



# Haoma Mining NL

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June 2, 2020

## **Haoma Mining Shareholder Update**

**To all shareholders,**

Since mid-March, 2020 (from the Covid-19 lockdown) Haoma's management and employees have been isolated at Bamboo Creek and Ravenswood. The latest Covid-19 restrictions to activities followed upon problems maintaining operations caused by Pilbara cyclone flooding in January and February 2020.

### **1. 'Trial mining' has begun at the Just-in-Time Mine**

The Directors are pleased to advise shareholders that **mining has begun at the Just-in-Time mining lease near the Comet Mine** about 10km from Marble Bar. Approximately 1,000 tonnes have been mined and will be processed through the Bamboo Creek Plant over the next 2 weeks. In January 2018 a significant quantity of 'watermelon' nuggets were recovered from near surface where mining has begun. See Figures 1 and 2 below.



**Figure 1: Just-in-Time Mine location – pink paint markers show location of previous nugget recoveries**



**Figure 2: Nuggets from Just-in-Time mining location**

## **2. Latest Elazac Process test-work results**

On February 25, 2020 Haoma shareholders were advised that Elazac Process test-work on **Mt Webber ‘low grade’ iron ore measured 46.61g/t gold**, based on a **doré button containing 8.2% gold** recovered. Since this positive Mt Webber result ‘test work’ and ‘fine-tuning’ of the Elazac Process has continued at Bamboo Creek with samples of:

- **Mt Webber ‘low grade’ iron ore,**
- **Bamboo Creek Vat ore** (28,000 tonnes of crushed Kitchener Low Grade ore), and
- **Bamboo Creek Tailings.**

Test work has now progressed to the stage where the above ores can be subjected to the Elazac Process to produce a **‘concentrate’** which when analysed by XRF measures significant quantities of gold, Platinum Group Metals (PGM) and ‘heavy’ rare earths. (‘Heavy’ rare earths are:– Yttrium-Y, europium-Eu, gadolinium-Gd, terbium-Tb, dysprosium-Dy, holmium-Ho, erbium-Er, thulium-Tm, ytterbium-Yb and lutetium-Lu. Other metals in concentrates read at Bamboo Creek by XRF include: Hf, La, Sm, Pm, Re, etc.).

When reconfiguration of the Bamboo Creek Plant is completed it is anticipated about 400 tonnes of **Mt Webber’ low grade’ iron ore** will be each day processed through the plant.

The following are the results to date:

### **2.1 Webber ‘low grade’ iron ore**

Processing many similar samples of **Mt Webber ‘low grade’ iron** using the Elazac Process has resulted in a **‘concentrate’** being produced which represented about 0.34% of **Mt Webber ‘low grade’ iron**. Analysis of the **‘concentrate’** by XRF measured **8% gold, 14% silver** plus other metals such as silica and magnesium.

The XRF reading of 8% gold in the **‘concentrate’** recovered ‘calculates back’ to **282.51g/t gold measured in Mt Webber ‘low grade’ iron ore.**

Recent test work has shown when fine tuning of the Bamboo Creek Plant is completed it is anticipated that the **‘final concentrate’** recovered will weigh greater than 0.34% of **Mt Webber ‘low grade’ iron ore and contain at least 8% gold.**



## 2.2 Bamboo Creek Vat Ore

Leaching of the **Bamboo Creek Vat 28,000 tonnes of crushed Kitchener Low Grade** was subjected to the Elazac Process for about a week. A precipitate of ‘**vat sludge concentrate**’ (approximately 6 tonnes) formed in the ‘pregnant’ Vat solution of approximately 2,500 litres.

Processing many similar samples of ‘**vat sludge concentrate**’ using the Elazac Process resulted in a ‘**concentrate**’ being produced which represented about 0.05% of ‘**vat sludge concentrate**’.

Analysis by XRF of the ‘**vat sub-concentrate**’ measured **6% gold and about 90% silica**. The XRF gold reading of 6% gold in the ‘**vat sub-concentrate**’ recovered ‘calculates back’ to **4,000g/t gold in the 6 tonnes of ‘vat sludge’ concentrate** so far recovered from the 28,000 tonnes of crushed Kitchener Low Grade Ore in the Bamboo Creek Vat.

