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April 30, 2017

Dear Sir,

ACTIVITIES REPORT FOR THE QUARTER ENDED MARCH 31, 2017 – HIGHLIGHTS

- **Group Consolidated Financial Result:**

Haoma Mining's unaudited consolidated financial result for the three months ended March 31, 2017 was a before tax loss of \$1.19 million after interest of \$0.44 million, depreciation and amortisation of \$0.04 million, and development and test work expenditure of \$0.47 million.

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

During the March Quarter test work at Bamboo Creek was conducted on many bulk samples (up to 2 tonnes) in a series of 'locked cycle tests'. The tests used different combinations of ore concentrations, acids, heat and smelting fluxes.

The 'locked cycle tests' have now been completed.

The optimum Elazac Process recovered physical gold from a 1.595kg sub sample from 200kg of Bamboo Creek Tailings.



Figure 1: Bamboo Creek Tailings – gold bullion from concentrate fraction, Sample 118159B

The physical gold produced calculated back to a Bamboo Creek Tailings 'head grade' of 462 g/t gold. (Note: This is **not** the gold grade of the Concentrate produced during the test but the gold grade of the Bamboo Creek Tailings of which there are about a million tonnes.)

Gold bullion recovered physically (gravimetrically) at Bamboo Creek in the final 'concentrate' produced during the test measured 95% gold by XRF.

The Elazac Process used to achieve the above result can be implemented at Bamboo Creek using the existing Bamboo Creek Plant, which will use conventional mineral processing methods.

Haoma's small team at Bamboo Creek will begin to prepare the plant so it will be capable of processing up to 10 tonnes of Bamboo Creek Tailings a day.

Haoma plans to produce refined gold and silver at Bamboo Creek. In addition a polymetallic dore containing gold, silver and Platinum Group Metals (PGM) will be produced and sent to a refiner.

Haoma's latest result confirms and improves on the results presented by the Chairman at [Haoma's Annual General Meeting, February 14, 2017](#).

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2. Operations at Bamboo Creek Western Australia
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1. GROUP CONSOLIDATED RESULT TO MARCH 31, 2017

Haoma Mining NL Consolidated Profit & Loss	2015/16 Full Year (\$m)	2016/17 1st Qtr (\$m)	2016/17 2nd Qtr (\$m)	2016/17 3rd Qtr (\$m)	2016/17 YTD (\$m)
Operating Revenue:					
Gold & Silver Sales	0.14	-	-	-	-
Royalties	0.04	-	0.02	0.04	0.06
Retail Sales & Misc.	0.11	0.03	0.03	0.02	0.08
Other Income	0.31	0.35	0.04	-	0.39
Operating Revenue	0.60	0.38	0.09	0.06	0.53
Operating profit (loss) before interest, depreciation, amortisation, exploration & development costs:	(0.62)	0.12	(0.28)	(0.24)	(0.40)
Interest	(1.92)	(0.46)	(0.44)	(0.44)	(1.34)
Depreciation & amortization	(0.16)	(0.05)	(0.05)	(0.04)	(0.14)
Exploration, development & test work	(2.65)	(0.72)	(0.50)	(0.47)	(1.69)
Operating (loss) before tax	(5.35)	(1.11)	(1.27)	(1.19)	(3.57)

1.1 Haoma's Group Consolidated Result

Haoma Mining's unaudited consolidated financial result for the three months ended March 31, 2017 was a before tax loss of \$1.19 million after interest of \$0.44 million, depreciation and amortisation of \$0.04 million, and development and test work expenditure of \$0.47 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 March 31, 2017 the principal debt to The Roy Morgan Research Centre Pty Ltd was \$38.27 million. Interest accrued for the 3 months to March 31, 2017 was \$435,173. Total interest accrued and unpaid to March 31, 2017 is \$29.540 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.

