



Haoma Mining NL

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Haoma Mining Current Activities Report to Shareholders

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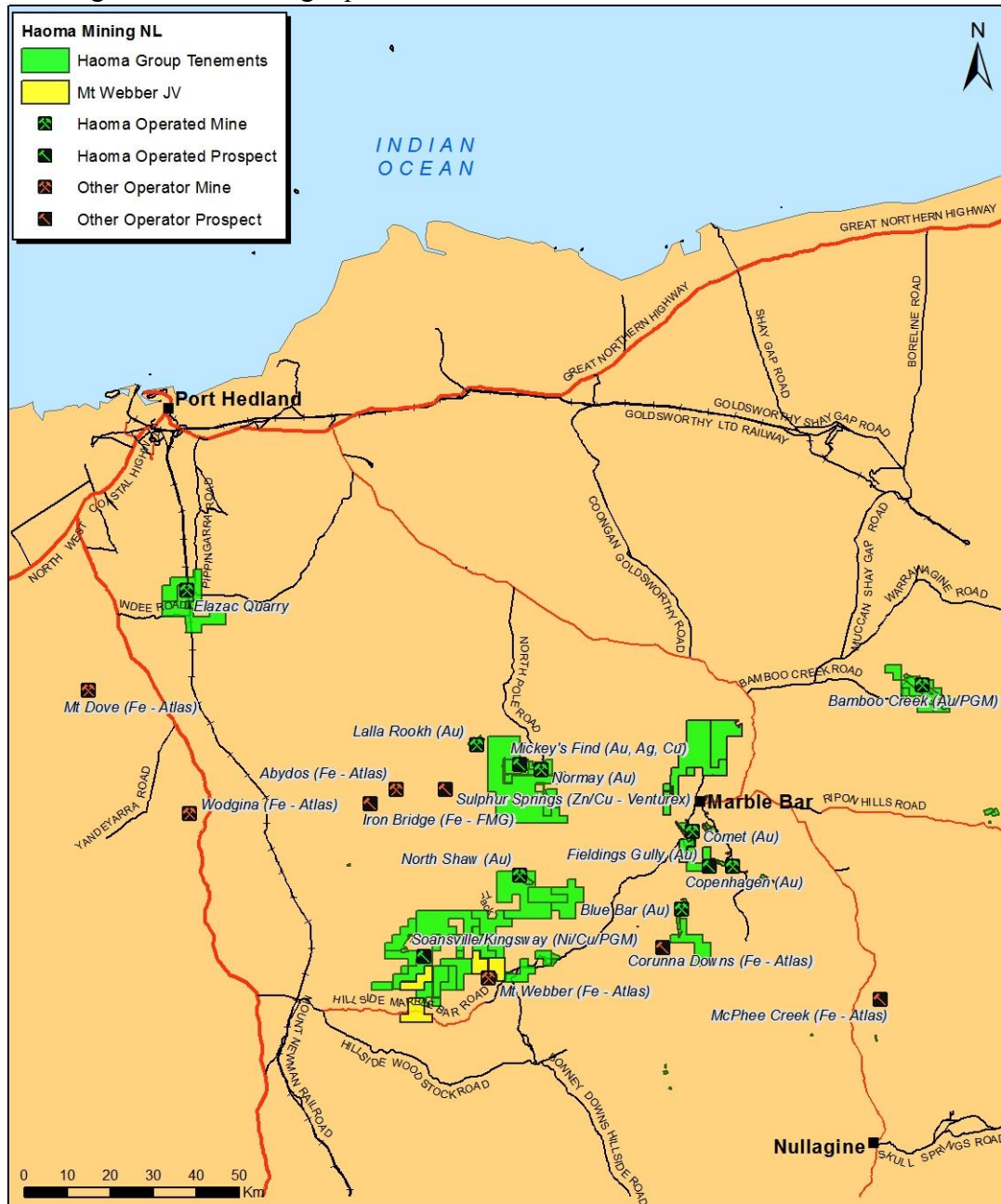


Figure 1: Location map of Haoma Mining NL Pilbara mining tenements. (Yellow areas show Haoma joint venture tenements with Atlas Iron.)

1. Establishment of the trading hub (Ecosystem) with PrimaryMarkets for the secondary trading of Haoma Mining Shares

Haoma shareholders have been made aware the company was removed from the ASX Official List on February 2, 2018. The Directors consider that in the circumstances of the then ongoing discussions between Haoma and ASX the action taken by ASX to delist Haoma at that time was unnecessary and unwarranted.

