



Haoma Mining NL

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

January 31, 2002

Dear Sir,

REPORT FOR THE QUARTER ENDED DECEMBER 31, 2001 – HIGHLIGHTS

- **Group Consolidated Result** – For the half year to December 31, 2001 the unaudited loss before tax was \$3.56 million (2000 – profit of \$1.01 million) after interest of \$nil (2000: \$nil) and depreciation and amortisation of \$2.39 million (2000: \$1.97 million).
Additional revenue from gold to be allocated to Haoma, including the 1,038 ounces (value approximately \$560,000) delivered to Haoma since the commencement of legal proceedings, has not been included in the half year result.
- **Legal Action Against Carpentaria Gold Pty Ltd and MIM Holdings Ltd** – On January 10, 2002, Haoma commenced legal proceedings against Carpentaria Gold Pty Ltd in the Queensland Supreme Court to recover gold that has been incorrectly allocated from production at the Nolan's Joint Venture Processing Plant. Haoma estimates that the amount of gold not correctly allocated could be as high as 7,000 ounces. This is based on data made available to date. Carpentaria Gold reallocated 1,038 ounces of gold to Haoma after legal proceedings commenced.
- **Nolan's Mining Operation** – For the 3 months to December 31, 2001, Haoma was advised by the Nolan's Processing Plant Joint Venture Manager, Carpentaria Gold Pty Ltd, that Haoma produced 9,702 ounces of gold bullion and stock in circuit. Haoma does not accept the Manager's production advice as being correct.
- **Haoma / DeBeers Australia Exploration Limited Joint Venture, Pilbara WA** – De Beers Australia Exploration Limited has recovered kimberlitic spinel from an altered rock sample taken in the Haoma / DeBeers Joint Venture ground over the Coongan Greenstone Belt located in the East Pilbara. The rock sample is undergoing further analysis and ground investigation is expected to take place early in the 2002 field season. Kimberlite type spinel has also been recovered in the Joint Venture Nullagine region.
- **Normay Mine, Pilbara WA** - In November production of gold commenced with the first gold pour of 162 ounces on December 22, 2001. Production is continuing with a further 391 ounces being poured to January 31, 2002.
- **Mickey's Find, Pilbara WA** – Early benching indicates a large low grade deposit in the oxide ore with higher grade zones throughout the deposit.

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1. GROUP CONSOLIDATED RESULT TO DECEMBER 31, 2001

Haoma Mining NL Consolidated Profit & Loss	2000/01 Half Year (\$m)	2000/01 Full Year (\$m)	2001/02 1 st Quarter (\$m)	2001/02 2 nd Quarter (\$m)	2001/02 Half Year (\$m)
Revenue	17.51	31.0	8.40	6.87	15.27
Profit before Interest, Depreciation and Amortisation and Exploration and Development expenditure	6.63	10.35	0.77	(1.16)	(0.39)
Interest	-	-	-	-	-
Depreciation & Amortisation	(1.97)	(4.79)	(1.24)	(1.15)	(2.39)
Exploration, Development & Evaluation	(3.65)	(4.0)	(0.51)	(0.27)	(0.78)
Profit (Loss) before Tax	1.01	1.56	(0.98)	(2.58)	(3.56)

Nolan's production – (oz)	29,638	51,965	11,912	9,702	21,614
Av. Cash cost (excl. capex - \$/oz)	301	309	547	665	600
Sustaining capital (\$/oz)	31	33	4	15	9
Av. Cash cost including sustaining capital (\$/oz)	332	342	551	680	609
Gold sold (oz)	30,078	54,134	11,513	10,532	22,045
Av. Selling price (\$/oz)	\$580	\$616	\$656	\$652	\$654
Bamboo Creek production (oz gold)	73	-	-	162	162
Av. Selling (\$/oz)	489	-	-	\$559	\$559

1.1 Haoma's Group Consolidated Results

Haoma's Consolidated Group loss for the half year ended December 31, 2001 before interest, depreciation and amortisation and exploration, development and evaluation costs was \$0.39 million (2001 - profit \$6.63 million).

The Haoma Consolidated Group loss for the half year ended December 31, 2001 before tax was \$3.56 million (2001 - profit \$1.01 million) after charging depreciation and amortisation of \$2.39 million (2001 - \$1.97 million) and group exploration, development and evaluation expenditure of \$0.78 million (2001 - \$3.65 million). There were no interest costs.

