



HAOMA MINING NL

ANNUAL REPORT

JUNE 30, 2019

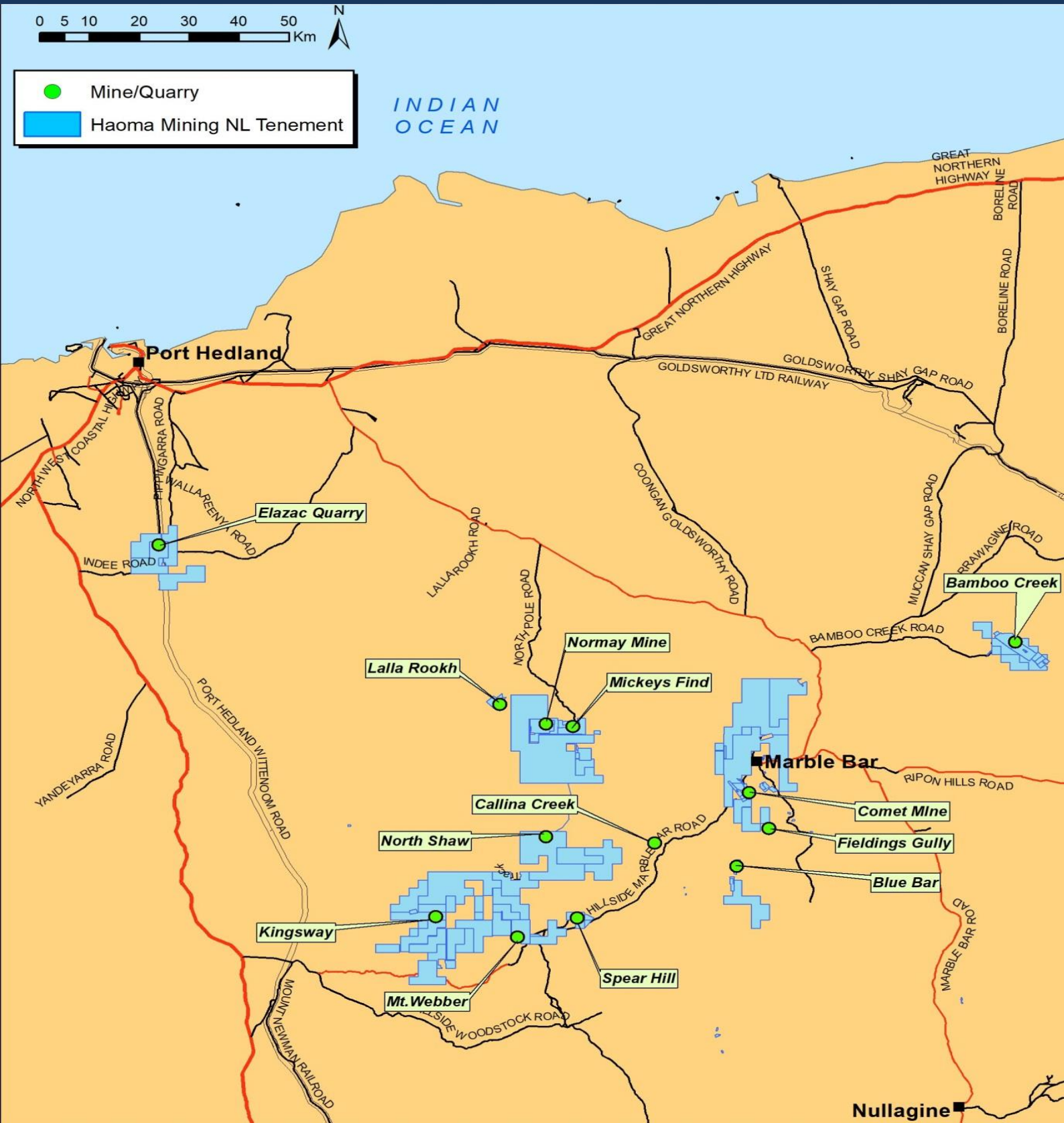


Figure 1: Location map of Haoma Mining NL Pilbara mining tenements

Directors

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

Secretary

James A Wallace, CA

Registered Office and Head Office:

Melbourne

Tonic House
386 Flinders Lane
Melbourne, Victoria 3000
Tel: (03) 9629 6888
Fax (03) 9629 1250

Email: haoma@roymorgan.com

Postal Address

GPO Box 2282
Melbourne, Victoria 3001
Website: www.haoma.com.au

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

Westpac Banking Corporation

Share Registry

PrimaryLedgers
Level 12,
179 Elizabeth Street,
Sydney NSW Australia 2000

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

MISSION STATEMENT

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.
Wednesday December 18, 2019
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.

CHAIRMAN'S REVIEW & REPORT ON OPERATIONS

1. Financial results

The financial statements for the Year to June 30, 2019 show that Haoma Mining recorded a consolidated loss of \$5.36 million. The result is after expensing interest charges of \$2.11 million and writing off \$1.9 million of costs associated with research and test work.

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, 2019 my family's total cash commitment to Haoma was recorded at \$41.5 million. That figure does not include my family's equity investment or any interest on the funds.

2. Haoma's activities in Western Australia

2.1 Test Work at Bamboo Creek

As reported on November 28 test work showed Haoma can recover 29.32g/t gold from the million tonnes of Bamboo Creek Tailings. This result was obtained from initially processing a 3.299kg 'concentrate sub-sample' which was recovered and smelted from 2.025 dry tonnes of **Bamboo Creek Tailings**. (Test work results reported November 28 are shown as Appendix A below)

As also reported on November 28, 2019 over the "next 4 weeks" the Bamboo Creek Plant will be modified to process **Bamboo Creek Tailings** initially at about 50 tonnes per day before being increased to about 100 tonnes per day.

Shareholders should be well aware that Bamboo Creek Tailings are fairly homogeneous as they have been previously milled and when assayed by conventional aqua regia or fire assay method never read more than 0.3g/t gold.

Over the last 7 days, processing of the 2.025 dry tonne bulk sample of Bamboo Creek Tailings continued while Haoma's consultants designed and began constructing 'special equipment' to recover 29.32g/t gold (reported on November 28).

Haoma is pleased to announce an 'interim result' using the existing Bamboo Creek Plant and a 'low cost' method recovered 10.168g of gold bullion (75% gold by XRF) from the 2.025 dry tonnes of **Bamboo Creek Tailings. Gold recovered equates to 3.77g/t from Bamboo Creek Tailings.** (See Appendix B)

Haoma expects to recover 29.32g/t gold from Bamboo Creek Tailings when construction of the new 'special equipment' is completed and operating.



Figure 1: Bamboo Creek Processing Plant, Pilbara WA

Appendix A: Haoma Test Work Results Reported November 28, 2019

Test work results reported November 28, 2019

As reported on September 20, 2019 the Bamboo Creek Plant has been reconfigured to recover gold into cyanide solution. (See Appendix A, September 20, 2019 Shareholder Report.)

Haoma has continued using the Bamboo Creek Plant to process bulk samples of:

- *Bamboo Creek Scree (Concentrates), and*
- *Bamboo Creek Tailings.*

*The **Bamboo Creek Scree Concentrates** are produced from processing Bamboo Creek Scree through the Bamboo Creek Plant. The quantity of gold recovered from processing **Bamboo Creek Scree Concentrates** is dependent on the different scree samples processed.*

***Bamboo Creek Tailings** are fairly homogeneous as they have been previously milled and when assayed by conventional aqua regia or fire assay method never read more than 0.3g/t gold.*

*Over the last 3 weeks the Elazac Process was used to process 2.025 dry tonnes of **Bamboo Creek Tailings**. After initial processing, a 3.299kg 'concentrate sub-sample' was recovered and smelted.*

*A total 0.67141g of bullion was recovered measuring 84.21% gold. This equates to a 'back calculated' gold grade of **Bamboo Creek Tailings** of 29.32g/t.*

*This result is significantly higher than aqua regia or fire assays of 0.3g/t gold; and also higher than the 1.47g/t gold grade 'back calculated' to the **Bamboo Creek Scree** bulk sample processed. (See Appendix A, September 20, 2019 Shareholder Report.)*

*Haoma's Consultants believe the gold grade recovered from the latest **Bamboo Creek Tailings** trial could be higher once the final Elazac Leaching Process and Elazac Bullion Recovery Process are optimized.*

*As of today Haoma can recover 29.32g/t gold from the million tonnes of **Bamboo Creek Tailings**.*

*Over the next 4 weeks the Bamboo Creek Plant will be modified to process **Bamboo Creek Tailings** initially at about 50 tonnes per day before being increased to about 100 tonnes per day.*

Appendix B: Bamboo Creek Tailings

Haoma Mining NL - Bamboo Creek Laboratory												
XRF Analysis												
Sample ID:		1276571										
Sample Weight:		10.168g From 12.12g										
Sample Type:		BOLLION From PRINTING OF Ag Cu Fe METAL										
	Auto Select 1			Auto Select 2			Position 3			Position 4		
Note	PM			Note				Note				Av G
Time	142.56			Time				Time				
MQ	2.9			MQ				MQ				
File	1276571			File				File				
El	%	ppm		El	%	ppm	El	%	ppm	El	%	
Au	75.00	750014								Au		
Ag	17.96									Pb		
Cu	6.12									Fe		
Yb	0.36									S		
Fe	0.27									Ni		
Ni	0.28									Co		
										Cu		

Figure 2: Gold bullion (75% gold) which results in a calculated Bamboo Creek Tailings gold grade of 3.77g/t.

