

HAOMA MINING NL
FINANCIAL STATEMENTS & REPORTS
FOR THE YEAR ENDED
JUNE 30, 2016

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

The Directors of Haoma Mining NL present their report on the company and its consolidated entities (referred to hereafter as the Group, Haoma or the Economic Entity) for the financial year ended June 30, 2016.

DIRECTORS

The following persons held office as Directors from the start of the financial year to the date of this report, unless otherwise stated:

Gary Cordell Morgan (Chairman)

Michele Levine

Wilton Timothy Carr Ingram (appointed November 10, 2015)

John Lachlan Charles McInnes (resigned December 10, 2015)

COMPANY SECRETARY

The following person held the position of Company Secretary at the end of the financial year:

James A. Wallace CA

PRINCIPAL ACTIVITIES

Haoma's continuing principal activities during the financial year were mineral exploration, the analysis of mineral deposits and the advancement of ore processing and extraction technology. There was no significant change in the nature of the principal activities during the year.

OPERATING AND FINANCIAL REVIEW

The Annual Operating and Financial Review should be read in conjunction with the financial statements for the year ended June 30, 2016. During the year, Haoma's core operations continued to be focused on mineral exploration and research and development at its primary area of interest in the Pilbara district of Western Australia with particular focus on the final stages of optimising extraction of gold and platinum group metals when processing Bamboo Creek Tailings Concentrate and Mt Webber drill core samples.

Operating Results and Financial Position

The consolidated loss of the Group for the year to June 30, 2016 was \$5,659,656. This compares with the loss for the year to June 30, 2015 of \$7,389,062. Other Comprehensive Income for the year included a fair value adjustment upon sale of shares held in Exterra Resources Ltd of \$310,605 (2015: loss \$10,000). The net comprehensive income for the period attributable to members was \$5,349,051 (2015: loss \$7,399,062).

The consolidated Statement of Financial Position at June 30, 2016 shows a deficiency of net assets of \$65,213,463 (2015: deficiency \$59,864,412). As detailed in Note 2(b) to the financial statements, almost all funding for Haoma's operations is provided by The Roy Morgan Research Centre Pty Ltd, a company owned and controlled by Haoma's Chairman, Gary Morgan. The Independent Auditor's Report for the year to June 30, 2016 includes an 'Emphasis of Matter' statement in relation to Going Concern and the reliance of Haoma on ongoing financial support provided by The Roy Morgan Research Centre Pty Ltd.

The Roy Morgan Research Centre Pty Ltd has provided an assurance to the Board that it will continue to ensure funds are available to the company to fund operations for a period of at least 12 months from the date of this report.

At June 30, 2016 the debt to The Roy Morgan Research Centre Pty Ltd was \$36.817 million (2015: \$33.645 million). Haoma has approved payment of interest on the debt calculated monthly at the average 30 day commercial bill rate plus a facility margin of 1%. Although interest is calculated monthly, it will accrue until Haoma has attained a financial position represented by a positive net asset ratio and the Board determines that the company is in a financial position to commence interest payments. Total interest accrued and unpaid to June 30, 2016 is \$28.220 million (2015: \$26.327 million).

Future Developments, Prospects and Business Strategies

Haoma's test work program in relation to the Elazac Process and how it may be commercially exploited in relation to various Pilbara ores is ongoing. Haoma has announced that it intends to soon resume gold production at The Bamboo Creek Laboratory Pilot Plant.

Haoma is listed on the Australian Securities Exchange and is subject to the continuous disclosure requirements of the ASX Listing Rules. Haoma provides relevant information in relation to likely developments in the operations through the ASX Company Announcements Platform. Further information in relation to Haoma's operations and copies of previous information releases are available from Haoma's website at www.haoma.com.au

DIVIDENDS

No dividends have been paid or declared during or since the end of the financial year.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Apart from matters already described above, there were no significant changes in the state of affairs of Haoma during the year to June 30, 2016.

EVENTS SUBSEQUENT TO THE REPORTING DATE

Agreement with Keras (Gold) Australia Pty Ltd

On September 13, 2016 Haoma shareholders were advised that an Agreement had been signed with Keras (Gold) Australia Pty Ltd to grant Keras an exclusive five year right to 'explore, mine and process' gold on Haoma's Klondyke and Warawoona Group tenements. During the 'Right to Mine' period Keras may at any time exercise a call option to purchase the tenements.

The Haoma Tenements comprise seven tenements covering an area of 650 hectares, which are centred on the Klondyke Deposit and on the historic Fieldings Gully, Coronation and Copenhagen Deposits.

The consideration to be paid by Keras is:

- \$250,000 cash upon execution of the five year 'Right to Mine' Agreement which includes an the irrevocable right to purchase the tenements within the 'Right to Mine' period, and

If Keras exercises its Option to Purchase:

- \$1.25 million, comprising \$500,000 in cash and a Convertible Note issued by Keras' parent entity, Keras Resources plc in the amount of \$750,000 with the right to convert the Convertible Note into Keras Resources plc ordinary shares at the 30 day VWAP after announcement of the 'Right to Mine' and 'Option to Purchase' Agreement. If Haoma does not exercise the Convertible Note then Keras must pay Haoma the face value of the Convertible Note.

In addition to the above, the Agreement grants Haoma "*a full free and exclusive licence to treat any Alluvial or Scree Resources and the tailings and waste dumps arising from the Mining undertaken on the Klondyke Project Tenements*". The Klondyke Project Tenements include the Tenements subject to the Agreement and all Other Tenements of which Keras is the registered holder that are located within 25 kilometres of any of the Tenements..

Agreement with DeGrey Mining Ltd

On October 27, 2016 Haoma shareholders were advised that an Agreement had been signed with DeGrey Mining Ltd in respect to a portion of Haoma's Exploration Lease at Cookes Hill (E45/2983) to grant DeGrey an exclusive five year right to enter the Tenement for the purposes of mineral exploration and to mine and process all Minerals with the exception of Alluvial or Scree Resources and Pegmatic Minerals on the specified area of the lease. After the first anniversary of the Agreement DeGrey may at any time and for as long as Haoma continues to hold the lease exercise an option to purchase the tenement.

The key terms and conditions of the Agreement with DeGrey are as follows:

- Payment at Commencement of the Agreement of \$290,000 to Haoma for the Right to Explore and Mine
- Issue by DeGrey of 100,000,000 share options (pre-reconstruction) to Haoma or its nominees, subject to DeGrey shareholder approval at an exercise price of \$0.0029 per share with a 9 month expiry period;
- DeGrey right to acquire the defined tenement area through the payment of \$10,000;
- Haoma retains all rights to pegmatite related mineralisation and alluvial sand and scree deposits on E45/2983; and obtains rights to alluvials and screens on part of adjacent DeGrey tenements.

ENVIRONMENTAL ISSUES

The gold mining, exploration and mining development activities of Haoma Mining NL are subject to significant environmental regulation. Environmental legislation under which the company conducts its activities is principally Australian State Government legislation and includes in Western Australia the *Mining Act 1978 (WA)*, the *Environmental Protection Act 1986 (WA)* and the *Aboriginal Heritage Act 1980 (WA)*; and in Queensland the *Mineral Resources Act 1989 (Qld)* and the *Environmental Protection Act 1994 (Qld)*.

The company has complied with environmental protection and rehabilitation requirements and has management and reporting systems for all of the areas in which it has interests. Regular reviews are conducted with regard to environmental compliance matters. The environmental impact of the operation of the company's processing plants at Normay and at Bamboo Creek, Western Australia is subject to continuous assessment. There were no significant matters in regard to environmental control or management that arose during the year. The company will continue to monitor its performance in relation to the environment. That process will include the ongoing assessment of the environmental impact of each of the company's operations and the development of additional reporting and communications systems to ensure compliance and identify items for specific action.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

ACKNOWLEDGEMENTS

The Board wishes to acknowledge and express its appreciation to all those who during the last year have contributed to the company's activities in the Pilbara and Ravenswood districts. In particular, the Board's thanks go to Mr. Peter Cole, Prof. Peter Scales, Mr. Hugh Morgan and other consultants who have contributed to helping solve the gold assay problem with Pilbara ores; and the extraction of gold and other metals from Pilbara ores.

The Board also acknowledges the significant efforts of those personnel working at the remote Bamboo Creek and Ravenswood operations.

INFORMATION ABOUT DIRECTORS

Gary Cordell MORGAN, B.Comm

Appointment Date:

Experience:

Interest in Shares and Options:

Directorships held in other listed entities:

Special Responsibilities:

Chairman

May 10, 1991

Executive Chairman of Roy Morgan Research Ltd. Is a member of a number of research and marketing organisations.

Indirect and beneficial interest in 128,182,961 Haoma Mining shares via directorships and interests in Leaveland Pty Ltd and Elazac Pty Ltd.

Holds no interest in any options to acquire shares.

Nil

Nil

Michele LEVINE, B.Sc (Hons), Env. St

Appointment Date:

Experience:

Directorships held in other listed entities:

Interest in Shares and Options:

Non-Executive Director

August 8, 1994

Director and CEO of Roy Morgan Research Ltd.

Nil

Indirect and beneficial interest in 3,150,000 Haoma Mining shares via interest in the Levine Family Trust. Direct interest in 16,194 shares.

Total interests: 3,166,194 shares

Holds no interest in any options to acquire shares.

Nil

Special Responsibilities:

John Lachlan Charles McINNES, OAM, B.Comm, FCA

Appointment Date: May 10, 1991

Experience:

Directorships held in other listed entities:

Interest in Shares and Options:

Non-Executive Director

Resignation Date: December 10, 2015

Chartered Accountant.

Nil

Indirect and beneficial interest in 1,500,000 Haoma Mining shares via Directorship and interest in Etonwood Management Pty Ltd. Direct interest in 4,500 shares.

Holds no interest in any options to acquire shares.

Chairman of Audit Committee.

Special Responsibilities:

Timothy Wilton Carr INGRAM

Appointment Date:

Experience:

Directorships held in other listed entities:

Interest in Shares and Options:

Special Responsibilities:

Non-Executive Director

November 10, 2015

Mr Ingram has operated his own businesses in Australia and Hong Kong engaged in various fields including finance, corporate advice and marketing.

Mr Ingram has extensive skills in planning, communication and business development analysis and a depth of knowledge in the area of investment and market analysis to complement his broad base financial skills.

