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Level 4, North Tower, Rialto  
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July 31, 2017

Dear Sir,

## ACTIVITIES REPORT FOR THE QUARTER ENDED JUNE 30, 2017 – HIGHLIGHTS

- **Group Consolidated Financial Result:**

Haoma Mining's unaudited consolidated financial result for the three months ended June 30, 2017 was a before tax loss of \$1.10 million after interest of \$0.46 million, depreciation and amortisation of \$0.05 million, and development and test work expenditure of \$0.45 million.

- **Significant Results from Haoma's Test Work at Bamboo Creek:** During the Quarter trials using the Elazac Process were conducted on samples of:

(i) Bamboo Creek Tailings (up to 2 tonnes), and the

(ii) 'Slimes fraction' from low grade Mt Webber Iron Ore, supplied to Haoma by Atlas Iron.

### **Results from Test Work Trials on Bamboo Creek Tailings:**

Tests on **five Bamboo Creek Tailings samples** produced **polymetallic dore** which contained significant gold (Au) and platinum (Pt) grades as measured by XRF. The average grades **calculated back to the Bamboo Creek Tailings samples** were: **319g/t gold and 35g/t platinum.**

Two additional tests were conducted on a 4 kg sample of Bamboo Creek Tailings using a '**modified**' Elazac Process. Two 300g sub-samples produced **polymetallic dore** with the grades of gold and platinum measured by XRF. The average gold and platinum grades **calculated back to the Bamboo Creek Tailings samples** were: **147g/t gold and 131g/t platinum.**

### **Results from Test Work Trials on Mt Webber Iron Ore 'Slimes fraction':**

During July 2017 a 12 kg sample of low grade Mt Webber iron ore (54.85% Fe) was beneficiated using a 'water wash' process. In addition to the upgraded 'iron ore fraction', a 2.4kg 'slimes fraction' was recovered representing 19.85% of the Mt Webber low grade iron ore.

Four 300g sub-samples were taken from the 2.4 kg 'slimes fraction' and assayed by the Elazac Process.

The tests produced **polymetallic dore** with the percentage of gold and platinum in the **polymetallic dore** measured by XRF. The average precious metal grades of the four samples **calculated back to the Mt Webber Iron Ore 'Slimes fraction'** were: **117g/t gold and 151g/t platinum.**

Additional tests were conducted over the last 2 weeks on two of the four Mt Webber samples using a '**modified**' Elazac Process.

The polymetallic dore produced from the two **re-treated** samples (using the 'modified' Elazac Process) measured by XRF were: **3% gold and 3% platinum.** **The dore grade of 6% combined gold and platinum is at a level that would be accepted by a precious metal refiner.**

The latest Mt Webber results shows a significant up-grade in the quantity of gold and platinum measured in the dore recovered. The average gold and platinum grades **calculated back to the Mt Webber Iron Ore 'Slimes fraction'** were: **888g/t gold and 946g/t platinum.**

## CONTENTS

1. Group Consolidated Result to June 30, 2017
2. Operations at Bamboo Creek Western Australia
3. Exploration Activities in Queensland

### **1. GROUP CONSOLIDATED RESULT TO JUNE 30, 2017**

<b>Haoma Mining NL Consolidated Profit &amp; Loss</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 3rd Qtr (\$m)</b>	<b>2016/17 4th Qtr (\$m)</b>	<b>2016/17 Full Year (\$m)</b>
Operating Revenue:						
Gold & Silver Sales	0.14	-	-			-
Royalties	0.04	-	<b>0.02</b>	<b>0.04</b>	<b>0.02</b>	<b>0.08</b>
Retail Sales & Misc.	0.11	<b>0.03</b>	<b>0.03</b>	<b>0.02</b>	<b>0.04</b>	<b>0.12</b>
Other Income	0.31	<b>0.35</b>	<b>0.04</b>	-	-	<b>0.39</b>
<b>Operating Revenue</b>	<b>0.60</b>	<b>0.38</b>	<b>0.09</b>	<b>0.06</b>	<b>0.06</b>	<b>0.59</b>
<b>Operating profit (loss) before interest, depreciation, amortisation, exploration &amp; development costs:</b>	(0.62)	<b>0.12</b>	<b>(0.28)</b>	<b>(0.24)</b>	<b>(0.14)</b>	<b>(0.54)</b>
Interest	(1.92)	<b>(0.46)</b>	<b>(0.44)</b>	<b>(0.44)</b>	<b>(0.46)</b>	<b>(1.80)</b>
Depreciation & amortization	(0.16)	<b>(0.05)</b>	<b>(0.05)</b>	<b>(0.04)</b>	<b>(0.05)</b>	<b>(0.19)</b>
Exploration, development & test work	(2.65)	<b>(0.72)</b>	<b>(0.50)</b>	<b>(0.47)</b>	<b>(0.45)</b>	<b>(2.14)</b>
<b>Operating (loss) before tax</b>	<b>(5.35)</b>	<b>(1.11)</b>	<b>(1.27)</b>	<b>(1.19)</b>	<b>(1.10)</b>	<b>(4.67)</b>