2.0 OPERATIONS AT BAMBOO CREEK, WESTERN AUSTRALIA

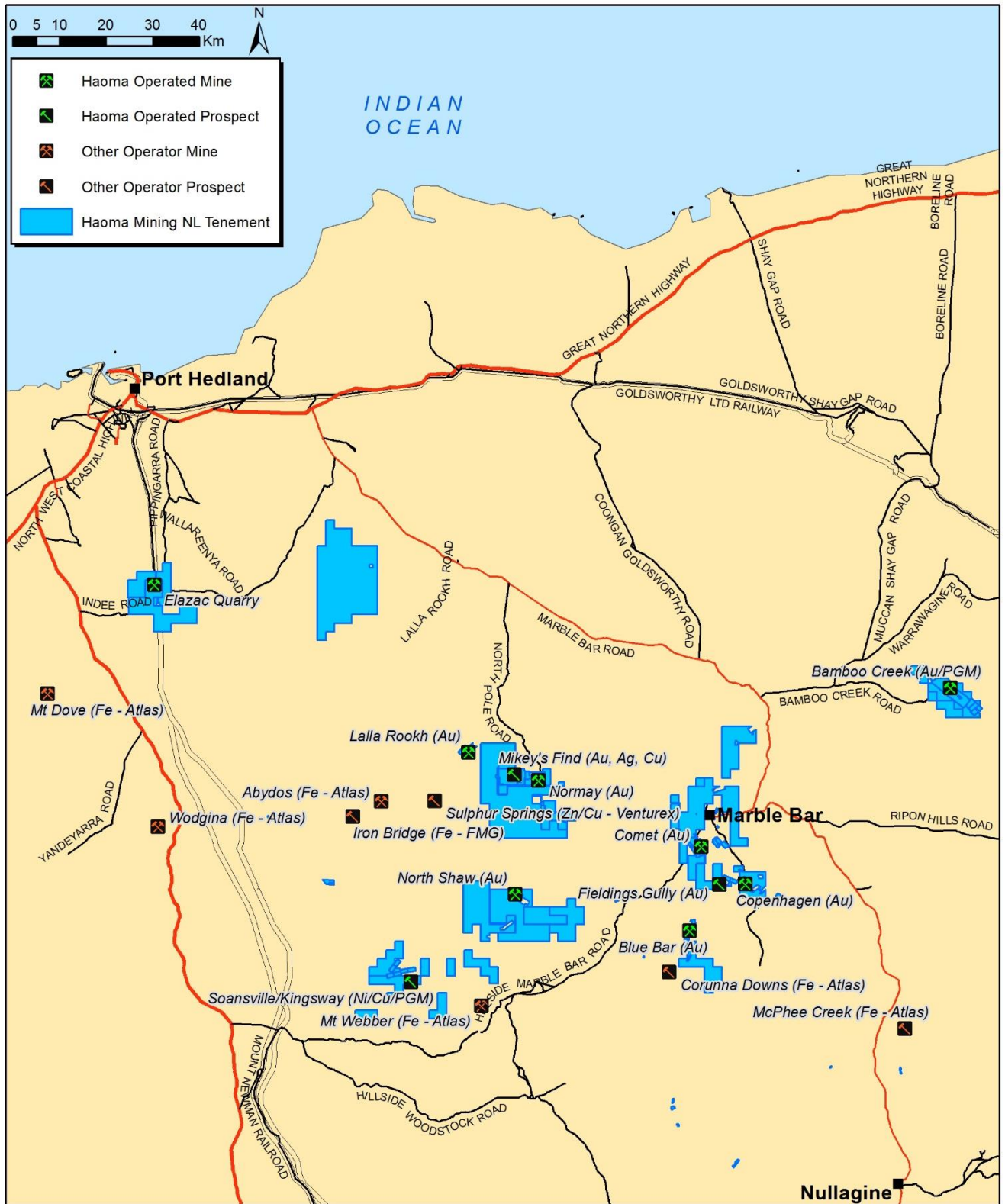


Figure 2: Location map of Haoma Mining and other Pilbara mining locations.

2.1 Haoma's Test Work at Bamboo Creek¹



Figure 3: Bamboo Creek Processing Plant

Since mid-February Haoma's consultants have conducted a series of different tests to determine the most cost efficient way to extract significant quantities of gold from Haoma's Bamboo Creek Tailings.

