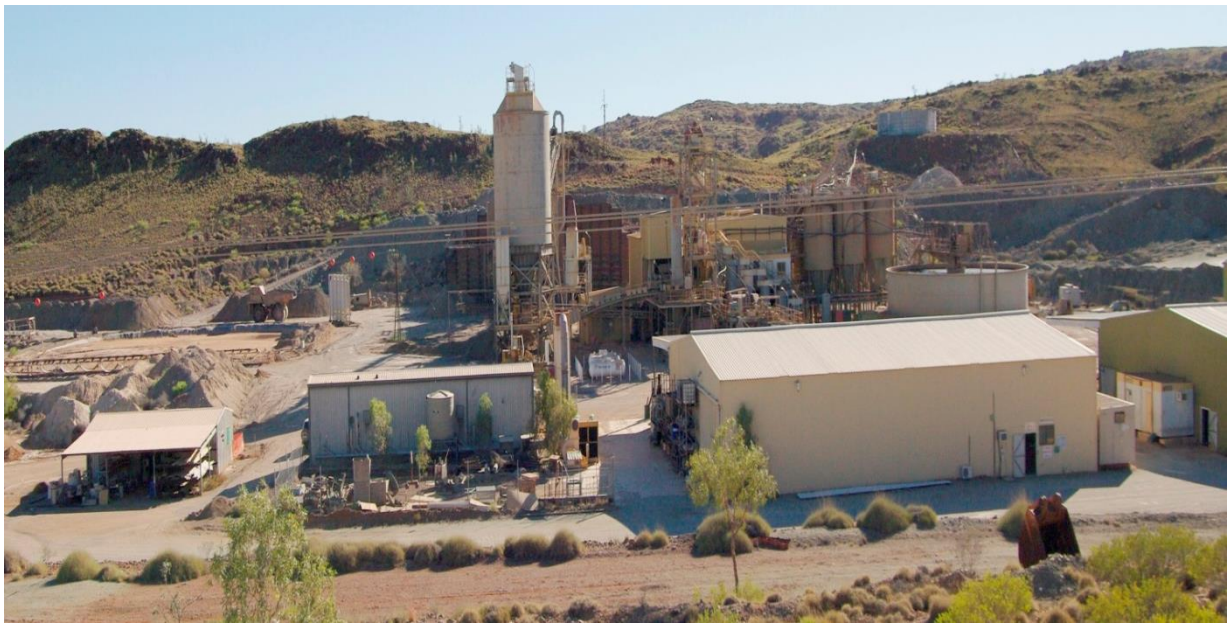

Figure 3: Bamboo Creek Processing Plant looking north, (conglomerates and sediments belonging to the prospective basal Fortescue Group are behind the range at top of photo)

2.3 Hancock Prospecting Pty Ltd buys a majority of Atlas Iron Ltd

Haoma's Directors are pleased Hancock Prospecting Pty Ltd now owns a majority of Atlas Iron Limited.

Haoma and Atlas have a history of working together on the Daltons JV (via Giralia) and more recently with an Atlas tenement and royalty agreement covering the Mt Webber Mining Lease 45/1197 and nearby tenements.

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 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 the uplift payment is 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.

During the last few years Atlas has had financial problems, during this period the Haoma Atlas relationship has had some difficulties.

Haoma's Directors now see real, beneficial opportunities for both Haoma and Atlas at Mt Webber and the surrounding area.

2.4 Dolerite Mining at Elazac Quarry, Cookes Hill (M45/1186)

For the last 10 years **Haoma's Elazac Quarry located about 50km south of Port Hedland** has been operated by BGC Contracting Pty Ltd to supply dolerite for Pilbara infrastructure construction including new airstrips, railway lines and roads.

In February 2015 BGC Contracting put the 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 at $5 per tonne and other 'hard rock' for the year ended June 30, 2018 was $323,571.

Because of the recent increase in Pilbara activities Haoma has received enquiries for significant quantities (up to 500,000t) of dolerite with a low silica content from the Elazac Quarry. Haoma Directors expect considerable sales of dolerite from the Elazac Quarry over the next 24 months.

3. Haoma's Activities in the Ravenswood District, Queensland

3.1 Copper Knob (Ml 1330)

A mobile crushing plant has been purchased and is in the final stage of commissioning at Haoma's Copper Knob lease at Ravenswood, Queensland. (See Figure 4 below)

During the next six months, test parcels of ore from each of Haoma's Ravenswood leases will be crushed and screened by size for further measuring of 'ore size' gold grades.

Over the next Quarter test parcels of ore will be processed from:

ML 1325 – Eight Mile, Budgerie
ML 1326 – Old Man
ML 1415 – Wellington Springs
ML 1483 – Wellington Springs No 2
ML 10275 – Elphinstone One
ML 1529 – Waterloo
ML 10315 – Podosky's
EPM 14038 – Robe Range
EPM 17832 – Robe Range East
EPM 8771 – Barrabas

Figure 4: Haoma's Ravenswood Mobile Crusher being tested during commissioning at Copper Knob (ML1330)

Yours sincerely

Gary Morgan, Chairman

Appendix 1:

Results previously published in Haoma Mining Activities Update released to Shareholders May 28, 2018[2]

Haoma's Bamboo Creek Pilot Plant is currently capable of producing a concentrate which contains 3%-5% precious metals (gold, silver and platinum group metals) which overseas refineries will accept.