Nil

Nil

No Director, during or since the end of the financial year, has received or become entitled to receive a benefit by reason of a contract made by the Company or a related body corporate with the Director or with a firm of which he is a member, or with an entity in which he has a substantial financial interest other than as shown in Note 21 (Related Party Information) to the financial statements.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

REMUNERATION REPORT – (AUDITED)

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements

Principles used to determine the nature and amount of remuneration

The Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors and senior management. This involves assessing the appropriateness of the nature and amount of emoluments on a periodic basis by reference to relevant employment market conditions including length of service and the particular experience of the individual concerned. The contracts of service between the Company and Directors and Executives are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement Directors and Executives are paid employee benefit entitlements accrued to the date of retirement. Termination payments are generally not paid on resignation or dismissal for serious misconduct. Employee contracts do not contain clauses linking remuneration to company performance.

Executives are given the option to receive remuneration in a variety of forms including cash and benefits such as superannuation, vehicles and expense payment plans. It is expected that the manner of payment chosen will be optimal for the recipient without creating undue costs for the company.

During the year, there were no alterations or modifications to share-based payment transactions granted as compensation to key management personnel.

Haoma did not engage the services of a remuneration consultant during the year.

Details of remuneration

During the year, the following persons were noted as Key Management Personnel:

Mr. Gary Morgan, Executive Director	Mr. Tim Ingram, Non-Executive Director
Ms. Michele Levine, Non-Executive Director	Mr. Peter Cole, General Manager
Mr. John McInnes, Non-Executive Director	

Details of the remuneration of Directors and Key Management Personnel of Haoma Mining are set out in Table 1.

Mr. Cole, together with the Directors, is the Group Executive with the most authority and responsibility for planning, directing and controlling activities of both the Consolidated Entity and the Parent Entity during the financial year. Mr. Cole is a consultant to Haoma Mining.

Table 1: Remuneration of Key Management Personnel

2016	Name	Period of responsibility	Short-term Benefits		Post Employment Benefits	Long-term Benefits	Total	Performance Related
			Salary & Director Fees	Non-Cash Benefits	Super	Long Service Leave		
			\$	\$	\$	\$	\$	%
Executive Director								
Gary Morgan (*)	Full year	40,000	-	3,800	-	43,800	-	
Non-Executive Directors								
Michele Levine (*)	Full year	40,000	-	3,800	-	43,800	-	
Tim Ingram (*)	232 days	12,826	-	1,218	-	14,044	-	
John McInnes (*)	133 days	14,348	-	1,363	-	15,711	-	
General Manager								
Peter Cole	Full Year	157,800	-	-	-	157,800	-	
Total		264,974	-	10,181	-	275,155	-	

(*) Directors' fees and superannuation contributions thereon have not been paid. The Board of Directors has deferred payment of Directors fees until it is determined that the company is in a financial position to re-commence payments.

On October 6, 2015, John McInnes tendered his resignation as Director of Haoma Mining NL. Tim Ingram was appointed on November 10, 2015 as an Independent Non-Executive Director for Haoma Mining NL replacing Mr. McInnes.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

REMUNERATION REPORT – (AUDITED) *Continued*

2015	Name	Period of responsibility	Short-term Benefits		Post Employment Benefits	Long-term Benefits	Total	Performance Related
			Salary & Director Fees	Non-Cash Benefits	Super	Long Service Leave		
			\$	\$	\$	\$	\$	%
Executive Director								
Gary Morgan (*)	Full year		40,000	-	3,800	-	43,800	-
Non-Executive Directors								
Michele Levine (*)	Full year		40,000	-	3,800	-	43,800	-
John McInnes (*)	Full year		40,000	-	3,800	-	43,800	-
General Manager								
Peter Cole	Full Year		150,000	-	-	-	150,000	-
Total			270,000	-	11,400	-	281,400	-

(*) Directors' fees and superannuation contributions thereon have not been paid. The Board of Directors has deferred payment of Director's fees until it is determined that the company is in a financial position to re-commence payments.

The number of shares in the Consolidated Entity held during the financial year by each Officer of the Consolidated Entity and Haoma Mining, including their personally related parties, are set out below. There were no shares granted during the period as c

2016	Balance at start of the year	Received as compensation	Options exercised	Net change other (*)	Balance at end of the year
Gary Morgan	128,182,961	-	-	-	128,182,961
Michelle Levine	3,166,194	-	-	-	3,166,194
John McInnes	127,844,204	-	-	(126,339,704)	1,504,500
Tim Ingram	327,130	-	-	500,000	827,130
	259,520,489	-	-	(125,839,704)	133,680,785

(*) J.McInnes - Net change as a result of cessation as a Director of entities holding shares;
T. Ingram - Net change resulting from acquisitions within the year.

2015	Balance at start of the year	Received as compensation	Options exercised	Net change other (*)	Balance at end of the year
Gary Morgan	128,182,961	-	-	-	128,182,961
Michelle Levine	3,166,194	-	-	-	3,166,194
John McInnes	127,844,204	-	-	-	127,844,204
	259,193,359	-	-	-	259,193,359

Service agreements

Remuneration and other terms of employment for the Directors and other Key Management Personnel may be formalised in service agreements.

The services of Haoma's General Manager, Peter Cole, is charged at a daily consulting rate. The agreement may be cancelled by either party upon giving two months notice.

Voting and Comments made at the 2015 Annual General Meeting

The Remuneration Report for the 2015 financial year received positive shareholder support at the 2015 AGM with 92.15% of votes in favour. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

This is the end of the remuneration report which has been audited.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

DIRECTORS' MEETINGS

During the financial year there were three full meetings of the Board of Directors and one meeting of the Audit Committee. The number of meetings attended by each of the Directors is:

	Full meetings of Directors	Meetings of Audit Committee
Number of meetings held:	3	1
Number of meetings attended by:		
Mr. G C Morgan	3	-
Ms. M Levine	3	-
Mr. J McInnes (resigned December 10, 2015)	2	1
Mr. T Ingram (appointed November 10, 2015)	2	-

The Board of Directors' comprises 3 persons each of whom are in regular contact with each other and meet informally approximately once per week. In addition the Board is in daily contact by telephone and email communication. These regular and efficient forms of contact enable all of the Directors to keep abreast of company business and to ensure informed and timely decisions are reached. Where urgent matters arise that require formal adoption of resolutions by the Board, circulated resolutions are executed to effect decisions.

SHARES UNDER OPTION

There are no shares under option as at the date of this report.

INDEMNIFICATION OF OFFICERS AND AUDITORS

The Company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Company or related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings.

PROCEEDINGS ON BEHALF OF ENTITY

No person has applied for leave of Court to bring proceedings on behalf of the company or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

AUDITORS INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included at page 8.

NON-AUDIT SERVICES

There were no non-audit services provided by the auditor or by another person or firm on the auditor's behalf during the financial year.

This report is signed in accordance with a resolution of the Directors.



Gary C. Morgan
Chairman

Melbourne,
January 16, 2017

DECLARATION OF INDEPENDENCE BY RICHARD DEAN TO THE DIRECTORS OF HAOMA MINING NL

As lead auditor of Haoma Mining NL for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Haoma Mining NL and the entities it controlled during the period.



Richard Dean
Partner

BDO East Coast Partnership

Melbourne, 16 January 2017

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Haoma Mining NL (“Haoma”) is responsible for the Corporate Governance Practices of the Economic Entity. The Board guides and monitors the business and affairs of Haoma Mining NL on behalf of the shareholders by whom they are elected and to whom they are accountable.

Good corporate governance is dependent on the culture of the Company generally, and Board and Senior Management in particular. Mere compliance with the ASX corporate governance recommendations in itself however, will not necessarily result in good corporate governance.

The Board of Haoma is committed to ensuring that a standard of good governance is maintained. It does this by ensuring that the company complies with not only the letter of the many regulations and laws governing the company’s operations but also complies with the spirit and intent of those regulations and laws. It is also committed to ensuring that the shareholders and the market are kept fully informed regarding the company’s operations and strategic direction.

Wherever feasible and operationally practical within the framework of a small Board and Management structure, Haoma supports compliance with the ASX Corporate Governance Council Principles and Recommendations. Unless otherwise disclosed in this statement, Haoma has adopted the Principles and recommendations as contained within Version 3 of the Australian Securities Exchange (‘ASX’) Corporate Governance Council Corporate Governance Principles and Recommendations. Non-compliance with Corporate Governance Principles and Recommendations are explained within this Statement under the “if not, why not” approach recommended by the Council.

This Statement is current as at June 30, 2016.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Haoma Mining presently has three Directors being the minimum number required for a public company. The responsibility for the day to day operation and administration of the Economic Entity is delegated by the Board to the Chairman, Mr. Gary Morgan and Management. The Board ensures that personnel are appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the management team.

Recommendations 1.2, 1.3 and 1.4 of this Principle relate to the process of Board appointments and the functioning of the Company Secretary’s role. Persons proposed for appointment to the Board are fully vetted prior to being appointed or put forward for election. The Company Secretary is directly accountable to the Chairman and is able to communicate directly with all Directors and vice versa.

Recommendation 1.5 requires that listed entities should have a gender diversity policy. Haoma does not have a formal written policy in relation to gender diversity. The current size of the company and the structure of the Board do not warrant the establishment of specific measurable objectives in relation to gender diversity. The need for a formal policy will be reviewed in line with future growth in the company’s size and personnel requirements. The Company however does support gender diversity in practice with one of the three board members being a female.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

The Corporate Governance Recommendations within this Principle broadly cover the processes of nomination, skills identification, assessment of independence, segregation of duties, induction and professional development of the Board and its individual members.

The skills, experience and expertise relevant to the position of each Director who is in office at the date of the Annual Report and their term of office are detailed in the Director’s Report.

The Directors in office at the date of this statement are:

Name	Position	
Gary C Morgan	Chairman, Director	Recommendation 2.1 proposes that the Board should include a nomination committee of three members. Due to the small size of the Board, Haoma does not have a separate Nomination Committee. To ensure the
Michele Levine	Non-Executive Director	
Tim Ingram	Non-Executive Director	

Board is well equipped to discharge its responsibilities, Haoma has established guidelines for the nomination and selection of Directors and for the operation of the Board. Directors are appointed for a three year term after which time they seek re-election at an Annual General Meeting.

Recommendations 2.2 and 2.3 of this Principle recommend that the company develop a formal skills and diversity matrix for the composition of the Board and disclose the process for evaluating the independence of each director.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT

Recommendations 2.4 and 2.5 of this Principle recommend that the majority of the Directors should be Independent; the Chairman should be an Independent Director and should not also be the Chief Executive Officer.

