

HAOMA MINING NL

ABN 12 008 676 177

FINANCIAL REPORT

**FOR THE HALF YEAR ENDED
DECEMBER 31, 2016**

DIRECTORS' REPORT

The Directors of Haoma Mining NL (“the Company”) include herewith the financial report of the Company and its controlled entities (“the Consolidated Entity”) for the half -year ended December 31, 2016.

DIRECTORS

The name of each person who has been a Director of the Company at any time during or since the end of the half-year and the period for which they have been a director is:

Gary Cordell Morgan (Chairman)	Director – appointed May 10, 1991
Michele Levine	Director – appointed August 8, 1994
Wilton Timothy Carr Ingram	Director – appointed November 10, 2015

PRINCIPAL ACTIVITIES

The principal activity of the Consolidated Entity during the half-year continued to be that of gold mining including the exploration and evaluation of the Consolidated Entity’s areas of interest in relation to discovery of gold and other precious metals. There was no change in the nature of activities during the half year.

REVIEW OF RESULTS

The consolidated operating loss of the Consolidated Entity for the half-year to December 31, 2016 after provision for income tax, depreciation, amortisation and interest was \$2,374,990 compared with the previous comparative half year loss to December 31, 2015 of \$3,842,889.

All ASX Quarterly Activity Reports, Market Announcements and Annual Reports are available on the company website at www.haoma.com.au

REVIEW OF OPERATIONS

At the 2016 Haoma Mining NL Annual General Meeting held on February 14, 2017, the company Chairman Mr Gary Morgan advised shareholders of recent activities undertaken by the company. The Chairman’s Address to Shareholders is reproduced below as it provides a comprehensive review of operations.

CHAIRMAN’S ADDRESS TO 2016 HAOMA MINING NL ANNUAL GENERAL MEETING

By Gary Morgan, Tuesday February 14, 2017

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 1: 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.

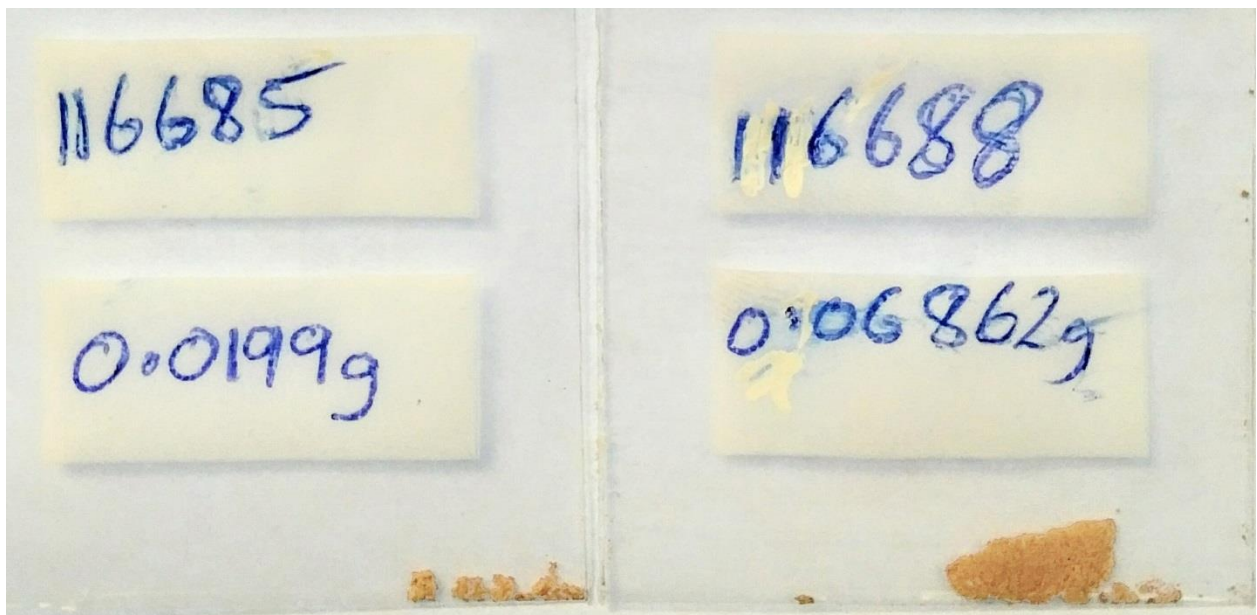


Figure 2: *Bamboo Creek Tailings – gold from the solid fraction of concentrate sample*

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 is 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 3: 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.

