



Haoma Mining NL

A.B.N 12 008 676 177

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November 3, 2017

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

Dear Sir,

Haoma Mining Annual Report for Year Ended June 30, 2017

Attached is Haoma Mining's Annual Report for the Year Ended June 30, 2017 for release to the market.

The Annual Report includes an update of information provided in Haoma's September 30, 2017 Quarter Activities Report.

Haoma has now received first stage results from Professor Peter Scales, Department of Chemical Engineering, University of Melbourne covering SEM and Laser Ablation ICP-MS analysis of the nuggets from Comet Mine areas 'C2' and 'C3'.

Professor Peter Scales (See Reference C below) advised:

"University of Melbourne SEM and Laser Ablation ICP-MS analysis of the nuggets from Comet Mine areas 'C2' and 'C3' show they were near 100% pure gold with only small amounts of silver. This make-up of the nuggets is different from basement-hosted lode gold deposits from the Pilbara region and is indicative of in-situ formation."

Yours sincerely,

Gary C Morgan,
CHAIRMAN

C Information & data in Section 2.1 of this report as it relates to determining the likely origins of nuggets from the Comet and Bamboo Creek Conglomerates formations using microprobe and other specialised techniques is prepared by Professor Peter Scales, Department of Chemical Engineering, University of Melbourne. Professor Peter Scales has worked with and been associated with Haoma Mining and Elazac Mining for more than 20 years.



HAOMA MINING NL

ANNUAL REPORT

JUNE 30, 2017

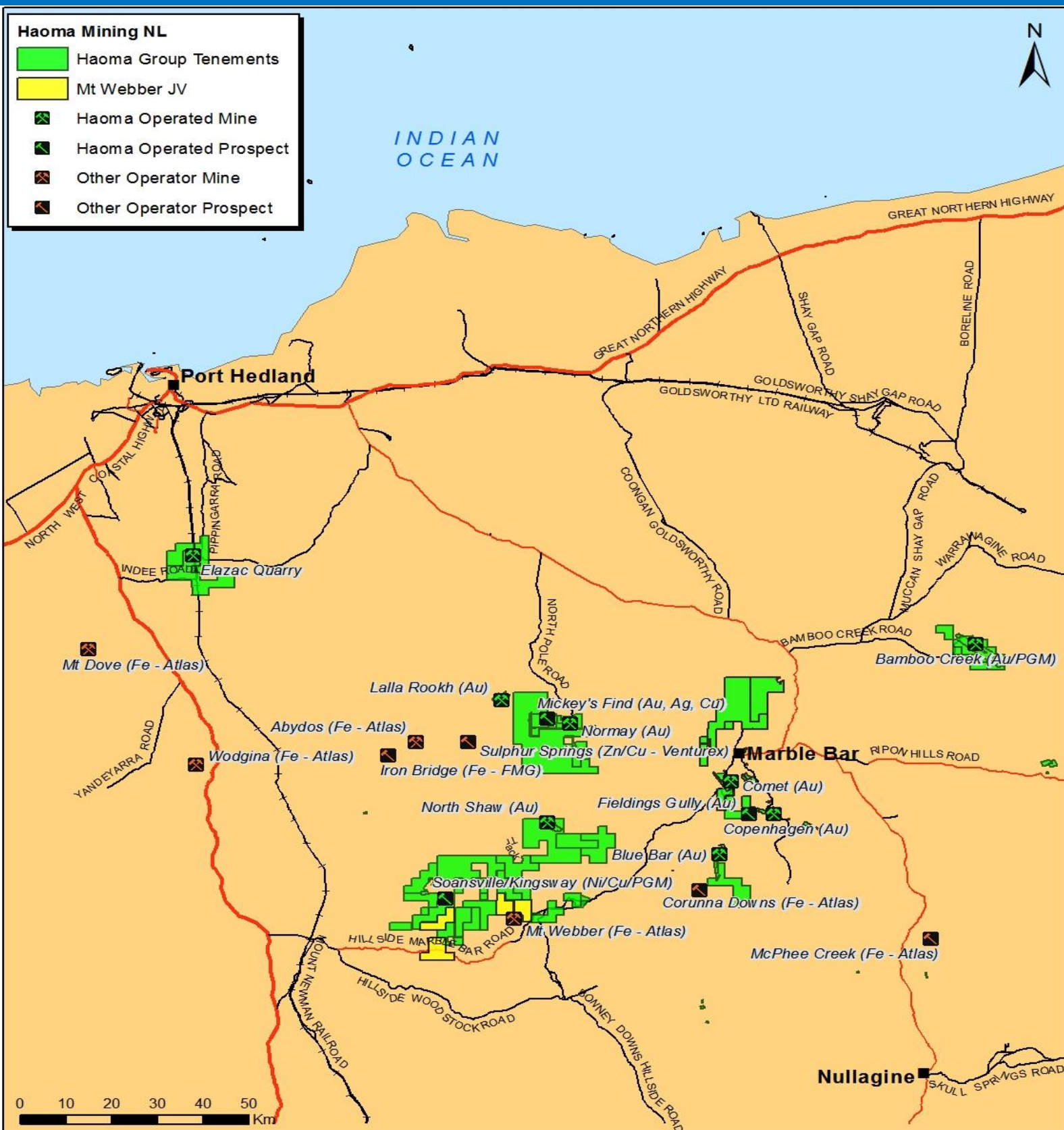


Figure 1: Location map of Haoma Mining NL Pilbara mining tenements. (Yellow areas show Haoma joint venture tenements with Atlas Iron.)

Directors

Gary Cordell Morgan, B.Comm (Chairman)
Michele Levine, B.Sc (Hons), Env.St.
W. Timothy Carr Ingram

Secretary

James A Wallace, CA

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Melbourne

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Postal Address

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Interstate Offices and Mine Sites:

Bamboo Creek Mine Site:

PO Box 2791
South Hedland, WA, 6440

Ravenswood, Queensland:

Burdekin Falls Dam Road
Ravenswood, Queensland 4816

Comet Mine Site:

PO Box 89
Marble Bar, WA 6760

Principal Bankers

Bendigo & Adelaide Bank Limited

Share Registry

ComputerShare Registry Services
Yarra Falls
452 Johnston Street
Abbotsford Victoria 3067

Auditors

BDO
Collins Square, Tower Four
Level 18
727 Collins Street
Melbourne, Victoria 3008

Solicitors

William Murray
Level 11, 379 Collins Street
Melbourne, Victoria 3000

Stock Exchange Listing

Haoma Mining NL shares are listed on the
Australian Stock Exchange
ASX Code: HAO
The Home Exchange is Melbourne, Victoria.

The mission of Haoma Mining is to establish a highly profitable mining company with sustainable growth in shareholder value.

In pursuit of this mission, Haoma will acquire quality tenements, explore for gold and other minerals, utilise the most effective exploration and recovery techniques to extract minerals in the most efficient way with a strong commitment to health, safety and the environment.

Haoma's strategic approach can be characterised as both innovative and practical.

Haoma is dedicated to developing a leading edge gold mining province in the Pilbara (WA) and Ravenswood/ Charters Towers region (QLD) by linking research with modern technology and new ways of thinking.

Haoma operates with a flat management structure, which allows all company personnel to be hands-on, practical and single-minded about improving the bottom line performance.

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ANNUAL GENERAL MEETING

The Annual General Meeting of the members of Haoma Mining NL is to be held at:

Tonic House

Basement

386 Flinders Lane

Melbourne, Australia.

Thursday November 30, 2017

Commencing at 10.00am.

All shareholders are encouraged to attend. Light refreshments will be available to members and guests following the meeting. A Notice of Meeting and proxy form will be mailed to shareholders.

ASX Information:

On November 1, 2017 the Directors of Haoma requested the ASX remove the suspension of trading in Haoma Mining securities. They advised the ASX the following:

"The current 'gold rush' in the Pilbara is the result of the ASX publishing announcements involving gold nugget discoveries by a number of companies including Artemis Resources (ASX: ARV) and Novo Resources (TSX-V: NVO) and by De Grey Mining (ASX: DEG). The gold nugget information published by those companies is similar to that reported by Haoma in relation to gold nuggets in Conglomerate Formations near Marble Bar.

Over the last 2 weeks Haoma has had approaches for Joint Venture participation with Haoma's gold tenements in the Eastern Pilbara. In addition there have been requests for Haoma share placements.

However, because Haoma is suspended and the last recorded share price was 23 cents, it is impossible to negotiate a commercially favorable outcome for Haoma shareholders."

CHAIRMAN'S REVIEW & REPORT ON OPERATIONS

1. Financial results and Mining results

- 1.1** The financial statements for the Year to June 30, 2017 show that Haoma Mining recorded a consolidated loss of \$4.69 million. The result is after expensing interest charges of \$1.80 million and writing off \$1.54 million of costs associated with research and test work.

Over the past year Haoma has further reduced operating costs and has realised proceeds from non-core assets including the disposal of shares held in Exterra Resources Ltd and the completion of Right to Mine Agreements with Keras Resources Pty Ltd and DeGrey Mining Ltd.

My family investment company has continued to provide the funding needed for Haoma to conduct its research and development activities. The Haoma financial reports show the costs to date have been extensive and the revenues limited which has resulted in the current deficiency in net assets. At June 30, 2017 my family's total cash commitment to Haoma was recorded at \$39.22 million. This does not include my family's equity investment or any interest on the funds.

- 1.2** Haoma believes it has now discovered at Comet Mine area C2 a significant 'gold bearing conglomerate' which had previously not been identified. See Section 2.1
- 1.3** Shareholders will be aware that Haoma has a perpetual free licence to use and commercially exploit the Elazac Process when processing ore from Haoma's tenements.

In the Haoma July 2017 Quarterly Report shareholders were advised test work using the Elazac Process measured significant quantities of precious metals in concentrates recovered after processing **Bamboo Creek Tailings** and **Mt Webber iron ore fines**.

The **Bamboo Creek Plant configuration is now designed** so Haoma can continuously process Bamboo Creek Tailings on a commercial basis.

In addition to being able to recover commercial quantities of gold from Bamboo Creek Tailings recent **Elazac test work showed additional 'concentrate' of precious metals consisting mainly of Platinum Group Metals (PGM) can also be recovered with gold and silver.** It is anticipated this 'PGM concentrate' will need to be sent to Europe or South Africa for refining.

2. Haoma's activities in Western Australia

- 2.1** Haoma Mining recovers 'flat – watermelon seed-like' nuggets from Conglomerate Formations at the Comet Mine near Marble Bar

On **October 5, 2017** Haoma shareholders were advised tenements held at Bamboo Creek (Front cover, Figure 1 & 2-4) and Comet Mine, near Marble Bar, (Figure 1 & 5-7) contained conglomerate materials in the Hardey Sandstone Formations, within the Fortescue Group.

Recent 'flat' gold nugget (also known as 'watermelon seed-like') discoveries by Artemis Resources (ASX: ARV) and Novo Resources (TSX-V: NVO) at 'Comet Well' and 'Purdy's Reward', and by De Grey Mining (ASX: DEG) at 'Louden's Patch' and recently at 'Jarret Well' & 'Steel Well' have resulted in an increase in gold exploration throughout the Pilbara Region in known areas of outcropping conglomerates containing Fortescue Group rock types – a thick pile of sedimentary and volcanic rocks overlying the older Archean basement rocks (Warrawoona Group) of the Pilbara region.

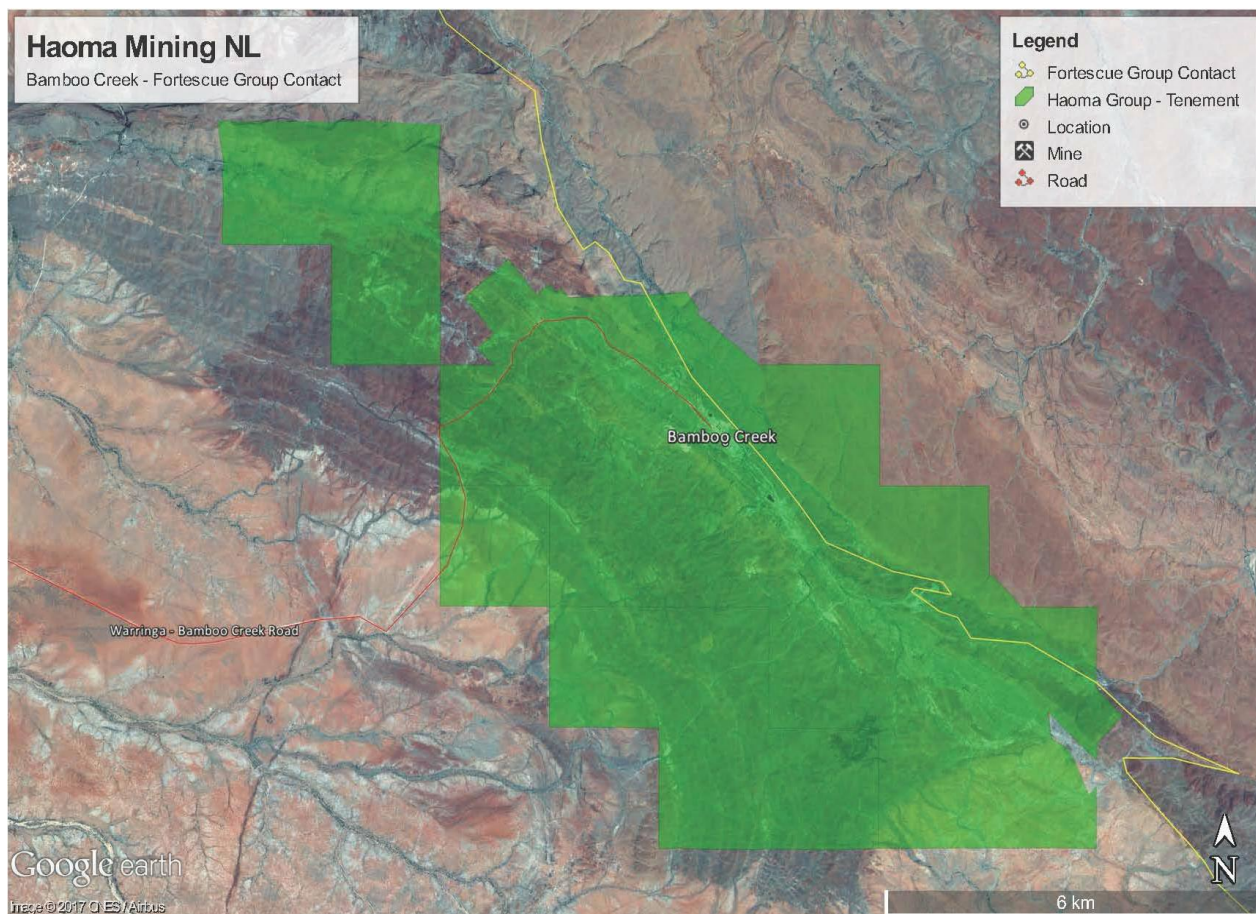


Figure 2: Haoma Mining, Google earth – Bamboo Creek Tenements and Fortescue Group contact.

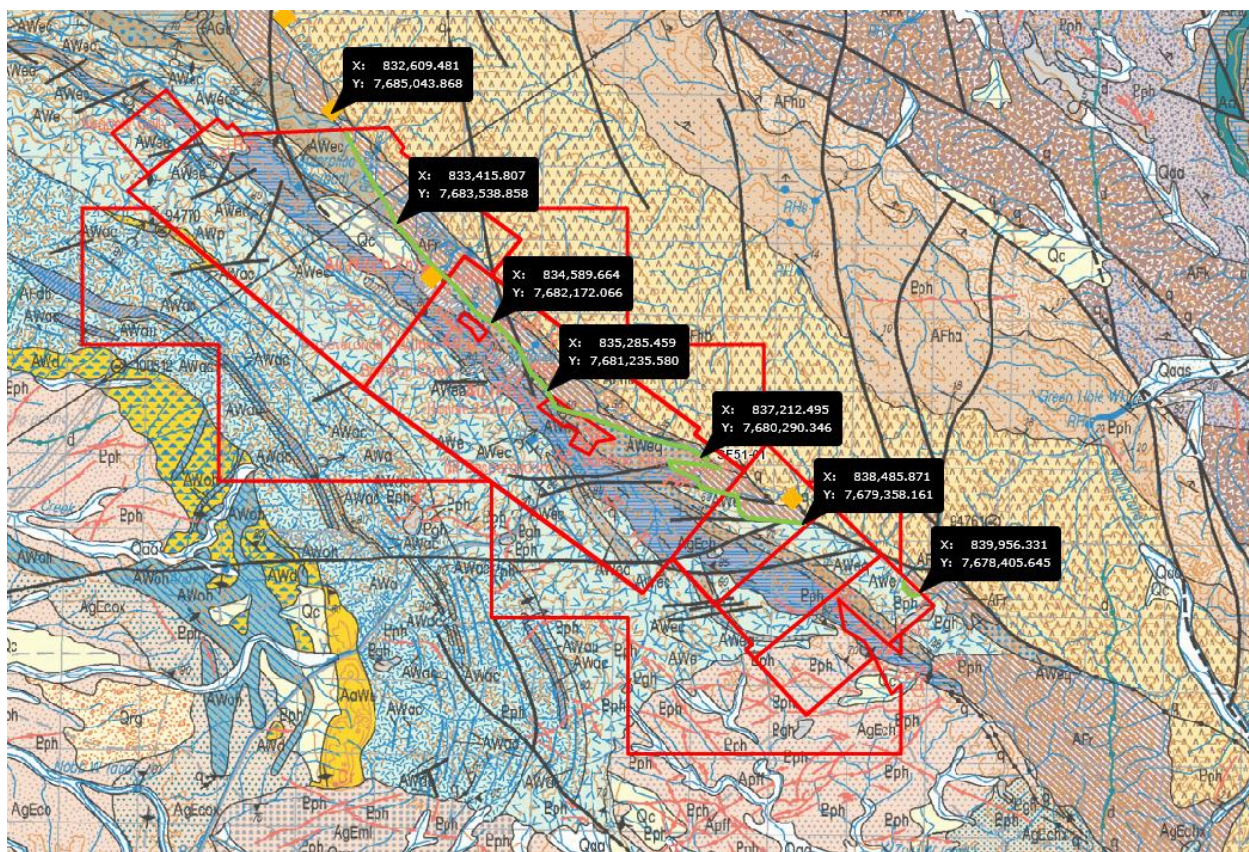


Figure 3: Haoma Mining, Earth geology – Bamboo Creek tenements.