As noted above, Gary Morgan is the Chairman of Haoma. Mr. Morgan is not considered to be an Independent Director due to his family's majority shareholding in Haoma. John McInnes was not deemed to be an Independent Director because he was a Director of companies that control Mr. Morgan's family shareholding in Haoma and he had been on the Board for more than 10 years. Michele Levine is not an Independent Director as she is the Chief Executive Officer of Roy Morgan Research Ltd which is a private company controlled by Mr. Morgan.

Accordingly, Haoma does not fully comply with ASX Corporate Governance Council's Recommendations 2.2, 2.3, 2.4 and 2.5 regarding disclosure and evaluation of independence. The relevance of these non-compliances must be considered in light of the fact that entities controlled by Mr. Gary Morgan hold shares in the company representing over 73% of the issued capital. Haoma is not a large company with a broad spread of shareholders. It is a company controlled and managed by Mr. Morgan in which outside shareholders have the opportunity to invest because it has ASX listing. The extent of Mr. Morgan's personal and financial commitment to Haoma is significant and is well known to the market. The overwhelming majority of current shareholders acquired their shares in the full knowledge of that relationship.

All Directors actively participate in meetings of Directors and it is not considered that the company or its shareholders are compromised or disadvantaged by the current Board structure.

All Directors have the right to seek independent professional advice in the furtherance of their duties as Directors at the company's expense. Directors are encouraged to pursue professional development opportunities pertinent to enhancing skills and knowledge relevant to the performance of their duties with Haoma Mining. Approval must be obtained from the Chairman prior to incurring any material expense in this regard.

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

The Board members are aware of the need to comply with all laws relevant to operations of the Company and their fiduciary and legal responsibilities as Director. Senior Executives have appropriate professional qualifications to support this principle. Due to the size and structure of Haoma it is not considered necessary to have a formal written code of conduct.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

Recommendation 4.1 of this Principle requires that a listed entity should maintain an Audit Committee comprised of at least three members, all of whom are non-executive directors and a majority of whom are independent directors.

As detailed in Principle 2 the size of Haoma's Board does not facilitate compliance with this recommendation. Haoma has for many years maintained a formal Audit sub-committee of the Board. The Audit Committee operates under a charter approved by the Board. It is the Audit Committee's responsibility to ensure that an effective internal framework exists within the entity. This includes internal controls, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators.

The Audit Committee provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial statements.

The Audit Committee is also responsible for nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual statutory audit and half year statutory review.

A formal sign off of the financial statements by the Chief Executive Officer and Chief Financial Officer is required.

The company's auditors attend the Annual General Meeting each year.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

Haoma provides timely and balanced disclosures of all material matters concerning the Company as required by the ASX listing rules. This means that all investors have equal and timely access to material information concerning the company – including its financial situation, performance, ownership and governance. The Company's announcements are factual and presented in a clear and balanced way to present positive and negative information.

The Directors are aware of the disclosure obligations as per the Corporations Act 2001 (Cwlth.) and ASX Listing rules and the need to comply with them. There is no formal document covering disclosure and compliance with ASX listing rules.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

The Company recognises and respects the rights of shareholders and facilitates the effective exercise of those rights. The Company empowers its shareholders by communicating effectively with them; providing ready access to balanced and understandable information about the Company and corporate proposals and making it easy for shareholders to participate in General Meetings.

While the Company does not have a documented procedure there is regular communication with shareholders including the electronic mailing of ASX Quarterly Activity Reports and information on matters of significance which affect the Company.

Haoma ensures that all ASX releases, financial reports and other information are readily accessible at minimum cost through the timely publication of documents on its website at www.haoma.com.au. An email address is provided on all correspondence and on the website for shareholders to initiate electronic communications with the company.

At each Annual General Meeting shareholders are given a detailed briefing regarding the activities of the Company and are encouraged to both attend and participate in General Meetings.

It is considered the size of the company does not warrant a formal written policy in this area.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Haoma does not have a formal Risk assessment sub-committee of the Board which is a non-compliance with Recommendation 7.1 and 7.2 of this Corporate Governance Principle. The Board acts on behalf of the shareholders and is accountable to the shareholders. The Board as a whole is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. In discharging these duties the Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical obligations.

Furthermore, the Board is responsible for ensuring that management objectives and activities are aligned with the expectations and risk management priorities identified by the Board. The Board has a number of internal control mechanisms in place to monitor management of business risks and to minimise the impact of accidental loss or damage to the company.

Due to the size and structure of Haoma it is not considered necessary to have a formal internal audit function. The direct review and approval of all transactions by the Chairman or members of the Board substantially mitigates the need for an internal audit function.

Economic risk is inherent in the gold exploration and mining industry. Haoma is a junior gold mining and exploration entity and is at present entirely reliant upon the financial support of its major shareholder to fund ongoing operations. Haoma endeavors to be fully transparent in relation to this material economic risk and shareholders are regularly apprised of this risk via the provision of financial reports included in Quarterly Activities Reports, Annual and Half Year Financial Reports and at the Annual General Meeting.

Environmental risk is a substantial risk associated with mining and exploration activities. Haoma continuously reviews its exposure to environmental risk and maintains internal procedures for monitoring and reporting on compliance with its policies in relation to protection and rehabilitation of areas impacted by its activities.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Haoma does not have a formal Remuneration Committee and does not disclose policies regarding the remuneration of directors and senior executives. This is a non-compliance with Recommendations 8.1 and 8.2 of this Corporate Governance Principle.

The Annual Directors' Report, financial statements and accompanying notes contain all details of Directors' remuneration and the remuneration of senior staff to the extent required by law. The company is small and because of its size and structure it is not considered necessary to have a Remuneration Committee of the Board.

There are no schemes for retirement benefits other than statutory superannuation for non-executive Directors.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

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HAOMA MINING NL AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2016

	Note	CONSOLIDATED	
		2016	2015
		\$	\$
Continuing Operations			
Sale of gold and silver		135,040	-
Retail sales		112,743	133,937
Royalty income		42,183	702,716
Revenue		289,966	836,653
Other income	3(a)	-	44,600
Cost of sales		(387,623)	(505,026)
Test work and plant configuration expenditure		(2,152,886)	(1,769,957)
Exploration and tenement costs expensed		(498,531)	(595,616)
Administration and compliance expense	3(b)	(897,899)	(1,288,618)
Finance costs	3(c)	(1,915,301)	(3,698,061)
Depreciation and amortisation costs	3(d)	(159,770)	(211,682)
Rehabilitation gain/(expense).....		62,388	(201,355)
Loss before income tax		(5,659,656)	(7,389,062)
Income tax expense	4	-	-
Loss for the year after tax		(5,659,656)	(7,389,062)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain /(Loss) on revaluation of financial assets		310,605	(10,000)
Total comprehensive income for the year attributable to members of Haoma Mining NL, net of tax		(5,349,051)	(7,399,062)
Earnings per share (cents per share)			
- Basic loss per share for the year attributable to ordinary equity holders of the parent	5	(2.98)	(3.89)
- Diluted loss per share for the year attributable to ordinary equity holders of the parent	5	(2.98)	(3.89)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2016

	Note	CONSOLIDATED	
		2016	2015
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	7	8,812	12,354
Trade and other receivables	8	61,256	67,088
Inventories	9	251,335	181,914
Total Current Assets		321,403	261,356
Non-current Assets			
Other financial assets	10	-	150,000
Property, plant and equipment	12	941,182	1,042,684
Exploration and evaluation	13	5,897,830	5,895,830
Total Non-Current Assets		6,839,012	7,088,514
TOTAL ASSETS		7,160,415	7,349,870
LIABILITIES			
Current Liabilities			
Trade and other payables	14	2,087,592	1,998,090
Interest bearing loans and borrowings	15	67,801,202	62,733,414
Provisions	16	211,095	146,401
Total Current Liabilities		70,099,889	64,877,905
Non-Current Liabilities			
Provisions	16	2,273,989	2,336,377
Total Non-Current Liabilities		2,273,989	2,336,377
TOTAL LIABILITIES		72,373,878	67,214,282
NET LIABILITIES		(65,213,463)	(59,864,412)
EQUITY			
Contributed equity	17 (a)	60,608,361	60,608,361
Reserves	17 (d)	-	(170,000)
Accumulated losses		(125,821,824)	(120,302,773)
TOTAL SHAREHOLDERS'			
EQUITY DEFICIENCY		(65,213,463)	(59,864,412)

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2016

CONSOLIDATED	Share Capital	Financial Assets Fair Value Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$
Balance at July 1, 2014	60,608,361	(160,000)	(112,913,711)	(52,465,350)
Loss after income tax for the year	-	-	(7,389,062)	(7,389,062)
Revaluation of investment.....	-	(10,000)	-	(10,000)
<i>Total comprehensive income for the year</i>	-	(10,000)	(7,389,062)	(7,399,062)
Balance at June 30, 2015.....	60,608,361	(170,000)	(120,302,773)	(59,864,412)
Balance at July 1, 2015	60,608,361	(170,000)	(120,302,773)	(59,864,412)
Loss after income tax for the year	-	-	(5,659,656)	(5,659,656)
Other comprehensive income for the year, net of tax.....	-	310,605	-	310,605
<i>Total comprehensive income for the year</i>	-	310,605	(5,659,656)	(5,349,051)
Gain on disposal of shares reclassified to retained earnings.....	-	(140,605)	140,605	-
Balance at June 30, 2016.....	60,608,361	-	(125,821,824)	(65,213,463)

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2016

	Note	CONSOLIDATED	
		2016	2015
		\$	\$
Cash flows from operating activities			
Receipts from customers		295,038	940,900
Other income		-	44,600
Payments to suppliers and employees		(2,367,252)	(1,707,127)
Exploration and development expenditure		(1,484,152)	(1,779,211)
Interest paid		(11,732)	(17,618)
Net cash used in operating activities.....	7(b)	(3,568,098)	(2,518,456)
Cash flows from investing activities			
Purchase of property, plant and equipment		(58,268)	(139,559)
Purchase of Mining Leases.....		(2,000)	(6,650)
Proceeds from sale of Exterra Shares.....		460,605	-
Net cash provided by /(used in) investing activities		400,337	(146,209)
Cash flows from financing activities			
Payment of insurance premium funding		(7,799)	(73,228)
Net movement in Loan funding from related parties		3,172,018	2,736,984
Net cash provided by financing activities		3,164,219	2,663,756
Net decrease in cash held		(3,542)	(909)
Cash and cash equivalents at the beginning of the financial year		12,354	13,263
Cash and cash equivalents at the end of the financial year	7(a)	8,812	12,354

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

1 CORPORATE INFORMATION

The financial report of Haoma Mining NL for the year ended June 30, 2016 was authorised for issue in accordance with a resolution of the Directors on January 16, 2017.