2.2 Rare Earth Test Work

Haoma Mining in conjunction with consultants at the University of Melbourne School of Engineering, is continuing to assess the presence and extent of Rare Earths on its Pilbara tenements located at Bamboo Creek, Mt Webber and surrounding areas with a view to assessing the viability of extracting Rare Earths for commercial sale.

In September 2019 numerous quantities of valuable Rare Earths including **Terbium or Tb (65)**, **Thulium or Tm (69)** and **Europium or Eu (63)** were measured by XRF at the University of Melbourne in samples of Bamboo Creek Tailings; and a Bamboo Creek Tailings Concentrate (about 6.33% of the Bamboo Creek Tailings).

1) Rare Earths measured in **Bamboo Creek Tailings** were as follows:

- **0.73% Terbium or Tb (65);** and
- **0.32% Europium or Eu (63)**

2) Rare Earth measured in **Bamboo Creek Tailings Concentrate** was as follows:

- **0.27% Thulium or Tm (69)**

This test work was a follow up to test work conducted in April 2019 and reported to shareholders on May 8 when XRF analysis at the University of Melbourne of subsamples of concentrates and treated concentrates from the processing of **Nuggety Gully Scree** identified a number of Rare Earth and other elements. The grades identified (see Table 1 below) are based on the sample grade and are not reflected to 'Head Grade' although the concentrates represent more than 0.5% of the ore. Some of the elements are reported with a higher level of certainty than others.

Test work at Bamboo Creek and the University of Melbourne on measuring and recovering Rare Earths is continuing on samples from Bamboo Creek Scree, Bamboo Creek Tailings and 'low grade' Mt Webber iron ore.

Table 1: Nuggety Gully Scree Rare Earth Grades (by XRF analysis)

Rare Earths	Symbol	Atomic #	XRF (ppm)
Scandium	Sc	21	196
Yttrium	Y	39	1128
Lanthanum	La	57	0
Cerium	Ce	58	2659
Praseodymium	Pr	59	0
Neodymium	Nd	60	0
Promethium	Pm	61	0
Samarium	Sm	62	554
Europium	Eu	63	>1000*
Gadolinium	Gd	64	>1000*
Terbium	Tb	65	>1000*
Dysprosium	Dy	66	0
Holmium	Ho	67	0
Erbium	Er	68	1680
Thulium	Tm	69	0
Ytterbium	Yb	70	0
Lutetium	Lu	71	0
Other Elements			
Titanium	Ti	22	69894
Rubidium	Rb	37	597
Niobium	Nb	41	149
Hafnium	Hf	72	2964

* Conclusive identification and quantification not ascertained

Rare Earths are crucial to the supply of elements used in modern technologies including medical uses, mobile phone components, electric cars, magnetic power generators, magnetic separators, batteries, etc.

In addition potential European, UK, USA and Asian refineries of PGM (Platinum Group Metals) and Rare Earths are being investigated to potentially process concentrates produced by Haoma. (See Appendix C below for explanation of the 17 Rare Earths elements).

Appendix C: Rare Earths

Rare Earths are a series of chemical elements found in the Earth's crust that are vital to many modern technologies.

There are 17 elements that are considered to be Rare Earth elements: 15 elements in the lanthanide series and two additional elements that share similar chemical properties. They are listed below in order of atomic number:

Scandium or Sc (21)

Scandium, a silvery-white metal, is a non-lanthanide rare earth. It is used in many popular consumer products, such as televisions and fluorescent or energy-saving lamps. In industry, the primary use of scandium is to strengthen metal compounds. The only concentrated sources of scandium currently known are in rare minerals such as thortveitite, euxenite, and gadolinite from Scandinavia and Madagascar.

Yttrium or Y (39)

Yttrium is a non-lanthanide rare earth element used in many vital applications, such as superconductors, powerful pulsed lasers, cancer treatment drugs, rheumatoid arthritis medicines, and surgical supplies. A silvery metal, it is also used in many popular consumer products, such as color televisions and camera lenses.

Lanthanum or La (57)

This silver-white metal is one of the most reactive rare earth elements. It is used to make special optical glasses, including infrared absorbing glass, camera and telescope lenses, and can also be used to make steel more malleable. Other applications for lanthanum include wastewater treatment and petroleum refining.

Cerium or Ce (58)

Named for the Roman goddess of agriculture, Ceres, cerium is a silvery-white metal that easily oxidizes in the air. It is the most abundant of the rare earth elements and has many uses. For instance, cerium oxide is used as a catalyst in catalytic converters in automotive exhaust systems to reduce emissions, and is highly desirable for precision glass polishing. Cerium can also be used in iron, magnesium and aluminum alloys, magnets, certain types of electrodes, and carbon-arc lighting.

Praseodymium or Pr (59)

This soft, silvery metal was first used to create a yellow-orange stain for ceramics. Although still used to color certain types of glasses and gemstones, praseodymium is primarily used in rare earth magnets. It can also be found in applications as diverse as creating high-strength metals found in aircraft engines and in flint for starting fires.

Neodymium or Nd (60)

Another soft, silvery metal, neodymium is used with praseodymium to create some of the strongest permanent magnets available. Such magnets are found in most modern vehicles and aircraft, as well as popular consumer electronics such as headphones, microphones and computer discs. Neodymium is also used to make high-powered, infrared lasers for industrial and defense applications.

Promethium or Pm (61)

Although the search for the element with atomic number 61 began in 1902, it was not until 1947 that scientists conclusively produced and characterized promethium, which is named for a character in Greek mythology. It is the only naturally radioactive rare earth element, and virtually all promethium in the earth's crust has long ago decayed into other elements. Today, it is largely artificially created, and used in watches, pacemakers, and in scientific research.

Samarium or Sm (62)

This silvery metal can be used in several vital ways. First, it is part of very powerful magnets used in many transportation, defense, and commercial technologies. Second, in conjunction with other compounds for intravenous radiation treatment it can kill cancer cells and is used to treat lung, prostate, breast and some forms of bone cancer. Because it is a stable neutron absorber, samarium is used to control rods of nuclear reactors, contributing to their safe use.

Europium or Eu (63)

Named for the continent of Europe, europium is a hard metal used to create visible light in compact fluorescent bulbs and in color displays. Europium phosphors help bring bright red to color displays and helped to drive the popularity of early generations of color television sets. Fittingly, it is used to make the special phosphors marks on Euro notes that prevent counterfeiting.

Gadolinium or Gd (64)

Gadolinium has particular properties that make it especially suited for important functions, such as shielding in nuclear reactors and neutron radiography. It can target tumors in neuron therapy and can enhance magnetic resonance imaging (MRI), assisting in both the treatment and diagnosis of cancer. X-rays and bone density tests can also use gadolinium, making this rare earth element a major contributor to modern health care solutions.

Terbium or Tb (65)

This silvery rare earth metal is so soft it can be cut with a knife. Terbium is often used in compact fluorescent lighting, color displays, and as an additive to permanent rare earth magnets to allow them to function better under higher temperatures. It can be found in fuel cells designed to operate at elevated temperatures, in some electronic devices and in naval sonar systems. Discovered in 1843, terbium in its alloy form has the highest magnetostriction of any such substance, meaning it changes its shape due to magnetization more than any other alloy. This property makes terbium a vital component of Terfenol-D, which has many important uses in defense and commercial technologies.

Dysprosium or Dy (66)

Another soft, silver metal, dysprosium has one of the highest magnetic strengths of the elements, matched only by holmium. Dysprosium is often added to permanent rare earth magnets to help them operate more efficiently at higher temperatures. Lasers and commercial lighting can use dysprosium, which may also be used to create hard computer disks and other electronics that require certain magnetic properties. Dysprosium may also be used in nuclear reactors and modern, energy-efficient vehicles.

Holmium or Ho (67)

Holmium was discovered in 1878 and named for the city of Stockholm. Along with dysprosium, holmium has incredible magnetic properties. In fact, some of the strongest artificially created magnetic fields are the result of magnetic flux concentrators made with holmium alloys. In addition to providing coloring to cubic zirconia and glass, holmium can be used in nuclear control rods and microwave equipment.

Erbium or Er (68)

Another rare earth with nuclear applications, erbium can be found in neutron-absorbing control rods. It is a key component of high-performance fiber optic communications systems, and can also be used to give glass and other materials a pink color, which has both aesthetic and industrial purposes. Erbium can also help create lasers, including some used for medical purposes.

Thulium or Tm (69)

A silvery-gray metal, thulium is one of the least abundant rare earths. Its isotopes are widely used as the radiation device in portable X-rays, making thulium a highly useful material. Thulium is also a component of highly efficient lasers with various uses in defense, medicine and meteorology.

