Haoma Mining NL

A.B.N 12 008 676 177

Registered Office & Head Office:
Level 1, 401 Collins Street, Melbourne, Vic., 3000, GPO Box 2282U, Melbourne, Vic., 3001.
Telephone (03) 9629 6888, Facsimile (03) 9629 1250
Email: haoma@roymorgan.com Website: www.haoma.com.au

CHAIRMAN'S ADDRESS TO 2016 HAOMA MINING NL ANNUAL GENERAL MEETING
By Gary Morgan, Tuesday February 14, 2017

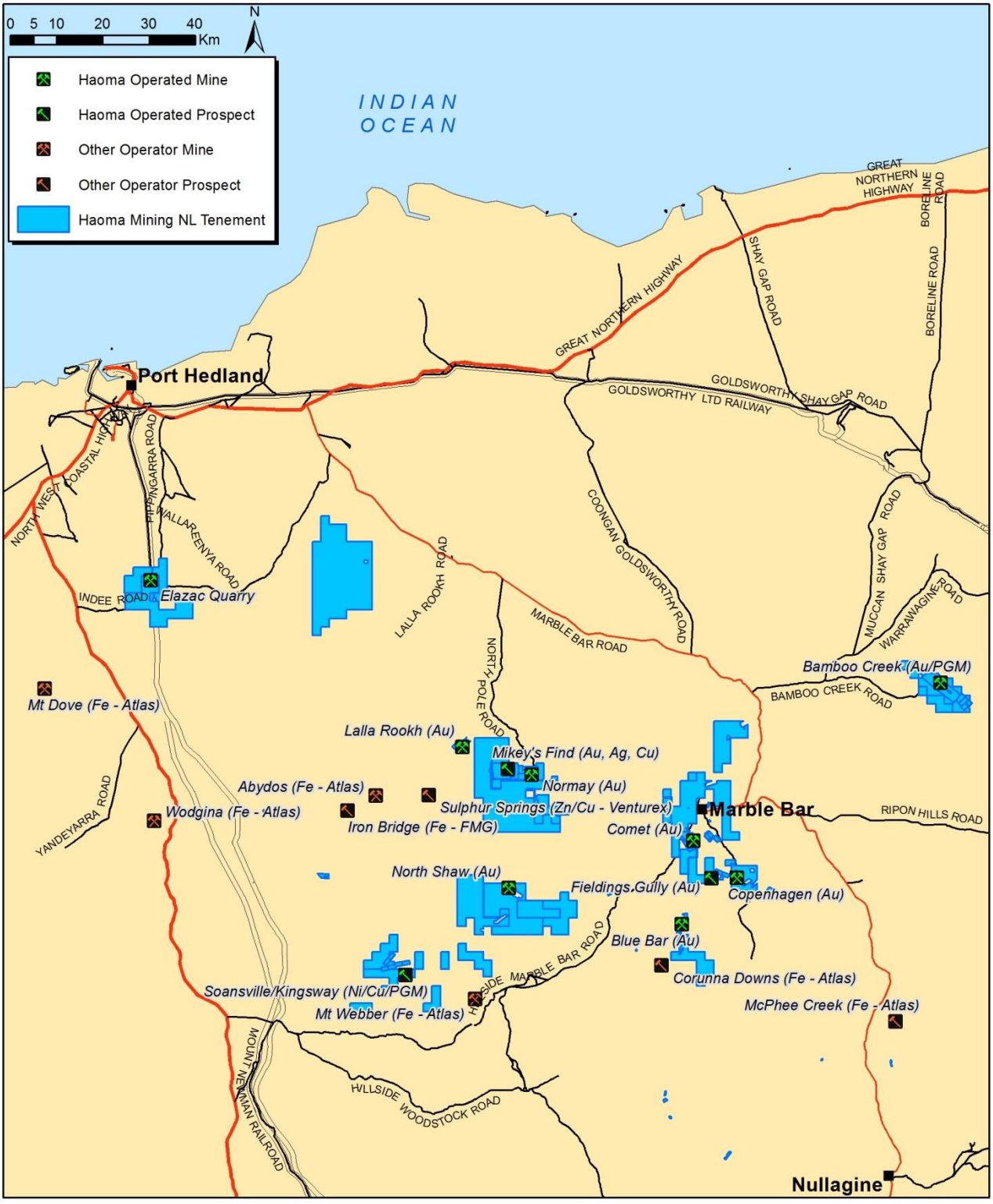


Figure 1: Location map of Haoma Mining and other Pilbara mining locations

Welcome to all Haoma Mining NL shareholders.

Firstly I assume all shareholders have 'read' Haoma's 2016 Annual Report and Quarterly Reports including Haoma's December 2016 Quarterly Report released to the ASX on January 31, 2017.

On many occasions over the last few years Haoma shareholders have been advised the grade of gold measured in Bamboo Creek Tailings was about 100 g/t, and there are about a million tonnes of Bamboo Creek Tailings available for processing. Haoma's problem has been developing a process to commercially recover this gold.

1. Recent Activities at Bamboo Creek

Over the last year Haoma has focused on recovering gold from a 'concentrate' produced from processing Bamboo Creek Tailings. The 'concentrate' was about 1% of Bamboo Creek Tailings.

