HAOMA MINING NL
ANNUAL REPORT 2005

HAOMA MINING NL

1. Bamboo Creek, WA
2. Marble Bar, WA
3. Mickey's Find, WA
4. North Shaw, WA
5. Linden, WA
6. Golden Ridge, WA
7. Charters Towers, QLD

Directors
Gary Cordell Morgan, B.Comm (Chairman)
John Lachlan Charles McInnes, B.Comm, FCA
Michele Levine, B.Sc (Hons), Env. St.

Secretary
James Andrew Wallace, CA
Jillian Sarah Jepson, CA

Registered Office and Head Office:
Melbourne
411 Collins Street,
Melbourne, Victoria 3000
Tel: (03) 9629 6888 Fax: (03) 9629 1250
Postal Address
GPO Box 2282U
Melbourne, Victoria 3001
Website: www.haoma.com.au

Interstate Offices and Mine Sites:
Perth:
PO Box 8159
Stirling Street,
Perth, Western Australia 6849
Tel: (08) 9325 4899 Fax: (08) 9221 1341

Bamboo Creek Mine Site:
PO Box 2791
South Hedland, Western Australia, 6440
Tel: (08) 9176 1101 Fax: (08) 9176 1156

Brisbane:
GPO Box 10141 Adelaide Street
Level 2, 26 Wharf Street,
Brisbane, Queensland, 4000
Tel: (07) 3318 7000 Fax: (07) 3318 7097

Ravenswood, Queensland:
Top Camp
c/- Ravenswood Post Office
Ravenswood, Queensland, 4186
Tel: (07) 4770 2168 Fax: (07) 4770 2109

Comet Mine Site:
PO Box 89
Marble Bar, Western Australia, 6760
Tel: (08) 9176 1015 Fax: (08) 9176 1129

Principal Bankers
National Australia Bank
330 Collins Street
Melbourne, Victoria, 3000

Share Registry
ComputerShare Registry Services Pty Ltd.
Reserve Bank Building
45 St Georges Terrace
Perth, Western Australia 6000
Tel: (08) 9323 2000 Fax: (08) 9323 2033
Postal Address
GPO Box D182
Perth, Western Australia 6001

Auditors
PKF
485 Latrobe Street
Melbourne, Victoria 3000

Solicitors
William Murray
Level 6, 411 Collins Street
Melbourne, Victoria 3000
Tel: (03) 9629 5383 Fax: (03) 9629 4896

Stock Exchange Listing
Haoma Mining NL shares are listed on
the Australian Stock Exchange.
The Home Exchange is Melbourne, Victoria.

MISSION STATEMENT

The mission of Haoma Mining is to establish a highly profitable mining company with sustainable growth in shareholder value.
In pursuit of this mission, Haoma will acquire quality tenements, explore for gold and other minerals, utilise the most effective exploration and recovery techniques to extract resources in the most efficient way with a strong commitment to health, safety and the environment.
Haoma's strategic approach can be characterised as both innovative and practical.
Haoma is dedicated to developing a leading edge gold mining province in the Pilbara (WA) and Ravenswood/ Charters Towers Region (QLD) by linking research with modern technology and new ways of thinking.
Haoma operates with a very flat management structure, which allows all company personnel to be hands-on, practical and single-minded about improving the bottom line performance.

CONTENTS

ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the members of the Company is to be held at:

"Morgans at 401",
Ground Floor,
401 Collins Street,
Melbourne, Australia.
Tuesday, January 31, 2006
Commencing at 10.00am.

All shareholders are encouraged to attend. Light refreshments will be available to members and guests following the meeting.
The Notice of Meeting and Proxy Form accompanies this report.

CHAIRMAN'S REVIEW

Haoma's consolidated loss for the financial year to June 30, 2005, was $21 million. This loss included an operating loss after providing for income tax, depreciation, amortisation and interest of $12 million; and writing down the carrying value of Mineral Tenements, Goodwill and Exploration expenditures of $9 million. This expenditure and subsequent loss, reflects the substantial effort that has been made by Haoma over the last two years to re-establish profitable gold mining and processing operations concentrating in the Pilbara region of Western Australia.

The most significant events over the course of the last year have been periodically reported under the ASX continuous disclosure rules. This report reviews those activities which have required major commitment of Haoma's resources.

Since my report to the Shareholders at the last Annual General Meeting, Haoma has spent the better part of the year conducting tests which have resulted in significant breakthrough in the understanding of the complex metallurgy present in Pilbara ores. Haoma has now established more accurate assay techniques and more efficient methods of processing gold-bearing sulphide ores in the Pilbara Region.

Shareholders may not be aware that over the last 100 years there has been a considerable exploration effort for gold in the Pilbara Region by exploration companies and prospectors. Apart from the nearby Telfer Mine and the emerging Indee-Turner River Province, there have been no significant large tonnage discoveries, although a number of small high-grade mines have been established, including Haoma's Bamboo Creek Gold Mine, the Comet Mine at Marble Bar and the Blue Spec Mine at Nullagine.

The Directors believe the reason for the absence of large, low-grade discoveries is due to problems with the metallurgy of assaying and processing gold-bearing sulphide ores in the Pilbara Region. The Elazac Process for the recovery of gold has been patented (*provisional*) and optimisation studies are in progress in preparation for a return to production milling and processing of available ores and tailings.

The Chairman has provided the funding for the company's activities over the last few years and confirms that this is to continue. The continuation of funding will result in an increase in deficiency of net assets in the short term. The funding is continuing with the intention to develop a process to economically extract gold and silver from Pilbara ore without it going into the tail. If Haoma cannot develop such a process, the company will clearly have significant ongoing financial difficulties.

Processing at the Bamboo Creek Gold Mine

During the December 2005 Quarter Haoma Mining continued research and development on assay and processing methods viable for the complex gold ores in the Pilbara Region of Western Australia.

Emphasis has continued to focus on tailings material from the Bamboo Creek Gold Mine and Mickey's Find mineralisation. All test work has been performed under the supervision of our Consultants, Mr. Peter Cole, Registered Manager and Mr. Will Goodall.

Assaying for gold in complex ores from the Pilbara Region by aqua regia digestion and conventional fire assay methods have traditionally been difficult. These methods consistently return low gold values, resulting in underestimation of the resource potential of gold deposits on Haoma's Pilbara tenements and across the region in general.

The continuing partnership with Consultants from the University of Melbourne has increased the understanding of the complex assay problem using new knowledge gained from ore mineralogy and gold deportment studies. This work has shown that more accurate assays can be obtained for both the Bamboo Creek Tailings material and Mickey's Find mineralisation

Tests on high sulphide samples from the Mickey's Find Deposit, utilising separation of sulphides by Gravity Concentration were completed. Analysis was performed by leaching Wilfley Table Concentrates with the Patented Elazac Process (*provisional*) and the results demonstrated a considerable upgrade on the Head Assay (as determined by aqua regia digestion). A summary of results for Table Concentrates from 10m intersections in RC drill hole MFRC64 are provided in Table 1.

CHAIRMAN'S REVIEW

Table 1. Comparison of Elazac Assay Method to conventional Aqua Regia Digestion for Wilfley Table Concentrates of Mickey's Find high sulphide samples, MFRC64 61-70 and MFRC64 71-80

Table Concentrate	Aqua Regia Digestion		Elazac Assay Method		Mass Fraction
	Gold (g/t)	Silver (g/t)	Gold (g/t)	Silver (g/t)	
MFRC64 61-70	0.09	3.76	3.21	4.17	18.6%
MFRC64 71-80	0.05	4.14	2.59	3.64	11.5%

The above results support those released in the Chairman's Address at the 2004 Annual General Meeting (*http://www.haoma.com.au/2004/2004_Chairmans_Address_for_AGM_ASX.pdf*) which showed a gold upgrade on material from RC drill hole MFRC64 (interval 62m to 72m) to a Calculated Grade of 2.2 g/t Au after gravity separation of the sample and aqua regia digestion assay of the different fractions. The original aqua regia digestion assay was <0.1 g/t Au.

Haoma's increased understanding of the ore behaviour was implemented during the Quarter in metallurgical tests to identify a cost effective processing method for both the Bamboo Creek Tailings and Mickey's Find mineralisation. Although the difficulties reported during the September 2005 Quarter have still not been overcome, promising increases in "leaching efficiency" were achieved on a laboratory scale.

Tests on the "leaching efficiency" of Bamboo Creek tailings material resulted in recovery to solution of 0.67 g/t Au and 10.43 g/t Ag on material which assayed 0.2 g/t Au and 2.1 g/t Ag by aqua regia digestion. These tests are ongoing and the Bamboo Creek Processing Plant remains on care and maintenance.

Cookes Hill (E45/1562, M45/1031, 1032, 1033, 1034, 1035, 1036)

The Cookes Hill Gold Deposit was discovered in 1999. This deposit comprises a dolerite-hosted quartz stockwork style of mineralisation. It has been the subject of extensive soil sample surveys and drilling programs including three shallow Rotary Air Blast (RAB) and one deep Reverse Circulation (RC), together with interpretation of geological, air magnetic and satellite data. Interpretation of this data shows that the mineralisation lies on a north-east trending splay fault off the major Mallina-Mt Dove Shear.

The Cookes Hill Deposit is estimated to contain approximately 50,000 ounces of gold to a depth of 100 metres. The mineralisation remains open at depth. Preliminary metallurgical tests show that the gold is not refractory and most is recoverable by cyanidation after fine grinding of the ore.

A more detailed description of the ore body and a table of significant intersections were included in Haoma's Activities Report for the Quarter ended December 31, 2003 - http://www.haoma.com.au/2004/Q2_DEC2003.pdf

During the Quarter, the first two mining tenement applications (M45/1031 and M45/1032) on exploration tenement E45/1562 have been systematically grided and soil sampled. All samples were assayed at the Bamboo Creek Laboratory for gold. Following the extremely encouraging results reported from the Bamboo Creek laboratory, the sample splits were forwarded to ALS Chemex in Perth who subsequently confirmed the results and carried out multi-element analysis

These results indicated encouraging gold anomalies in areas to the North East and South West of the previously defined Cookes Hill Deposit. Full results are detailed in figure 1 on the last page of the Annual Report.

Also during the Quarter a Tribute Agreement was reached with BGC Contracting Pty Ltd to mine dolerite on Haoma's leases at Cookes Hill. Haoma will retain all rights to gold and base metals and receive a royalty of 40 cents per tonne of dolerite mined. A total in the order of 500,000 to 1,000,000 is expected to be mined by BGC Contacting Pty Ltd under this arrangement..

Since June 2003, Haoma has noted that DeGrey Mining Ltd has issued a number of ASX releases detailing highly promising results from the extensive exploration program conducted on its tenements adjacent to Haoma's E45/1562 (referred to by DeGrey Mining as the "Turner River Province").

CHAIRMAN'S REVIEW

On June 1, 2005 DeGrey released further results of additional high grade gold intersections at its Amanda Prospect which is located west of the Cookes Hill tenement boundary. (See DeGrey release June 1, 2005). The best results released by DeGrey included 11 metres @ 4.52 g/t Au (includes 2m @ 15.75g/t Au).

On November 30, 2005 De Grey released further results of significant gold intersections at its Orchard Well prospect, which is located west of the Cookes Hill tenement boundary. (See De Grey release November 30, 2005). The best results include 38 metres @ 1.52 g/t Au, 23 g/t Ag, 0.08% Cu, 0.70% Pb and 1.43% Zn (including 4 metres @ 5.15 g/t Au, 30 g/t Ag, 0.12% Cu, 1.85% Pb and 2.58% Zn) intersected from surface.

Linden (E39/293, E39/379, E39/428, M39/385, M39/386, M9/387, M39/500, M39/629, M39/649, M39/650, M39/780, M39/781, M39/782, M39/794, M39/785, P39/2974, P39/2975, P39/2976)

During the Quarter an agreement was reached in principle with Western Manganese Pty Ltd for the purchase of the Linden tenements (E39/293, E39/379, E39/428, M39/385, M39/386, M9/387, M39/500, M39/629, M39/649, M39/650, M39/780, M39/781, M39/782, M39/794, M39/785, P39/2974, P39/2975, P39/2976) for $1,500,000 payable before or during the second Quarter, 2006. A non-refundable 13% deposit ($200,000) is payable to secure the assets for the said period of time.

Daltons Joint Venture with Giralia Resources NL (75% Giralia Resources, 25% Haoma Mining) (E45/2186, E45/2187)

As released to the ASX on October 27, 2005, Haoma Mining NL reported a significant nickel-copper-PGE drill intersection from the Daltons Nickel Joint Venture with Giralia Resources NL in the Pilbara region of Western Australia. Giralia Resources released the following announcement in relation to exploration at the Daltons Nickel Project. The results are encouraging.

*"The Directors of Giralia Resources NL ("Giralia") are pleased to report a significant drill intersection of 3.5 metres grading approximately 2% nickel equivalent in the latest diamond drill hole completed at the Kingsway Zone of the Daltons project, located 150 kilometres south of Port Hedland. Hole RDDN029 returned an intersection of **3.5 metres @ 1.61% nickel, 0.85% copper and 0.81 g/t PGE, including 1.35 metres @ 2.29 % nickel and 1.09% copper.***

Giralia is the operator of the Daltons Joint Venture and has confirmed 75% interest from Haoma Mining NL (contributing at 25% interest). The Kingsway prospect comprises a 400 metre long basal contact segment at the irregular northern tip of the 5 kilometre long Daltons ultramafic body which has been the focus of surface and down hole electromagnetic ("EM") surveys and drilling by the joint venture for the past 12 months.

