



**Registered Office & Head Office:**

Level 3, 401 Collins Street, Melbourne, Vic., 3000, GPO Box 2282U, Melbourne, Vic., 3001.

Telephone (03) 9629 6888, Facsimile (03) 9629 1250

Email: [haoma@roymorgan.com](mailto:haoma@roymorgan.com) Website: [www.haoma.com.au](http://www.haoma.com.au)

Company Announcements Office  
Australian Stock Exchange  
Level 4, North Tower, Rialto  
525 Collins Street  
**MELBOURNE, VIC 3000**

January 31, 2017

Dear Sir,

## ACTIVITIES REPORT FOR THE QUARTER ENDED DECEMBER 31, 2016 – HIGHLIGHTS

- **Group Consolidated Financial Result:**

Haoma Mining's unaudited consolidated financial result for the three months ended December 31, 2016 was a before tax loss of \$0.96 million after interest of \$0.44 million, depreciation and amortisation of \$0.05 million, and development and test work expenditure of \$0.45 million.

- **Haoma's Test Work at Bamboo Creek**

### **Final Gold grades from January 2017 test work on Bamboo Creek Tailings Ore**

In [Haoma Mining's 2016 Annual Report to Shareholders](#) (released January 16, 2017) shareholders were advised that Haoma's recent test work at Bamboo Creek has concentrated on recovering physical gold:

- 1) In **Solutions** 'collected by DIBK' and read on a standard AAS (traditional assay method), and
- 2) In **Solids** – physical gold percentage measured by XRF (latest gold measured by SEM)

Haoma's latest test work using the Elazac Process was conducted 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 in the **solid fraction** was recovered and measured physically (gravimetrically) at the University of Melbourne by SEM. Gold was collected from the **acid solution** by DIBK and read on a standard AAS.

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

**The cost per gram (ounce) of gold produced will be significantly lower than the value of the gold produced.**

Optimisation of processing Bamboo Creek Tailings using the existing Bamboo Creek Plant infrastructure should be completed in the current Quarter.

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2. Operations at Bamboo Creek Western Australia
3. Exploration Activities in Western Australia
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5. Annual General Meeting

### **1. GROUP CONSOLIDATED RESULT TO DECEMBER 31, 2016**

<b>Haoma Mining NL Consolidated Profit &amp; Loss</b>	<b>2015/16 2nd Qtr (\$m)</b>	<b>2015/16 Full Year (\$m)</b>	<b>2016/17 1st Qtr (\$m)</b>	<b>2016/17 2nd Qtr (\$m)</b>	<b>2016/17 YTD (\$m)</b>
Operating Revenue:					
Gold & Silver Sales	-	0.14	-	-	-
Royalties	0.03	0.04	-	<b>0.02</b>	<b>0.02</b>
Retail Sales & Misc.	0.03	0.11	<b>0.03</b>	<b>0.03</b>	<b>0.06</b>
Other Income	-	0.31	<b>0.35</b>	<b>0.29</b>	<b>0.64</b>
<b>Operating Revenue</b>	<b>0.06</b>	<b>0.60</b>	<b>0.38</b>	<b>0.34</b>	<b>0.72</b>
<b>Operating profit (loss) before interest, depreciation, amortisation, exploration &amp; development costs:</b>	<b>(0.20)</b>	<b>(0.62)</b>	<b>0.12</b>	<b>(0.02)</b>	<b>0.10</b>
Interest	(0.48)	(1.92)	<b>(0.46)</b>	<b>(0.44)</b>	<b>(0.90)</b>
Depreciation & amortization	(0.04)	(0.16)	<b>(0.05)</b>	<b>(0.05)</b>	<b>(0.10)</b>
Exploration, development & test work	(0.64)	(2.65)	<b>(0.72)</b>	<b>(0.45)</b>	<b>(1.17)</b>
<b>Operating (loss) before tax</b>	<b>(1.36)</b>	<b>(5.35)</b>	<b>(1.11)</b>	<b>(0.96)</b>	<b>(2.07)</b>

#### **1.1 Haoma's Group Consolidated Result**

Haoma Mining's unaudited consolidated financial result for the three months ended December 31, 2016 was a before tax loss of \$0.96 million after interest of \$0.44 million, depreciation and amortisation of \$0.05 million, and development and test work expenditure of \$0.45 million.

