

**HAOMA
MINING NL**

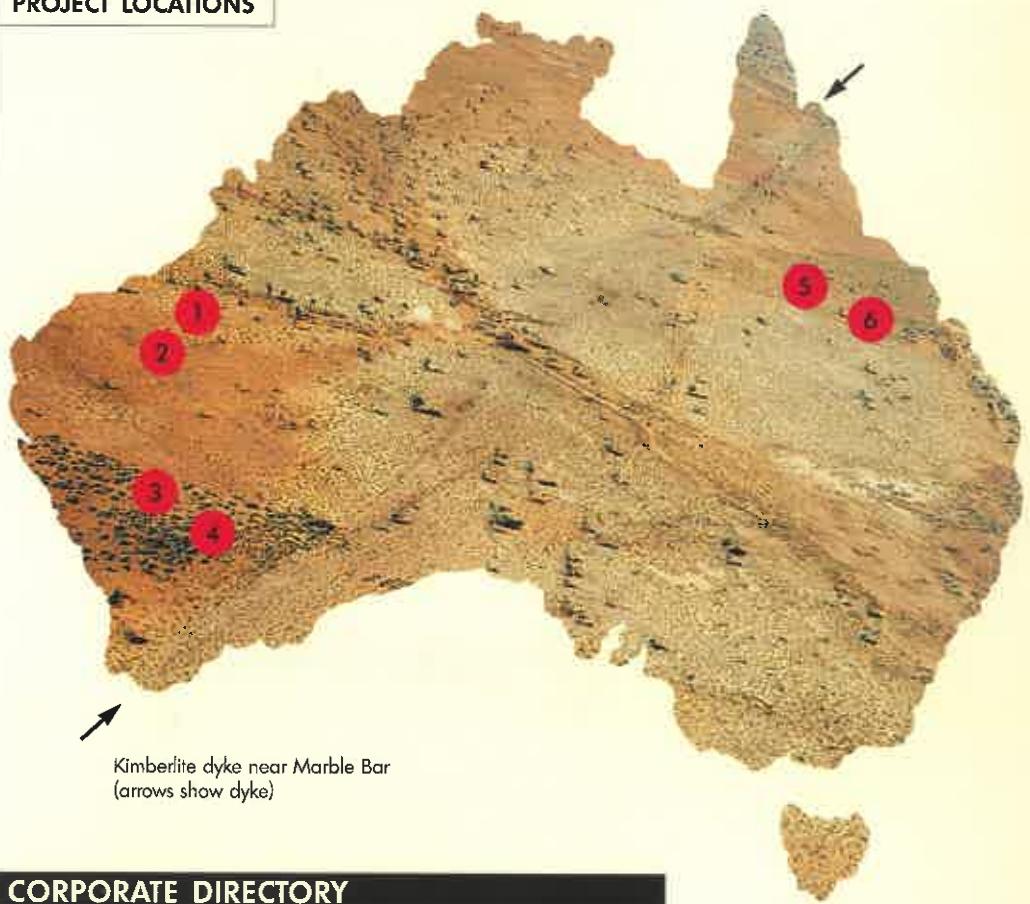
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**1 9 9 8
ANNUAL REPORT**

HAOMA MINING NL

PROJECT LOCATIONS



1. Bamboo Creek, WA
2. Marble Bar, WA
3. Yandal, WA
4. Linden, WA
5. Charters Towers, Qld
6. Ravenswood, Qld

CORPORATE DIRECTORY

Directors

Gary Cordell Morgan, B.Comm (Chairman)
John Dorman Elliott, B.Comm (Hons),
MBA, FCPA
Michele Levine, B.Sc (Hons), Env. St.
John Lachlan Charles McInnes, B.Comm, FCA

Secretary

Jim Wallace, B.Ec, ACA

Registered Office and Head Office

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Perth, Western Australia 6849

Bankers

Australia and New Zealand Banking Group Ltd
388 Collins Street
Melbourne, Victoria 3000

Share Registry

Corporate Registry Services Pty Ltd
Level 2
Reserve Bank Building
45 St Georges Terrace
Perth, Western Australia 6000
Tel: (08) 9323 2000
Fax: (08) 9323 2038

Postal Address

GPO Box D182
Perth, Western Australia 6001

Auditors

Pannell Kerr Forster
485 La Trobe Street
Melbourne, Victoria 3000

Solicitors

Corrs Chambers Westgarth
Bourke Place
600 Bourke Street
Melbourne, Victoria 3000

Stock Exchange Listing

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

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 and extract resources 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) by linking research with modern technology and new ways of thinking.

Haoma operates with a very 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

Notice is hereby given that the Annual General Meeting of the members of the Company is to be convened in The Roy Morgan Conference Centre, 2nd Floor, 411 Collins Street, Melbourne, Victoria, on Friday November 27, 1998 commencing at 10.00 am.
All shareholders are invited to attend. The Notice of Meeting and proxy form has been printed and accompanies this report.

SUMMARY OF OPERATIONS

*Haoma Mining NL reports a
\$6.2 m Group Consolidated Profit
for the year ended June 30, 1998*

FINANCIAL

Haoma Mining NL Consolidated Profit and Loss	1995/96 (\$m)	1996/97 (\$m)	1997/98 (\$m)
Revenue	29.2	44.3	37.2
Net profit before Interest, Depreciation and Tax	6.7	18.9	12.2
Interest	(4.0)	(3.3)	(2.1)
Depreciation and Amortisation	(4.3)	(4.2)	(4.5)
Income Tax	nil	(0.8)	0.6
Net profit/(loss) after Interest, Depreciation and Tax	(1.6)	10.6	6.2
Net profit/(loss) after Minority Interests	(0.9)	10.6	6.2

OPERATIONAL

Nolan's Joint Venture	Total 1996/97	Total 1997/98	Total Project to date
● CIL Plant			
Tonnes Mined	2,364,564	1,955,879	6,204,308
Tonnes Milled	2,288,362	2,037,300	5,849,497
Average Grade (g/t)	1.58	1.62	1.56
Average Metallurgical Recovery (%)	94.4	95.1	94.7
Gold Production (oz) 100% 49.9% (Haoma Mining)	111,048 55,413	101,263 50,531	278,570 139,007
● Heap Leach (note)			
Tonnes Milled	—	284,568	284,568
Average Grade (g/t)	—	0.53	0.53
Average Metallurgical Recovery (%)	—	95.4	95.4
Gold Production (oz) 100% 49.9% (Haoma Mining)	13,436 6,704	4,474 2,232	32,939 16,436
Total			
Gold Production (oz) 100% 49.9% (Haoma Mining)	124,484 62,117	105,737 52,763	311,509 155,443

Note – in mid-October, 1997, the Joint Venture commenced feeding heap leach material directly into the mill.



For the year ended June 30, 1998, Haoma Mining NL reported a Group net profit of \$6,249,492 after deducting depreciation and amortisation of \$4,545,248 interest of \$2,110,451 and after adding an income tax credit of \$602,088. This compares with \$10,551,741 (depreciation and amortisation of \$4,360,064, interest of \$3,317,798 and income tax expense of \$836,606) in the prior year.

This result is lower than for the same period last year due to lower production at the Nolan's mine (50.1% MIM, 49.9% Haoma) caused mainly by including the lower grade stringers from outside of the original pit design, loss of production from the heap leach operation (now being put through the mill), the cost of re-engineering the Bamboo Creek plant and conducting tests on bulk samples.

In 1997/98, Nolan's production of 105,737 ounces was 18,747 ounces less than last year (124,484 ounces). Haoma's share of production was 52,763 ounces which was 9,355 ounces less than the previous year.

Despite the lower 1997/98 production from Nolan's, Haoma reduced its bank debt in 1997/98 by \$12 million to \$17.2 million (a repayment of a further \$1 million in August, 1998, and \$0.75 million in September, 1998, has reduced bank debt to \$15.45 million). The debt repayment was partly achieved by liquidating value from Haoma's forward hedge program.



Nolan's – primary crusher discharge conveyor with CIP plant in background

On a more positive note -

- in 1998/99, the Nolan's operation is budgeted to produce 120,872 ounces of gold (Haoma's share 60,315 ounces) at an average cash cost of \$308 (1997/98 average \$371). Present indications are that this result will be achieved. If cost reductions are maintained for the rest of the financial year, then Haoma's profitability and cashflow from Nolans will improve, and
- an amended pit model produced in September, 1998, by Carpentaria Gold Pty Ltd shows that there is now a resource of approximately 2.8 million tonnes at 1.7 g/t remaining at the conclusion of the current Joint Venture which will belong 100% to Haoma. Our consultants expect this resource estimate to be upgraded with additional drilling which will be undertaken in 1999.

Haoma's joint ventures with Goldfields Exploration Pty Ltd (in the Linden area of WA) and with Stockdale Prospecting Ltd (in the Pilbara area of WA) have both obtained encouraging results (reported in more detail later). The recent discovery of a significant kimberlite dyke near Marble Bar with a strike length of more than 8 km is an exciting find and has upgraded the region as a potential diamond producing area. In 1998/99, Haoma intends to contribute approximately \$750,000 toward diamond exploration.

For the financial year to June 30, 1998 group exploration expenditure totalled \$3.6 million. This included \$1.8 million spent at Bamboo Creek on recommissioning the plant and installing new equipment, fine-tuning the plant and mining and trucking test parcels of goldbearing ore to Bamboo Creek for processing using the Elazac Process. The plant configuration now includes a float circuit and a variety of equipment to conduct numerous gravity separation processes.



The Ravenswood Area, Queensland

Last year, Haoma's objectives in the Ravenswood area were defined as:

- to establish a long term profitable mining operation in the Ravenswood/Charters Towers region; and
- to define sufficient ore reserves on Haoma's Ravenswood tenements to extend the Nolan's Joint Venture beyond the initial 12.5 million tonnes.

To achieve these objectives, during the year Haoma conducted:

- a drilling program on many tenements which has resulted in upgrading the potential for the region providing additional ore reserves; and
- additional drilling in and around the Nolan's pit in July and August, 1998.

Throughout the year, Haoma continued exploration in the Ravenswood district. Results continue to indicate that the area is highly prospective (encouraging results are shown later in the report). In mid-September, 1998, Haoma completed a reverse circulation drilling program. Additional follow up drilling will be conducted during the second quarter of 1998/99.

On September 25, 1998, Carpentaria Gold advised Haoma that it had produced an amended pit model which indicated, using a cut-off grade of 0.55 g/t, that at September 1, 1998, the resource remaining in the Nolan's pit was 8.78 million tonnes at 1.65 g/t. This means there will be a resource remaining after completion of the Joint Venture of approximately 2.8 million tonnes at an estimated 1.7 g/t which is 100% Haoma's.

The Directors are confident that the Joint Venture with Carpentaria Gold will be extended to include Haoma's additional Nolan's ore and additional Carpentaria Gold ore from the Ravenswood district. Extending the Joint Venture would involve increasing the mill capacity from the current rate of 2.5 million tonnes per annum of sulphide ore to 3.0 million tonnes per annum.

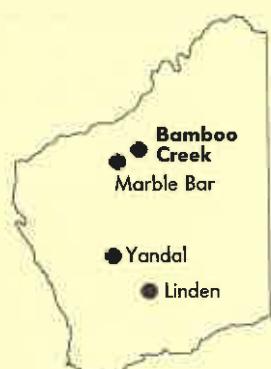
During April, 1998, a block model resource estimate was completed for the polymetallic (gold, silver, copper, zinc) mineralisation at Copper Knob which resulted in a measured, indicated and inferred resource of 1.65 million tonnes at 0.86 g/t gold (45,622 ounces), 5.2 g/t silver, 0.14% copper and 0.20% zinc. This equated to \$22.06 per tonne using metal prices as at April 22, 1998, which is equivalent to 1.44 g/t gold. A measured, indicated and inferred gold only resource of 0.7 million tonnes at 1.41 g/t gold (31,700 ounces) was also calculated. This equates to \$21.67 per tonne using the gold price at April 22, 1998, of \$478 per ounce. This resource could, at little additional capital cost, be put through the Nolan's plant.

These resource calculations were carried out under the supervision of Mr. Jeremy Peters, an Haoma Mining NL employee, who is a competent person under the JORC 'Code for the Reporting of Identified Mineral Resources and Ore Reserves'. He is a Corporate Member of the Australian Institute of Geoscientists and has in excess of five years' experience in the reporting field.

The Pilbara Area, Western Australia

Last year Haoma's objectives in the Pilbara were defined as:

- to overcome the assay problem of underestimating gold values;
- to re-engineer the Bamboo Creek plant to economically produce a gold concentrate using the Elazac Process and then efficiently extract gold; and
- to establish profitable gold mining operations at Marble Bar, Bamboo Creek, Normay/Mickey's Find and Lalla Rookh using the knowledge obtained from the Elazac Process.





Bamboo Creek
flotation circuit

To achieve these objectives, Haoma:

- completed the mill re-engineering of the Bamboo Creek plant;
- mined and trucked parcels of ore to Bamboo Creek from Copenhagen, McKinnon, Fieldings Gully, Warrawoona, Comet, North Shaw and Normay; and
- commenced tests using the Elazac Process.

