Haoma Mining NL

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CHAIRMAN'S ADDRESS TO 2009 ANNUAL GENERAL MEETING
BY GARY C. MORGAN,
9.30 AM, December 17, 2009

Welcome to the 2009 Annual General Meeting of Haoma Mining NL.

Exploration Activities – Western Australia

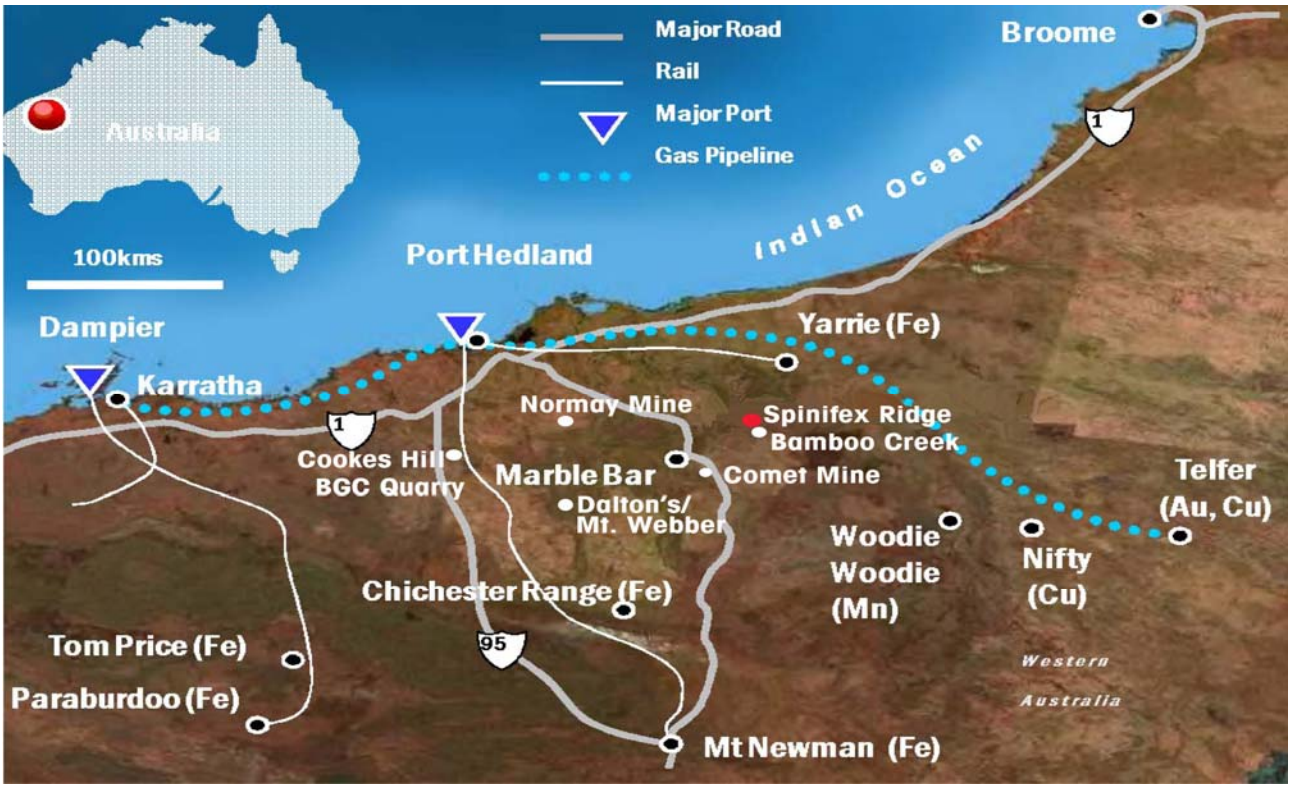

Figure 1: Pilbara Area Project Location Map

Source: Moly Mines Ltd (added to map are locations of Bamboo Creek, Normay Mine, Cookes Hill BGC Quarry, Daltons/Mt Webber and Comet Mine).

Firstly I'd like to acknowledge this year's significant developments, namely:

1. We can now assay gold in Bamboo Creek ores and extract that gold from Bamboo Creek ores to bullion – it has taken more than 20 years and cost a lot!
2. We produced a significant quantity of gold from processing 4 tonnes of Bamboo Creek Concentrate through the plant.

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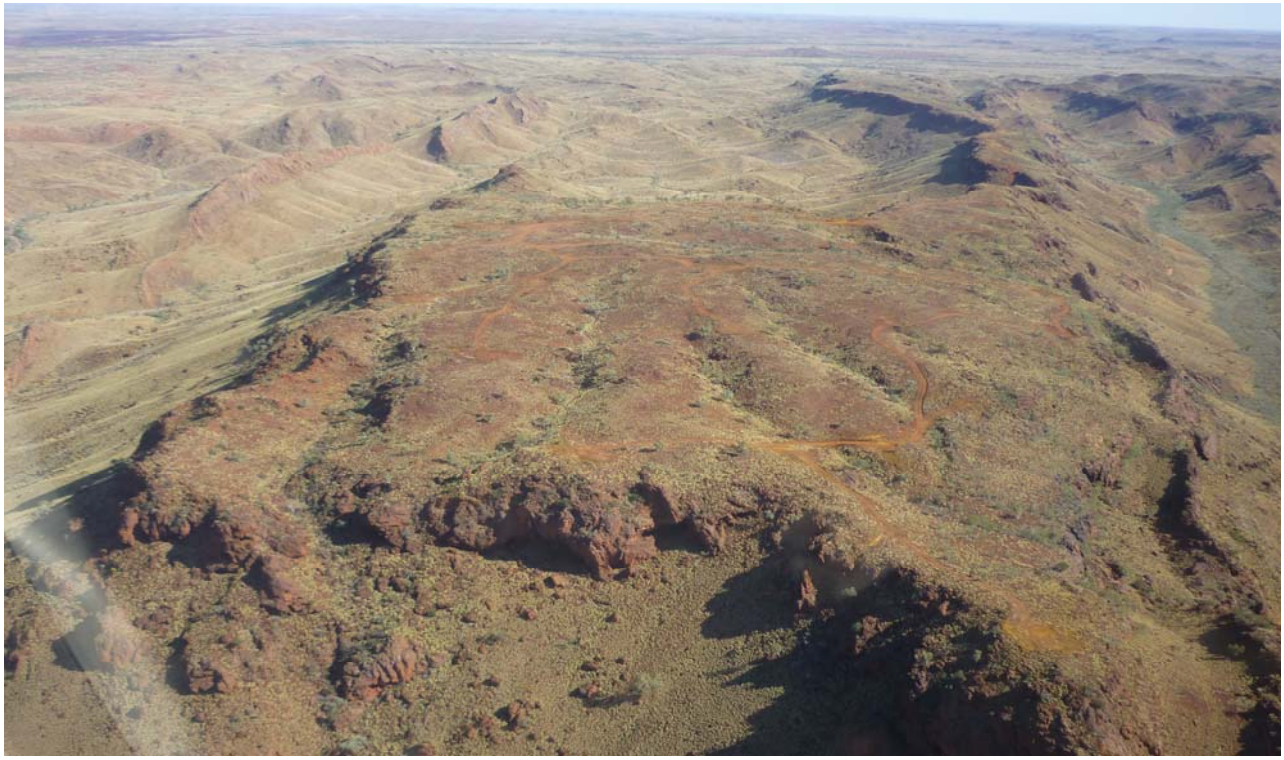


Figure 2: Mt Webber looking south showing GIR/HAO drilled area in foreground.

