



# Haoma Mining NL

A.B.N 12 008 676 177

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July 31, 2004

The Listing Manager  
Australian Stock Exchange Ltd  
530 Collins Street  
**MELBOURNE VIC 3000**

Dear Sir,

## **ACTIVITIES REPORT FOR THE QUARTER ENDED JUNE 30, 2004 - HIGHLIGHTS**

- **Group Consolidated Result** – The unaudited Consolidated Financial result for the three months ended June 30, 2004 was a before tax loss of \$2.84 million after charging depreciation and amortisation of \$0.40 million and group exploration, development and evaluation expenditure of \$0.58 million.
- **Processing at Bamboo Creek** – During the Quarter mining began at the newly defined Bulletin orebody. On July 12, 2004 processing of low-grade ore from this orebody commenced at the Bamboo Creek Processing Plant at a rate of approximately 400 tonnes per day. In mid-July a test parcel of 5,072 tonnes of low-grade Bulletin Stockpile ore (calculated grade 2.33g/t Au) was processed. 30% of the calculated gold feed-grade was recovered by gravity. The remainder of the gold will be Vat leached during August and September.

From July 28, 2004 the Bamboo Creek plant began processing 5,400 tonnes of high-grade Bulletin ore at a rate of 400 tonnes per day.

The processing rate will be increased to 800 tonnes per day during the September Quarter. The following ore is planned to be mined and processed over the next two Quarters:

Existing Bulletin Pit: 14,000 tonnes @ 4.5g/t Au

Western End of Bulletin Pit: 190,000 tonnes @ 4.0g/t Au

- **New Assay Procedure** - As previously advised, measurement of the gold grade of ores in the Pilbara region using the Aqua Regia method has underestimated the true gold values. Haoma's Consultants from The University of Melbourne have conducted experimental tests on this assay problem using the Bamboo Creek laboratory and other laboratories. In conjunction with the Bamboo Creek laboratory they have now developed a new assay procedure referred to as the Elazac Assay Procedure (EAP). The new assay procedure using an Aqua Regia finish was used to re-assay the samples from hole BCR39 located 1.4km west of the Bulletin prospect. A comparison between the original Aqua Regia results (reported in the March 2004 Quarterly Report) was made. The new assay results show that the grade for the interval 68-94 metres (26 metres) increased from 0.59 g/t Au to 1.78g/t Au, a significant improvement.

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2. Operations at Bamboo Creek and Normay, Western Australia.
3. Exploration Activities in Western Australia.
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### **1. GROUP CONSOLIDATED RESULT TO JUNE 30, 2004**

<b>Haoma Mining NL Consolidated Profit &amp; Loss</b>	<b>2002/03 4th Qtr (\$m)</b>	<b>2002/03 Full Year (\$m)</b>	<b>2003/04 1<sup>st</sup> Qtr (\$m)</b>	<b>2003/04 2<sup>nd</sup> Qtr (\$m)</b>	<b>2003/04 3<sup>rd</sup> Qtr (\$m)</b>	<b>2003/04 4<sup>th</sup> Qtr (\$m)</b>	<b>2003/04 Full Year (\$m)</b>
Operating revenue	4.94	<b>32.37</b>	0.16	0.09	0.09	0.10	<b>0.44</b>
<b>Operating profit before interest, depreciation and amortisation and exploration and development expenditure</b>	2.75	<b>3.73</b>	(0.80)	(0.37)	(1.11)	(1.87)	<b>(4.16)</b>
Interest	0.00	<b>0.37</b>	0.00	0.00	0.00	(0.01)	<b>(0.01)</b>
Depreciation & amortisation	(0.41)	<b>1.85</b>	(0.34)	(0.39)	(0.36)	(0.40)	<b>(1.48)</b>
Exploration, development & evaluation	(1.10)	<b>1.37</b>	(0.81)	(0.66)	(0.63)	(0.58)	<b>(2.68)</b>
<b>Operating profit (loss) before tax</b>	1.24	<b>0.14</b>	(1.95)	(1.42)	(2.10)	(2.86)	<b>(8.33)</b>

<b>Normay/Bamboo Creek gold prod'n (oz)</b>	-	<b>1,451</b>	--	--	<b>43</b>	<b>60</b>	<b>103</b>
Gold sold (ozs)	-	<b>1,451</b>	--	--	<b>43</b>	<b>60</b>	<b>103</b>
Av. Selling price (\$/oz)	-	<b>\$592</b>	--	--	<b>\$546</b>	<b>\$537</b>	<b>\$541</b>
<b>Normay/Bamboo Creek silver prod'n (oz)</b>	-	<b>6,160</b>	--	--	<b>52</b>	<b>61</b>	<b>113</b>
Silver sold (ozs)	-	<b>6,160</b>	--	--	--	--	--
Av. Selling price (\$/oz)	-	<b>\$7.98</b>	--	--	--	--	--
<b>Nolan's production – (oz)</b>	-	<b>3,475</b>	--	--	--	--	--
Gold sold (ozs)	-	<b>3,877</b>	--	--	--	--	--
Av. Selling price (\$/oz)	-	<b>\$696</b>	--	--	--	--	--