During the year, re-engineering of the Bamboo Creek plant was completed. Parcels of ore from various Pilbara tenements were trucked to Bamboo Creek and tests conducted on various ore sub-samples. Initial tests obtained a mill 'Calculated head grade' higher than the mill 'Feed head grade' (as measured by conventional assay methods). The test results also showed that more gold than measured in cyanide solution could be measured on carbon.

In 1997/98, the Haoma group spent approximately \$1.8 million on this Pilbara project. Test results have been varied. While with bulk tests it has been possible to obtain gold grades in solution significantly higher than the head grade, continuously milling Bamboo Creek tails and ore has not achieved the same result. Tests are continuing at Bamboo Creek to determine the most efficient mill configuration to maximise the gold recovery. Although hopeful of success, the Directors are aware that new technology projects, such as this one, are inherently risky.

Exploration activities continued on numerous Pilbara leases (detailed results are shown later in the report).



Kimberlite dyke near Marble Bar
(arrows show dyke)

Joint Venture Activities in Western Australia

Haoma has deferred the cost and risk of exploration by entering into two joint ventures. Haoma's joint venture in the Pilbara with Stockdale Prospecting Limited (a De Beers company) was announced last year. While Stockdale has been looking for diamonds (see below), Haoma has had access to Stockdale data, soil samples and drill core (at no cost) in evaluating the tenements for other mineralisation.

On November 3, 1997, Haoma entered a joint venture with Goldfields Exploration Pty Ltd to explore Haoma's Linden tenements for gold. To date, Haoma has contributed \$476,060 as its share of the Joint Venture costs. Results have been encouraging (detailed results are shown later in the report).

On July 16, 1998, Stockdale gave notice that it had spent \$500,000 to earn its 50.1% interest in the Pilbara Joint Venture. Stockdale then provided a six-month work program and budget (\$1.5 million).

The drill program, which commenced in late July, was drawn up to investigate a selection of aeromagnetic targets and air photo features. Initial drilling centred on a prominent magnetic linear clearly evident in the detailed aeromagnetic survey flown earlier in the year and around which kimberlitic spinels and garnets had been reported.

Kimberlite was intersected at three separate locations along this magnetic linear.

Early indications from drilling point to a typical kimberlite dyke system which, near surface, varies in width from 0 metres to 14 metres and which in the drilling carried out to date averages 8 metres in width. The dyke as expected continues at depth, with kimberlite continuously intersected to 100m below surface. To date the kimberlite dyke has been confirmed over an 8 km strike length, and is open ended.

On August 31, 1998, Stockdale further advised:

"The drill program which commenced in late July has now been completed. Some 100 holes for 2,120 metres were drilled using a combination of 4½" air-core and RC hammer.

This drill program was drawn up to investigate a selection of aeromagnetic targets coupled with targets derived from high resolution, ground magnetic and EM surveys. Along the main magnetic linear, over a strike length of 8 km, kimberlite has now been confirmed at 6 separate locations. The drilling shows a typical kimberlite dyke system which continues uninterrupted at depth. Thin intersections of kimberlite have also been seen in drill-holes away from the main dyke.



Stockdale Prospecting drilling for diamonds near Marble Bar

CHAIRMAN'S ADDRESS



All drill cuttings will now be treated at Stockdale's treatment plant in Perth with mineral examination of the resultant concentrates to be carried out by the De Beers Laboratory in Melbourne. Once full results are available the true nature and extent of the kimberlites in this location will be confirmed.

Results are now available for an initial two drill-holes which intersected the main kimberlite dyke at one location along its length. For a combined intersection of 60 metres of kimberlite no diamonds were found in the size range -4.0mm to +0.3mm. Kimberlitic garnets are abundant at depth with mineral counts tapering off near surface. Kimberlitic spinels are abundant throughout.

Selected lengths of drill cuttings have been dispatched to the De Beers Diamond Laboratories in Kimberley, South Africa for microdiamond recovery down to 74 microns. Results of this work are expected by mid-November.

Elsewhere within the Marble Bar exploration licences kimberlitic spinels have been reported from regional samples collected earlier in the year. The expectation is therefore to define new areas of kimberlite within the joint venture tenements. Further intensification sampling is about to commence in these areas."

On September 7, 1998, Stockdale advised they had applied for permission to carry out a limited costeanning program within a 7½ km zone of the kimberlite dyke. This is part of the budgeted work program for the forthcoming six months. In 1998/99, Haoma will be contributing its 49.9% share of the Joint Venture's costs.

Under the terms of the Joint Venture agreement, Haoma has until November 16, 1998, to elect to participate in the \$1.5 million exploration program in accordance with its 49.9% participating interest. Alternatively, Haoma can elect for Stockdale to spend a further \$500,000 over two years to earn a further 24.9% interest, leaving Haoma with a 25% interest in the exploration program.

Year 2000 Systems

During 1997/98, Haoma commenced work to ensure that issues relating to Year 2000 compliance of systems and infrastructure were properly addressed well before 2000. Our primary concern in this area was that our major source of revenue, the Nolan's Joint Venture, could be affected by Year 2000 issues. However, enquiries have indicated that Joint Venture management has this matter well in hand.

Haoma is confident that it will be Year 2000 compliant by the middle of 1999. As Haoma is a small company, the cost of this project has been minimal.

Management and Personnel

Haoma is dependent on the efforts of the people (directors, staff, contractors, consultants) it employs. Each have contributed to Haoma's continuing profitability. The Directors would like to thank Haoma staff for their positive efforts in 1997/98, and in particular Mr. Bill Darcey who resigned on August 31, 1998. Mr. Darcey played a significant part in the recommissioning of the Bamboo Creek plant and establishing Haoma's current exploration policy. Directors would also like to thank our contractors at Bamboo Creek who have worked hard to re-engineer the plant, the management and staff of Carpentaria Gold Pty Ltd for the continued good work at the Nolan's pit and our many consultants, including Dr. Peter Scales of the Advanced Mineral Products Research Centre, University of Melbourne, for his work in the on-going development of the Elazac Process, for their contribution this year.

Gary C. Morgan,
Chairman



-1.00/+0.5 mm Kimberlite Chromites
from drill-hole concentrate



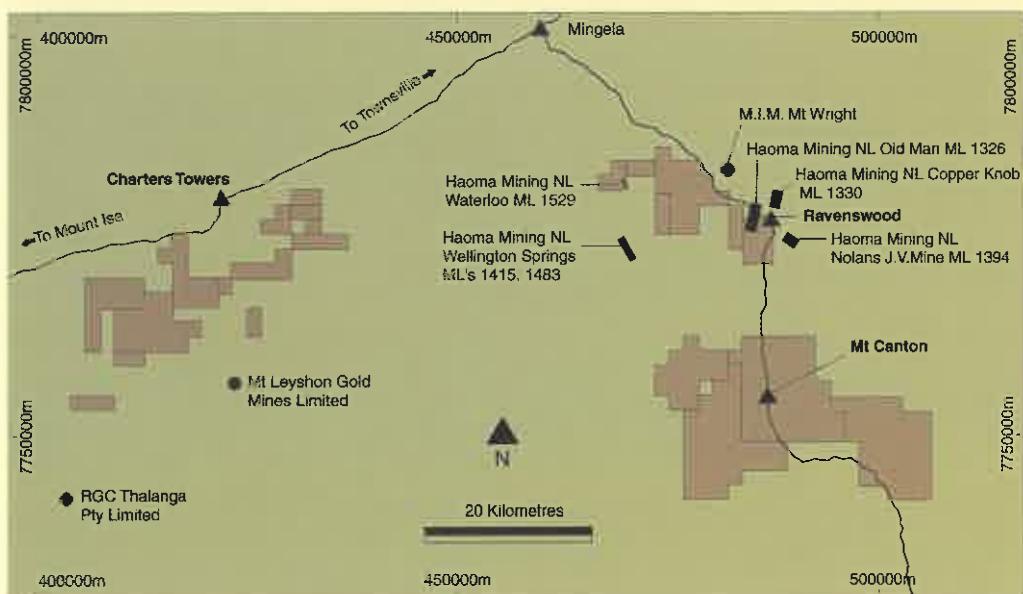
Garnets (in Kimberlite fragments)
in drill-hole concentrate

REVIEW OF OPERATIONS

THE RAVENSWOOD AREA, QUEENSLAND



RAVENSWOOD/CHARTERS TOWERS/MT CANTON REGIONS – TENEMENT HOLDINGS



1. Nolan's Project, Ravenswood, North Queensland

1.1 Mining of the Nolan's lease – A Joint Venture Project between MIM Holdings Limited subsidiary Carpentaria Gold Pty Ltd (50.1%) and Haoma Mining NL (49.9%)

The Nolan's gold mine is located at Ravenswood 90 km south of Townsville and 60 km east of Charters Towers in North Queensland. The project is managed by Carpentaria Gold Pty Ltd.

Under the Joint Venture agreement, a total of 12.5 million tonnes of primary sulphide ore will be mined from the Nolan's deposit by open pit with a stripping ratio of approximately 1:1. As at August 31, 1998, 6.5 million tonnes have been mined.

Gold production began in October, 1995. The current production rate of the treatment plant is approximately 2.5 million tonnes per annum of sulphide ore, well in excess of the originally planned 2.0 million tonnes per annum. At budgeted mining rates (2.5 million tonnes per annum of ROM), the Joint Venture has approximately 2½ years to completion. If the Joint Venture is extended, then it is anticipated that the mill production rate will increase from 2.5 million tonnes per annum to 3.0 million tonnes per annum.

Gold production from the CIL plant for the 12 months ended June 30, 1997, was 101,263 ounces produced from milling 2,037,300 tonnes at a grade of 1.62 grams per tonne. Haoma's share of this production was 50,531 ounces. In October, 1997, the Joint Venture began to process heap leach material through the mill. The original Heap Leach operation was suspended in April, 1997, due to poor recoveries. To June 30, 1998, 284,568 tonnes of this material at a grade of 0.53 g/t was processed through the CIL plant to produce 4,474 ounces. Haoma's share of this production was 2,232 ounces.

For the 12 months to June 30, 1998, the average cash cost of producing an ounce of gold was \$371 (including \$13 per ounce of sustaining capital). This compares with \$389 (including \$32/oz capital) for the 12 months to June 30, 1997. The 1998/99 cost per ounce is expected to be about \$298. This cost does not include \$10 per ounce of sustaining capital.

REVIEW OF OPERATIONS

THE RAVENSWOOD AREA, QUEENSLAND



On September 25, 1998, Carpentaria Gold Pty Ltd, advised Haoma that, as at September 1, 1998, the reserves remaining in the Nolan's pit were 8.78 million tonnes at 1.65 g/t. The resource model used a top-cut of 7 g/t and, where there were zones of continuously high grade, 17 g/t and a cut-off grade of 0.55 g/t. To the end of August, 1998, approximately 6.5 million tonnes had been mined from the Nolan's pit. As the present Joint Venture with MIM involves mining 12.5 million tonnes, this means there will be a resource remaining of 2.8 million tonnes at an estimated 1.7 g/t which is 100% Haoma's.



Nolan's Pit
Ravenswood

1.2 Drilling at the Nolan's Joint Venture

In addition to Haoma's share of the Nolan's Joint Venture ore, Haoma has potential for significant additional tonnes of commercial grade ore below the proposed Joint Venture pit floor at approximately the 200mRL (130 metres below the topographic surface).

A 15 hole drilling program was completed at the Nolan's pit in July and August, 1998. 11 holes (NP1, 1a – 4, 8, 9 and 21 – 24) were drilled from the current pit floor and four holes (NP5, 6, 7 and 20) from outside the current pit area. Holes NP6, 7 and 20 were drilled in order to evaluate whether there was mineralisation outside the existing pit design.

The results, which indicate mineralisation existing at depth and outside the existing pit design, are encouraging and are being incorporated into a geological model of the Nolan's orebody. They will be used to redesign the pit to economically access mineralisation beneath the expected final Joint Venture pit floor at 200mRL.