1.1 In **Haoma's March 2016 Quarterly Report** (released to shareholders on April 30, 2016) shareholders were advised:

*"During April 2016 tests in the Bamboo Creek Gold Smelting Room used the Elazac Process to process a 361g sample of 'Gold Concentrate' – approximately 0.4% of the Bamboo Creek Tailings plant feed. In total 2.714g of gold bullion (90% gold) was recovered which represents a 'back calculated' Bamboo Creek Tailings '**Head grade' of 27g/t gold**. The test is being repeated."*

Figure 2: 2.714g gold button recovered from 361g sample of 'Gold Concentrate"

1.2 **In Haoma's September 30, 2016 Quarterly Report** (released to shareholders on December 21, 2016) shareholders were advised:

"Over the last 6 months test work had focused on developing a commercial process which can be used to:

1) *Process ore through the Bamboo Creek Plant,*
2) *Produce a concentrate fraction (1% of Bamboo Creek Tailings), and*
3) *Recover gold, silver and PGM using the Bamboo Creek Plant. Results show clearly that commercial quantities of gold, silver and PGM measured by XRF analysis can be recovered into a concentrate fraction. Results show clearly that commercial quantities of gold, silver and PGM measured by XRF analysis can be recovered into a concentrate fraction.*

The 'back calculated' Bamboo Creek Tailings gold 'Head grade' measured by XRF was greater than 25 g/t – an important result as it is similar to earlier test results based on physical gold recovered.

Recent test work recovered significant quantities of physical silver. The 'back calculated' Bamboo Creek Tailings silver 'Head grade' measured more than 100 g/t or greater than 1% silver in the concentrate fraction. Significant quantities of Platinum Group Metals (PGM) were measured by XRF in concentrates collected. The 'back calculated' total Bamboo Creek Tailings PGM 'Head grade' measured more than 100 g/t or greater than 1% PGM in the concentrate fraction."

1.3 **In Haoma Mining's 2016 Annual Report** (released to shareholders on January 16) shareholders were advised:

"Haoma's recent test work at Bamboo Creek had concentrated on recovering physical gold:

*1) In **solutions** 'collected by DIBK' and read on a standard AAS (traditional assay method), and*

*2) In **solids** – gold percentage measured by XRF (latest gold measured by SEM)*

Haoma's test work using the Elazac Process was conducted on 3kg samples of Bamboo Creek Tailings The following gold grades (total of gold measured in the solution fractions and solid fractions) in samples Bamboo Creek Tailings, not concentrate were as follows:

Assay 1) 178.11g/t gold, and
Assay 2) 123.99g/t gold

The above Bamboo Creek Tailings gold grades were not final as there were additional sample fractions (both solution and solid) which are yet to be measured."

1.4 **Since mid-January Haoma has made a lot of progress. In Haoma's December 31, 2016 Quarterly Report** (released to shareholders on January 31) shareholders were advised:

"Test work on large samples of Bamboo Creek tailings had physically (gravimetrically) measured gold grades between 100g/t and 400g/t in samples of Bamboo Creek Tailings. Specifically 'gold in metal' was recovered gravimetrically with the % gold content in the 'metal' recovered read by XRF and SEM.

*Late January test work using the Elazac Process was completed on a **3kg sample of Bamboo Creek Tailings Ore**. The final **Bamboo Creek Tailings gold 'head grades'** for 2 samples from the 3kg sample of Bamboo Creek Tailings (not concentrate) were:*

Assay 1) 359.40g/t gold, and

Assay 2) 383.93g/t gold

*Gold bearing concentrate recovered in the **solid fraction** was measured physically (gravimetrically) with the percentage of gold read by XRF (at Bamboo Creek, or at an independent laboratory,) or at the University of Melbourne by SEM.*