3. At Mt Webber an initial Inferred Mineral Resource was defined to be 40.0 million tonnes @ 57.3%Fe (62.3% CaFe) and 1.42% Al2O3. The Mt Webber deposit includes a higher grade zone of 24.6 million tonnes @ 59.0%Fe (64.2% CaFe) and 1.33% Al2O3 with an Fe cut-off of 57%. The low alumina resource is near-surface, and within road haulage distance of Port Hedland. (The Daltons Joint Venture area E45/2186, E45/2187, E45/2921, E45/2922– Haoma 25%, Giralia 75%, we also have 100% of which covers leases M45/780, M45/847, P45/2292–2298)

   A draft Mining Scoping Study has been received which evaluates the various mine development options**.**

   Attached Appendix 1 is the Haoma Daltons Joint Venture Report sent today to the ASX. It shows the net present value of our Daltons Joint Venture Mt Webber Deposit is $170 million (NPV 10%, IRR of 53.9%) if the ore trucked to Port Hedland at the rate of 2 million tonnes per annum. If we were to use rail the value could be up to $400m and if we increased the tonnes to 5 million per annum and used rail even more!

   The Daltons Joint Venture hopes to be in production during 2011. We do not expect problems financing our 25% share.

   As mentioned above the profitability of mining and exporting iron ore from Mt Webber depends on whether FMG or BHP Billiton will freight our ore by rail. (as seen by the attached release we could 'truck' however there are significant savings using rail.) FMG have spare capacity while BHP Billiton should have spare capacity on their new Port Hedland railway line.

   Andrew Forest of FMG has been very cooperative.

   BHP Billiton have said NO, however we expect their attitude to change in the future – their new railway goes through Haoma's tenements where we have large tonnages of dolerite (best in the area) which could be used for new railway lines. It is 'logical' for BHP Billiton to back load dolerite from our Cookes Hill Quarry. In the long run we don't expect our problem to be railway access but port access – this we are presently evaluating.

4. **Exploration on the Daltons JV Tenements have found seven New Hematite Zones (Haoma 25%, Giralia 75%).** The most promising new zone defined is on the western range at Mt Webber ~1km north of Atlas Iron's recently announced resource.

5. **We have found near Bamboo Creek outcropping Banded Iron Formation (E45/3217) -** A 'rock chip' sampling program in the western section of Haoma's Bamboo Creek tenements obtained significant surface 'rock chip' assay results over more than 2.5 km with grades greater than 40% iron from three out of 16 samples to date. The results indicate that Moly Mines (MOL) Banded Iron

Formation (which contains the Spinifex Ridge Iron Ore deposits) extends into Haoma's Bamboo Creek Exploration Tenement E45/3217 (See Figure X). The mineralisation on Haoma's tenement E45/3217 is approximately 8 km from the Bamboo Creek plant and township

6. During the September 2009 Quarter 340,072 tonnes of dolerite aggregate were mined from Haoma's Cookes Hill Quarry and crushed by BGC Contracting Pty Ltd. Haoma received royalties of $212,003. Over the next 12 months total production and royalties are expected to be about the same as year 2009.

7. We have **sold all our Linden tenements** (E39/293, E39/428, M39/255, M39/649, M39/650, M39/794, M39/795, P39/2974, P39/2975, P39/2976) and Linden Camp to Exterra Resources Pty Ltd (ACN: 138 222 705) which plans to list on the Australian Stock Exchange.

   The consideration is $1,100,000 in cash and a $1,000,000 Secured Exterra Resources Pty Ltd Convertible Note which may be converted to 10 Million ordinary shares at any time during the 18 month period after Exterra Resources Pty Ltd becomes admitted to the official list of the Australian Stock Exchange.

   In addition, at the time of listing Haoma will be paid by Exterra Resources Pty Ltd an amount of $500,000 for historical expenses incurred by Hoama. Exterra Resources Pty Ltd has been formed as a vehicle to acquire and mine narrow, high grade, high margin gold deposits.

   Linden is located approximately 200km northeast of Kalgoorlie in the Eastern Goldfields Province of Western Australia. The Directors of Exterra Resources Pty Ltd intend to offer Haoma shareholders a priority allocation of shares in the company pre IPO.

1. Bamboo Creek Operations

At the 2007 Annual General Meeting shareholders were advised that more gold could be stripped from loaded carbon than could be assayed (2,026 grams of physical gold recovered compared with 1,254 grams of gold measured by assay).

Since then test work has continued at Bamboo Creek and the University of Melbourne using the **Refined Elazac *Assay* Method and Refined Elazac Gold *Extraction* Method.**

On December 2, 2009 shareholders were advised **test results then released showed Bamboo Creek gold bearing ore and tailings can now be processed in the Bamboo Creek Plant and significant quantities of gold and silver produced. This had not been possible until the latest test results.**

The following are details of the Haoma December 2, 2009 ASX Report regarding **Refined Elazac *Extraction* Method to process a four tonne bulk ore trial at Bamboo Creek Plant** (See Haoma Mining NL Annual Report, Section 1.4):

> AGR Matthey advised Haoma they returned 53.75 oz gold (470.68 g/t from the four tonnes of Concentrate ore treated in the Bamboo Creek Plant) from smelting 'Steel Wool' which had been used to collected gold when stripped from 'Loaded Carbon". **The amount of gold produced was a lot more than expected.**
>
> Shareholders were advised on November 24, 2009 that conventional assays showed the gold recovery would be 11.69 oz gold or 88.51 g/t.
>
> AGR Matthey also advised Haoma they recovered 21.6 oz of silver (204 g/t); Haoma expected 1.18 oz or 9.18g/t silver.
>
> Not all of the Steel Wool used to extract gold and silver from the four tonnes of Bamboo Creek Concentrate was sent to AGR Matthey as some was kept for further tests. Results from further tests have enabled a better understanding of 'why' there are assay and extraction problems with Bamboo Creek ores.
>
> The following is the total amount of gold and silver produced or now held on Steel Wool:
>
> - 60.53 oz of gold (worth about $78,000)
> - 26.24 oz of silver

We are now re-processing the four tonnes of Bamboo Creek Concentrate through the Bamboo Creek Plant. On completion of the test shareholders will be advised how much additional gold and silver is produced.

In addition the Bamboo Creek Plant is now being modified to enable the Refined Elazac Extraction Method to be used on a continuous basis so gold, silver and other metals can be produced on a commercial basis.

While the above result indicates there is still an assay problem when measuring the amount of gold and silver in Bamboo Creek ore, **the Refined Elazac *Extraction* Method can definitely recover a lot more gold and silver than traditional assays indicate.**

In October and November, 2008 Bamboo Creek (BBC) Tailing samples were prepared at BBC and analysed at the University of Melbourne by Mr. Roger Curtain and Professor Peter Scales using the Scanning Electron Microscope (SEMQuant).

SEMQuant results on **BBC Tailings** confirmed the **Refined Elazac *Assay* Method** and validated the assay and extraction work being carried out at Bamboo Creek.. See Haoma Oct 23, 2008 ASX Report)

These significant results and findings provided the **scientific reason** why we have a major assay 'collection' problem and why we have not been able to accurately measure all the gold, silver and other metals in Pilbara ores. Because of the commercial value of this new information the Directors have determined not to make the knowledge public.

The **Refined Elazac *Assay* Method** can now consistently measure much higher gold and silver grades than when measured by traditional assay methods - either by Aqua Regia or Fire Assay.