Haoma is presently in dispute with the Manager of the Nolan's Processing Plant Joint Venture (Carpentaria Gold Pty Ltd) over the incorrect allocation of gold produced at the Nolan's Processing Plant. On January 10, 2002, Haoma commenced legal proceedings against Carpentaria Gold Pty Ltd in the Queensland Supreme Court to recover the gold that it produced but did not receive.

Haoma estimates that the amount of gold not correctly allocated could be as high as 7,000 ounces. This is based on data made available to Haoma to date. Hearing of the dispute in the Queensland Supreme Court commenced on January 29, 2002 and on January 30, 2002 was adjourned pending the completion of expert witness statements and discovery of additional data.

Subsequent to commencement of the above legal action, Carpentaria has delivered a further 1,038 ounces of gold to Haoma without a complete explanation. Haoma will continue with the legal action in order to seek full recovery of Haoma's gold and compensatory damages for the losses suffered by Haoma as consequence of the misallocation of gold.

The estimated revenue from gold due to Haoma (including the 1,038 ounces delivered to Haoma since the commencement of legal proceedings) has not been included in the half year result. (Refer to Section 2.1 below for further details on future production arrangements at the Nolan's Processing Plant.)

Group exploration, development and evaluation expenditure for the 3 months to December 31, 2001 totalled \$0.27 million. Expenditures included \$145,000 in the Ravenswood area of Queensland and \$122,000 in the Pilbara region of Western Australia.

1.2 Amendments to September Quarter Production and Financial Data

In addition to incorrectly allocating Haoma's gold, Carpentaria Gold Pty Ltd has provided incorrect financial information to Haoma.

In December, Carpentaria provided a response to Haoma's requests for a reconciliation of production data. In that response, Carpentaria advised Haoma that Carpentaria had made errors in reporting gold production to Haoma since the start of the financial year. As a consequence, Haoma was advised to amend its September Quarter gold production down from 13,082 ounces to 11,912 ounces. Haoma does not agree this downgrade is correct.

This downgrade revision has had a significant effect on Haoma's cash cost per ounce produced. The amended cash cost per ounce produced for the Quarter to September 30, 2001 was increased from the previously reported figure of \$481 per ounce to \$551 per ounce. The Haoma Board is very concerned with the poor performance of Carpentaria Gold Pty Ltd as manager of the Joint Venture.

At the same time, Carpentaria recalculated its own share of gold produced for the September Quarter upward from 11,662 ounces to 12,749 ounces.

Carpentaria Gold has now reported to Haoma that in the 3 months to December 31, 2001 Haoma produced 9,702 ounces of Nolan's gold at a unit cost per ounce produced of \$680 (including \$15 per ounce sustaining capital). Haoma has sought explanations from Carpentaria as to the reasons for the significant cost increases during the Quarter.

1.3 Forward Gold Sale Contracts

No future gold production is currently sold forward.

2. MINING AT RAVENSWOOD, QLD

2.1 Mining and Processing of ore from the Nolan's Lease, Qld. (ML 1394)

The Nolan's Gold Mine is located at Ravenswood 90km south of Townsville and 60km east of Charters Towers in North Queensland.

The mining project was previously managed under a Joint Venture agreement by Carpentaria Gold Pty Ltd, a wholly owned subsidiary of MIM Holdings Limited.

In June 2001, Haoma commenced mining of the remaining ore (5.5 million tonnes @ 1.28g/t) in the Nolan's open pit in its own right. Haoma commenced feeding its ore to the Nolan's Processing Plant on July 16, 2001 in accordance with the batch processing arrangement being trialed between the Processing Plant Joint Venture processing participants. Carpentaria Gold has advised Haoma that the present designed processing capacity of the plant is 3 million tonnes per annum. Haoma's processing entitlement is approximately 1.5 million tonnes per annum.

Haoma and the Manager of the Nolan's Processing Plant (Carpentaria Gold Pty Ltd) are now in dispute over the incorrect allocation of gold produced by the plant. As a consequence of that dispute and in response to Carpentaria's refusal to reallocate gold, Haoma exercised its right of offset against Carpentaria's claimed processing costs. On January 15, 2002, Carpentaria advised Haoma that it would not process Haoma's ore. Haoma previously disclosed this information to the Australian Stock Exchange in announcements released on January 16 and 18, 2002.