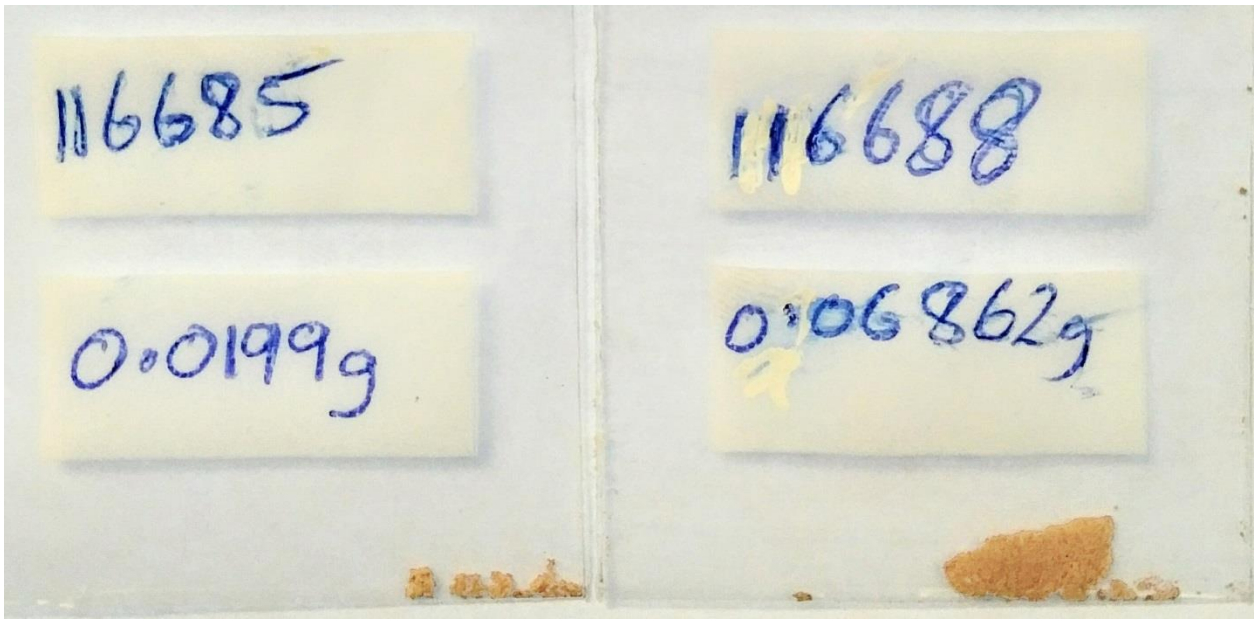


Figure 3: Bamboo Creek Tailings – gold from the solid fraction of concentrate sample

*Gold in the **acid solution was** recovered into DIBK and read on a standard AAS."*

1.5 Haoma's future as a profitable gold producer is extremely promising.

The Elazac Process used to achieve the above results can be implemented in the existing Bamboo Creek Plant to produce gold using conventional processing methods.

A 'full scale' gold producing 'Pilot Plant' capable of processing up to 10 tonnes of Bamboo Creek Tailings a day is expected to be operating at Bamboo Creek within the next 4-6 weeks.

Once operating efficiently the Bamboo Creek Pilot Plant will be upgraded to initially process up to a 100 tonnes of Bamboo Creek Tailings a day before the Bamboo Creek Plant capacity in increased to process up to 250 tonnes per day.

Based on recent test work the Directors believe the 'cash flow' generated from the Pilot Plant processing 10 tonnes of Bamboo Creek Tailings a day will be sufficient to cover all costs. The expected the cost per gram (ounce) of gold produced should be significantly lower than the value of the gold sold.

Figure 4: Bamboo Creek Processing Plant

2. Haoma's Mt Webber (M45/1197) Royalty Payment Entitlement (See Haoma's ASX Release March 26, 2012)

As most Haoma shareholders would know Haoma has a royalty entitlement in respect of the Mt Webber iron ore reserve estimate contained in tenements E45/2186 and M45/1197.

The April 2012 Tenement Sale Agreement under which Haoma sold its Mt Webber iron ore rights to Atlas Iron Limited includes a 'Reserve Uplift Payment' entitlement.

The payment entitlement is 'triggered' when the iron ore reserve estimate on the tenements which were subject to the Sale Agreement (E45/2186 and M45/1197) result in Atlas Iron announcing to the ASX of a JORC compliant iron ore reserve in excess of 24 million tonnes inclusive of any iron ore tonnes previously mined.

The Sale Agreement uplift payment per 'Excess Reserve' is $1.38 per tonne. That amount is indexed by CPI from March 23, 2012. (Today the uplift payment is about $1.50 per tonne).

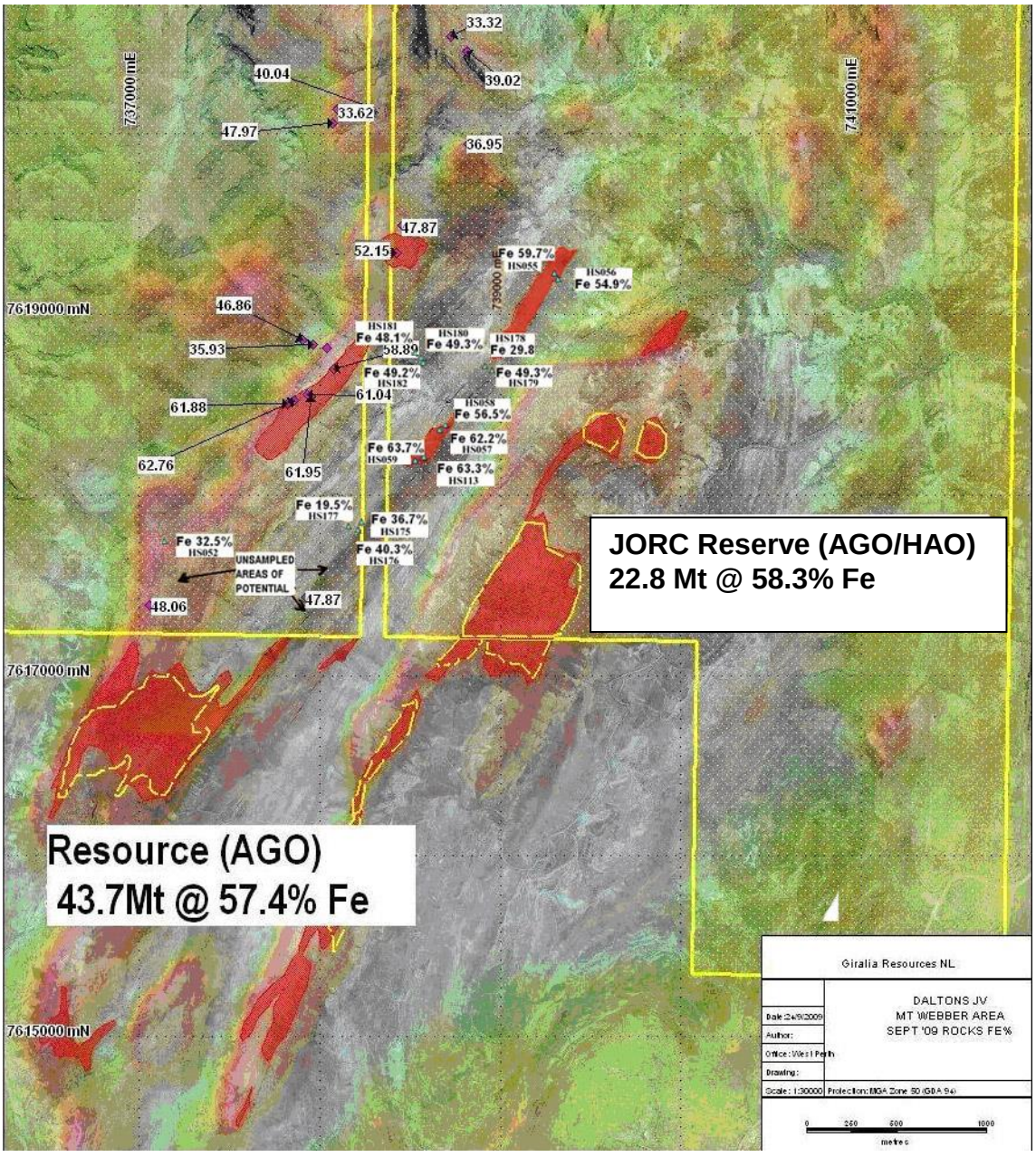
Over the last year Haoma Mining has on more than one occasion questioned the Atlas Iron Directors regarding their reported composition of their 'total' Mt Webber iron ore reserves released to the ASX. (See attached region map)