In the Haoma 2009 Annual Report (See Page 3) we advised shareholders that with a **2 kg Bamboo Creek Tails sample (Head Grade 0.3 g/t) the gold 'Calculated Head Grade' was 74.32 g/t.**

2. Other Elazac Assay Test on Daltons Nickel Drill Core Sample.

On October 23, 2008 **Haoma** shareholders were advised Dalton's 'higher' grade nickel drill core (Head Grade: Ni 1.19%, Au 0.059 g/t, 6.62 g/t Ag) contained significantly higher gold and silver grades than we had ever imagined, namely: **76.091 g/t gold and 14.52 g/t silver.** The Dalton's gold result of 76.091 g/t was the average grade of gold 'extracted' from 5 tests using **Refined Elazac *Extraction* Method.**

We now have a better understand 'why' we obtained this significant Daltons result and believe the Bamboo Creek nickel deposits will also contain significantly higher grades of gold and silver than previously believed. (Haoma Mining owns 100% of the gold, silver, tin and tantalum contained in the Daltons JV tenements).

In addition to the above test, other tests conducted over the last few months using the **Refined Elazac *Extraction* Method** have 'extracted' from ore samples higher grades of **nickel** and **arsenic** than previously obtained by the traditional assay methods used.

Figure 3(b) & (c): Bamboo Creek Laboratory

Figure 3(d)): Bamboo Creek Muffle Furnace

Figure 3(d): Bamboo Creek Valley and main Range (on right) which contains ore bodies

Figure 3(e): Bamboo Creek Valley

Figure 3(f): Bamboo Creek Plant

Figure 3(g): Bamboo Creek Plant, Valley and main Range (on right) which contains ore bodies

Figure 3(h): Bamboo Creek Plant from

Figure 3(i): Bamboo Creek Tailings Dam

Figure 3(j): Bamboo Creek Plant Leach Tanks and Thickener

Figure 3(k): Bamboo Creek Ball Mill

3. Mt Webber Daltons Joint Venture (E45/2186, E45/2187, E45/2921, E45/2922) – Haoma 25%, Giralia 75% (Includes 100% Haoma M45/780, M45/847, P45/2292 – 2298)

- **Initial Inferred Mineral Resource for Haoma's 25%, Giralia's 75% owned Mt Webber deposit at the Daltons JV.**
  - **Overall Resource 40.0 million tonnes @ 57.3%Fe (62.3% CaFe) and 1.42% Al_2O_3**
  - **Includes higher grade zone of 24.6 million tonnes @ 59.0%Fe (64.2% CaFe) and 1.33%, Al_2O_3 with an Fe cut-off of 57%**
- **This maiden estimate for the Mt Webber deposit is based on a 40 hole first pass drilling program completed in May to August 2009.**
- **The low alumina resource is near-surface, and within road haulage distance of Port Hedland.**
- **Mining Scoping Study commenced to evaluate development options.**
- **Recent rock sampling and mapping of areas of hematite potential within the Daltons JV has identified targets for resource growth, particularly immediately north of the Atlas Iron resource on the western range at Mt Webber.**

Haoma retains 100% of gold/silver and tin/tantalum mineralization.

The Daltons JV tenements at Mt Webber directly adjoin Atlas Iron Limited's ("Atlas") Mt Webber prospect. Atlas recently reported an initial resource estimate of 43.7 million tonnes @ 57.4% Fe on its tenement at Mt Webber.

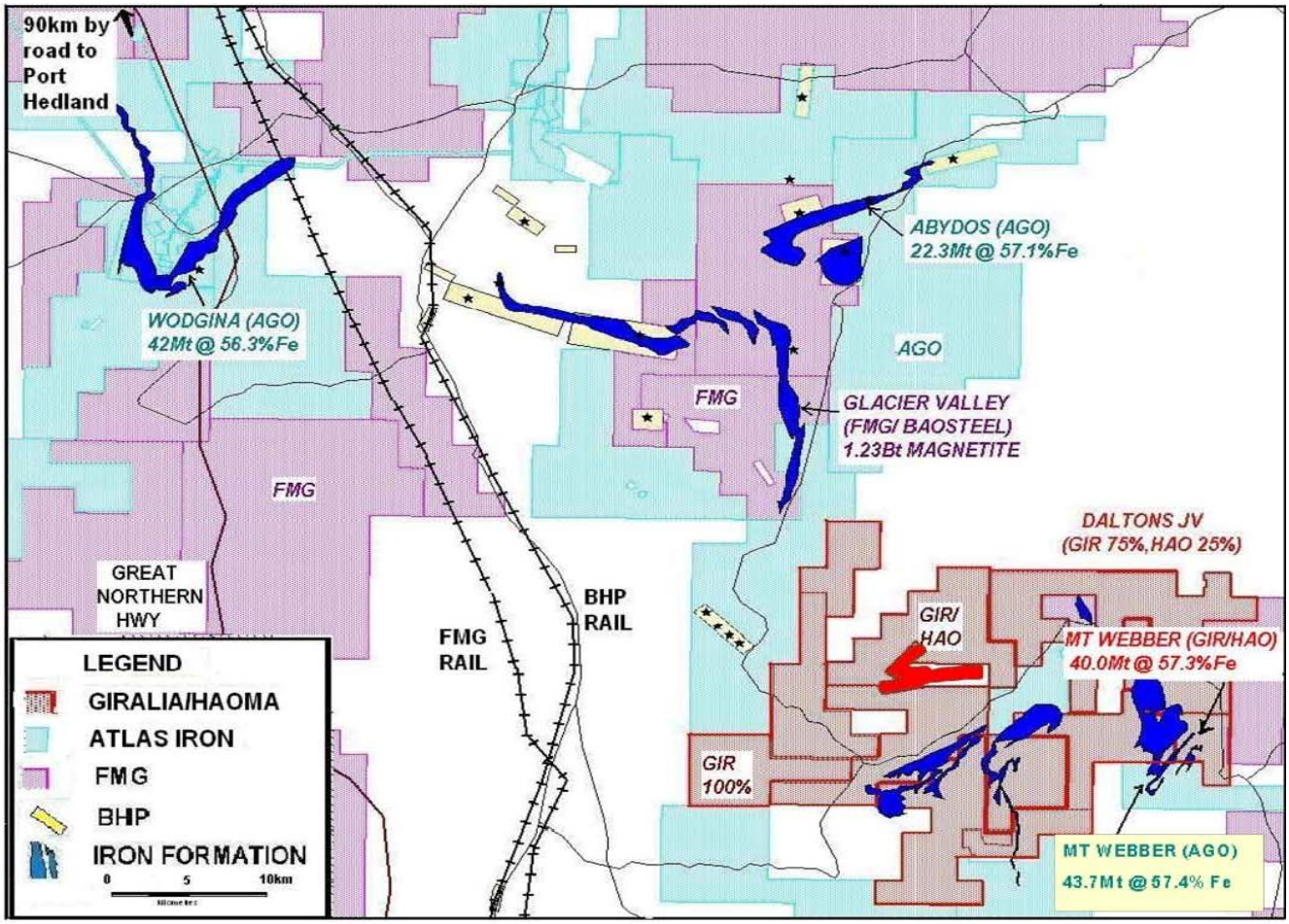


Figure 4: **Location plan showing Daltons GIR/HAO JV tenements** ■ **100% Haoma's Soansville Mining Leases (M 45/780 and M 45/847)**

Daltons JV - Mt Webber Iron Ore Project - Mineral Resource Estimate								
at 11 September 2009 (Fe Grade Cutoff >50 %)								
Deposit	Category	Tonnes (Mt)	Fe %	P %	SiO2 %	Al2O3 %	LOI %	CaFe%
Main Southern Zone	Inferred	33.76	57.9	0.093	6.39	1.44	8.19	63.06
Lenses below Main Zone	Inferred	4.36	53.7	0.045	15.39	0.51	6.33	57.3
Northern Zone	Inferred	1.89	54.8	0.070	8.22	3.28	8.57	59.9
Total	**Inferred**	**40.0**	**57.3**	**0.086**	**7.46**	**1.42**	**8.00**	**62.3**

Table 1: Calcined Iron grade (CaFe) is a measure of iron content upon removal of volatiles (i.e. LOI).