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

Haoma Mining's unaudited consolidated financial result for the three months ended June 30, 2017 was a before tax loss of \$1.1 million after interest of \$0.46 million, depreciation and amortisation of \$0.05 million, and development and test work expenditure of \$0.45 million.

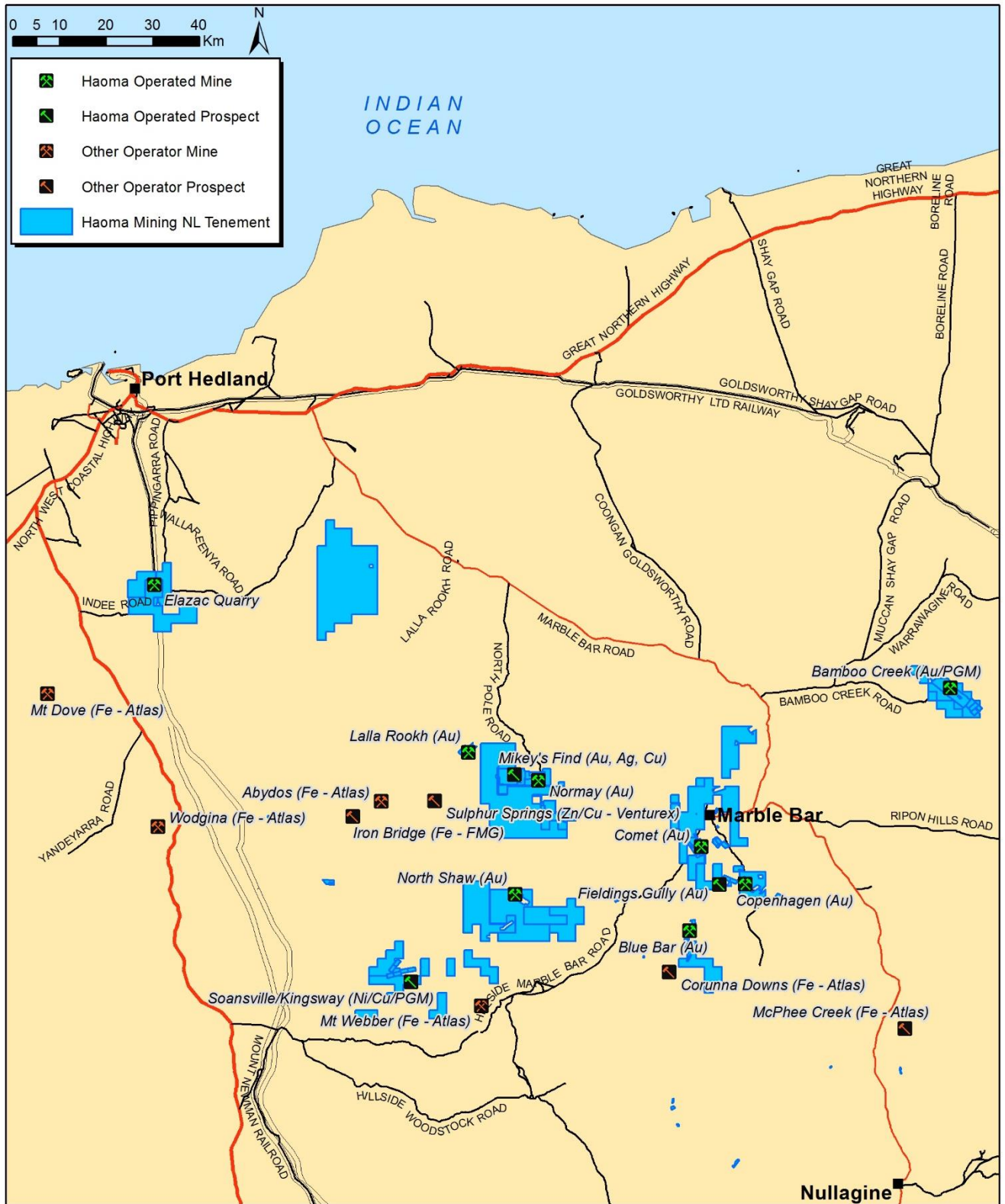
#### **1.2 Funding of Operations**

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 June 30, 2017 the principal debt to The Roy Morgan Research Centre Pty Ltd was \$39.22 million. Interest accrued for the 3 months to June 30, 2017 was \$446,614. Total interest accrued and unpaid to June 30, 2017 is \$29.986 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 1: Location map of Haoma Mining and other Pilbara mining locations.**