Removal from the ASX occurred following a difference of opinion between Haoma and the ASX concerning the reporting of gold nuggets discovered at one of Haoma's exploration areas which the ASX deemed to be non-JORC 2012 compliant. Portions of Haoma's proposed announcement are set out below:

"On October 16, 2017 Haoma announced that bulk sampling under the supervision of Mr. Peter Cole at Just-in-Time and Tassie Queen had recovered 'flat – watermelon seedlike' nuggets from conglomerates near the Comet Mine. The recovered 'flat – watermelon seed-like' gold nuggets were nearly 100% pure gold..... The nuggets were similar to nugget discoveries by Novo Resources (TSX-V: NVO) and Artemis Resources (ASX: ARV) at 'Comet Well' and 'Purdy's Reward' and by De Grey Mining (ASX: DEG) at 'Louden's Patch' – 120 km from Purdy's Reward & a further 200 km from Haoma's discovery at the Comet Mine.

Copies of all relevant correspondence between Haoma and the ASX in regard to the issue over which Haoma and the ASX were in conflict have been posted on Haoma's website.

<https://arc-haoma.s3.amazonaws.com/uploads/2018/02/Consolidated-Correspondence-with-ASX.pdf#page=1>



Figure 2: Nuggets collected near the surface from Just-in-Time conglomerate, south west of the Comet Mine, total weight of nuggets 33.167 grams.

Since being delisted Haoma has sought to identify a suitable and cost effective platform where Haoma's shares can be easily traded. The Directors are pleased to advise shareholders that they believe this has been achieved with the recent appointment of PrimaryMarkets to establish on their platform a Haoma Mining NL private share trading hub ('**Ecosystem**').

Existing Haoma shareholders or prospective shareholders wishing to sell or purchase shares in Haoma Mining will be able to register buy and sell offers within the Ecosystem. Sell and buy offers will be transacted and settled in accordance with the Haoma share trading rules as published on the Ecosystem. The Ecosystem will open on Wednesday June 6, 2018.

Many Haoma shareholders hold small parcels of shares that under ASX trading rules were considered to be sub-marketable holdings (less than A\$500.00 in value) and could not be transacted on the ASX trading platform. There is no such restriction on the share parcel size that may be offered for sale through the Ecosystem. Transaction fees applying to each individual sell and buy transaction excluding GST are as follows:

Sell-Side

\$25 (Up to and including \$2,000)
\$50.00 (Over \$2,000 up to \$5,000 (inclusive))
\$100.00 (Over \$5,000 up to \$10,000 (inclusive))
\$100.00 plus 0.5% on transaction value above \$10,000

Buy-Side

\$100.00 (Up to and including \$10,000)
\$100.00 plus 0.5% on transaction value above \$10,000

For a period of six months from June 6, 2018 Haoma will match any sell offers placed in the trading hub at \$0.24 per share (being equal last ASX trade price in October 2017) for share parcels of up to 5,000 shares and which comprise the entire holding of the registered shareholder/seller. Haoma will also meet all fees (sell -side and buy-side) associated with each such transaction.

Shareholders or prospective shareholders wishing to sell or purchase shares in Haoma Mining can now register buy and sell offers within the Ecosystem. Sell and buy offers will be matched and settled in accordance with the published share trading rules for the ecosystem. A copy of the share trading rules is attached.

Any person wishing to buy or sell shares in Haoma Mining must initially register their details with Primary Markets. The online registration process is straightforward and following confirmation of registrant details offers can be submitted to the platform for matching.

Registration to access the Haoma Ecosystem is located at: <https://www.primarymarkets.com/member>

Primary Markets have a number of online support tools and staff available to assist shareholders in the process of placing offers into the Ecosystem.

In conjunction with the creation of the Ecosystem, the Haoma Mining share register will move to a new share register established with Primary Ledger Limited which is a subsidiary of Primary Markets. This will ensure completed share trade transactions can be quickly processed through the company share register.

All shareholders will receive confirmation of holder balances following completion of the transfer of the share register from Computershare to Primary Ledger.

Shareholders seeking assistance or further information in relation to the new arrangements are welcome to contact the Company Secretary, Jim Wallace at +613 9224 5142 or via email at jim.wallace@roymorgan.com or Kate Graham at PrimaryMarkets +612 9993 4420 or via email at kg@primarymarkets.com.

2. **Haoma's activities at Bamboo Creek, Western Australia – including latest test results¹**

Haoma's Bamboo Creek Pilot Plant is currently capable of producing a concentrate which contains 3%-5% precious metals (gold, silver and platinum group metals) which overseas refineries will accept.

On March 9, 2018 Haoma shareholders were advised that "Significant Gold and Platinum Grades were measured in repeat assays of Nuggety Gully (Bamboo Creek) 'Concentrate'.