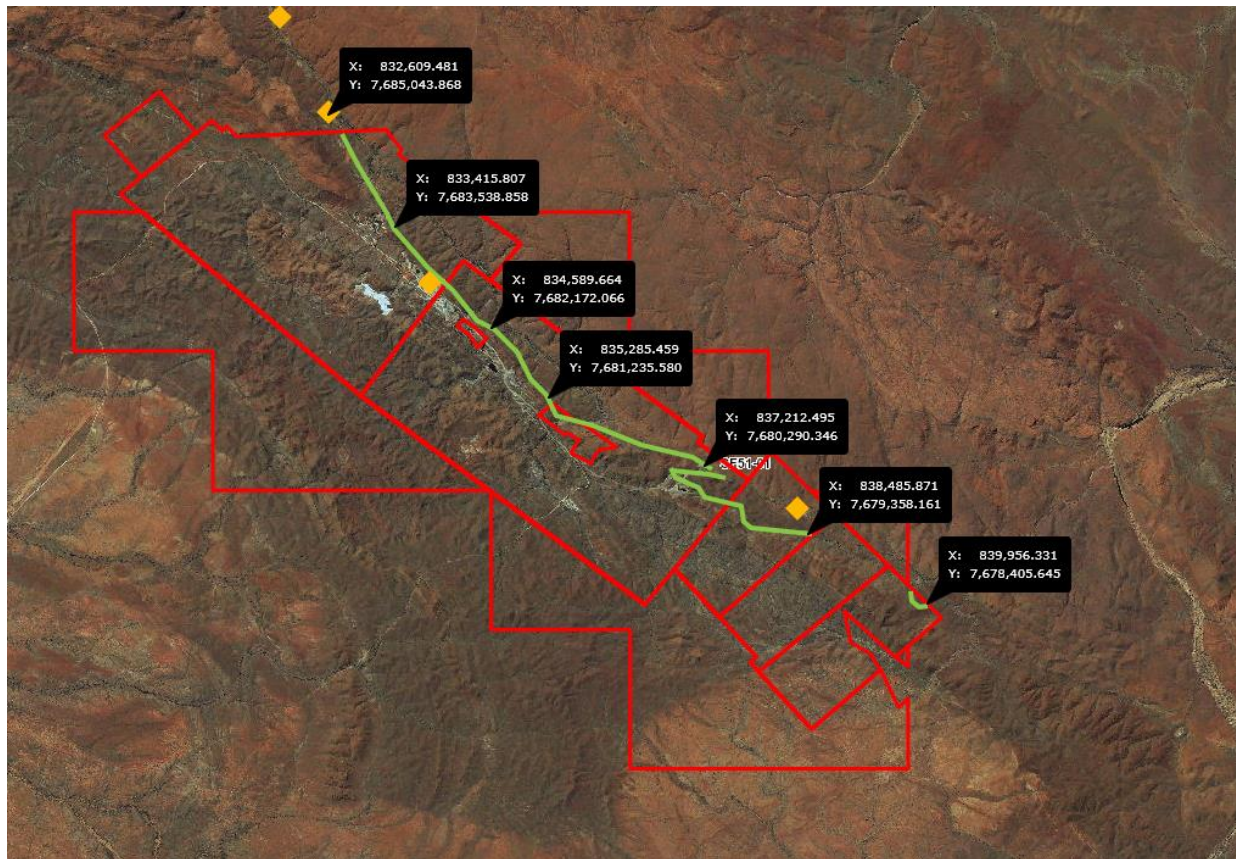


Figure 4: Haoma Mining, Google earth – Bamboo Creek tenements showing Conglomerate Formations and Fortescue Group contact.

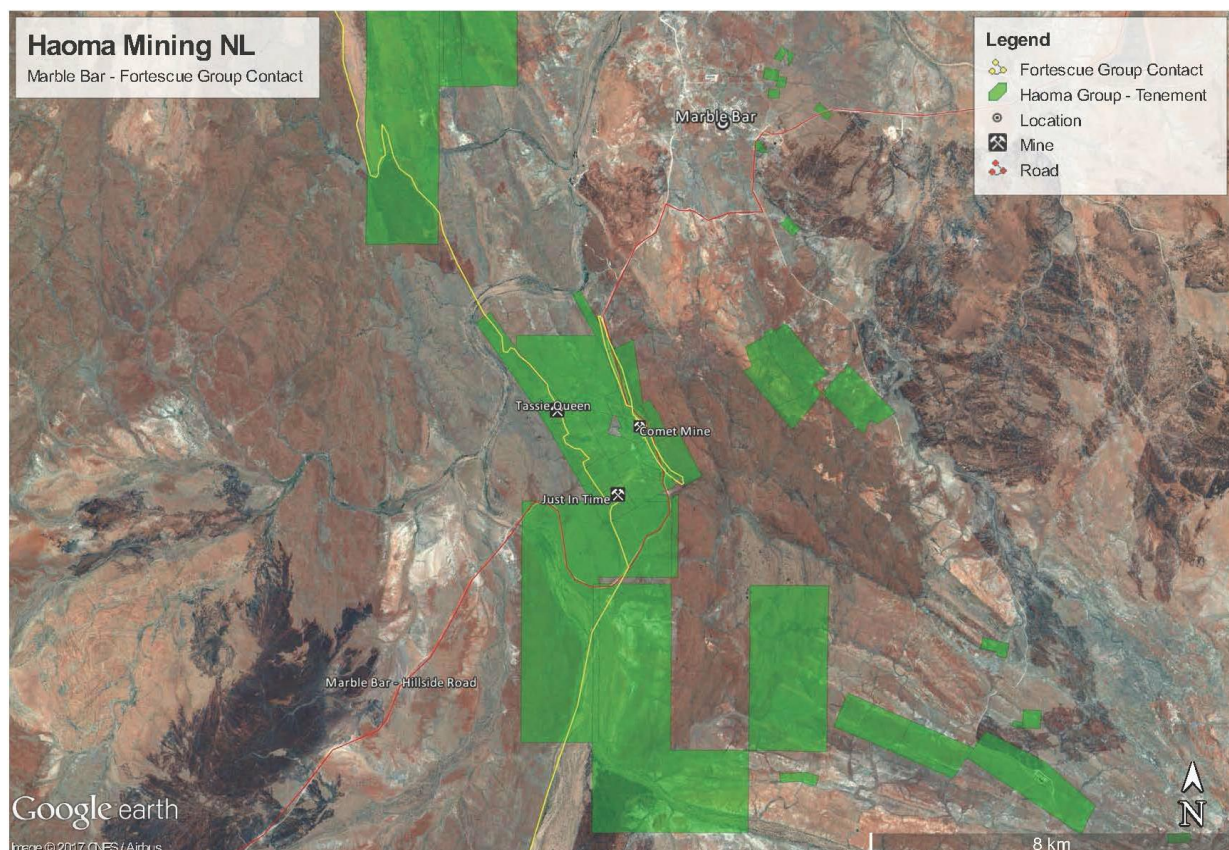


Figure 5: Haoma Mining, Google earth – Comet Mine near Marble Bar tenements and Fortescue Group contact.

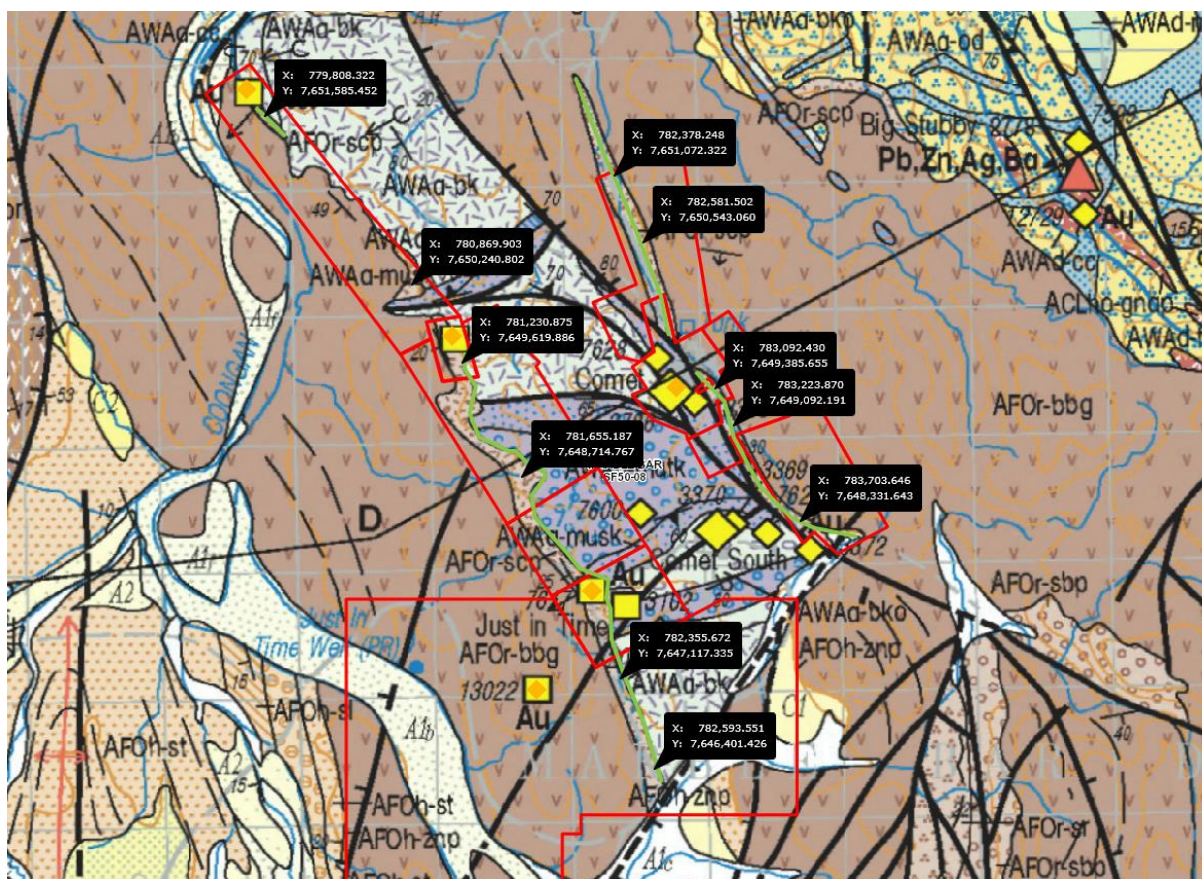


Figure 6: Haoma Mining, Earth geology – Comet Mine near Marble Bar tenements.

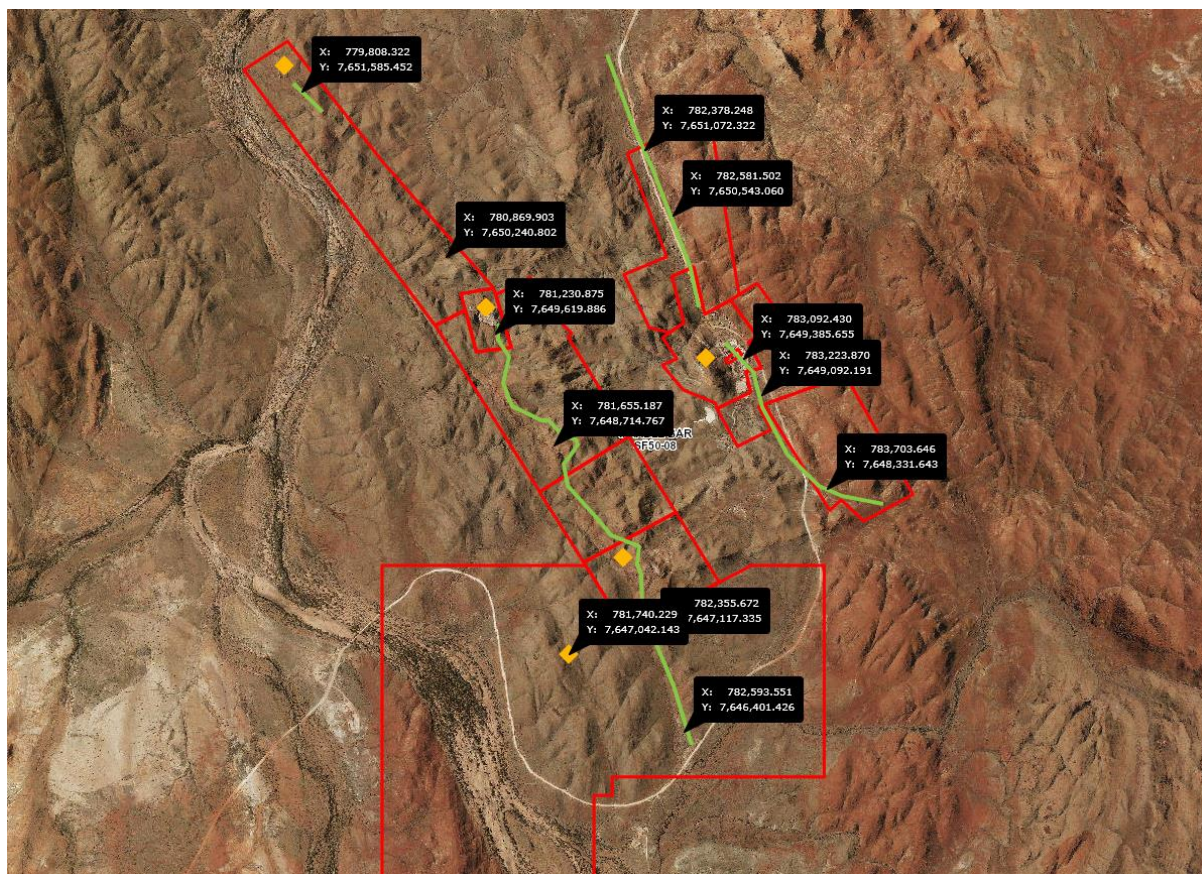


Figure 7: Haoma Mining, Google earth – Comet Mine near Marble Bar tenements that contain Conglomerate Materials in the Hardey Sandstone Formations.

While the estimated age of the Haoma's Eastern Pilbara Conglomerate Formations has not been determined, due to the complex structural history of the Pilbara region, on [October 5, 2017\(Reference A\)](#) shareholders were advised the Conglomerate Formations occur near the basal contact zones of the 'Lower Proterozoic' Fortescue Group which are shown on Earth geology (Figure 3, 6 & 18). The Fortescue Group are known to overlie the 3300 to 3500Ma old Archaean basement unconformity which is evidently highly prospective for gold.

On **October 11, 2017** Haoma personnel with metal detectors commenced surface sampling of Fortescue Group type rocks at 4 locations at Bamboo Creek and 3 locations at the Comet Mine near Marble Bar. Bulk samples of approximately 50kg were collected from the seven conglomerate outcrop areas (C1 to C7). Those samples are now being processed and analysed at Haoma's Bamboo Creek laboratory.

On [October 16, 2017\(Reference B\)](#) Haoma advised shareholders that **a large number of 'flat' gold nuggets** (Figure 11) and 'fine' gold (Figure 12) were collected from the conglomerate outcrop area 'C2' (Figure 8 to 10) located to the South West of the Comet Mine near Marble Bar.

At area 'C2' a large number of 'flat' gold nuggets (Figure 11) were metal detected and collected over a 150 metre section (20-40 metre wide) of the strike zone which was then believed to be approximately 3 kilometres long. The nuggets were collected just below the surface of the conglomerate using a hammer and/or pick.

Other gold nuggets (Figure 16) were metal detected and collected from conglomerate outcrop 'C3' (Figure 13 to 15) located to the North West of the Comet Mine.

University of Melbourne SEM and Laser Ablation ICP-MS analysis of the **nuggets from Comet Mine areas 'C2' and 'C3' show they were near 100% pure gold with only small amounts of silver**. This make-up of the nuggets is different from basement-hosted lode gold deposits from the Pilbara region and is indicative of in-situ formation (Reference C).

In area 'C2' Haoma's personnel metal detected randomly over a 150 metre section of the conglomerate outcrop. **Conglomerate Formations in area 'C2' can be seen to extend for many kilometers. 'Pink' soil markings in Figures 8, 9 & 10 below show nugget locations.**

On **October 18, 2017** Haoma Directors advised the ASX they would not divulge the location of the Comet Mine areas 'C1', 'C2' and 'C3' as follows:

"Haoma will not release co-ordinates or other details that would define the exact locations as this would expose Haoma to significant tenement security issues.

It is also not possible to provide a JORC statement simply around gold nuggets. We have limited the scope of the announcement to a report advising that we have found many nuggets at two locations and we will investigate further.

We have provided photographic evidence of the nuggets and of the locations where they were collected."

During the current Quarter bulk samples from both areas 'C2' and 'C3' will be recovered with initial processing on site at the Comet Mine. Some bulk samples will then be sent to Bamboo Creek for further processing.



Figure 8: Conglomerates in area C2 – South West of the Comet Mine.



Figure 9: Conglomerates in area C2, looking to the South West of the Comet Mine.



Figure 10: Conglomerates in area C2 – South West of the Comet Mine showing conglomerate extensions looking north.



Figure 11: Nuggets collected from area C2 Conglomerate Formations to the South West of the Comet Mine, total weight of nuggets 33.167g.



Figure 12: 'Fine' gold collected from area C2 Conglomerate Formations to the South West of the Comet Mine, total sample weight 0.183g.



Figure 13: Conglomerates in area C3 – North West of the Comet Mine.



Figure 14: Conglomerates to the North West of the Comet Mine.



Figure 15: Close up view of the conglomerates to the North West of the Comet Mine.



Figure 16: Nuggets collected from area C3 Conglomerate Formations to the North West of the Comet Mine, total sample weight 0.639g.



Figure 17 : Comet Mine sample of Pyritic Conglomerate Material, Marble Bar, WA.

