



Haoma Mining NL

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

January 31, 2011

Dear Sir,

ACTIVITIES REPORT FOR THE QUARTER ENDED DECEMBER 31, 2011 – HIGHLIGHTS

- **Group Consolidated Result** – Haoma Mining's unaudited consolidated financial result for the three months ended December 31, 2010 was a before tax loss of \$1.77 million after interest of \$0.93 million, depreciation and amortisation of \$0.11 million and group exploration, development and test work expenditure of \$0.65 million.
- **Bamboo Creek Test Work** – Results from test work at the Bamboo Creek Pilot Plant were last updated at the 2010 Annual General Meeting held on November 30, 2010. [Chairman's Address to the Annual General Meeting on November 30, 2010 \(www.haoma.com.au/2010/918665.pdf\)](http://www.haoma.com.au/2010/918665.pdf) Since that update there have been no further significant results from the Bamboo Creek Pilot Plant. Test-work is on going and significant results are advised when all repeat assaying work is completed.
- **Daltons Joint Venture (E45/2186, E45/2187, E45/2921, E45/2922) – Haoma 25%, Giralia Resources NL 75%** - Haoma's Board considers that the Atlas Iron Limited takeover of Giralia, if it proceeds, is likely to bring on mining of the Daltons JV Mt Webber iron ore deposit (Haoma 25%) in about 12 months.

An Atlas takeover would provide Giralia with Atlas trucking and processing facilities and Port Hedland Port access.

Although Giralia has numerous other tenements with significant tonnes of iron ore eg McPhee Creek, Haoma believes the Mt Webber iron ore deposit is an obvious starting point for production because mining can begin within a relatively short period of time and significant tonnes of direct shipping iron ore can be economically mined and transported to Port Hedland.

The current JV Heads of Agreement between Giralia and Haoma enables either party to take their own iron ore from Mt Webber although there is as yet no Mining Agreement or Mining Lease approval. The Giralia-Haoma JV Exploration Agreement which is still in draft form foreshadows a separate JV Mining Agreement.

Haoma is in negotiations with Giralia over the terms of the Exploration Agreement. However from the first draft JV Agreement prepared by Giralia it has always been anticipated that both parties will need to agree before mining of Mt Webber proceeds.

Haoma is of the view that a good resolution will be achieved for both parties as there will be substantial value to shareholders of both companies from mining the Mt Webber iron ore deposit.

Haoma is currently in discussion with other parties regarding transport, shipping and marketing of its 25% of the Mt Webber iron ore.

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CONTENTS

1. Group Consolidated Result to December 31, 2010
2. Operations at Bamboo Creek and Normay, Western Australia.
3. Exploration Activities in Western Australia.
4. Exploration Activities in Queensland.

1. GROUP CONSOLIDATED RESULT TO DECEMBER 31, 2010

Haoma Mining NL Consolidated Profit & Loss	2009/10 2nd Qtr (\$m)	2009/10 Full Year (\$m)	2010/11 1st Qtr (\$m)	2010/11 2nd Qtr (\$m)	2010/11 YTD (\$m)
Operating Revenue					
Sale of Gold	0.07	0.09	-	-	-
Sale of Gold Nuggets	-	-	-	-	-
Royalties	0.08	0.46	0.02	0.02	0.04
Retail Sales & Misc.	0.03	0.29	0.06	0.03	0.09
Profit on Sale of Assets	0.60	0.60	-	-	-
Operating Revenue	0.78	1.44	0.08	0.05	0.13
Operating profit before interest, depreciation, amortisation, exploration & development costs:	0.65	0.56	(0.22)	(0.08)	(0.30)
Interest	(0.68)	(2.87)	(0.85)	(0.93)	(1.78)
Depreciation & amortization	(0.19)	(0.52)	(0.09)	(0.11)	(0.20)
Exploration, development & test work	(0.39)	(3.00)	(0.77)	(0.65)	(1.42)
Operating (loss) before tax	(0.61)	(5.83)	(1.93)	(1.77)	(3.70)

Bamboo Creek Processing					
Gold Production (ozs)	60	71	-	-	-
Gold sold (ozs)	60	71	-	-	-
Av. Selling price (\$/oz)	1,228	1,289	-	-	-
Bamboo Creek silver prod'n					
Silver Production (ozs)	11	24	-	-	-

1.1 Haoma's Group Consolidated Result

Haoma Mining's unaudited consolidated financial result for the three months ended December 31, 2010 was a before tax loss of \$1.77 million after interest of \$0.93 million, depreciation and amortisation of \$0.11 million and group exploration, development and test work expenditure of \$0.65 million.