## 2.1 Significant Gold and Platinum grades measured in dore recovered from:

- Bamboo Creek Tailings, and
- 'Slimes fraction' of Mt Webber Low Grade Iron Ore



**Figure 2: Bamboo Creek Processing Plant**

During the Quarter test work trials were conducted at Bamboo Creek<sup>1</sup> on Bamboo Creek Tailings and Mt Webber ore. Results were released to Haoma shareholders on July 13, 2017.

The trials using the Elazac Process were conducted on samples of:

- Bamboo Creek Tailings (up to 2 tonnes), and the
- 'Slimes fraction' from low grade Mt Webber Iron Ore, supplied to Haoma by Atlas Iron.

The tests concentrated on optimising different **combinations of ore concentrations, acids, heat and smelting fluxes**. Smelting of concentrates recovered **polymetallic dore** containing significant quantities of precious metals when measured by XRF.

### 2.1.1 Results from Test Work Trials on Bamboo Creek Tailings

In the Haoma March 2017 Quarterly Report shareholders were advised physical gold produced calculated back to a Bamboo Creek Tailings sample '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 sample of Bamboo Creek Tailings. Test work is focusing on the Bamboo Creek Tailings as there are significant quantities of tailings to be processed if the process can be implemented. (See Appendix 1 for previously reported test details.)

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



The Elazac Process assay method used to achieve the above result has now been **repeated 4 times** (each sample 300g of concentrate).

Tests on **five Bamboo Creek Tailings samples** produced **polymetallic dore** which contained significant gold (Au) and platinum (Pt) grades as measured by XRF. The average grades **calculated back to the Bamboo Creek Tailings samples** were: **319g/t gold and 35g/t platinum.**

Below are the individual sample gold and platinum grades measured after being **calculated back to a Bamboo Creek Tailings ‘head grade’**. (Platinum has now also been measured by XRF in the **polymetallic dore** recovered from the first test referred to above.)

**Table 1:**

Test Number	Gold grade	Platinum grade
1	462g/t	61g/t
2	209g/t	62g/t
3	664g/t	7g/t
4	46g/t	44g/t
5	214g/t	-
<b>Average</b>	<b>319g/t</b>	<b>35g/t</b>

In addition to the above five tests, two additional tests were conducted on a 4 kg sample of Bamboo Creek Tailings using a **‘modified’ Elazac Process**.

Two 300g sub-samples produced **polymetallic dore** with the grades of gold and platinum measured by XRF. The average gold and platinum grades **calculated back to the Bamboo Creek Tailings samples** were: **147g/t gold and 131g/t platinum.**

Below are the final individual sample gold and platinum grades measured after being **calculated back to a Bamboo Creek Tailings ‘head grade’**. As can be seen in Table 2 the ‘modified’ Elazac Process recovered more Platinum than the Elazac Process shown in Table 1.

**Table 2:**

Test Number	Gold grade	Platinum grade
6	163 g/t	61 g/t
7	131 g/t	201 g/t
<b>Average</b>	<b>147 g/t</b>	<b>131 g/t</b>

### **2.1.2 Current Test Work Trials on Bamboo Creek Tailings**

A two tonne bulk sample of Bamboo Creek Tailings has now being processed using the Elazac Process.

Sub-samples of 20kg (a commercial quantity) are now being processed using different **combinations of ore concentrations, acids, heat and smelting fluxes**. The tests are not yet completed; shareholders will be advised of the results when available.

### 2.1.3 Results from Test Work Trials on Mt Webber Iron Ore ‘Slimes fraction’

During July 2017 a 12 kg sample of low grade Mt Webber iron ore (54.85% Fe)<sup>2</sup> was beneficiated using a ‘water wash’ process. (See Appendix 2 for previous Haoma results when a ‘water wash’ process was used to beneficiate low grade Mt Webber iron ore (54.85% Fe).)