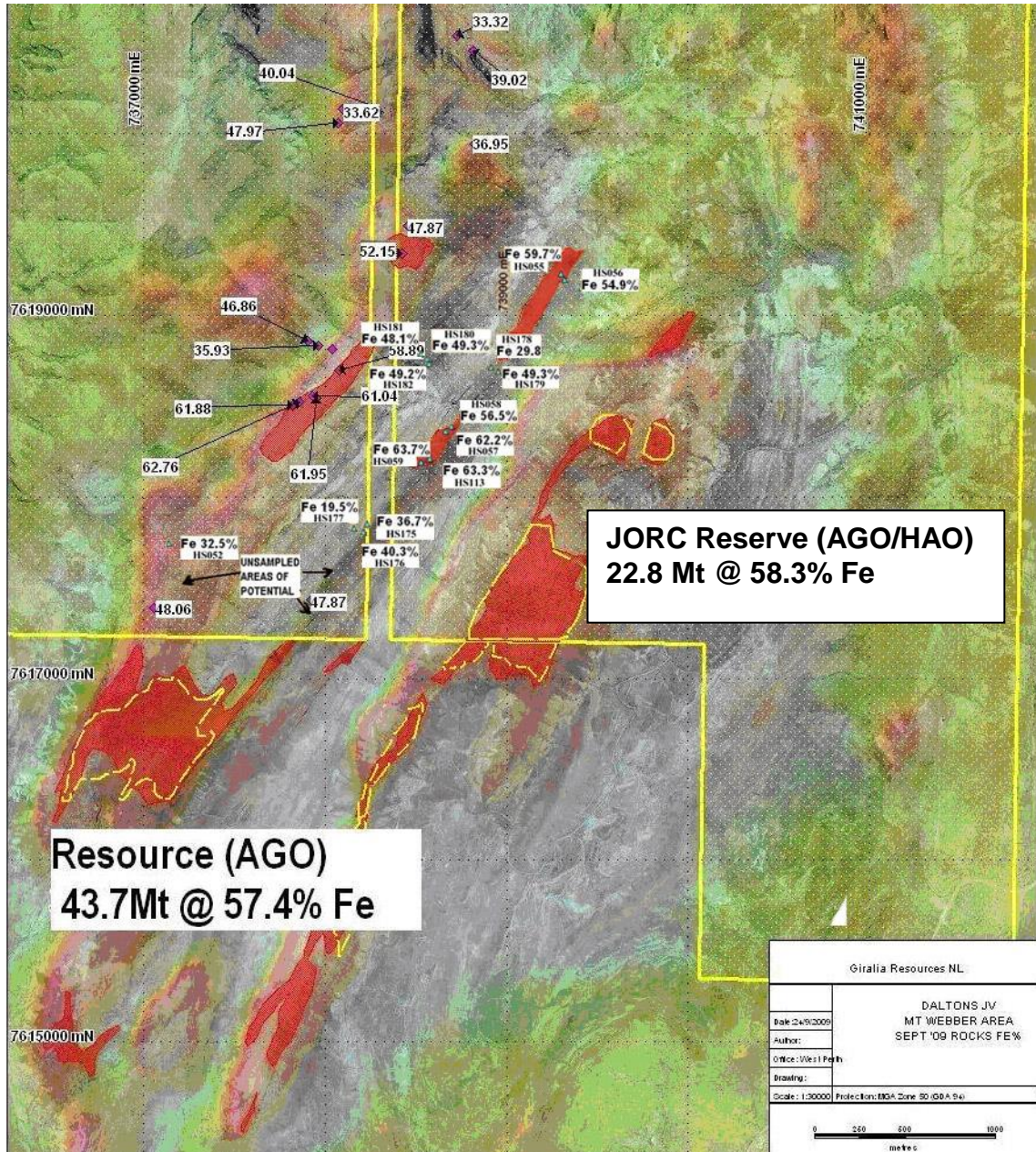


Figure 4: Mt Webber Iron Ore Reserve

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](#).