#### **1.2 Funding of Operations**

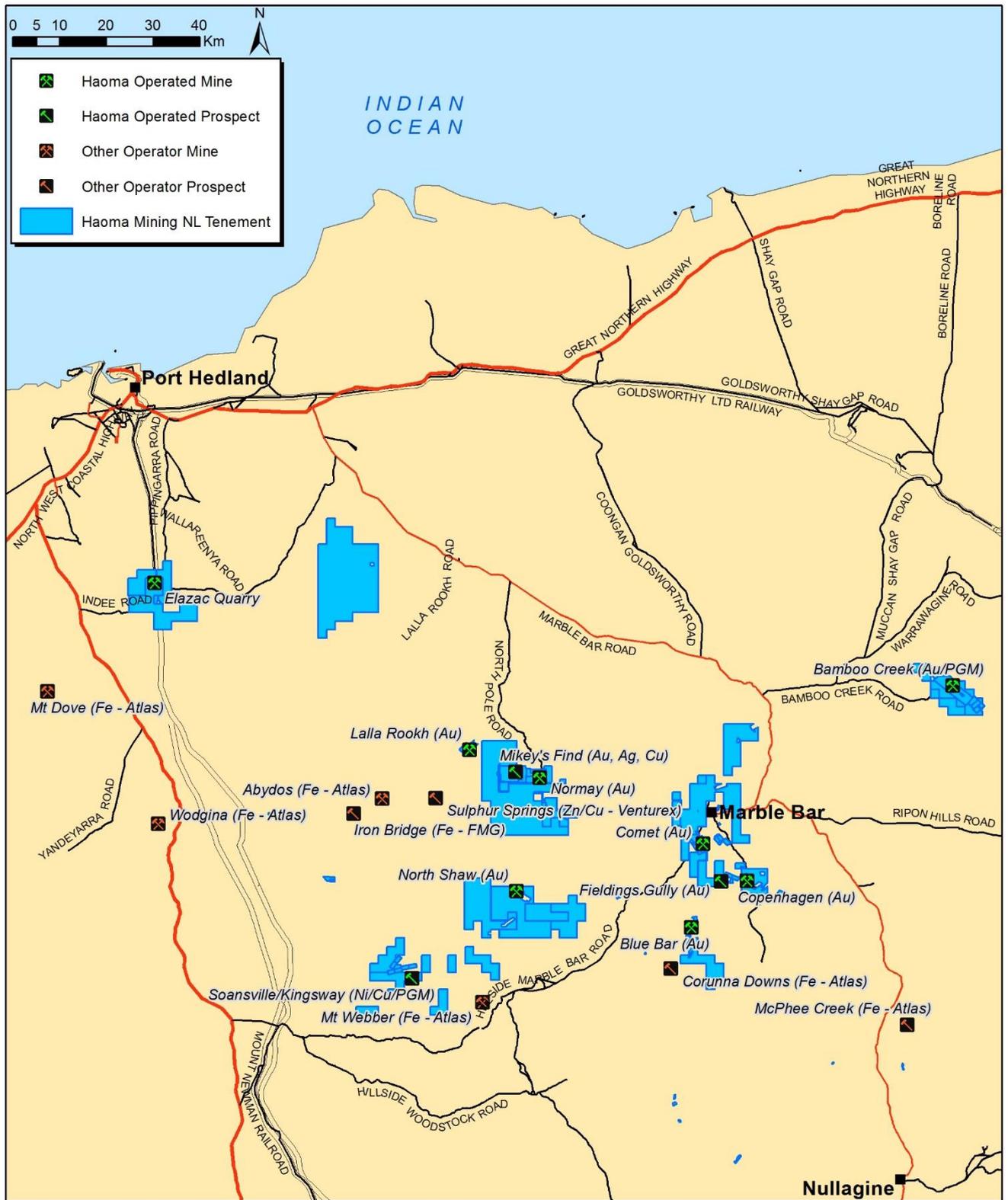
Funding for Haoma's operations is presently being provided by The Roy Morgan Research Centre Pty Ltd, a company owned and controlled by Haoma's Chairman, Gary Morgan. Interest on debt to Roy Morgan Research Centre accrues at the 30 day commercial bill rate plus a facility margin of 1%.