## 2.3 Bamboo Creek Tailings

Processing many similar samples of **Bamboo Creek Tailings** using the Elazac Process has resulted in a ‘**concentrate**’ being produced which represented about 1.43% of **Bamboo Creek Tailings**. Analysis of the ‘**concentrate**’ by XRF measured **0.5% gold, 1% Platinum Group Metals (PGM) and 1% ‘heavy’ rare earths** plus other metals such as iron, zinc, copper, and tantalum.

The XRF reading of **0.5% gold** in the ‘**concentrate**’ recovered ‘calculates back’ to **71.3g/t gold in Bamboo Creek Tailings**.

Recent test work has shown when fine tuning of the Bamboo Creek Plant is completed it is anticipated that the ‘**final concentrate**’ recovered will result in a **Bamboo Creek Tails ‘calculated’ gold grade higher than 71.3g/t**.

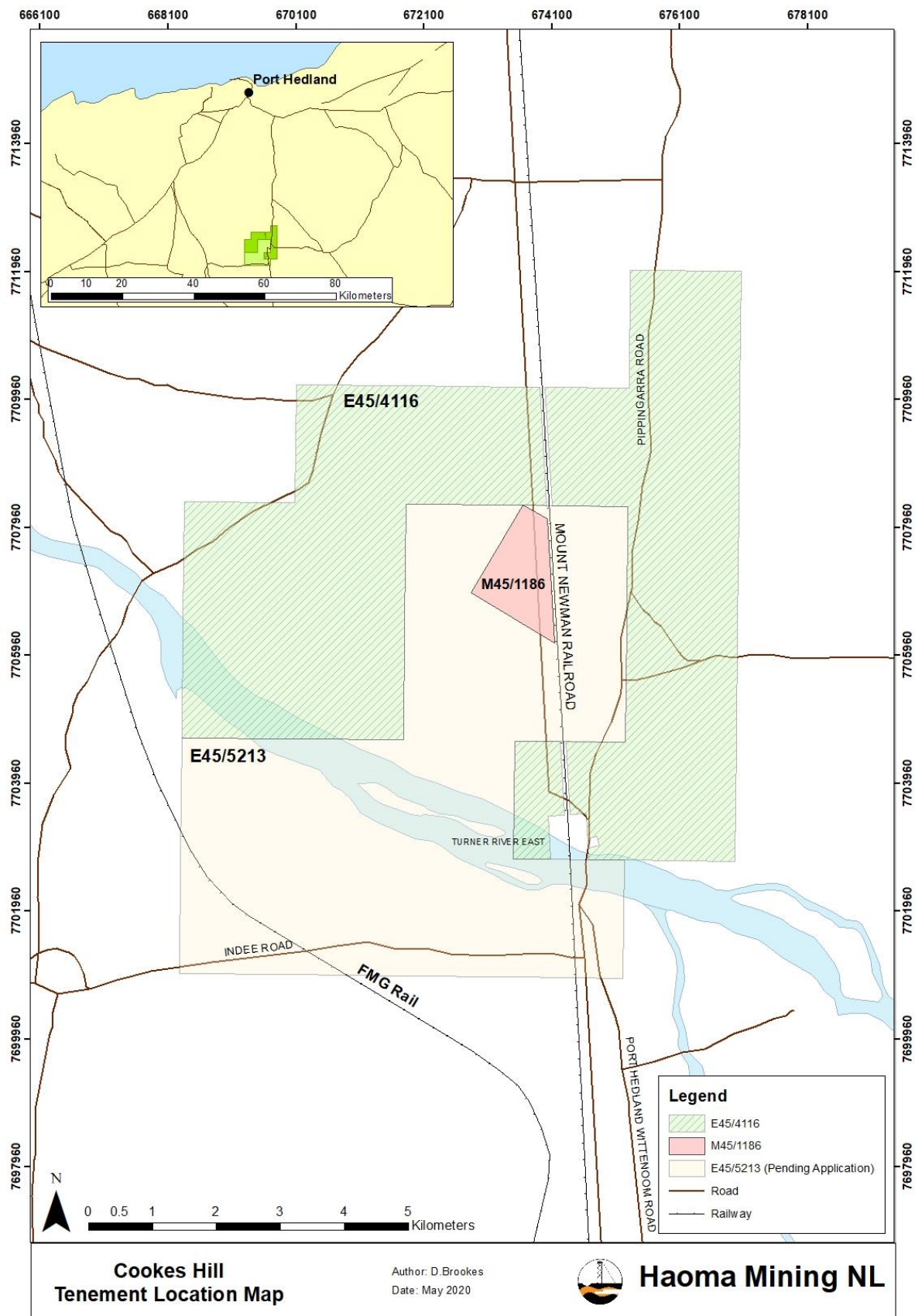
The University of Melbourne Laboratories is expected to re-open in mid-June. The above **three concentrates** will be then sent to the University of Melbourne so the above XRF measurements of gold and other metals can be checked. The concentrate samples will be further processed to recover the gold bullion, PGM and other specific metals.