Hole No	East	North	*Incl/Az*	Depth (m)	From (m)	To (m)	Intersection	
RDDN029	724122	7621414	-68º/170º	312.7	282.8	286.3	**3.5m @**	**1.61% Ni 0.85% Cu 0.81 g/t PGE**
					incl 283.15	284.5	**1.35m @**	**2.29% Ni 1.09% Cu 0.89 g/t PGE**
					and 285.0	285.95	**0.95m @**	**1.76% Ni 1.05% Cu 1.07 g/t PGE**
RDDN030	724034	7621436	-70º/158º	Results awaited				

Datum AGD 84 Zone 50; PGE = Pt, Pd and Au; True thickness is estimated to be approximately 50% of the intersected length

*Mineralisation in RDDN029 is hosted by metasediments in the immediate footwall of a thick serpentinised ultramafic body, and occurs as fine disseminations and fracture controlled remobilised veinlets. The grade of the intersection (around 2% nickel equivalent) is significant as total sulphide content is relatively low (up to 10%) confirming the presence of highly enriched base and precious metal sulphides at Kingsway. Previous intersections suggest that grades in massive sulphides at Kingsway will exceed 20% nickel (ie: hole KDDH5 drilled in the1970s reportedly returned **0.36 metres @ 22.5% nickel, 4.12% copper**).*

CHAIRMAN'S REVIEW

> *The intersection in hole RDDN029 is located 65 metres up dip of previously drilled RDDN022 (which intersected **0.5 metres @ 1.98% Ni, 0.97% Cu, 0.42 g/t PGE, including 0.15 metres @ 5.82% Ni, 1.41% Cu, 1.35 g/t PGE**) and 60 metres west of RDDN025 (**0.2 metres @ 2.57% Ni, 1.42% Cu, 0.83 g/t PGE**).*

A follow up hole (RDDN030) targeted 100 metres west and below RDDN029 has been completed, and assay results from a zone of disseminated, and vein style mineralisation in serpentinite are awaited".

Exploration Activities in the Queensland Ravenswood District

Exploration activities in the Ravenswood District during the current Quarter have included:

1) A trenching program on the Waterloo Mining Lease (ML 1529).
2) An air core and RC drill program on the Old Man Mining Lease (ML1326).
3) An orientation soil and rock chip geochemical survey on the Burdekin Gold Exploration Permit.
4) Ongoing Native Title negotiations with the Kudjula and Birri Claimants.
5) Discussions with local property holders regarding compensation and access to their pastoral leases.
6) Discussions with local miners with the aim to access local gold processing facilities and other possible joint venture opportunities.

Old Man (ML-1326)

The Four Mile diggings are located on ML-1326, near the bank of Four Mile Creek, 3.5kms WNW of Ravenswood. The principal deposit, the Old Man Mine, was reported to be up to 40 feet wide. No historical production figures are available but several thousand tons at 12 g/t Au to 32g/t gold, were crushed. The mineralisation (as observed in residual dumps on surface) is unusual in being associated with coarse-grained magnetite, chalcopyrite, pyrite, minor sphalerite and coarse blebs and discrete segregations of quartz. Disseminated sulphides also occur as discrete blebs disseminated within the fine to medium grained porphyry host. Secondary malachite staining occurs on most joint surfaces within the porphyry intrusive near surface. Consequently the deposit appears to be a magnetite rich sulphide segregation within a small intrusive mass of porphyry

An air-core drilling program is currently being conducted on the historical Old Man Prospect (ML-1326) to evaluate a magnetic anomaly extending approximately 450m to the north of the historic mine site. The site is covered by thick alluvium from the adjacent creek. Air core drilling has intersected sulphide mineralization adjacent to the old workings, as well as a number of quartz veins. The veins appear to be confined to the porphyry host which appears to lie on a north-westerly trend. The gold mineralization is accompanied by relatively strong chlorite alteration, which is also well developed in the underlying tonalite. The results of this program should be available early in the first Quarter of 2006.

Copper Knob (ML-1330)

A literature review of metallurgical test work conducted by MIM on the Copper Knob oxide ores indicate that no metallurgical problems are likely. The possibility of blending the Copper Knob ores with ore from Podosky's and other areas in order to produce a viable cyanide leachable mill feed is currently being considered.

Burdekin Gold (EPM14297)

Exploration work conducted on EPM14297 during the Quarter involved an orientation soil sampling program and rock chip sampling along the main roads traversing the tenement. To date this work has been confined to the northern side of the Burdekin River as it is readily accessible from Ravenswood. The (Cu-Au) mineralization encountered during this work appears to be related to brecciated zones in late stage the silicified portions of rhyo-dacitic dykes and in narrow quartz veins traversing granodiorite. Follow up work will involve more detailed mapping and rock chip sampling over the priority targets.

Waterloo (ML-1529)

An additional 203m of trenching and 8 small pits were completed on ML1529 during the year. The trenches were dug in order to locate the source of abundant gold bearing quartz float located on the western side of the main Waterloo lode. This area had not previously been tested. The trenching located new auriferous veins of less than 1m in width and of relatively low grade. See summary of results detailed in Table 2.

CHAIRMAN'S REVIEW

Table 2 - WATERLOO-COSTEAN SUMMARY - 2005 -EPM 8771- KITCHENER MINING

TRENCH	FROM(m)	TO(m)	INTERVAL	Au	Ag	Cu	Pb	Zn	As
				FAA505	ICP21R	ICP21R	ICP21R	ICP21R	ICP21R
		Detection	level	0.01	1	2	5	2	2
				1000	100	10000	5000	10000	
UNITS				PPM	PPM	PPM	PPM	PPM	PPM
WAC-2	3	4	1	1.63	2.2	1685	2540	1445	23
WAC-3	2	3	1	0.6	0.8	1255	0.58%	2800	5
WAC-3	3	4	1	0.93	<0.5	981	2520	1740	<2
WAC-4	3	4	1	1.72	20.4	3470	3290	584	28
WAC-4	20	21	1	1.39	10.9	1235	798	395	8
WAC-4	60	62	2	0.21	2.6	306	625	893	
PIT	Alluvial	125A		0.85	15	316	469	300	
PIT	Alluvial	150A		0.69	11.2	133	153	187	
WAC-5	3	4	1	1.25	4	1700	3090	1090	
WAC-5	GS1	Dump		15.2	75	3300	>5000	118	
WAC-6	46	48	2	0.31	<	724	1370	1820	122
WAC-6	4	4.42	0.42	11.3	24	707	427	161	125

Finally, the Directors would like to thank all employees, contractors and consultants who have worked for the company for their positive efforts during unfortunate and difficult times over the last year.

In particular, Haoma thanks Mr Peter Cole and Ms Sharon Winsor at Bamboo Creek; Mr Ron Furnell at Ravenswood; Mr John and Jolene Patey at the Comet Gold Mine; and Haoma's Consultants Professor Peter Scales and Mr William Goodall from the University of Melbourne and Mr Robert Skrzeczynski. They have all made significant contributions to Haoma during the past year.

Gary C. Morgan
Chairman

DIRECTORS' REPORT

In accordance with a resolution of the Board of Directors, the Directors' present their report on the company and its controlled entities for the financial year ended June 30, 2005.

DIRECTORS

The persons who have been a Director of the Company at any time during or since the end of the year are:

Gary Cordell Morgan (Chairman)
Michele Levine
John Lachlan Charles McInnes

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

COMPANY SECRETARY

The following persons held the position of company secretary at the end of the financial year:

Jillian Jepson – B. Ec, CA. Ms. Jepson was appointed company secretary on 5 February 2005.

James Wallace – B.Ec, CA. Mr. Wallace was appointed company secretary on 21 November 1997.

PRINCIPAL ACTIVITIES

The principal activities of the Economic Entity during the financial year were gold mining, mineral exploration and mining development. There was no significant change in the nature of the principal activities during the year.

OPERATING RESULTS

The consolidated loss of the Economic Entity for the financial year to June 30, 2005, was $21,617,956.

DIVIDEND

No dividends have been paid or declared during or since the end of the financial year.

REVIEW OF OPERATIONS AND RESULTS

During the financial year the Economic Entity continued its mining and mineral exploration activities. The loss for the year primarily reflects the significant write down in the carrying value of mineral tenement and goodwill and expenditures undertaken in fulfilling Haoma's exploration programs.

Emphasis during the year was on determining the viability of processing tailings material from the Bamboo Creek Gold Mine and developing an effective assay method for Mickey's Find mineralisation.

From work done by Haoma, in conjunction with Consultants from the University of Melbourne, the assay problem is now understood to the point where consistent and repeatable upgrades of the gold values are obtained for ores from the Bulletin-Bamboo Creek and Mickey's Find deposits, along with tailings material from the Bamboo Creek Gold Mine.

Significant difficulties, however, were experienced in producing a concentrate from Bamboo Creek tailings material.

DIRECTORS' REPORT

As reported to the Australian Stock Exchange on July 27, 2005, the Directors of Haoma have reviewed the current gold mining operations of the company and evaluated its ongoing viability. Despite significant investment and effort over the last two years to make the mining operations profitable, the necessary commercialization of the 'Elazac' gold extraction process continues to prove elusive. This development work has been funded by loans from Mr. G C Morgan and his wife. The Board recognizes that significant funds would be needed to continue development work at the same level of activity that occurred during the 2005 financial year. They considered that this would impose an intolerable level of debt on Haoma. Accordingly, the mining and processing operations of the Economic Entity have been placed on care and maintenance until a corporate restructure is finalised. Haoma continues to conduct research on a small scale.

FINANCIAL POSITION

The consolidated financial position of the Economic Entity has deteriorated from net assets of $21,854,988 at 30 June 2004 to a net deficiency of $4,480,085 at 30 June, 2005. This deterioration is attributable to the following factors:

- write down of the carrying value of assets to their recoverable amount;

Historically, the assets of the Economic Entity have been valued on the basis that Haoma would successfully commercialize the 'Elazac Process'. With the downsizing of operations of the Company, together with the fact that, to date, the company is not able to commercialise the Elazac process, the Board expressed concern that the carrying value of the mineral tenements, classified as a non-current asset, were in excess of their recoverable amount. The Directors considered that a reader of the financial reports for the year ended June 30, 2005 may form an incorrect conclusion concerning the asset values. Existing documentation and other records held by the company in regard to the valuation of the mineral tenements were considered inadequate to properly determine their recoverable amounts. As a result, the Directors sought an Independent Expert valuation of its mineral tenements. The report was delivered to the Directors on November 3, 2005. The Directors chose to adopt the asset values in accordance with the valuation report. This has resulted in a write down in the value of the assets from $20,637,233 to $7,535,000.

- goodwill write down of $1,616,828;

In view of the changes to the scale and expected commercial viability of operations, the Board considered that the goodwill as reported in the consolidated accounts exceeded its recoverable amount. As at 30 June, 2005, the goodwill has been fully amortized.

- and, amounts due to related parties;

Funding for the Company's operations for the year were provided by Haoma's Chairman and his wife, Mr & Mrs Gary Morgan. The amount due to Mr & Mrs Morgan has increased from $768,121 at 30 June 2004 to $10,058,449 at 30 June, 2005. Mr & Mrs Morgan have undertaken to continue to financially support the Economic Entity.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Apart from matters already disclosed, there were no significant changes in the state of affairs of Haoma during the year to 30 June 2005.

EVENTS SUBSEQUENT TO BALANCE DATE

On 27 July 2005, Haoma announced to the market that the Directors intend to restructure the company, while placing its mining and processing operations on care and maintenance. The details of the restructure have not yet been finalised due to the complexity of the proposed transaction.

Except for the above disclosures, no other matter or circumstance has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the Economic Entity, the results of those operations, or the state of affairs of the Economic Entity in future financial years.

DIRECTORS' REPORT

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Further information on likely developments in the operations of the consolidated entity or details of the restructure proposal have not been included in this report because at this stage the Directors believe it would be likely to result in unreasonable prejudice to the consolidated entity. As Haoma is listed on the Australian Stock Exchange, it is subject to the continuous disclosure requirements of the ASX Listing Rules which require immediate disclosure to the market of information that is likely to have a material effect on the price or value of Haoma's securities.

ENVIRONMENTAL ISSUES

The gold mining, exploration and mining development activities of Haoma Mining NL are subject to significant environmental regulation. Environmental legislation under which the company conducts its activities is principally Australian State Government legislation and includes in Western Australia; the Mining Act (1978), the Environmental Protection Act (1986) and the Aboriginal Heritage Act (1980) and in Queensland; the Mineral Resources Act (1989) and the Environmental Protection Act (1994).

The company has complied with environmental protection and rehabilitation requirements and has management and reporting systems for all of the areas in which it has interests. Regular reviews are conducted in regard to environmental compliance matters. The environmental impact of the operation of the company's processing plants at Normay and at Bamboo Creek, Western Australia is subject to continuous assessment. There were no significant matters in regard to environmental control or management that arose during the year.

The company will continue to monitor its performance in relation to the environment. That process will include the ongoing assessment of the environmental impact of each of the company's operations and the development of additional reporting and communications systems to ensure compliance and identify items for specific action.