Ytterbium or Yb (70)

This element, named for a village in Sweden associated with its discovery, has several important uses in health care, including in certain cancer treatments. Ytterbium can also enhance stainless steel and be used to monitor the effects of earthquakes and explosions on the ground.

Lutetium or Lu (71)

The last of the rare earth elements (in order of their atomic number) has several interesting uses. For instance, lutetium isotopes can help reveal the age of ancient items, like meteorites. It also has applications related to petroleum refining and positron emission tomography. Experimentally, lutetium isotopes have been used to target certain types of tumors.

3. Haoma's other Western Australia activities

Haoma continued with its work to develop profitable gold mining operations based around its processing plants at Bamboo Creek and at Normay near North Shaw.

3.1 Mickey's Find (M45/328)

In view of the significant advances made in the Elazac Assay Process and Elazac Gold Extraction Process Haoma is reviewing the feasibility of recommencing gold ore processing operations at Normay to recover gold and other metals from the Mickey's Find deposit and Normay Tailings.

In 2003 an extensive program of RC (Reverse Circulation) drilling at Mickey's Find (near Normay) confirmed the presence of a major 'corridor' of gold-silver and copper mineralisation. The 'corridor' includes several zones of mineralisation including the known old mining areas of the Mickey's Find Mining Centre, Democrat Mine and Breen's Mine.

The resource estimate for Mickey's Find and the adjacent Breen's exploration areas is in excess of 14.4 million tonnes containing by conventional assay methods approximately 410,000 ounces of gold, 3 million ounces of silver and 13,000 tonnes of copper. (See Table 2)

Table 2: 2003 Resource estimate of gold and silver at Mickey's Find (MFML, MFE, and MFS) using "Aqua Regia" digest/AAS assay results.

Deposit Area	Resource Category	Tonnes	Au Grade (g/t)	Ag Grade (g/t)	Cu Grade (%)	Contained Ounces Au	Contained Ounces Ag	Contained Tonnes Cu
MFE	Indicated	2,010,000	1.12	14.6		72,400	940,300	
	Inferred	265,000	2.58	22.8		22,000	194,600	
MFML & MFS	Indicated	2,990,000	1.36	4.3		130,300	416,400	
	Inferred	6,540,000	0.77	5.4		161,600	1,135,400	
MFML, MFE & MFS	Indicated	5,000,000	1.26	8.4		202,700	1,356,700	
	Inferred	6,805,000	0.84	6.1		183,600	1,330,000	
<i>Mickey's Find Total Resource</i>		11,805,000	1.02	7.1	N/A	386,300	2,686,700	N/A
<i>Breen's Resource</i>		2,600,000	0.36	6.1	0.52	30,000	508,000	13,520

The Resource estimates shown above are calculated on the basis of the tabulated drill results combined with the known geological information where there was sufficient understanding to determine the geometry of the ore shoots. All Resources toward the western part of the MFML are included in the "Inferred" category due to a limited amount of drill information and the low grades in this area which may eventually rule against the mining of this material.

The above information and Resource calculations were prepared in 2003 by Mr H. Davies, a Fellow of the Australasian Institute of Mining and Metallurgy and a competent person under the JORC Code for the Reporting of Identified Mineral Resources and Ore Reserves.

Trial processing of oxide ores from Mickey's Find in March 2003 confirmed that there are no metallurgical problems associated with processing ore from Haoma's Mickey's Find exploration zone.

3.2 'Flat – watermelon seed-like' nuggets recovered from conglomerates at the Just-in-Time Prospect near Marble Bar

Haoma is continuing to evaluate the feasibility of conducting a small mining program at the 'Just-in-Time' conglomerate zone near Comet Mine.

In October and November 2017 Haoma shareholders were advised of the recovery of 'Flat – watermelon seed-like' nuggets from known conglomerate zones on tenements held at Bamboo Creek and Comet Mine, near Marble Bar. It was reported that 'Flat' gold nuggets (Figure 3) and 'fine' gold (Figure 4) were collected from the conglomerate outcrop located at the **Just-in-Time** Prospect located 1.8kms to the South West of the Comet Mine near Marble Bar.



Figure 3: Nuggets collected from Just-in-Time – Conglomerates to the South West of the Comet Mine, total weight of nuggets 33.167g.



Figure 4: Fine gold collected from Just-in-Time – Conglomerates to the South West of the Comet Mine, total sample weight 0.183g.

The nuggets were collected just below the surface of the conglomerate outcrop on a bulldozed bench prepared for the sampling. The bulk sampling was conducted along a 3.5m trench cut along the strike of the conglomerate and consequently is probably not indicative of the conglomerate beds gold content. Preliminary results indicate the conglomerates are auriferous and represent a highly prospective target for ongoing exploration. Metal detecting on the conglomerate surface has demonstrated the erratic nature of the gold nuggets near surface, dictating a need for further bulk sampling and investigation.

3.3 Sales of Dolerite & other rock from Elazac Quarry, Cookes Hill (M45/1186)

From 2007 to 2017 Haoma's Elazac Quarry located approximately 50km south of Port Hedland was operated by BGC Contracting to supply dolerite for infrastructure construction projects in the Pilbara. In February 2015 BGC Contracting placed the Quarry on 'care and maintenance' and subsequently did not renew the contract to operate the Elazac Quarry when it expired in 2017.

Haoma now controls the Elazac Quarry and at present is working with Brookdale Contractors to 'rehabilitate' M45/1186.

During the Year Ended June 30, 2019, Haoma sold 139,421 tonnes of 'hard rock' to Brookdale Contractors from 'waste' stockpiles at its Elazac Quarry located at Cookes Hill. These sales provided revenue of \$697,105.

In the 5 months to November 30, 2019 Haoma sold 53,015 tonnes of 'hard rock' from the Elazac Quarry to Brookdale Contractors which resulted in revenue of \$265,075.

Brookdale is a significant supplier of 'hard rock' to infrastructure projects in the Pilbara and sources 'hard rock' and other materials from Haoma.

3.4 Hancock Prospecting has provided Haoma with Mt Webber drill-hole assay data and will provide access to some drill-hole samples

Haoma is pleased that Hancock Prospecting has recently provided Haoma with drill-hole assay data from Mt Webber (M45/1197) and has arranged for drill-hole sample pulps to be split which will be made available to Haoma when requested.

Haoma will use the samples to measure the quantity of metals (including gold, PGM and Rare Earths) in samples in addition to the iron content. Under Haoma's Agreement with Atlas Iron Ltd (Hancock Prospecting subsidiary and holder of Mt Webber Mining Lease M45/1197), all iron from M45/1197 is the property of Hancock Prospecting.

In August 2019 Atlas Iron advised that a 'life of mine' extension to of the Mt Webber mining services contract with BGC Contracting had been finalised. This means that BGC Contracting will continue to provide mining services at Mt Webber until at least 2022.

4. Haoma's Activities at Ravenswood, Queensland

4.1 Exploration Activities

During 2019 surface samples were taken from several of Haoma's Ravenswood tenements including the Copper Knob project. These samples are presently held at the Bamboo Creek Laboratory and are being assayed using the Elazac Assay Process.

Shareholders will be advised of the results from test work on Ravenswood samples when completed.

Primary exploration tasks to be conducted during the next 12 months include:

1. Bulk trial parcels will be collected from each tenement location and processed through the mobile crusher located on ML1330 (Copper Knob). This is expected to be started in Quarter 1 or Quarter 2 of 2020 depending on weather conditions and tenement access,
2. When completed Haoma's Principal Geologist will consolidate and re-examine all legacy drill-hole and sampling results and information for a further targeted exploration program after the bulk sample trials.

Haoma's Ravenswood sample locations are shown as 'red' dots in Figure 5 below.