Following are four additional Bamboo Creek test work results obtained since March 9, 2018.

The samples tested were from:

- 2.1) **Bamboo Creek Tailings,**
- 2.2a&b) **Bamboo Creek Nuggety Gully Scree and**
- 2.3) **'<1mm fines' screened from 'low grade' Mt Webber iron ore**

The four results below are significant. Test work is continuing on the four samples. These additional tests are expected to **increase the quantity** of 'Metal concentrate' recovered from each

¹ Information & data in Section 2 of this report as it relates to Metallurgical Results is based on information compiled by Mr. Peter Cole who is an expert in regard to this type of metallurgical test work. The results relate to testing the effectiveness of a new method of assaying for gold and other mineral content (the Refined Elazac Assay Method) and a new method for extraction of gold and other minerals from the ore (the Refined Elazac Extraction Method). These methods are together referred to as the Elazac Process. The information reported relates solely to ongoing test work in relation to bringing the Elazac Process to commercial realisation. Mr. Cole has worked in the mining industry for over 30 years and has been associated with the development of the Elazac Process over a long period (approximately 20 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.

sample. This would result in **subsequent increases** in 'calculated' 'Precious metal Head Grade' of each sample. All samples tested are readily available for repeat tests or bulk processing.

- 2.1 Using the Bamboo Creek Plant facilities to process a 70 kg sample of **Bamboo Creek Tailings** (using the Elazac Process) a 'Metal concentrate' was recovered which represented 0.34% of the 70kg **Bamboo Creek Tailings** sample processed.

XRF analysis of the 'metal concentrate' measured the following 'Precious metal' grades:

- **2.24% gold, and**
- **2.59% platinum**

Applying the above % 'Precious metal' grades to the **Bamboo Creek Tailings** showed the 'calculated' 'Precious metal Head Grade' of **Bamboo Creek Tailings** was:

- **74g/t gold, and**
- **82g/t platinum.**

- 2.2a Using the Bamboo Creek Plant facilities to process a 2.05kg sample of **Bamboo Creek Nuggety Gully Scree** (using the Elazac Process) a 'Metal concentrate' was recovered which represented 0.6% of the 2,50kg **Bamboo Creek Nuggety Gully Scree** sample processed.

XRF analysis of the 'Metal concentrate' measured the following 'Precious metal' grades:

- **1.77% gold, and**
- **0.83% platinum.**

Applying the above % 'Precious metal' grades to the **Bamboo Creek Nuggety Gully Scree** showed the 'calculated' 'Precious metal Head Grade' of **Bamboo Creek Nuggety Gully Scree** was:

- **105g/t gold, and**
- **49g/t platinum.**

- 2.2b The above **Bamboo Creek Nuggety Gully Scree** test was **repeated with a 70 kg sample of the '-6mm' fraction from Bamboo Creek Nuggety Gully Scree**. The '-6mm' fraction is about 50% of the **Bamboo Creek Nuggety Gully Scree** and using a dry blower can be recovered from the **Nuggety Gully Scree** without crushing. ('Free gold' recovered from the '-6mm' fraction from **Bamboo Creek Nuggety Gully Scree** equated to **0.6g/t**.)

Using the Bamboo Creek Plant facilities to process a 70kg sample of **'-6mm' fraction from Bamboo Creek Nuggety Gully Scree** (using the Elazac Process) a 'Metal concentrate' was recovered which represented 1.1% of the 70kg **'-6mm' fraction from Bamboo Creek Nuggety Gully Scree** sample processed.

XRF analysis of two 'Metal concentrate' sub-samples measured the following 'Precious metal' grades:

- **0.67% & 0.48% gold, and**
- **0.55% & 0.40% platinum.**

Applying the above % 'Precious metal' grades to the **'-6mm' fraction from Bamboo Creek Nuggety Gully Scree** showed the 'calculated' 'Precious metal Head Grade' of **'-6mm' fraction from Bamboo Creek Nuggety Gully Scree** was:

- **54g/t gold, and**
- **46g/t platinum.**

- 2.3 Using the Bamboo Creek Plant facilities to process a 9.84kg^(*) sample of **'<1mm fines' screened from 'low grade' Mt Webber iron ore** (using the Elazac Process) a 'Metal concentrate' was recovered which represented 0.95% of the 9.84kg **'<1mm fines' screened from 'low grade' Mt Webber iron ore** sample processed.