## 3. Cookes Hill and Elazac Quarry - Summary of activities (M45/1186, E45/4116 and E45/5213)

At the Wallaringa - Cookes Hill area (Figure 3) Haoma Mining holds exploration tenements E45/4116 and E45/5213 and mining lease M45/1186 containing the Elazac Quarry. The quarry is operated under licence by Brookdale Contractors.

The project area is located approximately 50 kilometres south of Port Hedland and contains:

- The Elazac Quarry which supplies construction material to various civil contractors and mining companies in the Pilbara region, and
- Several areas prospective for gold (Au), silver (Ag) and Platinum Group Metals (PGM) mineralisation within exploration tenement E45/4116.



**Figure 3: Wallaringa - Cokes Hill tenement location map**

### **3.1 BGC Contracting Pty Ltd v Haoma Mining NL & Elazac Pty Ltd**

The 2019 Haoma Mining NL Annual Report to shareholders included a Contingent Liability (refer Note 17: Contingent Liabilities) with respect to legal proceedings initiated by BGC Contracting Pty Ltd (BGC) in March 2019.

The legal action related to a dispute with Haoma about the terms of a 10 year mining licence at Haoma's "Elazac Quarry" at Cookes Hill near Port Hedland (WA). The mining licence granted to BGC had expired in April 2017 and BGC did not exercise an option to extend the Licence. BGC did not remediate the Quarry and did not remove equipment and stockpiles from the site.

In early 2018 BGC subsequently 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. By this time Haoma had commenced remediation of the site and had negotiated with third parties for the removal of stockpiled rock. The amount of damages sought was not specified but was indicated to be in the range of \$6 to \$10 million.

Haoma is pleased to advise shareholders that following a change in ownership of BGC Contracting in December 2019, Haoma has engaged in successful negotiations with the new owners, NRW Holdings Ltd, to conclude the legal proceedings. Haoma and NRW each agreed to discontinue the proceedings and pay their own costs.

### **3.2 Elazac Quarry April 2020 Revenue and Future Revenue**

Haoma's rock sales from the Elazac Quarry were significantly down from January to mid-March due to roads in the area being closed due to cyclones and since mid-March because of COVID-19 activity restrictions. Refer Table 1. Revenue in May and June is expected to be about \$250,000.

**Table 1: Elazac Quarry rock sales comparison 2019 vs 2020**

	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>
Rock sales	\$	\$	\$	\$	\$	\$
2019	85,116	60,118	16,487	75,350	310,130	60,752
2020	28,077	25,885	16,635	30,804		