Haoma was recently advised by Atlas Iron that since October 2013 no new drilling had been conducted on M45/1197. However Atlas advised they had made downward adjustments to the M45/1197 iron ore reserves based on work Atlas Iron had conducted on their 'other' tenements in the Mt Webber region. A request has been made for a 'soft copy' of all information used to make the decision, so far Haoma has not received the information requested.

Under the Tenement Sale Agreement, Haoma was granted the right to access and explore for other minerals within Mining Lease M45/1197.

If Haoma subsequently identifies a JORC Compliant Resource of a mineral other than iron within the Designated Area and Haoma proposes a development of the resource then the parties to the Agreement must confer to discuss whether development of the resource can be achieved without any adverse impact on the iron ore activities of Atlas Iron.

If the parties are not able to reach agreement as to how potential conflict of activities may be resolved then the conflict will be resolved in favour of the activity with the higher Assessed Economic Value.



<u>Figure 5</u>: Mt Webber Iron Ore Reserve

3. Haoma Mining Agreement with Keras Resources – 'Right to Mine' Klondyke and Warrawoona Group Tenements with 'Option to Purchase'

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 centered on the Klondyke Deposit and on the historic Fieldings Gully, Coronation and Copenhagen Deposits.

The consideration paid by Keras to Haoma was:

- $250,000 cash upon execution of the five year 'Right to Mine' Agreement which included an the irrevocable option for Keras to purchase the tenements within the 'Right to Mine' period, and

If Keras exercises its Option to Purchase:

- Haoma is paid $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 $750,000 'face value' of the Convertible Note.

In addition to the above, the Agreement granted 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.

Encouraging results for Klondyke were released by Keras Resources on January 9, 2017.

