



Haoma Mining NL

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April 29, 2005

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

Dear Sir,

ACTIVITIES REPORT FOR THE QUARTER ENDED MARCH 31, 2005 - HIGHLIGHTS

- **Group Consolidated Result** – The unaudited Consolidated Financial result for the three months ended March 31, 2005 was a before tax loss of \$2.23 million after charging interest of \$0.16 million, depreciation and amortisation of \$0.46 million and group exploration, development and test work expenditure of \$1.02 million.
- **Bulk Scale Processing at Bamboo Creek, Pilbara W.A.** - Tests through the Bamboo Creek Plant have not been successful in producing sufficient gold to allow commissioning of the Plant. Tests are continuing to optimise the plant configuration. In January, 2005 it was reported that researchers from the University of Melbourne had identified that a silver carbonate compound is largely responsible for the problem of poor gold recovery from Bamboo Creek tailings. While this was a significant breakthrough, additional problems have now been identified with the recovery of ultra-fine gold from the sulphide component of Pilbara ores. Laboratory scale tests have been successful in extracting gold from the sulphides, however further modifications are needed to the Bamboo Creek Plant before it will be possible to recover this gold on a commercial basis. Plant scale trials are currently underway to determine the most efficient processing route for the tailings.
- **Daltons Joint Venture, Pilbara W.A. (E45/2186 & 2187)** - Further intersections of nickel-copper sulphide mineralisation were returned from diamond drilling at the Daltons Joint Venture including 0.2 metres @ 2.57% Ni, 1.41% Cu, 0.83g/t PGE, and 0.4 metres @ 1.18% Ni, 0.17% Cu, 0.42g/t PGE.
- **Cookes Hill, Pilbara W.A. (E45/1562)** - Results of drilling by DeGrey Mining Ltd adjacent to Haoma's Cookes Hill deposit E45/1562, included additional high grade gold intersections at DeGrey's Mt Berghaus and Amanda prospects (formerly Turner) on the Mallina-Mt Dove shear. The Mallina Shear with several north-east trending splay faults continue into Haoma's ground. The best results released by DeGrey included 3 metres @ 25.74 g/t Au (includes 2m @ 38.15g/t Au) at the Mt Berghaus Prospect and 8 metres @ 17.13 g/t Au (includes 2m @ 46.35g/t Au) at the Amanda prospect. These prospects lie on structures which continue into Haoma's E45/1562 tenement.

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1. GROUP CONSOLIDATED RESULT TO MARCH 31, 2005

| Haoma Mining NL Consolidated Profit & Loss | 2003/04 3rd Qtr (\$m) | 2003/04 Full Year (\$m) | 2004/05 1st Qtr (\$m) | 2004/05 2nd Qtr (\$m) | 2004/05 3rd Qtr (\$m) | 2004/05 9 Months YTD (\$m) |
|---|--------------------------------------|--|--------------------------------------|--------------------------------------|--------------------------------------|---|
| Operating revenue | 0.09 | 0.44 | 0.43 | 0.27 | 0.09 | 0.79 |
| Operating profit before interest, depreciation, amortisation and exploration and development expenditure | (1.11) | (4.15) | (1.56) | (2.28) | (0.59) | (4.43) |
| Interest | 0.00 | (0.01) | (0.07) | (0.12) | (0.16) | (0.35) |
| Depreciation & amortisation | (0.36) | (1.49) | (0.44) | (0.47) | (0.46) | (1.37) |
| Exploration, development & test work | (0.63) | (2.81) | (0.39) | 0.20 | (1.02) | (1.21) |
| Operating profit (loss) before tax | (2.10) | (8.41) | (2.46) | (2.67) | (2.23) | (7.36) |

| Bamboo Creek Processing Plant | | | | | | |
|--|----|-------|-------|-------|--------------|--------------|
| Gold Production (ozs) | -- | 103 | 847 | 200 | 87 | 1,134 |
| Gold sold (ozs) | -- | 103 | 591 | 419 | 124 | 1,134 |
| Av. Selling price (\$/oz) | -- | \$541 | \$573 | \$569 | \$554 | \$569 |
| Bamboo Creek silver prod'n (oz) | | | | | | |
| Silver Production (ozs) | -- | 113 | 337 | 115 | 29 | 481 |