1.2 Funding of Group Operations

Since February 2007, funding for the Company's operations has been provided by Haoma's major shareholder, Leaveland Pty Ltd. Leaveland has confirmed that until further notice it will fund the company's cash flow requirements while the Bamboo Creek Processing Plant remains on care and maintenance.

At December 31, 2010 the principal debt to Leaveland was \$33.407 million. Haoma has approved payment of interest to Leaveland at the 30 day commercial bill rate plus a facility margin of 4%. Interest on the debt will accrue until such time as the company is in a position to commence interest payments. Interest accrued for the 3 months to December 31, 2010 was \$925,230. Total interest accrued and unpaid to December 31, 2010 is \$9.821 million.

1.3 Forward Gold Sale Contracts: No future gold production is sold forward.

2. OPERATIONS AT BAMBOO CREEK, WESTERN AUSTRALIA

In late October 2010, the upgrade to the Bamboo Creek Pilot Plant was completed and the Plant has since been processing Bamboo Creek Tailings Concentrates. Results from the first bulk ore test using the new Bamboo Creek Pilot Plant were included in [Haoma's September 2010 Activities Report](#) and subsequently shareholders were provided with updated test-work results at Haoma's 2010 Annual General Meeting (see [Chairman's Address to Shareholders](#))

Since the [Chairman's Address to the Annual General Meeting on November 30, 2010 \(www.haoma.com.au/2010/918665.pdf\)](#) there have been no further significant results from the Bamboo Creek Pilot Plant. Test-work is on going and significant results are advised when all repeat assaying work is completed.

The current throughput capacity of the Pilot Plant is about a tonne per day of Bamboo Creek Tailings Concentrates. Over the next 12 months the Directors anticipate increasing the throughput capacity to above 5 tonnes of Tailings Concentrates per day. Haoma has approximately one million tonnes of Bamboo Creek Tailings and one million tonnes of mined ore ready to be processed through the Bamboo Creek Plant.