Haoma Mining is a listed public company, incorporated and domiciled in Australia. The company's registered office is 401 Collins Street, Melbourne. The principal activities of the Group during the financial year were mineral exploration, the analysis of mineral deposits and the advancement of ore processing and extraction technology.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general purpose financial report of a for profit entity which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards and Interpretations.

The financial report has been prepared on a historical cost basis, except for available-for-sale assets, which have been measured at fair value and provisions which have been carried at fair value. The financial report is presented in Australian dollars.

(b) Going Concern

The Consolidated entity produced a net loss of \$5,659,656 (2015: \$7,389,062) for the year ended 30 June 2016, had net current liabilities of \$69,778,486 (2015: \$64,616,549), had negative shareholders equity of \$65,213,463 (2015: \$59,864,412) and had negative cash flows from operating activities of \$3,568,098 (2015: \$2,518,456). The ability of the consolidated entity to continue as a going concern is dependent on the ongoing financial support from related parties. The requirement for funding indicates a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern.

To support the ongoing operations of the consolidated entity, The Roy Morgan Research Centre Pty Ltd (a company owned and controlled by Haoma's Chairman and majority shareholder, Mr. Gary Morgan) has provided an undertaking that it will make funds available to the consolidated entity to ensure that there is no shortfall of funding required for operations for a period of at least 12 months from the date of this report.

At June 30, 2016 the total debt owing in respect of funds provided to Haoma by related parties was \$37,157,995 (2015: \$33,985,976) along with accrued interest of \$30,643,208 (2015: \$28,739,639). The related parties have all confirmed that payment of monies owed by Haoma will not be required until such time as Haoma's Board of Directors determine that the company is able to commence repayments without adverse financial consequences to the consolidated entity. The Board of Directors is therefore satisfied that the going concern assumption is the appropriate basis for preparation of the financial report.

For the reasons detailed above, the financial statements have been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activities and the realisation of assets and the discharge of liabilities in the normal course of business at the amounts stated in the financial statements.

If the consolidated entity is unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial report. The report does not include any adjustments relating to the recoverability and classification of recorded asset carrying amounts or the amounts and classification of liabilities that might result should the consolidated entity be unable to continue as a going concern and meet its debts as and when they become due and payable.

(c) Statement of Compliance

The financial report of Haoma complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

In the current year, the consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. Details of the impact of those changes are set out in the individual accounting policy notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

2 STATEMENT OF ACCOUNTING POLICIES (continued)

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised and amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted other than AASB 9 Financial Instruments (2014) which was adopted with effect from 1 July 2011.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2016. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

- **AASB 16** Leases (applicable to annual reporting periods beginning on or after 1 January 2019)

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of the retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

2 *STATEMENT OF ACCOUNTING POLICIES (continued)*

• **AASB 15 Revenue from Contracts with Customers**

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

(d) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2016 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities (including special purpose entities) over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. They are de-consolidated from the date that control ceases. Controlled entities are detailed in Note 11.

In preparing the financial statements, the financial impact of all inter-company balances and transactions between entities in the Consolidated group during the year have been eliminated. Accounting policies of subsidiaries are consistent with the parent.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

2 STATEMENT OF ACCOUNTING POLICIES (continued)

(e) Significant judgements, estimates and assumptions used in applying accounting policies

Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements and estimations, which were they to change, would have the most significant effect on the amounts recognised in the financial statements in future years:

Exploration and Mining Lease Commitments

The Group holds various exploration and mining lease permits over areas of interest in Western Australia and Queensland. Annual minimum expenditure requirements exist in order to retain the exclusive right to explore and mine on these leases. In a number of cases, leases are located adjacent to or in close proximity to each other and activities often overlap a number of leases. With the approval of the relevant State Government Departments, certain expenditures which are known to be applicable to a broad area covering a number of leases are aggregated and applied to the affected leases using allocation estimates. The decision as to which leases should be aggregated for this purpose requires an exercise of judgement.

Exploration Assets and impairment

Accounting estimates are required for the impairment of exploration assets. See note 2(q).

Provision for Rehabilitation costs.

Accounting estimates have been used to calculate the carrying value of Provision for Rehabilitation of exploration assets. The Provision for Rehabilitation is based on Rehabilitation Liability Estimates (RLE) provided by the Department of Mines and Petroleum in Western Australia which is based on the ground / environmental disturbance data submitted by Haoma on an annual basis. The provision is the sum of all rehabilitation liability estimates for all of Haoma's tenements adjusted for inflation and its present carrying value. See note 2(u).

(f) Segment Reporting

Operating Segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for the allocation of resources and assessing performance of the operating segments.

(g) Revenue Recognition

When in production, the Group's primary source of revenue is from the sale of precious metals, specifically gold and silver. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue from the sale of precious metal is therefore recognised upon supply of refined metal to the customer or on delivery against forward sale contracts. Other sources of revenue are recognised on the following basis:

Interest is recognised as it accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate.

The Group operates retail outlets at the Comet Mine Tourist Centre at Marble Bar, Western Australia and at its Top Camp facility at Ravenswood, Queensland. Revenue from the sale of goods is recognised when the sale is completed and ownership has passed to the purchaser.

Revenue from the provision of consulting services is recognised upon the delivery of the service to the customer.

Haoma has negotiated royalty contracts with companies for materials mined from Haoma's tenements. Royalty revenue is recognised and/or accrued upon confirmation that the material subject to royalty has been extracted from Haoma's tenements.

All revenue is stated net of goods and services tax (GST).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

2 STATEMENT OF ACCOUNTING POLICIES (continued)

(h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(i) Impairment of assets

At each reporting date the Group assesses whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at the revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(j) Income Tax

Haoma Mining NL and its wholly-owned Australian subsidiaries formed an income tax consolidated group on July 1, 2003. Haoma Mining NL is responsible for recognising the current and deferred tax assets and liabilities for the consolidated tax group. The consolidated tax group has entered a tax sharing agreement whereby each group company contributes to income tax payable in proportion to the net result before tax of the consolidated tax group.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to calculate taxation assets and liabilities are those that applied at year end balance date.

At the reporting date, deferred income tax is provided on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

2

STATEMENT OF ACCOUNTING POLICIES (continued)

Deferred income tax liabilities are recognised for all taxable temporary differences except when:

- the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, does not affect either accounting profit or taxable income; or
- the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward unused tax assets and unused tax losses, to the extent that it is probable that future taxable profits will be available to utilise the benefit of those deductible temporary differences, carry forward tax credits and tax losses, except when:

- the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, does not affect either accounting profit or taxable income; or
- the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that taxable income will be generated in the foreseeable future against which the temporary difference will reverse.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to utilise the deferred tax asset. Unrecognised deferred income tax assets are reassessed each balance date and are recognised to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, using tax rates that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and taxation authority.

(k) Borrowing Costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

(l) Cash and cash equivalents

For the purposes of the Consolidated statement of cash flows, cash and cash equivalents includes:

- cash at bank, cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts; and
- investment in money market instruments with less than 14 days to maturity.

(m) Inventories

Inventories are measured and valued as follows:

- Purchased consumables and materials are counted and valued at the lower of cost and net realisable value,
- Inventories of Run of Mine ore stockpiles, work in process, heap leach material and gold bullion are physically measured or estimated and are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated further costs of production and the estimated costs of selling.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

2

STATEMENT OF ACCOUNTING POLICIES (continued)

(n) Trade and other receivables

Trade receivables, are recognised and carried at original invoice amount less an allowance for any component of the debt for which collection is considered doubtful. An allowance for a doubtful debt is made when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified.

(o) Investments and other financial assets

Classification and measurement

The Consolidated Group classifies its financial assets in the following measurement categories; those to be measured subsequently at fair value, and those to be measured at amortised cost. The classification depends on the entities business model for managing the financial assets and contractual terms of the cash flows.

(i) Equity Investments

All equity investments are measured at fair value. Equity investments that are held for trading are measured at fair value through profit or loss. For all other equity investments, the group made an irrevocable election at initial recognition of each investment to recognise changes in fair value through other comprehensive income rather than profit or loss.

At initial recognition, the Consolidated Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

A gain or loss on a debt investment that is subsequently measured at fair value and is not part of a hedging relationship is recognised in profit or loss and presented net in the income statement within other income or other expenses in the period in which it arises.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the financial asset is derecognized or impaired and through the amortisation process using the effective interest rate method.

The group subsequently measures all equity investments at fair value. Where the Consolidated Group has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as other revenue when the terms and condition has been satisfied.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

2 STATEMENT OF ACCOUNTING POLICIES (continued)

(p) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and any impairment in value.

Plant and equipment

Plant and equipment is shown at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the cost of replacement parts that are eligible for capitalisation. The subsequent carrying amount of plant and equipment is reviewed annually at financial year end by Directors to ensure it is not in excess of the recoverable amount of these assets. Recoverable amount is the greater of fair value less costs to sell and value in use determined by discounted net cash flows.

The cost of fixed assets constructed within the Economic Entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Depreciation

All fixed assets including building and capitalised leased assets, but excluding freehold land, are depreciated on a straight line basis over their estimated useful lives to the economic entity commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to depreciation. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The default depreciation rates used where specific useful life estimates are not available for each class of depreciable assets are;

Class of Fixed Asset	Depreciation Rate
Plant and equipment	7-20%

(q) Exploration and development expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of exploration interest. These costs are carried forward to the extent that they are expected to be recouped through the successful development or sale of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

The Directors have determined in which instances it is appropriate to capitalise or expense costs spent on these areas in the year to June 30, 2016.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according the rate of depletion of the economically recoverable reserves.

2 *STATEMENT OF ACCOUNTING POLICIES (continued)*

(r) Interest in Joint Ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

(s) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(t) Employee Leave Benefits and Entitlements

Provision is made for the expected future liability for employee benefits and entitlements arising from services rendered by employees to the reporting date. A current liability is recognised in respect of benefits and entitlements expected to be paid within one year and a non current liability is recognised for benefits and entitlements expected to be paid later than one year.

Employee benefits together with entitlements arising in respect of wages and salaries, long service leave, annual leave and sick leave that are expected to be settled within one year are measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Long service leave and other entitlements expected to be payable later than one year are measured at the present value of the estimated future cash flows to be made for those benefits. In determining the extent of liability, consideration is given to expected future salary and wage levels, related on costs, experience of employee retention and expired periods of service.

Liabilities for employer superannuation contributions are expensed when incurred.