DIRECTORS' REPORT

INFORMATION ABOUT DIRECTORS AND OFFICERS

Gary Cordell **MORGAN**, B.Comm	Chairman
Appointment Date:	May 10, 1991
Experience:	Executive Chairman of Roy Morgan Research Pty Ltd. He is a member of a number of research and marketing organizations throughout the world.
Interest in Shares and Options:	Indirect and beneficial interest in 128,182,961 shares in Haoma Mining NL via Directorships and interest in Leaveland Pty Ltd, Roy Morgan Research Pty Ltd and G&G Morgan Superannuation Fund.
Directorships held in other listed entities:	Nil
Special Responsibilities:	Audit Committee (Interim)

John Lachlan Charles **McINNES**, B.Comm, FCA	Non-executive Director
Appointment Date:	May 10, 1991
Experience:	Chartered Accountant and senior partner in the firm McInnes, Graham and Gibbs. He is a Registered Company Auditor and is Chairman of the Company's Audit and Finance Committee. Mr. McInnes is also a Director of other companies associated with Haoma's Chairman, Mr. Gary Morgan.
Directorships held in other listed entities:	Director of Pacific Hydro Ltd (since February 1993). Trustee of Melbourne and Olympic Parks. Formerly Chairman of Futuris Corporation Ltd.
Interest in Shares and Options:	Indirect interest in 126,379,704 shares in Haoma Mining NL via Directorships in Leaveland Pty Ltd and Roy Morgan Research Pty Ltd. Indirect and beneficial interest in 1,500,000 shares in Haoma Mining NL via Directorship and interest in Etonwood Management Pty Ltd. Direct interest in 4,500 shares.
Special Responsibilities:	Chairman of Audit Committee.

Michele **LEVINE**, B.Sc (Hons), Env. St	Executive Director
Appointment Date:	August 8, 1994
Experience:	Director and Chief Executive Officer of Roy Morgan Research Pty Ltd.
Directorships held in other listed entities:	Nil
Interest in Shares and Options:	Indirect interest in 4,919,452 shares in Haoma Mining NL via Directorship in Roy Morgan Research Pty Ltd. Indirect and beneficial interest in 1,319,000 shares in Haoma Mining NL via interest in the Levine Family Superannuation Fund and Levine Family Trust. Direct interest in 12,000 shares.
Special Responsibilities:	Nil

James WALLACE B.Ec, CA	Company Secretary
Appointment Date:	November 21, 1997
Experience:	Chartered Accountant
Directorships held in other listed entities	Nil
Interest in Shares and Options	Shares – nil,
Special Responsibilities	Audit Committee

Jill JEPSON B.Ec, CA	Company Secretary
Appointment Date:	February 5, 2005
Experience:	Chartered Accountant and Chief Financial Officer of Roy Morgan Research.
Directorships held in other listed entities	Nil
Interest in Shares and Options	Shares – 28,000
Special Responsibilities	Nil

DIRECTORS' REPORT

No Director, during or since the end of the financial year, has received or become entitled to receive a benefit by reason of a contract made by the Company or a related body corporate with the Director or with a firm of which he is a member, or with an entity in which he has a substantial financial interest other than as shown in Note 30 (Related Party Information) to the financial statements.

During the year Roy Morgan Research Pty Ltd provided significant administrative support and services to the Company. That support is continuing. Roy Morgan Research Pty Ltd has charged a base fee of $25,000 per month for those services.

REMUNERATION REPORT
The Board of Directors are responsible for determining and reviewing compensation arrangements for the Directors and senior management. This involves assessing the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions, and including length of service, particular experience of the individual concerned. The contracts for service between the Company and specified Directors and Executives are on a continuing basis the terms of which are not expected to change in the immediate future. Upon retirement specified Directors and Executives are paid employee benefit entitlements accrued to date of retirement. Termination payments are generally not on resignation or dismissal for serious misconduct. Employee contracts do not contain clauses linking remuneration to company performance

Such officers are given the benefit to receive their base emoluments in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue costs for the Company.

The following table discloses the remuneration of the directors and the highest remunerated executives of the Consolidated Entity. Detail's of Directors' positions and current year appointments are contained in note 23 to the financial statements.

	Primary			**Post Employment**			**Equity**	
	Salary and Fees	**Bonus**	**Non-Cash Benefits**	**Super-annuation**	**Prescribed benefits**	**Other**	**Options**	**Total**
Directors	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
2005								
Mr. G Morgan	40,000	-	-	-	-	-	-	40,000
Ms. M Levine	40,000	-	-	3,600	-	-	81,200	124,800
Mr. J McInnes	40,000	-	-	3,600	-	-	-	43,600
Total	**120,000**	-	-	**7,200**	-	-	**81,200**	**208,400**

Executives

Mr. J Wallace	68,000	-	-	10,000	-	-	13,440	91,440
Ms. J Jepson*	-	-	-	-	-	-	-	-
Mr. C Skinner	59,606	-	-	5,365	-	-	13,440	78,411
Mr. R Skrzeczynski	81,870	-	-	5,365	-	-	13,440	100,675
Mr. Peter Cole	166,800	-	-	-	-	-	33,600	200,400
Total	**376,276**	-	-	**20,730**	-	-	**73,920**	**470,926**

* The services of J Jepson are employed by Roy Morgan Research Pty Ltd. Roy Morgan Research Pty Ltd claim these cost by way of a management fee. Refer to note 30 of the accounts – Related Party Transactions.

DIRECTORS' REPORT

Names and positions held of parent entity directors and specified executives in office at any time during the financial year are:

Name	Position held	Period of responsibility
Directors		
Mr. Gary Morgan	Chairman (Executive)	-
Ms. Michele Levine	Director (Executive)	-
Mr. John McInnes	Director (Non Executive)	-
Specified Executives		
Mr. James Wallace	Company Secretary	-
Ms. Jillian Jepson	Company Secretary	From February 5, 2005
Mr. Peter Cole	Consultant and Acting General Manager	-
Mr. Cameron Skinner	General Manager and Mining Manager	Up to September 24, 2004
Mr. Robert Skrzeczynski	Marketing Director / Technical Advisor to the Board	-

Value of options issued to directors and executives

As at the 2004 AGM shareholders approved the extension of the 2,000,000 options to Michele Levine as Director of the company with an exercise price of $0.10. Shareholders also approved the issue of options to other executives of the company as detailed in the schedule below. The options were issued in recognition of efforts during the 2 years to June 30, 2003, in particular during the recommissioning of the Bamboo Creek and Normay Plants and the litigation and negotiations between Haoma and Carpentaria Gold Pty Ltd / MIM Ltd

The non-renounceable options may be converted to equivalent number of Haoma Mining NL shares.

The options were exercisable until August 8, 2005. At the date of the report all options had expired before being exercised.

The remuneration of other directors and senior management is not dependent on satisfaction of predetermined performance criteria, however, a bonus can be paid to senior management at the discretion of the Chairman.

The following table discloses the value of options granted, exercised or lapsed during the year.

	Options Granted Value at grant date	Options Exercised Value at exercise date	Options Lapsed Value at time of Lapse	Total value of options granted, exercised and lapsed	Value of options included in remuneration for the year	Percentage of total remuneration for the year that consists of options
	$	$	$	$	$	%
M Levine	81,200		200,000	281,200	81,200	65.1
J Wallace	13,440		10,000	23,440	13,440	14.7
P Cole	33,600		25,000	58,600	33,600	16.7
Robert Skrzeczynski	13,440		10,000	23,440	13,440	13.3
C Skinner	13,440		10,000	23,440	13,440	17.1

DIRECTORS' REPORT

The total value of options included in remuneration for the year is calculated in accordance with Accounting Standard AASB 1046 'Director and Executive Disclosures by Disclosing Entities', as amended by Account Standard AASB 1046A. This requires

- The value of the options and contractual rights to options are determined at grant date, and is included in remuneration on a proportionate basis from grant date to vesting date. Where the options immediately vest the full value of the option is recognized in remuneration in the current year.
- All options vest at the date of issue unless otherwise disclosed.

Share Options
At the date of this report, there are no share options on issue. All 4,900,000 options on un-issued shares, granted August 8, 2004 (2,900,000) and December 14, 2004 (2,000,000), have expired.

DIRECTORS' MEETINGS

During the financial year there were six full meetings of the Board of Directors and two meetings of the Audit Committee. The number of meetings attended by each of the Directors is:

	Full meetings of Directors	Meetings of Audit Committee
Number of meetings held:	6	2
Number of meetings attended by:		
Mr. G C Morgan	6	2
Ms. M Levine	5	-
Mr. J McInnes	5	2

INDEMNIFICATION OF OFFICERS AND AUDITORS

The Company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Company or related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings.

PROCEEDINGS ON BEHALF OF ENTITY

No person has applied for leave of Court to bring proceedings on behalf of the company or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

AUDITORS INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2005 has been received and can be found on page 16.

DIRECTORS' REPORT

NON-AUDIT SERVICES

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons;

- the auditors at no time acted in a management or decision making capacity for the company;
- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australian and CPA Australia's Professional Statement F1: Professional Independence.

The following fees for non-audit services were paid to the external auditor during the year 30 June 2005:

Taxation Compliance Services: $ 10,236

This report is signed in accordance with a resolution of the Directors.

Gary C. Morgan
Chairman

Melbourne,
December 21, 2005.

A Member Firm of PKF International

PKF

Chartered Accountants
& Business Advisers

Level 11, CGU Tower
485 La Trobe Street
Melbourne 3000
GPO Box 5099BB
Melbourne 3001

Tel: (03) 9603 1700
Fax: (03) 9602 3870

www.pkf.com.au

INDEPENDENCE DECLARATION

TO : THE DIRECTORS OF HAOMA MINING NL

As lead engagement partner for the audit of Haoma Mining NL and its controlled entities for the year ended 30 June 2005, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Corporations Act in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

PKF

PKF
Chartered Accountants

M L Port
Partner

21 December 2005
Melbourne

A Victorian Partnership

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Haoma Mining NL ("Haoma") is responsible for the Corporate Governance Practices of the Economic Entity. The Board guides and monitors the business and affairs of Haoma Mining NL on behalf of the shareholders by whom they are elected and to whom they are accountable.

Unless otherwise disclosed below, best practice recommendations of the Australian Stock Exchange (ASX) Corporate Governance Council have been applied for the entire financial year ended 30 June 2005.

Composition of the Board

The skills, experience and expertise relevant to the position of each Director who is in office at the date of the annual report and their term of office are detailed in the Director's Report.

The Directors in office at the date of this statement are:

Name	Position
G C Morgan	Chairperson, Director
M Levine	Executive Director
J L C McInnes	Non-Executive Director

To ensure the Board is well equipped to discharge it's responsibilities it has established guidelines for the nomination and selection of Directors and for the operation of the Board. The Non-Executive Director is a leader in his field and holds senior positions in other Australian companies.

Directors are appointed for a three year term after which time they seek re-election by shareholders.

The ASX recommends that the majority of the Directors should be Independent, the Chairman should be an Independent Director and should not also be the Chief Executive Officer.

As noted above, Mr. Gary Morgan is the Chairman of Haoma. Mr. Morgan is not considered to be an Independent Director due to his family's 63% shareholding in Haoma. Mr. John McInnes is not deemed to be an Independent Director because he is a Director of companies that control Mr. Morgan's family shareholding in Haoma and he has been on the Board for more than 10 years. Michele Levine is not an Independent Director as she is the Chief Executive of Roy Morgan Research Pty Ltd which is a private company controlled by Mr. Morgan.

Accordingly, Haoma does not comply with ASX Corporate Governance Council Best Practice Recommendation 2.1 to 2.4 regarding independence. The relevance of this non-compliance must be considered in light of the fact that entities controlled by Mr. Gary Morgan hold shares in the company representing over 63% of the issued capital. Haoma is not a large company with a broad spread of shareholders. It is a company controlled and managed by Mr. Morgan in which outside shareholders have the opportunity to invest because it has ASX listing. The extent of Mr. Morgan's personal and financial commitment to Haoma is not new and is well known to the market. The overwhelming majority of current shareholders acquired their shares in the full knowledge of that relationship.

The company does not comply with the recommendations relating to Board independence. All Directors actively participate in meetings of Directors and it is not considered that the company or its shareholders are compromised or disadvantaged by the current Board structure.

All Directors have the right to seek Independent professional advice in the furtherance of their duties as Directors at the company's expense. Written approval must be obtained from the Chairman prior to incurring any material expense in this regard.

The ASX Corporate Governance Council Best Practice Recommendations recommends that the company has an Audit, Nomination, and Executive Remuneration Committee and in the case of Haoma the members of the Board fulfils that role.

CORPORATE GOVERNANCE STATEMENT

Trading Policy

The size of the company allows adherence to generally acceptable levels of integrity and ethical behavior without the need for a formal code of conduct.

Directors and officers of the company may not deal in the company's securities when they are in possession of information not publicly known that may influence the price of the company's shares.

Audit Committee

Haoma has for many years maintained a formal Audit sub-committee of the Board. The Audit Committee operates under a charter approved by the Board. It is the Audit Committee's responsibility to ensure that an effective internal framework exists within the entity. This includes internal controls, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators.

The Audit Committee provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial statements.

The Audit committee is also responsible for nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual statutory audit and half year statutory review. A formal sign off of the accounts by the Chief Executive Officer and Chief Financial Officer is required.

Timely and Balanced Disclosures

Haoma provides timely and balanced disclosures of all material matters concerning the Company as required by the ASX listing rules. This means that all investors have equal and timely access to material information concerning the company – including its financial situation, performance, ownership and governance. The Company's announcements are factual and presented in a clear and balanced way to present positive and negative information.

The Directors are aware of the disclosure obligations as per the Corporations Act 2001 (Cth). and ASX Listing rules and the need to comply with them. There is no formal document covering disclosure and compliance with ASX listing rules.

Respecting the Rights of Shareholders

The Board acts on behalf of the shareholders and is accountable to the shareholders. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. In discharging these duties the Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical obligations.

The Company recognizes and respects the rights of shareholders and facilitates the effective exercise of those rights. The Company empowers its shareholders by: communicating effectively with them; giving them ready access to balanced and understandable information about Company and corporate proposals; and, makes it easy for shareholders to participate in General Meetings.

While the Company does not have a documented procedure there is regular communication with shareholders including the mailing of ASX Quarterly Activity Reports and information on matters of significance which affect the Company. Company information is continuously updated on the website; www.haoma.com.au. At each Annual Meeting shareholders are given a detailed briefing regarding the activities of the Company and shareholders are encouraged to both attend and participate in General Meetings. It is considered the size of the company does not warrant a formal written policy in this area.