Under the current Joint Venture, 12.5 million tonnes of ore are planned to be mined to the 200mRL. However, the latest drilling results indicate that 12.5 million tonnes of ore could be achieved by the 210mRL. All mineralisation beneath this approximate pit floor will belong to Haoma (location of the 210mRL, in terms of drill hole depth, is shown beneath each hole's ID). The significant intersections are as follows:

REVIEW OF OPERATIONS

THE RAVENSWOOD AREA, QUEENSLAND

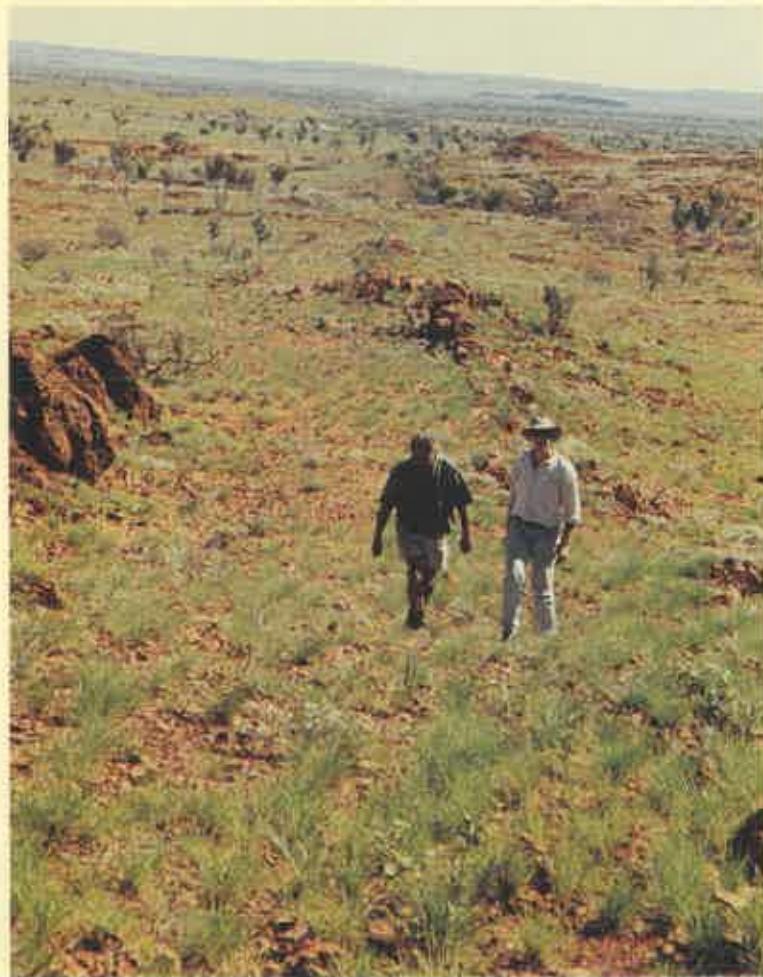
Hole ID	Collar		AZIM	Dip	Depth (m)	From (m)	To (m)	Width (m)	Au g/t
	Easting	Northing							
NP21 210mRL @ 50m	14375	13627	180	-85	178	38	46	8	1.14
						50	52	2	0.43
						68	70	2	0.40
						72	84	12	6.66
						98	102	4	0.40
						108	110	2	0.70
						110	112	2	0.38
						114	116	2	0.50
						118	120	2	0.39
						122	124	2	0.22
						138	142	4	1.07
						142	144	2	30.03
						144	150	6	0.41
						154	164	10	0.45
NP1 210mRL @ 50m	14400	13627	180	-85	176	56	58	2	2.38
						60	74	14	1.34
						80	98	18	0.36
						108	110	2	1.92
						118	120	2	0.53
						134	148	14	3.48
						154	164	10	0.67
NP1a 210mRL @ 50m	14400	13627	180	-85	64	50	62	12	1.67
NP2 210mRL @ 49m	14400	13582	180	-80	118	6	60	54	1.07
NP22 210mRL @ 50m	14425	13626	180	-85	180	62	76	14	0.45
						84	86	2	0.51
						96	106	10	0.28
						114	115	1	1.07
						24	26	2	2.29
						52	60	8	0.94
						62	66	4	6.55
						66	74	8	0.16
NP24 210mRL @ 50m	14425	13550	000	-80	172	74	88	14	0.87
						94	96	2	0.89
						110	146	36	0.94
						156	160	4	1.53
						0	6	6	0.18
NP3 210mRL @ 50m	14450	13625	180	-85	130	6	46	40	3.29
						46	50	4	0.17
						64	74	10	1.08
						150	152	2	0.38
						12	14	2	1.62
						56	58	2	0.58
NP23 210mRL @ 50m	14450	13600	180	-85	120	62	64	2	2.16
						66	68	2	0.29
						74	114	40	1.34
						120	124	4	2.31
						18	84	66	1.82
NP5 210mRL @ 108m	14500	13704	180	-68	202	86	106	20	0.37
						114	116	2	0.37
						118	120	2	0.73
						138	202	64	0.30
NP4 210mRL @ 50m	14500	13633	180	-85	125	50	66	16	1.90
						92	108	16	1.41
						124	125	1	1.10

REVIEW OF OPERATIONS

THE RAVENSWOOD AREA, QUEENSLAND



Hole ID	Collar		AZIM	Dip	Depth (m)	From (m)	To (m)	Width (m)	Au g/t
	Easting	Northing							
NP8 210mRL @ 60m	14650	13634	180	90	94	4	6	2	3.52
						24	26	2	0.78
						46	54	8	0.22
						60	66	6	0.86
						64	66	2	1.06
						78	88	10	0.71
						88	94	6	0.20
						6	8	2	0.72
NP9 210mRL @ 69m	14650	13634	180	-62	64	32	34	2	2.05
						42	44	2	1.31
						56	58	2	1.50
						28	30	2	1.60
NP7 210mRL @ 110m	14850	13707	180	-60	224	84	86	2	0.64
						98	108	10	1.63
						114	116	2	0.34
						124	138	14	1.09
						140	142	2	0.30
						164	184	20	0.68
						44	46	2	0.90
NP6 210mRL @ 110m	14900	13705	180	-60	214	60	72	12	0.33
						74	100	26	1.58
						114	116	2	0.42
						26	28	2	0.67
NP20 Outside pit boundary	14950	13681	180	-60	100	32	78	46	0.82
						86	88	2	1.22

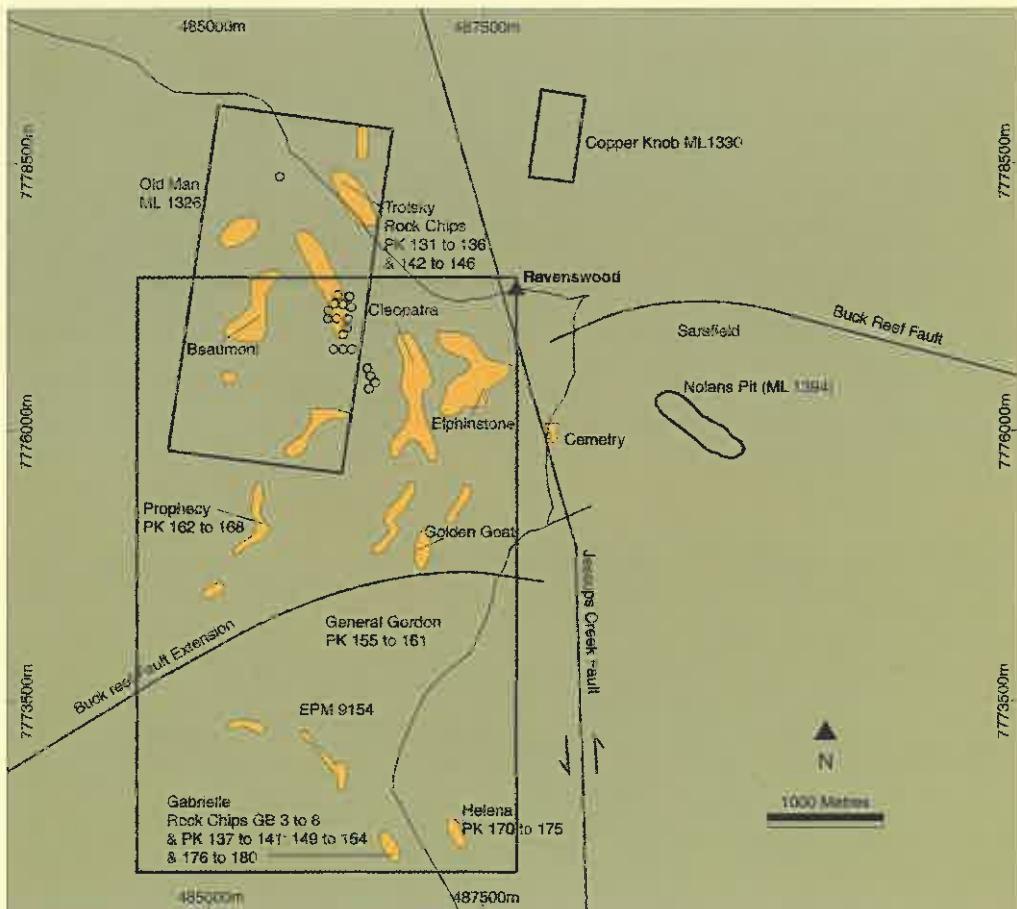


Typical surface expression of Kimberlite dyke

REVIEW OF OPERATIONS

THE RAVENSWOOD AREA, QUEENSLAND

RAVENSWOOD PROJECT – SOIL ANOMALIES AND ROCK CHIP SAMPLES



2. Additional Queensland Tenements

2.1 New Acquisitions

On November 3, 1997, three exploration permits (EPM 9150, EPM 9154 and EPM 8771) located in the Ravenswood area were acquired from Goldfields Exploration Pty Ltd and Placer Pacific Ltd.

2.2 Waterloo (ML 1529)

Three lode systems exist in the Waterloo lease (Waterloo, Silver Valley and Kirk). They consist of quartz veins and stockworks hosted by granitoids of the Ravenswood Granodiorite Complex.

A prominent late stage granitic intrusion to the south of the tenement has locally folded the main Kirk structure in a concertina pattern, resulting in substantial local thickening and repetition of mineralisation. Rugged topography hampers drilling, but ground investigation indicates potential for a significant resource.

Haoma recently drilled three holes totalling 175 metres at Waterloo to investigate the southern extension of the Kirk lode. The significant results were as follows:

REVIEW OF OPERATIONS

THE RAVENSWOOD AREA, QUEENSLAND



Hole ID	Collar		AZIM	Dip	Depth (m)	From (m)	To (m)	Width (m)	Au g/t	Ag g/t	Cu %	Zn %	Pb %	
	North-ing	East-ing												
WAT01	1200	1050	90	-60	71	10	34	15.4	—	—	0.02	0.23	0.10	
WAT02	1100	1065	270	-60	72	42	46	2.6	0.03	1.0	0.05	0.36	0.17	
						60	68	5.2	0.36	4.5	0.07	0.69	0.09	
WAT03	1050	1084	270	-60	72	34	38	2.6	0.63	5.5	0.14	0.29	0.16	
						56	58	1.3	0.15	2.0	0.07	0.11	0.04	
WAT04	920	1125	270	-60	71	4	16	7.7	0.13	3.7	0.12	0.26	0.19	
						26	36	6.4	0.53	11.4	0.28	0.41	0.30	
						66	68	1.3	0.31	5.0	0.03	0.28	0.10	
WAT05	840	1150	270	-60	72	28	40	7.8	0.04	2.0	0.03	0.21	0.10	
						44	46	1.3	0.18	4.0	0.13	0.82	0.22	
						52	58	3.9	0.03	2.0	0.05	0.34	0.15	
						58	66	5.2	4.70	37.3	0.67	1.94	2.17	
W98-1	750	1200	259	-60	50	0	44	44	0.03	1.7	0.03	0.23	0.10	
W98-2	700	1200	249	-60	50	0	44	44	0.04	1.8	0.02	0.52	0.21	
W98-3	650	1200	339	-60	75	0	63	63	0.16	8.9	0.13	0.73	0.26	
					incl.	0	30	30	0.07	6.7	0.09	0.97	0.37	
						“	30	33	3	1.50	60.0	0.74	0.69	0.42
						“	33	37	4	0.09	12.0	0.22	1.10	0.25
						“	37	58	21	0.03	1.9	0.03	0.20	0.09
						“	58	63	5	0.46	18.2	0.40	1.22	0.23

2.3 Wellington Springs (ML 1415 and ML 1483)

In the first Quarter of 1997/98, Haoma drilled eight RC holes totalling 650 metres at Wellington Springs. The holes were positioned primarily to test the northern and southern extensions of the resource. The significant results were as follows:

Hole ID	Collar		AZIM	Dip	Depth (m)	From (m)	To (m)	Width (m)	Au g/t	Ag g/t	Cu %	Pb %
	North-ing	East-ing										
WS 07	10072	9980	90	60	80	30	32	2	8.40	44.0	0.57	0.30
						32	38	6	0.32	1.3	0.09	0.01
						52	54	2	2.04	9.0	0.30	0.08
WS 08	10024	9978	90	60	80	22	24	2	1.96	27.0	0.22	0.15
						26	30	4	0.43	9.0	0.11	—
						40	42	2	2.77	173.0	0.50	0.17

During September, 1998, an inferred resource was calculated of 112,000 tonnes at 3.01 g/t Au (10,839 ounces), 58 g/t Ag and 0.61% Cu using a lower-cut gold/silver equivalent of 0.6 g/t gold. A preliminary pit optimisation will examine potential reserves which can be upgraded to the "indicated" category by further drilling.

The resource study was carried out under the supervision of Mr. Jeremy Peters, MAusIMM, MAIG, who is a competent person under the JORC 'Code for the Reporting of Identified Mineral Resources and Ore Reserves'.

