



# Haoma Mining NL

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**CHAIRMAN'S ADDRESS TO 2006 ANNUAL GENERAL MEETING  
AT 9.30AM DECEMBER 12, 2006  
BY GARY C. MORGAN**

Welcome to the 2006 Annual General Meeting of Haoma Mining NL.

## **BAMBOO CREEK OPERATIONS AND GOLD PRODUCTION**

On November 13, 2006 Haoma shareholders were advised that processing of low-grade Kitchener stockpiled ore\* through the re-engineered Bamboo Creek Plant was producing gold into cyanide solution which was being recovered onto carbon.

### **Results to Date**

Analysis of the input and output grades has shown more gold has been extracted onto carbon than was measured by the traditional Aqua Regia assay method.

The first 1,500t ore parcel processed through the Bamboo Creek Vat generated 1.8 kg of gold onto carbon which equates to a gold grade of 1.2g/t. This is significant as the grade of the stockpiled low-grade Kitchener ore is only 0.6g/t. The Bamboo Creek Plant is now processing this low-grade Kitchener ore.

At the end of November a parcel of 1,500t of low grade (1.4 g/t) Bulletin ore (refer to Section 1.3 of [Haoma Mining 2004 Annual Report](#)) was processed through the CIL circuit of the Bamboo Creek Plant. In total 3.26 kg of gold was measured on carbon which is now being stripped through the plant elution circuit. This gold measured on carbon equates to a plant feed grade of 2.17 g/t which is significantly more gold than the 1.4g/t grade of the low grade Bulletin ore measured by the Aqua Regia method.

This result is further evidence that traditional assay methods (Aqua Regia and Fire Assay) underestimate gold grades in Pilbara ores. Later in the week shareholders will be advised of the actual amount of gold bullion produced from the carbon.

The difference between the latest results and those previously announced is that we are now able to report gold grades for ores as measured by gold into solution and onto carbon whereas previously the gold grades were "calculated" grades based on gold in solution plus gold in tails.

### **Broader Implications**

Haoma has numerous tenements in the Pilbara including Cooke's Hill near Port Hedland, Normay (Mickey's Find), Marble Bar and Bamboo Creek. These areas contain many millions of tonnes of ore to which the above phenomenon applies.

### **Production Issues**

Since November 13, 2006 processing of ore has continued through the Bamboo Creek Plant despite some re-commissioning plant problems and a shortage of available skilled plant operators.

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\* Note: Stockpiled ore includes 1 million tonnes with an average gold grade by traditional assay methods of less than 0.6g/t

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At present the plant is operating on one shift and processing low-grade Kitchener ore at a rate of about 400 tonnes per day. In the next few days it is anticipated that the plant will be back on a 24 hours per day basis and processing at about 700 tonnes per day. The plant will be fully operational at 1,000 tonnes per day when crusher repairs are completed. At 700 tonnes per day the Bamboo Creek operation should be cash positive. However Haoma will not make large profits without substantial capital investment in upgrading the existing Bamboo Creek Plant.

The Haoma Directors are considering the different alternatives and will soon advise shareholders of how they propose to proceed.

## **OTHER HAOMA ACTIVITIES**

### **Tribute Agreement with BGC Contracting to Mine Dolerite from Haoma's Cookes Hill Mallina Shear Tenement**

In December, 2005 a Tribute Agreement was completed with BGC Contracting Pty Ltd to allow them to mine dolerite from Haoma's Cookes Hill Mining Lease.

In early December, 2006 BGC advised Haoma they had been awarded a contract to provide Haoma's dolerite in the construction of the Fortescue Metals Group Ltd railway line from the Cloud Break Iron Ore Project to Port Hedland. Haoma will receive a royalty of 45 cents per tonne of dolerite mined.

BGC Contracting expects to mine a minimum of 1.0 million tonnes of dolerite in the next 12 months. Haoma expect to receive about half a million dollars in royalty fees during 2007.