In addition to the upgraded ‘iron ore fraction’, a 2.4kg ‘slimes fraction’ was recovered representing 19.85% of the Mt Webber low grade iron ore.

Four 300g sub-samples were taken from the 2.4 kg ‘slimes fraction’ and assayed by the Elazac Process.

The tests produced **polymetallic dore** with the percentage of gold and platinum in the **polymetallic dore** measured by XRF.

On July 13, 2017 Haoma shareholders were advised the average precious metal grades measured over the four samples **calculated back to the Mt Webber Iron Ore ‘Slimes fraction’** were: **117g/t gold and 151g/t platinum.**

Additional tests over the last 2 weeks were conducted on two of the four Mt Webber samples using a ‘**modified**’ Elazac Process. Table 3 below shows the precious metal grades calculated back to the Mt Webber Iron Ore ‘Slimes fraction’.

**Table 3:**

Average grades (Released July 13, 2017)	Gold grade	Platinum grade
Four samples	<b>117g/t</b>	<b>151g/t</b>
Two samples <b>re-treated</b> using a ‘modified’ Elazac Process	<b>85g/t</b>	<b>110g/t</b>
Two samples <b>NOT</b> re-treated	<b>148g/t</b>	<b>195g/t</b>

The polymetallic dore produced from the two **re-treated** samples (using a ‘modified’ Elazac Process) measured by XRF were: **3% gold and 3% platinum. The dore grade of 6% combined gold and platinum is at a level that would be accepted by a precious metal refiner.**

The latest Mt Webber results shows a significant up-grade in the quantity of gold and platinum measured in the dore recovered.

The average gold and platinum grades **calculated back to the Mt Webber Iron Ore ‘Slimes fraction’** were: **888g/t gold and 946g/t platinum.**

**Table 4:**

#### **Mt Webber ‘Slimes fraction’**

	Initial test results (See Table 3 above)		Results after re-treating two samples using ‘modified’ Elazac Process	
	Gold grade	Platinum grade	Re-treated Gold grade	Re-treated Platinum grade
Average precious metal grades of two samples	<b>85g/t</b>	<b>110g/t</b>	<b>888g/t</b>	<b>946g/t</b>

<sup>2</sup> The sample was provided to Haoma Mining by Atlas Iron from Atlas’ M45/1209 lease where Atlas is now mining at Mt Webber. M45/1209 is adjacent to M45/1197 where Haoma has a **royalty entitlement** and a **right to access and explore**. (See Appendix 3).

**Haoma's latest results were achieved using traditional plant processing equipment which recovered precious metal dore from concentrates produced at Bamboo Creek.**

**The results confirm and up-grade the results presented at [Haoma's Annual General Meeting, February 14, 2017](#).**

#### **2.1.4 ASX Update Dated July 13, 2017 and Response to 'Hot Copper' Request for Explanation**

On July 13, 2017 Haoma's Directors advised shareholders of Significant Gold and Platinum grades measured in dore recovered from Bamboo Creek Tailings, and the 'Slimes fraction' of Mt Webber Low Grade Iron Ore. The full text of the release is re-produced as Addendum 1.

Subsequent to that release Haoma received a request from a 'Hot Copper' subscriber to explain the following statement made in the Chairman's Address to Haoma's Annual General Meeting on February 14, 2017:

*"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."*

The Bamboo Creek Pilot Plant is now capable of processing up to 10 tonnes of Bamboo Creek Tailings a day. The following is the explanation provided to 'Hot Copper' as to why that 'expectation' has not yet been met.

*All tests up to my Chairman's Address and during March and April 2017 were conducted on 'concentrates' (1% to 25%) produced from processing Bamboo Creek Tailings, Mt Webber ore or other ores.*

*Up to my Chairman's Address all significant gold grades from samples tested had been calculated from XRF readings of gold bullion produced, gold in cyanide solution or gold in acid solution.*

*During March and April 2017 test work showed we could recover significantly more gold **and also platinum** if the final stage of our Elazac Process was changed from leaching to smelting with the precious metals recovered in a dore containing >5% precious metals.*

*This is the Elazac Process used to produce the gold and platinum grades announced in our July 13, 2017 ASX release.*

*The precious grades announced on July 13, 2017 are significantly higher than measured and reported previously.*

*The Mt Webber precious metal grades are the highest recovered into dore from any iron ore mine in Australia*

*Haoma's Bamboo Creek production 'problem' is because overseas commercial precious metal refiners will not accept Haoma dore containing precious metals unless the precious metal content in the dore is greater than 5%. We have achieved this with 1kg smelting however test work with 20kg smelting are not yet complete.*

*Once 20kg smelts are producing dore containing precious metals greater than 5% we will commission Haoma's three 1 tonne smelters. We then expect to process 10+ tonnes of ore a day.*

*Precious metal production is then expected to be higher than reported in my February 2017 Chairman's Address and we expect at a lower cost per tonne. Gary Morgan*

**Note:** The present processing capacity of the Bamboo Creek Plant is over 250 tonnes per day and capable of producing at least 10 tonnes of concentrate recovered which is between 1% and 25% of all ore processed.