At December 31, 2016 the principal debt to The Roy Morgan Research Centre Pty Ltd was \$37.64 million. Interest accrued for the 3 months to December 31, 2016 was \$437,923. Total interest accrued and unpaid to December 31, 2016 is \$29.10 million.

The Roy Morgan Research Centre Pty Ltd has advised that that no net debt repayment will be required until Haoma's annualised EDITDA exceeds \$15 million per annum and that debt repayments will not exceed 50% of Haoma's EBITDA in any year.

On October 8, 2015, the District Court in Perth ordered that Haoma's workers compensation insurer pay the judgement amount awarded to a former employee of Haoma Mining in relation to an injury claim. Haoma Mining has provided an amount of \$748,420 in its financial statements in respect to this item. The workers compensation insurer has appealed the decision. Haoma has also filed an appeal in relation to the compulsory vehicle injury insurance provider's liability to meet the amount awarded by the Court.

## 2.0 OPERATIONS AT BAMBOO CREEK, WESTERN AUSTRALIA



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

## 2.1 Haoma's Test Work at Bamboo Creek<sup>1</sup>

### **UPDATED Final Gold grades from January 2017 test work on Bamboo Creek Tailings Ore**

In [Haoma Mining's 2016 Annual Report to Shareholders](#) (released January 16, 2017) shareholders were advised that Haoma's recent test work at Bamboo Creek has 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 latest test work using the Elazac Process was conducted 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 in the **solid fraction** was recovered and measured physically (gravimetrically) at the University of Melbourne by SEM. Gold was collected from the **acid solution** by DIBK and read on a standard AAS.

Haoma shareholders were advised on January 19, 2017 the Bamboo Creek Tailings gold 'head grades' to date on tests still to be completed on a 3 kg sample of Bamboo Creek Tailings Ore were:

**Assay 1) 178.11g/t gold**

**Assay 2) 123.99g/t gold**

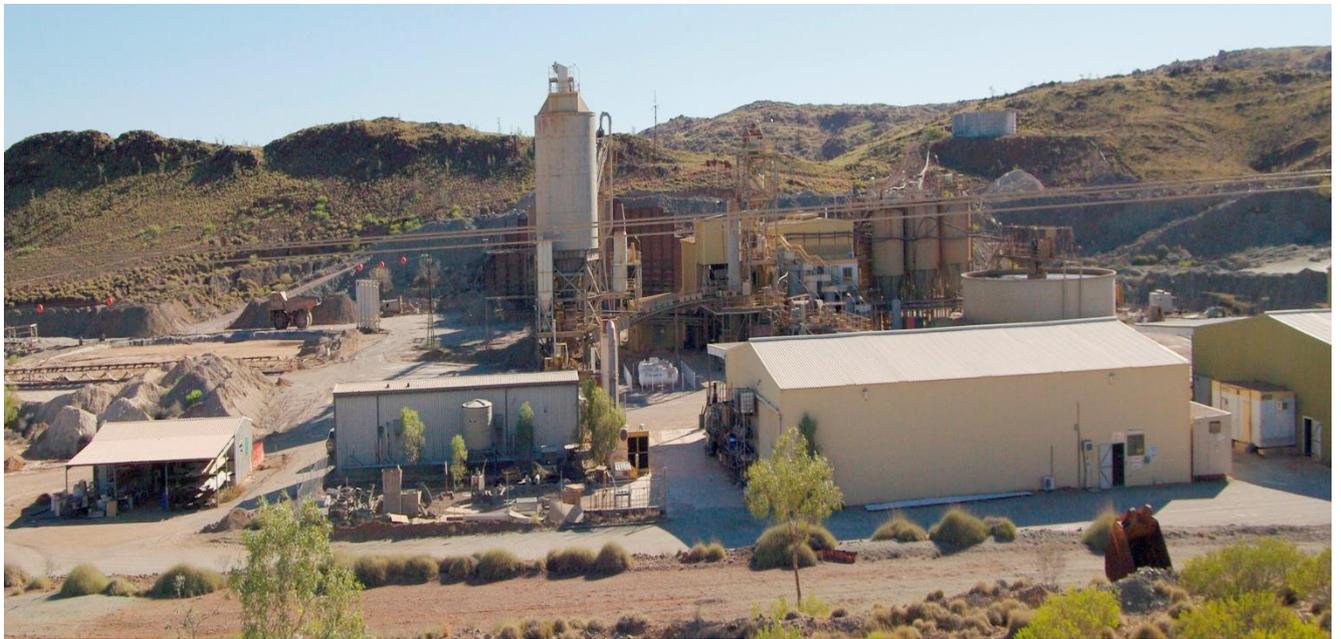
The Elazac Process used to achieve the above results can be implemented in the Bamboo Creek Plant to process Bamboo Creek Tailings and produce gold using conventional processing methods.