The auditors attend the Annual General Meeting each year.

Risk Management

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to minimize the impact of accidental loss or damage to the company.

CORPORATE GOVERNANCE STATEMENT

Performance Evaluation

The responsibility for the operation and administration of the Economic Entity is delegated by the Board to Mr. Gary Morgan and Management. The Board ensures that personnel are appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the management team.

Although Haoma does not comply with the ASX Corporate Governance Council Best Practice Recommendation 8 regarding ‘performance evaluation’, it is considered that the size of the company and the structure of the Board do not necessitate full compliance with this recommendation.

Remuneration Committee

The accounts contain all details of Directors’ remuneration and the remuneration of senior staff to the extent required by law. The company is small and because of its size and structure it is not considered necessary to have a Remuneration Committee of the Board.

There are no schemes for retirement benefits other than statutory superannuation for non-executive Directors.

Other Information

The Board and senior executives are aware of the need to comply with all laws relevant to operations of the Company. Due to the size and structure of Haoma it is not considered necessary to have a formal written code of conduct.

Good Corporate Governance is dependent on the culture of the Company generally, and Board and Senior Management in particular. Mere compliance with the ASX recommendations in itself however, will not necessarily result in good corporate governance.

The Board of Haoma is committed to ensuring that a standard of good governance is maintained. It does this by ensuring that the company complies with not only the letter of the many regulations and laws governing the company’s operations but also complies with the spirit and intent of those regulations and laws. It is also committed to ensuring that the shareholders and the market are kept fully informed regarding the company’s operations and strategic direction.

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED JUNE 30, 2005

	Note	Economic Entity		Parent Entity	
		2005 **$**	2004 $	**2005** **$**	2004 $
Revenues from ordinary activities	2	**1,526,940**	442,831	**1,526,940**	442,831
Cost of sales		**(2,489,283)**	(1,178,899)	**(2,507,390)**	(1,178,899)
Test work and plant configuration expenditure		**(4,695,194)**	(2,461,961)	**(4,155,604)**	-
Exploration and tenement costs expensed		**(233,702)**	(2,812,030)	**(189,561)**	(2,089,083)
Write down of carrying value of mineral tenements	3	**(9,064,265)**	-	**(11,834,776)**	-
Provision for rehabilitation		**(1,500,000)**	-	**(500,000)**	-
Recoverable amount write-down - intercompany loan	3	**-**	-	**(3,573,830)**	-
Permanent diminution on carrying value of controlled entities	3	**-**	-	**(4,071,752)**	-
Write down of carrying value of inventory	3	**(341,584)**	-	**(243,754)**	-
Write down of plant and equipment		**(500,000)**	-	**(500,000)**	-
Borrowing costs	3	**(564,907)**	(8,724)	**(564,907)**	(8,720)
Depreciation and amortisation costs	3	**(1,840,782)**	(1,484,121)	**(653,593)**	(334,041)
Written down value of assets disposed		**(583,741)**	-	**(583,741)**	-
Write down of goodwill	3	**(1,616,828)**	-	**-**	-
Administration and compliance costs		**(869,610)**	(957,008)	**(804,156)**	(868,465)
Management fee reversal	3	**1,155,000**	-	**-**	-
Profit (loss) from ordinary activities before income tax expense		**(21,617,956)**	(8,459,912)	**(28,656,124)**	(4,036,377)
Income tax (expense) benefit relating to ordinary activities	4	**-**	1,499,185	**-**	511,270
Net profit (loss) attributable to members of the parent entity		**(21,617,956)**	(6,960,727)	**(28,656,124)**	(3,525,107)
Net decrease in asset revaluation reserve	20	**(4,717,117)**	-	**(437,037)**	-
Total changes in equity other than those resulting from transactions with owners as owners attributable to members of the parent entity		**(26,335,073)**	(6,960,727)	**(29,093,161)**	(3,525,107)
Basic earnings (loss) per share (cents per share)	19	**(11.20)**	(3.61)		
Diluted earnings (loss) per share (cents per share)	19	**(11.20)**	(3.61)		

The above Statements of Financial Performance should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED JUNE 30, 2005

	Note	Economic Entity		Parent Entity	
		2005 **$**	2004 $	**2005** **$**	2004 $
Current Assets					
Cash Assets	6	**29,210**	106,093	**25,103**	99,186
Receivables	7	**69,459**	41,105	**69,458**	2,999,541
Inventories	8	**582,618**	539,032	**582,618**	303,844
Total Current Assets		**681,287**	686,230	**677,179**	3,402,571
Non-Current Assets					
Other financial assets	9	-	-	-	4,071,752
Property, plant and equipment	10	**2,791,834**	3,225,401	**2,621,306**	3,017,666
Exploration and evaluation	11	**7,535,000**	20,637,233	**6,535,000**	18,127,664
Intangibles	13	-	2,747,308	-	-
Total Non-Current Assets		**10,326,834**	26,609,942	**9,156,306**	25,217,082
Total Assets		**11,008,121**	27,296,172	**9,833,485**	28,619,653
Current Liabilities					
Payables	14	**1,386,703**	1,215,618	**1,201,307**	925,250
Interest bearing liabilities	15	**10,525,873**	1,126,665	**10,525,873**	1,126,665
Provisions	16	**1,559,923**	103,133	**559,923**	103,133
Tax Liability	17	**749,866**	749,866	**749,866**	749,866
Total Current Liabilities		**14,222,365**	3,195,282	**13,036,969**	2,904,914
Non-Current Liabilities					
Payables	14	-	1,155,000	-	-
Interest bearing liabilities	15	**1,265,840**	1,090,902	**1,265,840**	1,090,902
Total Non-Current Liabilities		**1,265,840**	2,245,902	**1,265,840**	1,090,902
Total Liabilities		**15,488,205**	5,441,184	**14,302,809**	3,995,816
Net Assets/(Deficiency)		**(4,480,084)**	21,854,988	**(4,469,324)**	24,623,837
Shareholders Equity					
Contributed Equity	18	**59,662,124**	59,662,124	**59,662,124**	59,662,124
Reserves	20	**6,182,915**	11,299,489	**5,068,032**	5,904,526
Accumulated Losses	21	**(70,325,124)**	(49,106,625)	**(69,199,480)**	(40,942,813)
Total Shareholders' Equity/(Deficiency)		**(4,480,085)**	21,854,988	**(4,469,324)**	24,623,837

The above Statements of Financial Position should be read in conjunction with the accompanying notes.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2005

		Economic Entity		Parent Entity	
	Note	**2005 $**	2004 $	**2005 $**	2004 $
Cash flows from operating activities					
Cash receipts in the course of operations		**645,527**	55,984	**645,527**	55,984
Interest received		**3,425**	136,201	**3,425**	136,201
Other income		**247,554**	210,469	**247,554**	210,369
Cash payments to suppliers and employees		**(8,256,274)**	(3,859,925)	**(7,690,762)**	(1,532,509)
Interest paid		**(110,723)**	(3)	**(110,723)**	-
Net cash provided by (used in) operating activities	32(a)	**(7,470,490)**	(3,457,274)	**(6,904,979)**	(1,129,955)
Cash flows from investing activities					
Purchase of property, plant and equipment		**(757,252)**	(2,812,418)	**(663,336)**	(2,585,085)
Disposal of property, plant and equipment		**608,642**	1,500,000	**608,642**	1,500,000
Exploration and development expenditure capitalised		**(912,829)**	(2,575,719)	**(868,808)**	(1,852,772)
Advances to related party entity		**-**	-	**(700,648)**	(3,285,257)
Net cash provided by (used in) investing activities		**(1,061,439)**	(3,888,137)	**(1,624,150)**	(6,223,114)
Cash flows from financing activities					
Loans from related parties		**8,834,767**	759,404	**8,834,767**	759,404
Lease liability repayment		**(379,721)**	(209,757)	**(379,721)**	(209,757)
Net cash provided by (used in) financing activities		**8,455,046**	549,647	**8,455,046**	549,647
Net increase (decrease) in cash held		**(76,883)**	(6,795,764)	**(74,083)**	(6,803,422)
Cash at the beginning of the financial year		**106,093**	6,901,857	**99,186**	6,902,608
Cash at the end of the financial year	6	**29,210**	106,093	**25,103**	99,186

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

1 *Statement of Significant Accounting Policies*

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the Economic Entity of Haoma Mining NL and controlled entities, and Haoma Mining NL as an individual Parent Entity. Haoma Mining is a listed public company, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the Economic Entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Principles of Consolidation

A controlled entity is any entity controlled by Haoma Mining NL. Control exists where Haoma Mining NL has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Haoma Mining NL to achieve the objectives of Haoma Mining NL. A list of controlled entities is contained in Note 9 to the financial statements.

All inter-company balances and transactions between entities in the economic entity during the year have been eliminated, their operating results have been included from the date control was obtained or until the date control ceased.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

Outside interest in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

(b) Income Tax

The Economic Entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expenses are included in the determination of accounting profit and taxable income are brought to account as either a Deferred Tax Liability or as a Deferred Tax Asset at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Deferred Tax Assets are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Economic Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Haoma Mining NL and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime from 1 July 2003. Haoma Mining NL is responsible for recognising the current and deferred tax assets and liabilities for the tax consolidation group. The tax consolidation group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to the net profit before tax of the tax consolidated group.

(c) Inventories

Inventories are accounted for as follows:

- Stores are valued at the lower of cost and net realisable value,
- Inventories of Run of Mine Ore Stockpiles, Work in process, heap leach material and gold bullion are physically measured or estimated and are valued at the lower of cost and recoverable amount (that is, net realisable value),
- Cost includes all mining, milling and processing expenditure as well as all administration expenditure directly associated with the production of metal.

1

(d) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

Property
Freehold land and buildings are measured on the fair value basis, being the amount for which an asset could be exchange between knowledgeable willing paries in an arm's length transaction. Annual appraisals of the fair value of freehold land and building is made by the directors.

Plant and equipment
The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Economic Entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Depreciation
The depreciation amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their lives to the economic entity commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to depreciation. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are;

Class of Fixed Asset	Depreciation Rate
Plant and equipment	20%
Leased plant and equipment	10-20%

(e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the Economic Entity, are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over the their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all risks and benefits remain with the lessor, are charged as an expense in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability. Lease payments received reduce the liability.

The gain or loss on the sale and leaseback of an asset is classified as a finance lease and is deferred and amortised over the lease term.

(f) Investments

Investments have been brought to account as follows;

- At cost or Directors' valuation as noted in the financial statements,
- Where, in the opinion of the Directors, there has been a permanent diminution in the value of investments a provision for diminution has been made.

1

(g) Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. This financial year, the Directors sought the valuation of its mineral tenements by a specialist independent valuer to determine whether the carrying value is appropriate. The value of Exploration and Development expenditure adopted in the June 30, 2005 accounts is based upon the Independent Valuation report prepared by Golder Associates, dated October 2005.

(h) Restoration Costs

Restoration costs that are expected to be incurred are provided for as part of the cost of the exploration, evaluation, development, construction or production phases that give rise to the need for restoration. Accordingly, these costs are recognised gradually over the life of the facility as these phases occur. The costs include obligations relating to reclamation, waste site closure, plant closure, platform removal and other costs associated with the restoration of the site. These estimates of the restoration obligations are based on anticipated technology and legal requirements and future costs, which have been discounted to their present value. Any changes in the estimates are adjusted on a retrospective basis. In determining the restoration obligations, the entity has assumed no significant changes will occur in the relevant Federal and State legislation in relation to restoration of such mines in the future.

(i) Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair valued attributed to its net assets at date of acquisition. Both purchased goodwill and goodwill on consolidation are amortised on a straight line basis over the period of 20 years. The balances are reviewed annually and any balance representing future benefits for which the realisation is considered to be no longer probable are written off.

(j) Foreign Currency Transactions and Balances

Foreign currency transactions during the year are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance are converted at the rates of exchange ruling at that date.

The gains and losses from conversion of assets and liabilities, whether realised or unrealised, are included in profit from ordinary activities as they arise

(k) Employee Benefits

Provision is made for the company’s liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, annual leave, and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash flows to be made for those benefits.

Contributions are made by the economic entity to employee superannuation funds and are charged as expenses when incurred.

The value of equity based compensation described in note 23 is not being recognised as an employee benefits expense.

(l) Cash

For the purpose of the statement of cash flows, cash includes:

- cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts; and
- investments in money market instruments with less than 14 days to maturity.

1

(m) Revenue

Revenue from the production and sale of precious metal is recognised upon supply of refined metal to the customer or on delivery against forward sale contracts.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue from the rendering of services is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(o) Comparative Figures

Where required by the Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(p) Going Concern

The Economic Entity recorded a consolidated loss of $21,617,956 (2004: consolidated loss $6,960,727) for the year. It has a net current liability of $13,541,078 (2004: net current liability of $2,509,052) and negative shareholders equity of $4,480,085 (2004: net positive shareholders equity of $21,854,988).

The financial statements have been prepared on the basis of the going concern principle. That principle contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. To support the ongoing operations of the Economic Entity, Mr. Gary Morgan, Director and Chairman, has given an undertaking that he will personally ensure that funds will be available to the Economic Entity to ensure that there is no shortfall of funding required for operations for a period of at least 12 months from the date of this report. At June 30, 2005 Mr Morgan had advanced funds of $10,058,449 (2004: $768,121) to the company.

(q) Loan from Directors

Loans from Directors are measured at the principal amount. Interest is recognised as an expense as it accrues.

(r) Events Subsequent to Balance Date

On 27 July 2005, Haoma announced to the market that the Directors intend to restructure the company, while placing its mining and processing operations on care and maintenance. The details of the restructure have not yet been finalised due to the complexity of the proposed transaction. Refer to Directors' report.