WARRAWOONA AREA – TENEMENT PLAN, GEOLOGY AND PROSPECTS

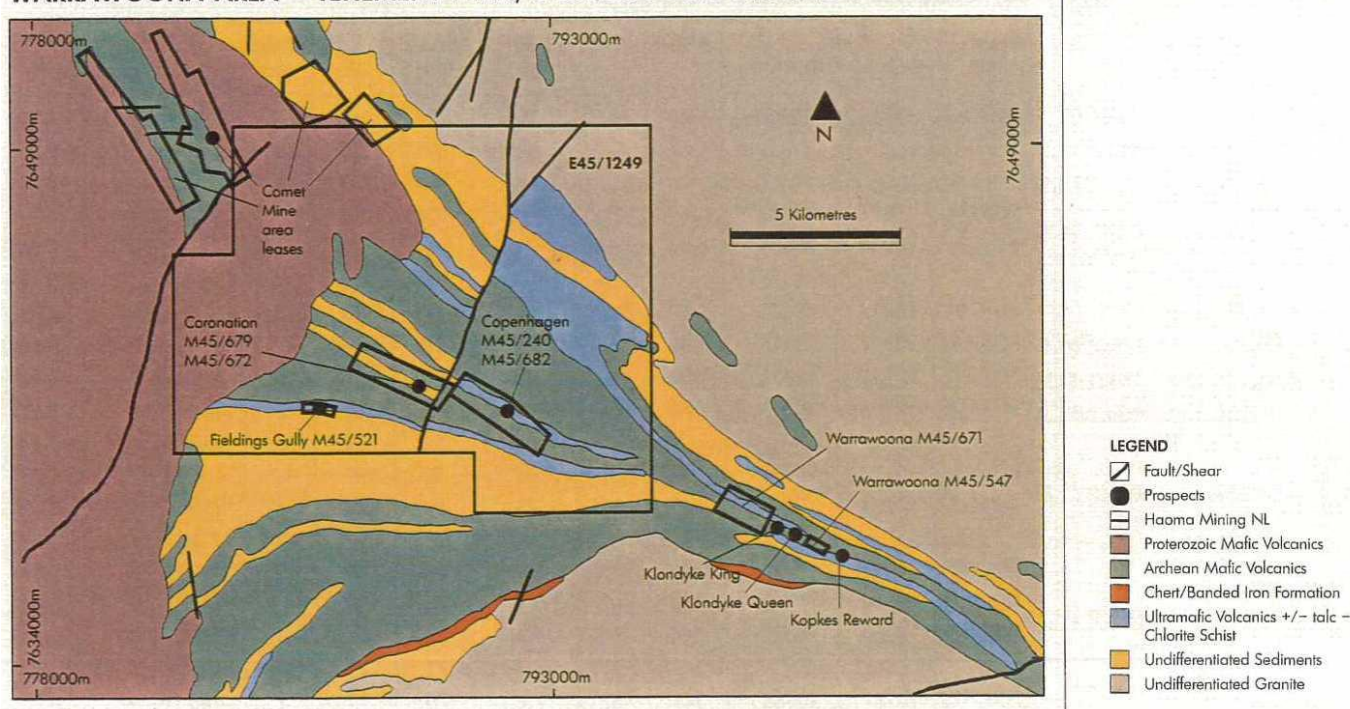


Figure 5: Haoma Mining’s Fielding’s Gully to Warrawoona Area Tenement Plan.