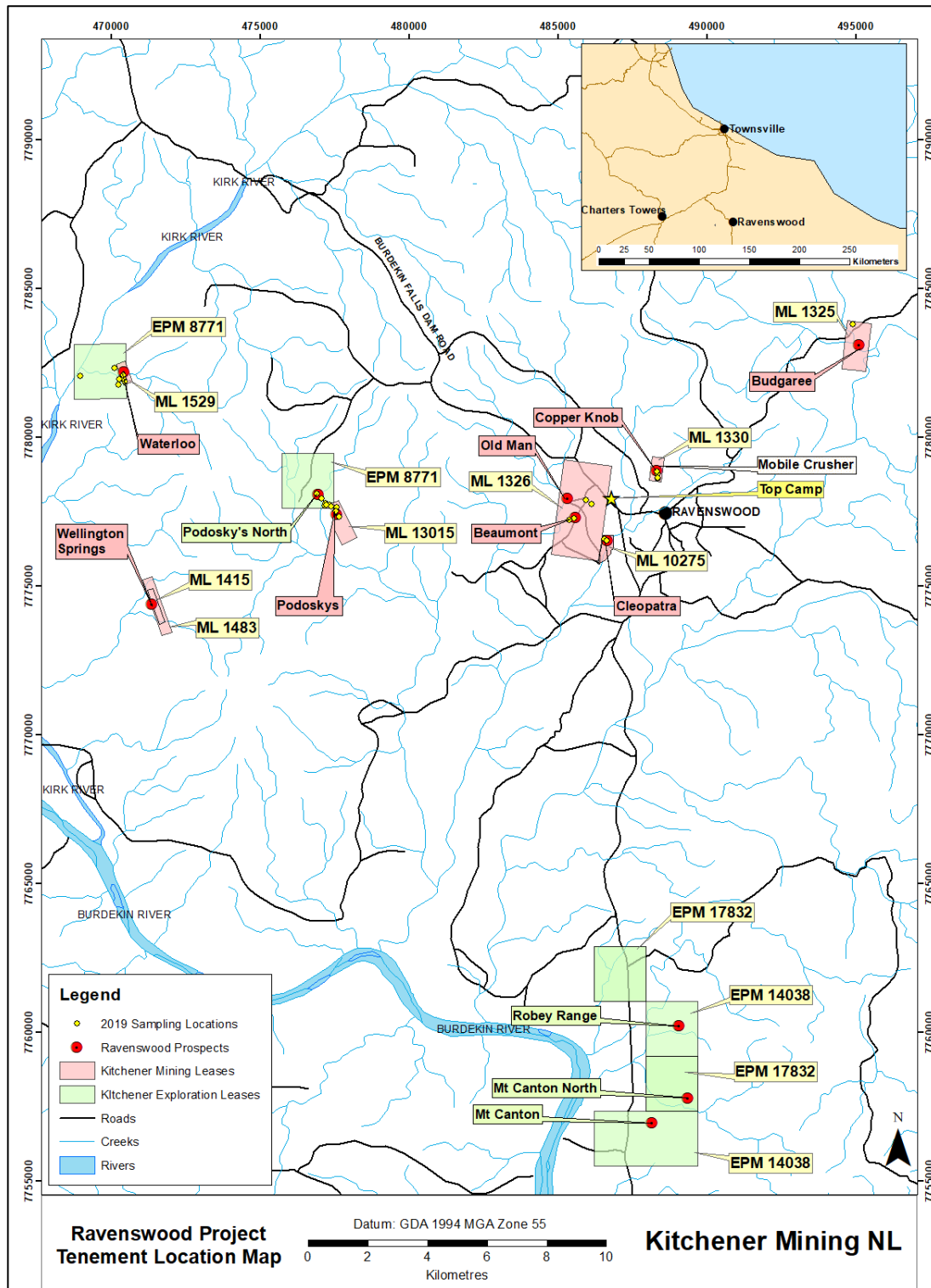


Figure 5: Locations of samples from Ravenswood tenements

A number of Haoma’s Ravenswood tenement holdings fell due for renewal in 2019. All but one were granted renewals for periods varying between three to five years. Tenement ML10275 is pending approval which is expected to be completed in Quarter 1 of 2020.

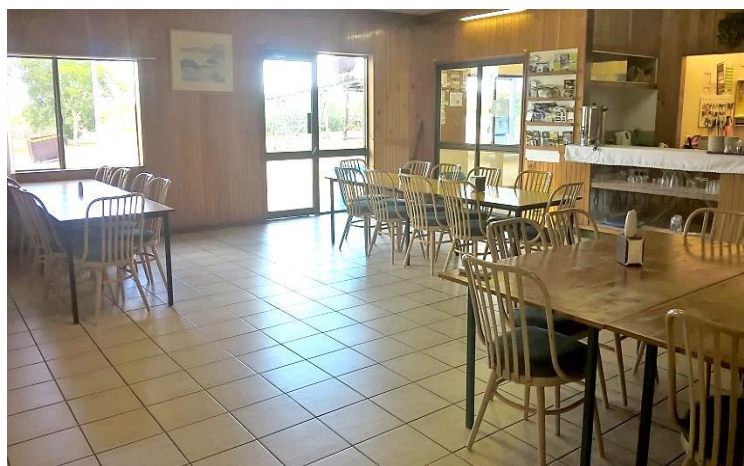
A summary of the current status of Haoma’s Queensland tenements is shown in Table 3.

Table 3: Ravenswood Tenement Status

<i>TENEMENT</i>	<i>PROJECT</i>	<i>STATUS</i>	<i>EXPIRY</i>
EPM 8771	Barrabas	Renewal Granted	04.05.2022
EPM 14038	Robe Range	Renewal Granted	09.06.2022
EPM 17832	Robe Range East	Renewal Granted	30.05.2021
ML 1325	Budgerie	Renewal Granted	31.08.2021
ML 1326	Old Man	Renewal Granted	31.12.2021
ML 1330	Copper Knob	Renewal Granted	30.04.2022
ML 1415	Wellington Springs	Renewal Granted	31.07.2024
ML 1483	Wellington Springs #2	Renewal Granted	31.07.2024
ML 1529	Waterloo	Renewal Granted	31.10.2021
ML 10275	Elphinstone One	Renewal Pending	31.07.2018
ML 10315	Podosky's	Renewal Granted	31.07.2023

4.2 **Trading at Haoma's Top Camp Road House, Ravenswood, Queensland**

The facility upgrades implemented during 2017 and 2018 at the 'Top Camp' accommodation and Road House located at Ravenswood, Queensland have resulted in a significant increase in utilisation of Top Camp and an increase in revenue. Top Camp is now a preferred accommodation facility with many businesses conducting contracting work in the Ravenswood area and the new 'camp kitchen' built in 2018 has been a popular addition with the travelling 'Grey Nomad' community and other visitors to the area. 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.



Figures 6(a) & 6(b): Entrance to Top Camp Road House, Ravenswood and Café area



Figure 7(a): Refurbished accommodation cabins at Top Camp



Figure 7(b): Refurbished accommodation cabins at Top Camp



Figure 7(c): Top Camp 'Camp kitchen'

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 and geologist Darren Brookes at Bamboo Creek, Gerard Poot at the Comet Gold Mine and Tourist Centre, Geoffrey Myers at the Normay Gold Mine, and Sue Kennedy and Tiana Sanders at Top Camp, Ravenswood.



Gary C. Morgan
Chairman

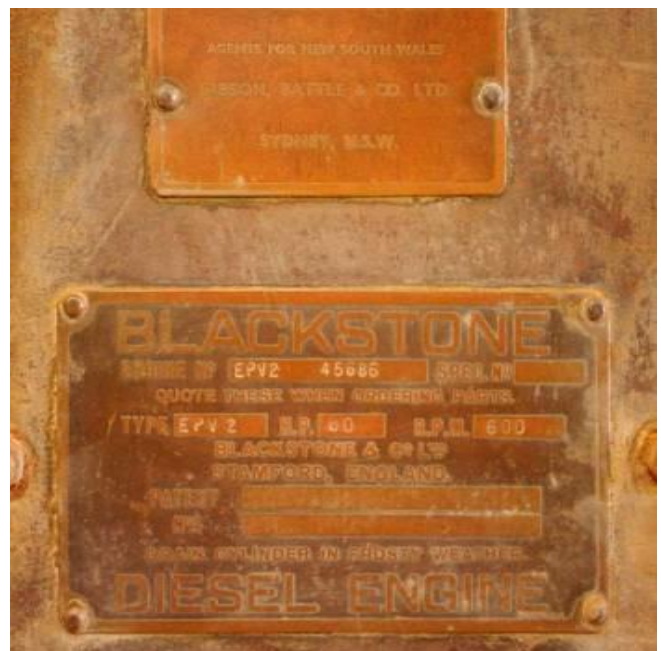
December 12, 2019



Figure 8: Comet Gold Mine Tourist Centre, Conglomerate Formations are on the right.



Figures 9(a) and 9(b): Historic Comet Gold Mine Plant



Figures 10(a) & 10(b): Comet Gold Mine Blackstone Diesel Power Engine



Figure 11: Comet Gold Mine Ruston Diesel Power Engine



Figure 12: Comet Gold Mine National Diesel Power Engine



Figures 13(a) and 13(b): Inside Comet Mine Tourist Centre



Figure 14: Bamboo Creek Processing Plant



Figure 15: Bamboo Creek Processing Plant



Figure 16: Bamboo Creek Tailings Storage with Bamboo Creek Processing Plant in background



Figure 17: Bamboo Creek Plant, Bamboo Creek Valley and Bamboo Creek Range (right) which contains gold mineralization

HAOMA MINING NL
FINANCIAL STATEMENTS & REPORTS
FOR THE YEAR ENDED
JUNE 30, 2019

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

FINANCIAL STATEMENTS AND NOTES INDEX

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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, 2019.

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, 2019. 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 focused on developing new commercially viable processes for the assaying and extraction of gold, other precious metals and Rare Earths from processing Bamboo Creek Tailings Concentrate and mineral ores from various Pilbara locations including Mt Webber.

Haoma's Activities Reports over the last year have further advised shareholders of the significant gold and other precious metal grades measured in both Bamboo Creek Tailings and Mt Webber ore samples using the Elazac Process.