At January 31, 2002, the Manager has not commenced processing of Haoma's ore despite Haoma's batch processing entitlement having fallen due on January 16. Haoma has approximately 240,000 tonnes of ore at 1.45 grams per tonne ready for processing. The sale value of the contained gold is approximately \$5.8 million.

Haoma is in the process of negotiating a way forward to have its ore processed.

In order to prevent disruption to ongoing mining activities being conducted in the Nolan's Pit and to secure future processing stocks, Mr Gary Morgan (Chairman of the Haoma Board) has provided an undertaking to the Board of Haoma that he will provide such funds as are necessary to enable the company to meet its obligations as and when they fall due. This undertaking by Mr Gary Morgan was the subject of an announcement released to the Australian Stock Exchange on January 25, 2002.

2.2 Nolan's Mine Gold Production - Summary for 6 Months to December 31, 2001

CIL Plant Nolan's ROM Milled	Nolans Joint Venture		Haoma Mining NL		
	Half Year 2000/01	Full Year 2000/01	1 st Qtr 2001/02	2 nd Qtr 2001/02	YTD 2001/02
Tonnes Mined	1,205,721	1,991,045	436,993	395,644	832,637
Tonnes Milled	1,352,645	2,450,691	390,607	345,540	736,147
ROM Av. Grade (g/t)	1.41	1.34	1.01	0.95	0.98
Av. Metallurgical Recovery (%)	92.0	93.0	94.3	91.7	93.1
Gold Prod'n (oz) 100%	56,356	98,194	11,912	9,702	21,614
49.9%	28,122	48,999	-	-	-
Heap Leach (Milled from 97/98)					
Tonnes trucked from pad	177,561	240,715	-	-	-
Tonnes Milled	135,823	253,599	-	-	-
HL Av. Grade (g/t)	0.75	0.78	-	-	-
Av. Metallurgical Recovery (%)	92.0	93.0	-	-	-
Gold Prod'n (oz) 100%	3,039	5,944	11,912	9,702	21,614
49.9%	1,516	2,966	-	-	-
Overall Av. Grade (g/t)	1.35	1.29	1.01	0.95	0.98
Gold Prod'n (oz) 100%	59,395	104,138	11,912	9,702	21,614
49.9%	29,638	51,965	-	-	-

Note:

2001/02 gold grade, recovery and production figures in the above table are in accordance with adjusted data provided by the Manager of the Nolan's Joint Venture Processing Plant. Haoma does not accept that the figures are correct and has commenced legal action in regard to a gold allocation dispute with the Manager. The figures are shown for information purposes in the absence of corrected production data.

2.3 Nolan's CIL Operation

For the 3 months to December 31, 2001, the reported Nolan's gold production was 9,702 ounces from milling 345,540 tonnes at an average grade of 0.95g/t and an average recovery of 91.7%. (Haoma does not agree the average grade estimate (0.95g/t) supplied by Carpentaria Gold Pty Ltd is correct)

2.4 Cost Per Gold Ounce Produced

The cost per gold ounce produced for the 3 months to December 31, 2001 was \$680. The half year cost per gold ounce produced was \$609 (including \$9 per ounce sustaining capital).

3. **EXPLORATION ACTIVITIES IN QUEENSLAND**

3.1 **Totley Heap Leach, Ravenswood. Old (MC 2205, MC 2206)**

In September 2000 an aircore-drilling program on the abandoned Totley Heap Leach identified a proven reserve of 250,300 tonnes at 0.96g/t gold and 11.7g/t silver. This material is being trucked to the Nolan's Mine and used in the pit as ore sheeting, where it will augment mill feed.

3.2 **Elphinstone Creek, Ravenswood. Old (EPM 9154)**

A resource estimation following exploration activities completed in the December Quarter is being prepared and is expected to be completed in the current Quarter.

3.3 **Old Man (ML 1326), Ravenswood. Old**

Haoma has engaged Mr Allan Linke, Mining Engineer, to work with Haoma's exploration geologists, to mine test parcels of ore from the Old Man lease. Work to date has exposed mineralised geological structures and limited mining is expected to commence in the current Quarter.