3. EXPLORATION AND EVALUATION ACTIVITIES IN WESTERN AUSTRALIA

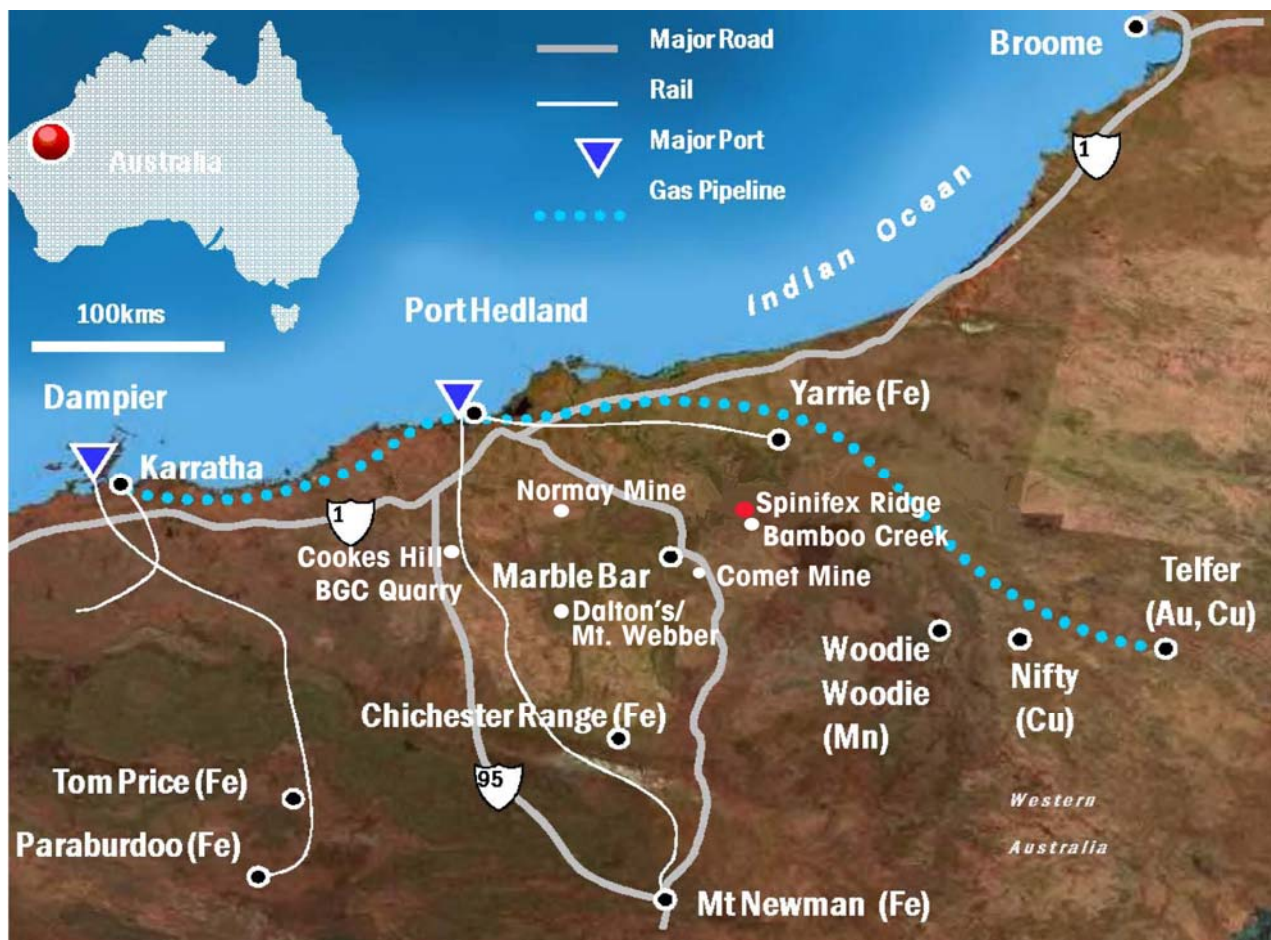


Figure 1: Pilbara Area Project Location Map

Source: Moly Mines Ltd (Now included in Moly Mines' map are locations of Bamboo Creek, Normay Mine, Cookes Hill BGC Quarry, Daltons/ Mt Webber and the Comet Mine)

3.1 Daltons Joint Venture (E45/2186, E45/2187, E45/2921, E45/2922) with Giralia Resources NL - Haoma Mining 25%, Giralia Resources 75% (Includes 100% Haoma M45/780, M45/847, P45/2292 – 2298)

The Daltons Joint Venture (Haoma 25% interest, Giralia Resources NL (“Giralia”) 75% interest), covers four tenements located approximately 150 kilometres south of Port Hedland and only 20 to 30 kilometres east of the BHP Billiton and FMG rail lines in the Pilbara region of Western Australia. **Haoma retains rights to 100% of the gold/silver and tin/tantalum mineralisation.**