**The cost per gram (ounce) of gold produced will be significantly lower than the value of the gold produced.**

Optimisation of processing Bamboo Creek Tailings using the existing Bamboo Creek Plant infrastructure should be completed in the current Quarter.

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**Note 1:** The information & data in Section 2 of this report as it relates to Metallurgical Results is based on information compiled by Mr. Peter Cole who is an expert in regard to this type of metallurgical test work. The results relate to testing the effectiveness of a new method of assaying for gold and other mineral content (the Refined Elazac Assay Method) and a new method for extraction of gold and other minerals from the ore (the Refined Elazac Extraction Method). These methods are together referred to as the Elazac Process. The information reported relates solely to ongoing test work in relation to bringing the Elazac Process to commercial realisation. Mr. Cole has worked in the mining industry for over 30 years and has been associated with the development of the Elazac Process over a long period (approximately 15 years). Mr. Cole is one of only a few people with sufficient relevant knowledge and experience to report results in relation to test work on the Refined Elazac Assay Method and Refined Elazac Extraction Method. Mr. Cole has consented to the inclusion in this report of the information and data in the form and context in which it appears.



**Figure 2: Bamboo Creek Processing Plant**

### **3. EXPLORATION ACTIVITIES IN WESTERN AUSTRALIA**

Recent exploration activities in Western Australia were detailed in the [September 30, 2016 Quarter Activities Report released on December 21, 2016](#) and in [Haoma Mining's 2016 Annual Report to Shareholders released January 16, 2017](#).

### **4. EXPLORATION ACTIVITIES IN THE RAVENSWOOD DISTRICT, QUEENSLAND**

Haoma Mining's tenements in the Ravenswood district of North Queensland comprise the following mining leases, exploration permits and mining claims.

**ML 1325 – Eight Mile, Budgerie**  
**ML 1326 – Old Man**  
**ML 1330 – Copper Knob**  
**ML 1415 – Wellington Springs**  
**ML 1483 – Wellington Springs No 2**  
**ML 1529 – Waterloo**  
**ML 10275 – Elphinstone One**  
**ML 10315 – Podosky's**

**EPM 8771 – Barrabas**  
**EPM 14038 – Robe Range**  
**EPM 17832 – Robe Range East**  
**MC 2205 – Totley North No 1**  
**MC 2206 – Totley North No 2**

A summary of the historical exploration and mining activities and the current status of each tenement was included in [Haoma's September 2016 Quarterly Activities Report](#) and in [Haoma Mining's 2016 Annual Report to Shareholders](#).

#### **4.1 Test Work on Bulk Ore Samples Collected at Ravenswood**

During the Quarter test work on Ravenswood bulk ore samples commenced at the Bamboo Creek laboratory. The objective of the test work **is to produce mineralised concentrates** which can be further assayed and analysed.

The tests at the Bamboo Creek Processing Plant 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.