The most recent update to shareholders was provided in [Haoma's Activities Update released on November 28, 2019](#). Section 1 of that report advised shareholders of further significant results in relation to test work at Bamboo Creek. Earlier results from test work trials conducted at Bamboo Creek on Bamboo Creek Tailings were advised in [Haoma's Activities Update released to shareholders on September 20, 2019](#).

Operating Results and Financial Position

The consolidated loss of the Group for the year ended June 30, 2019 was \$5,356,748. This compares with the loss for the year ended June 30, 2018 of \$3,899,541. The net comprehensive loss for the year attributable to members was \$5,356,748 (2018: loss \$3,450,646).

The consolidated Statement of Financial Position at June 30, 2019 shows a deficiency of net assets of \$76,630,906 (2018: deficiency \$73,359,495). 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, 2019 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, 2019 the debt to The Roy Morgan Research Centre Pty Ltd was \$41.497 million (2018: \$39.724 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, 2019 is \$33.992 million (2018: \$31.914 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 publishes relevant information in relation to likely developments in operations via Shareholders Activities updates released quarterly on its website at www.haoma.com.au and via email and direct mail to shareholders and interested persons. Copies of previous information releases are also available from Haoma's website.

DIVIDENDS

No dividends have been paid or declared during or since the end of the financial year.

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, 2019.

EVENTS SUBSEQUENT TO THE REPORTING DATE

There has not been any matter or circumstance that has arisen since the reporting date that has significantly affected or may significantly affect the operations of the Economic Entity, the results of those operations or the state of affairs of the Economic Entity.

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.

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.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

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:

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

Appointment Date:

Experience:

Directorships held in other listed entities:

Interest in Shares and Options:

Special Responsibilities:

Wilton Timothy Carr INGRAM

Appointment Date:

Experience:

Directorships held in other listed entities:

Interest in Shares and Options:

Special Responsibilities:

James WALLACE B.Ec, CA

Appointment Date:

Experience:

Directorships held in other listed entities:

Interest in Shares and Options:

Special Responsibilities:

Chairman

May 10, 1991

Executive Chairman of Roy Morgan Research Ltd and 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

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 share options to acquire 1,200,000 shares at 30c per share.

Nil

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 200,000 Haoma Mining shares via shareholding and directorships in Loftus Group Ltd.

Total interests: 200,000 shares.

Holds share options to acquire 700,000 shares at 30c per share.

Nil

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.

Holds share options to acquire 700,000 shares at 30c per share.

Audit Committee Secretary

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

2019	Name	Period of responsibility	Short-term Benefits		Post Employment Benefits	Share Based Benefits	Total	Performance Related
			Salary & Director Fees	Non-Cash Benefits	Super	Options		
			\$	\$	\$	\$	\$	%
	Executive Director							
	Gary Morgan (*)	Full year	40,000	-	3,800	-	43,800	-
	Non-Executive Directors							
	Michele Levine (*)	Full year	40,000	-	3,800	72,271	116,071	-
	Tim Ingram (*)	Full year	20,000	-	1,900	42,158	64,058	-
	General Manager							
	Peter Cole	Full Year	161,600	-	-	42,158	203,758	-
	Total		261,600	-	9,500	156,587	427,687	-

(*) 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

2018	Name	Period of responsibility	Short-term Benefits		Post Employment Benefits	Share Based Benefits	Total	Performance Related
			Salary & Director Fees	Non-Cash Benefits	Super	Options		
			\$	\$	\$	\$	\$	%
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	20,000	-	1,900	-	21,900	-	
General Manager								
Peter Cole	Full Year	151,200	-	-	-	151,200	-	
Total		251,200	-	9,500	-	260,700	-	

(*) 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.

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.

2019	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	1,084,166	-	-	(884,166)	200,000
	132,433,321	-	-	(884,166)	131,549,155

2018	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	1,054,166	-	-	30,000	1,084,166
	132,403,321	-	-	30,000	132,433,321

(*) 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.

Share based payments

The remuneration of other directors and senior management is not dependent on completion of pre-determined performance criteria.

On December 10, 2018, the Board of Directors approved the issue of 4,300,000 options to acquire shares in Haoma Mining to directors, employees and consultants. The options were issued in recognition of past efforts. The non-renounceable options could be converted to an equivalent number of Haoma Mining NL shares subject to continuous performance and Directors' approval.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

The unquoted options may be converted to shares at any time on or before December 31, 2019 (after which they will expire) at an exercise price of \$0.30 cents per share.

Details on the valuation of the options, including models and assumptions used are included in Note 18 to the financial statements. There have been no alterations to the terms and conditions of options granted in recognition for past services since the grant date.

For further details on the valuation of options, including models and assumptions, please refer to Note 18 to the Financial Statements.

Voting and Comments made at the 2018 Annual General Meeting

The Remuneration Report for the 2018 financial year received positive shareholder support at the 2018 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 is subject audit.

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,
December 12, 2019

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2019

	Note	CONSOLIDATED	
		2019	2018
		\$	\$
Continuing Operations			
Sale of gold and silver		19,463	11,559
Retail sales		166,817	275,156
Royalty income		5,208	37,298
Revenue		191,488	324,013
Other income	3(a)	707,106	2,219,991
Cost of sales	3(b)	(513,143)	(457,653)
Test work and plant configuration expenditure		(1,903,949)	(1,337,200)
Exploration and tenement costs expensed		(622,611)	(572,873)
Administration and compliance expense	3(c)	(262,707)	(1,056,146)
Finance costs	3(d)	(2,111,606)	(1,958,961)
Depreciation and amortisation costs	3(e)	(208,903)	(187,847)
Movement in Rehabilitation Provision		(232,424)	(872,865)
Share option expense	19	(399,999)	-
Loss before income tax		(5,356,748)	(3,899,541)
Income tax expense	4	-	-
Loss for the year after tax		(5,356,748)	(3,899,541)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit and loss</i>			
Gain /(Loss) on revaluation of financial assets		-	448,895
Total comprehensive income for the year attributable to members of Haoma Mining NL, net of tax		(5,356,748)	(3,450,646)
Earnings per share (cents per share)			
- Basic loss per share for the year attributable to ordinary equity holders of the parent	5	(2.74)	(2.05)
- Diluted loss per share for the year attributable to ordinary equity holders of the parent	5	(2.74)	(2.05)

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, 2019

	Note	CONSOLIDATED	
		2019	2018
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	7	173,306	6,911
Trade and other receivables	8	79,566	89,857
Inventories	9	319,530	170,752
Total Current Assets		572,402	267,520
Non-current Assets			
Property, plant and equipment	11	749,681	730,778
Exploration and evaluation	12	5,472,650	5,461,150
Total Non-Current Assets		6,222,331	6,191,928
TOTAL ASSETS		6,794,733	6,459,448
LIABILITIES			
Current Liabilities			
Trade and other payables	13	1,661,998	2,200,285
Interest bearing loans and borrowings	14	78,287,271	74,423,930
Provisions	15	183,948	134,730
Total Current Liabilities		80,133,217	76,758,945
Non-Current Liabilities			
Provisions	15	3,292,422	3,059,998
Total Non-Current Liabilities		3,292,422	3,059,998
TOTAL LIABILITIES		83,425,639	79,818,943
NET LIABILITIES		(76,630,906)	(73,359,495)
EQUITY			
Contributed equity	16	62,431,199	60,604,835
Reserves	17 (d)	258,972	-
Accumulated losses		(139,321,077)	(133,964,330)
TOTAL SHAREHOLDERS' EQUITY DEFICIENCY		(76,630,906)	(73,359,495)

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, 2019

CONSOLIDATED	Share Capital	Financial Assets Fair Value Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$
Balance at July 1, 2017	60,608,361	-	(130,513,684)	(69,905,323)
Loss after income tax for the year	-	-	(3,899,541)	(3,899,541)
Revaluation of investment.....	-	-	-	-
Other comprehensive income for the year, net of tax.....	-	448,895	-	448,895
<i>Total comprehensive income for the year</i>	-	448,895	(3,899,541)	(3,450,646)
Gain on disposal of shares reclassified to retained earnings	-	(448,895)	448,895	-
Transactions with owners in their capacity as owners				
Share Capital Buy-back.....	(3,526)	-	-	(3,526)
Balance at June 30, 2018.....	60,604,835	-	(133,964,330)	(73,359,495)
 Balance at July 1, 2018	 60,604,835	 -	 (133,964,330)	 (73,359,495)
Loss after income tax for the year	-	-	(5,356,748)	(5,356,748)
Other comprehensive income for the year, net of tax.....	-	-	-	-
<i>Total comprehensive income for the year</i>	-	-	(5,356,748)	(5,356,748)
Transactions with owners in their capacity as owners:				
Issue of Ordinary Shares.....	699,900	-	-	699,900
Share Capital Buy-back.....	(24,663)	-	-	(24,663)
Proceeds from Exercise of Share options.....	1,010,100	-	-	1,010,100
Share Based Payments	141,027	258,972	-	399,999
Balance at June 30, 2019.....	62,431,199	258,972	(139,321,078)	(76,630,906)