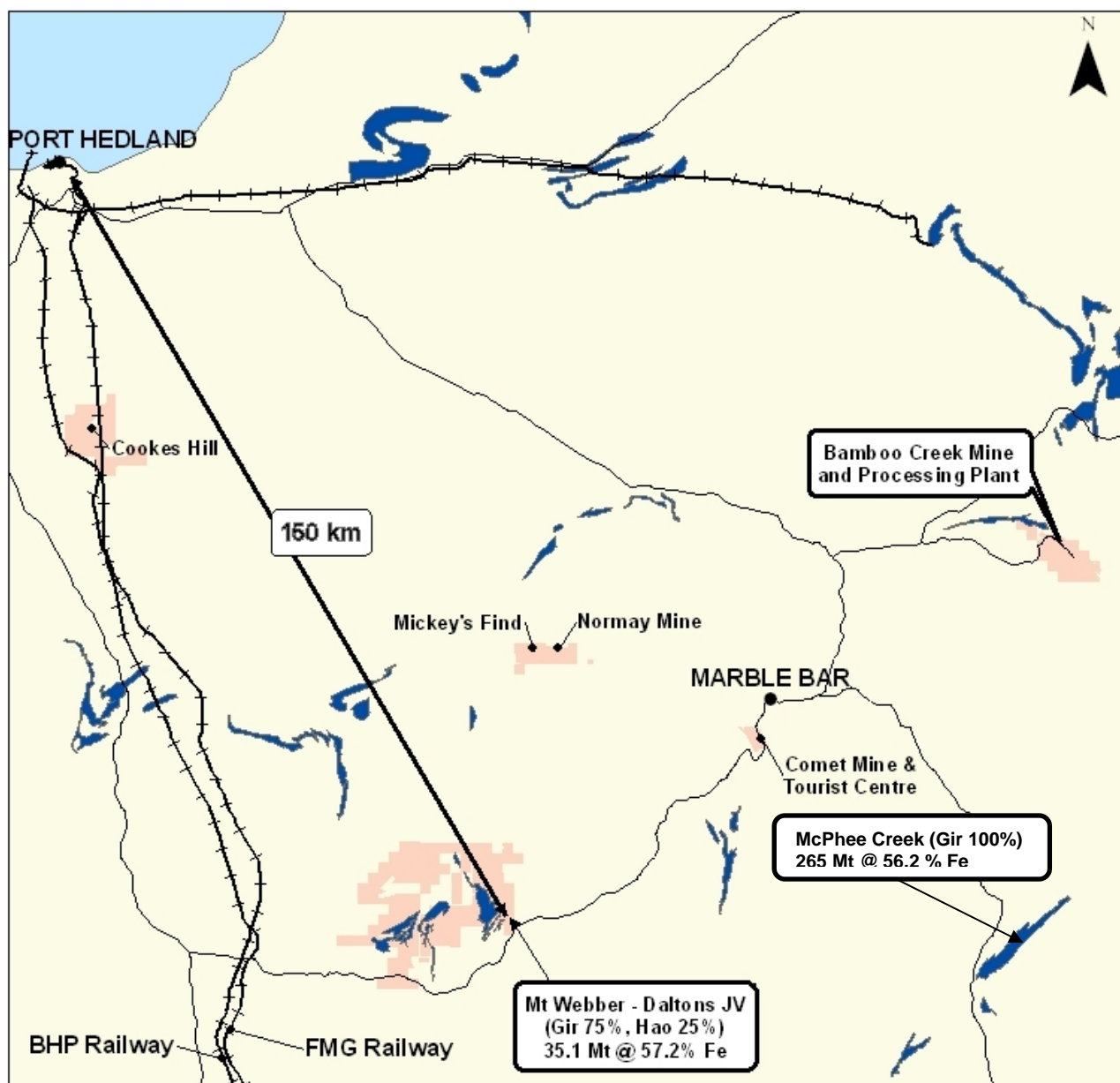


Figure 2: Location of Daltons JV - Mt Webber Iron Ore Project

Map includes location of Haoma's Bamboo Creek Processing Plant, North Pole Area (including Mickey's Find and Normay Mine), Cookes Hill and the Comet Mine and Tourist Centre.

3.1.1 Atlas Iron Limited Takeover of Giralia Resources NL

Haoma's Board considers that the Atlas Iron Limited takeover of Giralia, if it proceeds, is likely to bring on mining of the Daltons JV Mt Webber iron ore deposit (Haoma 25%) in about 12 months.

An Atlas takeover would provide Giralia with Atlas trucking and processing facilities and Port Hedland Port access.

Although Giralia has numerous other tenements with significant tonnes of iron ore eg McPhee Creek, Haoma believes the Mt Webber iron ore deposit is an obvious starting point for production because mining can begin within a relatively short period of time and significant tonnes of direct shipping iron ore can be economically mined and transported to Port Hedland.

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Haoma is of the view that a good resolution will be achieved for both parties as there will be substantial value to shareholders of both companies from mining the Mt Webber iron ore deposit.

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3.1.2 Mineral Resource Estimate

The Main Southern Zone, which comprises over 80% of the DSO resource at Daltons-Mt Webber, is a flat lying, tabular hematite-goethite enrichment cap up to 70 metres thick with mineralisation starting from the surface in most holes.

The Indicated Mineral Resource for the Main Southern Zone is; **28.9 million tonnes @ 57.9% Fe, 6.69% SiO₂, 1.49% Al₂O₃, 0.097% P and 8.17% LOI (63.05% CaFe)**. Additional Inferred Resources in the Lower Zone and Northern Zone are 6.2 million tonnes. The current **total Indicated plus Inferred Mineral Resource for the Daltons JV's Mt Webber deposit is 35.1 million tonnes @ 57.2% Fe, 7.81% SiO₂, 1.5% Al₂O₃, 0.089% P and 7.99% LOI (62.16% CaFe)**.

Table 1: Mineral Resource Estimate – Mount Webber Deposit as at August 23, 2010.