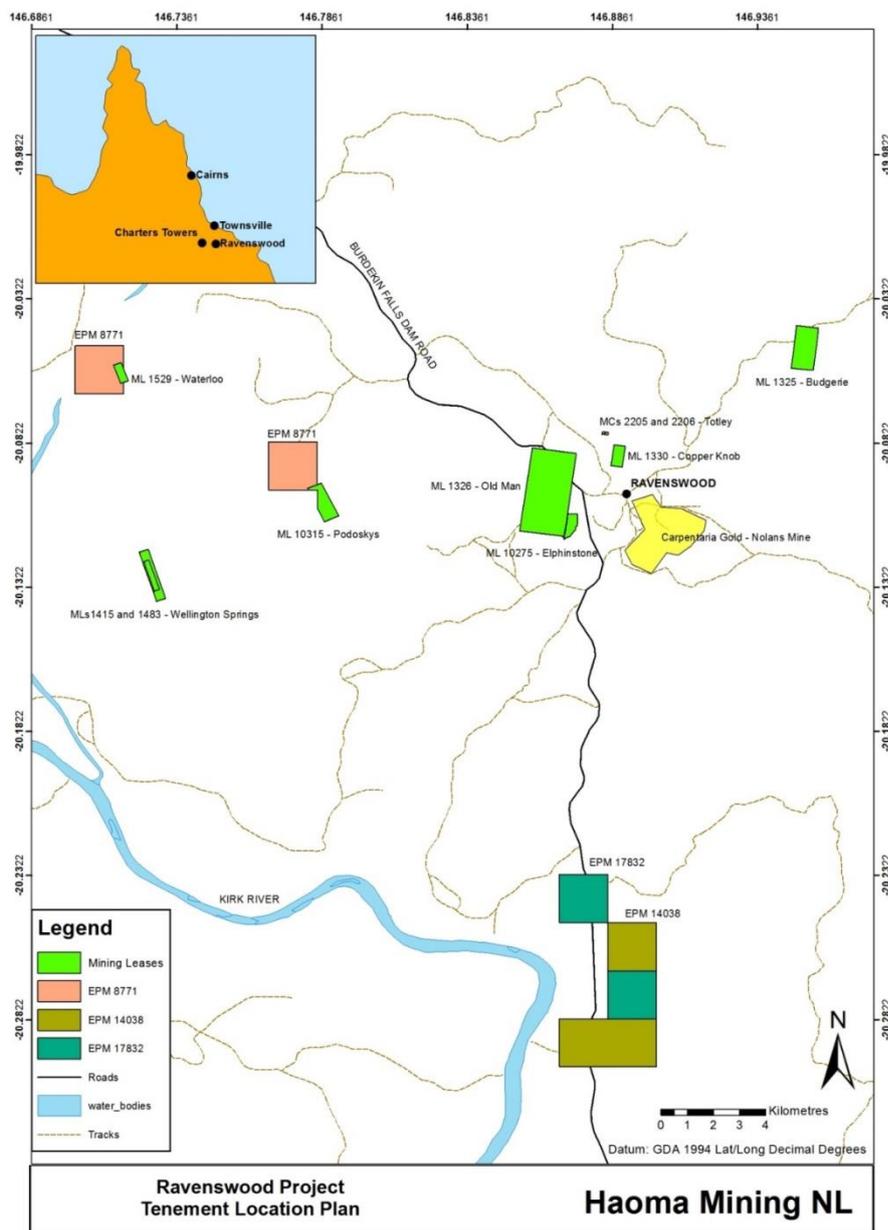
In August 2001 Hydrometallurgy Research Laboratories conducted similar tests on bulk samples from three of Haoma's Ravenswood tenements:

- 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.

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



**Figure 3: - Ravenswood Tenements**

#### 4.2 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.

#### 5. ANNUAL GENERAL MEETING

The 2016 Annual General Meeting of Haoma Mining NL will be held at 'Morgans At 401', 401 Collins Street Melbourne on Tuesday February 14, 2017 commencing at 9.30am.

All shareholders are encouraged to attend. Further information may be obtained from the Company Secretary, Jim Wallace on 03 92245142 or by email to [haoma@roymorgan.com](mailto:haoma@roymorgan.com).

Yours sincerely,

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

**Gary C Morgan,**  
CHAIRMAN