Significant results were released in [Haoma's December 31, 2016 Quarterly Report](#) (released to shareholders on January 31) and the [Haoma Chairman's Address presented to shareholders at the Annual General Meeting, February 14, 2017](#). (See Appendix 1)

During the March Quarter test work at Bamboo Creek was conducted on many bulk samples (up to 2 tonnes) in a series of 'locked cycle tests'. The tests used different combinations of ore concentrations, acids, heat and smelting fluxes.

The 'locked cycle tests' have now been completed.

The optimum Elazac Process recovered physical gold from a 1.595kg sub sample from 200kg of Bamboo Creek Tailings.

The physical gold produced calculated back to a Bamboo Creek Tailings 'head grade' of 462 g/t gold. (Note: This is **not** the gold grade of the Concentrate produced during the test but the gold grade of the Bamboo Creek Tailings of which there are about a million tonnes.)

Gold bullion recovered physically (gravimetrically) at Bamboo Creek in the final 'concentrate' produced during the test measured 95% gold by XRF.

The Elazac Process used to achieve the above result can be implemented at Bamboo Creek using the existing Bamboo Creek Plant, which will use conventional mineral processing methods.

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 1: Bamboo Creek Tailings – gold bullion from concentrate fraction, Sample 118159B

Haoma's small team at Bamboo Creek will begin to prepare the plant so it will be capable of processing up to 10 tonnes of Bamboo Creek Tailings a day.

Haoma plans to produce refined gold and silver at Bamboo Creek. In addition a polymetallic dore containing gold, silver and Platinum Group Metals (PGM) will be produced and sent to a refiner.

Haoma's latest result confirms and improves on the results presented by the Chairman at [Haoma's Annual General Meeting, February 14, 2017](#).

Appendix 1, including Figure 4:

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.*

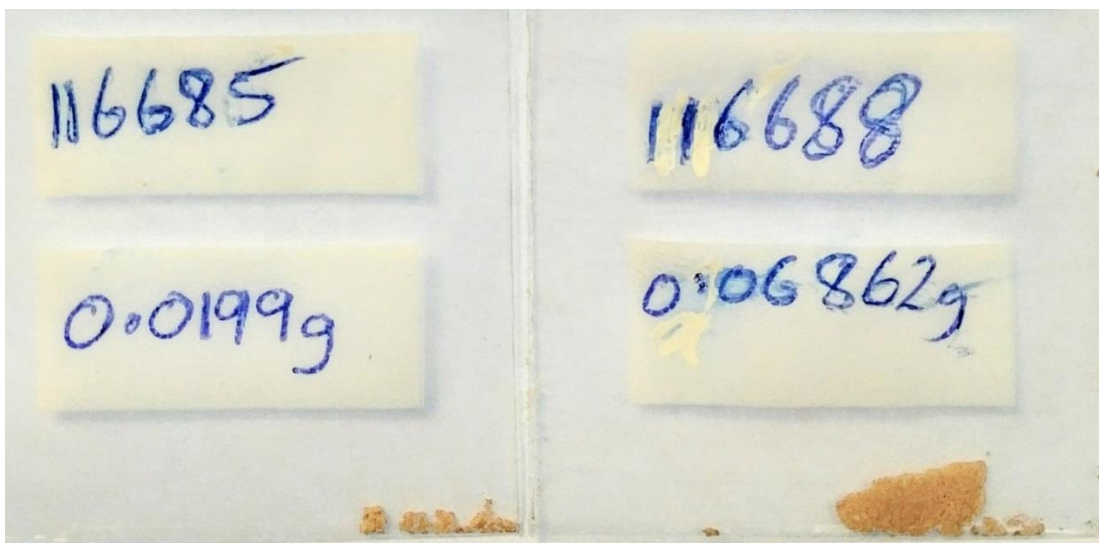


Figure 4: Bamboo Creek Tailings – gold from the solid fraction of concentrate sample

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

2.2 Update on Haoma 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. Keras (Gold) Australia Pty Ltd is a wholly owned subsidiary of Keras Resources plc which is an AIM listed entity with the London Stock Exchange

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.

Keras paid Haoma \$250,000 cash upon execution of the five year ‘Right to Mine’ Agreement which included an irrevocable right to purchase the tenements within the ‘Right to Mine’ period.

On October 26, 2016 Keras (Gold) Australia Pty Ltd with the consent of Haoma assigned all of its rights under the above Agreement to its wholly owned subsidiary Keras (Pilbara) Gold Pty Ltd.