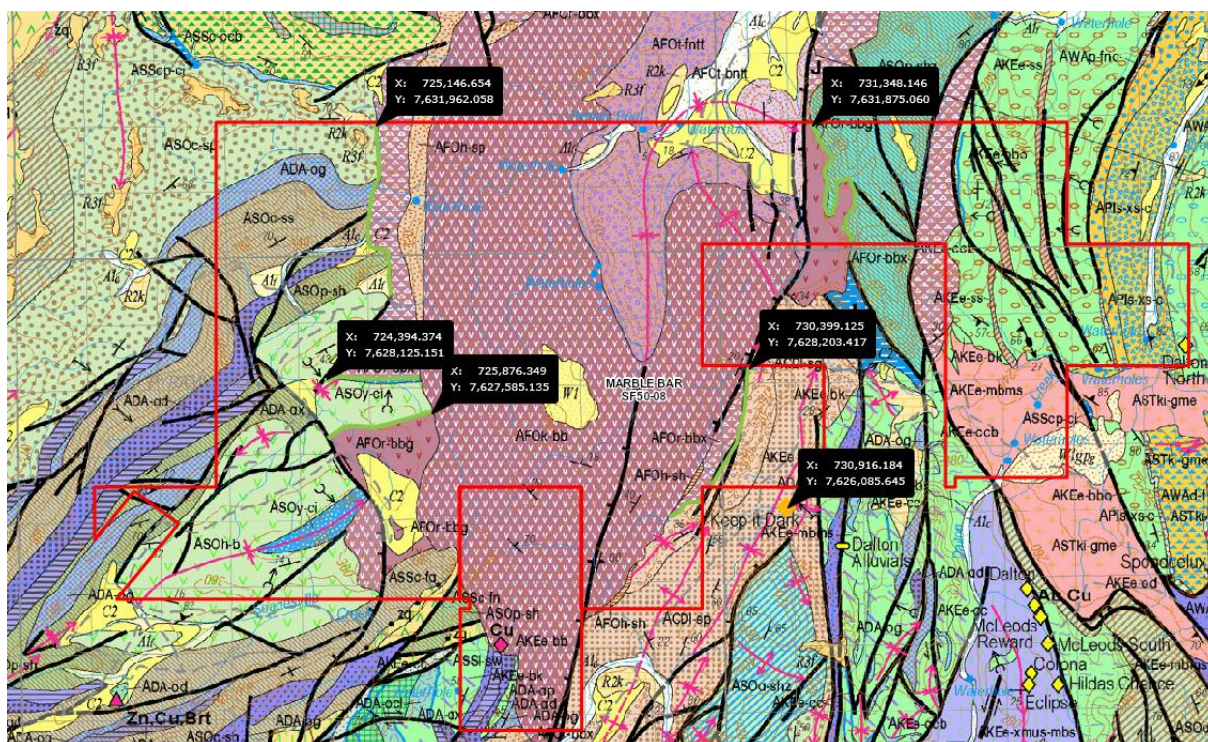


Figure 18: Earth geology – Haoma Mining, Soansville tenements.

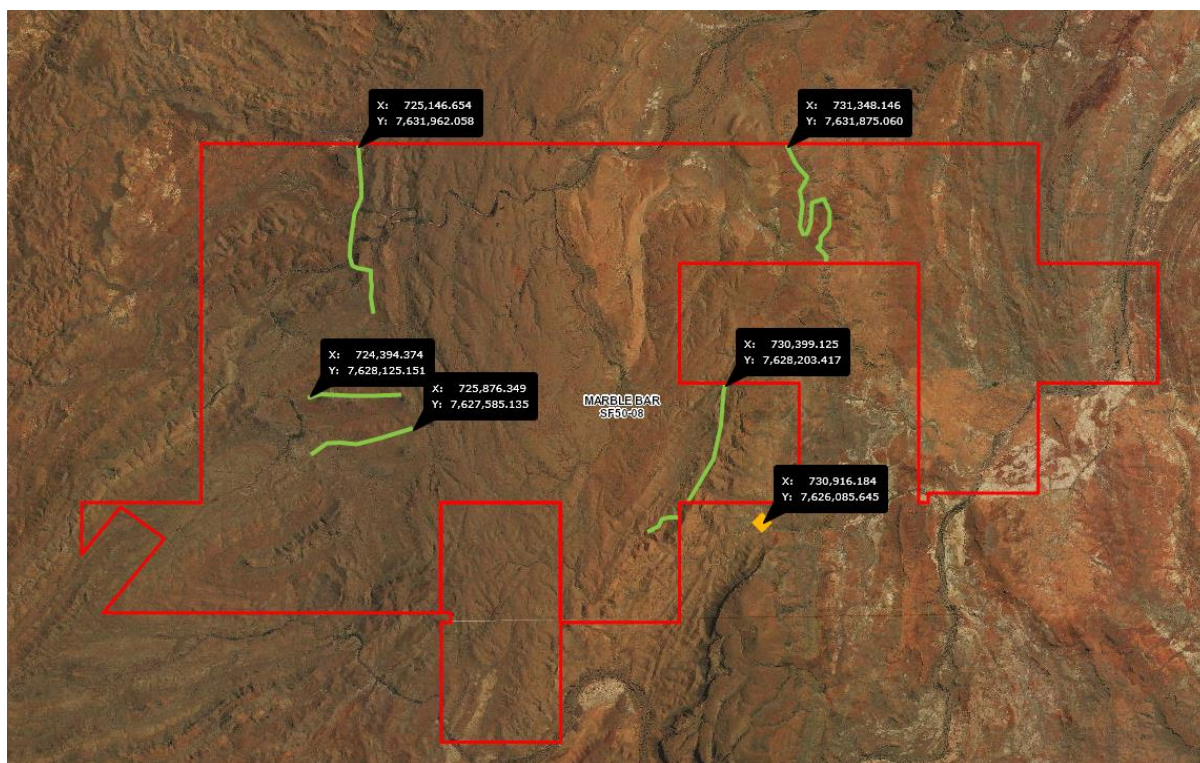


Figure 19: Haoma Mining, Google earth – Soansville tenements showing Conglomerate Formations and Fortescue Group contact.

The Conglomerate Formations near the Comet Mine had previously been explored by both the Stubbs Family (previous owners of the Comet Mine, see SH&MT Stubbs 1992/93 & 1993/94 Exploration Reports: WAMEX, Mines Department Index, M8113–A39484 & 42569) and BHP Minerals on behalf of Haoma. Both reported **only a small number of nuggets without finding "a gold bearing conglomerate"**.

Haoma believes it has now discovered at Comet Mine area C2 a significant 'gold bearing conglomerate' which had previously not been identified.

Ground exploration activities conducted near the Comet Mine in 1992-1994 identified alluvial gold in the area. It is known that in areas of conglomerate outcropping as described above, alluvial gold will provide a marker for possible identification of gold bearing conglomerate.

Exploration Reports for the 1992-94 exploration programs (EL45/1059) submitted to the Department of Mines ('DMP') noted that *"Pan sampling of creeks in this area was carried out in areas with outcrops of decomposed conglomerates, looking for alluvial free gold, which may lead us to a gold bearing conglomerate. We were unable to find any trace of free gold."* Copies of the reports obtained from the DMP were attached to Haoma's September 2017 Quarter Activities Report as Appendices 1A and 1B.

Details on Pilbara geology and conglomerate locations are documented in detail by Arthur H Hickman in *"Geology of the Pilbara Block and its Environs"*, Bulletin 127, Geological Survey of Western Australia (1983).

In addition Novo Resources Corp's has recently released details on their exploration results at their Purdy's Reward **gold project near Karratha in the Western Pilbara** – [October 17, 2017 release by Toronto Stock Exchange – Venture Exchange \(TSX-V\) listed entity Novo Resources Corp.](#)

(<http://www.novoresources.com/resources/news/2017-10-17.pdf>)

Novo's release provides the following information on their **Karratha Gold Project**:

Gold mineralization at Karratha is hosted by a sequence of conglomerate beds, fossil gravel horizons, ranging from a few meters to approximately 20 meters thick comprising the base of a much thicker package of sedimentary and volcanic rocks called the Fortescue Group. Rocks of the Fortescue Group were deposited between 2.78 and 2.63 years ago upon 3.0-3.7 billion year old igneous and metamorphic rocks that make up the Pilbara craton, an ancient piece of Earth's crust.

Over the past year, local metal detectorists have excavated gold nuggets originating from weathered conglomerate along an eight-kilometer, southwest-trending corridor between the Purdy's Reward prospect (please refer to the Company's news releases dated May 26 and August 15, 2017) and Comet Well (please refer to the Company's news releases dated April 11, June 26, and August 3, 2017). These gold-bearing conglomerates dip gently southeastward under cover at angles of between 2 and 20 degrees. The Company secured 100% control over approximately 7,000 sq km in areas along strike and down dip from Purdy's Reward and Comet Well through aggressive staking earlier this year. Novo believes that these gold-bearing conglomerates may underlie significant areas within the greater Fortescue basin.

In the Company's news release dated July 12, 2017, Novo discussed discovery of gold nuggets in a bulk sample collected from a trench at the Purdy's Reward prospect. Metallurgical test work conducted on this sample was discussed in the Company's news release issued August 8, 2017. The weighted average grade of two splits of this bulk sample was 67.08 gpt Au. Approximately 82% of the gold in this sample was determined to be coarse, mainly nuggets displaying several interesting characteristics. These are commonly flattened with rounded edges giving them an appearance similar to watermelon seeds.

Most are coarse, +2 mm and are not attached to quartz or other minerals. Gold is of high purity, +96%, much higher than the gold content of nuggets derived from basement-hosted lode gold deposits from the Pilbara region that commonly display purities of 70-90%. Nuggets display crenulated surfaces thought derived from burial and compaction within a sandy matrix.

In addition to coarse gold, this metallurgical test confirmed a significant fine-grained gold component is present in these conglomerates. Such fine gold, if it is indeed disseminated throughout the conglomerates, could prove important to help evaluate grade and continuity of this deposit.

Dr. Quinton Hennigh, the Company's, President and Chairman and a Qualified Person as defined by National Instrument 43-101, has approved the technical contents of this news release.

Relevance to Haoma Shareholders:

Many Haoma shareholders and ASX investors would be aware of the recent announcements and press publicity regarding the new discoveries of significant numbers of gold nuggets in Conglomerate Formations located in the **Western Pilbara Region** of Western Australia. Following Haoma's October 5, 2017 announcement, shareholders would be aware that the major discoveries were potentially of relevance to Haoma and them as shareholders, but without further information they have no way of understanding why those **Western Pilbara Region** announcements are of significance to Haoma and other mineral exploration companies who hold **Eastern Pilbara tenements which contain Conglomerate Formations**.

Since the weekend some investors may have a better understanding since reading The Weekend Australian (October 28, 2017) article "*The Pilbara is a goldmine for some*" and comments by Cliff Lawrenson, CEO, Atlas Iron regarding their **Eastern Pilbara Region** tenements – some of Atlas Iron tenements are jointly held with Haoma, see Figure 1.

The **Eastern Pilbara Region** is significantly upgraded with Haoma's latest discovery of a large number of 'flat' gold nuggets (Figure 11) and 'fine' gold (Figure 12) collected from the conglomerate outcrop area 'C2' (Figure 8 to 10) located in Comet Mine tenements near Marble Bar.

Haoma is being advised by Professor Peter Scales, Department of Chemical Engineering, University of Melbourne. (Reference C)

Professor Peter Scales has advised Haoma that Laser Ablation ICP-MS analysis of nuggets from Comet Mine areas 'C2' and 'C3' were near 100% pure gold with only small amounts of silver. (This result is similar to SEM analysis of nuggets from Comet Mine areas 'C2' shown in Table 1 below.) **This make-up of the nuggets is different from basement-hosted lode gold deposits from the Pilbara region and is indicative of in-situ formation.**

The August 1996 BHP Mineral SEM analysis (See Haoma Mining September 2017 Quarter Activities Report – Appendix 2) of gold nuggets from Comet Mine Conglomerate Formation area 'C1' (See Table 1 below); and recent University of Melbourne SEM analysis of nuggets and 'fine' gold from area 'C2' (See Table 1 below and Figure 11 & 12) suggest there are two different populations of nuggets within the Comet Mine Conglomerates. In August 1996 two different nugget populations were referred to by Robert Skrzeczynski, Exploration Manager Operations, BHP Minerals, Australia in his report to Haoma.

Table 1: SEM analysis of gold nuggets and 'fine' gold from Comet Mine Conglomerate Foundations – in August 1996 and October 2017

1) BHP Minerals Report, August 1996 – Table1, SEM silver bearing gold composition:

Gold from Comet Mine area 'C1'

Sample 1 – gold 91.12%, silver 8.88%

Sample 2 – gold 100%

Sample 3 – (i) gold 89.51%, silver 10.49%, (ii) gold 88.70%, silver 11.30%

Sample 4 – gold 92.69%, silver 7.31%

Sample 5 – gold 90.92%, silver 9.08%

2) Haoma Mining, October 2017 – SEM silver bearing gold composition:

Nuggets from Comet Mine area 'C2'

Sample 1 – gold 98.92%, silver 1.08%

Sample 2 – gold 99.94%, silver 0.06%

'Fine' gold from Comet Mine area 'C2'

Sample 1 – gold 100%

Sample 2 – gold 94.16%, silver 5.84%, (ii) gold 98.10%, silver 1.90%

Sample 3 – gold 100%

The above SEM analysis of gold nuggets and 'fine' gold from Comet Mine Conglomerate Formations shows the Comet Mine tenements contains highly prospective gold targets for ongoing exploration.

During the Quarter additional metal detecting and sampling will be conducted at other Haoma tenements that contain Conglomerate Formations, namely at:

- Soansville (about 100 km south-west from the Comet Mine – see Figure 1 and 18 & 19),
- Bamboo Creek – see Figure 1,
- Marble Bar– see Figure 1, and
- Blue Bar – see Figure 1.

The nature, character, lateral extent and thickness of the Conglomerate Formations located in the above areas will be assessed to determine future exploration activity.

2.2 Haoma Mining Elazac Process Test Results (Reference D)

Shareholders were advised in the Haoma July 2017 Quarterly Report (see below) that test work using the Elazac Process measured significant quantities of precious metals in concentrates recovered after processing Bamboo Creek Tailings and Mt Webber iron ore fines.

During the Quarter test work concentrated on determining the most cost efficient Bamboo Creek Plant configuration to continuously process Bamboo Creek Tailings. The Bamboo Creek Plant configuration is now designed so Haoma can continuously process Bamboo Creek Tailings on a commercial basis.

In addition to being able to recover commercial quantities of gold from Bamboo Creek Tailings recent Elazac test work showed additional 'concentrate' of precious metals consisting mainly of PGM can also be recovered with gold and silver. It is anticipated this 'PGM concentrate' will need to be sent to Europe or South Africa for refining.

Modifications to the Bamboo Creek Plant will take place once bulk ore samples from Bamboo Creek and the Comet Mine Conglomerate Formations have been processed through the Bamboo Creek Plant. The Directors anticipate conglomerate ore test work using the Bamboo Creek Plant will be completed during the current Quarter.



Figure 20: Bamboo Creek Processing Plant looking north, Conglomerate Formations behind top range

CHAIRMAN'S REVIEW AND REPORT ON OPERATIONS**Elazac Process Test Results Reported in Haoma's July 2017 Quarterly Report****Results from Test Work Trials on Bamboo Creek Tailings (Updated with recent results)**

Haoma shareholders were advised in Haoma's June 30, 2017 Haoma Quarterly Bamboo Creek Tailings tests produced **polymetallic dore** which contained significant gold (Au) and platinum (Pt) grades when measured by XRF. The average gold and platinum grades **calculated back to the five Bamboo Creek Tailings samples tested** were **319g/t gold and 35g/t platinum**.

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**.

The two 300g sub-samples produced **polymetallic dore** with the grades of gold and platinum (Pt) measured by XRF. The average gold and platinum grades **calculated back to the two Bamboo Creek Tailings samples tested** was **147g/t gold and 131g/t platinum**.

Current Test Work Trials on Bamboo Creek Tailings

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

Sub-samples of 20kg (a commercial quantity) were processed using different **combinations of ore concentrations, acids, heat and smelting fluxes**. **The Bamboo Creek Plant configuration is now designed so Haoma can continuously process Bamboo Creek Tailings on a commercial basis.**

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)¹ 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 used to assay the Bamboo Creek Tailing Samples 1-5 above.

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

The average precious metal grade measured over the four samples **calculated back to the Mt Webber Iron Ore 'Slimes fraction'** was **117g/t gold and 151g/t platinum**.

Additional tests 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 | 117g/t | 151g/t |
| Two samples re-treated using a 'modified' Elazac Process | 85g/t | 110g/t |
| Two samples NOT re-treated | 148g/t | 195g/t |

¹ 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**.

CHAIRMAN'S REVIEW AND REPORT ON OPERATIONS

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

The above results show a significant up-grade in the quantity of gold and platinum measured in the dore recovered.

The average gold grade and platinum grades **calculated back to the Mt Webber Iron Ore 'Slimes fraction'** was **888g/t gold and 946g/t platinum.**

Table 4:

Mt Webber 'slimes fraction'

| | Initial test results | | Results after re-treating using 'modified' Elazac Process | |
|---|----------------------|----------------|---|---------------------------|
| | Gold grade | Platinum grade | Re-treated Gold grade | Re-treated Platinum grade |
| Average precious metal grades of two samples re-treated using a 'modified' Elazac Process | 85g/t | 110g/t | 888g/t | 946g/t |

The above Haoma results were achieved using traditional plant processing equipment which recovered precious metal dore from concentrates produced at Bamboo Creek.

3. Haoma's activities in 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 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](#).

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 21 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.