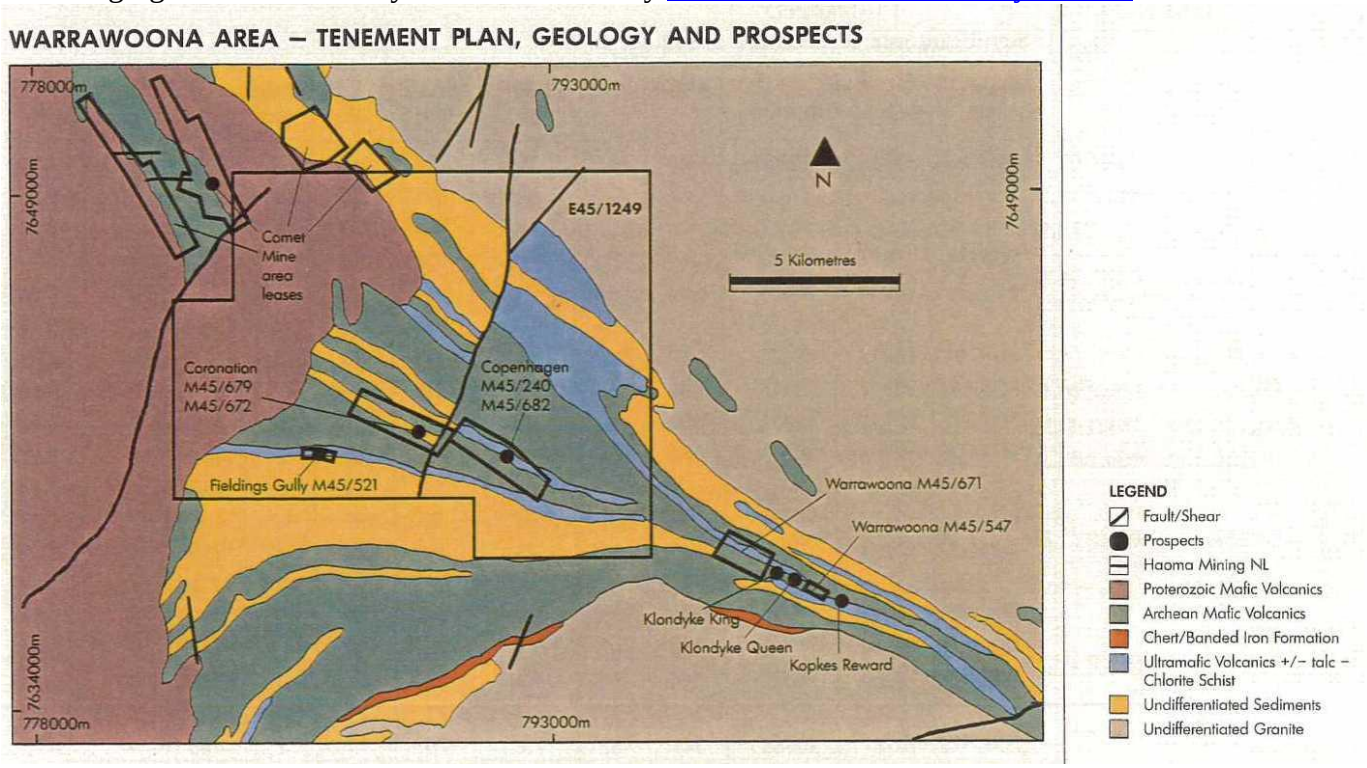


Figure 6: Haoma Mining's Fielding's Gully to Warrawoona Area Tenement Plan.