## 2.2 Update on Haoma Agreement with Keras Resources – ‘Right to Mine’ Klondyke and Warrawoona Group Tenements with ‘Option to Purchase’ (M45/521, M45/672, M45/679, M45/682, M45/240/ M45/671, M45/547)

Haoma has previously advised shareholders that Calidus Resources Limited is carrying out an exploration program at its Warrawoona Gold Project in the East Pilbara. This work program included in-fill drilling at Haoma’s Warrawoona and Klondyke leases. Calidus has an Option to Purchase the Haoma Mining Leases. See further details below and as released in Haoma’s [Quarterly Activities Report to March 31, 2017](#).

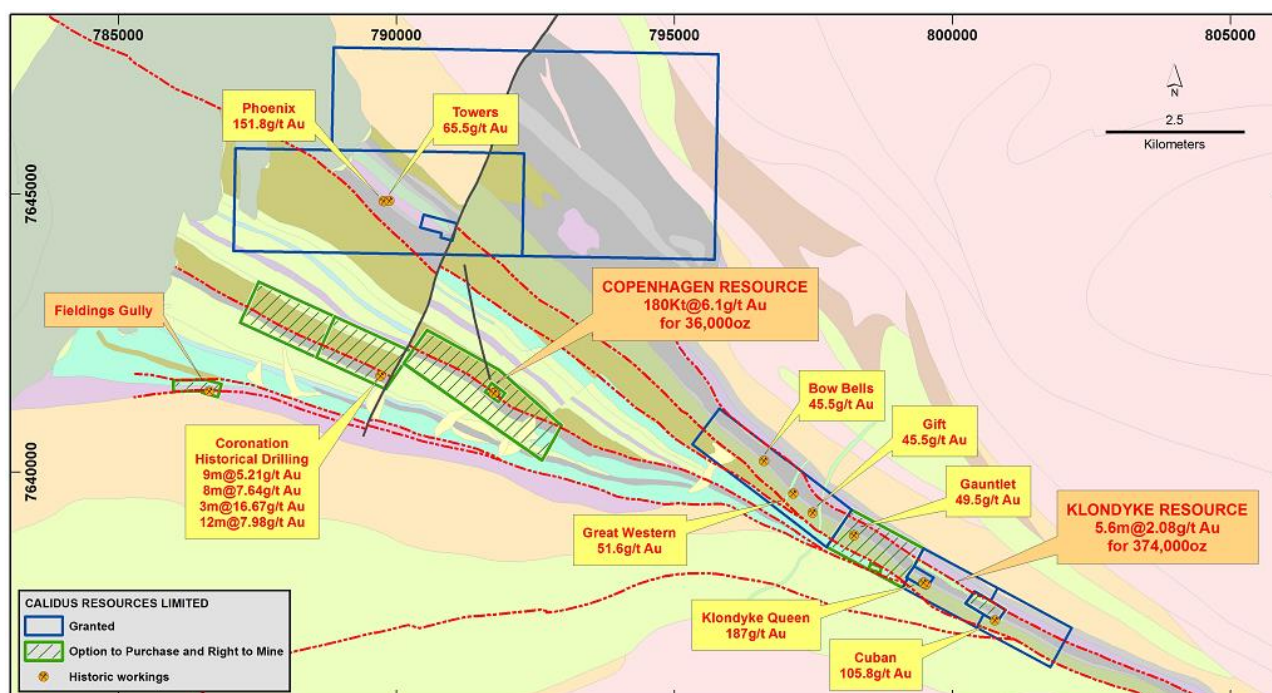
On July 25, 2017 Calidus Resources Limited (ASX:CAI) released to the ASX the results of in-fill drilling at Warrawoona. All of the drilling was initiated on Haoma’s tenements and intercepted gold mineralisation across significant widths. The full text of the release is available from the Calidus Resources website at:

[www.calidus.com.au](http://www.calidus.com.au) (<https://www.investi.com.au/api/announcements/cai/3f00ca5f-ef2.pdf>).