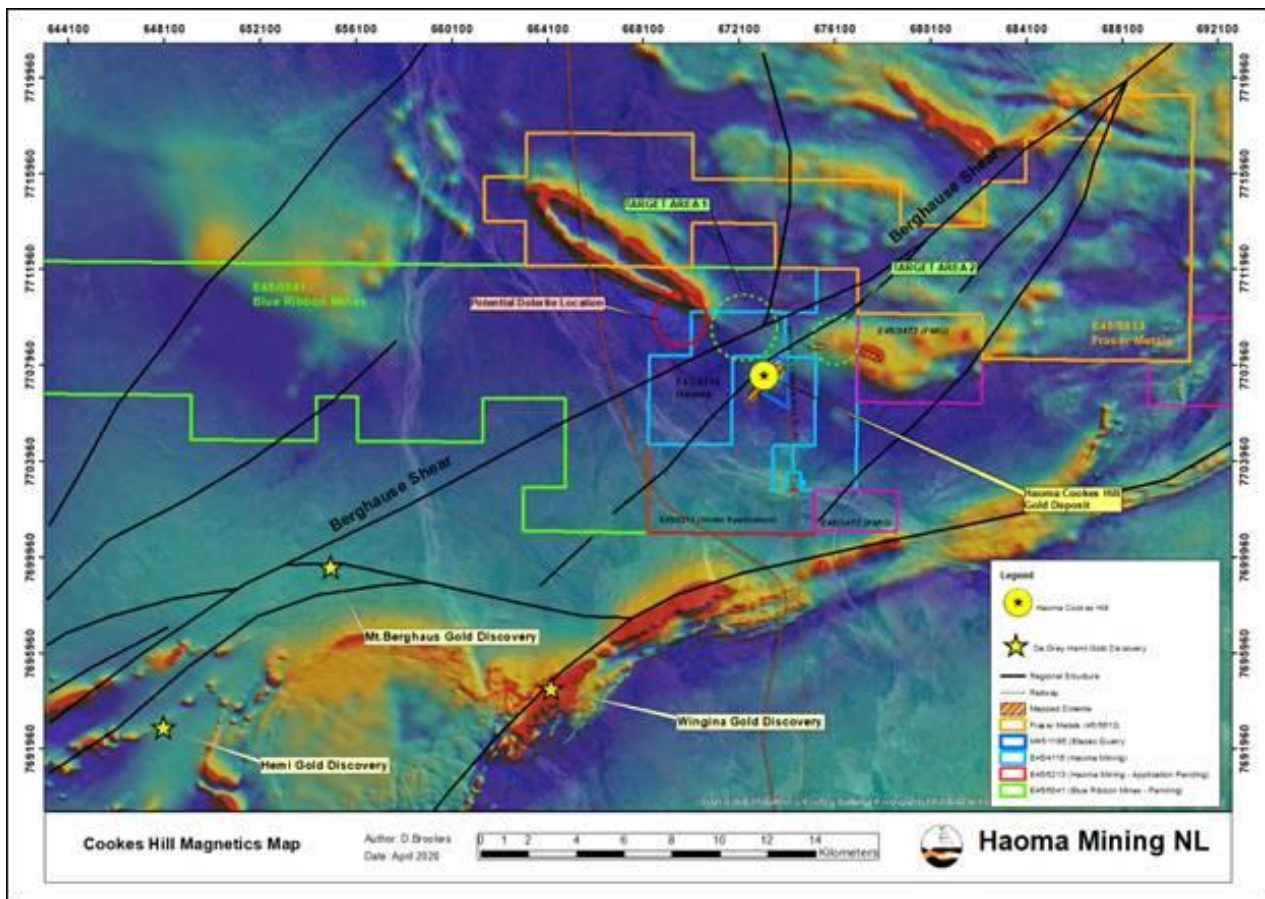
### **3.3 Cookes Hill Gold Exploration**

In 1999 and 2001 Haoma completed an extensive drilling program in the primary prospective zone, referred to as the '**Cookes Hill Prospect**'. Based on the shallow drilling program low grade gold mineralisation was estimated to contain 1.3g/t gold resulting in approximately 50,000 to 60,000 ounces of gold.

DeGrey Mining recently announced a potentially large gold discovery to the south west of Haoma's Cookes Hill tenements called "Hemi" resulting in renewed interest in gold exploration within the area. This discovery was made within proximity to a localised shear like the Cookes Hill prospect in Haoma's tenements.

Regional mapping shows a large shear zone 'Berghaus Shear' that extends from the Hemi discovery in the south-west towards and through Haoma's E45/4116 tenement to the north-east (Figure 4). Another shear that constrains both the dolerite zone and Cookes Hill gold discovery intersects the Berghaus shear north of E45/4116.