2.4 Copper Knob (ML 1330)

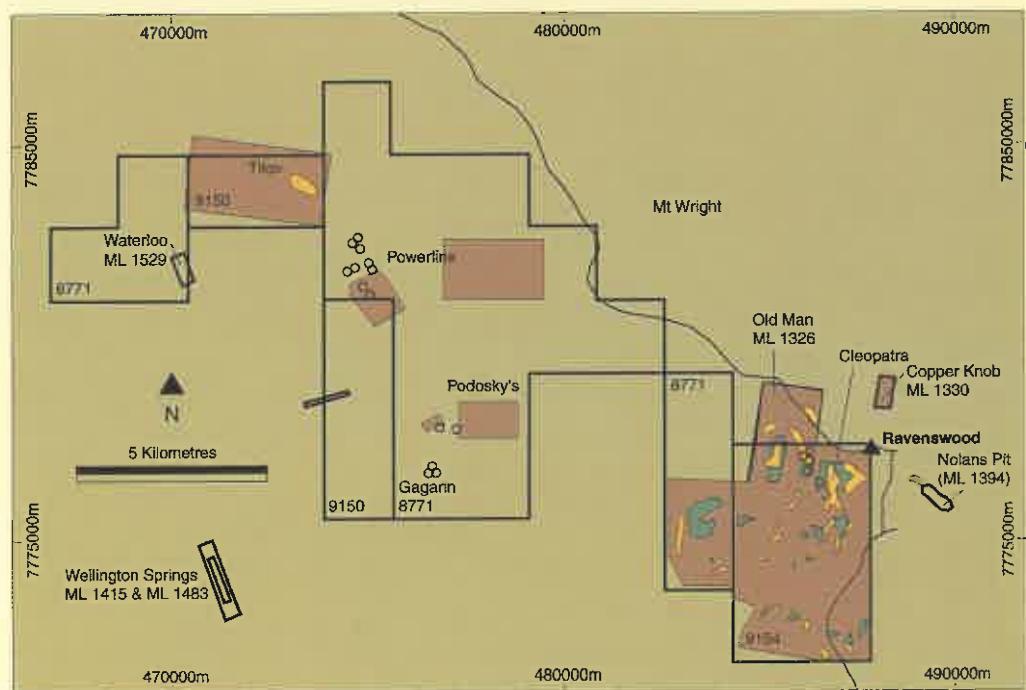
Haoma drilled 12 holes at Copper Knob in the first Quarter of 1997/98. As a result, block model polymetallic (gold, silver, copper, zinc) and gold only resource estimates were completed for the mineralisation at Copper Knob.

The resource estimates were lower than previous estimates due to the consideration of mining dilution (less grade) as well as an overall depth reduction dictated by the assigned resource categories (fewer tonnes). Consequently, the majority of the resource lies in the "indicated" category to an average depth of 60 metres.

REVIEW OF OPERATIONS

THE RAVENSWOOD AREA, QUEENSLAND

SOIL SAMPLING EXTENTS AND STREAM SEDIMENT SAMPLING



The resource estimates were as follows:

Polymetallic Resource

A measured, indicated and inferred resource of 1.65 million tonnes at 0.86 g/t gold (45,622 ounces), 5.2 g/t silver, 0.14% copper and 0.20% zinc. This equates to \$22.06 per tonne using metal prices as at April 22, 1998, which is equivalent to 1.44 g/t gold (\$478 per ounce).

The resource was calculated to a maximum depth of 90 m with an average depth of 60 m.

Category	Tonnes	Gold (g/t)	Silver (g/t)	Copper (%)	Zinc (%)
Measured	210,000	0.61	8.8	0.16	0.08
Indicated	1,030,000	0.90	5.4	0.15	0.23
Inferred	410,000	0.89	2.6	0.09	0.17
Total	1,650,000	0.86	5.2	0.14	0.20

REVIEW OF OPERATIONS

THE RAVENSWOOD AREA, QUEENSLAND



Gold Only Resource

A measured, indicated and inferred resource of 0.7 million tonnes at 1.41 g/t gold (31,700 ounces). This equates to \$21.67 per tonne using the gold price at April 22, 1998, of \$478 per ounce.

The resource was calculated using a primary cut-off of 0.75 g/t gold.

Category	Tonnes	Grade (g/t)	Ounces
Measured	46,000	1.15	1,700
Indicated	461,000	1.42	21,000
Inferred	189,000	1.44	9,000
Total	696,000	1.41	31,700

The resource calculations were carried out under the supervision of Mr. Jeremy Peters, MAusIMM, MAIG, an Haoma Mining NL employee, who is a competent person under the JORC 'Code for the Reporting of Identified Mineral Resources and Ore Reserves'.

Subsequent to these calculations, Haoma completed 5 deep R/C drillholes to test the depth extensions of the linear lode system and to test the hypothesis that the gold grade increases with depth. Hole CK98-1 returned the strongest gold mineralisation for length of intersection yet encountered at Copper Knob (36 m: 164-200 m @ 0.98*g/t Au). For technical reasons the hole was stopped in mineralisation. The significant results were as follows:

Hole ID	Collar		AZIM	Dip	Depth (m)	From (m)	To (m)	Width (m)	Au g/t	Ag g/t	Cu %	Zn %
	North-ing	East-ing										
CK98-4	9400	10127	270	-60	70	0	4	4	0.98	0.4	0.03	0.18
						48	60	12	0.26*	1.3	0.02	0.04
						64	68	4	1.50*	0.8	0.04	2.00
CK98-5	9400	10176	270	-65	141	8	12	4	1.21	—	0.02	0.07
						32	36	4	0.50	0.6	0.03	0.38
CK98-1	9400	10206	270	-80	200	104	112	8	0.36*	0.6	0.02	0.15
						92	100	8	0.15	—	0.02	0.04
						108	112	4	0.30	—	0.02	0.01
						132	136	4	0.35	0.2	0.01	0.14
						164	168	4	0.46*	0.4	0.03	0.08
						168	172	4	5.05*	10.2	0.42	0.03
						172	196	24	0.29	—	0.03	0.03
CK98-6	9450	10184	270	-65	129	88	92	4	1.66*	0.8	0.04	0.04
						120	124	4	0.59	1.1	0.03	0.13
CK98-2	9500	10185	270	-80	202	52	56	4	1.01*	1.4	0.01	0.05
						104	108	4	0.79	1.0	0.02	0.42
						144	152	8	0.22*	0.3	0.01	0.08
						190	194	4	0.40	0.3	0.01	0.04

*by fire assay

2.5 Mt Canton (EPM 9802)

The geology of the Mt Canton area is complex. The area forms part of an intrusive and volcanic complex of Permo-Carboniferous age.

The prospect occurs in a possibly "milled" acid volcanic dominated breccia surrounded by various rhyolitic volcanics, dacitic dykes, porphyritic dykes arenite and some granodiorite. It forms part of a circular ring structure related to (cauldron) subsidence and related intrusive and extrusive activity.

REVIEW OF OPERATIONS

THE RAVENSWOOD AREA, QUEENSLAND

During 1997/98 40 holes were drilled for 3,095 metres. The best results were as follows:

Hole ID	Collar		AZIM	Dip	Depth (m)	From (m)	To (m)	Width (m)	Au g/t	Ag g/t	Cu %	Zn %	Pb %
	North-ing	East-ing											
SMC21	7963	9180	290	-60	60	40	42	2	1.25	4.0	0.01	0.02	-
						42	46	4	0.22	0.5	-	0.02	-
SMC20	8029	9195	290	-60	60	52	54	2	0.09	2.0	0.21	0.06	-
SMC19	8029	9188	290	-60	60	54	56	2	2.83	4.0	0.03	0.06	0.02
SMC08	8200	9200	110	-60	97	16	20	4	0.51	2.0	0.05	0.11	-
						20	24	4	12.75	37.0	0.16	0.10	0.02
						56	58	2	0.71	2.0	0.02	0.01	-
						68	70	2	2.40	5.0	0.04	0.07	-
SMC10	8200	9189	110	60	100	10	14	4	4.36	10.0	0.04	0.02	0.01
						42	44	2	14.40	14.0	0.04	0.10	0.03
MCD02	9049	9450	325	-60	201	156	160	4	3.32	23.4	0.14	2.00	0.09
BP11	9100	9300	200	-60	100	44	46	2	0.10	7.0	0.04	0.30	0.18
						58	66	8	0.03	9.8	0.28	0.06	0.04
BP12	9200	9300	200	-60	100	18	20	2	0.78	2.0	0.03	0.02	-
BP14	9202	9301	290	-60	90	32	34	2	4.13	5.0	0.11	0.05	-
						44	48	4	0.18	-	-	-	-
MCN 03	10600	10100	110	-60	100	30	32	2	5.55	1.0	-	-	-

Recent rock chip sampling at Mt. Canton returned grades up to 30.3 g/t. The best results were as follows:

Hole ID	Collar		Au g/t	Ag g/t	Cu %	Zn %	Pb %
	Northing	Easting					
PK118	7760766	487940	18.0	35.1	0.17	0.07	0.54
PK119	7760766	487940	30.3	45.1	0.23	0.03	0.55
PK120	7760737	488005	9.0	78.1	0.30	0.10	0.56
PK121	7760737	488005	-	4.1	1.87	0.01	0.04

Follow-up drilling will commence in the second quarter of 1998/99

2.6 Podosky's Prospect (EPM 8771)

Three R/C drillholes were completed along the same southeast trending structure that hosts the mineralisation at the historic Podosky's Mine. High grade gold mineralisation is hosted by haematitic shears within a porphyritic phase of the Ravenswood Granodiorite.

Despite the presence of substantial historic workings, no drilling in the past has been undertaken in this area, although a soil sampling program completed by Goldfields in 1995 returned a strong gold anomaly across the structure. Ground-based mapping and sampling is planned to further define the structure and obtain sites for further infill drilling. The best results were as follows:

Hole ID	Collar		AZIM	Dip	Depth (m)	From (m)	To (m)	Width (m)	Au g/t	Ag g/t	Cu %	Zn %	Pb %
	East-ing	North-ing											
PD-1	6771	7903	345	-60	57	8	12	4	0.18	0.2	-	0.02	0.01
						12	20	8	0.21	1.0	0.01	0.05	0.04
						20	24	4	1.88	1.5	0.01	0.07	0.03
						36	40	4	0.21	0.6	-	0.09	0.01
PD-2	6778	7891	345	-60	51	12	16	4	15.8	9.3	0.02	0.50	0.40
						36	40	4	0.80	0.2	0.01	0.05	0.01
PD-3	6785	7878	345	-60	50	4	12	8	0.23	0.8	0.01	0.12	0.02

REVIEW OF OPERATIONS

THE RAVENSWOOD AREA, QUEENSLAND



2.7 Gagarin, Powerline (EPM 8771)

During July, 1998, an initial drilling program was completed at Gagarin and Powerline (results were reported to the Stock Exchange on July 10, 1998, and July 30, 1998).

2.8 Old Man (ML 1326)

During 1997/98, 50 holes for 2,730 metres were drilled at Old Man (results were reported to the Stock Exchange on October 31, 1997, February 2, 1998, July 10, 1998, and July 30, 1998).

In August, 1998, encouraging rock chip samples were obtained from the Trotsky prospect in the north west corner of ML 1326. This prospect will be drilled in 1998/99. Best results from the rock chip sampling are as follows:

Hole ID	Collar		Au g/t	Ag g/t	Cu %	Zn %	Pb %
	Northing	Easting					
PK133	7778326	486126	2.33	0.7	0.02	0.07	0.02
PK131	7778338	486296	3.41	16.5	0.02	0.23	0.59
PK134	7778418	486142	1.69	—	0.01	0.04	0.01
PK135	7778418	486196	1.15	0.3	0.02	0.08	0.02
PK144	7778853	486194	1.80	2.8	—	0.01	0.07

2.9 Gabrielle, General Gordon, Prophecy, Helena (EPM 9154)

During August and September, 1998, encouraging rock chip samples were obtained from the Gabrielle, General Gordon, Prophecy and Helena Prospects located on EPM 9154. These prospects will be drilled in 1998/99. Best results from the rock chip sampling are as follows:

Hole ID	Collar		Au g/t	Ag g/t	Cu %	Zn %	Pb %
	Northing	Easting					
Prophecy							
PK164	7775011	485396	4.89	42.0	0.24	—	0.37
PK162	7775128	485409	11.50	10.4	0.02	—	0.11
PK163	7775136	485415	2.61	11.8	0.02	0.01	0.09
PK168	7775375	485185	7.40	23.5	0.09	—	0.31

General Gordon

PK157	7774319	486473	25.80	12.3	0.01	0.01	0.20
PK160	7774494	486325	23.03	8.6	0.32	0.01	0.02

Gabrielle

PK137	7772000	486762	6.16	3.0	0.07	0.01	0.08
PK138	7772000	486762	11.27	4.1	0.05	0.02	0.07
PK139	7772021	486768	2.40	6.2	0.10	—	0.02
GB4	7772081	486692	2.90	7.4	0.02	0.02	0.08
GB8	7772168	486602	1.72	2.9	2.18	0.01	0.03
PK149	7772406	486712	3.18	14.4	0.02	0.02	0.07
PK153	7772488	486806	0.88	1.7	1.64	—	—