2 *Revenue*

	Economic Entity		Parent Entity	
	2005 $	2004 $	**2005 $**	2004 $
Operating activities: -				
Gold sales	645,527	55,984	645,527	55,984
Silver sales	3,727	-	3,727	-
Non-operating activities: -				
Proceeds on sale of property, plant and equipment	608,673	-	608,673	-
Interest received	3,425	136,201	3,425	136,201
Other Revenue	265,588	250,646	265,588	250,646
Revenue from ordinary activities	1,526,940	442,831	1,526,940	442,831

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

3 *Loss From Ordinary Activities*

	Economic Entity		Parent Entity	
	2005	2004	**2005**	2004
	$	$	**$**	$
Loss from ordinary activities before income tax has been determined after:				
(a) Expenses				
Borrowing costs				
Interest paid to director	**455,561**	8,724	**455,561**	8,720
Interest paid to financial institutions	**109,346**	-	**109,346**	-
Total borrowing costs	**564,907**	8,724	**564,907**	8,720
Write down of carrying value of inventory	**341,584**	-	**243,754**	-
Depreciation of non-current assets				
Property, plant and equipment	**487,969**	353,639	**431,262**	334,041
Leased Assets	**222,331**	-	**222,331**	-
Total depreciation	**710,300**	353,639	**653,593**	334,041
Amortisation of non-current assets				
Amortisation of goodwill	**1,130,482**	1,130,482	-	-
Recoverable amount write down - Goodwill on consolidation	**1,616,828**	-	-	-
Total Amortisation	**2,747,310**			
Total Depreciation & Amortisation	**3,457,610**	1,484,121	**653,593**	334,041
Write Down of Carrying Value of Mining Tenements				
Mining Leases	**5,308,914**	-	**8,088,994**	-
Exploration & Development Expenditure	**3,755,351**	-	**3,745,782**	-
Total Recoverable Amount Write Down	**9,064,265**	-	**11,834,776**	-
Management Fee reversal				
Management fee (refer to note 29)	**(1,155,000)**	-	-	-
Total Management Fee reversal	**(1,155,000)**	-	-	-
Inter-company Loan write-down				
Write down of Inter-company loan	-	-	**3,573,830**	-
Total Inter-company Loan Write-down	-	-	**3,573,830**	-
Write down of carrying value of controlled entity				
Write down of carrying value of controlled entity			**4,071,752**	-
Write down of carrying value of controlled entity	-	-	**4,071,752**	-
(b) **Revenue and Net Gains**				
Net Gain on disposal of non-current asset				
- Property, plant and equipment	**24,932**	-	**24,932**	-

	Note	Economic Entity 2005 $	Economic Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $

4 Income Tax

The amount provided in respect of income tax differs from the amount prima facie payable on operating profit. The difference is reconciled as follows:

	Note	Economic Entity 2005 $	Economic Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Operating loss before income tax		**(21,617,956)**	(8,459,912)	**(28,656,124)**	(4,036,377)
Prima facie income tax expense (benefit) calculated at 30% (2004 - 30%)					
- Economic Entity		**(6,485,387)**	(2,537,974)	-	-
- Parent Entity		**-**	-	**(8,596,837)**	(1,210,914)
- Other Members of the Income Tax Consolidated Group		**-**	-	**1,037,945**	(987,915)
Tax effect of permanent differences:					
Amortisation / Write-down of Goodwill		**824,193**	339,145	-	-
Other		**395,977**	-	-	-
Non-deductible amount related to transactions within tax consolidated group		-	-	**2,293,675**	-
Tax losses not recognised					
- Economic Entity		**5,265,217**	699,644	**5,265,217**	-
- Other Members of the Income Tax Consolidated Group		-	-	-	699,644
Income Tax expense (benefit) arising under tax sharing agreement in the tax consolidated group		-	-	-	987,915
Income tax expense (benefit) attributable to operating profit		-	(1,499,185)	-	(511,270)
Income tax expense consists of:					
Increase (decrease) in deferred tax liabilities		-	99,730	-	99,730
Benefit arising from tax sharing agreement in the tax consolidated group.		-	-	-	987,915
(Increase) Decrease in deferred tax asset		-	(1,598,915)	-	(1,598,915)
		-	(1,499,185)	-	(511,270)

5 Dividends provided for or paid

There were no dividends provided for or paid during the financial year.

6 Cash assets

	Note	Economic Entity 2005 $	Economic Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Cash at Bank		**29,210**	106,093	**25,103**	99,186
Cash at bank		**29,210**	106,093	**25,103**	99,186

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

	Note	Economic Entity 2005 $	Economic Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
7 *Receivables*					
Other debtors		**67,459**	41,105	**67,458**	41,105
Related bodies corporate -					
Elazac Mining Pty Ltd		**2,000**	-	**2,000**	-
Kitchener Mining NL		**-**	-	**3,573,830**	2,958,436
Provision for doubtful debt		**-**	-	**(3,573,830)**	-
		69,459	41,105	**69,458**	2,999,541

The receivable from Kitchener Mining NL has been fully provided for on the same grounds described in the Director's Report regarding the independent valuation of the Economic Entity's mineral tenements and issues concerning successful commercialization of the 'Elazac Process'.

	Economic Entity 2005 $	Economic Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
8 *Inventories*				
Stores - at cost	**582,618**	60,090	**582,618**	60,090
Work in progress - at net realisable value	**-**	478,942	**-**	243,754
	582,618	539,032	**582,618**	303,844

	Economic Entity 2005 $	Economic Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
9 *Other Financial Assets*				
Controlled Entities - Unlisted securities at cost	**-**	-	**23,204,784**	23,204,784
Less provision for permanent diminution	**-**	-	**(23,204,784)**	(19,133,032)
	-	-	**-**	4,071,752

The provision for diminution in the investment in Kitchener Mining NL has increased by $4,071,752 for the reasons described in Note 7 above.

Investment In Controlled Entities	**Country of Incorporation**	**Percentage Owned 2005 %**	**Percentage Owned 2004 %**
Parent Entity			
Haoma Mining NL	Aust	-	-
North West Mining NL	Aust	**100**	100
Exploration Geophysics Pty Ltd	Aust	**100**	100
Kitchener Mining NL	Aust	**100**	100
Shares held by Kitchener Mining NL			
- Bamboo Creek Management Pty Ltd	Aust	**100**	100

10 *Property, Plant and Equipment*

	Note	Economic Entity 2005 $	Economic Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Plant and equipment (at cost)		**4,158,321**	5,727,482	**2,851,390**	2,721,225
Recoverable amount write down		**(500,000)**	-	**(500,000)**	-
Accumulated depreciation		**(2,731,481)**	(3,986,188)	**(1,595,077)**	(1,187,667)
		926,840	1,741,294	**756,313**	1,533,558
Leased plant and equipment (at cost)		**2,103,217**	1,500,000	**2,103,217**	1,500,000
Accumulated amortisation		**(238,224)**	(15,893)	**(238,224)**	(15,893)
		1,864,993	1,484,107	**1,864,993**	1,484,107
Total property, plant and equipment		**2,791,834**	3,225,401	**2,621,306**	3,017,665

Movements in carrying amounts **(a) Plant and equipment**	Economic Entity $	Parent Entity $
Balance at the beginning of the year	1,741,294	1,533,558
Additions	757,254	728,328
Transfer	(375,452)	(375,452)
Disposals	(208,298)	(198,870)
Write down to recoverable amount	(500,000)	(500,000)
Depreciation/Amortisation expense	(487,958)	(431,252)
Carrying amount at the end of the year	**926,840**	**756,313**

Movements in carrying amounts **(b) Leased plant and equipment**	Economic Entity $	Parent Entity $
Balance at the beginning of the year	1,484,107	1,484,107
Additions	227,765	227,765
Transfer	375,452	375,452
Disposals	0	0
Depreciation/Amortisation expense	(222,331)	(222,331)
Carrying amount at the end of the year	**1,864,993**	**1,864,993**

	Note	Economic Entity 2005 $	Economic Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $

11 *Exploration & Evaluation*

Mining leases - at valuation (2005)	**5,276,667**	-	**4,276,667**	-
Mining leases - at cost	-	15,302,796	-	12,802,796
Exploration and evaluation expenditure - at valuation (2005)	**2,258,333**	-	**2,258,333**	-
Exploration and evaluation expenditure - at cost	-	7,062,443	-	5,990,629
Accumulated amortisation - Exploration	-	(1,728,006)	-	(665,761)
Total exploration and evaluation	**7,535,000**	20,637,233	**6,535,000**	18,127,664

Exploration & Evaluation costs by phase

Exploration and evaluation phase	**7,535,000**	17,045,921	**6,535,000**	17,036,352
Development phase	-	1,091,312	-	1,091,312
Production phase	-	2,500,000	-	-
Total exploration and evaluation	**7,535,000**	20,637,233	**6,535,000**	18,127,664

(a) Movements in carrying amounts	Economic Entity	Parent Entity
Carrying amount at the beginning of the year	20,637,233	18,127,664
Additions	912,829	868,688
Write off of mining leases to recoverable amount	(5,308,914)	(8,088,994)
Write off of exploration and evaluation expenditure to recoverable amount	(3,755,351)	(3,745,782)
Adjustment to Asset Revaluation Reserve	(4,717,095)	(437,015)
Exploration and evaluation costs written off	(233,702)	(189,561)
Carrying amount at the end of the year	7,535,000	6,535,000

The carrying value of the mineral tenements adopted in the accounts are based on valuations contained in the Independent Experts report, refer to Note 1(g).

12 *Deferred tax assets*

Future income tax benefit consists of :				
Income Tax Losses	**644,391**	1,598,915	**644,391**	1,598,915
Deferred tax assets	**644,391**	1,598,915	**644,391**	1,598,915

*The deferred tax assets relating to tax losses has been set off against deferred tax liabilities to the extent those losses are expected to reduce deferred tax liabilities. Refer to note 17.

13 *Intangibles*

Goodwill on consolidation	**18,867,536**	18,867,536	-	-
Recoverable amount write down	**(1,616,828)**	-	-	-
Accumulated amortisation	**(17,250,708)**	(16,120,228)	-	-
	-	2,747,308	-	-

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

	Note	Economic Entity 2005 $	Economic Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $

14 *Payables*

	Note	Economic Entity 2005 $	Economic Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
(Current)					
Unsecured					
Trade creditors & accruals		**883,856**	633,829	**698,460**	343,461
Other creditors		**104,592**	104,592	**104,592**	104,592
Director's fees payable to Director related entities		**60,000**	-	**60,000**	-
Amounts payable to Roy Morgan Research Centre Pty Ltd		**338,255**	477,197	**338,255**	477,197
		1,386,703	1,215,618	**1,201,307**	925,250
(Non-current)					
Unsecured					
Amounts payable to Roy Morgan Research Centre Pty Ltd		-	1,155,000	-	-

15 *Interest Bearing Liabilities*

	Note	Economic Entity 2005 $	Economic Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
(Current)					
Amount due to director (unsecured)		**10,058,449**	768,121	**10,058,449**	768,121
Hire purchase (refer to note 22)		**467,424**	358,544	**467,424**	358,544
		10,525,873	1,126,665	**10,525,873**	1,126,665
(Non-current)					
Hire purchase (refer to note 22)		**1,265,840**	1,090,902	**1,265,840**	1,090,902
		1,265,840	1,090,902	**1,265,840**	1,090,902

The lease purchase agreement in respect of mining equipment commenced in May 2004 and is a 5-year lease. The equipment is being leased from the National Australia Bank. The borrowing is secured against the equipment under lease.
A further lease purchase agreement in respect of plant and equipment commenced March 2005 and is a 3-year lease. The equipment is being leased from the National Australia Bank. The borrowing is secured against the equipment under lease and a guarantee provided by the Chairman, Mr Gary Morgan.

16 *Provisions*

	Note	Economic Entity 2005 $	Economic Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
(Current)					
Provision for employee benefits		**59,923**	103,133	**59,923**	103,133
Provision for Rehabilitation costs		**1,500,000**	-	**500,000**	-
		1,559,923	103,133	**559,923**	103,133

A provision for restoration is recognised in relation to the mining activities for costs such as reclamation, waste site closure, plant closure and other costs associated with the restoration of the mining site.

	Note	Economic Entity 2005 $	Economic Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
(a) The aggregate employee benefit liability is comprised of:					
Provisions - current		**59,923**	103,133	**59,923**	103,133
(b) Number of employees at year-end.		**19**	43	**19**	43

	Note	Economic Entity 2005 $	Economic Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $

17 *Tax Liabilities*

	Economic Entity 2005 $	Economic Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Current				
Income Tax	**749,866**	749,866	**749,866**	749,866
Non-Current				
Deferred Tax Liability	**644,391**	1,598,915	**644,391**	1,598,915
Less Deferred Tax Assets	**(644,391)**	(1,598,915)	**(644,391)**	(1,598,915)
Net Provision for Deferred Income Tax	**-**	-	**-**	-

The provision for deferred tax asset recognises the future income tax benefit from carried forward tax losses to the extent that those losses would reduce deferred tax liabilities.

18 *Contributed Equity*

	Economic Entity 2005 $	Economic Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Issued capital:				
192,993,655 Ordinary shares fully paid (2004: 192,993,655)	**59,662,124**	59,662,124	**59,662,124**	59,662,124

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and the amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

On August 8, 2004, 2,900,000 Employee and Director Share Options were granted at an exercise price of $0.10 per option with an expiry date of August 8, 2005. On December 14, 2004, 2,000,000 Director Share Options were granted at an exercise price of $0.10 per option with an expiry date of August 8, 2005. No options were exercised prior to the expiry date.