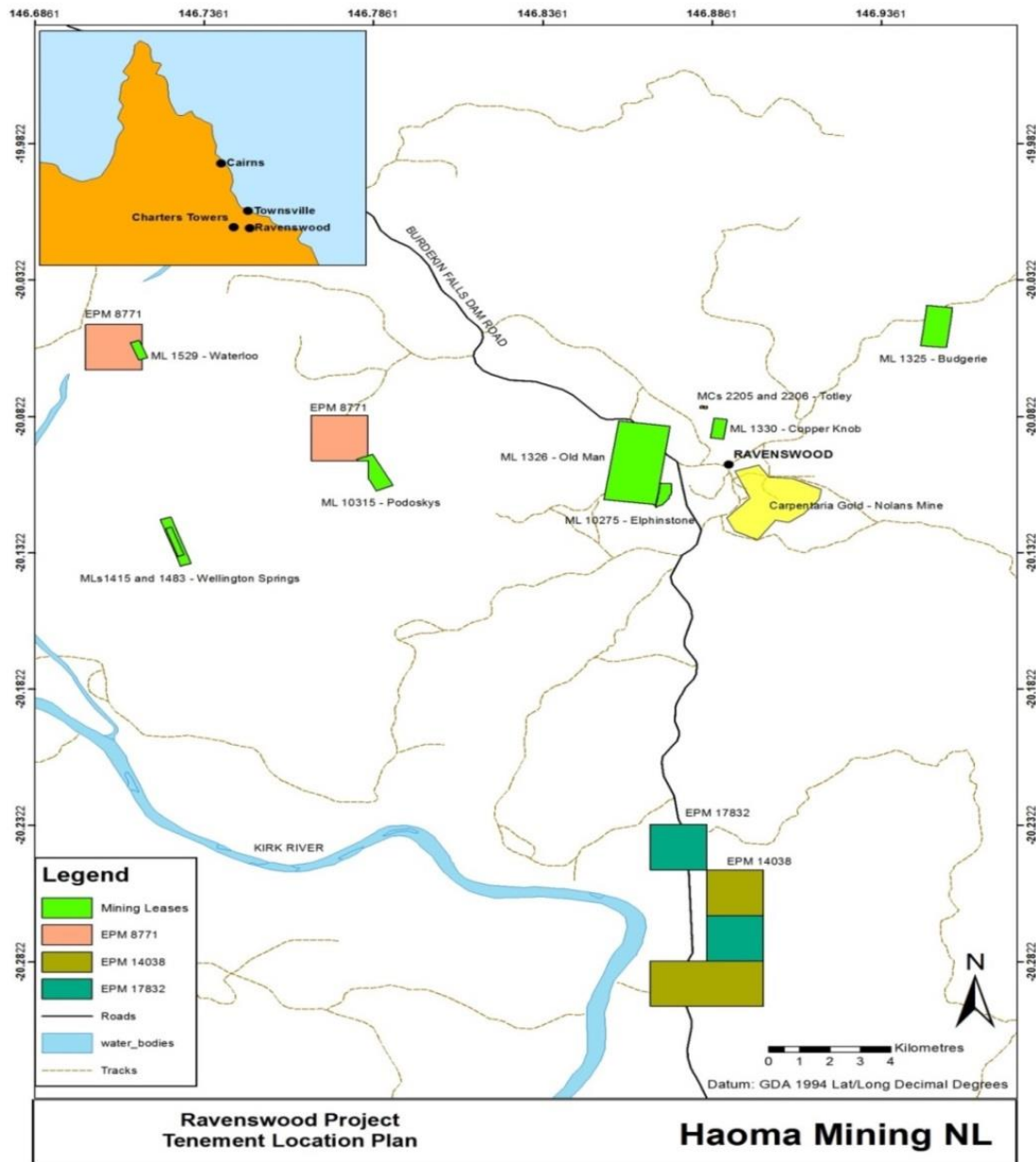


Figure 21: Haoma Mining Ravenswood tenements

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

4. Haoma's other activities

4.1 Update on Haoma Agreement with Calidus 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 conducting an extensive exploration program at its Warrawoona Gold Project in the East Pilbara. This work program includes in-fill drilling at Haoma's Warrawoona and Klondyke leases. Calidus has an 'Option to Purchase' the Haoma Mining Leases. Details below and other details were released in Haoma's [Quarterly Activities Report to March 31, 2017](#).

As a result of recent Calidus announcements detailing assay results from their in-fill drilling program at Haoma's Warrawoona and Klondyke leases, Haoma expects Calidus to soon exercise their 'Option to Purchase' Haoma's Warrawoona and Klondyke leases.

If Calidus exercises their 'Option to Purchase' the consideration received by Haoma will be:

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

The last sale price of Calidus Resources shares on October 31, 2017 was 4.4 cents.

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 Calidus is the registered holder that are located within 25 kilometres of any of the Tenements.

4.2 Update on 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.

The consideration given by DeGrey for the Right to Explore and Mine included the issue of 5 million DeGrey Mining share options with an exercise price of \$0.058 per share and an expiry date of 9 months from the date of issue. The share options were issued on December 7, 2016 with an expiry date of September 6, 2017.

On September 5, 2017 Haoma Mining exercised a share option, for the total exercise price of \$290,000, for De Grey Mining NL to issue 5 million De Grey Mining Ltd shares to Haoma Mining. The last sale of De Grey shares on October 31, 2017 was 25 cents.

4.3 Cookes Hill (E45/2983, Including BGC Tribute Agreement to Mine Dolerite from Haoma's Cookes Hill Quarry (M45/1005)

Haoma's Elazac Quarry at Cookes Hill for the last 10 years has been operated by BGC Contracting Pty Ltd to supply hard rock for Pilbara infrastructure construction including new railway lines and roads. In February 2015 BGC Contracting put the Elazac Quarry on 'care and maintenance'. The BGC contract with Haoma expired this year and BGC did not renew their contract to operate the Elazac Quarry.

Haoma has resumed control of the Elazac Quarry and commenced negotiations with a number of potential customers for the supply of hard rock material.

CHAIRMAN'S REVIEW AND REPORT ON OPERATIONS**4.4 Trading at Haoma's Top Camp Road House, Ravenswood, Queensland**

Haoma's 'Activities Report for the Quarter Ended March 31, 2017' advised shareholders that major accommodation refurbishment works had been completed at Haoma's 'Top Camp' Road House located at Ravenswood, Queensland.

The occupancy rate at 'Top Camp' is now higher resulting in a corresponding increase in revenue. The Directors thank Sue Kennedy and her support team at Top Camp for the revitalisation of Top Camp and its accommodation which is now a valuable Haoma asset.

5. Acknowledgements

The Directors wish to acknowledge and express their appreciation to all those who during the last year have contributed to the company's activities in the Pilbara and Ravenswood districts. In particular, the Board's thanks go to Mr. Peter Cole, Prof. Peter Scales, Mr. Hugh Morgan and other consultants who have contributed to help **Haoma solve the gold, silver and Platinum Group Metals (PGM) assay problem associated with Pilbara ores; and the extraction of gold, silver, PGM and other metals from Pilbara ores.**

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



Gary C. Morgan
Chairman

October 31, 2017

References:

A Information in Section 2.1 of this report that relates to conglomerate formations was compiled by David Mellor who was at the time a full-time employee of Haoma and a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). David Mellor has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. David Mellor consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

B Information & data in Section 2.1 of this report as it relates to a large number of 'flat' gold nuggets (Figure 11) were metal detected and collected over a 150 metre section in area 'C2' is based on information compiled by Mr. Peter Cole who is an expert in regard to this type of sampling mineral outcrops. Mr. Cole has worked in the mining industry for over 30 years and has been associated with Haoma for more than 20 years.

C Information & data in Section 2.1 of this report as it relates to determining the likely origins of nuggets from the Comet and Bamboo Creek Conglomerates formations using microprobe and other specialised techniques is prepared by Professor Peter Scales, Department of Chemical Engineering, University of Melbourne. Professor Peter Scales has worked with and been associated with Haoma Mining and Elazac Mining for more than 20 years.

D Information & data in Section 2.2 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 22: Comet Gold Mine Tourist Centre looking north east, the Conglomerate Formations are clearly shown on the right.



Figure 23: Bamboo Creek Processing Plant with the Tailings Dam Wall shown at top of the photo



Figure 24: Bamboo Creek Tailings Storage with Bamboo Creek Processing Plant in background

HAOMA MINING NL
FINANCIAL STATEMENTS & REPORTS
FOR THE YEAR ENDED
JUNE 30, 2017

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

The Directors of Haoma Mining NL present their report on the company and its consolidated entities (referred to hereafter as the Group, Haoma or the Economic Entity) for the financial year ended June 30, 2017.

DIRECTORS

The following persons held office as Directors from the start of the financial year to the date of this report, unless otherwise stated:

Gary Cordell Morgan (Chairman)
Michele Levine
Wilton Timothy Carr Ingram

COMPANY SECRETARY

The following person held the position of Company Secretary at the end of the financial year:

James A. Wallace CA

PRINCIPAL ACTIVITIES

Haoma's continuing principal activities during the financial year were mineral exploration, the analysis of mineral deposits and the advancement of ore processing and extraction technology. There was no significant change in the nature of the principal activities during the year.

OPERATING AND FINANCIAL REVIEW

The Annual Operating and Financial Review should be read in conjunction with the financial statements for the year ended June 30, 2017. During the year Haoma's core operations continued to be focused on mineral exploration and research and development at its primary area of interest in the Pilbara district of Western Australia and in the Ravenswood district in North Queensland. As in previous years activities at Haoma's Bamboo Creek Pilot Plant conducted in conjunction with The University of Melbourne were focussed on developing new commercially viable processes for the assaying and extraction of gold and other precious metals when processing Bamboo Creek Tailings Concentrate and mineral ores from various Pilbara locations including Mt Webber.

Haoma's Quarterly Activities Reports over the last year have advised shareholders of significant gold and PGM grades measured in both Bamboo Creek Tailings and Mt Webber drill hole samples using the Elazac Process.

The most recent update to shareholders was provided in [Haoma's Quarterly Activities Report for the Quarter Ended June 30, 2017](#) released on July 31, 2017. Section 2 from that report advised shareholders of progress in relation to test work at Bamboo Creek. Results of test work trials conducted at Bamboo Creek on Bamboo Creek Tailings and Mt Webber ore were [released to Haoma shareholders on July 13, 2017](#).

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.

Operating Results and Financial Position

The consolidated loss of the Group for the year ended June 30, 2017 was \$4,691,860. This compares with the loss for the year ended June 30, 2016 of \$5,659,656. The net comprehensive loss for the period attributable to members was \$4,691,680 (2016: loss \$5,349,051).

The consolidated Statement of Financial Position at June 30, 2017 shows a deficiency of net assets of \$69,905,323 (2016: deficiency \$65,213,463). As detailed in Note 2(b) to the financial statements, almost all funding for Haoma's operations is provided by The Roy Morgan Research Centre Pty Ltd, a company owned and controlled by Haoma's Chairman, Gary Morgan. The Independent Auditor's Report for the year to June 30, 2017 includes an 'Emphasis of Matter' statement in relation to Going Concern and the reliance of Haoma on ongoing financial support provided by The Roy Morgan Research Centre Pty Ltd.

The Roy Morgan Research Centre Pty Ltd has provided an assurance to the Board that it will continue to ensure funds are available to the company to fund operations for a period of at least 12 months from the date of this report.

At June 30, 2017 the debt to The Roy Morgan Research Centre Pty Ltd was \$39.225 million (2016: \$36.817 million). Haoma has approved payment of interest on the debt calculated monthly at the average 30 day commercial bill rate plus a facility margin of 1%. Although interest is calculated monthly, it will accrue until Haoma has attained a financial position represented by a positive net asset ratio and the Board determines that the company is in a financial position to commence interest payments. Total interest accrued and unpaid to June 30, 2017 is \$29.986 million (2016: \$28.220 million).

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

Future Developments, Prospects and Business Strategies

Haoma's test work program in relation to the Elazac Process and how it may be commercially exploited in relation to various Pilbara ores is ongoing.

Haoma is listed on the Australian Securities Exchange and is subject to the continuous disclosure requirements of the ASX Listing Rules. Haoma provides relevant information in relation to likely developments in the operations through the ASX Company Announcements Platform. Further information in relation to Haoma's operations and copies of previous information releases are available from Haoma's website at www.haoma.com.au

DIVIDENDS

No dividends have been paid or declared during or since the end of the financial year (2016: Nil).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Apart from matters already described above, there were no significant changes in the state of affairs of Haoma during the year to June 30, 2017.

EVENTS SUBSEQUENT TO THE REPORTING DATE

On September 5, 2017 Haoma acquired 5 million ordinary shares in DeGrey Mining Ltd. The shares were acquired via the exercise of share options issued by DeGrey Mining in accordance with terms of the October 26, 2016 Right to Mine and Option to Purchase Agreement between Haoma and DeGrey Mining Ltd. The exercise price was \$0.058 cents per share and the total paid was \$290,000. DeGrey Mining Ltd shares are listed on the Australian Stock Exchange (ASX Code: DEG).

ENVIRONMENTAL ISSUES

The gold mining, exploration and mining development activities of Haoma Mining NL are subject to significant environmental regulation. Environmental legislation under which the company conducts its activities is principally Australian State Government legislation and includes in Western Australia the *Mining Act* 1978 (WA), the *Environmental Protection Act* 1986 (WA) and the *Aboriginal Heritage Act* 1980 (WA); and in Queensland the *Mineral Resources Act* 1989 (Qld) and the *Environmental Protection Act* 1994 (Qld).

The company has complied with environmental protection and rehabilitation requirements and has management and reporting systems for all of the areas in which it has interests. Regular reviews are conducted with regard to environmental compliance matters. The environmental impact of the operation of the company's processing plants at Normay and at Bamboo Creek, Western Australia is subject to continuous assessment. There were no significant matters in regard to environmental control or management that arose during the year. The company will continue to monitor its performance in relation to the environment. That process will include the ongoing assessment of the environmental impact of each of the company's operations and the development of additional reporting and communications systems to ensure compliance and identify items for specific action.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

ACKNOWLEDGEMENTS

The Board wishes to acknowledge and express its appreciation to all those who during the last year have contributed to the company's activities in the Pilbara and Ravenswood districts. In particular, the Board's thanks go to Mr. Peter Cole, Prof. Peter Scales, Mr. Hugh Morgan and other consultants who have contributed to helping solve the gold assay problem with Pilbara ores; and the extraction of gold and other metals from Pilbara ores.

The Board also acknowledges the significant efforts of those personnel working at the remote Bamboo Creek and Ravenswood operations.

INFORMATION ABOUT DIRECTORS AND OFFICERS

Gary Cordell MORGAN, B.Comm

Appointment Date:

Experience:

Interest in Shares and Options:

Directorships held in other listed entities:

Special Responsibilities:

Chairman

May 10, 1991

Executive Chairman of Roy Morgan Research Ltd. Is a member of a number of research and marketing organisations.

Indirect and beneficial interest in 128,182,961 Haoma Mining shares via directorships and interests in Leaveland Pty Ltd and Elazac Pty Ltd.

Holds no interest in any options to acquire shares.

Nil

Audit Committee

Michele LEVINE, B.Sc (Hons), Env. St

Appointment Date:

Experience:

Directorships held in other listed entities:

Interest in Shares and Options:

Non-Executive Director

August 8, 1994

Director and CEO of Roy Morgan Research Ltd.

Nil

Indirect and beneficial interest in 3,150,000 Haoma Mining shares via interest in the Levine Family Trust. Direct interest in 16,194 shares.

Total interests: 3,166,194 shares

Holds no interest in any options to acquire shares.

Nil

Special Responsibilities:

Wilton Timothy Carr INGRAM

Appointment Date:

Experience:

Directorships held in other listed entities:

Interest in Shares and Options:

Non-Executive Director

November 10, 2015

Mr Ingram has operated his own businesses in Australia and Hong Kong engaged in various fields including finance, corporate advice and marketing.

Mr Ingram has extensive skills in planning, communication and business development analysis to complement his broad base financial skills.

Nil

Indirect interest in 1,054,166 Haoma Mining shares via shareholding and directorships in Criterion Properties Pty Ltd and Loftus Group Ltd.

Total interests: 1,054,166 shares.

Holds no interest in any options to acquire shares.

Nil

Special Responsibilities:

James WALLACE B.Ec, CA

Appointment Date:

Experience:

Directorships held in other listed entities:

Interest in Shares and Options:

Company Secretary

November 21, 1997

Chartered Accountant and Commercial Manager.

Nil

Indirect interest in 100,000 Haoma Mining shares via membership of a self-managed superannuation fund.

Audit Committee Secretary

Special Responsibilities

No Director, during or since the end of the financial year, has received or become entitled to receive a benefit by reason of a contract made by the Company or a related body corporate with the Director or with a firm of which he is a member, or with an entity in which he has a substantial financial interest other than as shown in Note 20 (Related Party Information) to the financial statements.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

REMUNERATION REPORT – (AUDITED)

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements

Principles used to determine the nature and amount of remuneration

The Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors and senior management. This involves assessing the appropriateness of the nature and amount of emoluments on a periodic basis by reference to relevant employment market conditions including length of service and the particular experience of the individual concerned. The contracts of service between the Company and Directors and Executives are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement Directors and Executives are paid employee benefit entitlements accrued to the date of retirement. Termination payments are generally not paid on resignation or dismissal for serious misconduct. Employee contracts do not contain clauses linking remuneration to company performance.

Executives are given the option to receive remuneration in a variety of forms including cash and benefits such as superannuation, vehicles and expense payment plans. It is expected that the manner of payment chosen will be optimal for the recipient without creating undue costs for the company.

During the year, there were no alterations or modifications to share-based payment transactions granted as compensation to key management personnel.

Haoma did not engage the services of a remuneration consultant during the year.

Details of remuneration

During the year, the following persons were noted as Key Management Personnel:

Mr. Gary Morgan, Executive Director

Mr. Tim Ingram, Non-Executive Director

Ms. Michele Levine, Non-Executive Director

Mr. Peter Cole, General Manager

Details of the remuneration of Directors and Key Management Personnel of Haoma Mining are set out in Table 1.

Mr. Cole, together with the Directors, is the Group Executive with the most authority and responsibility for planning, directing and controlling activities of both the Consolidated Entity and the Parent Entity during the financial year. Mr. Cole is a consultant to Haoma Mining.