On March 9, 2018 Haoma shareholders were advised that "Significant Gold and Platinum Grades were measured in repeat assays of Nuggety Gully (Bamboo Creek) 'Concentrate'.

Following are four additional Bamboo Creek test work results obtained since March 9, 2018.

The samples tested were from:

2.1) Bamboo Creek Tailings,
2.2a&b) Bamboo Creek Nuggety Gully Scree and
2.3) '<1mm fines' screened from 'low grade' Mt Webber iron ore

The four results below are significant. Test work is continuing on the four samples. These additional tests are expected to **increase the quantity** of 'Metal concentrate' recovered from each sample. This would result in **subsequent increases** in 'calculated' 'Precious metal Head Grade' of each sample. All samples tested are readily available for repeat tests or bulk processing.

2.1 Using the Bamboo Creek Plant facilities to process a 70 kg sample of **Bamboo Creek Tailings** (using the Elazac Process) a 'Metal concentrate' was recovered which represented **0.34%** of the 70kg **Bamboo Creek Tailings** sample processed.

XRF analysis of the 'metal concentrate' measured the following 'Precious metal' grades:

- **2.24% gold, and**
- **2.59% platinum**

Applying the above % 'Precious metal' grades to the **Bamboo Creek Tailings** showed the 'calculated' 'Precious metal Head Grade' of **Bamboo Creek Tailings** was:

- **74g/t gold, and**
- **82g/t platinum.**

2.2a Using the Bamboo Creek Plant facilities to process a 2.05kg sample of **Bamboo Creek Nuggety Gully Scree** (using the Elazac Process) a 'Metal concentrate' was recovered which represented **0.60%** of the 2,50kg **Bamboo Creek Nuggety Gully Scree** sample processed.

XRF analysis of the 'Metal concentrate' measured the following 'Precious metal' grades:

- **1.77% gold, and**
- **0.83% platinum.**

Applying the above % 'Precious metal' grades to the **Bamboo Creek Nuggety Gully Scree** showed the 'calculated' 'Precious metal Head Grade' of **Bamboo Creek Nuggety Gully Scree** was:

- **105g/t gold, and**
- **49g/t platinum.**

[2] 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 20 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.

2.2b The above **Bamboo Creek Nuggety Gully Scree** test was **repeated with a 70 kg sample of the '-6mm' fraction from Bamboo Creek Nuggety Gully Scree.** The '-6mm' fraction is about 50% of the **Bamboo Creek Nuggety Gully Scree** and using a dry blower can be recovered from the **Nuggety Gully Scree** without crushing. ('Free gold' recovered from the **'-6mm' fraction from Bamboo Creek Nuggety Gully Scree** equated to **0.6g/t**.)

Using the Bamboo Creek Plant facilities to process a 70kg sample of **'-6mm' fraction from Bamboo Creek Nuggety Gully Scree** (using the Elazac Process) a 'Metal concentrate' was recovered which represented **1.1%** of the 70kg **'-6mm' fraction from Bamboo Creek Nuggety Gully Scree** sample processed.

XRF analysis of two 'Metal concentrate' sub-samples measured the following 'Precious metal' grades:

- **0.67% & 0.48% gold, and**
- **0.55% & 0.40% platinum.**

Applying the above % 'Precious metal' grades to the **'-6mm' fraction from Bamboo Creek Nuggety Gully Scree** showed the 'calculated' 'Precious metal Head Grade' of **'-6mm' fraction from Bamboo Creek Nuggety Gully Scree** was:

- **54g/t gold, and**
- **46g/t platinum.**

2.3 Using the Bamboo Creek Plant facilities to process a 9.84kg(*) sample of '**<1mm fines' screened from 'low grade' Mt Webber iron ore** (using the Elazac Process) a 'Metal concentrate' was recovered which represented **0.95%** of the 9.84kg '**<1mm fines' screened from 'low grade' Mt Webber iron ore** sample processed.

XRF analysis of the 'Metal concentrate' measured the following 'Precious metal' grades:

- **0.66% gold, and**
- **1.00% platinum.**

Applying the above % 'Precious metal' grades to the '**<1mm fines' screened from 'low grade' Mt Webber iron ore** showed the 'calculated' 'Precious metal Head Grade' of '**<1mm fines' screened from 'low grade' Mt Webber iron ore** was:

- **62g/t gold, and**
- **95g/t platinum.**

During the Elazac Process an additional 3.26g/t gold was recovered into aqua regia solution. When added to the above the 'calculated' 'Precious metal **gold** Head Grade' of '**<1mm fines' screened from 'low grade' Mt Webber iron ore** is:

- **65.25g/t gold**

Haoma is now able to use the Bamboo Creek Plant test facilities to conduct test work on 'other' Pilbara gold bearing ores.

(*) Representing 30% of the '**<1mm fines' screened from 'low grade' Mt Webber iron ore**