19 *Earnings Per Share*

	Economic Entity 2005	Economic Entity 2004
Earnings (loss) per share - cents	(11.20)	(3.61)
Diluted earnings (loss) per share - cents	(11.20)	(3.61)

The weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share and diluted earnings per share was 192,993,655 (2004: 192,993,655).

The loss for the year used in the calculation of basic and diluted earnings per share is $21,617,956 (2004: loss $6,960,727).

As at 30 June 2005 the company had issued options over unissued capital, refer to note 18. As the exercise of these options would decrease basic loss per share, these options are not considered dilutive.

20 *Reserves*

	Note	Economic Entity 2005 $	Economic Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Capital profits		**6,178,490**	6,178,490	**5,063,607**	5,063,607
Forfeited shares		**4,425**	4,425	**4,425**	4,425
Asset revaluation reserve		-	5,116,574	-	836,494
Closing Balance		**6,182,915**	11,299,489	**5,068,032**	5,904,526

(a) Capital profits reserve

	Note	Economic Entity 2005 $	Economic Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Opening Balance		**6,178,490**	6,178,490	**5,063,607**	5,063,607
Movements during the year		-	-	-	-
Closing Balance		**6,178,490**	6,178,490	**5,063,607**	5,063,607

The capital profits reserve records non-taxable profits on the sale of investments.

(b) Forfeited Shares

	Note	Economic Entity 2005 $	Economic Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Opening Balance		**4,425**	4,425	**4,425**	4,425
Movements during the year		-	-	-	-
Closing Balance		**4,425**	4,425	**4,425**	4,425

The forfeited share reserve records the forfeit of shares.

(c) Asset revaluation reserve

	Note	Economic Entity 2005 $	Economic Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Opening Balance		**5,116,574**	5,116,574	**836,494**	836,494
Transfer to accumulated losses		**(399,457)**		**(399,457)**	
Revaluation decrement on mining leases		**(4,717,117)**	-	**(437,037)**	-
Closing Balance		-	5,116,574	-	836,494

The asset revaluation reserve records the revaluation of non-current assets.

21 *Accumulated Losses*

	Note	Economic Entity 2005 $	Economic Entity 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Accumulated losses at the beginning of the year		**(49,106,625)**	(42,145,898)	**(40,942,813)**	(37,417,706)
Net profit (loss) attributable to the members of the parent entity		**(21,617,956)**	(6,960,727)	**(28,656,124)**	(3,525,107)
Transferred from Asset Revaluation Reserve		**399,457**	-	**399,457**	-
Accumulated losses at the end of the year		**(70,325,124)**	(49,106,625)	**(69,199,480)**	(40,942,813)

22 *Lease and Hire Purchase Commitments*

Capital Cost of Items Leased				
Mining Equipment	**2,313,539**	1,650,000	**2,313,539**	1,650,000
Lease and Hire Purchase Commitments Payable				
- Not later than one year	**583,622**	358,544	**583,622**	358,544
- later than 1 year but not later than 5 years	**1,394,465**	1,374,418	**1,394,465**	1,374,418
- later than 5 years.	-	-	-	-
	1,978,086	1,732,962	**1,978,086**	1,732,962
Deferred interest costs	**244,822**	283,516	**244,822**	283,516
Total Liability	**1,733,264**	1,449,446	**1,733,264**	1,449,446
Current liability	**467,424**	358,544	**467,424**	358,544
Non-current liability	**1,265,840**	1,090,902	**1,265,840**	1,090,902

Lease commitments are due under Lease Purchase Agreements with National Australia Bank. The latest expiry date for all leases under these agreements is April 2009.

23 *Directors' and Executives' Remuneration*

(a) Names and positions held of parent entity directors and specified executives in office at any time during the financial year are:

Name of Directors	Position held	Period of responsibility
Directors		
Mr. Gary C. Morgan	Chairman - Executive	
Ms. Michele Levine	Director - Executive	
Mr. John L. C. McInnes	Director - Non-Executive	
Specified Executives		
Mr. James Wallace	Company Secretary	
Ms. Jillian Jepson	Company Secretary	From February 5, 2005
Mr. Peter Cole	Consultant and Acting General Manager	
Mr. Cameron Skinner	General Manager and Mining Manager	Up to September 24, 2004
Mr. Robert Skrzeczynski	Marketing Director / Technical Advisor to the Board	

There are no other specified executives who are directly accountable and responsible for the strategic direction and operational management of Haoma Mining and its wholly owned subsidiary.

(b) Remuneration of specified directors and specified executives

The Board of Directors are responsible for determining and reviewing compensation arrangements for the Directors and senior management. This involves assessing the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions, including length of service and particular experience of the individual concerned. The contracts for service between the Company and specified Directors and Executives are on a continuing basis the terms of which are not expected to change in the immediate future. Upon retirement specified Directors and Executives are paid employee benefit entitlements accrued to date of retirement. Termination payments are generally not on resignation or dismissal for serious misconduct. Employee contracts do not contain clauses linking remuneration to company performance.

Such officers are given the benefit to receive their base emoluments in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without first creating undue costs for the Company.

Remuneration of specified directors and executives

Specified Directors	Primary				Post Employment	Equity	Other	Total
	Salary, Fees & $	Super-annuation $	Cash Bonus $	Non -cash Benefits $	Super-annuation $	Options $	$	$
2005								
Mr. Gary C. Morgan	40,000	-	-	-	-	-	-	40,000
Ms. Michele Levine	40,000		-	-	3,600	81,200	-	124,800
Mr. John L. C. McInnes	40,000		-	-	3,600	-	-	43,600
	120,000	-	-	-	7,200	81,200	-	208,400
2004								
Mr. Gary C. Morgan	40,000	-	-	-	-	-	-	40,000
Ms. Michele Levine	40,000	-	-	-	3,600	34,800	-	78,400
Mr. John L. C. McInnes	40,000	-	-	-	3,600	-	-	43,600
Mr John Elliott*	34,066	-	-	-	3,066	-	-	37,132
	154,066	-	-	-	10,266	34,800	-	199,132

* John Elliott resigned May 7, 2004

Specified Executives' Remuneration

	Primary				Post Employment	Equity	Other	Total
	Salary, Fees & $	Super-annuation $	Cash Bonus $	Non -cash Benefits $	Super-annuation $	Options $	$	$
2005								
Mr. James Wallace	68,000	-	-	-	10,000	13,440	-	91,440
Ms. Jillian Jepson (a)	-	-	-	-	-	-	-	-
Mr. Peter Cole	166,800	-	-	-	-	33,600	-	200,400
Mr. Cameron Skinner (b)	59,606	-	-	-	5,365	13,440	-	78,411
Mr. Robert Skrzeczynski	81,870	-	-	-	5,365	13,440	-	100,675
	376,276	-	-	-	20,730	73,920	-	470,926
2004								
Mr. James Wallace	87,014	-	-	-	10,047	1,740	-	98,801
Mr. Peter Cole	187,792	-	-	-	-	4,350	-	192,142
Mr. Cameron Skinner	137,614	-	-	-	12,385	1,740		151,739
Mr. Robert Skrzeczynski	94,001	-	-	-	8,460	1,740	-	104,201
	506,421	-	-	-	30,892	9,570	-	546,883

(a). Period of responsibility commenced on February 5, 2005.
(b). Period of responsibility ceased on September 24, 2004.

(c) Remuneration options

At the 2004 AGM shareholders approved the issue of 2,000,000 options to Michele Levine as Director of the company with an exercise price of $0.10. The options were issued in recognition of efforts during the 2 years to June 30, 2003, in particular during the recommissioning of the Bamboo Creek and Normay Plants and the litigation and negotiations between Haoma and Carpentaria Gold Pty Ltd / MIM Ltd.

On August 8, 2004, 550,000 Employee Share Options were granted as set out in section (d) below at an exercise price of $0.10 per option.

The non-renounceable options may be converted to equivalent number of Haoma Mining NL shares.

The options were exercisable until August 8, 2005. At the date of the report no options were exercised.

The remuneration of other directors and senior management is not dependent on satisfaction of predetermined performance criteria, however, a bonus can be paid to senior management at the discretion of the Chairman.

(d) Option holdings of specified directors and specified executives.

	Opening balance July 1, 2004	Granted during the year	Options lapsed	Net Change other	Closing Balance June 30, 2005	Vested during the year
Directors						
M. Levine	2,000,000	2,000,000	(2,000,000)	-	2,000,000	2,000,000
Executives						
J. Wallace	100,000	100,000	(100,000)	-	100,000	100,000
P. Cole	250,000	250,000	(250,000)	-	250,000	250,000
C. Skinner	100,000	100,000	(100,000)	-	100,000	100,000
R. Skrzeczynski	100,000	100,000	(100,000)	-	100,000	100,000
Total	2,550,000	2,550,000	(2,550,000)	-	2,550,000	2,550,000

Share options carry no rights to dividends and no voting rights. In accordance with the terms of the share option schemes, options may be excercised at any time from the date on which they vest to the date of their expiry, subject to any additional specific requirements of the particular allocation.

(e) Shareholdings

Number of Shares held by Parent Entity Directors and Specified Executives

	Balance 1.7.04	**Received as Remuneration**	**Options Exercised**	**Net Change Other***	**Balance 30.6.05**
Parent Entity Directors					
Mr. Gary C. Morgan (1)	128,182,961	-	-	-	128,182,961
Ms. Michele Levine (1)	6,250,452	-	-	-	6,250,452
Mr. John L. C. McInnes (1)	127,884,204	-	-	-	127,884,204
Specified Executives					
Mr. James A Wallace	-	-	-	-	-
Mr. Cameron Skinner	-	-	-	-	-
Mr. Robert Skrzeczynski	-	-	-	-	-
Ms. Jill Jepson	28,000	-	-	-	28,000
Mr Peter Cole	100,000	-	-	-	100,000

* Refers to shares purchased or sold during the financial year.

(1) Holdings of Mr. Gary C. Morgan and Mr John L. C. McInnes include holdings of Leaveland Pty Ltd (121,420,252).
Holdings by Mr. Gary C. Morgan, Mrs. M. Levine and Mr. John L. C. McInnes include holdings by Roy Morgan Research Pty Ltd (4,919,452).

24 *Share Option Plan*

The company has allocated option plans that have been approved by shareholders at an annual general meeting. The specific particulars relating to each have been provided through the shareholder approval process and are summarised below.

	2005 Number	2004 Number
Balance at beginning of financial period (i)	4,900,000	-
Granted during the financial period (ii)	4,900,000	4,900,000
Exercised during the financial period	-	-
Lapsed during the financial period (iii)	(4,900,000)	-
Balance at end of the financial period	4,900,000	4,900,000

24 *Share Option Plan continued*

(i) Balance at beginning of the financial period

Options – Series	**Number**	**Grant date**	**Expiry date**	**Exercise price**
(1) Issued August 8, 2003	4,900,000	August 8, 2003	August 8, 2004	$0.10

(ii) Grant during the financial period

Options – Series	**Number**	**Grant Date**	**Expiry Date**	**Exercise Price**	**Fair value received**
(2) Issued August 8, 2004	2,900,000	August 8, 2004	August 8, 2005	$0.10	-
(3) Issued December 14, 2004	2,000,000	December 14, 2004	August 8, 2005	$0.10	-

(iii) Lapsed during the financial period

Options – Series	**2005 Number**	**2004 Number**
(1) Issued August 8, 2003	4,900,000	-

Share options carry no rights to dividends and no voting rights. In accordance with the terms of the share option schemes, options may be exercised at any time from the date on which they vest to the date of their expiry, subject to any additional specific requirements of the particular allocation.

25 *Auditors Remuneration*

	Economic Entity		Parent Entity	
	$	$	$	$
Remuneration of the auditor of the Economic Entity:				
- auditing and reviewing the financial accounts	**44,825**	38,500	**44,825**	38,500
- taxation services	**10,236**	4,060	**10,236**	4,060
	55,061	42,560	**55,061**	42,560

26 *Segment Information*

(a) Business segments
The Economic Entity operates predominantly in the minerals sector. Operations comprised exploration, evaluation, development and mining.

(b) Geographical segments
The Economic Entity operates exclusively in Australia.

27 *Expenditure Commitments*

(a) Exploration Commitments

In order to maintain current rights of tenure to mining tenements, the Economic Entity will be required to meet tenement lease rentals and minimum expenditure requirements of the Western Australian and Queensland Departments of Minerals and Energy as follows.

	Economic Entity		Parent Entity	
	2005	2004	**2005**	2004
	$	$	**$**	$
- not later than one year	1,838,336	2,210,881	1,605,389	1,964,703
- later than one year but not later than five years	5,593,518	5,521,094	4,691,057	4,621,146
- later than five years	5,172,378	5,748,075	4,742,826	5,094,837
	12,604,232	13,480,050	11,039,272	11,680,686

Expenditure on tenements will only be incurred where the Economic Entity believes that future expenditure can be recovered from either sale or future mining operations.

The Department of Minerals & Energy (Western Australia) has agreed that, in certain circumstances, expenditure on testing Pilbara bulk ore samples using the Elazac Process at Kitchener Mining NL's Bamboo Creek mine site can be classified as tenement expenditure.

(b) Bank Guarantees

The Economic Entity's banker has provided indemnity guarantees to the Department of Minerals and Energy of Western Australia and to the Department of Natural Resources and Mines of Queensland, totalling $245,910, for the purposes of guaranteeing the Economic Entity's performance in accordance with relevant States' mining law.

The performance relates to the requirement that the Economic Entity adheres to the terms and conditions of its mining leases with respect to site restoration. The Directors do not anticipate that any guarantees will be exercised as the Economic Entity adheres to the terms and conditions of its leases.

28 *Other Commitments*

The Parent Entity has provided a "letter of support" in respect of the financial support to its controlled entity, Kitchener Mining NL.