Table 1: Remuneration of Key Management Personnel

| 2017 | | Short-term Benefits | | Post Employment Benefits | Long-term Benefits | | |
|--|--------------------------|------------------------|-------------------|--------------------------|--------------------|----------------|---------------------|
| Name | Period of responsibility | Salary & Director Fees | Non-Cash Benefits | Super | Long Service Leave | Total | Performance Related |
| | | \$ | \$ | \$ | \$ | \$ | % |
| Executive Director Gary Morgan (*) | Full year | 40,000 | - | 3,800 | - | 43,800 | - |
| Non-Executive Directors | | | | | | | |
| Michele Levine (*) | Full year | 40,000 | - | 3,800 | - | 43,800 | - |
| Tim Ingram (*) | Full year | 20,000 | - | 1,900 | - | 21,900 | - |
| General Manager | | | | | | | |
| Peter Cole | Full Year | 148,800 | - | - | - | 148,800 | - |
| Total | | 248,800 | - | 9,500 | - | 258,300 | - |

(*) Directors' fees and superannuation contributions thereon have not been paid. The Board of Directors has deferred payment of Directors fees until it is determined that the company is in a financial position to re-commence payments.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

REMUNERATION REPORT – (AUDITED) *Continued*

| 2016 | | Short-term Benefits | | Post Employment Benefits | Long-term Benefits | | |
|--|--------------------------|------------------------|-------------------|--------------------------|--------------------|----------------|---------------------|
| Name | Period of responsibility | Salary & Director Fees | Non-Cash Benefits | Super | Long Service Leave | Total | Performance Related |
| | | \$ | \$ | \$ | \$ | \$ | % |
| Executive Director Gary Morgan (*) | Full year | 40,000 | - | 3,800 | - | 43,800 | - |
| Non-Executive Directors | | | | | | | |
| Michele Levine (*) | Full year | 40,000 | - | 3,800 | - | 43,800 | - |
| Tim Ingram (*) | 234 days | 12,826 | - | 1,218 | - | 14,044 | - |
| John McInnes (*) | 163 days | 14,348 | - | 1,363 | - | 15,711 | - |
| General Manager Peter Cole | Full Year | 157,800 | - | - | - | 157,800 | - |
| Total | | 264,974 | - | 10,181 | - | 275,155 | - |

(*) Directors' fees and superannuation contributions thereon have not been paid. The Board of Directors has deferred payment of Director's fees until it is determined that the company is in a financial position to re-commence payments.

Mr McInnes completed his term as a Director of Haoma Mining NL at the AGM on December 10, 2015. Mr Ingram was appointed on November 10, 2015 as an Independent Non-Executive Director for Haoma Mining NL replacing Mr. McInnes.

The number of shares in the Consolidated Entity held during the financial year by each Officer of the Consolidated Entity and Haoma Mining, including their personally related parties, are set out below. There were no shares granted during the period as compensation.

| 2017 | Balance at start of the year | Received as compensation | Options exercised | Net change other (*) | Balance at end of the year |
|-----------------|------------------------------|--------------------------|-------------------|----------------------|----------------------------|
| Gary Morgan | 128,182,961 | - | - | - | 128,182,961 |
| Michelle Levine | 3,166,194 | - | - | - | 3,166,194 |
| Tim Ingram | 827,130 | - | - | 227,036 | 1,054,166 |
| | 132,176,285 | - | - | 227,036 | 132,403,321 |
| 2016 | | | | | |
| Gary Morgan | 128,182,961 | - | - | - | 128,182,961 |
| Michelle Levine | 3,166,194 | - | - | - | 3,166,194 |
| John McInnes | 127,844,204 | - | - | (126,339,704) | 1,504,500 |
| Tim Ingram | 327,130 | - | - | 500,000 | 827,130 |
| | 259,520,489 | - | - | (125,839,704) | 133,680,785 |

(*) J.McInnes - Net change as a result of cessation as a Director of entities holding shares;
T. Ingram - Net change resulting from acquisitions within the year.

Service agreements

Remuneration and other terms of employment for the Directors and other Key Management Personnel may be formalised in service agreements.

The services of Haoma's General Manager, Peter Cole, is charged at a daily consulting rate. The agreement may be cancelled by either party upon giving two months notice.

Voting and Comments made at the 2016 Annual General Meeting

The Remuneration Report for the 2016 financial year received positive shareholder support at the 2016 AGM with 100.00% of votes in favour. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

This is the end of the remuneration report which has been audited.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

DIRECTORS' MEETINGS

During the financial year there were three full meetings of the Board of Directors and one meeting of the Audit Committee. The number of meetings attended by each of the Directors is:

| | Full meetings of Directors | Meetings of Audit Committee |
|--|---------------------------------------|--|
| Number of meetings held: | 3 | 1 |
| Number of meetings attended by: | | |
| Mr. G C Morgan | 3 | 1 |
| Ms. M Levine | 3 | - |
| Mr. T Ingram | 2 | - |

The Board of Directors' comprises 3 persons each of whom are in regular contact with each other and meet informally approximately once per week. In addition the Board is in daily contact by telephone and email communication. These regular and efficient forms of contact enable all of the Directors to keep abreast of company business and to ensure informed and timely decisions are reached. Where urgent matters arise that require formal adoption of resolutions by the Board, circulated resolutions are executed to effect decisions.

SHARES UNDER OPTION

There are no shares under option as at the date of this report.

INDEMNIFICATION OF OFFICERS AND AUDITORS

The Company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Company or related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings.

PROCEEDINGS ON BEHALF OF ENTITY

No person has applied for leave of Court to bring proceedings on behalf of the company or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

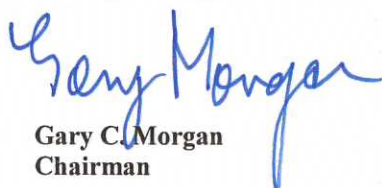
AUDITORS INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included at page 8.

NON-AUDIT SERVICES

There were no non-audit services provided by the auditor or by another person or firm on the auditor's behalf during the financial year.

This report is signed in accordance with a resolution of the Directors.



Gary C. Morgan
Chairman

Melbourne,
September 28, 2017

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

As lead auditor of Haoma Mining NL for the year ended 30 June 2017, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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



James Mooney
Partner

BDO East Coast Partnership

Melbourne, 28 September 2017

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Haoma Mining NL (“Haoma”) is responsible for the Corporate Governance Practices of the Economic Entity. The Board guides and monitors the business and affairs of Haoma Mining NL on behalf of the shareholders by whom they are elected and to whom they are accountable.

Good corporate governance is dependent on the culture of the Company generally, and Board and Senior Management in particular. Mere compliance with the ASX corporate governance recommendations in itself however, will not necessarily result in good corporate governance.

The Board of Haoma is committed to ensuring that a standard of good governance is maintained. It does this by ensuring that the company complies with not only the letter of the many regulations and laws governing the company’s operations but also complies with the spirit and intent of those regulations and laws. It is also committed to ensuring that the shareholders and the market are kept fully informed regarding the company’s operations and strategic direction.

Wherever feasible and operationally practical within the framework of a small Board and Management structure, Haoma supports compliance with the ASX Corporate Governance Council Principles and Recommendations. Unless otherwise disclosed in this statement, Haoma has adopted the Principles and recommendations as contained within Version 3 of the Australian Securities Exchange (‘ASX’) Corporate Governance Council Corporate Governance Principles and Recommendations. Non-compliance with Corporate Governance Principles and Recommendations are explained within this Statement under the “if not, why not” approach recommended by the Council.

This Statement is current as at June 30, 2017.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Haoma Mining presently has three Directors being the minimum number required for a public company. The responsibility for the day to day operation and administration of the Economic Entity is delegated by the Board to the Chairman, Mr. Gary Morgan and Management. The Board ensures that personnel are appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the management team.

Recommendations 1.2, 1.3 and 1.4 of this Principle relate to the process of Board appointments and the functioning of the Company Secretary’s role. Persons proposed for appointment to the Board are fully vetted prior to being appointed or put forward for election. The Company Secretary is directly accountable to the Chairman and is able to communicate directly with all Directors and vice versa.

Recommendation 1.5 requires that listed entities should have a gender diversity policy. Haoma does not have a formal written policy in relation to gender diversity. The current size of the company and the structure of the Board do not warrant the establishment of specific measurable objectives in relation to gender diversity. The need for a formal policy will be reviewed in line with future growth in the company’s size and personnel requirements. The Company however does support gender diversity in practice with one of the three board members being a female.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

The Corporate Governance Recommendations within this Principle broadly cover the processes of nomination, skills identification, assessment of independence, segregation of duties, induction and professional development of the Board and its individual members.

The skills, experience and expertise relevant to the position of each Director who is in office at the date of the Annual Report and their term of office are detailed in the Director’s Report.

The Directors in office at the date of this statement are:

| Name | Position |
|----------------|------------------------|
| Gary C Morgan | Chairman, Director |
| Michele Levine | Non-Executive Director |
| Tim Ingram | Non-Executive Director |

Recommendation 2.1 proposes that the Board should include a nomination committee of three members. Due to the small size of the Board, Haoma does not have a separate Nomination Committee. To ensure the Board is well equipped to discharge its responsibilities, Haoma has established guidelines for the nomination and selection of Directors and for the operation of the Board. Directors are appointed for a three year term after which time they seek re-election at an Annual General Meeting.

Recommendations 2.2 and 2.3 of this Principle recommend that the company develop a formal skills and diversity matrix for the composition of the Board and disclose the process for evaluating the independence of each director.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT

Recommendations 2.4 and 2.5 of this Principle recommend that the majority of the Directors should be Independent; the Chairman should be an Independent Director and should not also be the Chief Executive Officer.

As noted above, Gary Morgan is the Chairman of Haoma. Mr. Morgan is not considered to be an Independent Director due to his family's majority shareholding in Haoma. Michele Levine is not an Independent Director as she is the Chief Executive Officer of Roy Morgan Research Ltd which is a private company controlled by Mr. Morgan and has been on the Board for more than 10 years.

Accordingly, Haoma does not fully comply with ASX Corporate Governance Council's Recommendations 2.2, 2.3, 2.4 and 2.5 regarding disclosure and evaluation of independence. The relevance of these non-compliances must be considered in light of the fact that entities controlled by Mr. Gary Morgan hold shares in the company representing over 73% of the issued capital. Haoma is not a large company with a broad spread of shareholders. It is a company controlled and managed by Mr. Morgan in which outside shareholders have the opportunity to invest because it has ASX listing. The extent of Mr. Morgan's personal and financial commitment to Haoma is significant and is well known to the market. The overwhelming majority of current shareholders acquired their shares in the full knowledge of that relationship.

All Directors actively participate in meetings of Directors and it is not considered that the company or its shareholders are compromised or disadvantaged by the current Board structure.

All Directors have the right to seek independent professional advice in the furtherance of their duties as Directors at the company's expense. Directors are encouraged to pursue professional development opportunities pertinent to enhancing skills and knowledge relevant to the performance of their duties with Haoma Mining. Approval must be obtained from the Chairman prior to incurring any material expense in this regard.

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

The Board members are aware of the need to comply with all laws relevant to operations of the Company and their fiduciary and legal responsibilities as Director. Senior Executives have appropriate professional qualifications to support this principle. Due to the size and structure of Haoma it is not considered necessary to have a formal written code of conduct.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

Recommendation 4.1 of this Principle requires that a listed entity should maintain an Audit Committee comprised of at least three members, all of whom are non-executive directors and a majority of whom are independent directors.

As detailed in Principle 2 the size of Haoma's Board does not facilitate compliance with this recommendation. Haoma has for many years maintained a formal Audit sub-committee of the Board. The Audit Committee operates under a charter approved by the Board. It is the Audit Committee's responsibility to ensure that an effective internal framework exists within the entity. This includes internal controls, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators.

The Audit Committee provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial statements.

The Audit Committee is also responsible for nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual statutory audit and half year statutory review.

A formal sign off of the financial statements by the Chief Executive Officer and Chief Financial Officer is required.

The company's auditors attend the Annual General Meeting each year.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

Haoma provides timely and balanced disclosures of all material matters concerning the Company as required by the ASX listing rules. This means that all investors have equal and timely access to material information concerning the company – including its financial situation, performance, ownership and governance. The Company's announcements are factual and presented in a clear and balanced way to present positive and negative information.

The Directors are aware of the disclosure obligations as per the Corporations Act 2001 (Cwlth.) and ASX Listing rules and the need to comply with them. There is no formal document covering disclosure and compliance with ASX listing rules.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

The Company recognises and respects the rights of shareholders and facilitates the effective exercise of those rights. The Company empowers its shareholders by communicating effectively with them; providing ready access to balanced and understandable information about the Company and corporate proposals and making it easy for shareholders to participate in General Meetings.

While the Company does not have a documented procedure there is regular communication with shareholders including the electronic mailing of ASX Quarterly Activity Reports and information on matters of significance which affect the Company.

Haoma ensures that all ASX releases, financial reports and other information are readily accessible at minimum cost through the timely publication of documents on its website at www.haoma.com.au. An email address is provided on all correspondence and on the website for shareholders to initiate electronic communications with the company.

At each Annual General Meeting shareholders are given a detailed briefing regarding the activities of the Company and are encouraged to both attend and participate in General Meetings.

It is considered the size of the company does not warrant a formal written policy in this area.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Haoma does not have a formal Risk assessment sub-committee of the Board which is a non-compliance with Recommendation 7.1 and 7.2 of this Corporate Governance Principle. The Board acts on behalf of the shareholders and is accountable to the shareholders. The Board as a whole is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. In discharging these duties the Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical obligations.

Furthermore, the Board is responsible for ensuring that management objectives and activities are aligned with the expectations and risk management priorities identified by the Board. The Board has a number of internal control mechanisms in place to monitor management of business risks and to minimise the impact of accidental loss or damage to the company.

Due to the size and structure of Haoma it is not considered necessary to have a formal internal audit function. The direct review and approval of all transactions by the Chairman or members of the Board substantially mitigates the need for an internal audit function.

Economic risk is inherent in the gold exploration and mining industry. Haoma is a junior gold mining and exploration entity and is at present entirely reliant upon the financial support of its major shareholder to fund ongoing operations. Haoma endeavors to be fully transparent in relation to this material economic risk and shareholders are regularly apprised of this risk via the provision of financial reports included in Quarterly Activities Reports, Annual and Half Year Financial Reports and at the Annual General Meeting.

Environmental risk is a substantial risk associated with mining and exploration activities. Haoma continuously reviews its exposure to environmental risk and maintains internal procedures for monitoring and reporting on compliance with its policies in relation to protection and rehabilitation of areas impacted by its activities.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Haoma does not have a formal Remuneration Committee and does not disclose policies regarding the remuneration of directors and senior executives. This is a non-compliance with Recommendations 8.1 and 8.2 of this Corporate Governance Principle.

The Annual Directors' Report, financial statements and accompanying notes contain all details of Directors' remuneration and the remuneration of senior staff to the extent required by law. The company is small and because of its size and structure it is not considered necessary to have a Remuneration Committee of the Board.

There are no schemes for retirement benefits other than statutory superannuation for non-executive Directors.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

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HAOMA MINING NL AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2017

| | | CONSOLIDATED | |
|---|------|--------------------|--------------------|
| | Note | 2017 \$ | 2016 \$ |
| Continuing Operations | | | |
| Sale of gold and silver | | - | 135,040 |
| Retail sales | | 118,256 | 112,743 |
| Royalty income | | 80,017 | 42,183 |
| Revenue from test work | | 100,000 | - |
| Revenue | | 298,273 | 289,966 |
| Other income | 3(a) | 290,000 | - |
| Cost of sales | | (347,368) | (387,623) |
| Test work and plant configuration expenditure | | (1,536,687) | (2,152,886) |
| Exploration and tenement costs expensed | | (602,727) | (498,531) |
| Administration and compliance expense | 3(b) | (866,344) | (897,899) |
| Finance costs | 3(c) | (1,795,536) | (1,915,301) |
| Depreciation and amortisation costs | 3(d) | (193,606) | (159,770) |
| Rehabilitation gain | | 62,135 | 62,388 |
| Loss before income tax | | (4,691,860) | (5,659,656) |
| Income tax expense | 4 | - | - |
| Loss for the year after tax | | (4,691,860) | (5,659,656) |
| Other comprehensive income | | | |
| <i>Items that will not be reclassified subsequently to profit and loss</i> | | | |
| Gain /(Loss) on revaluation of financial assets | | - | 310,605 |
| Total comprehensive income for the year attributable to members of Haoma Mining NL, net of tax | | (4,691,860) | (5,349,051) |
| Earnings per share (cents per share) | | | |
| - Basic loss per share for the year attributable to ordinary equity holders of the parent | 5 | (2.47) | (2.98) |
| - Diluted loss per share for the year attributable to ordinary equity holders of the parent | 5 | (2.47) | (2.98) |

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

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2017

| | | CONSOLIDATED | |
|--|------|---------------------|---------------------|
| | Note | 2017 | 2016 |
| | | \$ | \$ |
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 7 | 9,455 | 8,812 |
| Trade and other receivables | 8 | 106,610 | 61,256 |
| Inventories | 9 | 156,844 | 251,335 |
| Total Current Assets | | 272,909 | 321,403 |
| Non-current Assets | | | |
| Property, plant and equipment | 11 | 816,791 | 941,182 |
| Exploration and evaluation | 12 | 5,655,230 | 5,897,830 |
| Total Non-Current Assets | | 6,472,021 | 6,839,012 |
| TOTAL ASSETS | | 6,744,930 | 7,160,415 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 13 | 2,203,719 | 2,087,592 |
| Interest bearing loans and borrowings | 14 | 71,985,685 | 67,801,202 |
| Provisions | 15 | 248,996 | 211,095 |
| Total Current Liabilities | | 74,438,400 | 70,099,889 |
| Non-Current Liabilities | | | |
| Provisions | 15 | 2,211,853 | 2,273,989 |
| Total Non-Current Liabilities | | 2,211,853 | 2,273,989 |
| TOTAL LIABILITIES | | 76,650,253 | 72,373,878 |
| NET LIABILITIES | | (69,905,323) | (65,213,463) |
| EQUITY | | | |
| Contributed equity | 16 | 60,608,361 | 60,608,361 |
| Accumulated losses | | (130,513,684) | (125,821,824) |
| TOTAL SHAREHOLDERS' EQUITY DEFICIENCY | | (69,905,323) | (65,213,463) |