On February 14, 2017 Keras Resources released the following announcement in relation to an Initial Inferred Mineral Resource at the Copenhagen deposit.

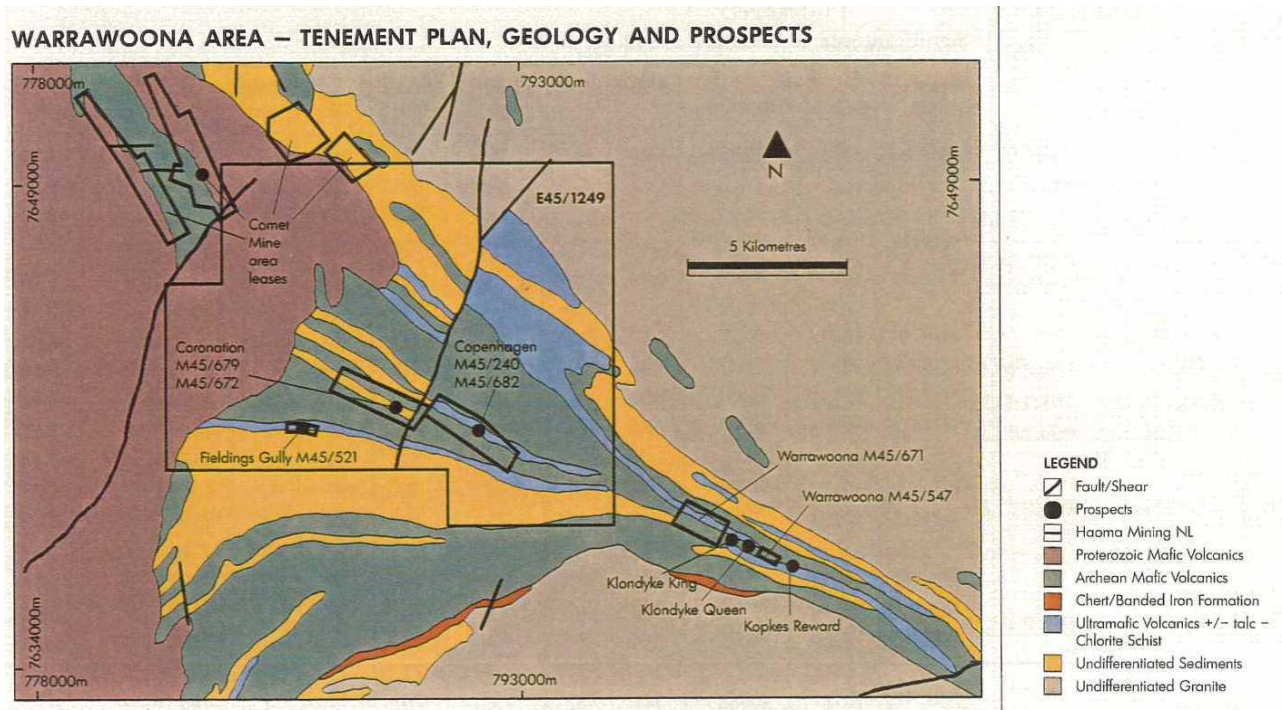


Figure 5a: Haoma Mining’s Fielding’s Gully to Warrawoona Area Tenement Plan.