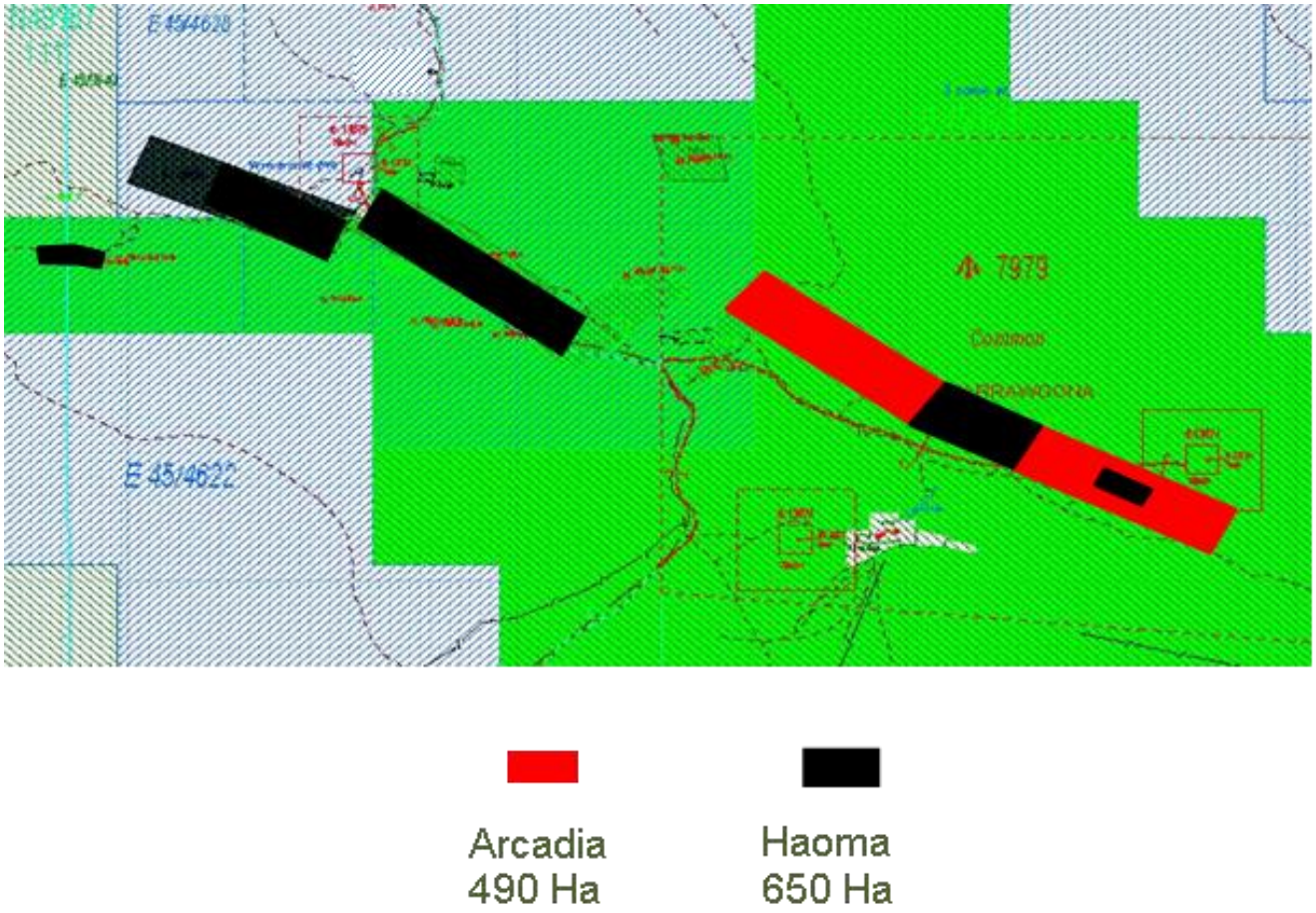


Figure 7: Keras Resources Pty Ltd Proposed Klondyke Project Tenements Layout

4. Haoma Agreement with DeGrey Mining Ltd – 'Right to Explore and Mine' (E45/2983)

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 E45/2983, exercise an option to purchase the tenement.

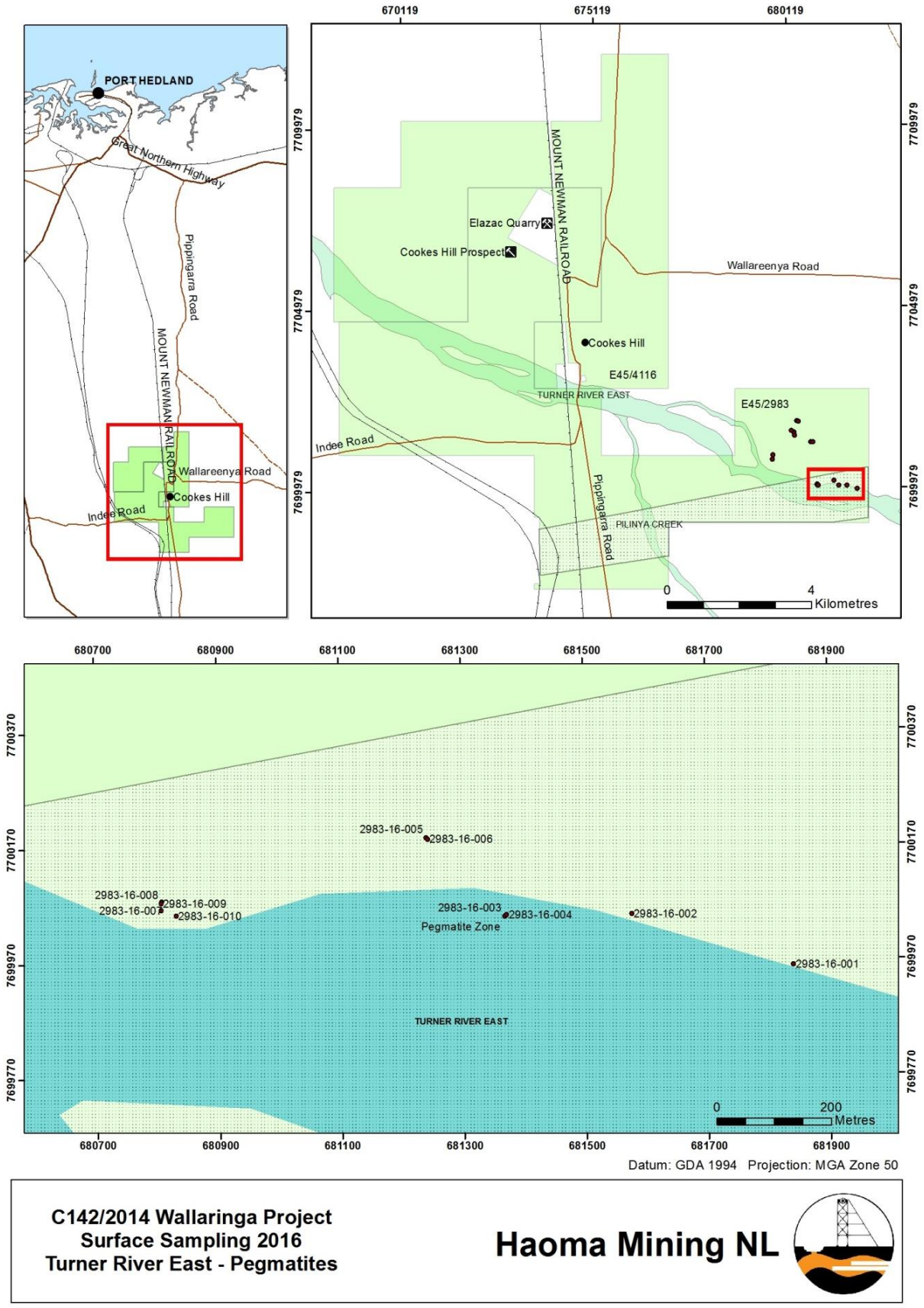
In relation to the Right to Explore and Mine, DeGrey provided the following consideration:

- $290,000 was paid to Haoma at Commencement for the Right to Explore and Mine;
- DeGrey has issued 5 million share options (**post-reconstruction**) to Haoma at an exercise price of $0.058. The options expire September 6, 2017.