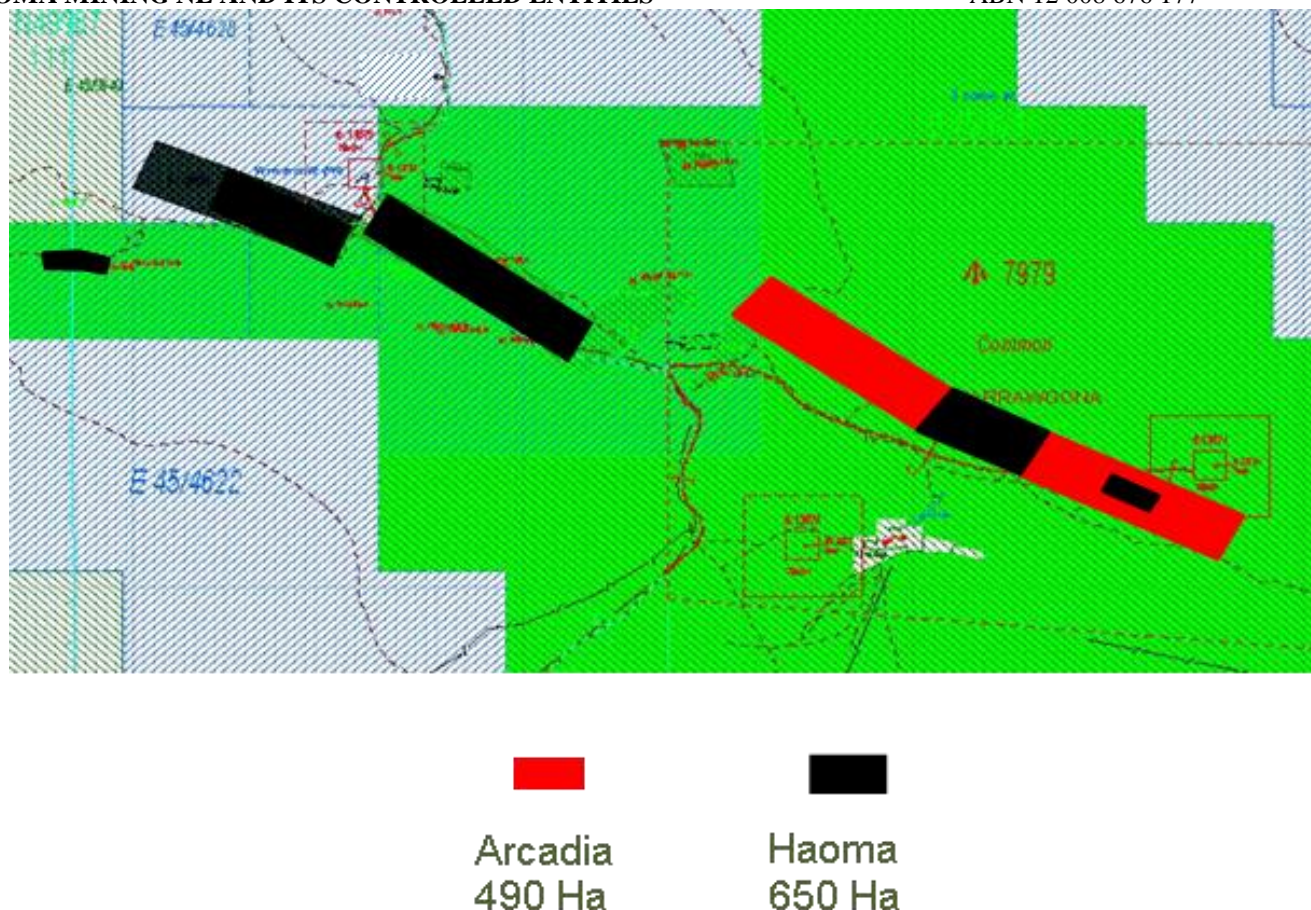


Figure 6: Keras Resources Pty Ltd Proposed Klondyke Project Tenements Layout

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](#).