This recent interpretation has provided Haoma with additional target areas for potential gold mineralisation within Haoma's exploration area. A targeted exploration sampling plan is being conducted throughout 2020 to identify new prospects.



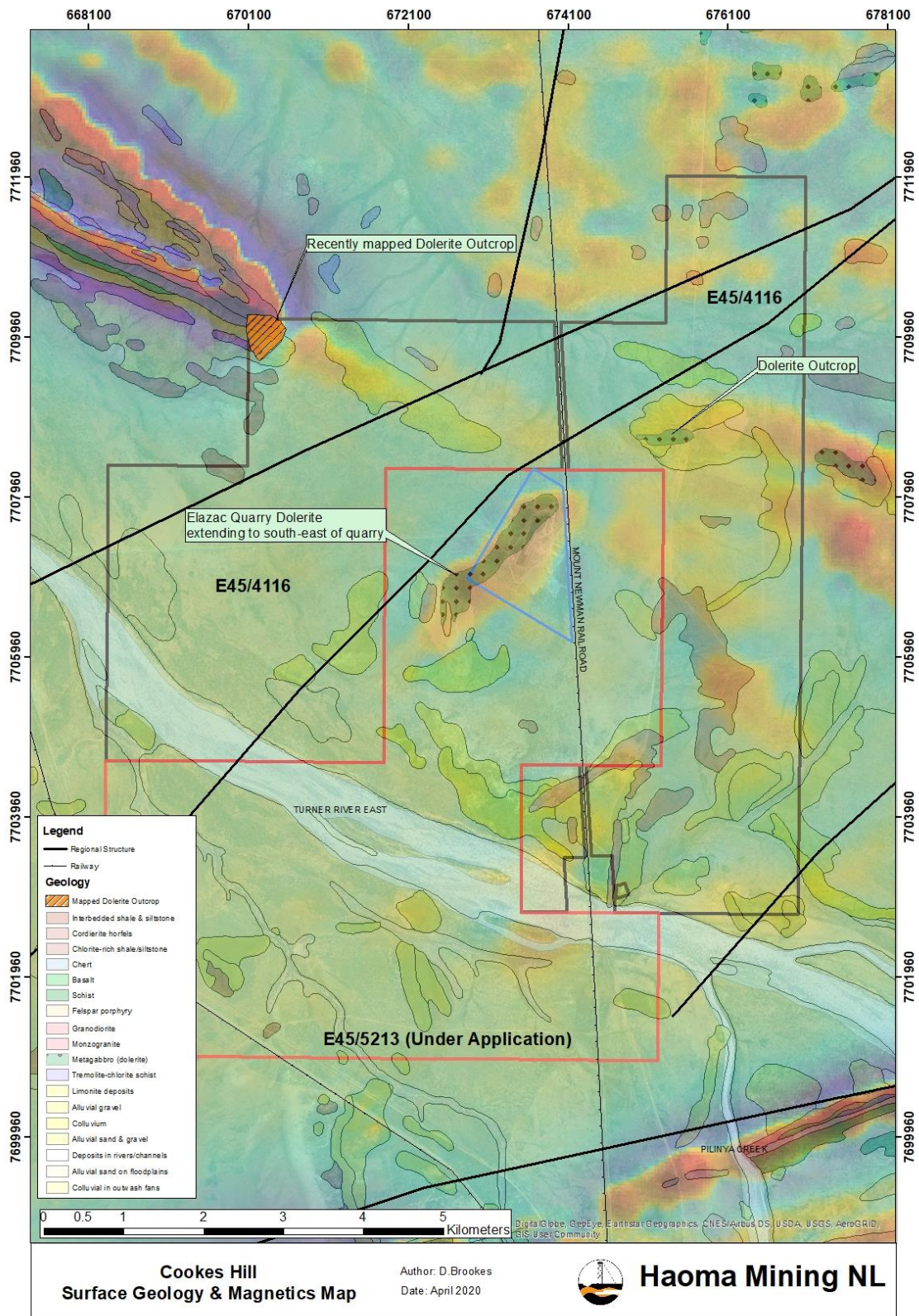
**Figure 4:** Cooke's Hill Regional Magnetic map showing recent discoveries