(u) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provision for Rehabilitation Costs

Rehabilitation costs are costs that are expected to be incurred as a consequence of the Economic Group undertaking its exploration and mining activities. Ground disturbance and other works that impact upon topography, environment and habitat may occur to varying degrees during exploration, evaluation, development, construction or production phases of the Group's activities. Changes in the rehabilitation provision are charged to the consolidated statement of profit or loss

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

2 STATEMENT OF ACCOUNTING POLICIES (continued)

As a consequence, there is a need for restoration work to be carried out either progressively or upon the abandonment of activity in an area of interest. The provision is measured as the present value of the future expenditure. On an ongoing basis, the rehabilitation liability will be re-measured in line with the changes in the time value of money (recognised as an expense in the profit or loss and an increase in the provision).

In determining the restoration obligations, the entity assumes no significant changes will occur in relevant Federal and State legislation in relation to restoration of disturbed areas.

(v) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised. Interest on loans and borrowings is recognised as an expense as it accrues.

(w) Earnings per share

Basic earnings per share is calculated as net profit/(loss) attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit/(loss) attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares ;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

	CONSOLIDATED	
	2016	2015
	\$	\$
3 REVENUE & EXPENSES		
Continuing Operations		
(a) Other Income		
Other Income.....	-	44,600
	<u>-</u>	<u>44,600</u>
(b) Administration and compliance expense		
Corporate service costs	489,793	580,061
Legal and compliance costs	146,445	160,804
Management fees	261,661	247,753
Compensation for damages claim	-	300,000
	<u>897,899</u>	<u>1,288,618</u>
(c) Finance Costs		
Director related entities loans	1,903,569	3,678,166
Bank charges	11,732	17,619
Other Interest	-	2,276
	<u>1,915,301</u>	<u>3,698,061</u>
(d) Depreciation of non-current assets		
Property, plant and equipment.....	159,770	211,682
	<u>159,770</u>	<u>211,682</u>
(e) Employee benefits expense		
Wages and salaries	1,192,098	1,084,592
Superannuation	94,269	85,804
Annual leave	4,108	5,039
	<u>1,290,475</u>	<u>1,175,435</u>

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

	CONSOLIDATED	
	2016	2015
	\$	\$
4 INCOME TAX		
The amount provided in respect of income tax differs from the prima facie benefit on operating loss. The difference is reconciled as follows:		
Operating loss before income tax	<u>(5,659,656)</u>	<u>(7,389,062)</u>
Prima facie income tax expense/(benefit) calculated at 30%		
Economic entity	<u>(1,697,897)</u>	<u>(2,216,719)</u>
Tax effect of temporary differences:		
Deferred tax assets not recognised	<u>1,697,897</u>	<u>2,216,719</u>
Income tax expense	<u>-</u>	<u>-</u>
Net deferred tax assets which have not been brought to account comprise:		
Income tax losses and timing differences	12,160,480	11,018,458
Deferred income tax liability	<u>(1,769,349)</u>	<u>(1,768,749)</u>
	10,391,131	9,249,709

Deferred tax liabilities \$5,897,830 at 30% (2015: \$5,895,830 at 30%) that have arisen in the course of normal operations have been offset against unutilised deferred tax assets and as such have not been shown separately.

This benefit for tax losses will only be obtained if:

- the consolidated entity derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- the consolidated entity continues to comply with the conditions for deductibility imposed by Law; and
- no changes in tax legislation adversely affect the ability of the consolidated entity to realise these benefits.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

	CONSOLIDATED	
	2016	2015
	\$	\$
5 EARNINGS PER SHARE		
Net loss attributable to ordinary equity holders or the parent from continuing operations	<u>(5,659,656)</u>	<u>(7,389,062)</u>
Weighted average number of ordinary shares for basic earnings per share	<u>190,143,665</u>	<u>190,143,665</u>
Weighted average number of ordinary shares adjusted for the effect of dilution.....	<u>190,143,665</u>	<u>190,143,665</u>
There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.		
Basic earnings per share (cents per share)	<u>(2.98)</u>	<u>(3.89)</u>
Diluted earnings per share (cents per share)	<u>(2.98)</u>	<u>(3.89)</u>

6 DIVIDENDS PAID AND PROPOSED

There were no dividends provided for or paid during the financial year.

Franking credit balance

The amount of franking credits available for the financial year are:

Franking account balance at July 1	685,523	685,523
Other movements	-	-
Franking account balance at June 30	<u>685,523</u>	<u>685,523</u>

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	\$	\$

7 CASH AND CASH EQUIVALENTS

(Current)

(a) Reconciliation to Statement of Cash Flows

Cash at the end of the financial year as shown in the Statement of Cash Flows reconciled to items in the Statement of Financial Position as follows

Cash and cash equivalents	8,812	12,354
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Cash at bank earns interest at floating rates based on daily bank deposit rates.

(b) Reconciliation of net loss after tax to cash flows from operations

Loss after income tax	(5,659,656)	(7,389,062)
Depreciation and amortisation expense	159,770	211,682
Accrued interest - director related entity	1,903,569	3,678,166
Interest.....	-	2,760

Changes in assets and liabilities:

Increase in trade debtors and other receivables	5,072	103,765
(Increase)/decrease in prepayments	760	70,148
Decrease/(increase) in inventories	(69,421)	39,254
Decrease in trade creditors and other creditors	89,502	567,777
Increase in provisions	2,306	197,054
Net cash used in operating activities	(3,568,098)	(2,518,456)

8 TRADE AND OTHER RECEIVABLES

(Current)

Trade and other receivables	53,549	58,621
Prepayments	7,707	8,467
	61,256	67,088

Trade and other receivables are non-interest bearing. Due to the short term nature of trade receivables amounts, the carrying value is assumed to approximate fair value. The average credit period on trade receivables is generally 30 day terms and no interest is charged on balances past due. The Group has a history of full collection of trade receivable amounts and having considered the current outstanding amount is satisfied no provision for impairment loss is required.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

	CONSOLIDATED	
	2016	2015
	\$	\$

9 *INVENTORIES*

(Current)

Stores of consumables and spare parts	251,335	181,914
	<u>251,335</u>	<u>181,914</u>

10 *OTHER FINANCIAL ASSETS*

Current - Equity Investments at Fair Value through other comprehensive income

Shares in Exterra Resources Ltd	-	150,000
	<u>-</u>	<u>150,000</u>

11 *CONTROLLED ENTITIES*

Investments in Controlled Entities	Country of Incorporation	Percentage owned 2016 %	Percentage owned 2015 %
Parent Entity			
Haoma Mining NL	Australia	-	-
North West Mining NL	Australia	100	100
Exploration Geophysics Pty Ltd	Australia	100	100
Kitchener Mining NL	Australia	100	100
Shares held by Kitchener Mining NL			
- Bamboo Creek Management Pty Ltd	Australia	100	100

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

	CONSOLIDATED	
	2016	2015
	\$	\$

12 *PROPERTY, PLANT & EQUIPMENT*

(Non-current)

Property, Plant and Equipment at cost	10,331,395	10,273,127
Accumulated depreciation	<u>(9,390,213)</u>	<u>(9,230,443)</u>
Net carrying amount	<u>941,182</u>	<u>1,042,684</u>

Movements in carrying amounts

Movements in the carrying amounts of property, plant and equipment between the beginning and the end of the financial year:

Opening balance at July 1	1,042,684	1,114,807
Additions	58,268	139,559
Depreciation	<u>(159,770)</u>	<u>(211,682)</u>
Net Carrying Amount	<u>941,182</u>	<u>1,042,684</u>

13 *EXPLORATION & EVALUATION*

(Non-current)

Exploration and Evaluation expenditure

Net carrying amount	<u>5,897,830</u>	<u>5,895,830</u>
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Movements in carrying amounts

Movements in the carrying amount of exploration and evaluation expenditure between the beginning and the end of the financial year:

Opening balances July 1	5,895,830	5,889,180
Additions	<u>2,000</u>	<u>6,650</u>
Net carrying amount	<u>5,897,830</u>	<u>5,895,830</u>

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

	CONSOLIDATED	
	2016	2015
	\$	\$
14 TRADE AND OTHER PAYABLES		
(Current)		
Trade creditors and accruals	1,151,910	1,135,096
Other creditors	81,632	128,944
	1,233,542	1,264,040
Related party payables:		
Director's fees	840,000	720,000
Elazac Mining Pty Ltd	14,050	14,050
	854,050	734,050
	2,087,592	1,998,090

Due to the short term nature of trade creditors, their carrying value is assumed to approximate their fair value. The Group's payment policy is that creditors are paid within payment terms or as otherwise negotiated. As a consequence no discounts or penalty payments arise.

15 INTEREST BEARING LOANS AND BORROWINGS

(Current)

Amount due to Director related entity (Secured).....	(a)	36,816,995	33,644,976
Amount due to Director	(b)	341,000	341,000
Accrued interest - Director related entity	(a)	28,219,540	26,327,430
Accrued interest - Director loans	(c)	2,423,668	2,412,209
Amounts due under Insurance Premium Funding	(d)	-	7,799
		67,801,203	62,733,414

(a) Funding for the company's ongoing operations is being provided by The Roy Morgan Research Centre Pty Ltd., a company owned and controlled by Haoma's Chairman and majority shareholder, Gary Morgan. The Roy Morgan Research Centre Pty Ltd has provided an assurance to the Board that it will continue to ensure funds are available to the company to fund operations for a period of at least 12 months from the date of this report.

(b) Amount due to Director is a loan from Michele Levine.

(c) Accrued interest of \$2,423,668 is comprised of \$41,071 relating to the loan from Michele Levine, the balance is accrued to Gary Morgan.

(d) In the 2015 financial year the company used a Premium Funding facility to discharge its liability for insurance premiums. The term of the finance is set at 12 months to coincide with the period of insurance. Payments were made monthly in advance.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

	CONSOLIDATED	
	2016	2015
	\$	\$
16 PROVISIONS		
(Current)		
Provision for employee benefits	211,095	146,401
(Non-current)		
Provision for rehabilitation		
Opening balances July 1	2,336,377	2,135,022
<i>Amounts charged to profit or loss</i>		
Change in Assumptions	(36,233)	(118,245)
Change in Liability	(26,155)	319,600
Closing balances June 30	2,273,989	2,336,377

Provision for rehabilitation recognises future costs expected to be incurred in the restoration of soil, environment and habitat as a result of undertaking exploration and mining activities. The provision is determined as the present value of the future expenditure and assumes that associated outflows will be evenly incurred over a period of 5 years.