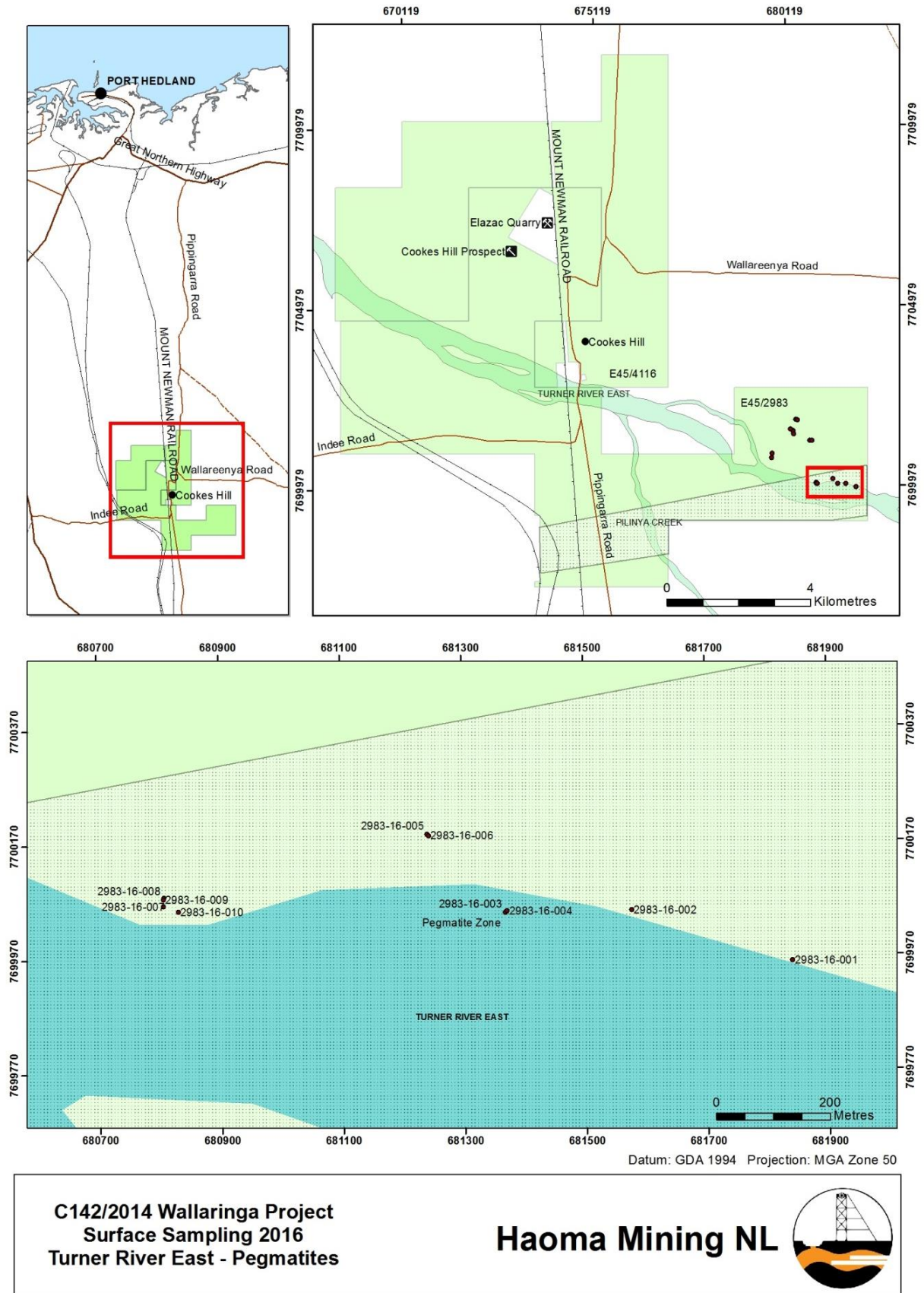


Figure 7: Wallaringa Project - Rock Chip Sampling 2016

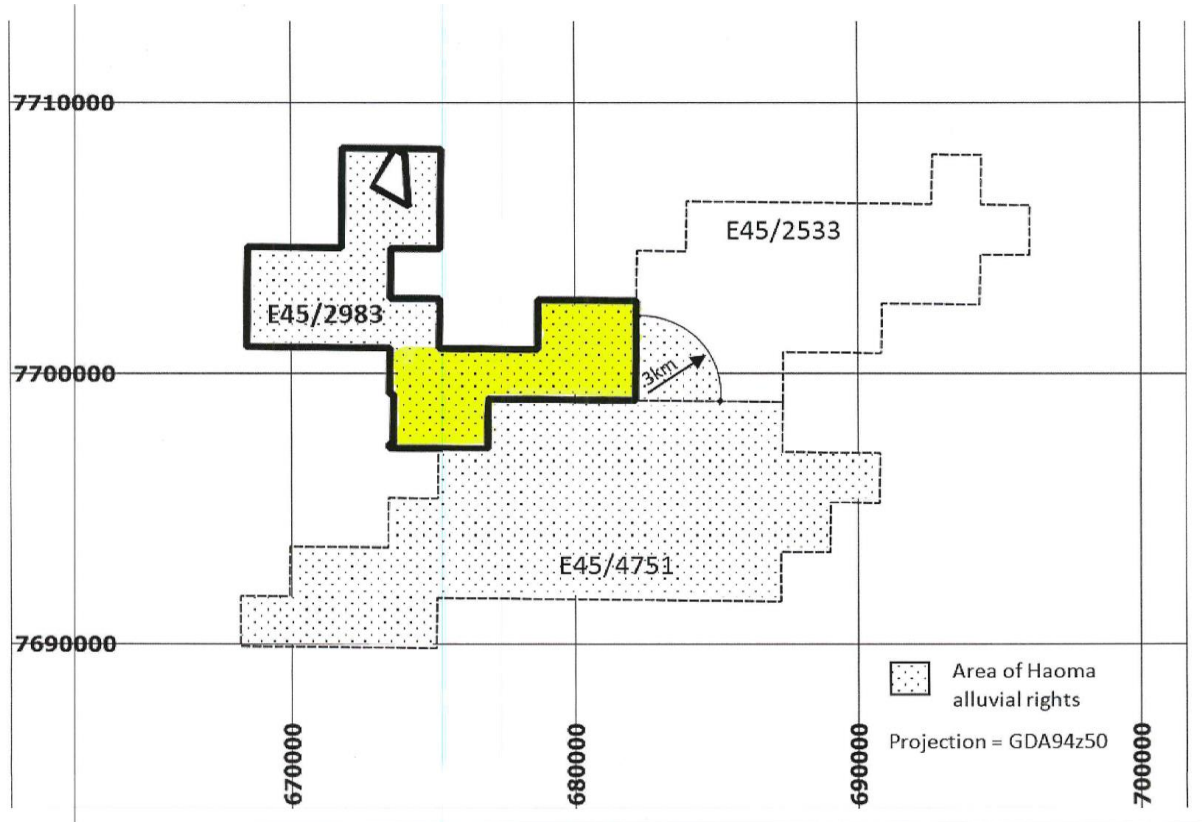


Figure 8: Area of E45/2983 subject to DeGrey Right to Explore and Mine Agreement

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.