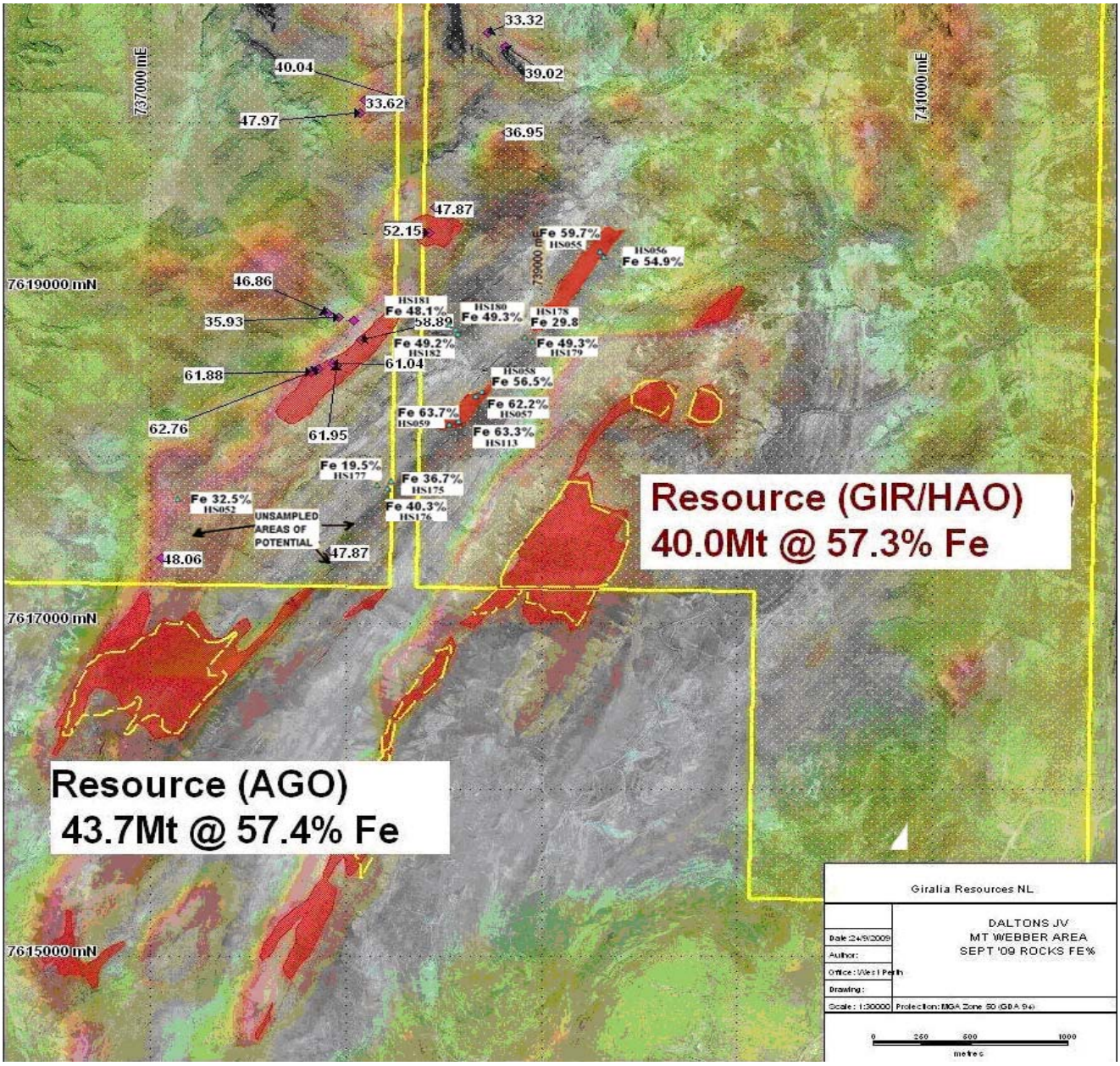


Figure 5: Daltons JV Mt Webber iron ore prospect. Joint Venture tenements in Yellow. Mt Webber resource outlines shown on air photo with aeromagnetic image underneath. Assay results (Fe%) for rock chip samples at Mt Webber Western Range also shown

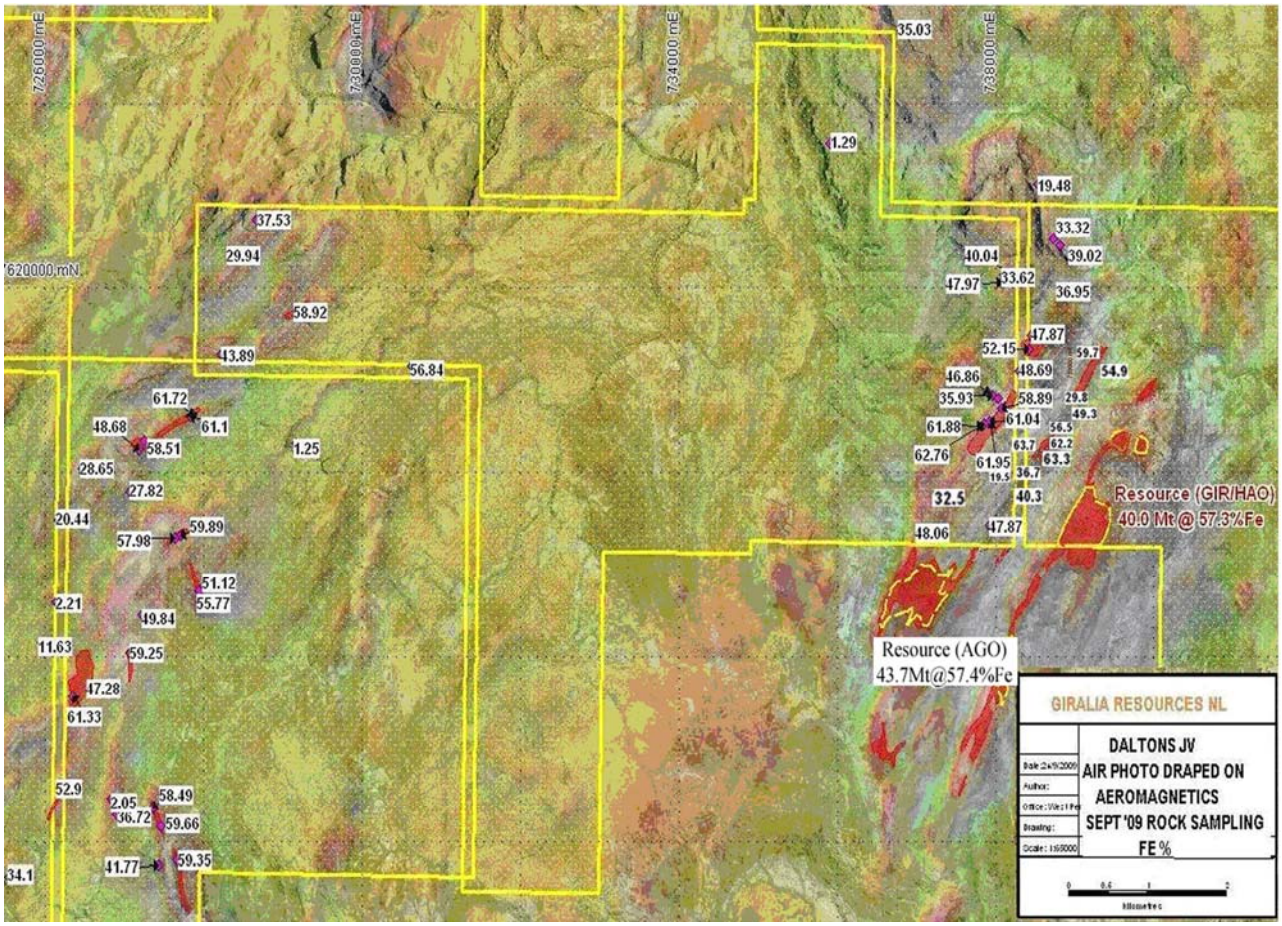


Figure 6: **Daltons JV iron ore rock sampling September 2009. JV Tenements in yellow, red polygons are areas of mapped hematite outcrop. Background is air photo draped on aeromagnetic image.**