17 CONTRIBUTED EQUITY & RESERVES

(a) Share Capital

Issued Shares - Ordinary shares fully paid	60,608,361	60,608,361
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(b) Movements in Ordinary Share Capital

		Number of Shares	\$
Contributed Equity			
July 1, 2014	Opening balance	190,143,665	60,608,361
June 30, 2015	Balance	190,143,665	60,608,361
July 1, 2015	Opening balance	190,143,665	60,608,361
June 30, 2016	Balance	190,143,665	60,608,361

(c) Ordinary Shares

Fully paid ordinary shares entitle the holder to participate in dividends and to one vote per share at meetings of the Company. Ordinary shares participate in the proceeds on winding up of the Company in proportion to the number of shares held.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

	CONSOLIDATED	
	2016	2015
	\$	\$
17 CONTRIBUTED EQUITY & RESERVES (continued)		
(d) Reserves		
Financial Assets Fair Value Reserve	-	(170,000)
	<u>-</u>	<u>(170,000)</u>
Financial Assets Fair Value Reserve		
Opening balance	(170,000)	(160,000)
Revaluation during the year.....	310,605	(10,000)
Transfer to Accumulated Losses on Disposal of Investment	(140,605)	-
	<u>-</u>	<u>(170,000)</u>

The Financial Assets Fair Value Reserve reflects changes in the fair value of equity investments held for sale.

18 COMMITMENTS & CONTINGENCIES

(i) Exploration & expenditure commitments

In order to maintain current rights of tenure to exploration and mining tenements, the Consolidated Entity will be required to meet tenement lease rentals and minimum expenditure requirements of the respective State Departments of Minerals and Energy as follows:

Within one year	2,779,820	2,726,760
After one year but not more than five years	5,667,952	4,521,711
Longer than five years	9,882,312	10,404,432
	<u>18,330,084</u>	<u>17,652,903</u>

The Department of Mines & Petroleum (Western Australia) has agreed that, under the current circumstances, expenditure on testing Pilbara bulk ore samples using the Elazac Process at Kitchener Mining NL's Bamboo Creek mine site is eligible expenditure for the purpose of determining compliance with minimum expenditure requirements.

(ii) Financial support for controlled Entity

The Parent Entity has provided a "letter of support" to its controlled entity, Kitchener Mining NL, confirming that Haoma Mining NL will not call upon amounts due to it by Kitchener Mining NL unless Kitchener Mining NL has the capacity to pay. Total Kitchener Mining NL liabilities due at June 30, 2016 were \$ 5,832,420 (2014: \$5,804,408).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

18 *COMMITMENTS & CONTINGENCIES (continued)*

Contingent Liabilities

Native Title

The decision of the High Court in *Mabo & Ors -v- the State of Queensland* (“Mabo Case”) recognised a form of native title which, in cases in which it has not been extinguished, reflects the entitlement of the indigenous inhabitants, in accordance with their laws or customs, to their traditional lands.

Claims have been lodged with the Native Title Tribunal over a number of tenements applied for by the company. These tenements will not be granted by the respective Departments of Mines & Petroleum, in Western Australia and Queensland until the claims have been resolved. Where Native Title claims have been filed, Haoma has engaged in good faith negotiations with the Traditional Owners of the subject lands.

Until further information arises in relation to these claims, the company is unable to assess the likely effects, if any, of the claims. Any claim impacts the availability of the subject lands rather than requiring any financial settlement in respect of past actions.

Management Fee

Following a settlement with a former director, Kitchener Mining NL agreed to pay the director \$68,658. Payment will only be made when other directors’ fees and management fees owing by Kitchener Mining NL for the period 1989 to 1993 are paid. The Directors’ fees and management fees are only payable when Kitchener Mining NL has an operating profit in excess of \$500,000 in a financial year. A related party contingent liability exists to both The Roy Morgan Research Centre for a total \$1,000,000 and to the Directors’ of Kitchener Mining for a total \$155,000 in respect to the financial years from 1 July 1989 to 30 June 1993.

Tenement Rehabilitation Bank Guarantees

State Governments may require that bank guarantees be provided to ensure that funds are available for ground and habitat rehabilitation in the event that a tenement holder does not complete restoration works upon cessation of exploration or mining activities.

At the reporting date, Haoma has provided bank guarantees to the Western Australia and Queensland State Governments totaling \$208,289. Security for the bank guarantees has been provided by Gary Morgan.

2016	2015
\$	\$

19 *AUDITORS REMUNERATION*

Remuneration of the auditor of the Economic Entity:

- auditing and reviewing the financial statements	64,200	62,300
	64,200	62,300

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

20 SEGMENT INFORMATION

The group has adopted AASB 8 Operating Segments whereby segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the board of directors

At regular intervals the board is provided management information at a group level for the group's cash position, the carrying values of mining tenements and a group cash forecast for the next twelve months of operation.

On this basis, no segment information is included in these financial statements.

All operating revenues have been derived in Australia. All exploration and evaluation assets are held in Australia.

21 RELATED PARTY INFORMATION

Directors of Haoma Mining NL

Persons holding the position of Director of Haoma Mining NL during the financial year were Gary Cordell Morgan, Michele Levine, John Lachlan Charles McInnes (resigned December 10, 2015) and Wilton Timothy Carr Ingram (appointed November 10, 2015).

Directors of Director-Related Entities

Related Entity	Gary Morgan	Michele Levine	John McInnes	Timothy Ingram
Roy Morgan Research Ltd	X	X	X ^(*)	
The Roy Morgan Research Centre Pty Ltd	X		X ^(*)	
Elazac Mining Pty Ltd	X		X ^(*)	
Leaveland Pty Ltd	X		X ^(*)	
Elazac Pty Ltd	X		X ^(*)	

(*) John McInnes resigned as a Director of this entity on October 6, 2015

Other transactions with Directors and Director-Related Entities

During the year Roy Morgan Research Ltd provided administrative support and services to Haoma Mining NL. That support is continuing. Roy Morgan Research charged management fees of \$261,661 for those services (2015: \$247,753).

Funding for the company's ongoing operations is being provided by The Roy Morgan Research Centre Pty Ltd, a company owned and controlled by Haoma's Chairman and majority shareholder, Gary Morgan.

To June 30, 2016 the total funding provided by The Roy Morgan Research Centre Pty Ltd was \$36,816,995 (2015: \$33,644,976). The Board of Haoma has approved payment of interest on funds advanced by Mr. Morgan or entities associated with him at the 30 day commercial bill rate plus a 1% margin. Interest accrues but will not be paid until such time as Haoma has attained a financial position represented by a positive net asset ratio and the Board determines that the company is in a financial position to commence interest payments. During the year to June 30, 2016, interest accrued on the funds advanced by The Roy Morgan Research Centre Pty Ltd was \$1,892,110 (2015: \$3,648,555), with total accrued interest amount to \$28,219,540 (2015: \$26,327,430).

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

21 RELATED PARTY INFORMATION (continued)

Other transactions with Senior Management

At year end a loan provided by Michele Levine to Haoma Mining NL amounting to \$341,000 (2015: \$341,000) is outstanding. It is repayable on demand but it has been agreed that payment of the debt will be deferred until such time as Haoma is in a financial position to be able to make payments without adverse financial consequences to the company. During the year to June 30, 2016, interest on these funds were accrued using the 30 day commercial bill rate plus a 1% margin, the interest accrued was \$11,459 (2014: \$29,611).

The services of Mr. Peter Cole as General Manager for WA are provided to Haoma by Peter Cole and Associates Pty Ltd for which it received consulting fees of \$157,800 (2015: \$150,000).

Related Party Transactions – Economic Entity

Pursuant to an Agreement dated April 6, 2013 Kitchener Mining NL acknowledged that all intellectual property obtained from test work undertaken by Kitchener Mining NL to resolve the metallurgical problems associated with assaying and extraction of gold from Pilbara ores would remain the property of Leaveland Pty Ltd, or its nominee Elazac Pty Ltd. On December 20, 1993 Elazac Pty Ltd sold the intellectual property to Elazac Mining Pty Ltd.

The reason information and intellectual property was vested in Leaveland Pty Ltd and Elazac Pty Ltd was that both companies paid consultant fees and other costs associated with the investigation and test work on Bamboo Creek and Normay ore at Bamboo Creek and other locations.

Kitchener Mining NL holds a licence to develop the process and both Kitchener Mining NL and Haoma Mining NL has the right to use the intellectual property for no fee.

The Roy Morgan Research Centre Pty Ltd is entitled to management fees from Kitchener Mining NL of \$1,000,000 for the financial years from 1 July, 1989, to 30 June, 1993. The management fees were treated as an accrued liability for the year ended June 30, 2004. However, due to the uncertainty of future profits, the liability has been reversed. For the year ended June 30, 2016 this has been treated as a contingent liability. The amount is payable when Kitchener Mining NL resumes mining operations and has an operating profit in excess of \$500,000 pa. This debt is non-interest bearing.

Holding Company Transactions with Subsidiaries

During the year Kitchener Mining NL repaid funds advanced by Haoma Mining NL of \$1,240. In 2014, Haoma Mining NL advanced funds to Kitchener Mining NL of \$1,081. No interest has been charged on the remaining balance. The balance receivable at June 30, 2016 and 2015 was \$4,406,808. A provision for impairment loss has been fully provided against this amount.

Receivables from controlled entities have no fixed repayment term. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired.

CONSOLIDATED

2016	2015
\$	\$

Key Management Personnel Compensation

The aggregate compensation of the Key Management Personnel is set out below:

Short term employee benefits	264,974	270,000
Post employment benefits	10,181	11,400
	<u>275,155</u>	<u>281,400</u>

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

22 FINANCIAL RISK MANAGEMENT AND POLICIES

Haoma's principal financial instruments comprise cash, receivables, payables and finance leases. The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk.

Although the Consolidated Group do not have documented policies and procedures, the Directors' manage the different types of risks to which it is exposed by considering the risk and monitoring the levels of exposure to interest rates and by being aware of market forecasts for interest rate and commodity prices.

Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk and liquidity risk, these are monitored through general budgets and forecasts.

The Consolidated Group and Haoma hold the following financial instruments:

	CONSOLIDATED	
	2016	2015
	\$	\$
Financial Assets		
Cash and cash equivalents	8,812	12,354
Trade and other receivables	61,256	67,088
Other financial assets	-	150,000
Total Financial Assets	70,068	229,442
Financial Liabilities		
Trade and other payables	2,087,592	1,998,090
Borrowings	67,801,202	62,733,414
Total financial liabilities	69,888,794	64,731,504

Risk Exposure and Responses

Interest Rate Risk

Assets

Haoma's exposure to the risk of changes in market interest rates primarily relates to movements in cash deposit and borrowing rates. Risk is managed by continuous monitoring of these movements.