Significant gold intercepts grading greater than 10 gram metres include:

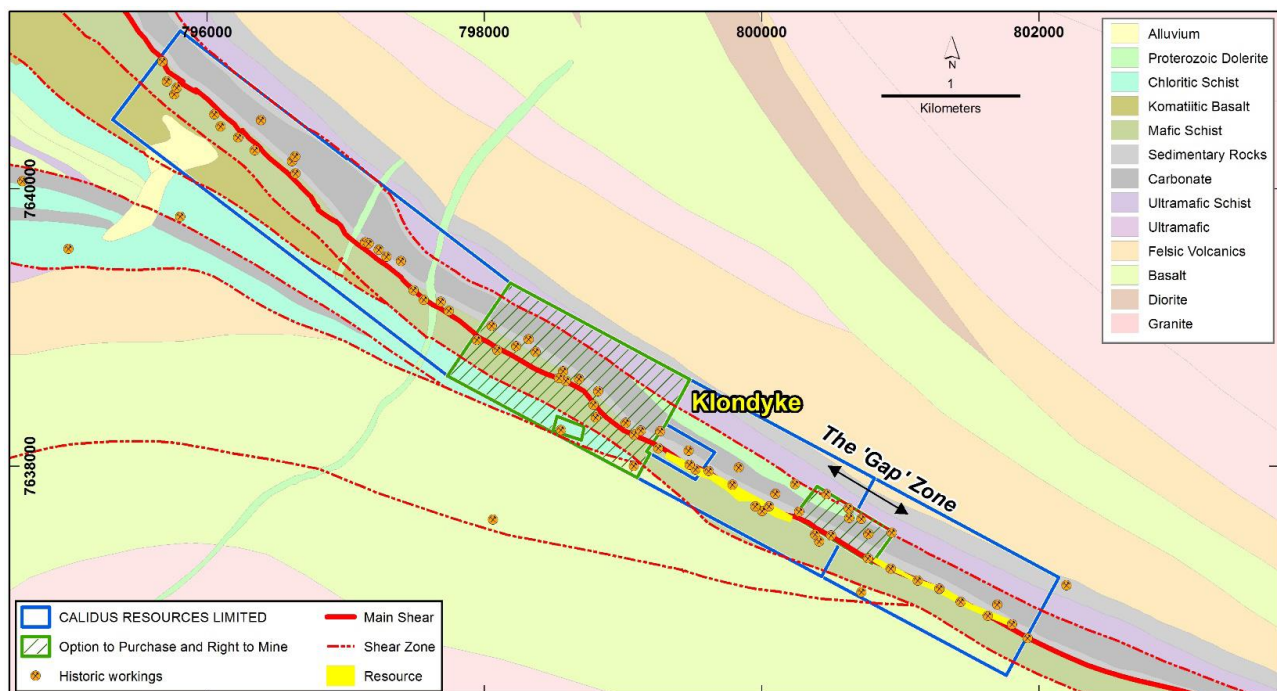
- 2m@5.58g/t Au from 29m in hole 17KLRC007
- 6m@2.26g/t Au from 91m in hole 17KLRC007
- 16m@2.62g/t Au from 124m in hole 17KLRC007
- 15m@2.04g/t Au from 6m in hole 17KLRC008
- 8m@1.43g/t Au from 55m in hole 17KLRC008
- 20m@1.47g/t Au from 2m in hole 17KLRC009
- 12m@1.45 g/t Au from 8m in hole 17KLRC013
- 14m@1.83g/t Au from 8m in hole 17KLRC014
- 6m@2.56g/t Au from 61m in hole 17KLRC015
- 6m@4.61g/t Au from 82m in hole 17KLRC015
- 10m@1.15g/t Au from 72m in hole 17KLRC016
- 5m@2.89g/t Au from 150m in hole 17KLRC017

The following exploration maps were released by Calidus.



**Figure 3: Warrawoona Gold Project**





**Figure 4: Klondyke Deposit**

[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 650 hectares, which are centered on the Klondyke Deposit and on the historic deposits at Fieldings Gully, Coronation and Copenhagen.

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.

In June 2017 following the completion of all required approvals, Keras completed the transfer of its Australian gold assets to Calidus Resources Limited as a standalone ASX listed gold company (ASX Code: CAI).