Figure 7: **Mt Webber surface terrain showing outcrops of iron ore**

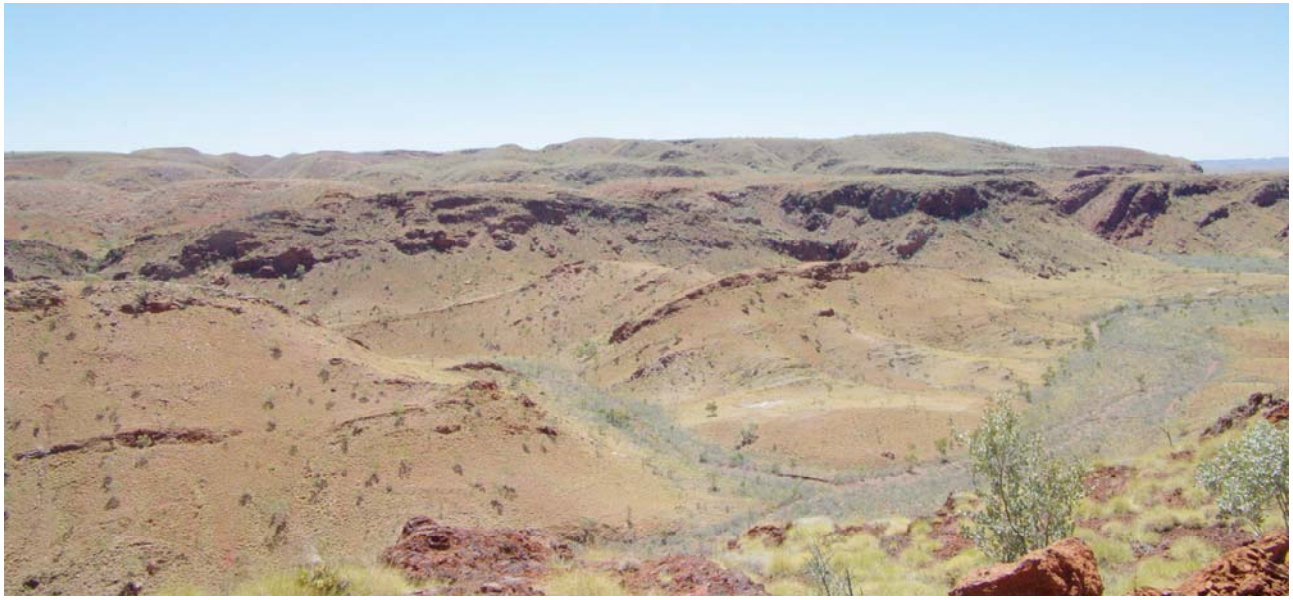


Figure 8: Looking north-west from Mt Webber to adjacent Daltons JV 'Western Ranges' terrain where iron ore surfaces rock samples have obtained assay grades greater than 50% iron.

When the Mt Webber resource estimate was released on September 25, 2009 I made the following comment:

"This is an important outcome for Haoma shareholders. Mt Webber is a 'greenfields' area with the discovery of an 'easy to mine' direct shipping hematite resource within trucking distance of Port Hedland. The low alumina content, and high LOI should make this ore saleable, and the deposit is right at surface. The mining Scoping Study will outline the Joint Venture's various development options."

Recently internationally recognised geological consultants CSA Global Pty Ltd (CSA) were commissioned by the Daltons JV to complete the initial resource estimate for the Mt Webber deposit. Methodology, procedure and parameters used for the Mineral Resource estimate are detailed in the CSA summary report (See September 25, 2009 Haoma ASX Report, Annexure 1). Delineation of this updated Mineral Resource is based on 40 reverse circulation ("RC") drill holes completed to date at Mt Webber by the Joint Venture in May to August 2009, which returned intersections including; **70 metres from surface @ 58.4% Fe, including 54 metres @ 60.9% Fe, 1.5%Al2O3, 52 metres @ 60.5% Fe 1.3% Al2O3 from 4 metres depth, 60m @ 58.6% Fe from surface, including 44m @ 60.1% Fe, 1.7% Al2O3 and 68m @ 60.9% Fe, 0.7% Al2O3 from surface.** Additionally, earlier drilling of the smaller Northern Hill returned results including **16 metres @ 58.5% Fe, and 34 metres @ 55.1% Fe.**

The low alumina and phosphorus iron ore mineralisation at Mt Webber occurs as a flat lying hematite-goethite enrichment cap up to 70 metres thick, with mineralisation starting from surface in many holes.

The Daltons Joint Venture has also recently received a report from Australian Metallurgical and Mineral Testing Consultants Ltd ("Ammtec") on metallurgical test work on diamond drill core to calculate the ore's compressive strength and determine with 'drop tests' the 'lump' percentage. **Initial test results suggest a relatively high 'lump' percentage which attracts a premium to the benchmark iron ore 'fines' price.**

Details of the Ammtec report will be released when available. For the reasons outlined above, there is potential to receive a premium price when the Mt Webber iron ore is sold.

4. Banded Iron Formation found near Bamboo Creek (E45/3217)

A 'rock chip' sampling program in the western section of Haoma's Bamboo Creek tenements obtained significant surface 'rock chip' assay results over more than 2.5 km with grades greater than 40% iron from three out of 16 samples to date. The results indicate that Moly Mines (MOL) Banded Iron Formation (which contains the Spinifex Ridge Iron Ore deposits) extends into Haoma's Bamboo Creek Exploration Tenement E45/3217 (See Figure 2). The mineralisation on Haoma's tenement E45/3217 is approximately 8 km from the Bamboo Creek plant and township