Helena

PK173	7772164	487317	12.50	14.5	0.07	0.03	0.39
PK172	7772176	487246	9.83	60.5	0.07	0.01	0.65
PK171	7772204	487183	3.91	3.5	0.14	—	0.02
PK174	7772235	487451	2.77	4.9	0.03	0.04	0.10
PK175	7772324	487307	5.70	15.8	0.03	0.01	0.20

REVIEW OF OPERATIONS

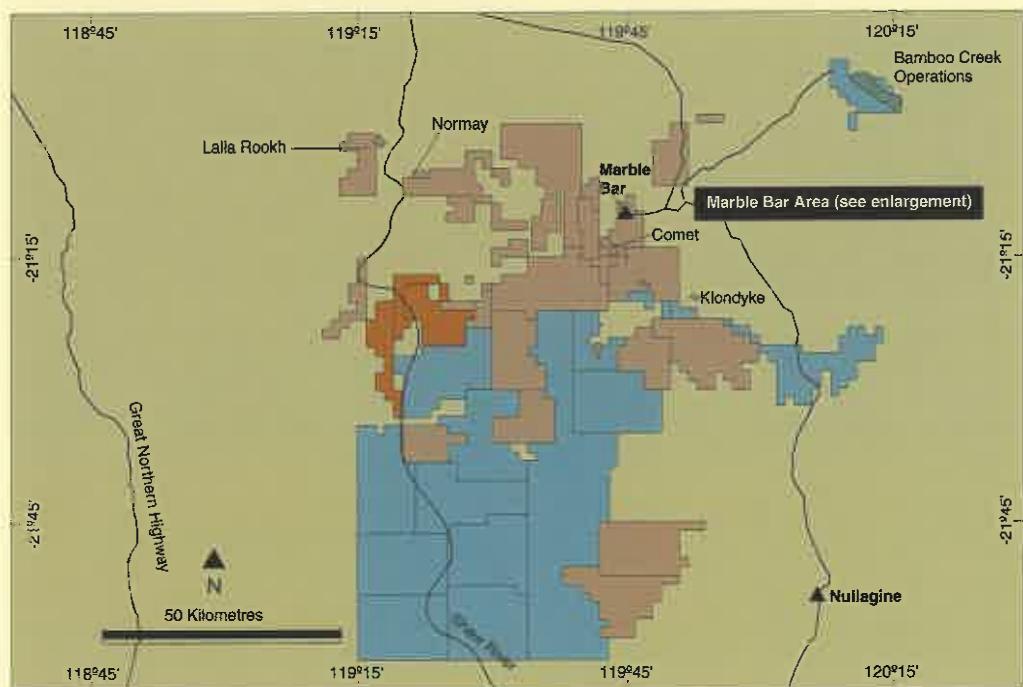
WESTERN AUSTRALIA

PILBARA REGION – PROJECT LOCATIONS



LEGEND

- ▲ Town Sites
- Roads and river
- Kitchener Mining NL
- Haoma Mining NL
- Recent Acquisition – Northshaw
- Applied for



1. PILBARA AREA

1.1 Bamboo Creek

Over the last year, operations at Bamboo Creek have involved an extensive refit of the Bamboo Creek processing plant. Commissioning has now been completed and an initial trial phase of work has been performed to establish the validity of new processing concepts for a number of Pilbara ores. These ores include those from Bamboo Creek, Marble Bar, Copenhagen, McKinnon, Fieldings Gully, Warrawoona, Comet, North Shaw, Mickey's Find and Normay. Historical records for the processing of these ores show a number of anomalies including poor circuit mass balance, indicating difficulties with assay, and/or poor recovery in cyanidation. These tests have included both full scale and laboratory trials.

The approach to the re-fitting of the Bamboo Creek processing plant has been to provide a flexible gold processing circuit including gravity, flotation and conventional CIP/CIL components. Novel size separation systems have also been incorporated. The aim of the circuit has been to produce a gold concentrate for leach processing. Laboratory work has established the viability of a number of routes to the production of the gold.

Initial trials on Bamboo Creek tailings have established a processing route for highly oxidised tailings samples with recoveries up to 300% of fire assay head grade. Less success has been obtained for conventional Bamboo Creek tailings materials. Alternative methods are currently being explored. Tests on Comet conglomerate ores have obtained mixed results. The on-going program of work will include milling bulk samples of ore from many different Pilbara locations.

1.2 Pilbara Exploration

In 1997/98, Haoma drilled 111 holes totalling 9,313 metres. In addition, a major review of previous drilling data, including the re-assay of old drill core from the Big Stubby tenement was undertaken.



Bamboo Creek cyclone separation (testing equipment)

REVIEW OF OPERATIONS

WESTERN AUSTRALIA



Bamboo Creek tailings

1.3 Marble Bar

Leases held by Haoma south of Marble Bar cover the Comet mine area, Fieldings Gully, Copenhagen and Warrawoona.

This area is an extremely prospective Archaean Greenstone belt comprised of sediments, mafic/ultramafic volcanics and various intrusive rocks. Mineralisation in the belt is sited on the contacts of these units being hosted within shear zones and shear parallel quartz veins. The shear zones pinch and swell with mineralisation having the greatest widths and grades within the wider areas of the zones.

1.4 Fieldings Gully (M45/521)

29 holes totalling 2,705 metres were reported in last year's annual report together with a measured, indicated and inferred resource of 315,000 tonnes grading 1.80 g/t.

Four further holes totalling 445 metres were drilled during the year. The best results were as follows:

Hole ID	Collar		AZIM	Dip	Depth (m)	From (m)	To (m)	Width (m)	Au %	Ag %	Cu %
	Northing	Easting									
FG97-32	10085	10240	10	-60	80	20	32	12	0.34	7.3	0.11
FG97-33	10094	10280	10	-60	80	0	4	4	0.22	-	0.01

1.5 Copenhagen (M45/240 and M45/682)

During the first Quarter of 1997/98, sixteen holes totalling 1,410 metres were drilled.

Drilling has shown the ore body to be a shallow dipping narrow shoot, dipping to the north and plunging to the east. The significant intersections were as follows:

Hole ID	Collar		AZIM	Dip	Depth (m)	From (m)	To (m)	Width (m)	Au g/t
	Easting	Northing							
CRC97-3	10100	9921	180	-60	92	4	8	4	2.30
CRC97-8	10175	9949	180	-60	120	64	68	4	59.48
						68	73	5	1.61
CRC97-10	10200	9950	180	-60	100	76	92	16	2.29
CRC97-11	10225	9897	180	-60	110	15	19	4	2.93

REVIEW OF OPERATIONS

WESTERN AUSTRALIA

1.6 Warrawoona (M45/547 and M45/671)

Since the last annual report, 19 RC holes totalling 1,372 metres have been drilled at Warrawoona. The best results were as follows:

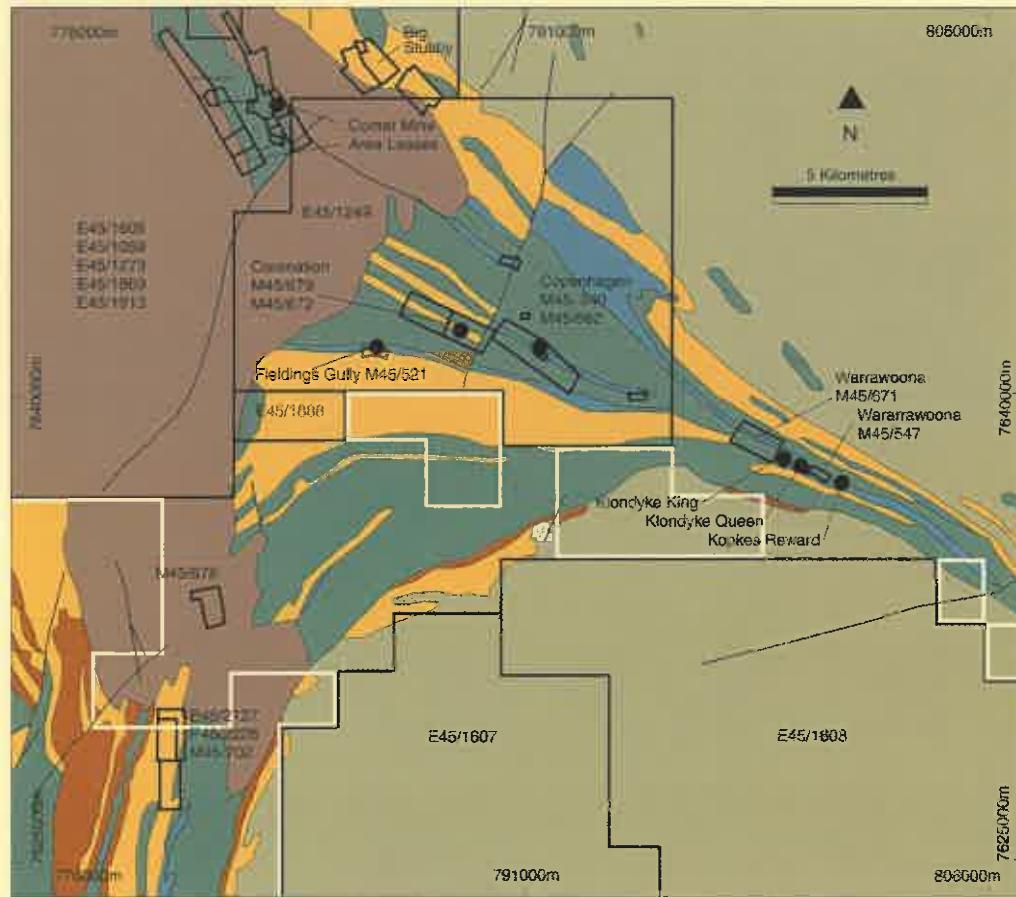
Hole ID	Collar		AZIM	Dip	Depth (m)	From (m)	To (m)	Width (m)	Au g/t
	Easting	Northing							
KRC-005	798674	7638227	033	-60	80	0	4	4	0.52
						16	24	4	0.32
KRC-004	798585	7638335	033	-60	80	36	40	4	0.43
						44	48	4	0.12
						64	68	4	0.24
KRC-006	798748	7638174	033	-60	56	8	12	4	0.44
						20	48	28	0.36
KRC-007	798800	7638117	033	-60	80	20	24	4	0.50
KRC-008	798870	7638070	033	-60	80	0	8	4	0.22
						16	24	8	0.32
						32	48	16	0.20
						56	68	12	0.21
						68	72	4	3.85
						72	80	8	0.27
KRC-009	798932	7638036	033	-60	80	0	4	4	0.25
						24	36	12	0.46
						52	64	12	0.33
						68	76	8	0.71
KRC-010	799008	7638000	033	-60	80	24	28	4	0.23
						68	76	8	0.29
WEH-1	798720	7638382	033	-60	48	44	48	4	0.54
WEH-4	798796	7638485	033	-60	50	48	50	2	0.38
W97-11	800221	7637654	033	-60	80	12	20	8	0.21
						44	60	16	0.16
W97-12	800309	7637606	033	-60	80	72	76	4	3.02
						76	80	4	0.29
W97-13	800380	7637591	033	-60	80	0	4	4	0.19
						32	36	4	0.68
						44	48	4	0.16
W97-14	800540	7637448	033	-60	80	12	20	8	0.25
						44	48	4	0.11
						68	72	4	0.54
						76	80	4	0.24
W97-15	800592	7637394	033	-60	80	4	8	4	0.28
						24	36	12	0.26
W97-16	800740	7637308	033	-60	80	36	40	4	0.28
						44	48	4	0.39

REVIEW OF OPERATIONS

WESTERN AUSTRALIA



MARBLE BAR AREA – TENEMENT PLAN, GEOLOGY AND PROSPECTS



LEGEND

- ◻ Fault/shear
- Prospect
- ◻ Haoma Mining NL
- ◻ Proterozoic mafic volcanics
- ◻ Archean mafic volcanics
- ◻ Chert/banded iron formation
- ◻ Ultramafic volcanics +/- talc - chlorite schist
- ◻ Undifferentiated sediments
- ◻ Undifferentiated granite
- ◻ Applied for

1.7 Comet Leases (M45/16 and M45/14)

Seven RC holes totalling 909 metres were drilled. The best results were as follows:

Hole ID	Collar		AZIM	Dip	Depth (m)	From (m)	To (m)	Width (m)	Au g/t
	Easting	Northing							
C97-3	782828	7649142	345	-60	100	20	24	4	0.94
						24	32	8	0.25
						36	44	8	0.23
						56	64	8	0.23
						32	36	4	0.18
C97-4	782818	7649134	145	-60	100	40	48	8	0.16

1.8 Lalla Rookh and Lucknow (M45/442, P45/2322, P45/2323, P45/2324, E45/1582)

Mineralisation at Lalla Rookh is hosted within a chlorite-carbonate schist within a relatively underformed mafic volcanic unit. The schist has been later folded into a series of east-west trending anticinal-synclinal structures with the mineralisation introduced as quartz reefs into the anticlinal hinges and associated limbs. Folding has caused local thickening of the lode up to 15 metres in the fold closures, however, the lode remains fairly narrow (up to 5 metres) in the limbs. Potential remains to expand the resource at depth as the South Reef plunges at about 14 degrees to the west.