29 *Contingent Liabilities*

(a) Native Title

The decision of the High Court in Mabo & Ors -v- the State of Queensland ("Mabo Case") recognised a form of native title which, in cases in which it has not been extinguished, reflects the entitlement of the indigenous inhabitants, in accordance with their laws or customs, to their traditional lands.

Lawyers commenting on the Mabo Case have indicated that the principles enunciated by the High Court could potentially invalidate, in certain circumstances, mining tenements granted after the enactment of the Racial Discrimination Act 1975 where the grant of that mining tenement infringed or otherwise affected native title to the area. Lawyers commenting on the Mabo Case have also suggested that compensation may be payable to native title holders.

Claims have been lodged with the Native Titles Tribunal over a number of tenements applied for by the Parent Entity. These tenements will not be granted by the Department of Minerals & Energy, W.A. until the claims have been resolved. Until further information arises in relation to these claims, the Economic Entity is unable to assess the likely effects, if any, of the claims.

(b) Management Fee

Following a settlement with a former director, Kitchener Mining NL agreed to pay the director $68,658. Payment will only be made when other directors' fees and management fees owing by Kitchener Mining NL for the period 1989 to 1993 are paid. The Directors' fees and management fees are only payable when Kitchener Mining NL has an operating profit in excess of $500,000 pa. A related party contingent liability exists to both The Roy Morgan Research Centre for a total $1,000,000 and to the Directors' of Kitchener Mining for a total $155,000 in respect to the financial years from 1 July 1989 to 30 June 1993. Refer to note 30.

30 *Related Party Information*

Directors
The names of each person holding the position of Director of Haoma Mining NL during the financial year were Mr Gary Morgan, Mrs Michele Levine and Mr John. McInnes. All of these persons were also directors at 30 June 2005.

Director-Related Parties
Roy Morgan Research Pty Ltd is a company of which Mr Morgan, Mrs Levine and Mr McInnes are Directors. Mrs Levine is also the Chief Executive.
The Roy Morgan Research Centre Pty Ltd is a company of which both Mr Morgan and Mr McInnes are Directors.

Elazac Mining Pty Ltd is a company of which Mr Morgan and Mr McInnes are Directors.

Leaveland Pty Ltd is a company of which both Mr Morgan and Mr McInnes are Directors.

Elazac Pty Ltd is a company of which both Mr Morgan and Mr McInnes are Directors.

Mrs Genevieve Morgan is the spouse of Mr Gary Morgan.

Other transactions with Directors and Director-Related Entities – Parent Entity
During the year Roy Morgan Research Pty Ltd provided significant administrative support and services to the Parent Entity. That support is continuing. Roy Morgan Research has charged a management fee of $25,000 per month for those services. During the year to 30th June 2005 the Parent Entity paid management fees of $300,000 (2004: $300,000) to Roy Morgan Research Pty Ltd.

During the year to 30th June 2005 Gary & Genevieve Morgan advanced funds $8,834,767 to Haoma to support the operations. The balance payable to Gary & Genevieve Morgan at June 30, 2005 was $10,058,448 (2004: $768,121). Interest is payable on the cumulative principal outstanding until the loan is repaid in full, calculated on a daily basis in accordance with the daily published National Australia Bank 30 day bill rate plus 2%. Interest of $455,560 (2004:$8,717) has been charged for the financial year ended 30 June 2005. Mr Morgan has undertaken that there will be no claim on the funds for the next twelve months.

Director related receivables and payables are disclosed in Notes 7 and 14.

Related Party Transactions – Economic Entity
On April 6, 1993 an agreement was reached between Kitchener Mining NL, Leaveland Pty Ltd and Elazac Pty Ltd. The agreement acknowledges that all information obtained from test work undertaken by Kitchener Mining NL to resolve the metallurgical problems faced by the company is the property of Leaveland Pty Ltd, or its nominee Elazac Pty Ltd. On December 20, 1993 Elazac Pty Ltd sold the intellectual property to Elazac Mining Pty Ltd.

The reason information and intellectual property was owned by Leaveland Pty Ltd and Elazac Pty Ltd was that both companies paid consultant fees and other costs associated with the investigation and test work on Bamboo Creek and Normay ore at Bamboo Creek and other locations.

Kitchener Mining NL holds a licence to develop the process and both Kitchener Mining NL and Haoma Mining NL have the right to use the intellectual property for no fee.

The Roy Morgan Research Centre Pty Ltd is entitled to management fees from Kitchener Mining NL of $1,000,000 (2004: $1,000,000) for the financial years from 1 July, 1989, to 30 June, 1993. The management fees were treated as an accrued liability for the year ended June 30, 2004. However, due to the uncertainty of future profits, the liability has been reversed. For the year ended June 30, 2005 this has been treated as a contingent liability. The amount is payable when Kitchener Mining NL resumes mining operations and has an operating profit in excess of $500,000 pa. This debt is non-interest bearing.

During the year Haoma Mining NL advanced funds to Kitchener Mining NL of $700,648 (2004: $949,165). No interest has been charged for the financial year ended June 30, 2005 (2004: interest charged $nil). The balance payable at June 30, 2005 was $3,573,830 (2004: $2,958,435).

31 *Financial Instruments*

(a) Interest Rate Risk
The Economic Entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

(i) Financial Assets **30 June 2005**

Financial Instruments	**Floating Interest Rate** $	**Non-interest bearing** $	**Total amount as per balance sheet** $
Cash	29,210	-	29,210
Receivables - Other	-	67,459	67,459
Receivables - Related party	-	2,000	2,000
Total financial assets	29,210	69,459	98,669
Weighted Av. Interest Rate	1.55%		

31 *Financial Instruments (continued)*

(ii) Financial Liabilities

Financial Instruments	**Floating interest rate** $	**Fixed interest rate maturing in: 1 year or less** $	**Over 1 to 5 years** $	**Non-interest bearing** $	**Total Amount as per balance sheet** $
Trade creditors and accruals	-	-	-	883,856	883,856
Other creditors	-	-	-	104,592	104,592
Amounts due to Directors	10,058,449	-	-	-	10,058,449
Hire Purchase	1,733,264	-	-	-	1,733,264
Total financial liabilities	11,791,713	-	-	988,448	12,780,161
Weight Av. Interest Rate	7.62%				

(i) Financial Assets **30 June 2004**

Financial Instruments	Floating Interest Rate $	Non-interest bearing $	Total amount as per balance sheet $
Cash	106,093	-	106,093
Receivables - Other	-	41,105	41,105
Receivables - Related party	-	-	-
Total financial assets	106,093	41,105	147,198
Weighted Av. Interest Rate	4.50%		

(ii) Financial Liabilities

Financial Instruments	Floating interest rate $	Fixed interest rate maturing in: 1 year or less $	Over 1 to 5 years $	Non-interest bearing $	Total Amount as per balance sheet $
Trade creditors and accruals	-	-	-	633,829	633,829
Other creditors	-	-	-	104,592	104,592
Amounts due to Directors	768,121	-	-	-	768,121
Hire Purchase	1,449,446	-	-	-	1,449,446
Total financial liabilities	2,217,567	-	-	738,421	2,955,988
Weight Av. Interest Rate	5.74%				

(b) Net Fair Values of financial Assets and Liabilities

The carrying amount of each financial asset and liability as recognised in the balance sheet is considered to be equivalent to the net fair value.

(c) Credit Risk Exposure

The Economic Entity’s maximum exposures* to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet.

(*) - The maximum credit risk exposure does not take into account the value of any collateral or other security held, in the event other entities/parties fail their obligations under the financial instruments in question.

32 *Statement of Cash Flows*

	Note	Economic Entity 2005 $	2004 $	Parent Entity 2005 $	2004 $
(a) Reconciliation of Cash Flow from Operations with Result from Ordinary Activities after Income Tax.					
Profit (loss) from ordinary activities after income tax		**(21,617,956)**	(6,960,727)	**(28,656,124)**	(3,525,107)
Depreciation / Amortisation					
- Property, Plant and equipment		**710,300**	353,639	**653,593**	334,041
- Goodwill		**2,747,310**	1,130,482	-	-
Net Profit on Plant & Equipment Sold		**(24,900)**	-	**(24,900)**	-
Capitalised interest - Director related loan		**455,561**	8,717	**455,561**	8,717
Write-down of capitalised exploration & development expenditure to recoverable		**3,988,932**	2,812,030	**3,935,324**	2,089,083
Write-down of plant & equipment		**500,000**	81,454	**500,000**	81,454
Write-down of the carrying value of mineral tenements to recoverable amount		**5,309,035**	-	**8,089,115**	-
Recoverable amount write down - intercompany loan		**-**	-	**3,573,830**	-
Permanent diminution to recoverable amount - controlled entities		**-**	-	**4,071,752**	-
Reversal of accrued management fee		**(1,155,000)**	-	**-**	-
Changes in operating assets and liabilities:					
Increase (decrease) in trade creditors		**233,896**	776,392	**278,556**	563,596
Decrease (increase) in receivables		**(20,273)**	(40,277)	**(20,273)**	(40,277)
Decrease (increase) in inventories		**(43,586)**	(124,541)	**(207,622)**	(137,868)
(Increase) decrease in deferred tax asset		**954,524**	(1,598,915)	**954,524**	(611,000)
Increase (decrease) in deferred tax liability		**(954,524)**	99,728	**(954,524)**	99,730
Increase (decrease) in other provisions		**1,446,191**	4,744	**446,209**	7,676
Net cash provided by (used in) operating activities		**(7,470,490)**	(3,457,274)	**(6,904,979)**	(1,129,955)

(b) Financing Facilities Available

	Economic Entity 2005 $	2004 $	Parent Entity 2005 $	2004 $
At reporting date, the following financing facilities have been negotiated and were available:				
Total facilities				
- Business Visa Card	**15,000**	-	**15,000**	-
-Revolving lease/hire purchase	**2,500,000**	-	**2,500,000**	-
Facilities used at reporting date				
- Business Visa Card	**1,957**	-	**1,957**	-
-Revolving lease/hire purchase	**1,978,085**	-	**1,978,085**	-
Facilities unused at reporting date				
- Business Visa Card	**13,043**	-	**13,043**	-
-Revolving lease/hire purchase	**521,915**	-	**521,915**	-

(c) Non-cash Investing Activities

Finance Lease Transactions

During the financial year the consolidated entity acquired plant and equipment with an aggregate fair value of $741,075, by means of a finance lease.

33 *Australian Stock Exchange Preliminary Report*

Subsequent to filing the Preliminary Final Report (Appendix 4E) for the financial year ended 30 June 2005 with The Australian Stock Exchange on 14th September 2005, the following amendments which are considered material in effect on the results of the Economic Entity and other information contained within the Preliminary Final Report were made to the financial statements:

	Economic Entity	
	Preliminary Final Report	Audited Financial Statements
Statement of Financial Performance	$	$
Balance as per Preliminary Final Report	(10,919,351)	(10,919,351)
Adjustments:-		
Write down of mineral tenements	-	(9,064,265)
Management fee reversal	-	1,155,000
Provision for rehabilitation	-	(1,500,000)
Write down of carrying value of inventory	-	(341,584)
Write down of plant and equipment	-	(500,000)
Other	-	(447,756)
Net Profit (Loss) attributable to members of the Economic Entity	**(10,919,351)**	**(21,617,956)**
Write down of mineral tenements through Asset Revaluation Reserve		(4,717,117)
	(10,919,351)	**(26,335,073)**

34 *Impact of transition to AIFRS*

International Financial Reporting Standards

Haoma Mining NL is in the process of transitioning its accounting policies and financial reporting from current Australian Accounting Standards (AGAAP) to Australian equivalents of International Financial Reporting Standards (AIFRS) which will be applicable for the financial year ended 30 June 2006. Priority has been given to the preparation of an opening balance sheet in accordance with AIFRS as at 1 July, 2004. This will form the basis of accounting for AIFRS in the future, and is required when the Company prepares its first fully AIFRS compliant financial report for the year ended 30 June, 2006.

Set out below are the key areas where accounting policies will change and the company's best estimate of the quantitative impact of the changes on total equity at the date of transition at 30 June 2005 and on net profit for the year ended 30 June 2005. These disclosures are current best estimates at the date of preparing the 30 June 2005 financial report. Continuing release of new information, exposure drafts, amendments etc, by the regulatory bodies overseeing the AIFRS and development of best practice principle with time, may lead to re-interpretations and adjustments to this initial determination in the future.

(i) Impairment of Assets

Under the AASB136 Impairment of Assets the recoverable amount of an asset is determined as the higher of its net selling price and value in use. This will result in a change in the group's current accounting policy. Under the new policy it is likely that impairment of assets will be recognised sooner and that the amount of write-downs will be greater. In preparation for AIFRS the company has undertaken formal valuations of the investments in mining tenements and assessed the value of other non-current assets recorded in the balance sheet and have adjusted the carrying values accordingly.

(ii) Income Taxes

Under AASB112 Income Taxes, the company will be required to use a balance sheet liability method which focuses on the tax effects of transactions and other events that affect amounts recognised in either the Balance Sheet or a tax-based balance sheet. Tax losses will also be recognised when it is probable that a future economic benefit will arise as opposed to the current situation where only tax losses which are virtually certain of being utilised are recognised. It is not expected that there will be any material impact as a result of adoption of this standard.

(iii) Capitalisation of Exploration and Evaluation Costs

AASB6 Exploration for and Evaluation of Mineral Resources deals with the treatment of expenditures associated with the exploration for and evaluation of mineral resources. AASB 6 requires the accounting policy for the treatment of these expenditures to be consistent with the areas of interest approach prescribed by the superseded AASB 1022.