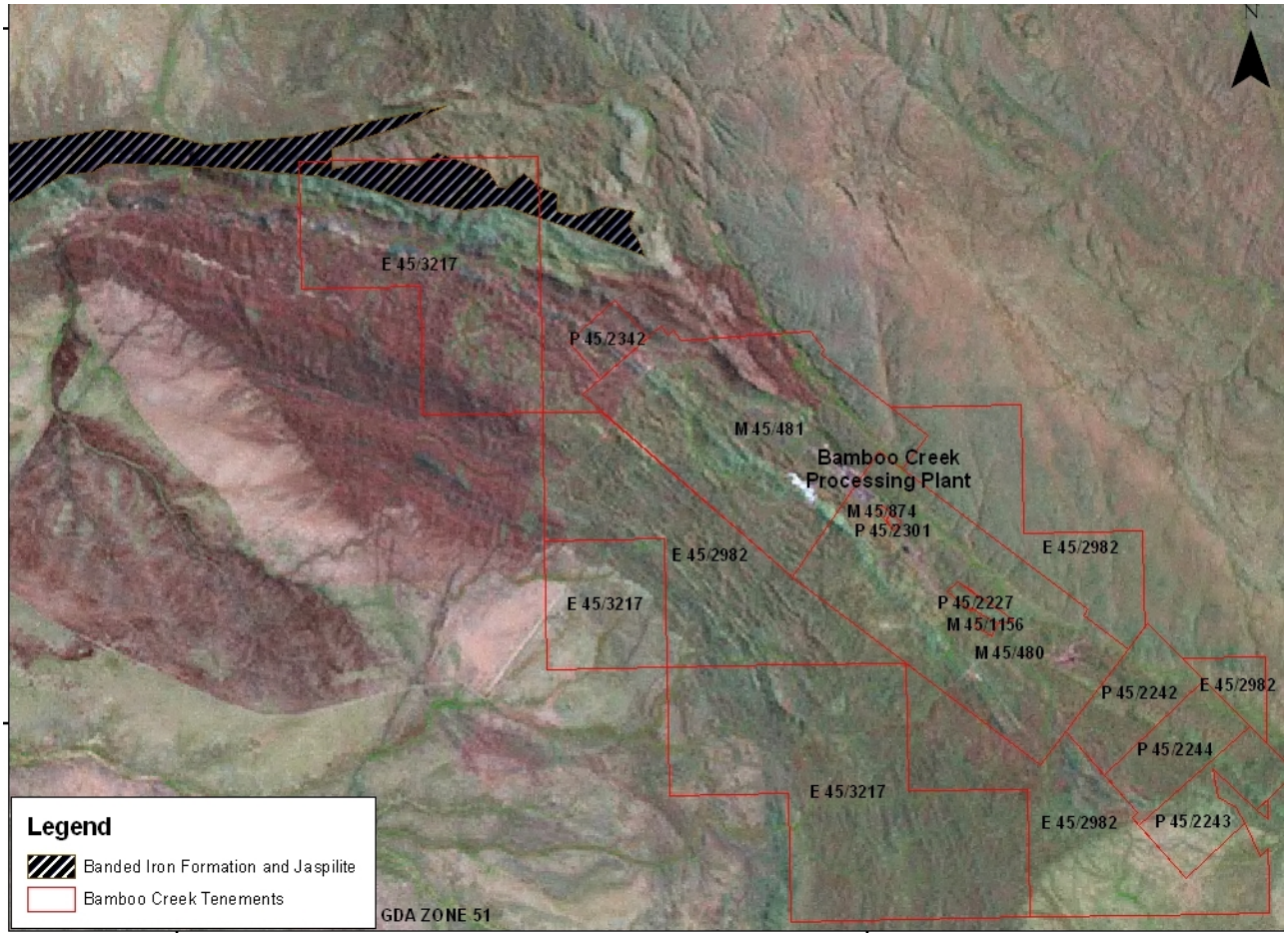
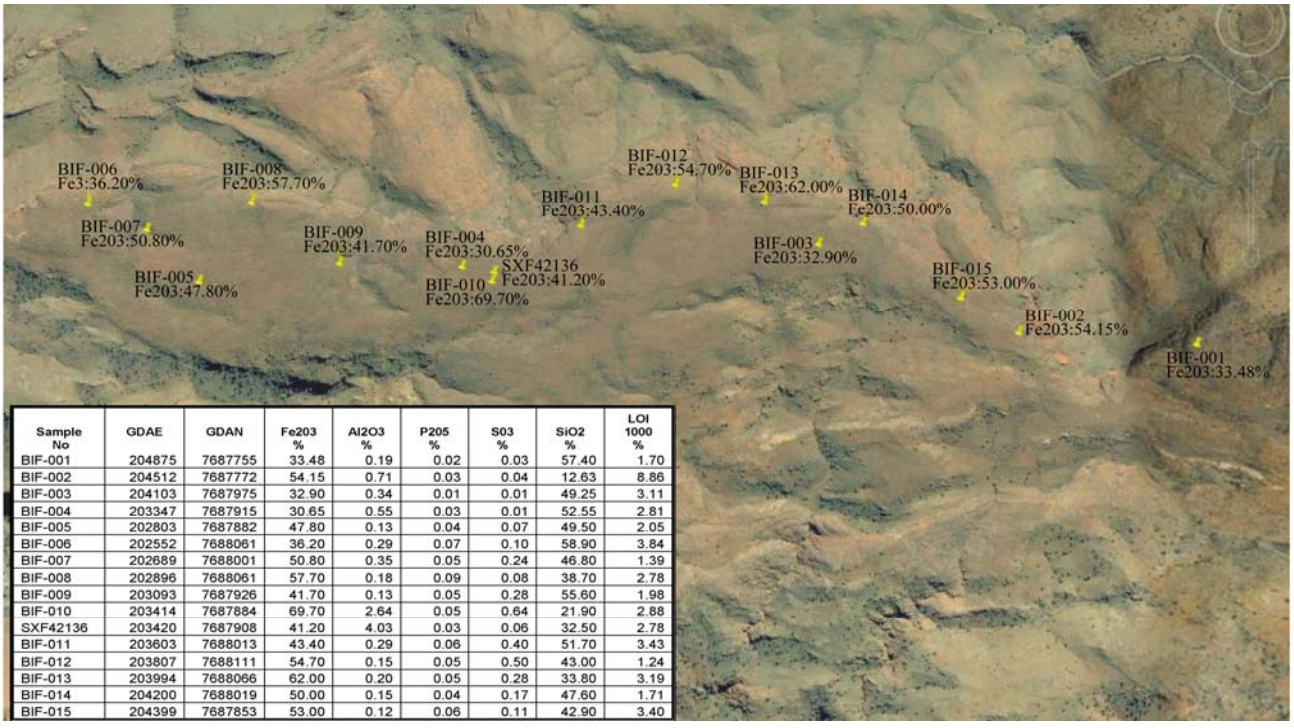


Figure 9: **Moly Mines Banded Iron Formation (in black) extending in Haoma's Tenements E45/3217**



Sample No	GDAE	GDAN	Fe203 %	Al2O3 %	P205 %	S03 %	SiO2 %	LOI 1000 %
BIF-001	204875	7687755	33.48	0.19	0.02	0.03	57.40	1.70
BIF-002	204512	7687772	54.15	0.71	0.03	0.04	12.63	8.86
BIF-003	204103	7687975	32.90	0.34	0.01	0.01	49.25	3.11
BIF-004	203347	7687915	30.65	0.55	0.03	0.01	52.55	2.81
BIF-005	202803	7687882	47.80	0.13	0.04	0.07	49.50	2.05
BIF-006	202552	7688061	36.20	0.29	0.07	0.10	58.90	3.84
BIF-007	202689	7688001	50.80	0.35	0.05	0.24	46.80	1.39
BIF-008	202896	7688061	57.70	0.18	0.09	0.08	38.70	2.78
BIF-009	203093	7687926	41.70	0.13	0.05	0.28	55.60	1.98
BIF-010	203414	7687884	69.70	2.64	0.05	0.64	21.90	2.88
SXF42136	203420	7687908	41.20	4.03	0.03	0.06	32.50	2.78
BIF-011	203603	7688013	43.40	0.29	0.06	0.40	51.70	3.43
BIF-012	203807	7688111	54.70	0.15	0.05	0.50	43.00	1.24
BIF-013	203994	7688066	62.00	0.20	0.05	0.28	33.80	3.19
BIF-014	204200	7688019	50.00	0.15	0.04	0.17	47.60	1.71
BIF-015	204399	7687853	53.00	0.12	0.06	0.11	42.90	3.40

Figure 10: **Bamboo Creek Iron Ore Sampling (Tenement E45/3217)**

Figure 11: Haoma's Spinifex Ridge Terrain

Figure 12(a) Haoma's Spinifex Ridge Iron Outcrop

Figure 12(b) - Haoma's Spinifex Ridge Iron Outcrop

5. Cookes Hill (E45/2983 (previously E45/1562), M45/1005, M45/1031 – 1036) Including BGC Tribute Agreement to Mine Dolerite from Haoma's Cookes Hill Quarry

The Haoma Dolerite Quarry at Cookes Hill is operated by BGC Contracting Pty Ltd. BGC Contracting mine and crush dolerite aggregate which is being supplied to BHP Billiton railways for its new Pilbara railway line. Haoma earns a royalty of $0.75c per tonne of railway ballast and $0.40c per tonne for other material. During the 2008/09 year 524,407 tonnes of material were mined from the Cookes Hill Quarry for which Haoma received royalties of $359,560.