REVIEW OF OPERATIONS

WESTERN AUSTRALIA

20 holes totalling 816 metres were drilled during 1997/98. The best results were as follows:

Hole ID	Collar		AZIM	Dip	Depth (m)	From (m)	To (m)	Width (m)	Au g/t
	Easting	Northing							
LR97-17	10780	10163	360	-60	64	36	40	4	3.12
LR97-18	10800	10148	360	-60	110	59	63	4	2.33
						68	72	4	2.80
						80	83	3	1.79
LR97-15	10840	10187	360	-89	95	1	5	4	2.46
LR97-16	10840	10193	360	-60	36	0	4	4	1.16
						12	16	4	1.54
LR97-12	10900	10221	360	-60	40	16	20	4	2.47
LR97-13	10900	10244	360	-90	30	4	12	8	1.66
LR97-8	10940	10178	360	-60	75	4	12	8	1.87
						28	32	4	2.05
LR97-7	10960	10246	360	-90	20	4	8	4	1.67
LR97-3	10990	10194	360	-60	55	12	16	4	1.21
LR97-4	10990	10215	360	-60	35	24	28	4	6.42
LR97-1	11010	10211	360	-60	40	33	39	6	4.97

Three holes totalling 220 metres were drilled at the nearby Lucknow tenement.

1.9 Coronation (M45/672)

During 1997/98, 3 holes totalling 236 metres were drilled at Coronation. The best results were as follows:

Hole ID	Collar		AZIM	Dip	Depth (m)	From (m)	To (m)	Width (m)	Au g/t
	Easting	Northing							
CR97-1	788883	7641857	360	-60	76	12	16	4	1.35
CR97-2	788967	7641838	360	-60	80	12	16	4	4.24
						16	24	4	0.18
						56	60	4	0.13
						60	64	4	3.18
CR97-3	788990	7641822	360	-60	80	28	32	4	0.52
						32	36	4	0.16
						64	68	4	0.15
						68	76	8	0.79
						76	80	4	2.48

1.10 Pilbara Joint Venture with Stockdale Prospecting (E45/1249, E45/1607, E45/1608, E45/1615) (See Chairman's Address, page 6)

During 1997/98, Stockdale completed a program of reconnaissance stream-sediment sampling and limited aero-magnetic surveys in its search for diamonds. Magnetic anomalies selected from the aeromagnetic survey were followed up by ground mapping and heavy mineral sampling.

A work program and budget (\$1.5 million) for the first half of 1997/98 has been prepared by Stockdale. Haoma has elected to participate in the exploration program in accordance with its 49.9% participating interest.

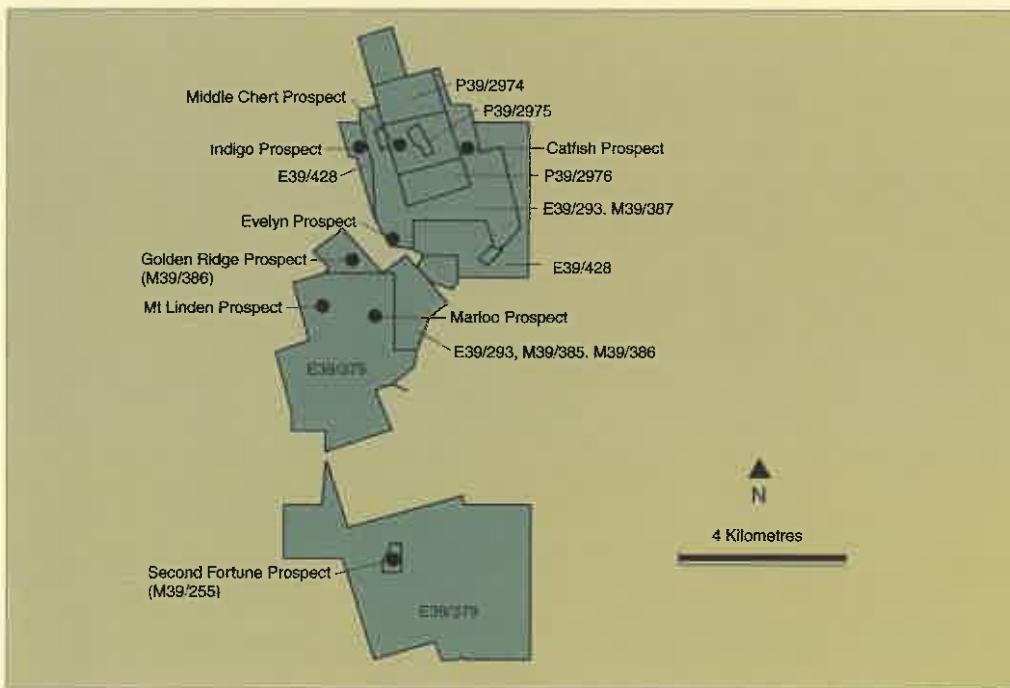
Haoma has also applied for additional exploration areas near Marble Bar (Hillside, Corunna Downs, Meentheena, Eginbah and Yarrie) which are believed to be prospective for further kimberlite discovery.

REVIEW OF OPERATIONS

WESTERN AUSTRALIA



LINDEN PROJECT TENEMENTS SHOWING PROSPECTS



2. LINDEN, WA AREA

2.1 Joint Venture with Goldfields Exploration Pty Ltd – Linden Area (E39/293, E39/379, E39/428, P39/2974 (90% Haoma), P39/2975 (90% Haoma), P39/2976 (90% Haoma), M39/255, M39/385, M39/386, M39/387)

Linden is located 80 km south-south-east of Laverton in the Merolia greenstone belt of the Yilgarn Craton. These tenements are located 4 kilometres from Sons of Gwalia/Mt Burgess Red October discovery.

A Joint Venture agreement was negotiated with Goldfields Exploration Pty Ltd on November 3, 1997, with Goldfields purchasing a 50.1% interest in these tenements for \$300,000 and managing the exploration program.

Work completed to date includes a review of previous exploration, reconnaissance mapping, rock chip sampling, auger soil sampling, RAB, RC, aircore and diamond drilling (477 holes totalling 18,987 metres) and a detailed airborne geophysical survey.

Drilling was conducted at the Sophisticated Lady Prospect, Second Fortune Mine and Mt Linden with auger soil samples taken from other tenements.

The drilling program was considered successful as, at the Second Fortune Mine, it appeared to identify the strike extension of the Second Fortune vein over 500m to the north of the previously excavated pit and 50m to the south of the pit and, at Mt Linden, there were over 42 intersections above 0.1 g/t gold. The best drilling results were as follows:

Hole ID	Collar		AZIM	Dip	Depth (m)	From (m)	To (m)	Width (m)	Au g/t
	Easting	Northing							
Sophisticated Lady Prospect									
SLRC065	9360	7100	180	-60	82	16	18	2	4.49
SLRC017	9000	7100	90	-60	82	43	53	10	2.72
SLRC042	8920	7300	180	-60	82	40	52	12	2.26
SLRC031	8600	7180	90	-60	82	8	11	3	3.10

REVIEW OF OPERATIONS

WESTERN AUSTRALIA

OPERATIONS MANAGEMENT

Mr Peter Cole
Acting General Manager

Mr Jeremy Peters
Chief Geologist

Mr Guy Booth
Computer Geologist

INDEPENDENT GEOLOGICAL CONSULTANTS

Mr Ross McMaster
Exploration Geologist

Mr. Taff Davies
Remote Sensing and Geological Services

METALLURGY CONSULTANTS

Dr Peter Scales
Advanced Mineral Products Research Centre, University of Melbourne

CSIRO Minerals, Melbourne

Amel Ltd, Adelaide

Oretest Pty Ltd, Perth

Australian Laboratory Services Pty Ltd, Townsville, Brisbane, Bendigo and Perth

NOLAN'S JOINT VENTURE MINE MANAGEMENT AND PERSONNEL

Management

Carpentaria Gold Pty Ltd (a 100% subsidiary of M.J.M. Holdings Ltd)

Mr Ross Holborrow
Joint Venture General Manager – Operations

Mr Phil Holden
Joint Venture Manager – Mining

Mr Brian Whyte

Joint Venture Manager – Processing

Mr Morris Reid

Joint Venture Manager – Finance and Administration

Mr Dean Collett

Joint Venture Senior Geological Superintendent

Hole ID	Collar		AZIM	Dip	Depth (m)	From (m)	To (m)	Width (m)	Au g/t
	Easting	Northing							

Second Fortune Mine

SFRB045	9800	4800	90	-60	46	16	20	4	22.67
SFRB132	9680	5160	90	-60	43	12	42	30	0.50

Mt. Linden Prospect

MLRB020	10800	11040	270	-60	8	0	5	5	1.53
MLRB009	10800	10600	270	-60	50	4	8	4	1.66
MLRB002	10800	10320	270	-60	30	8	24	16	0.48
MLRB034	10600	10720	270	-60	43	4	24	20	0.48
MLRB073	10400	11240	270	-60	38	24	28	4	1.94
MLRB071	10400	11160	270	-60	41	8	24	16	0.68
MLRB059	10400	10680	270	-60	63	4	12	8	1.10

Also at Mt Linden, a 150m diamond hole was drilled to determine the orientation of mineralisation encountered in previous RC drilling. Significant results were as follows:

Hole ID	Collar		AZIM	Dip	Depth (m)	From (m)	To (m)	Width (m)	Au g/t
	Easting	Northing							
MLDD001	6214	4242	225	-55	150	71	72	1	1.36
						74	76	2	1.27

The drilling program was considered successful as, at the Second Fortune Mine, it appeared to identify the strike extension of the Second Fortune vein over 500m to the north of the previously excavated pit and 50m to the south of the pit and, at Mt Linden, there were over 42 intersections above 0.1 g/t gold. Further programs are being proposed to evaluate the Second Fortune and Mt. Linden prospects.

2.2 1998/99 Linden Exploration

New prospects have been generated from using mapping, soil sampling and aeromagnetics. The following prospects will be tested during the first half of 1998/99:

1. Marloo Prospect, which includes the Marloo workings (3.68 g/t, 6.59 g/t Au rock chip values);
2. Evelyn Prospect, comprising a line of workings of high-grade quartz veins. Rock chip values include 8.99 g/t, 5.54 g/t and 5.34 g/t Au concentrated in an area greater than 600m x 300m;
3. Golden Ridge Prospect, which comprises a high strain zone in folded mafic-ultramafic rocks adjacent to granitoid stocks;
4. Catfish Prospect, which comprises a high-strain zone in, and on the contact of, folded quartz-gabbro and peridotite; and
5. Indigo and Middle Chert Prospects which both comprise brecciated and veined chert/sediment/ altered high-Mg basalt horizons within an unaltered high-Mg basalt sequence. Rock chip values include 91.6 g/t, 4.01 g/t and 4.18 g/t Au.

To July 31, 1998, Haoma has contributed \$476,060 to the Joint Venture. A work program and budget (\$0.5 million) for the first half of 1997/98 has been prepared by Goldfields Exploration. Haoma will contribute \$250,000 to this program.

3. YANDAL, WA AREA

3.1 Yandal (E52/1153, E52/1217, E52/1218, E52/1219, E52/1249)

During September, 1998, Haoma completed an extensive geological review, consisting of a RAB drilling program and rock and soil sampling, of its Yandal tenements. The results of the review to date have been disappointing. Tenements E52/1217, E52/1218 and E52/1219 have been surrendered.

HAOMA MINING NL

ACN 008 676 177



FINANCIAL STATEMENTS & REPORTS

FOR THE YEAR ENDED 30 JUNE 1998

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DIRECTORS' REPORT

In accordance with a resolution of the Board of Directors, the Directors' Report follows with respect to the results of the Company and of the Economic Entity for the financial year ended June 30, 1998 and the state of the affairs of the Company and of the Economic Entity at that date.

Directors

The names of the Directors of the Company in office at the date of this report are:

Gary Cordell Morgan (Chairman)

John Dorman Elliott

Michele Levine

John Lachlan Charles McInnes

Gary Cordell MORGAN, B.Comm (Chairman)

Mr Morgan was appointed to the board on May 10, 1991. He is Executive Chairman of The Roy Morgan Research Centre Pty Ltd. He is a member of a number of research and marketing organisations throughout the world.

**Michele LEVINE, B.Sc (Hons), Env. St.
(Non-executive Director)**

Mrs Levine was appointed to the board on August 8, 1994. She is the Chief Executive Officer of The Roy Morgan Research Centre Pty Ltd.

**John Dorman ELLIOTT, B.Comm (Hons), MBA,
FCPA (Non-executive Director)**

Mr Elliott was appointed to the board on December 21, 1994. He is Chairman of CXA Communications Ltd, a Director of Water Wheel Holdings Ltd and President of the Carlton Football Club Ltd.

**John Lachlan Charles McINNES, B.Comm, FCA
(Non-executive Director)**

Mr McInnes was appointed to the board on May 10, 1991. He is a Chartered Accountant and partner in the firm McInnes, Graham and Gibbs. He is a Director of companies associated with Mr Gary Morgan and his family, and Pacific Hydro Ltd. He is a trustee of Melbourne and Olympic Parks.