AASB6 also requires any capitalised exploration and evaluation expenditures to be tested for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The facts and circumstances specified by AASB6 are broadly consistent with the factors used to determine whether or not an entity can continue to recognise its capitalise exploration and evaluation expenditures under the superseded AASB1022. Further, the level at which exploration and evaluation assets are to be tested for impairment is to be no larger than the area of interest to which the exploration and evaluation asset relates. Consequently, the recognition and measurement requirements for capitalised exploration and evaluation expenditures are largely equivalent under AASB6 and AASB1022. It is not expected that there will be any material impact as a result of adoption of this standard.

(iv) Goodwill

Under the Australian equivalent to IFRS 3 Business Combinations, goodwill will no longer be amortised but instead will be subject to annual impairment testing. This will result in a change in the group's current accounting policy, which amortises goodwill over the useful life of the asset but not exceeding 20 years. Under the new policy, amortisation will no longer be charged, but goodwill will be written down to the extent it is impaired. During the year ended 30 June, 2005 goodwill was written down to zero. The net effect on the Income Statement for the year ended 30 June 2005 under AIFRS will be the same as current AGAAP.

(v) Classification of Financial Instruments

Under AASB139 Financial Instruments: Recognition and Measurement, financial instruments will be required to be classified into one of five categories which will, in turn determine the accounting treatment of the item. The classifications are loans and receivables – measured at amortised cost, held to maturity – measured at amortised cost, held for trading – measured at fair value with fair value changes charged to net profit or loss, available for sale – measured at fair value with fair value changes taken to equity and non-trading liabilities – measured at amortised cost. This will result in a change of accounting policy that does not classify financial instruments. Current measurement is at amortised cost, with certain derivative financial instruments not measured on balance sheet. The economic entity has elected to use an exemption not to restate the comparative information.

(vi) Share Based Payments

Under AASB2 Share Based Payments, the company will be required to determine the fair value of options issued to employees as remuneration and recognise an expense in the Profit and Loss. The financial effect of this would cause in both the Parent Entity and Economic Entity accumulated losses at 1 July 2004 to be increased by $44,370 and the Net loss for the year ended 30 June 2005 to be increased by $155,120.

(vii) Restoration provision

Under current Australian GAAP, provisions are made for mine rehabilitation and restoration on an incremental basis during the course of the mine life. The provision is determined on an undiscounted basis based on current costs, current legal requirements and current technology. Under AIFRS the provision for restoration is required to be discounted to Net Present Value. The financial effect of this is that the restoration liability would be restated to $1,300,304 and the net loss for the year ended 30 June 2005 would be reduced by $199,696.

Directors' Declaration

The Directors of Haoma Mining NL declare that:

1. the financial statements and notes as set out on pages 8 to 44 are in accordance with the Corporations Act 2001 and:

    (a) comply with Accounting Standards and Corporations Regulations and,

    (b) give a true and fair view of the financial position of the Company and Economic Entity as at 30 June 2005 and of their performance for the year ended on that date;

2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

3 The Directors have been given the declarations by the chief executive officer and the chief financial officer required by Section 295A of the Corporations Act 2001

This declaration is made in accordance with a resolution of the Board of Directors.

Gary Morgan

Gary C. Morgan
Chairman

Melbourne,
December 21, 2005

A Member Firm of PKF International

Chartered Accountants
& Business Advisers

Level 11, CGU Tower
485 La Trobe Street
Melbourne 3000
GPO Box 5099BB
Melbourne 3001

Tel: (03) 9603 1700
Fax: (03) 9602 3870

www.pkf.com.au

INDEPENDENT AUDIT REPORT
TO MEMBERS OF HAOMA MINING NL

Scope

The Financial Report and Directors' Responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Haoma Mining NL (the company) and its controlled entities (the consolidated entity), for the year ended 30 June 2005. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. The auditor's independence declaration given to the directors would be in the same terms if it had been given at the time the audit report was made.

Audit Opinion

In our opinion, the financial report of Haoma Mining NL is in accordance with:

(a) The Corporations Act 2001, including:

  (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2005 and of their performance for the year ended on that date; and

  (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter:

As a result of the matters described in Note 1(p), there is significant uncertainty whether the entity will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

PKF

PKF
Chartered Accountants

22 December 2005
Melbourne

A Victorian Partnership

Michael Port

M L Port
Partner

STOCK EXCHANGE - ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report.

A. 20 Largest Shareholders

Shareholders	Number of Shares	
Leaveland Pty Ltd	121,420,252	62.91
WMC Ltd	10,000,000	5.18
Roy Morgan Research Pty Ltd	4,919,452	2.55
Charmof Nominees Pty Ltd	3,999,924	2.07
J. Van Beelen	2,000,000	1.04
G. and G. Morgan	1,843,257	0.96
Etonwood Management Pty Ltd	1,500,000	0.78
PYC Investments Pty Ltd	1,410,000	0.73
J. and M. Levine	1,319,000	0.68
S. Curwen	1,108,650	0.57
L&S Davies Pty Ltd	1,000,000	0.52
Marples Nominees Pty Ltd	985,982	0.51
C. and S. Curwen	882,350	0.46
H. Cooper	600,000	0.31
Leigh Imbesi	584,000	0.30
Mrs Liliana Teofilova	560,000	0.29
Jaladah Pty Ltd	500,000	0.26
Mr Brian Peter Lincez	499,039	0.26
Advance Publicity Pty Ltd	468,500	0.24
Citicorp Nominees Pty Ltd	450,815	0.23
	156,051,221	80.85

B. Substantial Shareholders

Name	Number of Shares	Class of Share
Leaveland Pty Ltd	121,420,252	Ordinary
WMC Ltd	10,000,000	Ordinary

C. Distribution of Equity Securities

(i). Ordinary shares issued by Haoma Mining NL

Range of Shares held	Number of Shareholders
1 - 1,000	684
1,001 - 5,000	924
5,001 - 10,000	358
10,001 - 100,000	519
100,001 - and over	89
Total	**2,574**

(ii) There were 1,608 holders of less than a marketable parcel 5,000 of ordinary shares.

(iii) The twenty largest shareholders hold between them 80.85 of the issued capital.

D. Class of Shares and Voting Rights

The Parent Entity's issued shares are of one class and carry equal voting rights.

E. Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Stock Exchange Limited.

STOCK EXCHANGE - ADDITIONAL INFORMATION

F. Mining Tenement Summary

(a). Tenements held by Haoma Mining NL (100%)

Pilbara, Western Australia

(i)	M45/874 P45/2342 P45/2097	**Lalla Rookh**	M45/442
Bamboo Creek	G45/51 M45/591 M45/796 M45/9	**Marble Bar**	E45/1273 M45/515 M45/607
Blue Bar	M45/682 P45/2391	**North Pole**	L45/86 M45/302 M45/328 M45/329
Copenhagen	P45/2311	**North Shaw**	E45/2179 E45/2186 E45/2187 E45/2188
Tabba Tabba			E45/2189 L45/60

Linden, Western Australia

(ii)	M26/534
Golden Ridge	

New Hampton Goldfields NL has exercised its option to acquire a beneficial interest in this tenement. Haoma has retained legal title and receives a royalty on all gold produced.

Ravenswood, Queensland

(iii)	ML1325	**Barrabas**	EPM8771
Budgerie	EPM14297	**Robe Range**	EPM14038
Burdekin Gold	ML1326 ML1330	**Waterloo**	ML1529
Old Man & Copper Knob	MC2205 MC2206	**Wellington Springs**	ML1415 ML1483
Ravenswood Mining Claims			
(iv) Ravenswood Queensl	ML10275	**Podoskys**	ML10315
Elphinstone Creek			

(b) Tenements beneficially held by Haoma Mining NL (100%)

Pilbara, Western Australia	P45/2133
Apex	M45/57 M45/284 M45/453 M45/554
Big Stubby	P45/2125 P45/2127 P45/2226
Blue Bar	G45/21 M45/14 M45/16 M45/385 M45/438
Comet	M45/459 M45/478 L45/4 L45/12 L45/37
	E45/1562
Cookes Hill	M46/160
Coongan	G45/36 M45/238 M45/346 M45/357
Copper Hills / Stirling	M45/240
Copenhagen	M45/672 P45/2333
Coronation	M45/521
Fieldings Gully	M45/648 M45/649
Lalla Rookh	M46/43 M46/44
Lionel	M45/589 M45/618 M45/678 M45/679 P45/2231 P45/2275 P45/2356
Marble Bar	M45/490 M45/606 M45/873
McKinnon	M45/588
Mercury Hill	M45/680 M45/731 M45/747 P45/2134 P45/2250 P452251
Mustang	P45/2269 P45/2288 P45/2331
	GML47/538 M47/87 M47/127
Nickol River	M45/395 M45/514 M45/650 M45/651 M45/665
North Pole	M45/692
Sharks Gully	P45/2292 P45/2293 P45/2294 P45/2295 P45/2296
Soansville	P45/2297 P45/2298 M45/748
	M45/76 M45/235 M45/296 M45/297 M45/655
Tassie Queen	M45/547 M45/671 P45/2316
Warrawoona	E45/1249 P45/2317
Wyman Well	

(c). Tenements beneficially held by Haoma Mining NL (49.9%)

Linden, Western Australia

E39/293 E39/379 E39/428 E39/2974 E39/2975 E39/2976 M39/255 L39/12 L39/13 L39/14

(d). Tenements beneficially held by Kitchener Mining NL (100%)

Bamboo Creek, Western Australia

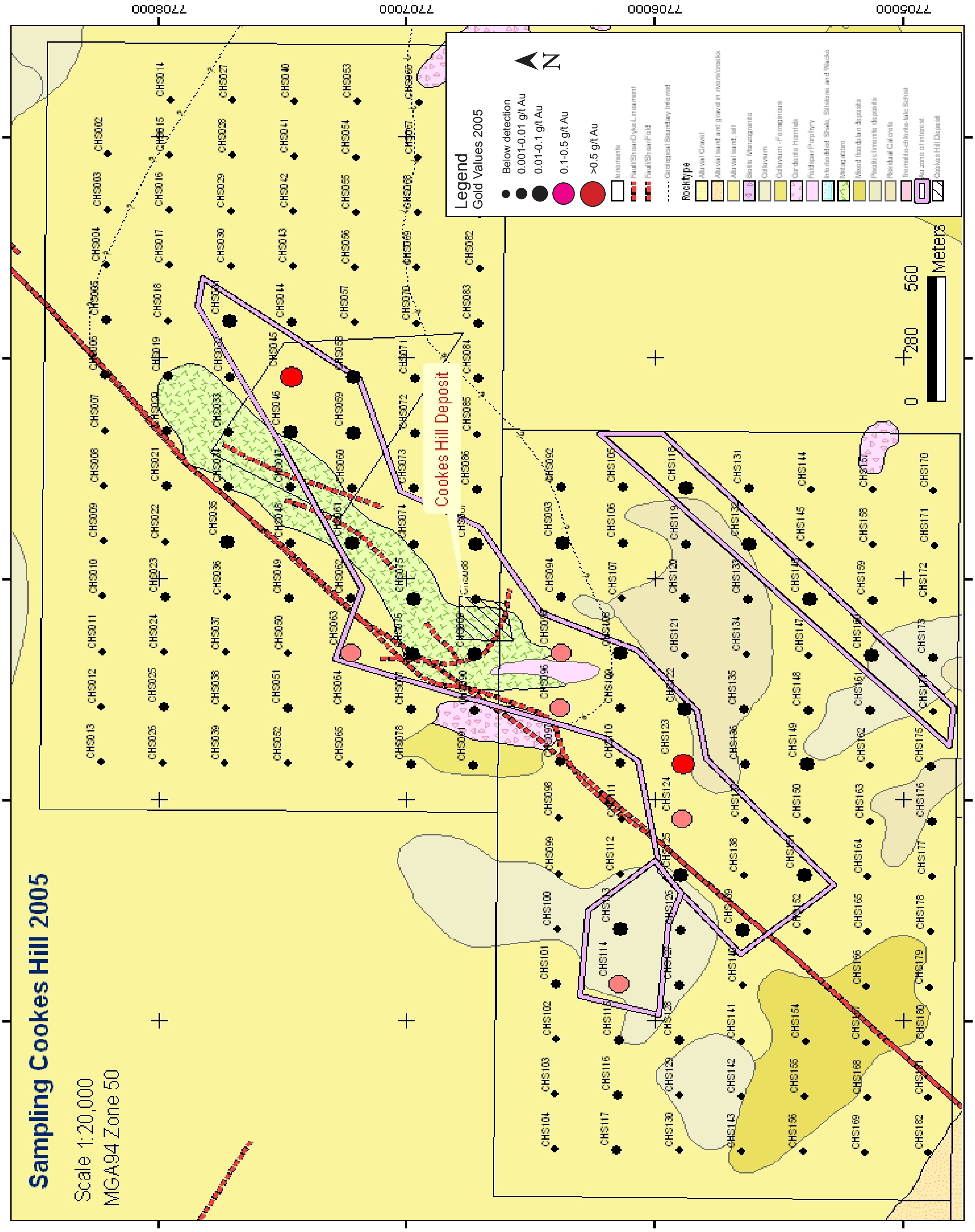
M45/742 M45/480 M45/481 L45/72 P45/2242 P45/2243 P45/2244

(e). Haoma had a 25% interest in the following tenements at Soansville

	P45/2227 P45/2301 P45/2329 P45/2330 P45/2336
20oz Gully	

Unloaded vat leach at Bamboo Creek Processing Plant.

Below:
Figure 1:
Map of Cookes Hill, Western Australia.



HAOMA MINING NL   ACN 008 676 177
Registered Office and Head Office:
411 Collins Street,
Melbourne, Victoria, Australia 3000
Tel: +61 3 9629 6888
Fax: +61 3 9629 1250
Postal Address:
GPO Box 2282U
Melbourne, Victoria, Australia 3001
Website:
www.haoma.com.au