The Group's cash at bank and on hand had a weighted average floating interest rate at year end of 0.01% (2015: 0.01%).

Liabilities

Haoma's exposure to market interest rates relates primarily to the on-going funding provided by The Roy Morgan Research Centre Pty Ltd. The weighted average floating interest rate at year end was 3.03% (2015: 6.43%).

The Insurance Premium funding arrangement for 2015 which was fully amortised during the 2016 financial year had a weighted average interest rate 19.20%. During the year to June 30, 2016, there is no outstanding Insurance Premium funding arrangement. The debt is shown in Note 15.

The Consolidated Group presently does not engage in any hedging or derivative transactions to manage interest rate risk.

Interest Rate Risk

The following sensitivity analysis is based on the interest rate risk exposure in existence at June 30, 2016.

At June 30, 2016, if interest rates had moved as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

22 FINANCIAL RISK MANAGEMENT AND POLICIES (continued)

	CONSOLIDATED			
	Post tax loss		Equity	
	higher / (lower)		higher / (lower)	
	2016	2015	2016	2015
	\$	\$	\$	\$
Financial Liabilities				
<i>Borrowings</i>				
Consolidated				
+ 0.75% (75 basis points)	508,509	470,501	(508,509)	(470,501)
- 0.75% (75 basis points)	(508,509)	(470,501)	508,509	470,501

The movements in loss are due to higher/lower interest costs from variable rate debt and cash balances.

The sensitivity in financial assets is higher/lower taking into account interest rate volatility.

The sensitivity in financial liabilities is relatively unchanged. Management believes the risk exposures as at the reporting date are representative of the risk exposure inherent in the financial liabilities. A movement of + / - 0.75% is selected because of review of recent interest rate movements and economic data suggests this range is reasonable.

Share Price Risk

Haoma holds investments in entities listed on the Australian Securities Exchange. Investments in listed entities are carried at fair value at June 30, 2015. The share price is volatile and influenced by factors beyond the control of the Consolidated Group.

The risk and exposure to the consolidated group represented by the following sensitivity analysis assumes share price fluctuations of 30%:

	CONSOLIDATED	
	Equity	
	higher / (lower)	
	2016	2015
	\$	\$
Other Financial Assets		
<i>Receivable - Listed Securities</i>		
+ 30%	-	(45,000)
- 30%	-	45,000

Credit Risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. Haoma's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure excluding the value of any collateral or other security is equal to the carrying amount of these instruments net of any allowance for doubtful debts as disclosed in the statement of financial position and notes to the financial report. There are no concentrations of credit risk within the Group.

Haoma trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Consolidated Group's policy to securitise its trade and other receivables.

It is the Consolidated Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Haoma does not have any significant customers and accordingly does not have any significant exposure to bad or doubtful debts.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

22 FINANCIAL RISK MANAGEMENT AND POLICIES (continued)

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Haoma's approach to managing liquidity is to ensure as far as possible that the Consolidated Group will always have sufficient liquidity to meet its liabilities when due. This objective is maintained through a balance between continuity of funding and flexibility through the use of bank overdrafts, bank and other loans, finance leases and committed available credit lines. Additionally, Haoma manages liquidity risk by monitoring cash flow and maturity profiles of financial assets and liabilities.

The contractual maturities of financial liabilities, including estimated interest payments are provided below. There are no netting arrangements in respect of financial liabilities.

CONSOLIDATED	< 6 months \$	6-12 months \$	1-5 years \$	> 5 years \$	Total \$
<u>Year Ended June 30, 2016</u>					
Financial Assets					
Cash and cash equivalents	8,812	-	-	-	8,812
Receivables and other receivables	61,256	-	-	-	61,256
Other financial assets	-	-	-	-	-
	70,068	-	-	-	70,068
Financial Liabilities					
Trade and other payables	2,087,592	-	-	-	2,087,592
Interest bearing liabilities	67,460,203	-	-	-	67,460,203
	69,547,795	-	-	-	69,547,795
<u>Year Ended June 30, 2015</u>					
Financial Assets					
Cash and cash equivalents	12,354	-	-	-	12,354
Receivables and other receivables	67,088	-	-	-	67,088
Other financial assets	-	-	150,000	-	150,000
	79,442	-	150,000	-	229,442
Financial Liabilities					
Trade and other payables	1,998,090	-	-	-	1,998,090
Interest bearing liabilities	62,384,614	7,799	-	-	62,392,413
	64,382,704	7,799	-	-	64,390,503

Commodity Price risk

Haoma is exposed to commodity price risk. These commodity prices can be volatile and are influenced by factors beyond the Consolidated Group's control. As the Group is currently engaged in exploration and development activities, no significant sales of commodities are forecast for the next 12 months, and accordingly, no hedging or derivative transactions have been used to manage commodity price risk. The group does not have a material commodity price exposure at this time.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

22 FINANCIAL RISK MANAGEMENT AND POLICIES (continued)

Capital risk management

Haoma's objectives when managing capital is to safeguard Haoma's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Management of the Group and Haoma's capital is overseen by the Board.

Haoma is not exposed to any externally imposed capital requirements.

Fair value of financial instruments

The following tables detail the consolidated entities fair values of financial instruments categorised by the following levels:

Level 1: Quoted prices (unadjusted in active markets for identical assets or liabilities)

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Consolidated - 2016	Level 1	Level 2	Level 3	Total
Assets				
Ordinary Shares	-	-	-	-
Total Assets	-	-	-	-

Consolidated - 2015

Assets				
Ordinary Shares	150,000	-	-	150,000
Total Assets	150,000	-	-	150,000

CONSOLIDATED

2016	2015
\$	\$

Financing Facilities Available

At reporting date, the following financing facilities has been negotiated and were available:

Total facilities

- Business Visa Card	-	-
- Business lending - bank guarantees	208,289	240,000
	208,289	240,000

Facilities used at reporting date

- Business Visa Card	-	-
- Business lending - bank guarantees	208,289	223,289
	208,289	223,289

Facilities unused at reporting date

- Business Visa Card	-	-
- Business lending - bank guarantees	-	16,711
	-	16,711

Total facilities

208,289	240,000
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HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

23 PARENT ENTITY FINANCIAL INFORMATION

(a) Summary Financial Information

Haoma Mining NL is the Parent Entity of the Consolidated Group. The individual financial statements for the parent entity show the following aggregate amounts:

	2016 \$	2015 \$
Statement of Financial Position		
Current Assets	321,403	261,356
Non-current assets	5,839,013	6,088,514
Total assets	<u>6,160,416</u>	<u>6,349,870</u>
Current liabilities	69,646,590	64,490,305
Non-current liabilities	1,301,677	1,326,377
Total liabilities	<u>70,948,267</u>	<u>65,816,682</u>
Net Liabilities	<u>(64,787,851)</u>	<u>(59,466,812)</u>
Equity		
Contributed equity	60,608,361	60,608,361
Reserves	-	(170,000)
Accumulated Losses	(125,396,212)	(119,905,173)
Total Shareholders' Deficiency	<u>(64,787,851)</u>	<u>(59,466,812)</u>
Loss for the year	(5,631,644)	(7,402,462)
Total comprehensive income	<u>(5,321,039)</u>	<u>(7,412,462)</u>

(b) Guarantees entered into by the parent entity.

Haoma Mining NL has provided guarantees, indemnities and financial support as follows:

- A 'letter of support' has been provided by Haoma Mining NL to its controlled entity, Kitchener Mining NL to the amount necessary to ensure it can meet its obligations when they fall due.

(c) Contingent liabilities of the parent entity.

Contractual commitments for exploration and expenditure costs exist for Haoma Mining NL. Minimum expenditure commitments of \$18,330,084 (2015: \$17,652,903) are necessary to maintain current rights of tenure to mining tenements. Refer to Note 18.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

24 INTEREST IN JOINT VENTURES

Joint Venture	Interest		Description of Tenements
	2016 %	2015 %	
Daltons Joint Venture	25%	25%	E45/2186, E45/2187, E45/2921, E45/2922

Assets and liabilities of the joint venture operations are included in the financial statements as follows:

	Note	CONSOLIDATED	
		2016 \$	2015 \$
Current Assets		-	-
Non-current Assets			
Exploration and evaluation assets	13	-	-
Current Liabilities			
Trade and other payables	14	-	-

Giralia Resources Pty Ltd (wholly owned subsidiary of Atlas Iron Ltd) has a 75% interest in the joint venture and is the Joint Venture Operator.

In March 2012 Haoma sold its 25 percent interest in the underlying tenements and iron ore rights at Mt Webber to Atlas Iron Ltd based on a ore reserve of 24 million tonnes. Atlas will make additional annual payments to Haoma on a pro-rata basis for any additional iron ore reserves on the Daltons JV tenements in excess of 24 million tonnes, equivalent to \$5.50 per tonne for Haoma's 25% share. In addition, Haoma now has the rights to all non-iron ore minerals on all of the Atlas and Haoma Daltons JV exploration and mining tenements including M45/1197 and the underlying exploration tenement E45/2186.

Concurrent with the sale of Mt Webber iron ore rights the Daltons Joint venture agreement was amended. The principal terms of the Amended JV Agreement granted Haoma rights to all non-iron ore minerals (including Platinum Group Metals – PGM) on all of the Atlas and Haoma Daltons JV exploration tenements including M45/1197 and the underlying exploration tenement currently recorded as E45/2186, and all other Daltons Joint Venture tenements (E45/2187, E45/2921, E45/2922).

25 EVENTS AFTER THE REPORTING DATE

Agreement with Keras (Gold) Australia Pty Ltd

On September 13, 2016 Haoma shareholders were advised that an Agreement had been signed with Keras (Gold) Australia Pty Ltd to grant Keras an exclusive five year right to 'explore, mine and process' gold on Haoma's Klondyke and Warrawoona Group tenements. During the 'Right to Mine' period Keras may at any time exercise a call option to purchase the tenements.