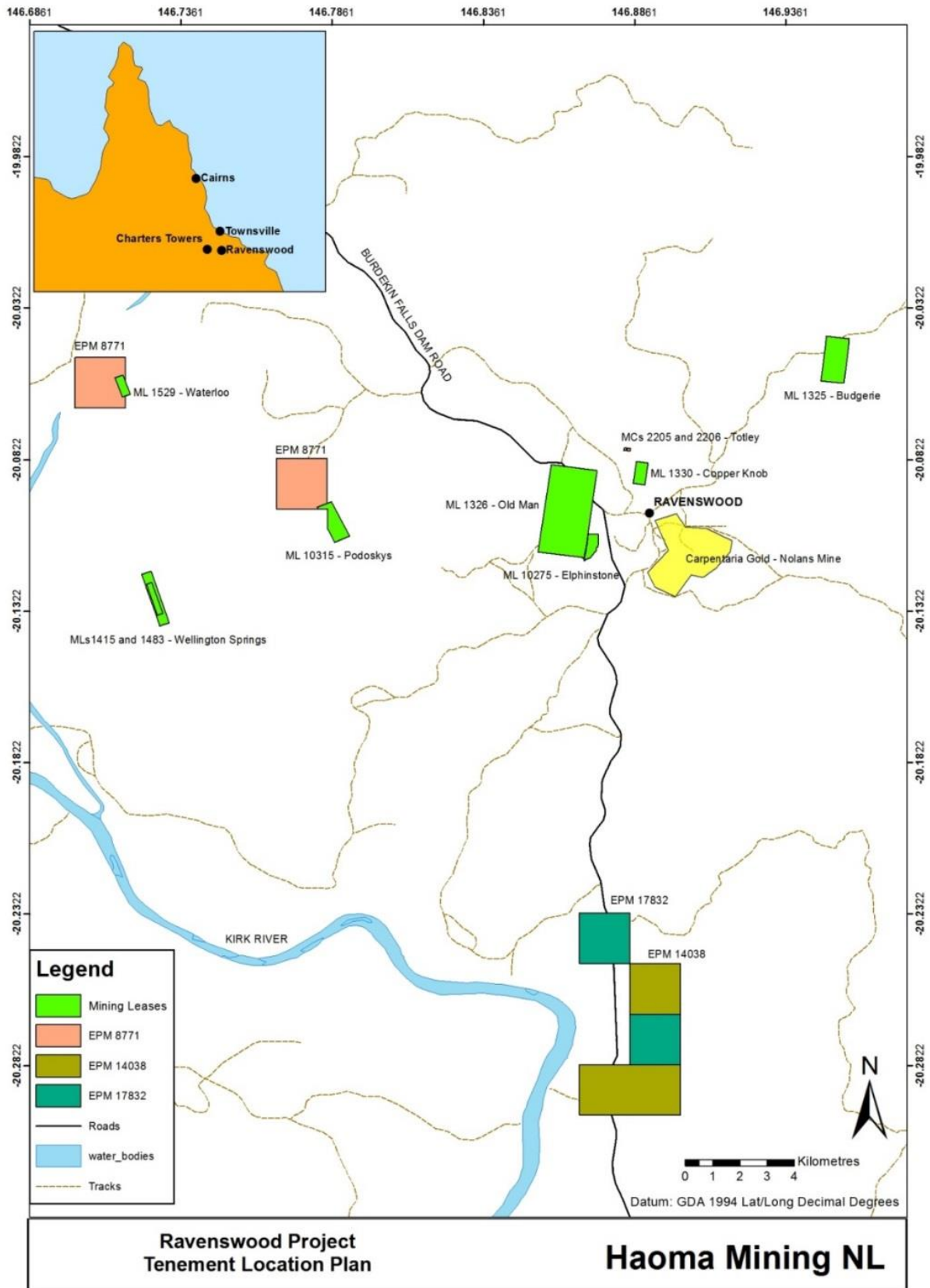


Figure 9: - Ravenswood Tenements

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) Totlely – 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
<i>Copper Knob</i>	<i>0.98</i>	<i>1.35</i>
<i>Eight Mile</i>	<i>1.83</i>	<i>2.46</i>
<i>Totlely</i>	<i>0.98</i>	<i>1.64</i>

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.

AUDITOR'S INDEPENDENCE DELCARATION

The Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 is set out on page 12.

Signed in accordance with a resolution of the Directors.

On behalf of the directors,



GARY C. MORGAN

Chairman

Melbourne,

February 28, 2017

DECLARATION OF INDEPENDENCE BY JAMES MOONEY TO THE DIRECTORS OF HAOMA MINING NL

As lead auditor for the review of Haoma Mining NL for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



James Mooney
Partner

Melbourne, 28 February 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED DECEMBER 31, 2016

		Consolidated	
	Note	Half-year ended Dec 31, 2016	Half-year ended Dec 31, 2015
		\$	\$
Continuing Operations			
Retail sales		58,478	66,984
Royalty income		23,808	32,566
Other Income		390,000	-
Revenue	3	472,286	99,550
Cost of sales		(161,537)	(222,290)
Test work and plant configuration expenditure		(851,006)	(937,687)
Exploration and tenement costs expensed		(365,834)	(320,364)
Administration and compliance expense		(439,197)	(471,817)
Finance costs	3	(901,628)	(1,894,928)
Depreciation and amortisation costs	3	(96,121)	(65,094)
Provision for rehabilitation		(31,953)	(30,259)
Loss before income tax		(2,374,990)	(3,842,889)
Income tax expense		-	-
Net loss for the period		(2,374,990)	(3,842,889)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Loss on revaluation of financial assets		-	(50,000)
Total comprehensive income for the period attributable to members of Haoma Mining NL, net of tax		(2,374,990)	(3,892,889)
Earnings per share (cents per share)			
From continuing operations			
- basic loss		(1.25)	(2.02)
- diluted loss		(1.25)	(2.02)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