The mining of dolerite from Haoma's Cookes Hill Mining Lease will result in the removal of the top 20 meters of overburden above the Mallina-Mt Dove Shear intersection. This will allow Haoma to better understand the potential for additional discoveries of gold mineralisation in the Cookes Hill area.

### **Access Agreement with Fortescue Metals Group Ltd and The Pilbara Infrastructure Pty Ltd**

On November 17, 2006 Haoma completed an Access Agreement with the Fortescue Metals Group Ltd and The Pilbara Infrastructure Pty Ltd to allow them to construct the railway line from the Cloud Break Iron Ore Project to Port Hedland over Haoma's Cookes Hill and Tabba Tabba tenements.

Preliminary exploration results on Haoma's tenements indicated that they contain mineralisation. In addition on November 2, 2006 De Grey Mining sent Haoma the attached VTEM survey results which showed the proposed FMG railway in the Hope Downs Rail Corridor in the Tabba Tabba tenement clearly went through an anomaly.

Fortescue have agreed to carry out a detailed aeromagnetic survey over the affected area and will then undertake a programme of sterilisation drilling on areas where anomalies are revealed. Where the sterilisation drilling identifies a potential deposit of commercial mineralisation, Haoma may undertake further drilling at Haoma's own expense.

If a Commercial Mineralisation deposit is proven, Fortescue have agreed to either move the railway corridor or leave the railway in its existing location and pay Haoma compensation based on the full value of the commercial disadvantage suffered by Haoma.

### **Sale of Linden Tenements**

In May, 2006 Haoma entered into an agreement to sell its Linden tenements to Deepstrike Resources Ltd. Consideration for the sale was \$500,000 plus a placement of shares. To date Haoma

has received a deposit and first payment totalling \$150,000. The remainder of money payable and shares were not received when due on November 1, 2006.

Deepstrike have recently advised Haoma that they wish to renegotiate the Agreement and are presently in negotiations with Onslow Metals Pty Ltd to acquire mining leases near Haoma's Linden tenements. Haoma is supportive of Deepstrike's proposal to establish a significant gold mining company in the Linden area.

### **Haoma's Queensland Operations**

Exploration during 2006 on Haoma's tenements in the Ravenswood and Charters Towers District of North Queensland focused on interpreting results from the Old Man drilling program conducted in early 2006 and information obtained from a detailed ground magnetic survey conducted in June, 2006.

The encouraging Old Man results potentially add an additional high-grade gold/copper resource to those held by Haoma at Copper Knob, Wellington Springs, Waterloo and Podosky's. Further geological work and drilling at Old Man will be conducted in the New Year to determine the full value of the encouraging results. Similar work will also be conducted in the Mt Canton region where encouraging results were obtained in the last 6 months.

### **The Future**

The recent results released today from processing Pilbara ores through the Bamboo Creek Plant are of significant importance to those mining and processing gold ore in the Pilbara Region of WA and possibly elsewhere in Australia. The Pilbara area is large and contains both current and disbanded gold mines which have up until now had problems extracting gold from Pilbara ores and measuring the amount of gold in those ores.

The new findings released today will enable the Pilbara to become a major Australian gold producing area.

All Haoma shareholders need to understand that while the potential to produce large quantities of gold is now possible this will not happen unless funds are made available to cover the capital cost of establishing large and efficient gold mining operations. To date this has not been achieved in the Pilbara by any gold mining company.

Finally, I would like to express the Board's appreciation to all those who have helped during the last 12 months with Haoma's activities in the Pilbara and Ravenswood Districts. In particular, our thanks go to Mr Peter Cole, Professor Peter Scales and Mr Hugh Morgan who have contributed a lot in solving the Pilbara assay and metallurgical problems. In addition the Board would like to thank to Mr Tristin Cole, Mr Steve Wilson, Mr Bob Ward and all others who have been involved in re-engineering the Bamboo Creek Plant; and our geologists, Ms Sandra McKenzie for her geological work in the Pilbara and Mr Ron Furnell for their significant contributions in upgrading Haoma's extensive tenements in the Ravenswood District of Queensland.



**Gary C. Morgan**  
CHAIRMAN