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

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2017

| CONSOLIDATED | Share Capital | Financial Assets Fair Value Reserve | Accumulated Losses | Total Equity |
|---|-------------------|---|-----------------------|---------------------|
| | \$ | \$ | \$ | \$ |
| Balance at July 1, 2015 | 60,608,361 | (170,000) | (120,302,773) | (59,864,412) |
| Loss after income tax for the year | - | - | (5,659,656) | (5,659,656) |
| Other comprehensive income for the year, net of tax..... | - | 310,605 | - | 310,605 |
| <i>Total comprehensive income for the year</i> | - | 310,605 | (5,659,656) | (5,349,051) |
| Gain on disposal of shares reclassified to retained earnings | - | (140,605) | 140,605 | - |
| Balance at June 30, 2016..... | 60,608,361 | - | (125,821,824) | (65,213,463) |
| Balance at July 1, 2016 | 60,608,361 | - | (125,821,824) | (65,213,463) |
| Loss after income tax for the year | - | - | (4,691,860) | (4,691,860) |
| <i>Total comprehensive income for the year</i> | - | - | (4,691,860) | (4,691,860) |
| Balance at June 30, 2017..... | 60,608,361 | - | (130,513,684) | (69,905,323) |

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

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2017

| | Note | CONSOLIDATED | |
|---|------|--------------------|--------------------|
| | | 2017 | 2016 |
| | | \$ | \$ |
| Cash flows from operating activities | | | |
| Receipts from customers | | 281,254 | 295,038 |
| Other income | | 290,000 | - |
| Payments to suppliers and employees | | (1,015,928) | (2,367,252) |
| Exploration and development expenditure | | (1,869,987) | (1,484,152) |
| Interest paid | | (15,621) | (11,732) |
| Net cash used in operating activities..... | 7(b) | (2,330,282) | (3,568,098) |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (69,215) | (58,268) |
| Purchase of Mining Leases..... | | (7,400) | (2,000) |
| Proceeds from sale of Exterra Shares..... | | - | 460,605 |
| Net cash (used in)/provided by investing activities | | (76,615) | 400,337 |
| Cash flows from financing activities | | | |
| Payment of insurance premium funding | | - | (7,799) |
| Net movement in Loan funding from related parties | | 2,407,540 | 3,172,018 |
| Net cash provided by financing activities | | 2,407,540 | 3,164,219 |
| Net increase/(decrease) in cash held | | 643 | (3,542) |
| Cash and cash equivalents at the beginning of the financial year | | 8,812 | 12,354 |
| Cash and cash equivalents at the end of the financial year | 7(a) | 9,455 | 8,812 |

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

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

1 CORPORATE INFORMATION

The financial report of Haoma Mining NL for the year ended June 30, 2017 was authorised for issue in accordance with a resolution of the Directors on September 28, 2017.

Haoma Mining is a listed public company, incorporated and domiciled in Australia. The company's registered office is Tonic House, 386 Flinders Lane, Melbourne. The principal activities of the Group during the financial year were mineral exploration, the analysis of mineral deposits and the advancement of ore processing and extraction technology.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general purpose financial report of a for profit entity which has been prepared in accordance with the requirements of the *Corporations Act* 2001 and Australian Accounting Standards and Interpretations.

The financial report has been prepared on a historical cost basis, except for available-for-sale assets, which have been measured at fair value and provisions which have been carried at fair value. The financial report is presented in Australian dollars.

(b) Going Concern

The Consolidated Group produced a net loss of \$4,691,860 (2016: \$5,659,656) for the year ended 30 June 2017, had net current liabilities of \$74,165,491 (2016: \$69,778,486), had negative shareholders equity of \$69,905,323 (2016: \$65,213,463) and had negative cash flows from operating activities of \$2,330,282 (2016: \$3,568,098). The ability of the entity to continue as a going concern is dependent on the ongoing financial support from related parties, which indicates a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern.

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 June 30, 2017 the total debt owing in respect of funds provided to Haoma by related parties was \$39,565,535 (2016: \$37,157,995) along with accrued interest of \$32,420,150 (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 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.

(c) Statement of Compliance

The financial report of Haoma complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

In the current year, the consolidated group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. Details of the impact of those changes are set out in the individual accounting policy notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

2 STATEMENT OF ACCOUNTING POLICIES (continued)

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised and amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted other than AASB 9 Financial Instruments (2014) which was adopted with effect from 1 July 2011.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2017. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

• **AASB 16 Leases**

(applicable to annual reporting periods beginning on or after 1 January 2019)

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is not expected that the impact will be material.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

2

STATEMENT OF ACCOUNTING POLICIES (continued)

• **AASB 15 Revenue from Contracts with Customers**

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The standard will require contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue.

For goods, the performance obligation would be satisfied when the customer obtains control of the goods.

For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers.

For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied.

Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

(d) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2017 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities (including special purpose entities) over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. They are de-consolidated from the date that control ceases. Controlled entities are detailed in Note 10.

In preparing the financial statements, the financial impact of all inter-company balances and transactions between entities in the Consolidated group during the year have been eliminated. Accounting policies of subsidiaries are consistent with the parent.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

2 STATEMENT OF ACCOUNTING POLICIES (continued)

(e) Significant judgements, estimates and assumptions used in applying accounting policies

Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements and estimations, which were they to change, would have the most significant effect on the amounts recognised in the financial statements in future years:

Exploration and Mining Lease Commitments

The Group holds various exploration and mining lease permits over areas of interest in Western Australia and Queensland. Annual minimum expenditure requirements exist in order to retain the exclusive right to explore and mine on these leases. In a number of cases, leases are located adjacent to or in close proximity to each other and activities often overlap a number of leases. With the approval of the relevant State Government Departments, certain expenditures which are known to be applicable to a broad area covering a number of leases are aggregated and applied to the affected leases using allocation estimates. The decision as to which leases should be aggregated for this purpose requires an exercise of judgement.

Exploration Assets and impairment

Accounting estimates are required for the impairment of exploration assets. See note 2(q).

Provision for Rehabilitation costs.

Accounting estimates have been used to calculate the carrying value of Provision for Rehabilitation of exploration assets. The Provision for Rehabilitation is based on Rehabilitation Liability Estimates (RLE) provided by the Department of Mines and Petroleum in Western Australia which is based on the ground / environmental disturbance data submitted by Haoma on an annual basis. The provision is the sum of all rehabilitation liability estimates for all of Haoma's tenements adjusted for inflation and its present carrying value. See note 2(u).

(f) Segment Reporting

Operating Segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for the allocation of resources and assessing performance of the operating segments.

(g) Revenue Recognition

When in production, the Group's primary source of revenue is from the sale of precious metals, specifically gold and silver. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue from the sale of precious metal is therefore recognised upon supply of refined metal to the customer or on delivery against forward sale contracts. Other sources of revenue are recognised on the following basis:

Interest is recognised as it accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate.

The Group operates retail goods outlets at Comet Mine Tourist Centre at Marble Bar WA and at its Top Camp facility at Ravenswood, Queensland. Overnight accommodation facilities are provided at Top Camp. Revenue from the sale of goods and accommodation is recognised when completed.

Revenue from the provision of consulting services is recognised upon the delivery of the service to the customer.

Haoma has negotiated royalty contracts with companies for materials mined from Haoma's tenements. Royalty revenue is recognised and/or accrued upon confirmation that the royalty entitlement has been triggered in accordance with the underlying royalty agreement.

Revenue earned under 'Right to Mine' Agreements in respect to Group tenements is first applied against capitalised exploration costs in respect to those tenements. Revenue in excess of capitalised exploration is taken direct to income.

All revenue is stated net of goods and services tax (GST).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

2 STATEMENT OF ACCOUNTING POLICIES (continued)

(h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(i) Impairment of assets

At each reporting date the Group assesses whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at the revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(j) Income Tax

Haoma Mining NL and its wholly-owned Australian subsidiaries formed an income tax consolidated group on July 1, 2003. Haoma Mining NL is responsible for recognising the current and deferred tax assets and liabilities for the consolidated tax group. The consolidated tax group has entered a tax sharing agreement whereby each group company contributes to income tax payable in proportion to the net result before tax of the consolidated tax group.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to calculate taxation assets and liabilities are those that applied at year end balance date.

At the reporting date, deferred income tax is provided on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

2

STATEMENT OF ACCOUNTING POLICIES (continued)

Deferred income tax liabilities are recognised for all taxable temporary differences except when:

- the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, does not affect either accounting profit or taxable income; or
- the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward unused tax assets and unused tax losses, to the extent that it is probable that future taxable profits will be available to utilise the benefit of those deductible temporary differences, carry forward tax credits and tax losses, except when:

- the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, does not affect either accounting profit or taxable income; or
- the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that taxable income will be generated in the foreseeable future against which the temporary difference will reverse.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to utilise the deferred tax asset. Unrecognised deferred income tax assets are reassessed each balance date and are recognised to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, using tax rates that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and taxation authority.

(k) Borrowing Costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

(l) Cash and cash equivalents

For the purposes of the Consolidated statement of cash flows, cash and cash equivalents includes:

- cash at bank, cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts; and
- investment in money market instruments with less than 14 days to maturity.

(m) Inventories

Inventories are measured and valued as follows:

- Purchased consumables and materials are counted and valued at the lower of cost and net realisable value,
- Inventories of Run of Mine ore stockpiles, work in process, heap leach material and gold bullion are physically measured or estimated and are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated further costs of production and the estimated costs of selling.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

2

STATEMENT OF ACCOUNTING POLICIES (continued)

(n) Trade and other receivables

Trade receivables, are recognised and carried at original invoice amount less an allowance for any component of the debt for which collection is considered doubtful. An allowance for a doubtful debt is made when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified.

(o) Investments and other financial assets

Classification and measurement

The Consolidated Group classifies its financial assets in the following measurement categories; those to be measured subsequently at fair value, and those be measured at amortised cost. The classification depends on the entities business model for managing the financial assets and contractual terms of the cash flows.

(p) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and any impairment in value.

Plant and equipment

Plant and equipment is shown at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the cost of replacement parts that are eligible for capitalisation. The subsequent carrying amount of plant and equipment is reviewed annually at financial year end by Directors to ensure it is not in excess of the recoverable amount of these assets. Recoverable amount is the greater of fair value less costs to sell and value in use determined by discounted net cash flows.

The cost of fixed assets constructed within the Economic Entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Depreciation

All fixed assets including building and capitalised leased assets, but excluding freehold land, are depreciated on a straight line basis over their estimated useful lives to the economic entity commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to depreciation. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The default depreciation rates used where specific useful life estimates are not available for each class of depreciable assets are:

| Class of Fixed Asset | Depreciation Rate |
|-----------------------------|--------------------------|
| Plant and equipment | 4-25% |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

2 *STATEMENT OF ACCOUNTING POLICIES (continued)*

(q) Exploration and development expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of exploration interest. These costs are carried forward to the extent that they are expected to be recouped through the successful development or sale of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

The Directors have determined in which instances it is appropriate to capitalise or expense costs spent on these areas in the year to June 30, 2017.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

(r) Interest in Joint Ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

(s) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(t) Employee Leave Benefits and Entitlements

Provision is made for the expected future liability for employee benefits and entitlements arising from services rendered by employees to the reporting date. A current liability is recognised in respect of benefits and entitlements expected to be paid within one year and a non current liability is recognised for benefits and entitlements expected to be paid later than one year.

Employee benefits together with entitlements arising in respect of wages and salaries, long service leave, annual leave and sick leave that are expected to be settled within one year are measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Long service leave and other entitlements expected to be payable later than one year are measured at the present value of the estimated future cash flows to be made for those benefits. In determining the extent of liability, consideration is given to expected future salary and wage levels, related on costs, experience of employee retention and expired periods of service.

Liabilities for employer superannuation contributions are expensed when incurred.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

2 STATEMENT OF ACCOUNTING POLICIES (continued)

(u) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provision for Rehabilitation Costs

Rehabilitation costs are costs that are expected to be incurred as a consequence of the Economic Group undertaking its exploration and mining activities. Ground disturbance and other works that impact upon topography, environment and habitat may occur to varying degrees during exploration, evaluation, development, construction or production phases of the Group's activities.

As a consequence, there is a need for restoration work to be carried out either progressively or upon the abandonment of activity in an area of interest. The provision is measured as the present value of the future expenditure. On an ongoing basis, the rehabilitation liability will be re-measured in line with the changes in the time value of money (recognised as an expense in the profit or loss and an increase in the provision).

In determining the restoration obligations, the entity assumes no significant changes will occur in relevant Federal and State legislation in relation to restoration of disturbed areas.

(v) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised. Interest on loans and borrowings is recognised as an expense as it accrues.

(w) Earnings per share

Basic earnings per share is calculated as net profit/(loss) attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit/(loss) attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares ;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(x) Comparative figures

Where required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the consolidated entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items, a Statement of Financial Position as at the beginning of the earliest comparative period will be disclosed.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

| | CONSOLIDATED | |
|--|------------------|------------------|
| | 2017 | 2016 |
| | \$ | \$ |
| 3 REVENUE & EXPENSES | | |
| Continuing Operations | | |
| (a) Other Income | | |
| Other Income (i)..... | 290,000 | - |
| | <u>290,000</u> | <u>-</u> |
| (b) Administration and compliance expense | | |
| Corporate service costs | 443,122 | 489,793 |
| Legal and compliance costs | 153,782 | 146,445 |
| Management fees | 269,440 | 261,661 |
| | <u>866,344</u> | <u>897,899</u> |
| (c) Finance Costs | | |
| Director related entities loans | 1,776,943 | 1,903,569 |
| Bank charges | 15,621 | 11,732 |
| Interest charges | 2,972 | - |
| | <u>1,795,536</u> | <u>1,915,301</u> |
| (d) Depreciation of non-current assets | | |
| Property, plant and equipment..... | 193,606 | 159,770 |
| | <u>193,606</u> | <u>159,770</u> |
| (e) Employee benefits expense | | |
| Wages and salaries | 925,828 | 1,192,098 |
| Superannuation | 71,785 | 94,269 |
| Annual leave | 3,877 | 4,108 |
| | <u>1,001,490</u> | <u>1,290,475</u> |

(i) Non-refundable licence fee pursuant to a Right to Mine Agreement with DeGrey Mining Ltd.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

| | CONSOLIDATED | |
|---|--------------------|-------------|
| | 2017 | 2016 |
| | \$ | \$ |
| 4 INCOME TAX | | |
| The amount provided in respect of income tax differs from the prima facie benefit on operating loss. The difference is reconciled as follows: | | |
| Operating loss before income tax | (4,691,860) | (5,659,656) |
| Prima facie income tax expense/(benefit) calculated at 30% | | |
| Economic entity | (1,407,558) | (1,697,897) |
| Tax effect of temporary differences: | | |
| Deferred tax assets not recognised | 1,407,558 | 1,697,897 |
| Income tax expense | - | - |
| Net deferred tax assets which have not been brought to account comprise: | | |
| Income tax losses and timing differences | 12,462,976 | 12,160,480 |
| Deferred income tax liability | (1,696,569) | (1,769,349) |
| | 10,766,407 | 10,391,131 |

Deferred tax liabilities \$5,655,230 at 30% (2016: \$5,897,830 at 30%) that have arisen in the course of normal operations have been offset against unutilised deferred tax assets and as such have not been shown separately.

This benefit for tax losses will only be obtained if:

- the consolidated entity derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- the consolidated entity continues to comply with the conditions for deductibility imposed by Law; and
- no changes in tax legislation adversely affect the ability of the consolidated entity to realise these benefits.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

| | CONSOLIDATED | |
|--|--------------|------|
| | 2017 | 2016 |
| | \$ | \$ |

5 EARNINGS PER SHARE

| | | |
|---|--------------------|-------------|
| Net loss attributable to ordinary equity holders or the parent from continuing operations | (4,691,860) | (5,659,656) |
| Weighted average number of ordinary shares for basic earnings per share | 190,143,665 | 190,143,665 |
| Weighted average number of ordinary shares adjusted for the effect of dilution..... | 190,143,665 | 190,143,665 |

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

| | | |
|--|---------------|--------|
| Basic earnings per share (cents per share) | (2.47) | (2.98) |
| Diluted earnings per share (cents per share) | (2.47) | (2.98) |

6 DIVIDENDS PAID AND PROPOSED

There were no dividends provided for or paid during the financial year.

Franking credit balance

The amount of franking credits available for the financial year are:

| | | |
|--|----------------|---------|
| Franking account balance at July 1 | 685,523 | 685,523 |
| Other movements | - | - |
| Franking account balance at June 30 | 685,523 | 685,523 |

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

| | 2017 | 2016 |
|--|------|------|
| | \$ | \$ |

7 CASH AND CASH EQUIVALENTS

(Current)

(a) Reconciliation to Statement of Cash Flows

Cash at the end of the financial year as shown in the Statement of Cash Flows reconciled to items in the Statement of Financial Position as follows

| | | |
|---------------------------------|--------------|--------------|
| Cash and cash equivalents | 9,455 | 8,812 |
|---------------------------------|--------------|--------------|

Cash at bank earns interest at floating rates based on daily bank deposit rates.