Directors' Meetings

The number of Directors' meetings (including meetings of committees of Directors) and the number of meetings attended by each of the Directors of the Company during the financial year are:

	Full meetings of Directors	Meetings of Audit Committee
Number of meetings held:	11	3
Number of meetings attended by:		
Mr G C Morgan	11	-
Mr J D Elliott	10	3
Mrs M Levine	10	-
Mr J L C McInnes	11	3

Principal Activities

The principal activities of the Economic Entity during the financial year were gold mining, exploration and mining development. There was no significant change in the nature of those activities during the year.

Trading Results

The consolidated net profit for the Economic Entity for the financial year to June 30, 1998, after provision for income tax, depreciation, amortisation and interest was \$6,249,492. This compares with \$10,551,741 in the prior year.

Dividend

Due to the Company's low cash resources, primarily caused by repaying bank debt of \$12 million in 1997/98, the Directors have recommended that no dividend be declared for the financial year ended June 30, 1998.

Review of Operations and Results

During the financial year the Economic Entity pursued its gold mining activities. A review of the operations of the Economic Entity during the financial year and the results of those operations are as follows:

1. For the financial year to June 30, 1998, mining activity in relation to the Joint Venture between Haoma and Carpentaria Gold Pty Ltd (a subsidiary of MIM Holdings Limited) produced 101,263 ounces of gold from the CIL plant and 4,474 ounces of gold from processing heap leach material through the CIL plant. Haoma's total share was 52,763 ounces being 49.9% of total gold produced.

DIRECTORS' REPORT

2. In February, 1998, processing of test parcels of Pilbara ore and Bamboo Creek tailings, using the Elazac Process and the recommissioned Bamboo Creek plant, commenced.
3. On November 3, 1997, a Joint Venture agreement was signed between Goldfields Exploration Pty Ltd (100% owned by Goldfields Limited) and Haoma Mining NL for the prospecting of gold in the Linden area of Western Australia. Goldfields purchased a 50.1% interest in certain Linden tenements for \$300,000. To June 30, 1998, \$756,064 was spent by the Joint Venture (Haoma's share \$377,276).
4. (a) The consolidated operating profit of the Economic Entity before abnormal items and income tax for the year was \$5,647,404 after charging \$4,545,248 for depreciation & amortisation and \$2,110,451 for interest.
(b) During the year, the Company realised revenue of \$3,190,441 from the buy-back of 32,778oz of the Company's forward gold hedge contract.

Events Subsequent to Balance Date

- (a) On July 2, 1998, Haoma restructured its hedging program and generated cash of \$6,250,000. \$4,960,269 was used to repay borrowings. The restructured selling price for existing forward contracts was lowered from \$609 per ounce to an average of \$505.67 per ounce. Existing put and call options were closed. Haoma sold forward a further 86,500 ounces at an average price of \$520 per ounce and purchased four 15,000 ounce resetting put options at an initial strike price of \$485. The additional hedging program was put in place to establish a minimum selling price for gold to be produced after the current Joint Venture with MIM Ltd terminates. The financial effect of the above has not been brought to account at June 30, 1998.
- (b) Stockdale Prospecting Pty Ltd (100% owned by De Beers) have the exclusive right to explore Haoma tenements E45/1249, E45/1607, E45/1608 and E45/1615 for diamonds only. On July 16, 1998, Stockdale gave notice that it had spent \$500,000 to earn its 50.1% interest in any diamond bearing orebody delineated by them on Joint Venture property.

Stockdale also announced that it had discovered a kimberlite dyke averaging 8 metres in width over an 8km strike length on the Joint Venture's tenements.

Likely Developments

The Economic Entity will continue to pursue the mining and exploration for gold and other commodities, including diamonds.

Options

No options were issued during the year, nor remain outstanding at the end of the year.

Directors' Interests and Benefits

The relevant interest of each Director in the share capital of the Company shown in the Register of Directors' shareholdings as at the date of this report is:

	Indirectly	Directly
Mr G C Morgan:		
As a Director of Leaveland Pty Ltd	117,444,485	-
As a member of the G. & G. Morgan Superannuation Fund	1,474,636	-
Mr J D Elliott:		
As a Director of Ebek Pty Ltd	4,919,452	-
Direct ownership	-	1,289,038
Mrs M Levine:		
As a Director of The RMRC Staff Superannuation Scheme #2 Pty Ltd	507,000	-
As a Trustee of The Levine Family Superannuation Fund	169,000	
As a Trustee of The Levine Family Trust	1,150,000	
Direct ownership	-	12,000
Mr J L C McInnes:		
As a Director of Leaveland Pty Ltd	117,444,485	-
As a Director of Etonwood Management Pty Ltd	2,000,000	-
As Executor of a deceased Estate	50,000	-
Direct ownership	-	4,500

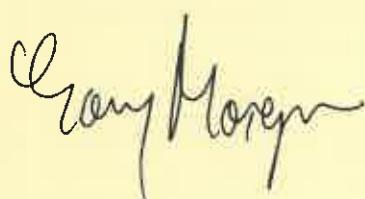
No Director, during or since the end of the financial year, has received or become entitled to receive a benefit by reason of a contract made by the Company or a related body corporate with the Director or with a firm of which he is a member, or with an entity in which he has a substantial financial interest other than as shown in Note 27 (Related Party Information) to the financial statements.

Indemnification of Officers/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.

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



G. C. MORGAN – Director



M. LEVINE – Director

Melbourne,
September 28, 1998

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Haoma Mining NL is responsible for the corporate governance practices of the economic entity. The Board guides and monitors the business and affairs of Haoma Mining NL on behalf of the shareholders by whom they are elected and to whom they are accountable.

Composition of the Board

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

Name	Position
G. C. Morgan	Chairperson, Director
J. D. Elliott	Non-Executive Director
M. Levine	Non-Executive Director
J. L. C. McInnes	Non-Executive Director

To ensure the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of Directors and for the operation of the Board.

Non-Executive Directors are leaders in their field and hold senior positions in other Australian companies.

Directors are appointed for a three year term after which time they seek re-election by shareholders.

Shareholders

The Board of Directors aim to ensure that shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors and of the company. Information is communicated to the shareholders through:

- the annual report which is distributed to all shareholders;
- the annual general meeting and other meetings called to obtain approval for Board action as appropriate;
- presentations to shareholders on the activities and future direction of the company; and
- continuous disclosure of significant transactions and results in accordance with ASX Listing Rules.

Board Responsibilities

As the Board acts on behalf of the shareholders and is accountable to the shareholders, the Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

The responsibility for the operation and administration of the economic entity is delegated by the Board to Mr Morgan and the management team.

The Board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the management team.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved:

- Board approval of a strategic plan, which encompasses the entity's vision, mission and strategy statements, designed to meet stakeholders' needs and manage business risk;
- the strategic plan is a dynamic document and the Board is actively involved in developing and approving initiatives and strategies designed to ensure the continued growth and success of the entity;
- implementation of operating plans and budgets by management and Board monitoring of progress against budget;
- procedures to allow Directors, in the furtherance of their duties, to seek independent professional advice at the Company's expense; and
- procedures for the identification and management of Business Risk to minimise the impact of accidental loss or damage including the management of hedging contracts.

Audit Committee

The Board established an audit committee in 1996 which operates under a charter approved by the Board. It is the audit committee's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators.

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

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

Members of the audit committee during the year, who are Non-Executive Directors, are Mr J. L. C. McInnes (Chairman) and Mr J. D. Elliott.

PROFIT AND LOSS ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 1998

	Note	Consolidated		Chief Entity	
		1998 \$	1997 \$	1998 \$	1997 \$
Operating profit before income tax	2, 3	5,647,404	11,388,347	139,596	5,490,082
Income tax credit/(expense) attributable to operating profit	4	602,088	(836,606)	(85,530)	(1,458,082)
Operating Profit after Income Tax		6,249,492	10,551,741	54,066	4,032,000
Accumulated losses at the beginning of the financial year		(52,702,939)	(63,254,680)	(48,411,443)	(52,443,443)
Accumulated Losses at the End of the Financial Year		(46,453,447)	(52,702,939)	(48,357,377)	(48,411,443)

The above Profit and Loss Accounts should be read in conjunction with the accompanying notes.

BALANCE SHEETS

AS AT JUNE 30, 1998

	Note	Consolidated		Chief Entity	
		1998 \$	1997 \$	1998 \$	1997 \$
Current Assets					
Cash	5	129,252	756,465	128,450	756,225
Receivables	6	943,971	535,147	5,155,786	2,889,113
Inventories	7	6,870,595	6,644,807	9,578,011	17,873,117
Total Current Assets		7,943,818	7,936,419	14,862,247	21,518,455
Non-Current Assets					
Investments	8	—	—	4,071,752	4,071,752
Property, plant and equipment	10	38,566,497	38,577,153	32,316,009	32,351,401
Other	11	5,980,735	5,493,612	2,155,113	2,355,609
Intangibles	12	9,530,201	10,660,682	—	—
Total Non-Current Assets		54,077,433	54,731,447	38,542,874	38,778,762
Total Assets		62,021,251	62,667,866	53,405,121	60,297,217
Current Liabilities					
Accounts payable	13	4,621,807	3,387,504	3,326,090	2,176,470
Borrowings	14	16,126,517	12,300,705	16,104,998	12,244,558
Provisions	15	259,153	308,075	259,153	308,075
Deferred revenue	16	4,089,359	2,158,748	4,089,359	2,158,748
Total Current Liabilities		25,096,836	18,155,032	23,779,600	16,887,851
Non-Current Liabilities					
Deferred revenue	16	4,350,820	6,409,961	4,350,820	6,409,961
Borrowings	14	5,200,000	17,200,000	5,200,000	17,200,000
Provisions	15	2,865,429	2,644,199	2,865,429	2,644,199
Total Non-Current Liabilities		12,416,249	26,254,160	12,416,249	26,254,160
Total Liabilities		37,513,085	44,409,192	36,195,849	43,142,011
Net Assets		24,508,166	18,258,674	17,209,272	17,155,206
Shareholders' Equity					
Share capital	18	35,184,046	35,184,046	35,184,046	35,184,046
Reserves	19	35,777,567	35,777,567	30,382,603	30,382,603
Accumulated losses		(46,453,447)	(52,702,939)	(48,357,377)	(48,411,443)
Total Shareholders' Equity		24,508,166	18,258,674	17,209,272	17,155,206

The above Balance Sheets should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 1998

	Note	Consolidated		Chief Entity	
		1998 \$	1997 \$	1998 \$	1997 \$
Cash Flows from Operating Activities					
Cash receipts in the course of operations		29,364,428	39,032,153	29,364,428	39,032,153
Interest received		27,653	136,496	25,997	136,496
Other income		3,901,764	2,593,990	3,901,764	2,593,990
Cash payments in the course of operations		(23,471,631)	(24,460,559)	(21,779,096)	(23,408,927)
Interest paid		(2,171,654)	(2,951,534)	(2,171,450)	(2,950,427)
Net cash provided by operating activities	32(b)	7,650,560	14,350,546	9,341,643	15,403,285
Cash Flows from Investing Activities					
Purchase of property, plant and equipment		(149,833)	(67,289)	(22,077)	(47,154)
Purchase of plant & equipment – Nolans		(703,379)	(1,824,753)	(703,379)	(1,824,753)
Acquisition of mining tenements		(235,369)	(1,782,159)	(235,369)	(1,782,159)
Payments for exploration and development expenditure (capitalised)		(1,629,222)	(1,638,436)	(1,603,158)	(1,496,303)
Payments for Joint Venture investment		(320,777)	(89,000)	(320,777)	(89,000)
Net cash used in investing activities		(3,038,580)	(5,401,637)	(2,884,760)	(5,239,369)
Cash Flows from Financing Activities					
Repayment of bank loan		(12,000,000)	–	(12,000,000)	–
Loans to related parties		(493,159)	(222,611)	(2,373,251)	(14,182,371)
Proceeds from related party loans		–	80,665	–	80,665
Proceeds from other loans		–	1,000,000	–	1,000,000
Repayment of related party loan		–	(12,951,090)	–	(167,906)
Repayment of lease liability		–	(49,965)	–	(36,645)
Proceeds from restructure of forward contracts		3,439,400	1,914,814	3,439,400	1,914,814
Net cash used in financing activities		(9,053,759)	(10,228,187)	(10,933,851)	(11,391,443)
Net decrease in cash held		(4,441,779)	(1,279,278)	(4,476,968)	(1,227,527)
Cash at the beginning of the financial year		589,243	1,868,521	645,149	1,872,676
Cash at the end of the financial year	32(a)	(3,852,536)	589,243	(3,831,819)	645,149

The above Statements 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, 1998

1 Summary of Significant Accounting Policies

The principal accounting policies adopted by Haoma Mining NL and its Controlled Entities are stated to assist in a general understanding of the financial statements. The accounting policies have been consistently applied unless otherwise stated.

(a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Accounting Standards, other mandatory professional reporting requirements and the Corporations Law.

The report is prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year. Comparative information is reclassified where appropriate to enhance comparability.