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2019

	Note	CONSOLIDATED	
		2019	2018
		\$	\$
Cash flows from operating activities			
Receipts from customers		215,766	312,624
Other income		694,040	275,565
Payments to suppliers and employees		(2,066,307)	(1,834,335)
Exploration and development expenditure		(1,874,870)	(1,669,719)
Interest paid		(21,236)	(20,225)
Net cash used in operating activities.....	7(b)	(3,052,607)	(2,936,090)
Cash flows from investing activities			
Purchase of property, plant and equipment		(227,806)	(101,834)
Purchase of investments and mining leases.....		(11,500)	(312,000)
Proceeds from sale of mining leases		-	500,000
Proceeds from sale of Investments in Degrey and Calidus.....		-	2,351,397
Advances to related entity.....		-	-
Net cash (used in)/provided by investing activities		(239,306)	2,437,563
Cash flows from financing activities			
Net movement in Loan funding from related parties		1,772,971	499,509
Proceeds from Issue of Shares		1,710,000	-
Payments to Shareholders - Haoma capital shares buy back		(24,663)	(3,526)
Net cash provided by financing activities		3,458,308	495,983
Net increase/(decrease) in cash held		166,395	(2,544)
Cash and cash equivalents at the beginning of the financial year		6,911	9,455
Cash and cash equivalents at the end of the financial year	7(a)	173,306	6,911

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

1 CORPORATE INFORMATION

The financial report of Haoma Mining NL for the year ended June 30, 2019 was authorised for issue in accordance with a resolution of the Directors on December 12, 2019.

Haoma Mining is an unlisted 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 \$5,356,748 (2018: \$3,899,541) for the year ended 30 June 2019, had net current liabilities of \$79,560,815 (2018: \$76,491,425), had negative shareholders equity of \$76,630,906 (2018: \$73,359,495) and had negative cash flows from operating activities of \$3,052,607 (2017: \$2, 936,090). 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, 2019 the total debt owing in respect of funds provided to Haoma by related parties was \$41,838,016 (2018: \$40,065,044) along with accrued interest of \$36,449,256 (2018: \$34,358,886). 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, 2019

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 2018. 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, 2019

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 not expected to be material.

(d) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2018 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, 2019

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 outlets at Comet Mine Tourist Centre at Marble Bar WA and at its Top Camp facility at Ravenswood, Queensland. Revenue from retail operations 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. Revenue is recognised upon confirmation that a royalty entitlement has been earned in accordance with the 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.

Revenue gains or losses from the sale of exploration and mining assets are recognised upon completion.

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, 2019

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, 2019

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, 2019

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 to 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.

At initial recognition, the Consolidated Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

A gain or loss on a debt investment that is subsequently measured at fair value and is not part of a hedging relationship is recognised in profit or loss and presented net in the income statement within other income or other expenses in the period in which it arises.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the financial asset is derecognized or impaired and through the amortisation process using the effective interest rate method.

The group subsequently measures all equity investments at fair value. Where the Consolidated Group has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as other revenue when the terms and condition has been satisfied.

(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, 2019

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, 2019.

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, 2019

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

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	CONSOLIDATED	
	2019	2018
	\$	\$
3 REVENUE & EXPENSES		
Continuing Operations		
(a) Other Income		
Net gain on sale of exploration and evaluation assets (i).....	-	1,896,420
Proceeds from sale of rocks / scalps.....	707,106	323,571
	707,106	2,219,991
(b) Cost of Sales		
Consumables	116,180	138,196
Other cost of sales	396,963	319,457
	513,143	457,653
(c) Administration and compliance expense		
Corporate service costs	523,054	576,593
Legal and compliance costs	142,162	180,630
Management fees	345,912	298,923
Reversal of accruals for damages claim	(748,420)	-
	262,708	1,056,146
(d) Finance Costs		
Director related entities loans	2,090,370	1,938,735
Bank charges	18,552	14,468
Interest charges	2,684	5,758
	2,111,606	1,958,961
(e) Depreciation of non-current assets		
Property, plant and equipment.....	208,903	187,847
	208,903	187,847
(f) Employee benefits expense		
Wages and salaries	1,070,573	843,784
Superannuation	82,403	61,013
Annual leave	8,707	252
	1,161,683	905,049

(i) Profit from sale of mining leases to Calidus Resources Ltd in relation to the Right to Mine Agreement with Option to Purchase.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	CONSOLIDATED	
	2019	2018
	\$	\$
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	<u>(5,356,748)</u>	<u>(3,899,541)</u>
Prima facie income tax expense/(benefit) calculated at 30%		
Economic entity	<u>(1,607,024)</u>	<u>(1,169,862)</u>
Tax effect of temporary differences:		
Deferred tax assets not recognised	<u>1,607,024</u>	<u>1,169,862</u>
Income tax expense	<u>-</u>	<u>-</u>
Net deferred tax assets which have not been brought to account comprise:		
Income tax losses and timing differences	13,434,140	12,625,718
Deferred income tax liability	<u>(1,641,795)</u>	<u>(1,638,345)</u>
	<u>11,792,345</u>	<u>10,987,373</u>

Deferred tax liabilities from exploration and evaluation assets of \$5,472,650 at 30% (2018: \$5,461,150 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:

- (a) 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;
- (b) the consolidated entity continues to comply with the conditions for deductibility imposed by Law; and
- (c) 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, 2019

CONSOLIDATED

2019
\$

2018
\$

5 EARNINGS PER SHARE

Net loss attributable to ordinary equity holders or the parent from continuing operations	<u>(5,356,748)</u>	<u>(3,899,541)</u>
Weighted average number of ordinary shares for basic earnings per share	<u>191,935,135</u>	<u>190,143,033</u>
Weighted average number of ordinary shares adjusted for the effect of dilution.....	<u>191,935,135</u>	<u>190,143,033</u>
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)	<u>(2.79)</u>	<u>(2.05)</u>
Diluted earnings per share (cents per share)	<u>(2.79)</u>	<u>(2.05)</u>

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	<u>685,523</u>	<u>685,523</u>
Other movements	<u>-</u>	<u>-</u>
Franking account balance at June 30	<u>685,523</u>	<u>685,523</u>

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	\$	\$

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	<u>173,306</u>	<u>6,911</u>
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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	(5,356,748)	(3,899,541)
Depreciation and amortisation expense	208,903	187,847
Share Options expense	399,999	-
Net profit on sale of exploration assets	-	(1,896,420)
Accrued interest - director related entity	2,090,370	1,938,735
<i>Changes in assets and liabilities:</i>		
Decrease/(Increase) in trade debtors and other receivables	10,611	(59,394)
(Increase)/Decrease in prepayments	(320)	76,147
(Increase) in inventories	(148,778)	(13,908)
(Decrease) in trade creditors and other creditors	(538,286)	(3,435)
Increase in provisions	281,642	733,879
Net cash used in operating activities	<u>(3,052,607)</u>	<u>(2,936,090)</u>

8 TRADE AND OTHER RECEIVABLES

(Current)

Trade and other receivables	72,446	83,057
Prepayments	7,120	6,800
	<u>79,566</u>	<u>89,857</u>

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, 2019

CONSOLIDATED

2019	2018
\$	\$

9 INVENTORIES

(Current)

Stores of consumables and spare parts	319,530	170,752
	319,530	170,752

10 CONTROLLED ENTITIES

Investments in Controlled Entities	Country of Incorporation	Percentage owned 2019 %	Percentage owned 2018 %
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, 2019

	CONSOLIDATED	
	2019	2018
	\$	\$

11 *PROPERTY, PLANT & EQUIPMENT*

(Non-current)

Property, Plant and Equipment at cost	10,730,249	10,502,443
Accumulated depreciation	<u>(9,980,568)</u>	<u>(9,771,665)</u>
Net carrying amount	<u>749,681</u>	<u>730,778</u>

(1) The directors resolved that the written down value of property, plant and equipment at June 30, 2011 does not exceed its net realisable value

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	730,778	816,791
Additions	227,806	101,834
Depreciation	<u>(208,903)</u>	<u>(187,847)</u>
Net Carrying Amount	<u>749,681</u>	<u>730,778</u>

12 *EXPLORATION & EVALUATION*

(Non-current)

Exploration and Evaluation expenditure

Net carrying amount	<u>5,472,650</u>	<u>5,461,150</u>
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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	5,461,150	5,655,230
Additions	11,500	22,000
Sale of Klondyke and Warrawoona Group Tenements	<u>-</u>	<u>(216,080)</u>
Net carrying amount	<u>5,472,650</u>	<u>5,461,150</u>

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	CONSOLIDATED	
	2019	2018
	\$	\$
13 TRADE AND OTHER PAYABLES		
(Current)		
Trade creditors and accruals	385,448	1,058,204
Other creditors	<u>135,325</u>	<u>100,857</u>
	520,773	1,159,061
Related party payables:		
Director's fees	1,127,174	1,027,174
Elazac Mining Pty Ltd	<u>14,050</u>	<u>14,050</u>
	<u>1,141,224</u>	<u>1,041,224</u>
	<u>1,661,997</u>	<u>2,200,285</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)	41,497,016	39,724,044
Amount due to Director	(b)	341,000	341,000
Accrued interest - Director related entity	(a)	33,992,969	31,914,262
Accrued interest - Director loans	(c)	<u>2,456,286</u>	<u>2,444,624</u>
		<u>78,287,271</u>	<u>74,423,930</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 \$2,456,286 is comprised of \$73,689 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, 2019