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

Haoma's unaudited Consolidated Financial result for the three months ended June 30, 2004 was a before tax loss of \$2.86 million after charging depreciation and amortisation of \$0.40 million (2003 4th Qtr - \$0.41 million) and group exploration, development and evaluation expenditure of \$0.58 million (2003 4th Qtr - \$1.10 million).

Total group exploration, development and evaluation expenditure for the Quarter was \$0.58 million. In the Pilbara region, the majority of exploration work involved the completion of the RC drilling program at the Bulletin Mine. In the Charters Towers/Ravenswood district of Queensland, exploration work has continued on the most promising prospects.

Funding for the company's ongoing operations is presently being provided by Haoma's Chairman, Mr Gary Morgan. Mr Morgan has provided an undertaking to the Board that he will continue to fund the company until such time as the company's operations become cash positive or until a decision is made to cease operations. The Board approved the payment of interest on funds advanced to Haoma by Mr Morgan at rates in line with 30 day commercial bill rate plus a 2% margin.

The majority of activities for the Quarter concentrated on testwork at Bamboo Creek to determine the most economically viable method to process ore from the Bulletin Mine. This resulted in modifications being made to the Bamboo Creek Processing Plant. Testwork at the Bamboo Creek Processing Plant produced 60 ounces of gold in April from processing stockpiled Kitchener low grade ore.

## **1.2 Gold In Circuit**

At June 30, 2004 the Bamboo Creek Plant had gold-in-circuit (on carbon or in the gold room) of 2.5kgs. At July 31, 2004 gold-in-circuit was 9.4kgs.

## **1.3 Forward Gold Sale Contracts**

No future gold production is currently sold forward.

## **2. OPERATIONS AT BAMBOO CREEK, WESTERN AUSTRALIA**

### **2.1 Processing at Bamboo Creek**

During the Quarter mining began from the newly defined Bulletin orebody.

On July 12, 2004 Haoma reported to the ASX that processing of low-grade ore from this orebody had commenced at the Bamboo Creek Processing Plant at a rate of approximately 400 tonnes per day. It was also reported that the processing rate would be increased to 800 tonnes per day during the September Quarter.

A photograph of the exposed Bulletin ore body looking west is attached.

During the Quarter, Vat leaching of 7,500 tonnes of low-grade Kitchener ore and a mixture of other Pilbara ores (average grade 0.85g/t Au) began. To date, 48% of the measured gold has been leached to carbon.

In mid-July a test parcel of 5,072 tonnes of low-grade Bulletin Stockpile ore (calculated grade 2.33g/t Au) was processed. 30% of the calculated gold feed-grade was recovered by gravity. The remainder of the gold will be Vat leached during August and September.

Also during July changes were made to the Bamboo Creek Plant configuration to increase the recovery of gravity gold.

The following ore stocks are available from the Bulletin mine for processing:

Bulletin Mine Stockpile area - Low-grade:	2,700 tonnes at 0.9g/tAu
Bamboo Creek Plant Crusher pad - Low-grade:	1,800 tonnes at 1.0g/t Au
Bamboo Creek Plant Crusher pad - High-grade:	5,400 tonnes (ore block assay grade 8.02g/t Au)

From July 28, 2004 the Bamboo Creek plant began processing high-grade (8g/t Au) Bulletin ore at a rate of 400 tonnes per day.

The following ore is planned to be mined and processed over the next two Quarters:

Existing Bulletin Pit:	14,000 tonnes at 4.5g/t Au
Western End of Bulletin Pit:	190,000 tonnes at 4.0 g/t Au

## **2.2 Grade of Low Grade Bulletin Ore Processed in Mid-July**

The plant 'feed' grade for 5,072 tonnes of low-grade Bulletin ore as measured from the belt feed into the plant averaged 1.63 g/t Au. The 'calculated' grade of this ore parcel after processing through the plant was, however, 2.33 g/t Au. This disparity in gold grade is typical of the problem that Haoma has encountered when trying to measure the grade of Bamboo Creek ores.

## **2.3 Bamboo Creek Gold Assaying**

As previously advised, measurement of the gold grade of ores in the Pilbara region using the Aqua Regia method has underestimated the true gold values

Haoma's Consultants from The University of Melbourne have conducted experimental tests on this assay problem using the Bamboo Creek laboratory and other laboratories. In conjunction with the Bamboo Creek laboratory they have now developed a new assay procedure referred to as the Elazac Assay Procedure (EAP).