### 3.4 Cooke's Hill Dolerite Exploration

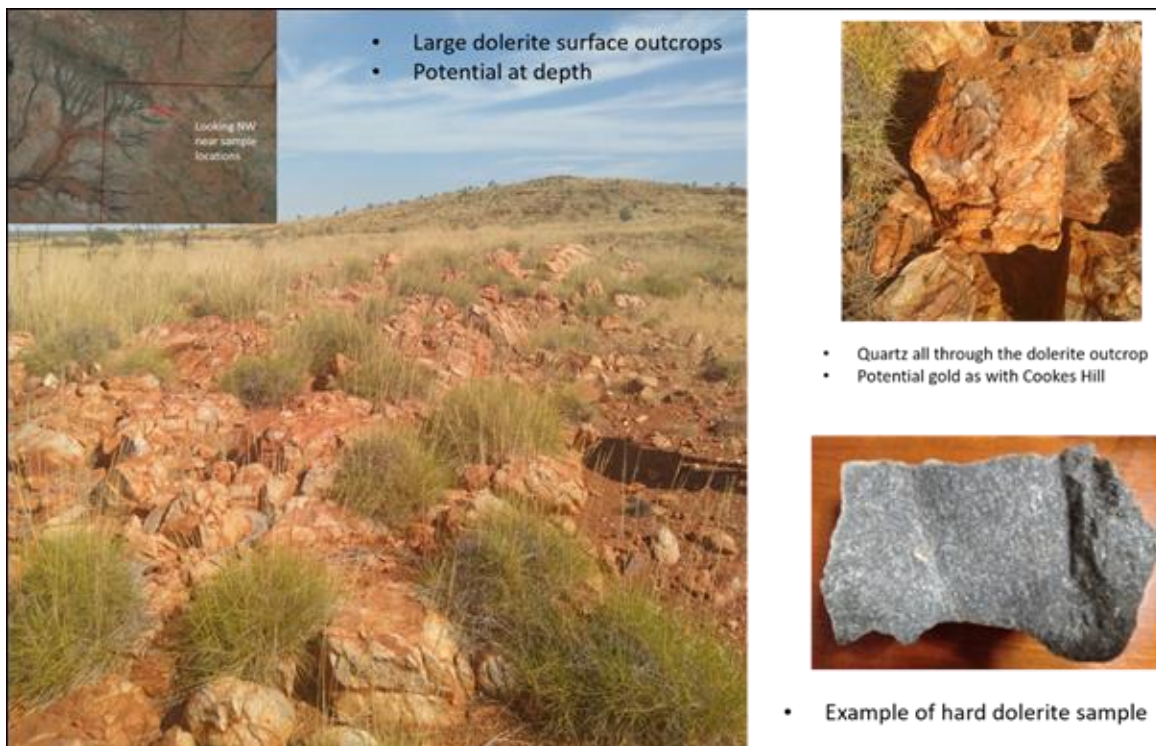
The Elazac Quarry currently provides construction materials including dolerite for various civil contractors. The current known and mapped dolerite extends through the Elazac Quarry and to another outcrop to the north east of the quarry. (Figure 5) Haoma is actively exploring the surrounding tenements for other potential sources of construction material for future demand.

Recent mapping and sampling identified a similar high-quality dolerite outcrop in the north-west corner of the E45/416 tenement (Figure 6) that is currently undergoing petro-graphical analysis for construction material suitability. Further mapping and fieldwork will be conducted to determine if other outcrops exist on trend from the Elazac Quarry to this outcrop.





**Figure 5: Wallaringa - Cookes Hill Magnetics and Geology showing dolerite locations**



**Figure 6: Wallaringa - Cookes Hill dolerite outcrops located in E45/4116**

The Board personally wishes to thank all those people who have helped Haoma during most difficult times in the Pilbara, WA and Ravenswood, Queensland.

Yours sincerely

**Gary C. Morgan**  
Chairman