	CONSOLIDATED	
	2019	2018
	\$	\$
15 PROVISIONS		
(Current)		
Provision for employee benefits	183,948	134,730
(Non-current)		
Provision for rehabilitation		
Opening balances July 1	3,059,998	2,211,853
<i>Amounts charged to profit or loss</i>		
Change in Assumptions	50,759	51,242
Change in Liability	181,665	796,903
Closing balances June 30	3,292,422	3,059,998

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	62,431,199	60,604,835
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(b) Movements in Ordinary Share Capital

		Number of Shares	\$
Contributed Equity			
July 1, 2017	Opening balance	190,143,665	60,608,361
	Share Capital Buy-back	(14,692)	(3,526)
June 30, 2018	Balance	190,128,973	60,604,835
July 1, 2018	Opening balance	190,128,973	60,604,835
	Issue of Ordinary Shares	2,333,000	699,900
	Share options exercised	3,367,000	1,151,127
	Share Capital Buy-back	(115,262)	(24,663)
June 30, 2019	Balance	195,713,711	62,431,199

On May 28, 2018, Haoma Mining NL announced that it will match any sell offers placed in the trading hub (Ecosystem) with Primary Markets at \$0.24 per share for share parcels of up to 5,000 shares and which comprise the entire holding of the registered shareholder/seller.

On December 19, 2018 Haoma's Directors approved the issue of 1,000,000 Haoma Mining share options to Aldinga Way Pty Ltd. The exercise price was \$0.30c per share with an expiry date for exercise of the options of December 31, 2019. Aldinga Way exercised the share options on February 22, 2019.

On February 22, 2019, Haoma's Directors approved the issue of 2,367,000 Haoma Mining share options to Aldinga Way Pty Ltd. The exercise price was \$0.30c per share with an expiry date for exercise of the options of June 30, 2019. Aldinga Way exercised the share options on May 8, 2019.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

16 CONTRIBUTED EQUITY & RESERVES (continued)

(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.

	CONSOLIDATED	
	2019	2018
	\$	\$
(d) Reserves		
Financial Assets Fair Value Reserve		
Opening balance	-	-
Revaluation during the year.....	-	448,895
Transfer to Accumulated Losses on Disposal of Investment	-	(448,895)
	<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	2,795,520	2,636,020
After one year but not more than five years	7,470,249	6,146,160
Longer than five years	11,421,135	12,044,042
	<u>21,686,904</u>	<u>20,826,222</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, 2019 were \$ 6,194,417 (2018: \$6, 131,975).

17 COMMITMENTS & CONTINGENCIES (continued)

Contingent Liabilities

BGC Contracting Pty Ltd v Haoma Mining NL & Elazac Pty Ltd

In March 2019, Haoma Mining received notification of the initiation of litigation by BGC Contracting Pty Ltd (“BGC”). The litigation arises from a dispute about the terms of a 10 year mining licence at Haoma’s “Elazac Quarry” near Port Hedland (WA), entered into between the parties in 2007 (“Licence”).

The Licence granted BGC the right to mine for hard rock (‘Dolerite’) at the Elazac Quarry and to hold “stockpiles” of mined Dolerite on site, for a period of 10 years commencing April 2007. BGC was required to pay Haoma a royalty for every tonne of Dolerite sold (removed from the quarry).

In early 2015 BGC advised Haoma that it had placed its operations at the Elazac Quarry on “care and maintenance”. This advice coincided with an observed slowdown in the Australian mining industry. BGC’s “stockpiles” of mined Dolerite were left in-situ and some BGC equipment was left on site. BGC withdrew all personnel from site and as far as Haoma is aware took no measures to properly secure the Quarry or undertake regular observation visits.

Under the terms of the Licence:

- BGC had an option to extend the Licence for a further 5 years if the option was exercised six months before the end of the initial ten year term.
- BGC was required to remediate the Quarry at the end of the term, in accordance with the requirements of mining legislation.
- BGC was required to remove its equipment and stockpiles from the Quarry within 3 months after the termination of the Agreement
- Property not removed at the expiry of the Licence would immediately vest in the Licensor absolutely (unless the Licensor declined title).

BGC did not exercise the option to extend the Licence, it did not remediate the Quarry and, it did not remove the equipment and stockpiles from the site. The licence ended in April 2017 with BGC’s equipment (by this stage weathered and vandalised) and stockpiles remaining at the Quarry, and no remediation work done.

In early 2018 BGC asserted that it had engaged in discussions with Haoma with respect to continuing the Licence and that it was entitled to remove its equipment and stockpiles from the Quarry. Haoma denied having any discussions with anyone from BGC with regard to continuing the Licence, and are of the view that three months after April 2017, BGC’s works and structures at the Quarry “vested” in them absolutely, and have refused BGC’s request to reinstate the Licence.

BGC commenced litigation against Haoma claiming damages as a result of Haoma denying it the opportunity to retrieve equipment and stockpiles. The amount of damages has not been pleaded, but has been indicated to be in the range of \$6 to \$10 million.

Haoma is defending the claim on the basis that the Licence ended and that pursuant to the terms of the Licence, title in BGC’s equipment and stockpiles has vested in them. The parties have had two unsuccessful mediations.

Pursuant to consent orders made by the WA Supreme Court, BGC has filed and served an amended statement of claim. Haoma has until early December 2019 to file and serve an amended defence. Haoma proposes to also file and serve a counterclaim for the cost of remediating the Quarry. Haoma has briefed Counsel to draw and settle the amended defence and counterclaim.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

17 COMMITMENTS & CONTINGENCIES (continued)

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.

18 SHARE BASED PAYMENTS

Issue of Share Options

On December 10, 2018 Haoma's Directors approved the issue of 4.3 million options to purchase Haoma Mining shares at 30 cents per share at any time on or before December 31, 2019 (after which time they will expire). The share options were granted to the following persons and may be exercised by each grantee individually or by their nominee.

Option Grantee	Number of options	Exercise price	Expiry date
Michele Levine ⁽¹⁾	1,200,000	\$0.30c/share	31/12/2019
Tim Ingram ⁽²⁾	700,000	\$0.30c/share	31/12/2019
Hugh Morgan	1,000,000	\$0.30c/share	31/12/2019
Peter Cole	700,000	\$0.30c/share	31/12/2019
James Wallace	700,000	\$0.30c/share	31/12/2019

(1) Grant of options approved by Directors Gary Morgan and Tim Ingram. If options exercised the proceeds will be used to repay Haoma's debt to Michele Levine.

(2) Grant of options approved by Directors Gary Morgan and Michele Levine.

Expenses arising from share based payments transactions

The amounts disclosed for the share options were the assessed fair values at the grant date of the options. Fair values at grant date were independently determined using a Black-Scholes option pricing model that took into account the exercise price, the term of the option, the vesting and performance criteria, the share price at grant date and the expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The options vested at grant date. Additional details relating to share options are set out in the Remuneration Report.

The model inputs for options granted during the year ended 30 June 2019 included:

	<u>2019</u>
(a) Number of Options	4,300,000
(b) Options are granted at a strike value of	\$0.30
(c) Exercise price	\$0.30
(d) Grant date	Dec 10, 2018
(e) Expiry date	Dec 31, 2019
(f) Share price at grant date	\$0.24
(g) Expected price volatility of the Company's shares	79.50%
(h) Risk free interest rate	1.89%
(i) Vested Date	Dec 10, 2018

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

18 SHARE BASED PAYMENTS (Continued)

All share options granted to key management personnel are ordinary shares in Haoma Mining NL, which confer a right of one ordinary share for every option held.

	2019 CONSOLIDATED		2018 CONSOLIDATED	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Outstanding at the beginning of the year ...	-	-	-	-
Share options	-	-	-	-
Granted	4,300,000	0.30	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at year-end	4,300,000	0.30	-	-
Exercisable at year-end	4,300,000	0.30	-	-

2019
\$

2018
\$

19 AUDITORS REMUNERATION

Remuneration of the auditor of the Economic Entity:

- auditing and reviewing the financial statements	<u>67,000</u>	<u>68,750</u>
	<u>67,000</u>	<u>68,750</u>

20 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.

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

21 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 \$345,912 for those services (2018: \$298,923).

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, 2019 the total funding provided by The Roy Morgan Research Centre Pty Ltd was \$41,497,016 (2018: \$39,724,044). 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, 2019, interest accrued on the funds advanced by The Roy Morgan Research Centre Pty Ltd was \$2,078,707 (2017: \$1,928,075), with total accrued interest amount to \$33,992,969 (2018: \$31,914,262).

Other transactions with Senior Management

At year end a loan provided by Michele Levine to Haoma Mining NL amounting to \$341,000 (2018: \$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, 2019, interest on these funds were accrued using the 30 day commercial bill rate plus a 1% margin, the interest accrued was \$11,662 (2018: \$10,660).