4. **EXPLORATION ACTIVITIES IN WESTERN AUSTRALIA**

4.1 **Pilbara Joint Ventures with DeBeers Australia Exploration Limited**

(E45/1795, E45/1848, E45/1948, E45/1969, E45/2046, E45/2047, E45/2095, E45/2096, E45/2179, E45/2182, E45/2183, E45/2184, E45/2186, E45/2187, E45/2188, E45/2189, E45/2190, E45/2327, E46/473, E46/474, E46/476, E46/477, E46/488).

DeBeers Australia Exploration Ltd have provided the following advice in respect of the above tenements for the December 2001 Quarter activities:

“De Beers Australia Exploration Limited has recovered kimberlitic spinel from an altered rock sample taken in the Haoma Joint Venture ground over the Coongan Greenstone Belt located in the East Pilbara.

The sample, collected from a dyke, is from a new location, separate from previous discoveries. The rock is undergoing further analysis and ground investigation is expected to take place early in the field season.

Results from the follow-up sampling in the Nullagine area are starting to be become available. A number of kimberlitic type spinel have been recovered.”

4.2 Bamboo Creek Ore Processing

It is expected that milling & processing of higher-grade bulk samples using the Elazac Process will now commence in the current Quarter. Samples from the following areas have been crushed and stockpiled at the Bamboo Creek plant:

- North Shaw (L45/60, E45/1453, E45/1513)
- Copenhagen (M45/682, M45/240, P45/2391)
- Klondyke (M45/547, M45/671, P45/2316)
- Fieldings Gully (M45/521)
- Normay (M45/302, M45/1395)
- Mickey's Find (M45/328, M45/329, M45/665)
- Comet Mine (M45/478, M45/459, M45/438, M45/385, M45/14, M45/16)
- Just-in-time (M45/2427)
- Sterling (M45/357, M45/346, M45/238, GM45/36, E46/426, E46/427)

After the "wet season" bulk samples will be mined and trucked to the Bamboo Creek plant from Big Stubby (M45/284, M45/554, M45/453, M45/57) and the Spear Hill (M45/980, M45/981, M45/982) group of tenements and Copper Hills (M46/177).

4.3 Normay Mine (M45/328, M45/329)

During the second Quarter, a processing plant and vat leach pads were established at the Normay Mine site for the processing of Normay tailings. In November, production of gold commenced with the first gold pour of 162 ounces on December 22, 2001. Production is continuing with a further 391 ounces being poured to January 31, 2002. At the commencement of processing, there was approximately 175,000 tonnes of tailings available containing approximately 14,000 ounces of gold.

Other accessible resources are available in the immediate vicinity of the Normay Mine. These include remnants of the Normay Mine vein system, Mickey's Find and Lalla Rookh. These ore sources will be used to augment the Normay tailings vat leach ore.

Evaluation of the Mickey's Find deposit has continued during the Quarter. Early indications suggest a mineable open cut mineralised deposit in the oxide ore with higher grade zones up to 8 metres wide at 2.90 g/t. Two benches through the ore body, 250 metres apart when assayed by the aqua regia method obtained the following results:

Bench 1: 0.85g/t Au, 3.82g/t Ag over 46 metres including 8 meters at 2.90g/t Au, 13.08g/t Ag

Bench 2: 1.22g/t Au, 2.55g/t Ag over 38 metres including 2 metres at 10.73g/t Au, 2.18g/t Ag and 2 metres at 5.12g/t Au, 5.40g/t Ag.

Column leach tests on Mickey's Find ore have successfully recovered all of the measured gold.

4.4 North Shaw Mine (L45/60)

Stockpiled at North Shaw are approximately 4,000 tonnes of ore (average grade of approximately 5 g/t) mined by previous operators. During the next 12 months this material will be profitably treated by the vat leach method. In addition, there are substantial proven reserves available for mining from the bottom of the two shallow North Shaw open pits. The previous operator was forced to abandon the area when the earthmoving and milling contractor became insolvent.

Haoma has available an extensive North Shaw region exploration database and several prospects in varying stages of development. Haoma's consultants are confident that a minimal amount of exploration will reveal additional economic mineralisation on the structures within the North Shaw leases.



Gary C Morgan
CHAIRMAN