The new assay procedure using an Aqua Regia finish was used to re-assay the samples from hole BCR39 located 1.4km west of the Bulletin prospect. A comparison between the original Aqua Regia results (reported in the March 2004 Quarterly Report) and the new results are listed in the table below.

The new assay results show that the grade for the interval 68-94 metres (26 metres) has increased from 0.59 g/t Au to 1.78g/t Au, a significant improvement.

<b>Drill Sample Interval</b>	<b>Drill Sample Width</b>	<b>Original Aqua Regia g/t Au</b>	<b>New Elazac Assay Procedure g/t Au</b>
0-10	10	0.17	0.25
10-20	10	0.02	0.10
20-30	10	0.00	0.04
30-40	10	0.00	0.13
40-50	10	0.01	0.16
50-60	10	0.00	0.11
60-68	8	0.06	0.05
<b>68-94</b>	<b>26</b>	<b>0.59</b>	<b>1.78</b>
94-100	6	0.00	0.16
100-110	10	0.02	0.13
110-120	10	0.35	0.37
120-130	10	0.00	0.07
130-140	10	0.01	0.06
140-153	13	0.01	0.10

Additional check assays using the EAP are presently being conducted on Mickey's Find drill samples from MFRC 85, MFRC 82 and MFRC 64. (See Haoma's 2003 Annual Report and December 2003 Quarterly Report for assays.)

## **2.4 Relocation of Crushing Facility and Equipment**

During the Quarter, Haoma continued the relocation of the crushing facility and components purchased in November 2003 from the Selwyn Mine in Queensland. Nearly all of these acquisitions are now on site at Bamboo Creek

### 3. EXPLORATION AND EVALUATION ACTIVITIES IN WESTERN AUSTRALIA

#### 3.1 Daltons Joint Venture with Giralia Resources NL (E45/2186, E45/2187)

The Daltons Joint Venture area is located 150 kilometres south of Port Hedland in the Pilbara region of Western Australia. Under the Joint Venture and Farm-In Agreement, Giralia Resources NL can earn a 50.1% interest by expenditure of \$375,000 on exploration over the three year period to November 2005 and a 75% interest by expenditure of \$675,000 over the five year period to November 2007. Giralia have advised that total expenditure to date is \$332,581.

Giralia have provided the following report on exploration activities completed during the Quarter:

“

- a 7 hole RC and diamond drilling program was completed at the Kingsway-Wadi zone on E45/2186.
- down-hole EM surveys were completed on 5 of the 7 holes.

*A 2 hole follow-up drilling program is planned to test EM conductor targets.*

*First pass RC (7 holes/700 metres) and diamond drilling (5 holes/609.63 metres) was completed at Daltons in late May, targeting a 300 metre long section of the basal contact of the Daltons ultramafic in the Kingsway-Wadi zone, where 1970s drill holes reportedly intersected high grade nickel-copper sulphides. The program was designed to provide a platform for down-hole geophysical exploration below the depth limits of surface electromagnetic (“EM”) surveys, which were unable to detect the previously intersected massive sulphide zone. A 29 metre water bore was also drilled and cased.*

*An encouraging disseminated sulphide intersection was returned from hole RDDN019, including 0.66 metres @ 0.54% Ni, 0.12% Cu and 0.2 g/t PGE, however indications from drill hole geology and down-hole EM surveys suggest that the recent drilling may not have been deep enough to intersect the massive sulphides.*

*Down-hole EM has been read for the 5 of the 7 holes, and preliminary interpretation by consultants Newexco suggest the presence of a conductor of interest below RDDN019. An off-hole conductor was also detected below hole RDDN021. Holes RDDN015 and RDDN016 intersected a black shale unit at the targeted position of the Wadi conductor, just beneath the basal ultramafic contact.*