During the September 2009 Quarter 340,072 tonnes of dolerite aggregate were mined from Haoma's Cookes Hill Quarry and crushed by BGC Contracting Pty Ltd. Haoma received royalties of $212,003.

Over the next 12 months total production and royalties are expected to be about the same as year 2009.

Figure 13: **Haoma's Cookes Hill Dolerite Quarry**

Figure 14: **BGC Contracting Pty Ltd Portable Crushing Plant at Cookes Hill Dolerite Quarry**

Figure 15: **Stockpiled Dolerite at Haoma's Cookes Hill Quarry operated by BGC Contracting P/L.**

Finally, I would like to express the Board's appreciation to all those who have helped Haoma's activities in the Pilbara and Ravenswood Districts during the last 12 months.

In particular, the Board's thanks go to Mr. Peter Cole, Prof. Peter Scales, Mr Roger Curtain (University of Melbourne), Dr Edwin van Leeuwen and Mr. Hugh Morgan who have all contributed to solving the Pilbara assay and metallurgical problems.

In addition the Board would like to thank Mr. Tristin Cole, Mr. Steve Wilson, Mr. Bob Claydon, Mr. Bob Ward and all others at our Bamboo Creek Mine who have been involved in test work and re-engineering the Bamboo Creek Plant.

We thank our principal geologist, Ms Sandra McKenzie for her significant contribution in upgrading Haoma's Western Australia and Queensland tenements. Sandra McKenzie was assisted in Queensland by Mr. Dave Toland.

Figure 16(a): Comet Gold Mine Plant, showing accommodation and camping facilities

Figure 16(b): Comet Mine 'Stack' & Plant

Figure 16(c): Comet Mine 'Stack'

Figure 16(d): Comet Mine Tourist Centre

Figure 16(e): Comet Mine Tourist Centre

Figure 16(f): Entrance to Comet Mine Tourist Centre

Figure 16(g): Comet Mine Tourist Centre Swimming Pool

Figure 16(h): Comet Mine Tourist Centre Gemstone Display

Figure 16(i): Comet Mine Tourist Centre History Display

Figure 16(j): Comet Mine Tourist Centre Jewellery Display

Figure 16(k): Comet Mine Tourist Centre Jewellery Display

Figure 16(l): Comet Mine Tourist Centre Clocks

Figure 16(m): Broome Pearl and Gold Jewellery

Figure 16(n): Gold Nugget Necklace

Figure 16(o): Gold Nugget and Pearl

Figure 16(p): Comet Mine Roaster

Figure 16(q): Comet Mine Roaster

Our thanks go to Mr Rod Flegg and his assistants, Mr. Kevin Butler and Mr Lance Croft for the excellent work undertaken by them in restoring the former diesel engines at the Comet Mine Power Station. Three engines are now running again thanks to their efforts.

Figure 16(r): Comet Mine Mill

Figure 16(s): Comet Mine Power Station

Figure 16(t): Comet Gold Mine historic Blackstone Diesel Power Engine which has recently been restored

Finally we thank those who help run our 'mining accommodation', namely Ms Kylie Hutton for operating the Comet Mine Tourist Centre, Ms Gail Swift at Normay, Mr Monte Ling at Linden and Ms Merlene Manderson and her people at our 'Top Camp' Ravenswood, Queensland facility.

Seasonal greetings and with kind regards

Gary C. Morgan
CHAIRMAN

Appendix 1 attached

Haoma Mining NL

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December 17, 2009

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Australian Stock Exchange
Level 45, Rialto South Tower
525 Collins Street
MELBOURNE VIC 3000

Haoma Mining (25%) and Giralia Resources (75%)
Daltons Mt Webber Deposit Scoping Study Outcomes

- **Findings from independent Scoping Study on development options for Mt Webber DSO iron ore deposit at the Daltons JV delivered by consultants ProMet Engineers;**
  - **Base Case of 2Mtpa fully owner-operated mining and road haulage to Port Hedland**
  - **NPV(10%) of A$170 million, IRR of 53.9%**
  - **Operating costs A$42.12/ tonne, (A$47.80/ tonne for lease/contract alternative)**
  - **Capital Costs A$115 million, (A$49.5 million for lease/contract alternative)**
  - **Dry, low alumina ore, >50% lump, waste to ore ratio 0.03:1**
- **ProMet recommend proceeding directly to a Definitive Feasibility Study, targeting production by 2nd quarter 2011.**

The Directors of Haoma Mining NL and Giralia Resources NL ("Giralia") are pleased to report the findings of an independent Scoping Study on development options for the Mt Webber iron ore deposit, part of the Company's Daltons Joint Venture (Haoma Mining NL ("Haoma") 25% interest, Giralia 75% interest), located 150 kilometres south of Port Hedland in the Pilbara region of Western Australia.

The Daltons JV's Mt Webber deposit has an Inferred Mineral Resource reported on 14 September 2009 of 40 million tonnes @ 57.3% Fe**, including** 33.8 million tonnes @ 57.9% Fe, 1.44% Al_2O_3 (63.06% CaFe) **in the Main Southern Zone. The Daltons JV tenements at Mt Webber directly adjoin Atlas Iron Limited's Mt Webber prospect, which has a reported resource of 43.7 million tonnes @ 57.4% Fe.**

The Daltons JV commissioned ProMet Engineers Pty Ltd ("ProMet") to prepare a Scoping Study for its Mt Webber Iron Ore Project, targeting the production of direct shipping iron ore ("DSO") at 2 million tonnes per year by open pit mining. A number of mining, processing and transport options were considered.

Mining, processing and trucking options were:

- Owner owns and operates the plant and equipment (Base Case).
- Owner owns and operates the processing plant and infrastructure, and leases the mining fleet and contracts out the transport to port to a contractor who purchases and operates his own trucking fleet (Alternative 1).
- Build, own and operate by the contractor.

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Logistic options reviewed were:

- Road haul to Port Hedland, sales FOB ship
- Road haul to rail loop at 3rd party rail, sales FOB rail wagon
- Road haul to rail loop at 3rd party rail, sales FOB ship.

The proposed Base Case operation would consist of:

- mining by conventional truck and shovel methods;
- mobile crushing and screening plant;
- mine product stockpiles;
- fleet of side tipping truck/trailers, ~115 t net payloads; and
- use of port facilities at Pt Hedland.

The Base Case yields a NPV (10%) of A$170 million and an IRR of 53.9% with 30% equity and 70% debt funding.

The estimated capital and operating costs for an owner owned and operated plant and equipment (Base Case) and leasing of mining fleet and contract Trucking (Alternative 1) with an accuracy of ±25% are:

Case	Description	CAPEX	Contingency included	#OPEX $/t
Base Case	Owner Owned and Operated	$115M	$19.3M	$42.12
Alternative 1	Lease and Contract Trucking	$49.5M	$7M	$47.80

Note: # Excluding Royalties

Almost half (47%) of the total operating costs (OPEX) are related to road haulage, and operating costs would be significantly lower if access can be negotiated to 3rd party rail infrastructure.