	Note	Consolidated	
		Dec 31, 2016	Jun 30, 2016
		\$	\$
Current Assets			
Cash and cash equivalents	4	14,543	8,812
Trade and other receivables		74,538	61,256
Inventories		159,349	251,335
Total Current Assets		248,430	321,403
Non-current Assets			
Property, plant and equipment		845,968	941,182
Exploration and evaluation	6	5,647,830	5,897,830
Total Non-Current Assets		6,493,798	6,839,012
Total Assets		6,742,228	7,160,415
Current Liabilities			
Trade and other payables		2,277,121	2,087,592
Interest bearing loans	7	69,514,516	67,801,202
Provisions		233,102	211,095
Total Current Liabilities		72,024,739	70,099,889
Non-Current Liabilities			
Provisions		2,305,942	2,273,989
Total Non-Current Liabilities		2,305,942	2,273,989
Total Liabilities		74,330,681	72,373,878
Net Liabilities		(67,588,453)	(65,213,463)
Equity			
Issued capital.....	9	60,608,361	60,608,361
Accumulated losses		(128,196,813)	(125,821,824)
Total Equity		(67,588,452)	(65,213,463)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED DECEMBER 31, 2016

CONSOLIDATED	Attributable to equity holders of the consolidated group			
	Issued Capital	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
At July 1, 2015	60,608,361	(170,000)	(120,302,773)	(59,864,412)
Loss after income tax expense for the half year	-	-	(3,842,889)	(3,842,889)
Other comprehensive income for the half year, net of tax	-	(50,000)	-	(50,000)
Total comprehensive income for the half year.....	-	(50,000)	(3,842,889)	(3,892,889)
At December 31, 2015	60,608,361	(220,000)	(124,145,662)	(63,757,301)

CONSOLIDATED	Attributable to equity holders of the consolidated group			
	Issued Capital	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
At July 1, 2016	60,608,361	-	(125,821,824)	(65,213,463)
Loss after income tax expense for the half year	-	-	(2,374,990)	(2,374,990)
Total comprehensive income for the half year.....	-	-	(2,374,990)	(2,374,990)
At December 31, 2016	60,608,361	-	(128,196,814)	(67,588,453)

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED DECEMBER 31, 2016

	Consolidated		
	Note	Half-year ended Dec 31, 2016 \$	Half-year ended Dec 31, 2015 \$
Cash flows from operating activities			
Receipts from customers		183,632	85,344
Other income		290,000	-
Payments to suppliers and employees		(385,676)	(527,922)
Interest paid		(9,025)	(6,301)
Exploration and development expenditure		(895,519)	(1,002,626)
Net cash used in operating activities.....		(816,588)	(1,451,505)
Cash flows from investing activities			
Purchase of property, plant and equipment		(905)	(3,865)
Purchase of mining leases		-	0
Net cash used in investing activities		(905)	(3,865)
Cash flows from financing activities			
Loan funding from related parties		823,225	1,458,423
Net cash provided by financing activities		823,225	1,458,423
Net increase in cash and cash equivalents held		5,732	3,053
Cash and cash equivalents at the beginning of the financial year		8,812	12,354
Cash and cash equivalents at the end of the period.....	4	14,544	15,407

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**1. CORPORATE INFORMATION**

Haoma Mining is a listed public company, incorporated and domiciled in Australia. The Financial Report of Haoma Mining NL for the half-year ended December 31, 2016 was authorised for issue in accordance with a resolution of the Directors on February 28, 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the interim half-year reporting period ended 31 December 2016 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Going Concern

The Consolidated Group produced a net loss of \$2,374,990 (December 2015: \$3,842,889) for the half year ended December 31, 2016, had net current liabilities of \$71,776,309 (June 2016: \$69,778,486), had negative shareholders' equity of \$67,588,453 (June 2016: \$65,213,463) and had negative cash flows from operating activities of \$816,589 (December 2015: \$1,451,505). The ability of the 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.

Haoma is anticipating positive cash flows from the re-commencement of processing activities at Bamboo Creek which are expected to provide sufficient funds from gold sales for the company to meet its ongoing operational and tenement holding costs. In addition, to support the ongoing operations of the Group, 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 December 31, 2016 the total debt owing in respect of funds provided to Haoma by related parties was \$37,981,220 (June 2016: \$37,157,995) along with accrued interest of \$31,533,296 (June 2016: \$30,643,208). 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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)***

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

New, revised or amending accounting standards and interpretations adopted

The Consolidated Entity has adopted applicable new and amended Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, that are mandatory for the current reporting period. There has been no material change to the accounting policies of the group as a result of the adoption of these new standards.