(b) Reconciliation of net loss after tax to cash flows from operations

| | | |
|---|--------------------|--------------------|
| Loss after income tax | (4,691,860) | (5,659,656) |
| Depreciation and amortisation expense | 193,606 | 159,770 |
| Accrued interest - director related entity | 1,776,943 | 1,903,569 |
| <i>Changes in assets and liabilities:</i> | | |
| Decrease in trade debtors and other receivables | 29,886 | 5,072 |
| (Increase)/decrease in prepayments | (75,240) | 760 |
| Decrease/(increase) in inventories | 94,491 | (69,421) |
| Decrease in exploration and development costs | 250,000 | - |
| Increase in trade creditors and other creditors | 116,127 | 89,502 |
| (Decrease)/Increase in provisions | (24,235) | 2,306 |
| Net cash used in operating activities | (2,330,282) | (3,568,098) |

8 TRADE AND OTHER RECEIVABLES

(Current)

| | | |
|-----------------------------------|----------------|---------------|
| Trade and other receivables | 23,663 | 53,549 |
| Prepayments | 82,947 | 7,707 |
| | 106,610 | 61,256 |

Trade and other receivables are non-interest bearing. Due to the short term nature of trade receivables amounts, the carrying value is assumed to approximate fair value. The average credit period on trade receivables is generally 30 day terms and no interest is charged on balances past due. The Group has a history of full collection of trade receivable amounts and having considered the current outstanding amount is satisfied no provision for impairment loss is required.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

CONSOLIDATED

| 2017 | 2016 |
|------|------|
| \$ | \$ |

9 INVENTORIES

(Current)

| | | |
|---|----------------|----------------|
| Stores of consumables and spare parts | 156,844 | 251,335 |
| | 156,844 | 251,335 |

10 CONTROLLED ENTITIES

| Investments in Controlled Entities | Country of Incorporation | Percentage owned 2017 % | Percentage owned 2016 % |
|---|-----------------------------|----------------------------------|----------------------------------|
| Parent Entity | | | |
| Haoma Mining NL | Australia | - | - |
| North West Mining NL | Australia | 100 | 100 |
| Exploration Geophysics Pty Ltd | Australia | 100 | 100 |
| Kitchener Mining NL | Australia | 100 | 100 |
| Shares held by Kitchener Mining NL | | | |
| - Bamboo Creek Management Pty Ltd | Australia | 100 | 100 |

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

| | CONSOLIDATED | |
|--|--------------|------|
| | 2017 | 2016 |
| | \$ | \$ |

11 *PROPERTY, PLANT & EQUIPMENT*

(Non-current)

| | | |
|---|----------------|----------------|
| Property, Plant and Equipment at cost | 10,400,609 | 10,331,395 |
| Accumulated depreciation | (9,583,818) | (9,390,213) |
| Net carrying amount | 816,791 | 941,182 |

Movements in carrying amounts

Movements in the carrying amounts of property, plant and equipment between the beginning and the end of the financial year:

| | | |
|----------------------------------|----------------|----------------|
| Opening balance at July 1 | 941,182 | 1,042,684 |
| Additions | 69,215 | 58,268 |
| Depreciation | (193,606) | (159,770) |
| Net Carrying Amount | 816,791 | 941,182 |

12 *EXPLORATION & EVALUATION*

(Non-current)

Exploration and Evaluation expenditure

| | | |
|---------------------------|-----------|-----------|
| Net carrying amount | 5,655,230 | 5,897,830 |
|---------------------------|-----------|-----------|

Movements in carrying amounts

Movements in the carrying amount of exploration and evaluation expenditure between the beginning and the end of the financial year:

| | | |
|---|------------------|------------------|
| Opening balances July 1 | 5,897,830 | 5,895,830 |
| Additions | 7,400 | 2,000 |
| Proceeds from the Right to Mine granted for Klondyke and Warrawoona Group | (250,000) | - |
| Net carrying amount | 5,655,230 | 5,897,830 |

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

| | CONSOLIDATED | |
|---|------------------|------------------|
| | 2017 | 2016 |
| | \$ | \$ |
| 13 TRADE AND OTHER PAYABLES | | |
| (Current) | | |
| Trade creditors and accruals | 1,199,335 | 1,151,910 |
| Other creditors | 63,160 | 81,632 |
| | <u>1,262,495</u> | <u>1,233,542</u> |
| Related party payables: | | |
| Director's fees | 927,174 | 840,000 |
| Elazac Mining Pty Ltd | 14,050 | 14,050 |
| | <u>941,224</u> | <u>854,050</u> |
| | <u>2,203,719</u> | <u>2,087,592</u> |

Due to the short term nature of trade creditors, their carrying value is assumed to approximate their fair value. The Group's payment policy is that creditors are paid within payment terms or as otherwise negotiated. As a consequence no discounts or penalty payments arise.

14 **INTEREST BEARING LOANS AND BORROWINGS**

(Current)

| | | | |
|--|-----|-------------------|-------------------|
| Amount due to Director related entity (Secured)..... | (a) | 39,224,535 | 36,816,995 |
| Amount due to Director | (b) | 341,000 | 341,000 |
| Accrued interest - Director related entity | (a) | 29,986,187 | 28,219,540 |
| Accrued interest - Director loans | (c) | 2,433,963 | 2,423,668 |
| | | <u>71,985,685</u> | <u>67,801,203</u> |

(a) Funding for the company's ongoing operations is being provided by The Roy Morgan Research Centre Pty Ltd., a company owned and controlled by Haoma's Chairman and majority shareholder, Gary Morgan. The Roy Morgan Research Centre Pty Ltd has provided an assurance to the Board that it will continue to ensure funds are available to the company to fund operations for a period of at least 12 months from the date of this report.

(b) Amount due to Director is a loan from Michele Levine.

(c) Accrued interest of \$2,433,963 is comprised of \$51,366 relating to the loan from Michele Levine, the balance is accrued to Gary Morgan.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

| | CONSOLIDATED | |
|--|------------------|------------------|
| | 2017 | 2016 |
| | \$ | \$ |
| 15 PROVISIONS | | |
| (Current) | | |
| Provision for employee benefits | <u>248,996</u> | <u>211,095</u> |
| (Non-current) | | |
| Provision for rehabilitation | | |
| Opening balances July 1 | 2,273,989 | 2,336,377 |
| <i>Amounts charged to profit or loss</i> | | |
| Change in Assumptions | 363,084 | (36,233) |
| Change in Liability | <u>(425,220)</u> | <u>(26,155)</u> |
| Closing balances June 30 | <u>2,211,853</u> | <u>2,273,989</u> |

Provision for rehabilitation recognises future costs expected to be incurred in the restoration of soil, environment and habitat as a result of undertaking exploration and mining activities. The provision is determined as the present value of the future expenditure and assumes that associated outflows will be evenly incurred over a period of 5 years.

16 CONTRIBUTED EQUITY & RESERVES

(a) Share Capital

| | | |
|--|-------------------|-------------------|
| Issued Shares - Ordinary shares fully paid | <u>60,608,361</u> | <u>60,608,361</u> |
|--|-------------------|-------------------|

(b) Movements in Ordinary Share Capital

| | Number of Shares | \$ |
|------------------------------------|---------------------|-------------------|
| Contributed Equity | | |
| July 1, 2015 Opening balance | 190,143,665 | 60,608,361 |
| June 30, 2016 Balance | <u>190,143,665</u> | <u>60,608,361</u> |
| July 1, 2016 Opening balance | 190,143,665 | 60,608,361 |
| June 30, 2017 Balance | <u>190,143,665</u> | <u>60,608,361</u> |

(c) Ordinary Shares

Fully paid ordinary shares entitle the holder to participate in dividends and to one vote per share at meetings of the Company. Ordinary shares participate in the proceeds on winding up of the Company in proportion to the number of shares held.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

| | CONSOLIDATED | |
|--|--------------|------|
| | 2017 | 2016 |
| | \$ | \$ |

16 CONTRIBUTED EQUITY & RESERVES (continued)

(d) Reserves

Financial Assets Fair Value Reserve

| | | |
|--|----------|-----------|
| Opening balance | - | (170,000) |
| Revaluation during the year..... | - | 310,605 |
| Transfer to Accumulated Losses on Disposal of Investment | - | (140,605) |
| | <u>-</u> | <u>-</u> |

The Financial Assets Fair Value Reserve reflects changes in the fair value of equity investments held for sale.

17 COMMITMENTS & CONTINGENCIES

(i) Exploration & expenditure commitments

In order to maintain current rights of tenure to exploration and mining tenements, the Consolidated Entity will be required to meet tenement lease rentals and minimum expenditure requirements of the respective State Departments of Minerals and Energy as follows:

| | | |
|---|-------------------|-------------------|
| Within one year | 2,527,520 | 2,779,820 |
| After one year but not more than five years | 6,386,482 | 5,667,952 |
| Longer than five years | 13,159,278 | 9,882,312 |
| | <u>22,073,280</u> | <u>18,330,084</u> |

The Department of Mines & Petroleum (Western Australia) has agreed that, under the current circumstances, expenditure on testing Pilbara bulk ore samples using the Elazac Process at Kitchener Mining NL's Bamboo Creek mine site is eligible expenditure for the purpose of determining compliance with minimum expenditure requirements.

(ii) Financial support for controlled Entity

The Parent Entity has provided a "letter of support" to its controlled entity, Kitchener Mining NL, confirming that Haoma Mining NL will not call upon amounts due to it by Kitchener Mining NL unless Kitchener Mining NL has the capacity to pay. Total Kitchener Mining NL liabilities due at June 30, 2017 were \$ 6,062,274 (2016: \$5,832,420).

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

17 COMMITMENTS & CONTINGENCIES (continued)

Contingent Liabilities

Native Title

The decision of the High Court in *Mabo & Ors -v- the State of Queensland* ("Mabo Case") recognised a form of native title which, in cases in which it has not been extinguished, reflects the entitlement of the indigenous inhabitants, in accordance with their laws or customs, to their traditional lands.

Claims have been lodged with the Native Title Tribunal over a number of tenements applied for by the company. These tenements will not be granted by the respective Departments of Mines & Petroleum, in Western Australia and Queensland until the claims have been resolved. Where Native Title claims have been filed, Haoma has engaged in good faith negotiations with the Traditional Owners of the subject lands.

Until further information arises in relation to these claims, the company is unable to assess the likely effects, if any, of the claims. Any claim impacts the availability of the subject lands rather than requiring any financial settlement in respect of past actions.

Management Fee

Following a settlement with a former director, Kitchener Mining NL agreed to pay the director \$68,658. Payment will only be made when other directors' fees and management fees owing by Kitchener Mining NL for the period 1989 to 1993 are paid. The Directors' fees and management fees are only payable when Kitchener Mining NL has an operating profit in excess of \$500,000 in a financial year. A related party contingent liability exists to both The Roy Morgan Research Centre for a total \$1,000,000 and to the Directors' of Kitchener Mining for a total \$155,000 in respect to the financial years from 1 July 1989 to 30 June 1993.

Tenement Rehabilitation Bank Guarantees

State Governments may require that bank guarantees be provided to ensure that funds are available for ground and habitat rehabilitation in the event that a tenement holder does not complete restoration works upon cessation of exploration or mining activities.

At the reporting date, Haoma has provided bank guarantees to the Western Australia and Queensland State Governments totaling \$208,289. Security for the bank guarantees has been provided by Gary Morgan.

2017

\$

2016

\$

18 AUDITORS REMUNERATION

Remuneration of the auditor of the Economic Entity:

| | | |
|---|---------------|---------------|
| - auditing and reviewing the financial statements | 67,000 | 64,200 |
| | <u>67,000</u> | <u>64,200</u> |

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

19 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.

20 RELATED PARTY INFORMATION

Directors

Persons holding the position of Director of Haoma Mining NL during the financial year were Gary Cordell Morgan, Michele Levine and Wilton Timothy Carr Ingram.

Directors and Director-Related Entities

| | Roy Morgan Research Ltd | The Roy Morgan Research Centre Pty Ltd | Elazac Mining Pty Ltd | Leaveland Pty Ltd | Elazac Pty Ltd |
|--------------------|-------------------------|--|-----------------------|-------------------|----------------|
| Mr. Gary Morgan | Director | Director | Director | Director | Director |
| Ms. Michele Levine | Director | - | - | - | - |
| Mr. Timothy Ingram | | | Director | | |

Other transactions with Directors and Director-Related Entities

During the year Roy Morgan Research Ltd provided administrative support and services to Haoma Mining NL. That support is continuing. Roy Morgan Research charged management fees of \$269,440 for those services (2016: \$261,661).

Funding for the company's ongoing operations is being provided by The Roy Morgan Research Centre Pty Ltd, a company owned and controlled by Haoma's Chairman and majority shareholder, Gary Morgan.

To June 30, 2017 the total funding provided by The Roy Morgan Research Centre Pty Ltd was \$39,224,535 (2016: \$36,816,995). The Board of Haoma has approved payment of interest on funds advanced by Mr. Morgan or entities associated with him at the 30 day commercial bill rate plus a 1% margin. Interest accrues but will not be paid until such time as Haoma has attained a financial position represented by a positive net asset ratio and the Board determines that the company is in a financial position to commence interest payments. During the year to June 30, 2017, interest accrued on the funds advanced by The Roy Morgan Research Centre Pty Ltd was \$1,766,647 (2016: \$1,892,110), with total accrued interest amount to \$29,986,187 (2016: \$28,219,540).

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

20 RELATED PARTY INFORMATION (continued)

Other transactions with Senior Management

At year end a loan provided by Michele Levine to Haoma Mining NL amounting to \$341,000 (2016: \$341,000) is outstanding. It is repayable on demand but it has been agreed upon that payment of this debt is deferred until such time as Haoma is in a financial position to be able to make payments without adverse financial consequences to the company. During the year to June 30, 2017, interest on these funds were accrued using the 30 day commercial bill rate plus a 1% margin, the interest accrued was \$10,296 (2016: \$11,459).

The services of Mr. Peter Cole as General Manager for WA are provided to Haoma by Peter Cole and Associates Pty Ltd for which it received consulting fees of \$148,800 (2016: \$157,800).

Related Party Transactions – Economic Entity

On April 6, 1993 an agreement was reached between Kitchener Mining NL, Leaveland Pty Ltd and Elazac Mining Pty Ltd. The agreement acknowledges that all information obtained from test work undertaken by Kitchener Mining NL to resolve the metallurgical problems faced by the company is the property of Leaveland Pty Ltd, or its nominee Elazac Pty Ltd. On December 20, 1993 Elazac Pty Ltd sold the intellectual property to Elazac Mining Pty Ltd.

The reason information and intellectual property was owned by Leaveland Pty Ltd and Elazac Pty Ltd was that both companies paid consultant fees and other costs associated with the investigation and test work on Bamboo Creek and Normay ore at Bamboo Creek and other locations.

Kitchener Mining NL holds a licence to develop the process and both Kitchener Mining NL and Haoma Mining NL have the right to use the intellectual property for no fee.

The Roy Morgan Research Centre Pty Ltd is entitled to management fees from Kitchener Mining NL of \$1,000,000 for the financial years from 1 July, 1989, to 30 June, 1993. The management fees were treated as an accrued liability for the year ended June 30, 2004. However, due to the uncertainty of future profits, the liability has been reversed. For the year ended June 30, 2015 this has been treated as a contingent liability. The amount is payable when Kitchener Mining NL resumes mining operations and has an operating profit in excess of \$500,000 pa. This debt is non-interest bearing.

Holding Company Transactions with Subsidiaries

No interest has been charged on the remaining balance. The balance receivable at June 30, 2017 and 2016 was \$4,406,808. A provision for impairment loss has been fully provided against this amount.

Receivables from controlled entities have no fixed repayment term. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired.

| CONSOLIDATED | |
|--------------|------|
| 2017 | 2016 |
| \$ | \$ |

Key Management Personnel Compensation

The aggregate compensation of the Key Management Personnel is set out below:

| | | |
|------------------------------------|----------------|----------------|
| Short term employee benefits | 248,800 | 264,974 |
| Post employment benefits | 9,500 | 10,181 |
| | <u>258,300</u> | <u>275,155</u> |

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

21 FINANCIAL RISK MANAGEMENT AND POLICIES

Haoma's principal financial instruments comprise cash, receivables, payables and finance leases. The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk.

Although the Consolidated Group do not have documented policies and procedures, the Directors' manage the different types of risks to which it is exposed by considering the risk and monitoring the levels of exposure to interest rates and by being aware of market forecasts for interest rate and commodity prices.

Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk and liquidity risk, these are monitored through general budgets and forecasts.

The Consolidated Group and Haoma hold the following financial instruments:

| | CONSOLIDATED | |
|--|-------------------|-------------------|
| | 2017 | 2016 |
| | \$ | \$ |
| Financial Assets | | |
| Cash and cash equivalents | 9,455 | 8,812 |
| Trade and other receivables | 106,610 | 61,256 |
| Total Financial Assets | 116,065 | 70,068 |
| Financial Liabilities | | |
| Trade and other payables | 2,203,719 | 2,087,592 |
| Borrowings | 71,985,685 | 67,801,202 |
| Total financial liabilities | 74,189,404 | 69,888,794 |

Risk Exposure and Responses

Interest Rate Risk

Assets

Haoma's exposure to the risk of changes in market interest rates primarily relates to movements in cash deposit and borrowing rates. Risk is managed by continuous monitoring of these movements.

The Group's cash at bank and on hand had a weighted average floating interest rate at year end of 0.01% (2016: 0.01%).

Liabilities

Haoma's exposure to market interest rates relates primarily to the on-going funding provided by The Roy Morgan Research Centre Pty Ltd. The weighted average floating interest rate at year end was 2.63% (2016: 3.03%).

The Consolidated Group presently does not engage in any hedging or derivative transactions to manage interest rate risk.

Interest Rate Risk

The following sensitivity analysis is based on the interest rate risk exposure in existence at June 30, 2017.

At June 30, 2017, if interest rates had moved as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

21 FINANCIAL RISK MANAGEMENT AND POLICIES (continued)

| | CONSOLIDATED | | | |
|---------------------------------|------------------|-----------|------------------|-----------|
| | Post tax loss | | Equity | |
| | higher / (lower) | | higher / (lower) | |
| | 2017 | 2016 | 2017 | 2016 |
| | \$ | \$ | \$ | \$ |
| Financial Liabilities | | | | |
| Borrowings | | | | |
| Consolidated | | | | |
| + 0.75% (75 basis points) | 539,893 | 508,509 | (539,893) | (508,509) |
| - 0.75% (75 basis points) | (539,893) | (508,509) | 539,893 | 508,509 |

The movements in loss are due to higher/lower interest costs from variable rate debt and cash balances.

The sensitivity in financial assets is higher/lower taking into account interest rate volatility.

The sensitivity in financial liabilities is relatively unchanged. Management believes the risk exposures as at the reporting date are representative of the risk exposure inherent in the financial liabilities. A movement of + / - 0.75% is selected because of review of recent interest rate movements and economic data suggests this range is reasonable

Credit Risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. Haoma's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure excluding the value of any collateral or other security is equal to the carrying amount of these instruments net of any allowance for doubtful debts as disclosed in the statement of financial position and notes to the financial report. There are no concentrations of credit risk within the Group.