Area	Category	Vol (m ³)	Tonnes	Fe%	P%	SiO ₂ %	Al ₂ O ₃ %	LOI%	CaFe%
Main Southern Zone	Indicated	10,300,000	28,900,000	57.9	0.097	6.69	1.49	8.17	63.05
Lower Zone	Inferred	1,500,000	4,300,000	53.7	0.046	15.29	0.81	6.50	57.43
Northern Zone	Inferred	700,000	1,900,000	55.0	0.070	8.10	3.24	8.52	60.12
TOTAL		12,500,000	35,100,000	57.2	0.089	7.81	1.50	7.99	62.16

Note: The CSA Mineral Resource was estimated within wireframe solids based on a nominal lower cut-off grade of 50% Fe. The resource is quoted from blocks above the specified Fe % cut-off grade. Differences may occur due to rounding.

The Daltons JV Mt Webber tenements directly adjoin the Atlas Iron Limited-Altura Mining Limited Mt Webber project for which a revised Mineral Resource estimate of 41.9 million tonnes @ 57.1% Fe (Indicated 21.9 million tonnes @ 57.2% Fe, and Inferred 20.0 million tonnes @ 57.0% Fe) was reported on 1 September 2010. (See Figure 3)

The Main Southern Zone resource will form the basis for Ore Reserve estimation and detailed mine engineering studies as part of the ongoing Daltons-Mt Webber Pre-Feasibility Study. A high rate of conversion from resource to reserves is anticipated as the deposit will require little waste removal, and is entirely "above ground". The Daltons JV is aiming to complete mine permitting by early 2011, and is continuing to assess various transport options with a base case of public road haulage to Port Hedland.

3.1.3 Pre-Feasibility Study Activities

During the Quarter further progress was made on Pre-Feasibility Study elements at Daltons–Mt Webber.

Environmental consultants ‘ecologia Environment’ are undertaking all environmental investigations and environment impact assessment documentation required through to mining approvals. Detailed studies are well advanced with field flora and fauna surveys effectively complete. A final SRE (Short Range Endemic Invertebrate) report has been received. Draft reports for the flora and troglofauna surveys are awaited. DNA test-work is being carried out to help identify particular troglofauna species.

Groundwater consultants Aquaterra completed a 7 hole/537 metre programme of drilling and bore construction at the Daltons-Mt Webber Iron Ore Project in early October 2010 which resulted in the installation of three production bores. Two of the bores (GWB3 and GWB7) are located near the proposed mining area while the third (GWB12) is located at the proposed mine camp area and in close proximity to the proposed haul road. Hydraulic testing and analysis indicates that the bores have the capacity to supply in excess of the required water demand of 11.5L/s. Water quality from the three bores is very good.

Soil test-work was conducted on 10 samples collected from various mapped vegetation types at the Mt Webber Project site and sent to Western Australia’s State chemical laboratory for analysis. Samples were tested for salinity, pH, particle size distribution, phosphorous, nitrate, copper, lead, zinc, iron and carbon/nitrogen ratios.

Native Title negotiations continued through the Quarter with respect to a Mining Lease application lodged in late April covering the Mt Webber deposit and environs.

An overall DSO Exploration Target of 60 to 80 million tonnes @ 56-60% Fe has been established for the Daltons JV tenements, inclusive of the current Mt Webber resource, and including several newly defined smaller hematite zones near Mt Webber and in the Soanesville area.