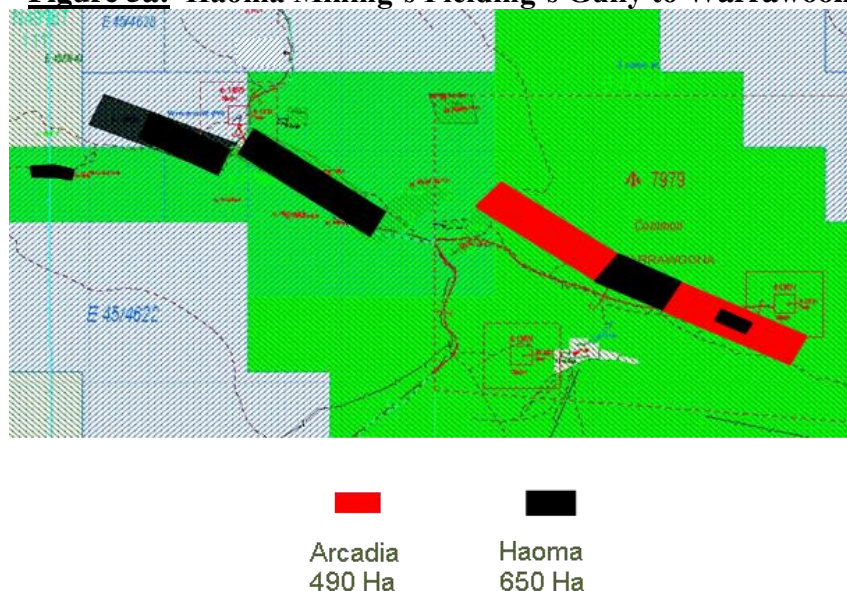


Figure 5b: Keras Resources Pty Ltd Proposed Klondyke Project Tenements Layout

[Keras Resources plc \('Keras' or 'the Company'\)](http://www.kerasplc.com/documents/CopenhagenResource14.02.17PDF_000.pdf)
[Initial High Grade Resource at Copenhagen Deposit, Warrawoona Project](http://www.kerasplc.com/documents/CopenhagenResource14.02.17PDF_000.pdf)

http://www.kerasplc.com/documents/CopenhagenResource14.02.17PDF_000.pdf

Keras Resources plc is pleased to announce an initial Inferred Mineral Resource at the Copenhagen Deposit, which along with the Company's flagship Klondyke Gold Project ('Klondyke'), comprises the Warrawoona Gold Project ('Warrawoona') in the East Pilbara Gold Belt of the Pilbara Goldfield of Western Australia.

Overview

- *Inferred Mineral Resource of 180,000t @ 6.1 g/t Au ('gold') for 36,000oz at the Copenhagen deposit*
- *Total Inferred Mineral Resource Inventory for Warrawoona now stands at 5.8Mt @ 2.2g/t Au for 410,000oz*
- *Resource covers 140m of strike of the area and is calculated to a maximum depth of 100m*
- *High-grade resource, which could potentially be exploited using open-pit mining methods, could assist in rapid payback of the development of Warrawoona*
- *Significant further upside – deposit remains open both down dip and along strike*
- *Rock chips along strike show potential for significant expansion*
- *Copenhagen will be a priority drill target post the proposed ASX listing*

Keras Managing Director Dave Reeves said:

"In addition to adding a high-grade gold resource to our existing resource inventory at Warrawoona, today's news also confirms our belief in the prospectivity of the wider project area as we target delineating over one million ounces of gold through further drilling. With only 300m of the known 6km of strike in the Copenhagen shear drilled, including an undrilled zone of high-grade mineralisation 3km along strike at the Coronation Project, we are keen to press on with further exploration work as soon as possible.

"Being able to generate a high-grade resource so rapidly is one of the aspects that attracted us to the Warrawoona area. Having access to high-grade, open-pittable resources is a huge benefit for any potential mining development as it assists with rapid payback of the project. With this in mind, further exploration and development of Klondyke and the wider Warrawoona Project remains Keras' short term strategic focus following the proposed ASX listing. We anticipate being in a position to announce further news on the ASX process in the near future."

[On March 21, 2017, Keras Resources plc announced](#) that subject to shareholder approval that it intends to transfer all of the issued capital of Keras (Gold) Australia Pty Ltd to Pharmanet Group Ltd for the purpose of creating a standalone ASX listed gold company. It is then anticipated that Pharmanet will relist as Calidus Resources Limited and will undertake a capital raising for the purpose of undertaking a major exploration and drilling program at the Warrawoona Gold Project.

[On April 28, 2017 Keras advised shareholders](#) that as a consequence of the above restructuring proposal the Option to Purchase Agreement with Haoma was amended such that Haoma has now elected to receive 37,500,000 shares in Calidus (subject to approval by Calidus's shareholders) or payment of A\$750,000 in cash at the election of HML as opposed to the Ordinary Shares in Keras.

http://www.kerasplc.com/documents/NoticeofMeeting28.04.17_000.pdf

In summary, as a consequence of the above proposed restructuring, the consideration to be paid by Keras under Option to Purchase contained within the Agreement will be \$1.25 million comprising:

- \$500,000 in cash, and
- 37,500,000 Calidus Resources shares or payment of \$750,000 at the election of Haoma Mining.