Any new, revised or Amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of Consolidation

The half year Consolidated Financial Statements comprise the financial statements of Haoma Mining NL and its controlled entities ("Consolidated Entity").

Seasonality of Operations

There were no seasonal or climate related events which directly or indirectly affected Haoma's ability to earn or derive income during the half-year to December 31, 2016.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3. REVENUE, INCOME & EXPENSES

	Consolidated Entity	
	Half-year ended Dec 31, 2016	Half-year ended Dec 31, 2015
	\$	\$
Revenue		
Retail sales	58,478	66,984
Royalty income	23,808	32,566
	82,286	99,550
Other Income		
Other income.....	390,000	-
Finance Costs		
Director related entites loans	890,088	1,888,627
Bank charges	9,026	6,301
Interest - other	2,514	-
	901,628	1,894,928
Other expenses		
Depreciation.....	96,121	65,094

4. CASH AND CASH EQUIVALENTS

For the purpose of the half-year Consolidated Statement of Cash flows, cash and cash equivalents are comprised of the following:

	Consolidated Entity	
	Dec 31, 2016	Jun 30, 2016
	\$	\$
Cash and cash equivalents	14,543	8,812

5. DIVIDENDS PAID AND PROPOSED

Prior to adoption by the Board of this Half Year Financial Report and in the period since the issue of the June 30, 2016 Annual Financial Report, no dividends were proposed, declared or paid.

6. EXPLORATION AND EVALUATION

	Consolidated Entity	
	Dec 31, 2016	Jun 30, 2016
	\$	\$
Opening balance	5,897,830	5,895,830
Additions.....	-	2,000
Proceeds from the Right to Mine granted for Klondyke and Warrawoona Group tenements	(250,000)	-
Closing balance	5,647,830	5,897,830

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7. INTEREST BEARING LOANS

	Consolidated Entity	
	Dec 31, 2016	Jun 30, 2016
	\$	\$
(Current)		
Amount due to Director related entity (Secured)	37,640,220	36,816,995
Amount due to Director	341,000	341,000
Accrued interest - Director related entity	29,104,399	28,219,540
Accrued interest - Director loans	2,428,897	2,423,668
	69,514,516	67,801,203

Funding for the company's ongoing operations has been provided by The Roy Morgan Research Centre Pty Ltd, a director related entity controlled by Haoma's Chairman, Mr Gary Morgan. The Roy Morgan Research Centre Pty Ltd has provided assurance to the Board that it will continue to ensure funds are made available to the company to fund operations for the period of at least 12 months from the date of this report.

The Board of Haoma has approved payment of interest on the interest bearing loans at the 30 day commercial bill rate plus a 1% margin. Interest on the loans has not been paid and will accrue until such time as the company is in a position to commence interest payments. During the 6 months ended December 31, 2016, interest accrued on the total funds advanced was \$884,859 (6 months ended December 31, 2015 \$1,877,193).

Accrued Interest - Director Loans includes the accrued interest owed to Gary and Genevieve Morgan amounting to \$2,382,597 (30 June 2016: \$2,382,597) and in addition, interest on a loan of \$341,000 (30 June 2016: \$341,000) was accrued in the amount of \$5,229 (30 June 2016: 11,459) and is owed directly to Michele Levine.

8. COMMITMENTS AND CONTINGENCIES

As at December 31, 2016, Haoma's contingent liabilities as disclosed in the most recent Annual Report for the Financial Year ended June 30, 2016 remain unchanged.

9. ISSUED CAPITAL

	Consolidated	
	Dec 31, 2016	June 30, 2016
	\$	\$
Ordinary shares - issued and fully paid	60,608,361	60,608,361
	Number	Number
	190,143,665	190,143,665

10. EVENTS AFTER THE REPORTING DATE

No significant events have occurred after balance date and prior to the adoption of this Half Year Financial report.

DIRECTORS' DECLARATION

The Directors of Haoma Mining NL declare that:

- (a) The financial statements and notes of the consolidated entity:
 - (i) give a true and fair view of the financial position of the consolidated entity as at December 31, 2016 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (ii) comply with Accounting Standards AASB 134 "*Interim Financial Reporting*" and the Corporations Regulations 2001; and
- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable for the reasons discussed in note 2 to the financial statements.

Signed in accordance with a resolution of the directors



GARY C. MORGAN
Chairman

Melbourne

February 28, 2017

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Haoma Mining NL

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Haoma Mining NL, which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Haoma Mining NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, 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 review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Haoma Mining NL is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 2 in the financial report which describes the events and / or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability 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. Our conclusion is not modified in respect of this matter.

BDO East Coast Partnership



James Mooney
Partner

Melbourne, 28 February 2017