As a consequence of the above restructuring, the consideration to be paid by Keras under the Option to Purchase contained with 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 THE RAVENSWOOD DISTRICT, QUEENSLAND

#### 3.1 Proposed Sale of Ravenswood Tenements

##### (Mining Leases 1325, 1330, 1415, 1483, 1529, 10315, Exploration Lease 8771 and Mining Claims 2205 & 2206)

Haoma's Directors are negotiating with Resolute Mining Limited for the sale of the following seven mining and exploration leases and two mining claims at Ravenswood, North Queensland. (Tenements are owned by Haoma's wholly owned subsidiary, Kitchener Mining NL.) Details on Haoma's Queensland tenements were included as Appendix 3 to [Haoma Mining's Activities Report for the Quarter Ended September 30, 2016](#).

**ML 1325 – Eight Mile, Budgerie**  
**ML 1415 – Wellington Springs**  
**ML 1483 – Wellington Springs No 2**  
**ML 1529 – Waterloo**  
**ML 10315 – Podosky's**

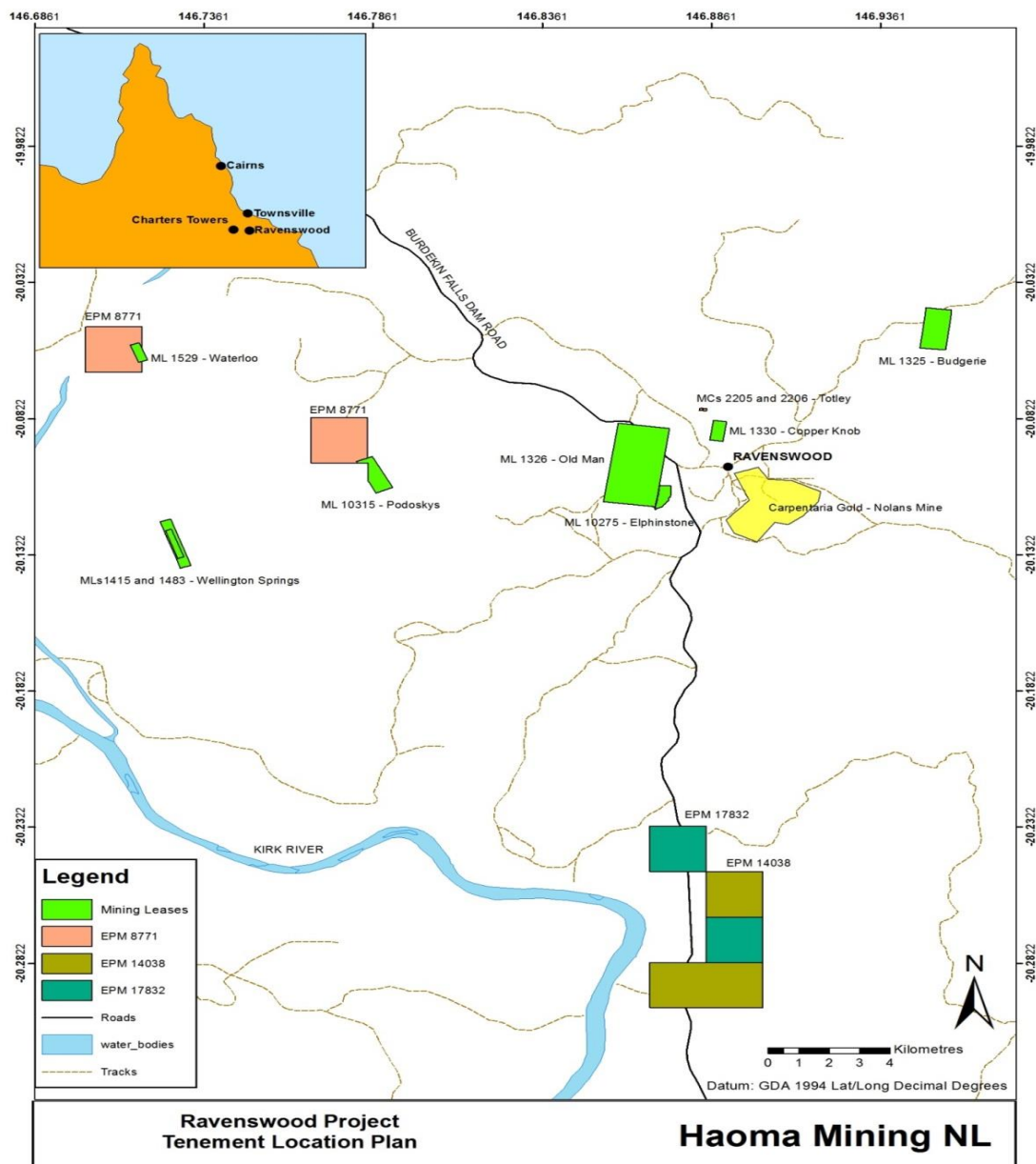
**EPM 8771 – Barrabas**  
**MC 2205 – Totley North No 1**  
**MC 2206 – Totley North No 2**  
**ML 1330 – Copper Knob**