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.

3. EXPLORATION ACTIVITIES IN WESTERN AUSTRALIA

3.1 Haoma’s Spear Hill Project near Mt Webber (E45/4586, E45/4587, P45/2973, P45/2974, P45/2975)

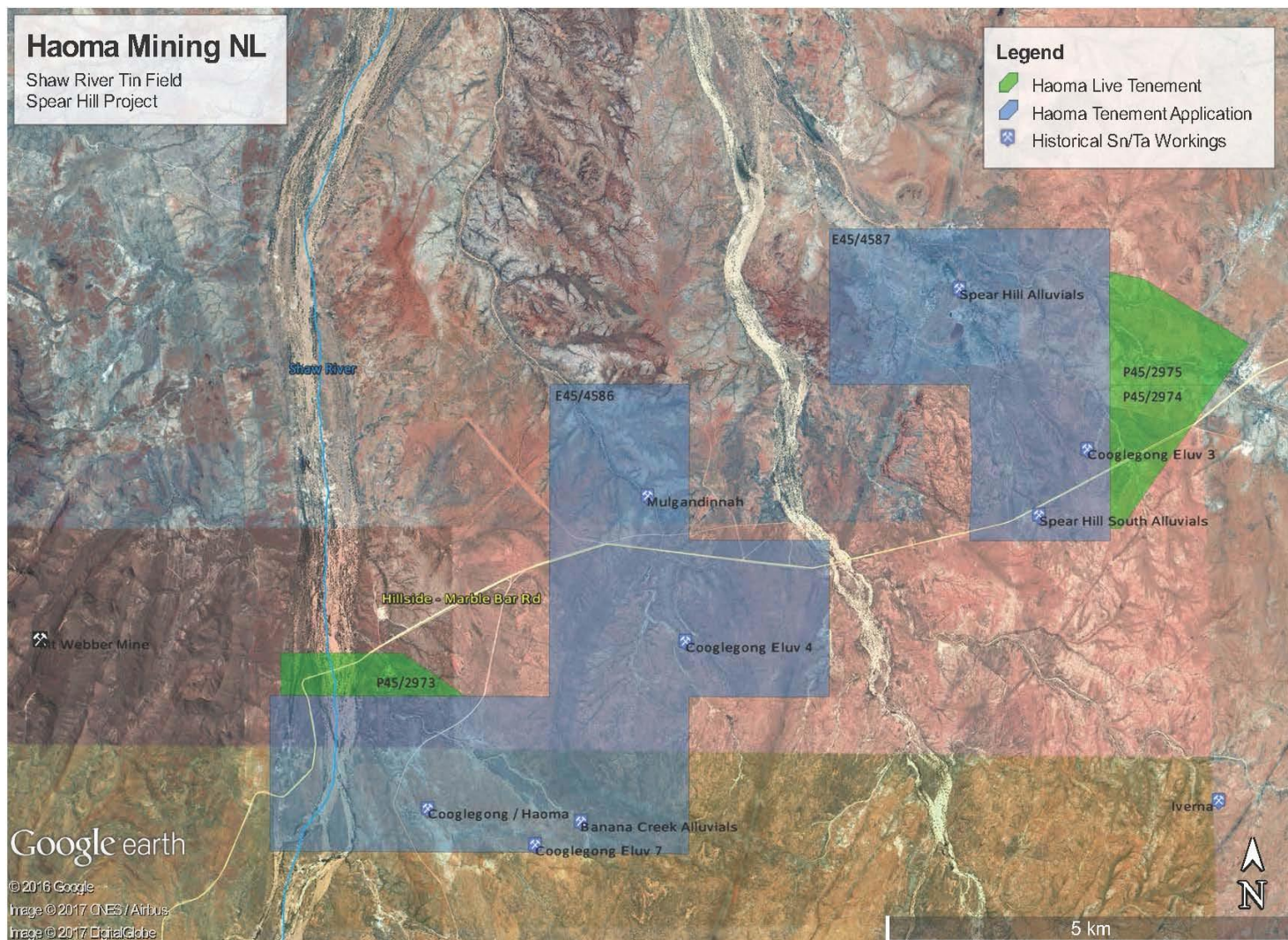


Figure 6: Haoma’s Spear Hill Tenements near Mt Webber

The Spear Hill Project is in the Shaw River Tin Field of Western Australia’s Pilbara region. Tin, Tantalum and Rare Earth Elements (REE) have been mined in the area since the 1890’s.