In relation to the Option to Purchase (if exercised):

- DeGrey will make payment to Haoma of $10,000; and
- Haoma will retain all rights to pegmatite related mineralisation and alluvial sand and scree deposits on E45/2983; and will receive from DeGrey the rights to alluvials and screes on part of the adjacent DeGrey tenements E45/4751 and E45/2533.

Details on DeGrey's King Col Pegmatite trend were released by DeGrey to the ASX on October 11, 2016 and January 16, 2017 and were included in Haoma's Annual Report.



<u>Figure 8:</u> Wallaringa Project - Rock Chip Sampling 2016

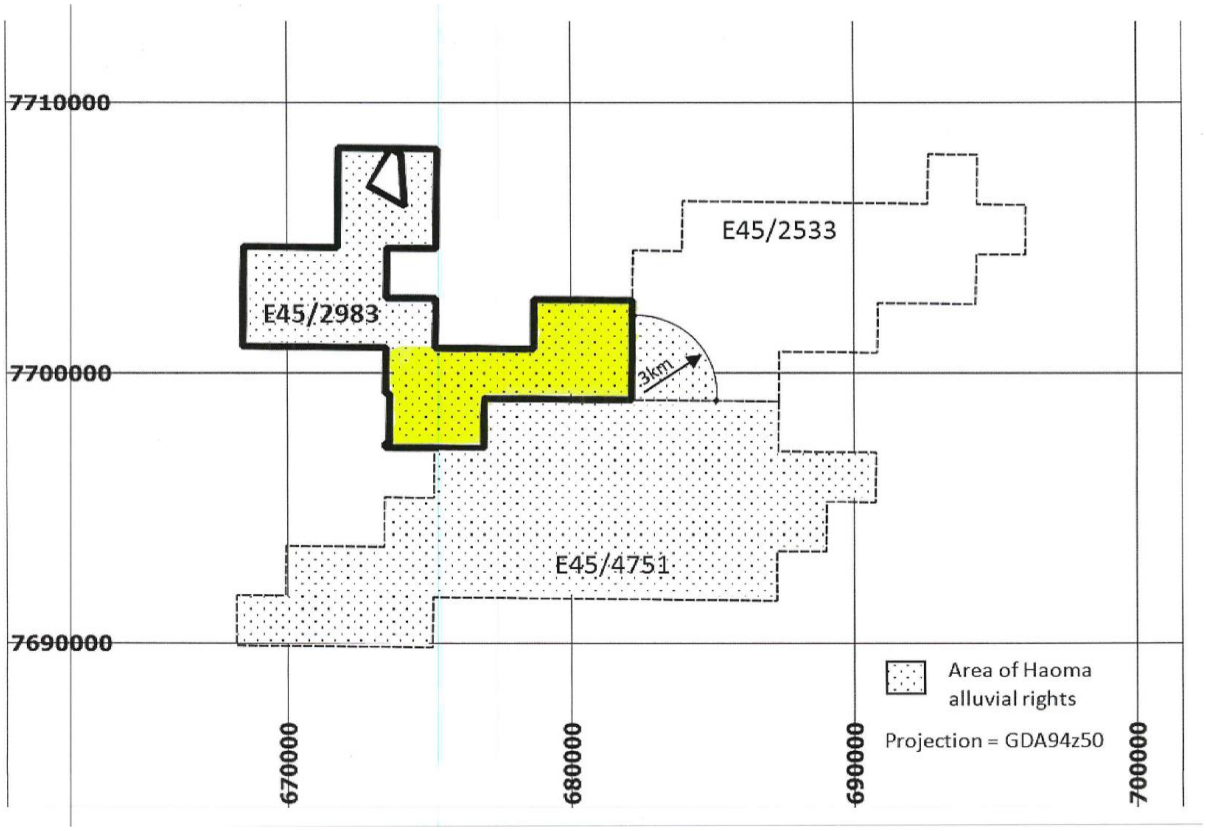


Figure 9: Area of E45/2983 subject to DeGrey Right to Explore and Mine Agreement

5. Discussions with Resolute Mining to Process Haoma Ores

Haoma is presently in discussion with Resolute Mining Limited in relation to the possible use of excess capacity at Resolute's Ravenswood Plant and facilities to process ores from Haoma's Ravenswood tenements.