#### ***Daltons Joint Venture – May RC/Diamond Drilling***

<b><i>Hole No</i></b>	<b><i>East</i></b>	<b><i>North</i></b>	<b><i>Incl/Az</i></b>	<b><i>Depth (m)</i></b>	<b><i>From</i></b>	<b><i>To</i></b>	<b><i>Intersection</i></b>
<i>RDDN015</i>	<i>724115</i>	<i>7621225</i>	<i>-55°/288°</i>	<i>149.3</i>			<i>NSV</i>
<i>RDDN016</i>	<i>724088</i>	<i>7621158</i>	<i>-55°/295°</i>	<i>161.35</i>	<i>84</i>	<i>96</i>	<i>12m @ 0.46% Zn</i>
<i>RDDN017</i>	<i>724140</i>	<i>7621138</i>	<i>-60°/138°</i>	<i>100.0</i>	<i>95</i>	<i>98</i>	<i>3m @ 1.02% Zn, 0.36% Ni</i>
<i>RDDN018</i>	<i>724230</i>	<i>7621470</i>	<i>-60°/090°</i>	<i>100.0</i>			<i>NVS</i>
<i>RDDN019</i>	<i>724148</i>	<i>7621395</i>	<i>-60°/187°</i>	<i>259.78</i>	<i>254.94</i>	<i>255.6</i>	<i>0.66m @ 0.54% Ni, 0.17% Cu, 0.2 g/t PGE</i>
<i>RDDN020</i>	<i>724132</i>	<i>7621421</i>	<i>-72°/128°</i>	<i>269.6</i>	<i>267.05</i>	<i>267.32</i>	<i>0.27m @ 0.64% Cu</i>
<i>RDDN021</i>	<i>724230</i>	<i>7621469</i>	<i>-65°/185°</i>	<i>272.1</i>	<i>52</i>	<i>64</i>	<i>12m @ 0.15% Cu</i>

*Further drilling testing of down-hole EM targets, particularly beneath RDDN019, is planned following completion of gyroscopic down-hole surveys and receipt of final geophysical interpretation.”*

#### **4. EXPLORATION ACTIVITIES IN QUEENSLAND**

Exploration activity resumed on the Old Man Mining Lease (ML 1326) near Ravenswood.

The work involved a program of trenching and trial pits at the Beaumont Prospect in an attempt to understand the complex geometry of an array of gold-bearing quartz blows and veins. Trenching undertaken on the prospect last year returned 18m @ 2.89 g/t Au although the adjacent trench failed to intersect mineralisation.

The prospect is located at the top of a low hill and is characterized by abundant auriferous quartz float and scree. The latest trenching revealed that the quartz forms a residual blanket up to 30cms on surface overlying relatively fresh tonalite on the southern side of the historical diggings. The quartz is derived from a number of relatively massive, white quartz blows, that are distributed over a surface area of approximately 150m by 50m. From the trial pits it can be seen that the quartz blows are inclined towards the north at 40-80 degrees and, as a consequence, it is now evident that the 4 percussion drill holes previously drilled on the prospect were poorly sited. Sampling of the various quartz bodies exposed by the trenching returned gold values up to 7 g/t Au with anomalous copper up to several thousand ppm.

Drilling at the Podosky Prospect (resource delineated to date of approximately 50,000 tonnes @ 4.96 g/t Au) is now scheduled for early in the current Quarter. A small amount of drilling will be added to this program to investigate the Beaumont Prospect at depth.

Any person who would prefer to receive Haoma releases by email is advised to email us at [haoma@roymorgan.com](mailto:haoma@roymorgan.com) or telephone the Company Secretary on (03) 92245142.



**Gary C Morgan**  
CHAIRMAN

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**Bulletin Ore Body (between markings)  
Looking West.**





# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

**HAOMA MINING NL**

ABN

12 008 676 177

Quarter ended ("current quarter")

30<sup>th</sup> June 2004

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from product sales and related debtors	102	266
1.2	Payments for (a) exploration and evaluation	(848)	(2,576)
	(b) development		
	(c) production	(1,279)	(3,859)
	(d) administration		
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	6	136
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)		
<b>Net Operating Cash Flows</b>		(2,019)	(6,033)
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a)prospects		
	(b)equity investments		
	(c) other fixed assets	(484)	(2,812)
1.9	Proceeds from sale of: (a)prospects		
	(b)equity investments		
	(c)other fixed assets	1,500	1,500
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>		1,016	(1,312)
1.13	Total operating and investing cash flows (carried forward)	(1,003)	(7,345)

+ See chapter 19 for defined terms.



**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(1,003)	(7,345)
	<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	759	759
1.17	Repayment of borrowings	(210)	(210)
1.18	Dividends paid		
1.19	Other (provide details if material)		
	<b>Net financing cash flows</b>	549	549
	<b>Net increase (decrease) in cash held</b>	(454)	(6,796)
1.20	Cash at beginning of quarter/year to date	560	6,902
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	106	106

**Payments to directors of the entity and associates of the directors**

**Payments to 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	36
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	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	500
4.2 Development	-
<b>Total</b>	500

### 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	106	138
5.2 Deposits at call	-	422
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	106	560

### Changes in interests in mining tenements

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

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**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>	N/A	N/A	N/A	N/A
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	192,993,655	192,993,655		
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>	N/A	N/A		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	N/A	N/A	<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter	Nil	Nil		
7.9 Exercised during quarter	Nil	Nil		
7.10 Expired during quarter	Nil	Nil		
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

## 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 4).
- 2 This statement does give a true and fair view of the matters disclosed.



James A Wallace  
Company Secretary

July 28, 2004

## 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 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, 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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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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+ See chapter 19 for defined terms.