Previous mining activity concentrated on the alluvial and eluvial deposits. Pegmatite bodies are the ‘hard-rock’ source of the minerals and the Project area hosts pegmatite swarms emanating from the Cooglegong Monzogranite.

To date exploration targeting pegmatite emplacements has been limited and the contemporary perspective on commodities such as Lithium, Yttrium and other REE’s considerably upgrades the prospectively of the Haoma’s Spear Hill Project.

In April 2017 a sample of outcrop from Haoma's Spear Hill Project was analysed by SEM at the University of Melbourne. The SEM result showed the sample **contained particles which contained significant quantities of Rare Earths - La, Ce, Pr, Nd, plus PGM.**

Neighbouring tenements held by Haoma, Atlas and FMG have similar geology and are prospective for lithium. Lynas Minerals has been successful in recovering Rare Earths from the Pilbara.

http://m.miningweekly.com/article/lynas-hits-record-quarter-2017-04-26-1/rep_id:3861

4. EXPLORATION ACTIVITIES IN THE RAVENSWOOD DISTRICT, QUEENSLAND

4.1 Results from Test Work on Bulk Samples from Copper Knob and 8 Mile Creek, Bungerie

During the March Quarter test work begun on bulk samples collected from all of Haoma's Ravenswood tenements:

- 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

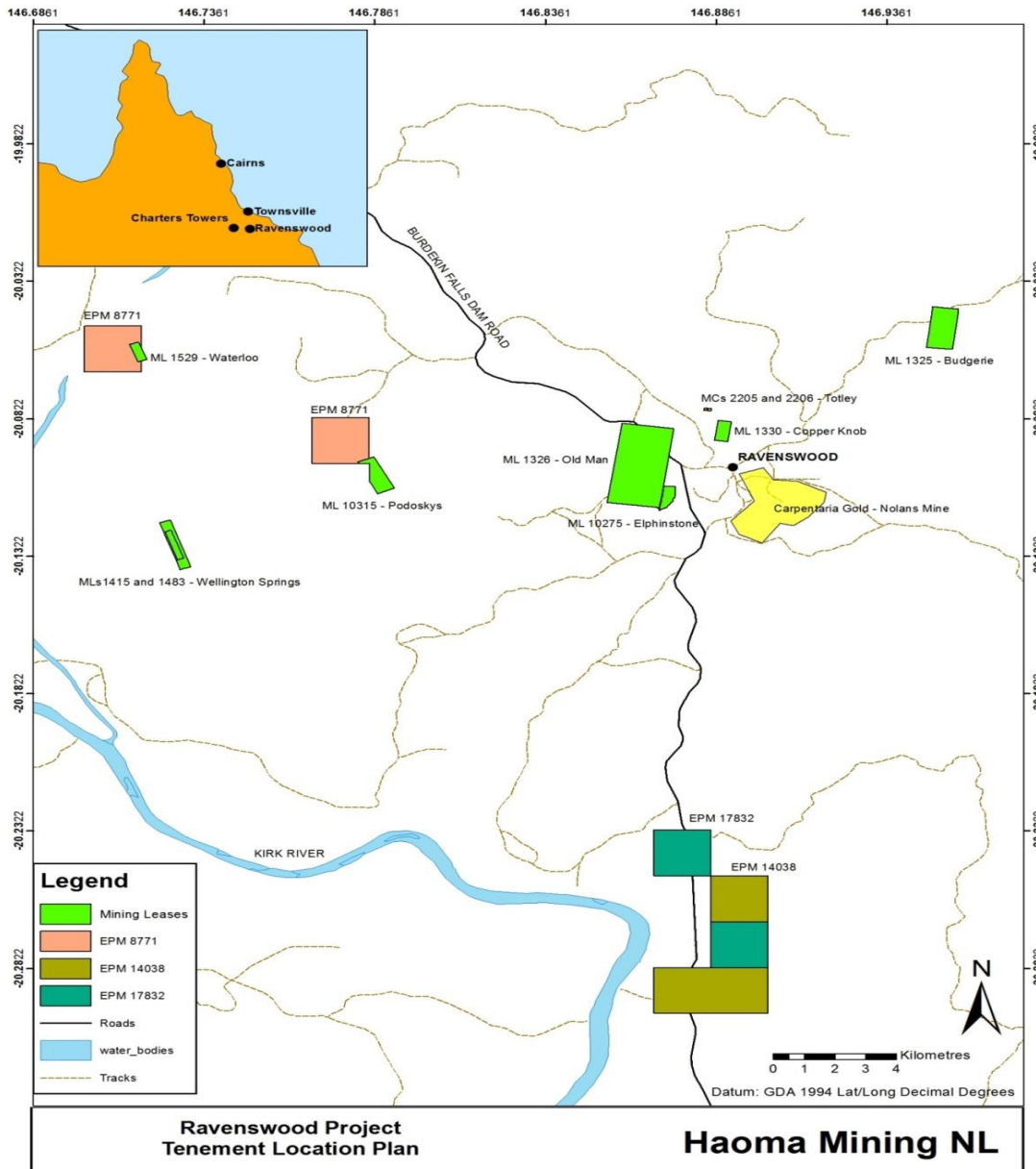


Figure 7: Ravenswood Tenements

Test work was completed on a 32.406kg bulk sample from Copper Knob (ML1330) and a 34.974kg bulk sample from Eight Mile Creek, Budgerie (ML1325).

The objective of **current test work is to produce mineralised concentrates** from samples collected from defined ore zone. Comparative metallurgical testing used the latest advances in the Elazac Process which used a combination of conventional ore recovery methods and conventional gold assays methods.

The tests on each of the bulk ore samples measured **gold recovered into cyanide** from the ‘fine’ & ‘ultra-fine’ fractions and the remaining ‘larger’ fraction. The results have been compared with gold assays conducted on a samples from each of the bulk sample using aqua regia (acid digestion).