The Haoma Tenements comprise seven tenements covering an area of 650 hectares, which are centred on the Klondyke Deposit and on the historic Fieldings Gully, Coronation and Copenhagen Deposits.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

25 EVENTS AFTER THE REPORTING DATE (continued)

The consideration to be paid by Keras is:

- \$250,000 cash upon execution of the five year ‘Right to Mine’ Agreement which includes an the irrevocable right to purchase the tenements within the ‘Right to Mine’ period, and

If Keras exercises its Option to Purchase:

- \$1.25 million, comprising \$500,000 in cash and a Convertible Note issued by Keras’ parent entity, Keras Resources plc in the amount of \$750,000 with the right to convert the Convertible Note into Keras Resources plc ordinary shares at the 30 day VWAP after announcement of the ‘Right to Mine’ and ‘Option to Purchase’ Agreement. If Haoma does not exercise the Convertible Note then Keras must pay Haoma the face value of the Convertible Note.

In addition to the above, the Agreement grants Haoma “a full free and exclusive licence to treat any Alluvial or Scree Resources and the tailings and waste dumps arising from the Mining undertaken on the Klondyke Project Tenements”. The Klondyke Project Tenements include the Tenements subject to the Agreement and all Other Tenements of which Keras is the registered holder that are located within 25 kilometres of any of the Tenements.

Agreement with DeGrey Mining Ltd

On October 27, 2016 Haoma shareholders were advised that an Agreement had been signed with DeGrey Mining Ltd in respect to a portion of Haoma’s Exploration Lease at Cookes Hill (E45/2983) to grant DeGrey an exclusive five year right to enter the Tenement for the purposes of mineral exploration and to mine and process all Minerals with the exception of Alluvial or Scree Resources and Pegmatic Minerals on the specified area of the lease. After the first anniversary of the Agreement DeGrey may at any time and for as long as Haoma continues to hold the lease exercise an option to purchase the tenement.

The key terms and conditions of the Agreement with DeGrey are as follows:

- Payment at Commencement of the Agreement of \$290,000 to Haoma for the Right to Explore and Mine
- Issue by DeGrey of 100,000,000 share options (pre-reconstruction) to Haoma or its nominees, subject to DeGrey shareholder approval at an exercise price of \$0.0029 per share with a 9 month expiry period;
- DeGrey right to acquire the defined tenement area through the payment of \$10,000;
- Haoma retains all rights to pegmatite related mineralisation and alluvial sand and scree deposits on E45/2983; and obtains rights to alluvials and screens on part of adjacent DeGrey tenements.

26 AUSTRALIAN STOCK EXCHANGE PRELIMINARY FINAL REPORT

Subsequent to filing a Preliminary Final Report (Appendix 4E) for the year ended June 30, 2016 with The Australian Stock Exchange on September 1, 2016, the following amendments were made to the financial statements:

	Preliminary Final Report	Audited Financial Statements
Statement of Financial Profit or Loss and Other Comprehensive Income		
Operating Costs		
Test work expenditure	1,003,004	2,152,886
Loss for the year after tax	4,509,774	5,659,656
Statement of Financial Position		
Inventory – Gold stock in circuit	1,149,882	-

The amendment reflects an audit adjustment to remove from the carrying value of inventories the cost of production of gold held in circuit. The gold grade of the gravity concentrate held in the Bamboo Creek Processing Plant was calculated using a gravimetric gold recovery process from fire assay of the concentrate. It is calculated that in excess of 25,300 grams of gold was held in the Bamboo creek Processing Circuit at June 30, 2016. The adjustment is material in effect on the results of the Consolidated Entity and other information contained within the Preliminary Final Report.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

Directors' Declaration

The Directors of Haoma Mining NL declare that:

1. In the Directors' opinion the financial statements and notes on pages 13 to 45 and the remuneration disclosures set out on pages 5 to 6, are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the Consolidated Entity's financial position as at June 30, 2016 and of its performance for the financial year ended on that date; and
 - (b) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements.
2. The financial statements also comply with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as disclosed in Note 2(c).
3. In the Directors' opinion there are reasonable grounds to believe that the Parent Entity will be able to pay its debts as and when they become due and payable.
4. The Directors' have been given the declarations by the Chief Executive Officer and the Chief Financial Officer required by Section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors.



Gary Morgan
Chairman

Melbourne
January 16, 2017

INDEPENDENT AUDITOR'S REPORT

To the members of Haoma Mining NL

Report on the Financial Report

We have audited the accompanying financial report of Haoma Mining NL, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2(c), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Haoma Mining NL, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion, the financial report of Haoma Mining NL is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(c).

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2(b) "Going Concern" in the financial report, which indicates that the ability of the entity to continue as a going concern is dependent on the ongoing financial support from The Roy Morgan Research Centre Pty Ltd. This condition, along with other matters as set out in Note 2(b) give rise to a material uncertainty which may cast significant doubt about the ability of the consolidated entity to continue as a going concern, and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

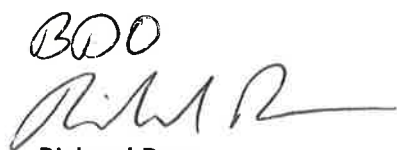
Report on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 6 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Haoma Mining NL for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership



Richard Dean
Partner

Melbourne, 16 January 2017

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

STOCK EXCHANGE - ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report.

A. 20 Largest Shareholders as at Dec 31, 2016

Shareholders	Shareholding	
	No. of shares	% held
Leaveland Pty Ltd	115,000,000	60.48
Elazac Pty Ltd	11,339,704	5.96
Michele and Alexandra Levine	3,150,000	1.65
Cornelia & Jack Van Beelen	2,800,000	1.48
Geoffrey Mark Cottle	2,211,934	1.16
RJ Annells Super Fund	2,040,000	1.07
Charles & Sandra Curwen	1,941,000	1.03
GC & GJ Morgan	1,843,257	0.97
Konrad Schroeder	1,840,731	0.97
George S Harris Superannuation	1,730,925	0.91
Etonwood Management Pty Ltd	1,500,000	0.79
Edwin & Susan Davies	1,400,000	0.74
ABN AMRO Clearing Sydney Nominees PL	1,261,648	0.66
PYC Investments Pty Ltd	1,010,000	0.53
First Charnock Pty Ltd	1,000,000	0.53
Peter Joseph Scales	1,000,000	0.53
Selstock Pty Ltd	800,000	0.42
Gregory Young Pty Ltd	700,000	0.37
Nicholas & Meredith Ingram	660,000	0.35
HSBC Custody Nominees	616,800	0.32
	153,845,999	80.92
Total Shares on Issue	190,143,655	

B. Substantial Shareholders

Name	Number of Shares	Class of Share
Leaveland Pty Ltd	115,000,000	Ordinary
Elazac Pty Ltd	11,339,704	Ordinary

C. Distribution of Equity Securities

(i). Ordinary shares issued by Haoma Mining NL

Range of Shares held	# of Shareholders
1 - 1,000	661
1,001 - 5,000	831
5,001 - 10,000	295
10,001 - 100,000	427
100,001 - and over	96
Total	2,310

(ii) There were 1,492 holders with less than a marketable parcel of 5,000 shares comprising a total of 2,751,070 ordinary shares.

(iii) The twenty largest shareholders hold between them 80.92% of the issued capital.

D. Class of Shares and Voting Rights

Issued shares are of one class and carry equal voting rights.

E. Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

STOCK EXCHANGE - ADDITIONAL INFORMATION

F. Mining Tenement Summary

(a). Tenements held by Haoma Mining NL (100%)

(i) Pilbara, Western Australia

Bamboo Creek	E45/2982	E45/3217	E45/4117	E45/4118	L45/174	M45/874	M45/885	P45/2342	
Blue Bar	G45/51	M45/591	M45/906	P45/2311					
Copenhagen	M45/985	P45/2391	M45/682						
Lalla Rookh	M45/442								
Marble Bar	M45/515	M45/607	E45/1273	E45/4069	E45/4060	E45/4201	E45/4070	E45/4072	P45/2878
North Pole	L45/86	M45/302	M45/328	M45/329	E45/2532	E45/2532	E45/4071	E45/4098	
North Shaw	L45/60	E45/3940	E45/3942	E45/3930	P45/2873	P45/2874			
	P45/2875	P45/2876							

(ii) Linden, Western Australia

Golden Ridge	M26/534	(Avoca Resources Ltd is the beneficial owner of this tenement. Haoma has retained legal title and is entitled to royalties from gold produced.)
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(b) Tenements beneficially held by Haoma Mining NL (100%)

Pilbara, Western Australia

Apex	P45/2133									
20oz Gully	P45/2329	P45/2330	P45/2336	M45/411						
Big Stubby	M45/57	M45/284	M45/453	M45/554						
Comet	G45/21	M45/14	M45/16	M45/385	M45/438	M45/459	M45/478	L45/4	L45/12	L45/37
Coongan	M46/160									
Copper Hills / Stirling	G45/36	M45/238	M45/346	M45/357	M46/177					
Copenhagen	M45/240									
Coronation	M45/672	P45/2333	M45/679							
Corunna	E45/3941									
Fieldings Gully	M45/521									
Fortuna	E45/1249									
Grace Project	E45/3660	E45/3655	E45/3686							
Helen Jean	P45/2227									
Lalla Rookh	M45/648	M45/649								
Lionel	M46/43	M46/44								
Marble Bar	M45/678	E45/3686	P45/2275	P45/2356	P45/2125	P45/2127	P45/2226	P45/2316	P45/2317	
McKinnon	M45/490	M45/606	M45/873							
Mercury Hill	M45/588	P45/2250								
Mustang	M45/680	P45/2134	P45/2251	P45/2269	P45/2288	P45/2331	P45/2231			
North Pole	M45/395	M45/514	M45/650	M45/651	M45/665					
Sharks Gully	M45/692									
Soansville	M45/847	P45/2292	P45/2293	P45/2294	P45/2296	P45/2297	P45/2298			
Tassie Queen	M45/76	M45/235	M45/296	M45/297	M45/655	E45/4061				
Wallinga	E45/2983									
Warrawoona	M45/547	M45/671								

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

STOCK EXCHANGE - ADDITIONAL INFORMATION

(c) Tenements beneficially held by Kitchener Mining NL (100%)

i) Bamboo Creek, Western Australia

M45/480 M45/481 L45/72 P45/2242 P45/2243 P45/2244

(ii) Ravenswood, Queensland

Budgerie	ML1325	Barrabas	EPM8771
Burdekin Gold	EPM14297	Robe Range	EPM14038
Old Man & Copper Knob	ML1326 ML1330	Waterloo	ML1529
Elphinstone	ML10275	Podoskys	ML10315
Ravenswood Mining Claims	MC2205 MC2206	Wellington Springs	ML1415 ML1483
Robe Range East	EPM17832		

(d) Giralia Resources NL (75%) & Haoma Mining NL (25%) Joint Venture Tenements

**North Shaw Western
Australia** E45/2186 E45/2187 E45/2921 E45/2922