Haoma trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Consolidated Group's policy to securitise its trade and other receivables.

It is the Consolidated Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Haoma does not have any significant customers and accordingly does not have any significant exposure to bad or doubtful debts.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

21 FINANCIAL RISK MANAGEMENT AND POLICIES (continued)

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Haoma's approach to managing liquidity is to ensure as far as possible that the Consolidated Group will always have sufficient liquidity to meet its liabilities when due. This objective is maintained through a balance between continuity of funding and flexibility through the use of bank overdrafts, bank and other loans, finance leases and committed available credit lines. Additionally, Haoma manages liquidity risk by monitoring cash flow and maturity profiles of financial assets and liabilities.

The contractual maturities of financial liabilities, including estimated interest payments are provided below. There are no netting arrangements in respect of financial liabilities.

| CONSOLIDATED | < 6 months \$ | 6-12 months \$ | 1-5 years \$ | > 5 years \$ | Total \$ |
|--|-------------------|-------------------|-----------------|-----------------|-------------------|
| <u>Year Ended June 30, 2017</u> | | | | | |
| Financial Assets | | | | | |
| Cash and cash equivalents | 9,455 | - | - | - | 9,455 |
| Receivables and other receivables | 106,610 | - | - | - | 106,610 |
| Other financial assets | - | - | - | - | - |
| | 116,065 | - | - | - | 116,065 |
| Financial Liabilities | | | | | |
| Trade and other payables | 2,203,718 | - | - | - | 2,203,718 |
| Interest bearing liabilities | 71,644,685 | - | - | - | 71,644,685 |
| | 73,848,403 | - | - | - | 73,848,403 |
| <u>Year Ended June 30, 2016</u> | | | | | |
| Financial Assets | | | | | |
| Cash and cash equivalents | 8,812 | - | - | - | 8,812 |
| Receivables and other receivables | 61,256 | - | - | - | 61,256 |
| Other financial assets | - | - | - | - | - |
| | 70,068 | - | - | - | 70,068 |
| Financial Liabilities | | | | | |
| Trade and other payables | 2,087,592 | - | - | - | 2,087,592 |
| Interest bearing liabilities | 67,460,203 | - | - | - | 67,460,203 |
| | 69,547,795 | - | - | - | 69,547,795 |

Commodity Price risk

Haoma is exposed to commodity price risk. These commodity prices can be volatile and are influenced by factors beyond the Consolidated Group's control. As the Group is currently engaged in exploration and development activities, no significant sales of commodities are forecast for the next 12 months, and accordingly, no hedging or derivate transactions have been used to manage commodity price risk. The group does not have a material commodity price exposure at this time.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

21 FINANCIAL RISK MANAGEMENT AND POLICIES (continued)

Capital risk management

Haoma's objectives when managing capital is to safeguard Haoma's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Management of the Group and Haoma's capital is overseen by the Board.

Haoma is not exposed to any externally imposed capital requirements.

| | CONSOLIDATED | |
|---|----------------|----------------|
| | 2017 | 2016 |
| | \$ | \$ |
| Financing Facilities Available | | |
| At reporting date, the following financing facilities has been negotiated and were available: | | |
| Total facilities | | |
| - Business lending - bank guarantees | 208,289 | 208,289 |
| | <u>208,289</u> | <u>208,289</u> |
| Facilities used at reporting date | | |
| - Business lending - bank guarantees | 208,289 | 208,289 |
| | <u>208,289</u> | <u>208,289</u> |
| Facilities unused at reporting date | | |
| - Business lending - bank guarantees | - | - |
| | <u>-</u> | <u>-</u> |
| Total facilities | <u>208,289</u> | <u>208,289</u> |

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

22 PARENT ENTITY FINANCIAL INFORMATION

(a) Summary Financial Information

Haoma Mining NL is the Parent Entity of the Consolidated Group. The individual financial statements for the parent entity show the following aggregate amounts:

| | 2017 \$ | 2016 \$ |
|---|---------------------|---------------------|
| Statement of Financial Position | | |
| Current Assets | 272,909 | 321,403 |
| Non-current assets | 5,472,021 | 5,839,013 |
| Total assets | 5,744,930 | 6,160,416 |
| Current liabilities | 73,955,344 | 69,646,590 |
| Non-current liabilities | 1,039,443 | 1,301,677 |
| Total liabilities | 74,994,787 | 70,948,267 |
| Net Liabilities | (69,249,857) | (64,787,851) |
| Equity | | |
| Contributed equity | 60,608,361 | 60,608,361 |
| Accumulated Losses | (129,858,218) | (125,396,212) |
| Total Shareholders' Deficiency | (69,249,857) | (64,787,851) |
| Loss for the year | (4,462,006) | (5,631,644) |
| Total comprehensive income | (4,462,006) | (5,321,039) |

(b) Guarantees entered into by the parent entity.

Haoma Mining NL has provided guarantees, indemnities and financial support as follows:

- A 'letter of support' has been provided by Haoma Mining NL to its controlled entity, Kitchener Mining NL to the amount necessary to ensure it can meet its obligations when they fall due.

(c) Contingent liabilities of the parent entity.

Contractual commitments for exploration and expenditure costs exist for Haoma Mining NL. Minimum expenditure commitments of \$22,073,280 (2016: \$18,330,084) are necessary to maintain current rights of tenure to mining tenements. Refer to Note 17.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

23 INTEREST IN JOINT VENTURES

| Joint Venture | Interest | | Description of Tenements |
|-----------------------------|----------|------|--|
| | 2017 | 2016 | |
| | % | % | |
| Daltons Joint Venture | 25% | 25% | E45/2186, E45/2187, E45/2921, E45/2922 |

Assets and liabilities of the joint venture operations are included in the financial statements as follows:

| | Note | CONSOLIDATED | |
|---|------|--------------|------|
| | | 2017 | 2016 |
| | | \$ | \$ |
| Current Assets | | - | - |
| Non-current Assets | | | |
| Exploration and evaluation assets | 12 | - | - |
| Current Liabilities | | | |
| Trade and other payables | 13 | - | - |

Giralia Resources Pty Ltd (wholly owned subsidiary of Atlas Iron Ltd) has a 75% interest in the joint venture and is the Joint Venture Operator.

In March 2012 Haoma sold its 25 percent interest in the underlying tenements and iron ore rights at Mt Webber to Atlas Iron Ltd based on a ore reserve of 24 million tonnes. Atlas will make additional annual payments to Haoma on a pro-rata basis for any additional iron ore reserves on the Daltons JV tenements in excess of 24 million tonnes, equivalent to \$5.50 per tonne for Haoma's 25% share. In addition, Haoma now has the rights to all non-iron ore minerals on all of the Atlas and Haoma Daltons JV exploration and mining tenements including M45/1197 and the underlying exploration tenement E45/2186.

Concurrent with the sale of Mt Webber iron ore rights the Daltons Joint venture agreement was amended. The principal terms of the Amended JV Agreement granted Haoma rights to all non-iron ore minerals (including Platinum Group Metals – PGM) on all of the Atlas and Haoma Daltons JV exploration tenements including M45/1197 and the underlying exploration tenement currently recorded as E45/2186, and all other Daltons Joint Venture tenements (E45/2187, E45/2921, E45/2922).

24 EVENTS AFTER THE REPORTING DATE

On September 5, 2017 Haoma acquired 5 million ordinary shares in DeGrey Mining Ltd. The shares were acquired via the exercise of share options issued by DeGrey Mining in accordance with terms of the October 26, 2016 Right to Mine and Option to Purchase Agreement between Haoma and DeGrey Mining Ltd. The exercise price was \$0.058 cents per share and the total paid was \$290,000. DeGrey Mining Ltd shares are listed on the Australian Stock Exchange (ASX Code: DEG).

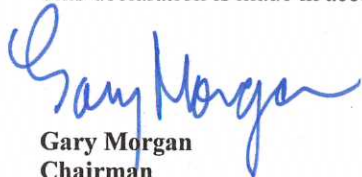
HAOMA MINING NL AND ITS CONTROLLED ENTITIES

Directors' Declaration

The Directors' of Haoma Mining NL declare that:

1. In the directors' opinion the financial statements and notes on pages 13 to 43 and the remuneration disclosures set out on pages 5 to 6, are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the Consolidated Group's financial position as at June 30, 2017 and of its performance for the financial year ended on that date; and
 - (b) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements.
2. The financial statements also comply with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as disclosed in Note 2(c).
3. In the Directors' opinion there are reasonable grounds to believe that the Parent Entity will be able to pay its debts as and when they become due and payable.
4. The Directors' have been given the declarations by the Chief Executive Officer and the Chief Financial Officer required by Section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors.



Gary Morgan
Chairman

Melbourne
September 28, 2017

INDEPENDENT AUDITOR'S REPORT

To the members of Haoma Mining NL

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Haoma Mining NL (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2(b) “Going Concern” 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 Group’s ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Exploration and Evaluation Assets

| <i>Key audit matter</i> | <i>How the matter was addressed in our audit</i> |
|---|---|
| <p>Refer to note 12 in the financial report.</p> <p>The Group carries exploration and evaluation expenditure totalling \$5,655,230 in accordance with the Group’s accounting policy for exploration and evaluation expenditure as disclosed in note 1(q).</p> <p>The carrying value of exploration and evaluation expenditure is a key audit matter due to its significance to total assets, and the level of procedures undertaken to evaluate management’s application of the requirements of AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i> with regards to any indicators of impairment that may be present.</p> | <p>Our procedures included:</p> <ul style="list-style-type: none"> • Obtaining evidence that the Group has valid rights to explore in the areas represented by the capitalised exploration and evaluation expenditure by obtaining confirmation of a sample of the Group’s tenement holdings. • Agreeing a sample of the additions to capitalised exploration expenditure during the year to supporting documentation, and ensuring that the amounts were capitalised correctly. • Making enquiries of management with respect to the status of ongoing exploration programs in the respective areas of interest and assessing the Group’s cashflow budget for the level of budgeted spend on exploration projects. • Assessing the ability to finance any planned future exploration and evaluation activity. • Assessing and evaluating management’s assessment of impairment. |

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Audit of the Remuneration Report

Opinion

We have audited the Remuneration Report included in pages 5 to 6 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Haoma Mining NL, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.



Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO East Coast Partnership

A handwritten signature in black ink, appearing to read 'James Mooney'. Above the signature is a stylized, handwritten 'BDO' logo.

James Mooney
Partner

Melbourne, 28 September 2017

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

STOCK EXCHANGE - ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report.

A. 20 Largest Shareholders as at Sept 27, 2017

| Shareholders | Shareholding | |
|-----------------------------------|--------------------|--------------|
| | No. of shares | % held |
| Leaveland Pty Ltd | 115,000,000 | 60.48 |
| Elazac Pty Ltd | 11,339,704 | 5.96 |
| Michele and Alexandra Levine | 3,150,000 | 1.65 |
| Cornelia & Jack Van Beelen | 3,122,000 | 1.65 |
| Konrad & Mary Christina Schroeder | 2,964,369 | 1.56 |
| Geoffrey Mark Cottle | 2,366,934 | 1.25 |
| RJ Annells Super Fund | 2,125,000 | 1.12 |
| Charles & Sandra Curwen | 1,941,000 | 1.03 |
| GC & GJ Morgan | 1,843,257 | 0.97 |
| George S Harris Superannuation | 1,823,613 | 0.96 |
| Etonwood Management Pty Ltd | 1,500,000 | 0.79 |
| BNP Paribas Nominees Pty Ltd | 1,480,784 | 0.78 |
| Edwin & Susan Davies | 1,400,000 | 0.74 |
| PYC Investments Pty Ltd | 1,010,000 | 0.53 |
| First Charnock Pty Ltd | 1,000,000 | 0.53 |
| Peter Joseph Scales | 1,000,000 | 0.53 |
| Selstock Pty Ltd | 810,000 | 0.43 |
| Gregory Young Pty Ltd | 700,000 | 0.37 |
| Nicholas & Meredith Ingram | 660,000 | 0.35 |
| HSBC Custody Nominees | 620,600 | 0.33 |
| Harry Cooper | 600,000 | 0.32 |
| | 156,457,261 | 82.33 |
| Total Shares on Issue | 190,143,655 | |

B. Substantial Shareholders

| Name | Number of Shares | Class of Share |
|-------------------|------------------|----------------|
| Leaveland Pty Ltd | 115,000,000 | Ordinary |
| Elazac Pty Ltd | 11,339,704 | Ordinary |

C. Distribution of Equity Securities

(i). Ordinary shares issued by Haoma Mining NL

| Range of Shares held | # of Shareholders |
|----------------------|-------------------|
| 1 - 1,000 | 661 |
| 1,001 - 5,000 | 823 |
| 5,001 - 10,000 | 294 |
| 10,001 - 100,000 | 399 |
| 100,001 - and over | 93 |

Total 2,270

- (ii) There were 1,484 holders with less than a marketable parcel of 5,000 shares comprising a total of 2,726,437 ordinary shares.
- (iii) The twenty largest shareholders hold between them 82.33% of the issued capital.

D. Class of Shares and Voting Rights

Issued shares are of one class and carry equal voting rights.

E. Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

STOCK EXCHANGE - ADDITIONAL INFORMATION

F. Mining Tenement Summary

(a). Tenements held by Haoma Mining NL (100%)

(i) Pilbara, Western Australia

| | | | | | | | | | |
|--------------|----------|-------------|----------|-------------|----------|---------|----------|----------|----------|
| Bamboo Creek | E45/2982 | E45/3217 | E45/4117 | E45/4118 | L45/72 | M45/480 | M45/481 | M45/874 | M45/885 |
| | P45/2946 | to P45/2952 | P45/2967 | to P45/2971 | | | | | |
| Blue Bar | M45/591 | M45/906 | M45/874 | P45/2966 | | | | | |
| Copenhagen | M45/682 | P45/2982 | | | | | | | |
| Lalla Rookh | M45/442 | | | | | | | | |
| Marble Bar | E45/4060 | E45/4069 | E45/4070 | E45/4072 | E45/4201 | M45/515 | M45/607 | P45/2844 | P45/2878 |
| | P45/2893 | | | | | | | | |
| North Pole | E45/2532 | M45/329 | | | | | | | |
| North Shaw | E45/3930 | E45/3940 | E45/3942 | E45/4071 | E45/4098 | L45/60 | P45/2873 | P45/2874 | P45/2875 |
| | P45/2876 | | | | | | | | |

(ii) Linden, Western Australia

| | | |
|--------------|---------|---|
| Golden Ridge | M26/534 | (Avoca Resources Ltd is the beneficial owner of this tenement. Haoma has retained legal title and is entitled to royalties from gold produced.) |
|--------------|---------|---|

(b) Tenements beneficially held by Haoma Mining NL (100%)

Pilbara, Western Australia

| | | | | | | | | | | |
|-------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|--------|
| Apex | P45/2979 | | | | | | | | | |
| 20oz Gully | P45/2961 | P45/2962 | P45/2963 | M45/411 | | | | | | |
| Big Stubby | M45/57 | M45/284 | M45/453 | M45/554 | | | | | | |
| Comet | G45/21 | M45/14 | M45/16 | M45/385 | M45/438 | M45/459 | M45/478 | L45/4 | L45/12 | L45/37 |
| Copper Hills / Stirling | G45/36 | M45/238 | M45/346 | M45/357 | M46/177 | | | | | |
| Copenhagen | M45/240 | | | | | | | | | |
| Coronation | M45/672 | M45/679 | | | | | | | | |
| Corunna | E45/3941 | | | | | | | | | |
| Fieldings Gully | M45/521 | | | | | | | | | |
| Grace Project | E45/3655 | | | | | | | | | |
| Lalla Rookh | M45/648 | M45/649 | | | | | | | | |
| Lionel | M46/43 | M46/44 | | | | | | | | |
| Marble Bar | M45/680 | M45/678 | P45/2954 | P45/2955 | P45/2956 | P45/2957 | P45/2958 | P45/2964 | P45/2965 | |
| | P45/2980 | P45/2981 | | | | | | | | |
| McKinnon | M45/490 | M45/606 | M45/873 | | | | | | | |
| Mercury Hill | M45/588 | | | | | | | | | |
| Mustang | M45/680 | P45/2954 | P45/2955 | P45/2956 | P45/2957 | P45/2958 | | | | |
| North Pole | M45/395 | M45/514 | M45/650 | M45/651 | M45/665 | | | | | |
| Soansville | M45/847 | | | | | | | | | |
| Tassie Queen | M45/76 | M45/235 | M45/296 | M45/297 | M45/655 | E45/4061 | P45/2985 | | | |
| Wallingara | E45/2983 | E45/4116 | M45/1186 | | | | | | | |
| Warrawoona | M45/547 | M45/671 | | | | | | | | |

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

STOCK EXCHANGE - ADDITIONAL INFORMATION

(c) Tenements beneficially held by Kitchener Mining NL (100%)

i) Bamboo Creek, Western Australia

M45/480 M45/481 L45/72 P45/2242 P45/2243 P45/2244

(ii) Ravenswood, Queensland

| | | | |
|--------------------------|---------------|--------------------|---------------|
| Budgerie | ML1325 | Barrabas | EPM8771 |
| Burdekin Gold | EPM14297 | Robe Range | EPM14038 |
| Old Man & Copper Knob | ML1326 ML1330 | Waterloo | ML1529 |
| Elphinstone | ML10275 | Podokys | ML10315 |
| Ravenswood Mining Claims | MC2205 MC2206 | Wellington Springs | ML1415 ML1483 |
| Robe Range East | EPM17832 | | |

(d) Giralia Resources NL (75%) & Haoma Mining NL (25%) Joint Venture Tenements

| | | | | |
|---------------------------------|----------|----------|----------|----------|
| North Shaw Western Australia | E45/2186 | E45/2187 | E45/2921 | E45/2922 |
|---------------------------------|----------|----------|----------|----------|



Figure 25: Bamboo Creek Plant, Bamboo Creek Valley and Bamboo Creek Range (right) which contains gold mineralization



Figure 26: Comet Gold Mine Plant from Tourist Centre looking south, the Conglomerate Formations are shown on the left above the house.