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 \$203,758 (2018: \$151,200).

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

21 *RELATED PARTY INFORMATION (continued)*

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 since 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, 2019 and 2017 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	
	2019	2018
	\$	\$

Key Management Personnel Compensation

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

Short term employee benefits	261,600	251,200
Post employment benefits	9,500	9,500
Share based payments	156,587	-
	<u>427,687</u>	<u>260,700</u>

22 *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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

22 *FINANCIAL RISK MANAGEMENT AND POLICIES*

The Consolidated Group and Haoma hold the following financial instruments:

	CONSOLIDATED	
	2019	2018
	\$	\$
Financial Assets		
Cash and cash equivalents	173,306	6,911
Trade and other receivables	79,566	89,857
Total Financial Assets	252,872	96,768
Financial Liabilities		
Trade and other payables	1,661,998	2,200,285
Borrowings	78,287,271	74,423,930
Total financial liabilities	79,949,269	76,624,215

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% (2018: 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 2.83% (2018: 2.74%).

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

22 *FINANCIAL RISK MANAGEMENT AND POLICIES (continued)*

Interest Rate Risk

The following sensitivity analysis is based on the interest rate risk exposure in existence at June 30, 2019.

At June 30, 2019, 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:

	CONSOLIDATED			
	Post tax loss		Equity	
	higher / (lower)		higher / (lower)	
	2019	2018	2019	2018
	\$	\$	\$	\$
Financial Liabilities				
<i>Borrowings</i>				
Consolidated				
+ 0.75% (75 basis points)	587,155	558,179	(587,155)	(558,179)
- 0.75% (75 basis points)	(587,155)	(558,179)	587,155	558,179

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, 2019

22 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
	\$	\$	\$	\$	\$
Year Ended June 30, 2019					
Financial Assets					
Cash and cash equivalents	173,306	-	-	-	173,306
Receivables and other receivables	79,566	-	-	-	79,566
	<u>252,872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>252,872</u>
Financial Liabilities					
Trade and other payables	1,661,997	-	-	-	1,661,997
Interest bearing liabilities	78,287,271	-	-	-	78,287,271
	<u>79,949,269</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,949,269</u>
Year Ended June 30, 2018					
Financial Assets					
Cash and cash equivalents	6,911	-	-	-	6,911
Receivables and other receivables	89,857	-	-	-	89,857
	<u>96,768</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,768</u>
Financial Liabilities					
Trade and other payables	2,200,284	-	-	-	2,200,284
Interest bearing liabilities	74,423,930	-	-	-	74,423,930
	<u>76,624,214</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,624,214</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

22 *FINANCIAL RISK MANAGEMENT AND POLICIES (continued)*

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.

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	
	2019	2018
	\$	\$

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
	208,289	208,289

Facilities used at reporting date

- Business lending - bank guarantees	208,289	208,289
	208,289	208,289

Facilities unused at reporting date

- Business lending - bank guarantees	-	-
	-	-

Total facilities

	208,289	208,289
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HAOMA MINING NL AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

23 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:

	2019 \$	2018 \$
Statement of Financial Position		
Current Assets	572,402	267,520
Non-current assets	5,222,331	5,191,928
Total assets	<u>5,794,733</u>	<u>5,459,448</u>
Current liabilities	79,562,561	76,232,089
Non-current liabilities	2,075,469	1,861,687
Total liabilities	<u>81,638,030</u>	<u>78,093,776</u>
Net Liabilities	<u>(75,843,297)</u>	<u>(72,634,328)</u>
Equity		
Contributed equity	62,431,199	60,604,835
Accumulated Losses	(138,533,468)	(133,239,163)
Total Shareholders' Deficiency	<u>(75,843,297)</u>	<u>(72,634,328)</u>
Loss for the year	(5,294,308)	(3,829,840)
Total comprehensive income	<u>(5,294,308)</u>	<u>(3,380,945)</u>

(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 \$21,686,904 (2018: \$20,826,222) are necessary to maintain current rights of tenure to mining tenements. Refer to Note 17.

24 INTEREST IN JOINT VENTURES

In July 2018, Giralia Resources Pty Ltd (wholly owned subsidiary of Atlas Iron Ltd) has relinquished its 75% interest in Tenement E45/2922 whereby effectively terminating the Joint venture agreement with Haoma Mining NL.

Directors' Declaration

The Directors' of Haoma Mining NL declare that:

1. In the directors' opinion the financial statements and notes on pages 9 to 40 and the remuneration disclosures set out on pages 4 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, 2019 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
December 12, 2019

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

ADDITIONAL INFORMATION

A. 20 Largest Shareholders as at December 12, 2019

Shareholders	Shareholding	
	No. of shares	% held
Leaveland Pty Ltd	115,000,000	58.55
Aldinga Way Pty Ltd	15,130,315	7.70
Elazac Pty Ltd	11,339,704	5.77
Michele and Alexandra Levine	3,166,194	1.61
Konrad & Mary Christina Schroeder	2,580,000	1.31
Geoffrey Mark Cottle	2,366,934	1.21
Charles & Sandra Curwen	1,992,000	1.01
GC & GJ Morgan	1,843,257	0.94
George S Harris Superannuation	1,823,613	0.93
BNP Paribas Nominees Pty Ltd	1,535,784	0.78
Etonwood Management Pty Ltd	1,500,000	0.76
Edwin & Susan Davies	1,400,000	0.71
PYC Investments Pty Ltd	1,010,000	0.51
First Charnock Pty Ltd	1,000,000	0.51
Peter Joseph Scales	1,000,000	0.51
Tara Leigh Pty Ltd	843,933	0.43
Selstock Pty Ltd	810,000	0.41
Gregory Young Pty Ltd	700,000	0.36
Archarl Pty Ltd	700,000	0.36
Nicholas & Meredith Ingram	660,000	0.34
	165,001,734	84.01
Total Shares on Issue	196,401,601	

B. Substantial Shareholders

Name	Number of Shares	Class of Share
Leaveland Pty Ltd	115,000,000	Ordinary
Aldinga Way Pty Ltd	15,130,315	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	640
1,001 - 5,000	801
5,001 - 10,000	280
10,001 - 100,000	370
100,001 - and over	79
Total	2,170

(ii) There were 1,441 holders with less than a marketable parcel of 5,000 shares comprising a total of 2,630,111 ordinary shares.

(iii) The twenty largest shareholders holding in total 84.01% of the issued capital.

D. Class of Shares and Voting Rights

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

HAOMA MINING NL AND ITS CONTROLLED ENTITIES

ADDITIONAL INFORMATION

E. Mining Tenement Summary

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

(i) Pilbara, Western Australia

Bamboo Creek	E45/3217	E45/4117	E45/4118	M45/874	L45/374	P45/2951 to P45/2952	P45/2969 to P45/2971		
Blue Bar	M45/591	M45/906	P45/2966						
Cookes Hill	E45/4116								
Copenhagen	P45/2982								
Daltons - North Shaw	E45/2922	E45/4174	E45/4175	E45/4176	E45/4177	E45/4178	E45/4179	E45/4180	E45/4181
/ Kingsway	E45/4320	E45/4419	E45/4420	E45/4473	E45/4474	E45/4475	E45/4476	E45/4477	
Lalla Rookh	M45/442								
Marble Bar	E45/4060	E45/4061	E45/4069	E45/4070	E45/4072	E45/4201	E45/4651	M45/515	M45/607
	P45/2844	P45/2893							
Normay	M45/302								
North Pole	E45/2532	M45/328	M45/329						
North Shaw	E45/3940	E45/4071	E45/4098	L45/60	L45/86	P45/2873	P45/2874	P45/2875	P45/2876
Soansville	E45/4976								
Spear Hill	E45/4586	E45/4587	P45/2973	P45/2974	P45/2975				

(ii) Linden, Western Australia

Golden Ridge	M26/534	(Northern Star (HBJ) Pty Ltd is the beneficial owner of this tenement. Haoma has retained legal title and is entitled to royalties from gold produced.)
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(b) Tenements beneficially held by Haoma Mining NL (100%)

Pilbara, Western Australia

Apex	P45/2979									
20oz Gully	M45/411	P45/2961	P45/2962	P45/2963						
Bamboo Creek	P45/2946	P45/2947	P45/2967	P45/2968						
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
	P45/3000									
Copper Hills / Stirling	G45/36	M45/238	M45/346	M45/357	M46/177					
Danks Areas	M45/692									
Grace Project	E45/3655	E45/4850								
Lalla Rookh	M45/648	M45/649								
Lionel	M46/43	M46/44								
Marble Bar	M45/678	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	P45/2985				
Wallaringa	M45/1186									

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

i) Bamboo Creek, Western Australia

	M45/480	M45/481	L45/72	P45/2948	P45/2949	P45/2950
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(ii) Ravenswood, Queensland

Budgerie	ML1325		Barrabas	EPM8771
Old Man & Copper Knob	ML1326	ML1330	Robe Range	EPM14038
Elphinstone	ML10275		Waterloo	ML1529
Robe Range East	EPM17832		Podoskys	ML10315
Wellington Springs	ML1415	ML1483		