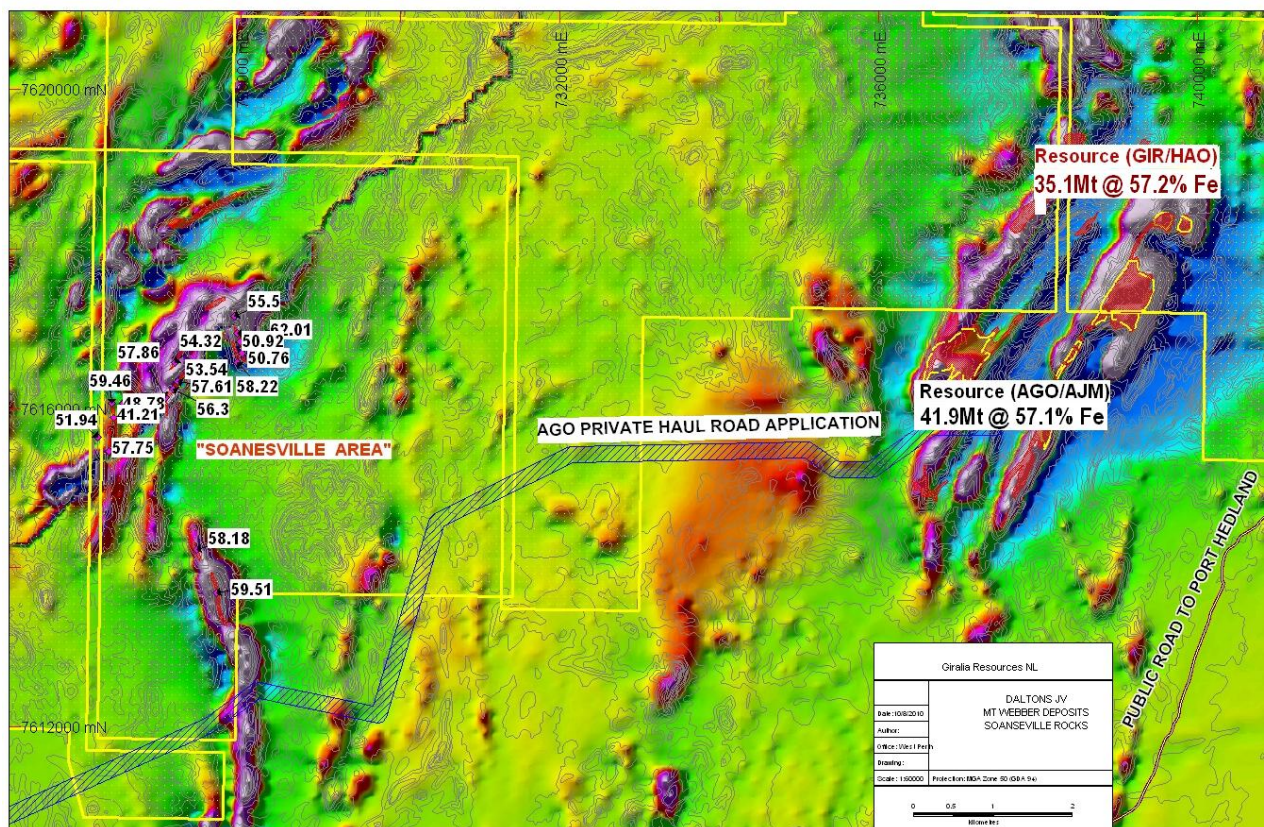


Figure 3: Daltons JV eastern portion aeromagnetic image, showing Mt Webber deposits and new Soanesville area sampling results (Fe %).



Figure 4: Main Southern Hill at Mt Webber deposit showing approximate position of tenement boundary with Atlas/ Altura JV (photo looks south).

The information in Section 3 of this 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 resources. 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 Section 3 of this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by R M Joyce, who is a Member of the Australasian Institute of Mining and Metallurgy. R M 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'. R M Joyce consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

4. 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 Quarry at Cookes Hill is operated by BGC Contracting Pty Ltd. BGC Contracting mine and crush dolerite aggregate which is then supplied to customers for infrastructure construction including new railway lines in the Pilbara.

Haoma receives a royalty of \$0.75c per tonne for railway ballast and \$0.40c per tonne for by-product. During the Quarter 27,329 tonnes of by-product rock was mined from the Cookes Hill Quarry and Haoma earned royalties of \$11,332.

5. Exterra Resources Ltd IPO

As previously reported, Haoma holds a \$1million Convertible Note in Exterra Resources Ltd. The Convertible Note was part consideration for the sale of the Linden Tenements in December 2009. Haoma may convert the Note to 10 million ordinary Exterra shares at any time during the 18 month period after Exterra is admitted to the official list of the ASX.

In November 2010 Exterra Resources issued its prospectus to raise \$5-7 million by way of an Initial Public Offer of shares. Unfortunately the IPO did not achieve the minimum subscription level. Haoma understands that a number of options for a re-launch of the IPO are now being considered with a view to listing as soon as possible.

6. EXPLORATION ACTIVITIES IN THE RAVENSWOOD DISTRICT - QUEENSLAND

6.1 Ravenswood District Tenements

Haoma has many tenements in Queensland. They contain gold, silver and copper bearing ore.

During the Quarter, activities primarily focused on the ongoing review of Haoma's extensive geological database. Visual field inspections and assessments of Haoma's prospects were conducted by Haoma's staff based at the company's Ravenswood Office.

A feasibility study is currently being prepared to determine the viability of recommencing gold and silver mining on Haoma's mining leases near Ravenswood. The ore produced would be toll milled at nearby treatment plants.

The current wet season and the ongoing access restrictions due to surface water will restrict activities in the next Quarter.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Gary Morgan', with a long horizontal flourish extending to the right.

Gary C Morgan
CHAIRMAN