The Calculated Gold Grades for the two bulk samples based on gold recovered into cyanide solution **produced a significant increase when compared to the gold measured** in each sample by aqua regia.

Table 1:

	Gold Head Grade g/t	Calculated Gold Grade g/t	% Increase in Gold Grade
Copper Knob	0.81	1.15	141.4%
Eight Mile	0.67	0.84	125.8%

Haoma’s test work shows Haoma can economically recover more gold out of cyanide from Ravenswood mineralisation than measured by traditional 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) Tolley – 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.

Table 2:

	Gold Head Grade g/t	Calculated Gold Grade g/t	% Increase in Gold Grade
Copper Knob	0.98	1.35	137.8%
Eight Mile	1.83	2.46	134.4%
Tolley	0.98	1.64	167.3%

Haoma’s latest results are similar to August 2001 Hydrometallurgy Research Laboratories results from tests which showed traditional gold assays did not measure the true gold grades.

4.2 Discussions with Resolute Mining Limited

Haoma is presently in discussion with Resolute Mining Limited regarding Resolute mining and processing ore from Haoma's Ravenswood tenements. See tenement details provide in [Haoma's Activities Report for the Quarter Ended September 30, 2016](#).

<https://arc-haoma.s3.amazonaws.com/uploads/2017/01/Haoma-Qtrly-Q1-Sep-2016.pdf>

4.3 Completion of Upgrades at 'Top Camp', Ravenswood, Queensland

Haoma has recently completed a significant upgrade to its 'Top Camp' accommodation facility located at Ravenswood, Queensland. Mining and exploration activity in the Ravenswood district has recently increased with many more enquiries and bookings for use of the facilities being received.

Improvements have been undertaken to all 'Top Camp' cabins and services to increase occupancy rates which will result in a quick return on the investment.

Shareholders travelling through the Ravenswood District in North Queensland are welcome to visit 'Top Camp' and stay the night. Advance booking will be necessary.

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