ProMet consider that the project has attractive returns and is viable under a number of different development scenarios from fully owner owned and operated (Base Case) to various combinations of leasing and contracting out. The implementation schedule for the Project indicates that it may be possible to achieve a first shipment of ore by the 2nd quarter of 2011. ProMet has recommended that the Daltons JV proceed directly with further drilling, testwork and environmental studies as part of a Definitive Feasibility Study to confirm these results.

The information in the report that relates to the Scoping Study has been approved for release by ProMet Engineers.

The information in the report that relates to in-situ Mineral Resources is based on information compiled by Mr Chris Allen of CSA Global. Mr Chris Allen takes overall responsibility for the reported Mineral resourcet. He is a Member of the Australian Institute of Geoscientists and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code 2004 Edition). Mr Chris Allen consents to the inclusion of such information in this Report in the form and context in which it appears.

The information in this report that relates to Exploration Results is based on information compiled by R M Joyce, who is a Member of the Australasian Institute of Mining and Metallurgy and a full time employee of the Company. Mr Joyce has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Joyce consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

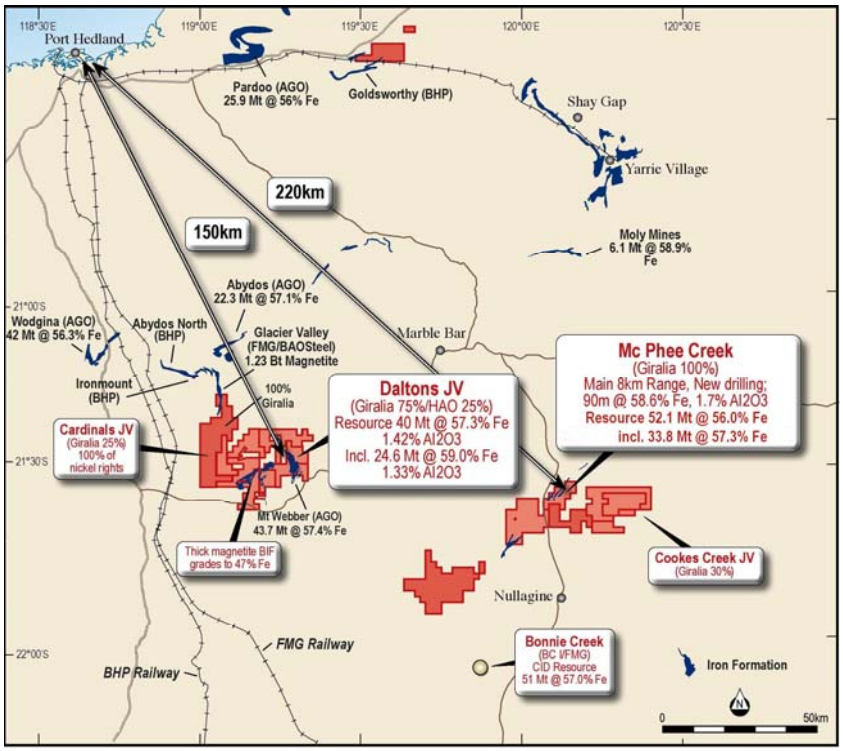

Fig 1: Location plan Daltons JV tenements

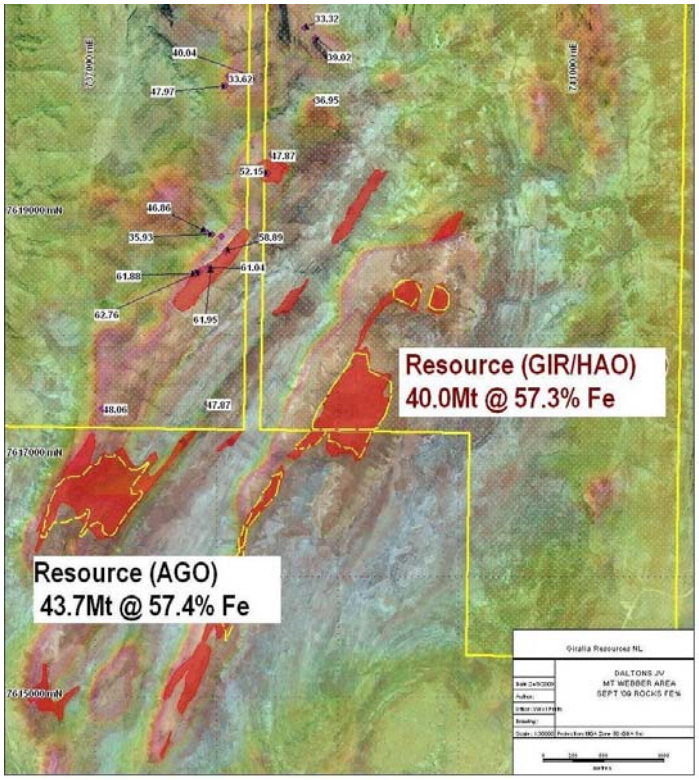

Fig 2: Daltons JV Mt Webber iron ore prospect. JV tenements in Yellow

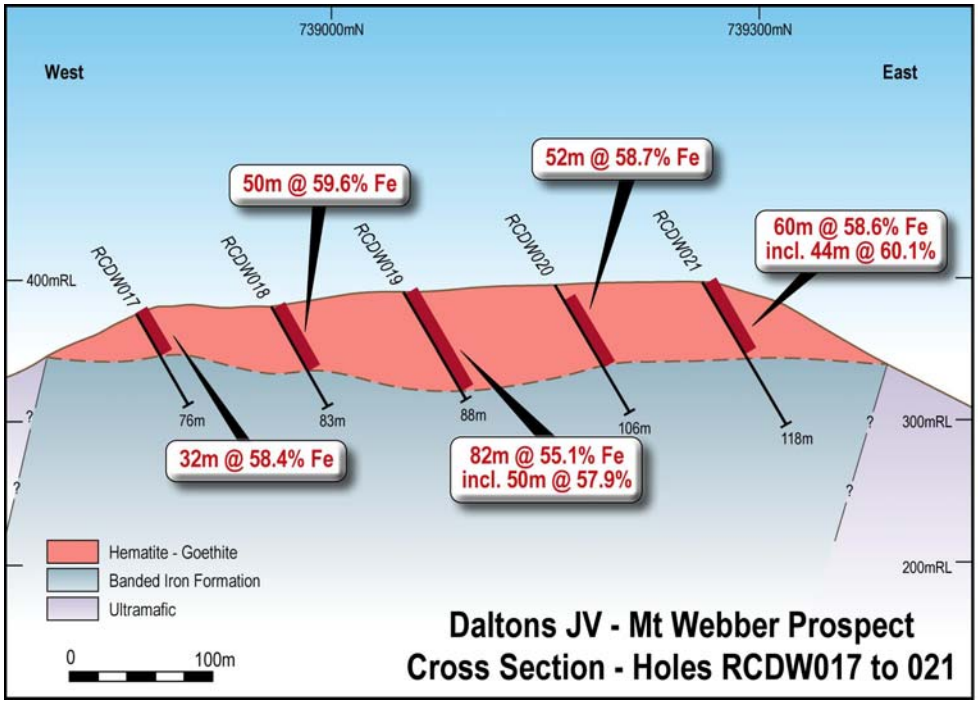

Fig 3: Mt Webber Cross Section

Fig 4: Photo of Mt Webber looking south showing GIR/HAO drilling in foreground

For further information, please contact:
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Yours sincerely,

Gary C. Morgan
Chairman