1.1 Haoma's Group Consolidated Result

Haoma's unaudited Consolidated Financial result for the three months ended March 31, 2005 was a before tax loss of \$2.23 million (2004 3rd Qtr – loss \$2.10 million) after charging depreciation and amortisation of \$0.46 million (2004 3rd Qtr - \$0.36 million), interest costs of \$0.16 million (2004 3rd Qtr – nil) and group exploration, development and test work expenditure of \$1.02 million (2004 3rd Qtr – expenditure of \$0.63 million).

Total group exploration, development and test work expenditure for the Quarter was \$1.181 million. In the Pilbara region, the majority of work was associated with ongoing test work at the Bamboo Creek Processing Plant to obtain a greater understanding of the Bamboo Creek tailings and methods to improve gold recovery. In the Ravenswood district of Queensland low-key exploration activities were continued.

Funding for the company's ongoing operations is presently being provided by Haoma's Chairman, Mr Gary Morgan. Mr Morgan has provided an undertaking to the Board that he will continue to fund the company until such time as the company's operations become cash positive or until a decision is made to cease operations.

To March 31, 2005, Mr Morgan has provided funding of \$8.32 million to Haoma. The Board of Haoma has approved payment of interest to Mr. Morgan at the 30 day commercial bill rate plus a 2% margin. For the nine months to March 31, 2005, interest accrued on the funds advanced by Mr Morgan is \$271,375.

1.2 Gold In Circuit

At March 31, 2005 the Bamboo Creek Plant gold-in-circuit was 22.51 kg made up of the following:

- 12.51 kg recoverable gold from 1,287 tonnes of Concentrate Ore ready for processing by the New Elazac Process, and
- 10.01 kg contained in the Vat Leach.

The gold estimate is based on the Aqua Regia gold assay which is now known to be a significant underestimation. The “true grade” will be based on the amount of gold produced.

1.3 Forward Gold Sale Contracts

No future gold production is currently sold forward.

2. OPERATIONS AT BAMBOO CREEK, WESTERN AUSTRALIA

2.1 Bulk Scale Processing of Bamboo Creek Ores

During the March 2005 Quarter Haoma continued processing of Bamboo Creek and other Pilbara ores and tailings through the Bamboo Creek Plant on a bulk scale basis.

While some gold was produced, the tests through the Bamboo Creek Plant have not been successful in producing sufficient gold to allow commissioning the Plant to process on a production basis. Tests are continuing to optimise the plant configuration.

On January 17 2005, Haoma advised the Australian Stock Exchange that a Patent Application for a new leaching process had been filed by Elazac Mining Pty Ltd which significantly improves recovery of gold from the Bamboo Creek tailings (See Appendix 1 of January 17, 2005 Release “Patent Ores” <http://www.haoma.com.au/2005/198801.pdf>).

It was reported that a silver carbonate compound is largely responsible for the problem of poor gold recovery from the tailings. While this is a significant breakthrough, researchers from the University of Melbourne have identified additional problems with recovery of ultra-fine gold from the sulphide component of Pilbara ores. While laboratory scale tests have been successful in extracting gold from the sulphides, further modifications are needed to the Plant before it will be possible to recover this gold on a commercial basis.

Characterisation of the gold distribution in tailings material from the Bamboo Creek Gold Mine has been completed and a sound understanding of the ore characteristics established. Plant scale trials are currently underway to determine the most efficient processing route for the tailings.

There are approximately one million tonnes of Bamboo Creek Tailings available for processing through the Bamboo Creek Plant. The Aqua Regia¹ average grade is approximately 0.3g/t Au and 0.3g/t Ag.

2.2 Kitchener Low Grade Stockpile

There are approximately one million tonnes of this ore available for processing through the Bamboo Creek Plant.

¹ As shown in the 2004 Annual Report, the Aqua Regia grade for Bamboo Creek Tails is an underestimate of the “true grade”.