Under the proposed terms of the sale Haoma will receive a cash payment and will retain the right to access the tenements and will gain access to Resolute Mining's existing tenements in the Ravenswood District under a **Sub-lease Agreement** for the purpose of reprocessing Tailings, Waste Dumps and/or Alluvial and Scree Resources located on the tenements either from past operations or from future mining operations undertaken by Resolute Mining.

Haoma will retain Mining Leases ML1326 and ML10275 located near to Ravenswood and the Ravenswood Top Camp Motel facility.

The retention of the two mining leases provides Haoma with flexibility to establish its own base for reprocessing concentrates recovered under the **Sub-lease Agreement**.

Figure 5 below shows the location of each of Haoma's Ravenswood tenements including those which are proposed to be sold to Resolute if an Agreement is completed.



**Figure 5: Ravenswood Tenements:**

- ML 1325 – Eight Mile, Budgerie**
- ML 1326 – Old Man**
- ML 1415 – Wellington Springs**
- ML 1483 – Wellington Springs No 2**
- ML 1529 – Waterloo**
- ML 10315 – Podosky’s**
- EPM 8771 – Barrabas**

- MC 2205 – Tolley North No 1**
- MC 2206 – Tolley North No 2**
- ML 1330 – Copper Knob**
- ML 10275 – Elphinstone One**
- EPM 14038 – Robe Range**
- EPM 17832 – Robe Range East**

Yours sincerely,

**Gary C Morgan,**  
CHAIRMAN

### Gold bullion recovered physically (gravimetrically):

In the [Haoma March 2017 Quarterly Report](#) shareholders were advised physical gold produced calculated back to a Bamboo Creek Tailings sample '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 sample of Bamboo Creek Tailings.) Test work is focusing on the Bamboo Creek Tailings as there are significant quantities of tailings to be processed if the process can be implemented.

The physical gold was recovered from a 1.595kg sub-sample from 200kg of Bamboo Creek Tailings.

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



Gold bullion recovered physically (gravimetrically) measured 95% gold by XRF.

## APPENDIX 2:

### Beneficiation of Low Grade Mt Webber Iron Ore (<55% Fe)

In the Haoma Mining June 2016 Quarterly Report released to the ASX July 31, 2016 <http://haoma.com.au/wp-content/uploads/2016/08/HaomaQtrlyQ4Jun2016.pdf>

Haoma shareholders were advised that initially a 945.46g sample of low grade (<55% Fe) Mt Webber iron ore was 'wet' beneficiated to produce two fractions:

- (i) An 'Upgraded iron ore fraction' (78.5% of sample). The iron grade of the 'Upgraded ore fraction' was about **58% Fe**, and
- (ii) A lower iron ore grade 'Slimes fraction' (21.5% of sample).

The results reported in Haoma's June 2016 Quarterly Report showed low grade iron ore (<55% Fe) from Mt Webber and the surrounding tenements held by Atlas and Haoma could, at a relatively low cost, be upgraded to higher 'percentage' iron ore with the extraction of the 'Slimes fraction'. In June 2016 about 9g/t of commercially accessible gold was recovered.

Today's result shows significantly higher precious metal grades were measured than previously in **polymetallic dore** produced from the 'Slimes fraction' of low grade Mt Webber iron ore: **Gold 117g/t and Platinum 151g/t**.

**'Wet' beneficiation of low grade (<55% Fe) iron ore could potentially increase the value of both the iron ore exported from Mt Webber and the value of all mineralised deposits in the Mt Webber Province; and at the same time enable the production of a significant quantity of gold and platinum from the iron ore 'Slimes fraction'.**

**Haoma's Mt Webber (M45/1197) Royalty Payment Entitlement**

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 whenever reserve development work on the tenements which were subject to the Sale Agreement (E45/2186 and M45/1197) result in Atlas Iron releasing an announcement 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 uplift payment per 'Excess Reserve' is \$1.38 per tonne. That amount is indexed by CPI from March 23, 2012. (Today about \$1.50 per tonne.)

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.

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.