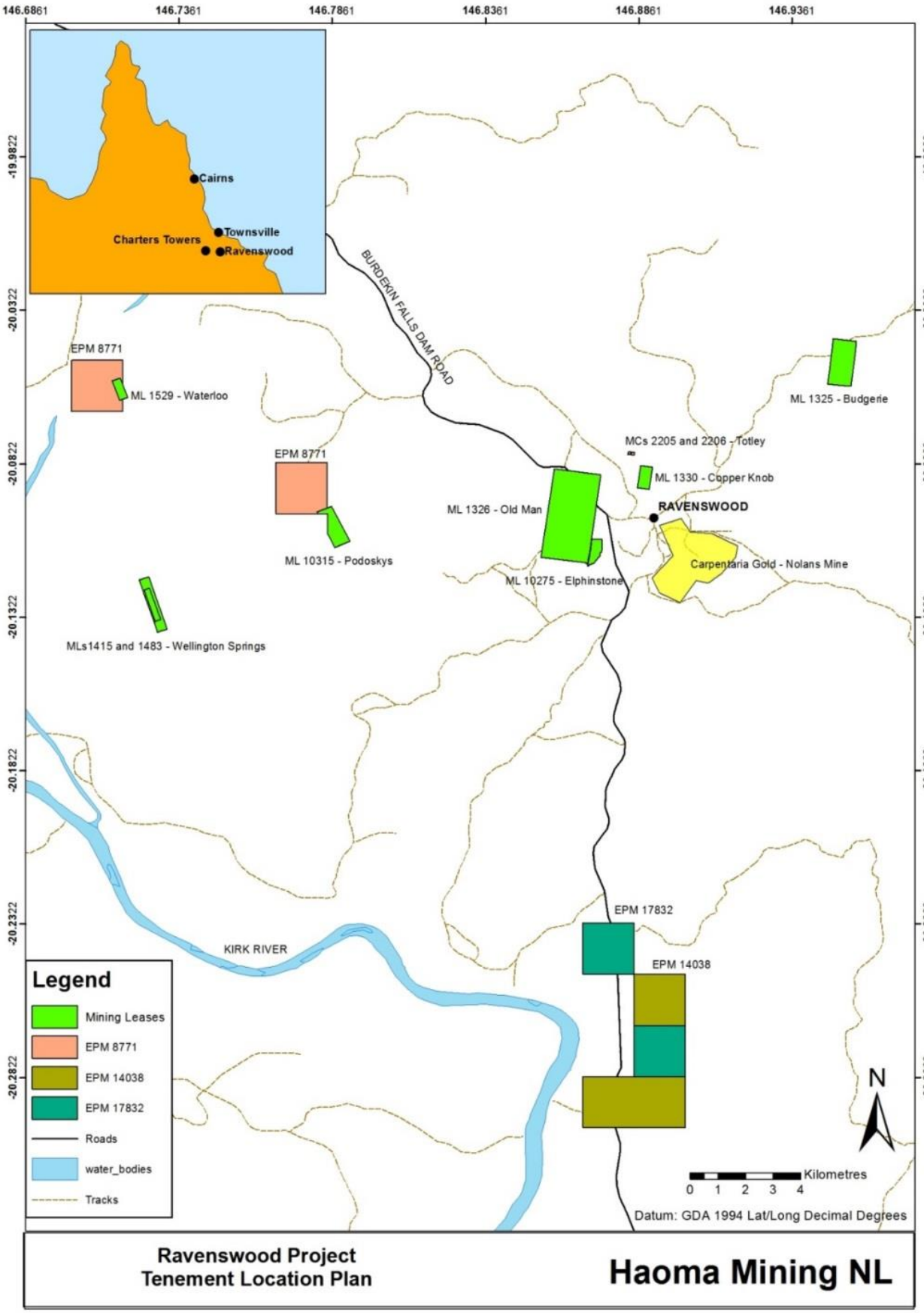


Figure 10: - Ravenswood Tenements

In the December Quarter bulk samples were collected from Haoma's Ravenswood tenements.

The objective of the **bulk ore sampling is to produce mineralised concentrates** from mineralized rocks collected from defined ore zone. Comparative metallurgical testing using the latest advances in the Elazac Process will use a combination of conventional ore recovery methods and conventional gold assays methods.

The tests on each of the bulk ore samples will enable the measurement of the gold contained in the 'fine' and 'ultra-fine' fractions. The results will then be compared with gold assays conducted on each bulk sample by conventional methods using aqua regia (acid digestion) or fire assays.

In August 2001 Hydrometallurgy Research Laboratories conducted similar tests on bulk samples from three of Haoma's Ravenswood tenements:

1) Copper Knob – ML1330 (44kg),

2) Eight Mile, Budgerie – ML1325 (53kg), and

3) Totley – MC2205/2206 (48Kg).

The test work involved the collection of 'concentrate' fractions to determine whether the ores were amenable to cyanide leaching.

The Calculated Gold Grades for the three bulk samples based on fire assays of the 'concentrate' fractions and tails **produced significant increases in the quantity of gold measured** in each sample.

	Gold Head Grade g/t	**Gold Calculated g/t**
Copper Knob	0.98	1.35
Eight Mile	1.83	2.46
Totley	0.98	1.64

The above results show Haoma had data in 2001 which showed traditional gold assays conducted on samples from Ravenswood Region under estimated the true gold grades.

Haoma now knows how to economically recover more gold and silver from the Ravenswood mineralisation than measured by traditional assays. Haoma Directors have advised Resolute they would like to work with Resolute in the Ravenswood Region and help them make their current mining operation more profitable.

6. Acknowledgements

The Directors wish to acknowledge and express their 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 help **Haoma solve the gold assay problem with Pilbara ores; and the extraction of gold, Platinum Group Metals (PGM) and other metals from Pilbara ores**.

The Board also acknowledges the significant efforts of those personnel working at the remote Pilbara and Ravenswood operations. These people include Tristin Cole, Steven Wilson, Gary Deas, Katie McCosker, Daniele Specogna and geologist David Mellor. Gerard Poot at the Comet Gold Mine and Tourist Centre, Geoffrey Myers at the Normay Gold Mine and Sue Kennedy, Margaret Hancock and Rebecca Rollinson at Ravenswood.

Chairman,
Haoma Mining NL
February 14, 2017