3. EXPLORATION AND EVALUATION ACTIVITIES IN WESTERN AUSTRALIA

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

The Daltons Joint Venture area is located 150 kilometres south of Port Hedland in the Pilbara region of Western Australia. Under the Joint Venture and Farm-In Agreement, Giralia Resources NL would earn a 50.1% Joint Venture interest through exploration expenditure of \$375,000 over the three year period to November 2005 and could then elect to increase its interest to 75% by increasing total expenditure to \$625,000 over the five year period to November 2007. Haoma retained the rights to gold and tantalum mineralisation.

In December 2004, Giralia Resources advised Haoma that it had completed exploration expenditure of \$375,000 to earn a 50.1% interest in the Joint Venture. Giralia elected to sole fund further expenditure of \$250,000 to increase its Joint Venture interest to 75%.

In March 2005, Giralia notified Haoma that it had incurred the additional \$250,000 expenditure required to increase its Joint Venture participation to 75%. Giralia advised that expenditure on the Daltons Project for the Quarter to March 31, 2005 was \$270,129 and that total Joint Venture expenditure to date is \$725,864.

Giralia has provided the following report on exploration activities completed during the Quarter to March 31, 2005. See attached Appendix 1 for location of drill holes.

- *Further intersections of nickel-copper sulphide mineralisation were returned from diamond drilling at the Daltons Joint Venture located 150 kilometres south of Port Hedland in the Pilbara region of Western Australia, including 0.2 metres @ 2.57% Ni, 1.41% Cu, 0.83g/t PGE, and 0.4 metres @ 1.18% Ni, 0.17% Cu, 0.42g/t PGE.*

*A diamond drilling program targeting high grade nickel-copper-Platinum Group Element ("PGE") sulphides at the Kingsway zone on tenement E45/2186 at Daltons commenced in late November 2004, and is continuing. The Kingsway prospect at Daltons comprises a 400 metre long basal contact segment at the irregular northern tip of the 5 kilometre long Daltons Ultramafic body. The drilling is aimed at extensions to two 1970's drill intersections of **0.9 metres @ 9.3% nickel, 3.6% Copper**, (within 3.5 metres @ 2.55% nickel, 1.2% Copper), and **0.7 metres @ 11.8% nickel, 3.1% Copper**, (within 3.7 metres @ 2.41% nickel, 0.61% copper). The 1970's intersections recorded grades of more than 20% nickel over narrow intervals (ie. Hole KDDH5 reportedly returned **0.36 metres @ 22.5% nickel, 4.12% Copper**).*

*Hole RDDN025, the third completed hole in the current diamond drilling program, returned two intersections of significance: a zone of fine-grained semi-massive sulphides at and immediately below the basal contact assaying **0.2 metres @ 2.57% Ni, 1.42% Cu and 0.83g/t PGE** (interpreted as being remobilized and partly hosted in footwall cherty metasediment), and an upper peridotite-hosted zone of disseminated sulphides, which assayed **3.75 metres @ 0.60% Ni, 0.17% Cu and 0.16g/t PGE**. The 3.9 metre down hole interval between the upper disseminated zone and the basal contact comprises a mafic lithology interpreted as a possible later intrusive dyke. Hole RDDN025 tested a position approximately 60 metres east of the previously reported RDDN022 (0.5 metres @ 1.98% Ni, 0.97% Cu, including **0.15 metres @ 5.82% Ni, 1.41% Cu, 1.35g/t PGE**). Hole RDDN026 (which was targeted 50 metres beneath RDDN022) encountered a steeper than expected basal contact, and intersected **0.4 metres @ 1.18% Ni, 0.17% Cu, 0.42g/t PGE and 0.58% Zn** around 150 metres below previous intersections.*