XRF analysis of the 'Metal concentrate' measured the following 'Precious metal' grades:

- **0.66% gold, and**
- **1.00% platinum.**

Applying the above % 'Precious metal' grades to the '<1mm fines' screened from 'low grade' Mt Webber iron ore showed the 'calculated' 'Precious metal Head Grade' of '<1mm fines' screened from 'low grade' Mt Webber iron ore was:

- **62g/t gold, and**
- **95g/t platinum.**

During the Elazac Process an additional 3.26g/t gold was recovered into aqua regia solution. When added to the above the 'calculated' 'Precious metal gold Head Grade' of '<1mm fines' screened from 'low grade' Mt Webber iron ore is:

- **65.25g/t gold**

Haoma is now able to use the Bamboo Creek Plant test facilities to conduct test work on 'other' Pilbara gold bearing ores.

(*) Representing 30% of the '<1mm fines' screened from 'low grade' Mt Webber iron ore

2.4 Bamboo Creek Pilot Plant

Haoma's management and consultants believe current test work involving different Pilbara gold bearing ores will be completed in the current month. When completed Haoma will establish at Bamboo Creek a Pilot Plant with two '1 tonne smelters' which should each day be capable of producing 40+kg of 'Metal concentrates' containing 3+% precious metals.

The 'Metal concentrate' produced will contain sufficient quantities of 'Precious metal' for an overseas refiner to accept them and produce 'Precious metals' when refined.



Figure 3: Bamboo Creek Processing Plant looking north, (conglomerates and sediments belonging to the prospective basal Fortescue Group are behind the range at top of photo)

3. Dolerite mining at Cookes Hill (E45/2983) – including ending of BGC Tribute Agreement to mine Dolerite from Haoma's Elazac Quarry (M45/1005)

For the last 10 years Haoma's Elazac Quarry located about 50km south of Port Hedland has been operated by BGC Contracting Pty Ltd to supply dolerite for Pilbara infrastructure construction including new airstrips, 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 is now operating the Elazac Quarry. Total sales of dolerite and other 'hard rock' in the December Quarter was \$280,316.

4. Haoma's activities in the Ravenswood District, Queensland

During 2017 accommodation facilities were refurbished at Haoma's Top Camp Road House & Caravan Park situated at the entrance to the historical Ravenswood mining town in North Queensland.

https://www.facebook.com/Top-Camp-Roadhouse-Caravan-Park-1761013214229119/menu/?ref=page_internal

Improved facilities have resulted in more accommodation bookings and 'passing trade' patronage. In the 4 months to April 2018 monthly turnover averaged about \$25,000 which has more than covered costs. Further site upgrades are being undertaken which should result in a further increase in Top Camp patronage. Shareholders who wish to visit the Ravenswood District and stay at Top Camp will receive a 20% discount on accommodation.

https://en.wikipedia.org/wiki/Ravenswood,_Queensland

5. Funding Haoma's Mining Operations

Haoma presently earns revenue from Elazac Quarry sales of dolerite and 'hard rock', 'Comet Mine Tourist Centre' sales, Top Camp accommodation and retail activities and gold produced from mineralogical test work activities.

Over the last 4 weeks Haoma has received \$2.18 million from the sale of 37.5 million Calidus Resources Limited shares and 4.1 million De Grey Mining Limited shares.

It is anticipated that Haoma's earnings from 'precious metal' production will soon increase to a level which will cover all of Haoma's costs.

In addition Haoma will in the next 6 weeks commence production of 'conglomerate' nuggets at the Comet Mine.

If the costs associated with Haoma's activities do not provide sufficient funds for operations, funding for the 'consolidated group' will be provided by The Roy Morgan Research Centre Pty Ltd, a company owned and controlled by Haoma's Chairman, Gary Morgan.

The Roy Morgan Research Centre Pty Ltd has given an assurance that repayment of accumulated debt will not be required until Haoma's annualised EDITDA exceeds \$15 million per annum and that debt repayments would not be required to exceed 50% of Haoma's EBITDA in any year. Notwithstanding that there is no immediate requirement for repayment of the loan, the Directors regularly review the level of debt. In the event that Haoma at that time has a cash surplus in excess of short term funding requirements the Directors may elect to make a voluntary repayment of funds to The Roy Morgan Research Centre Pty Ltd.

At December 31, 2017 the principal debt to The Roy Morgan Research Centre Pty Ltd was \$40.36 million. Interest accrued for the 3 months to December 31, 2017 was \$471,009. Total interest accrued and unpaid to December 31, 2017 is \$30.75 million. Interest on debt to Roy Morgan Research Centre accrues at the 30 day commercial bill rate plus a facility margin of 1%.

Yours sincerely,



Gary C Morgan, B Comm.
Chairman