Completed holes in the current program are summarized in the following table:

| Hole No. | East | North | Incl/Az | Depth (m) | From (m) | To (m) | Intersection |
|----------|--------|---------|-----------|-----------------|----------|--------|--|
| RDDN022 | 724130 | 7621424 | -72°/180° | 372.8 | 353.0 | 353.5 | 0.5m @ 1.98% Ni, 0.97% Cu, 0.42g/t PGE |
| | | | | <i>includes</i> | 353.35 | 353.5 | 0.15m @ 5.82% Ni, 1.41% Cu, 1.35g/t PGE |
| RDDN023 | 724150 | 7621390 | -75°/160° | 260.4 | 248.6 | | 0.5m @ 0.47% Ni, 0.04% Cu, 0.12g/t PGE |
| RDDN024 | 724149 | 7621392 | -80°/160° | 8.0 | | | Hole Abandoned |
| RDDN025 | 724134 | 7621425 | -75°/156° | 336.8 | 307.25 | 311.0 | 3.75m @ 0.60% Ni, 0.17% Cu, 0.16g/t PGE |
| | | | | | 314.9 | 315.1 | 0.2m @ 2.57% Ni, 1.42% Cu, 0.83g/t PGE |
| RDDN026 | 724130 | 7621486 | -70°/180° | 528.8 | 508.85 | 509.8 | 0.95m @ 0.82% Ni, 0.12% Cu, 0.30g/t PGE |
| | | | | <i>includes</i> | 508.85 | 509.25 | 0.4m @ 1.18% Ni, 0.17% Cu, 0.42g/t PGE |
| | | | | | 510.4 | 511.7 | 1.3m @ 0.09%Ni, 0.24%Cu |
| RDDN027 | 724025 | 7621412 | -70°/156° | 432.8 | | | Results awaited |
| RDDN028 | 724132 | 7621430 | -80°/158° | | | | In progress |

A down hole EM survey was completed in early March 2005, with holes RDDN022, 023 and 025 read for off-hole conductors. Of most interest is a strong unclosed conductor beyond/below RDDN025, which is being tested with a follow up hole (RDDN028, 350 metres) designed to intersect the basal ultramafic contact 50 metres below the intersection position in RDDN025.

Giralia has confirmed 75% interest in the Daltons JV with Haoma Mining NL through expenditure since commencement in November 2002 of \$625,000.

3.2 Cookes Hill (E45/1562)

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, three shallow Rotary Air Blast (RAB) and one deep Reverse Circulation (RC) drilling program, together with interpretation of geological, air magnetic and satellite data. Interpretation of this data shows that the gold 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 RC drilling indicated that the mineralisation is open below 100 metres. 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 was included in Haoma's Activities Report for the Quarter ended December 31, 2003 - http://www.haoma.com.au/2004/Q2_DEC2003.pdf

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").

On April 13, 2005, DeGrey released further results of additional high grade gold intersections at its Mt Berghaus and Amanda (formerly Turner Prospect) discoveries on the Mallina-Mt Dove shear to the west of E45/1562. ([DeGrey Release April 13, 2005](#)). This shear zone, together with several north-east trending splay faults (one of which contains the Cookes Hill gold deposit) continue into Haoma's ground. The best results released by DeGrey included 3 metres @ 25.74 g/t Au (includes 2m @ 38.15g/t Au) at the Mt Berghaus Prospect and 8 metres @ 17.13 g/t Au (includes 2m @ 46.35g/t Au) at the Amanda prospect. These prospects lie on structures which continue into Haoma's E45/1562 tenement.

Attached as Figure 1 is a diagram released by DeGrey Mining which shows the location of the Cookes Hill ore body in relation to the recent discoveries by DeGrey and its position on the Mallina-Mt Dove Shear.

The high-grade tenor of these results and expanded strike extent of the prospects enhances the prospectivity of the entire province and consequently up-grades the potential for new discoveries on Haoma's ground. The continuation of the structural zone into the Cookes Hill tenement is extensively soil covered and, consequently, has not yet been explored.

Haoma will continue to evaluate the results released by DeGrey Mining Ltd.

4. **EXPLORATION ACTIVITIES IN QUEENSLAND**

Because of the heavy focus on achieving gold production at Bamboo Creek, exploration activities on the Ravenswood projects have been limited during the current quarter.

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

Yours sincerely,



Gary C Morgan
CHAIRMAN

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