(b) Principles of Consolidation

The consolidated accounts incorporate the assets and liabilities of Haoma Mining NL ("Chief Entity") and all of its Controlled Entities as at June 30, 1998. A Controlled Entity is any entity controlled by the Chief Entity where that entity has the capacity to dominate the decision making in relation to the financial and operating policies of another entity to achieve the objectives of the Chief Entity. Haoma Mining NL and its Controlled Entities together are referred to in this financial report as the "Economic Entity". The effects of all transactions between entities in the Economic Entity are eliminated in full.

(c) Going Concern

The Economic Entity has recorded a Consolidated Profit of \$6,249,492 in the year. It has a net deficiency in working capital of \$13,063,659 and positive shareholders' funds of \$24,508,166. Net tangible assets are \$14,977,965. The financial statements have been prepared on the basis of going concern which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

On July 2, 1998, Haoma restructured its forward hedge book to realise \$6,250,000. Of this amount, \$4,960,269 was used to reduce current borrowings with the balance being used to meet other payments.

Under the terms of the current loan agreement with the ANZ Bank Limited, Haoma is required to make loan principal repayments of \$12 million in 1998/99 (\$1 million was repaid on August 5, 1998). The balance of the loan (\$5.2 million) is scheduled to be repaid by December, 1999. The Nolan's Joint Venture is forecast to continue to March, 2001. There are sufficient post-Joint Venture reserves in the Nolan's pit (2.1 million tonnes at 1.68 g/t) to allow Haoma to continue mining, in its own right, for approximately one year after the Joint Venture. Haoma has been seeking to extend the loan repayment schedule so that, at least, the loan extends to the end of the Nolan's Joint Venture.

(d) Gold Hedging

Hedging is undertaken in order to avoid or minimise possible adverse financial or cash flow effects of movements in commodity prices. Premiums received or costs arising upon entering into forward sale or option contracts intended to hedge specific future production are deferred until the hedged production is delivered. The value received from restructuring hedging contracts, together with subsequent realised and unrealised gains or losses, are also deferred until the hedged production is delivered.

In circumstances where a hedging transaction is terminated prior to maturity because the hedged production is no longer expected to be produced then deferred gains or losses are recognised in the profit and loss account on the date of termination. If the hedging transaction is terminated or restructured prior to its maturity date and the hedged transaction is still expected to occur, deferral of any gains or losses continue until those gains or losses are included in the hedged transaction. These amounts are shown as deferred revenue. Deferred revenue is brought to account as income in proportion to gold delivered under the forward sales contracts.

The gross value of the underlying derivative financial instruments entered into for hedging is not recognised in the financial statements.

The Economic Entity is committed to the delivery of 205,065 ounces of gold under forward sales contracts at an average realisable price of A\$483.35 per ounce if all contracts had been closed out on September 23, 1998.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1998

1 Summary of Significant Accounting Policies (continued)

In comparison, in 1997 the Economic Entity was committed to deliver 183,840 ounces of gold under forward sales contracts at an average realisable price of \$571.07 per ounce, if all contracts had been closed out on September 24, 1997.

(e) Revenue Recognition

Sales are recorded as revenue when, and only when, there has been a passing of ownership to the customer, and:

- the product is in a form suitable for delivery and no further processing is required by, or on behalf of, the producer;
- the quantity and quality of the product can be determined with reasonable accuracy;
- the product has been dispatched to the customer and is no longer under the physical control of the producer (or property in the product has earlier passed to the customer); and
- the selling price can be determined with reasonable accuracy.

Sales revenue represents gross proceeds receivable from the customer.

(f) Income Tax

Income tax has been brought to account using the liability method of tax effect accounting.

Income tax expense is calculated on operating profit or loss adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the balance sheet as a future income tax benefit or as a provision for deferred income tax. The future tax benefit related to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation.

(g) Inventories

The Economic Entity's inventories are accounted for as follows:

- Stores are valued at the lower of cost and net realisable value.
- Inventories of ROM, work in process, heap leach material and gold bullion are physically measured or estimated and are valued at the lower of cost and recoverable amount (that is, net realisable value).
- Cost includes all mining, milling and processing expenditure as well as all administration expenditure directly associated with the production of metal.

The Chief Entity acquired from its Controlled Entity, Kitchener Mining NL, the Bamboo Creek tailings dam and low grade ore dumps for \$20,000,000 in the year ended June 30, 1997. In line with a decrease in the gold price, at June 30, 1997, the Directors agreed to write-down the value of this ore to \$11,341,282. Results of recent tests at Bamboo Creek have indicated that gold recovery will be lower than envisaged last year. As a result, in the year to June 30, 1998, the Directors have agreed to write-down the value of the tailings dam and low grade ore dumps by a further \$8,548,343 to \$2,882,939.

The Directors are aware that the ability to extract gold from the Bamboo Creek ore on a commercial scale is dependant upon the Elazac Process, which has not yet been proven in full scale operation. If the Elazac Process is unsuccessful in the extraction of gold on a commercial scale then the inventory may not realise the value attributed to it.

(h) Investments

Investments have been brought to account as follows:

- At cost or Directors' valuation as noted in the financial statements.
- Where, in the opinion of the Directors, there has been a permanent diminution in the value of investments a provision for diminution has been made.

(i) Property, Plant and Equipment

The Economic Entity's property, plant and equipment is brought to account at cost or Directors' valuation less, where applicable, any accumulated depreciation or amortisation. The carrying value of property, plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from those assets.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1998

1 Summary of Significant Accounting Policies (continued)

Amortisation of the Nolan's Joint Venture assets is determined on a production output basis for plant and equipment, and estimated life of mine operations for all other capitalised expenditure. The production output basis results in an amortisation charge proportional to the amount of gold produced to the estimated amount of gold contained in the Joint Venture's 12.5 million tonnes of ore. The total amount to be amortised is equal to Haoma's share of the cost of the Joint Venture assets less the estimated amount that could be recovered at the end of the Joint Venture period from the disposal of Haoma's share of the Joint Venture assets.

The expected useful lives are as follows:

Joint Venture plant and equipment: on a gold production basis – 43.4% of gold produced;

Joint Venture land and buildings: estimated life of mine – 5.2 years; and

Other plant and equipment: estimated useful life – between 5-10 years depending on the nature of the asset

(j) Preproduction Expenditure

Amortisation of preproduction expenditure is determined on an estimated "life of mine" operations basis (currently 5.2 years).

(k) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure is accumulated in respect of each identifiable area of interest. These costs are carried forward provided that:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration and/or evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of no value, accumulated costs carried forward are written off in the year in which that assessment is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(l) Mining Leases

Mining leases are valued at cost or Directors' valuation. All leases are amortised over the estimated useful life of mining operations based on the amount of remaining economically recoverable ore reserves. Leases are not amortised where there is no operating activity.

A regular review of leases is undertaken to determine that the leases are not shown at values in excess of their recoverable amount.

(m) Borrowing and Establishment Expenditure

Generally, borrowing costs are expensed in the period in which they are incurred. However, borrowing costs are capitalised where they relate to funds borrowed for developing mining properties.

Borrowing costs relating to the financing of the Nolan's Joint Venture project are being amortised over the period of the loan facility. Establishment costs relating to the financing of the Nolan's Joint Venture project are being amortised on a production output basis.

(n) Interest Expenditure

Generally, interest costs are expensed in the period in which they are incurred. However, interest costs are capitalised where they relate to funds borrowed for developing mining properties.

The capitalisation of interest costs from July 1, 1995 up to the date of commissioning the Nolan's Project CIL plant has been reflected in the fixed assets of the Balance Sheet. They are being amortised over the life of the mine.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1998

J Summary of Significant Accounting Policies (continued)**(o) Deferred Mining Expenditure**

Nolan's Joint Venture mining expenditure is being charged to the profit and loss account so as to match the expenditure evenly with the revenue from gold produced. This allocation is based on the latest estimated total mining costs and estimated total gold production. The variance due to higher mining costs associated with mining lower grade ore in the early stages of the Joint Venture has been treated as deferred mining expenditure.

(p) Goodwill

Goodwill of \$9,530,201 shown in the financial statements, represents the written down value at June 30, 1998. Goodwill is being amortised over its estimated useful life on a straight line basis.

The Directors believe the value of Kitchener Mining NL, together with the tenements and mining interests owned by Haoma Mining will realise, over a period of time, gold and other minerals which can be profitably extracted using the Bamboo Creek mill.

Kitchener Mining NL owns the Bamboo Creek mill which has, during the last 12 months, been re-engineered so that the Elazac Process can be used to process Marble Bar ores, the Bamboo Creek tailings and the Bamboo Creek ore dumps. The Directors recognise that there is no certainty until the Elazac Process can commercially recover minerals. Results to date indicate that the Elazac Process will be successful in realising revenue from the assets of Kitchener and justify the carrying value of goodwill.

(q) Trade and Other Creditors

These unpaid amounts represent liabilities for goods and services provided to the Economic Entity prior to the end of the financial year. The amounts are unsecured and are usually paid within 30 days of recognition.

(r) Employee Entitlements

Provision is made for the Economic Entity's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

(s) Borrowings

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of accruals.

(t) Joint Ventures

The Economic Entity's share in the assets, liabilities and expenses of unincorporated Joint Ventures have been reflected in the financial statements under the appropriate headings (Note 17).

(u) Restoration and Rehabilitation

Restoration and rehabilitation costs are accrued over the life of the mine. Costs, which are reassessed at least annually, are estimated on the basis of current undiscounted costs, current legal requirements and current technology.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1998

	Consolidated		Chief Entity	
	1998 \$	1997 \$	1998 \$	1997 \$
2 Operating Revenue				
Gold sales	32,932,359	41,561,903	32,932,359	41,561,903
Interest received				
– related parties	29,385	15,940	18,247	4,031
– other persons	34,329	135,306	34,329	135,306
Proceeds from buyback of forward gold contracts	3,190,441	2,461,138	3,190,441	2,461,138
Proceeds from sale of non-current assets	300,000	—	300,000	—
Other	686,366	132,852	684,710	132,852
	37,172,880	44,307,139	37,160,086	44,295,230

3 Operating Results

Operating profit for the year before income tax is arrived at after (crediting) and charging the following specific items:

Depreciation of property, plant and equipment	196,470	250,270	67,386	69,471
Amortisation of Joint Venture assets	2,820,302	2,450,299	2,820,302	2,450,299
Amortisation of capitalised interest	152,077	152,077	152,077	152,077
Amortisation of borrowing expenditure	166,612	25,161	166,612	25,161
Amortisation of establishment expenditure	79,305	135,705	79,305	135,705
Amortisation of leased assets	—	13,322	—	—
Write-down of inventories	—	—	8,548,343	8,658,718
Interest paid to related bodies corporate	11,247	369,038	11,247	13,079
Interest paid to other persons	2,099,204	2,948,760	2,099,000	2,947,654
Finance charge relating to finance leases	—	2,773	—	2,773
Provision for employee entitlements	(48,923)	233,000	(48,923)	233,000
Provisions for doubtful debts	74,750	—	74,750	—
Nolan's:				
– Write off obsolete stores	99,800	—	99,800	—
– Provision for restoration and rehabilitation	135,701	—	135,701	—
Foreign exchange (profit)/loss	—	(22,870)	—	—
Amortisation of goodwill	1,130,482	1,333,230	—	—
Loss on disposal of non-current assets	119,409	—	119,409	—
Government royalties	423,234	569,590	423,234	569,590
Interest income	(63,714)	(151,246)	(52,576)	(139,339)
Net gain on disposal of put and call options	(166,850)	—	(166,850)	—

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1998

	Consolidated		Chief Entity	
	1998 \$	1997 \$	1998 \$	1997 \$
4 Income Tax				
The amount provided in respect of income tax differs from the amount prima facie payable on operating profit				
The difference is reconciled as follows:				
Operating profit after abnormal items and before income tax	5,647,404	11,388,347	139,596	5,490,082
Prima facie income tax calculated @ 36%	2,033,065	4,099,805	50,255	1,976,430
Tax effect of permanent differences:				
Legal expenses		21,481		12,625
Corporate takeover costs		18,891		18,625
Amortisation of goodwill	406,975	479,963		
Loss on disposal of mining leases	42,987	—	42,987	—
Interest on convertible notes	—	7,040	—	—
Sundry items	(7,712)	(42,861)	(7,712)	(34,628)
Recoupment of prior year losses not previously brought to account	—	(5,387,893)	—	—
Tax losses and timing differences not previously brought to account	(3,077,403)	1,640,180	—	(514,970)
Income tax (credit)/expense attributable to operating profit	(602,088)	836,606	85,530	1,458,082
Income tax expense consists of:				
Increase in provision for deferred income tax	85,530	1,458,082	85,530	1,458,082
Increase in future income tax benefit	(687,618)	(621,476)	—	—
	(602,088)	836,606	85,530	1,458,082

5 Cash

Cash at bank and on hand	129,252	756,465	128,450	756,225
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6 Receivables (Current)

Other debtors	436,082	428,984	411,624	284,431
Provision for doubtful debts	(74,750)	—	(74,750)	—
Related bodies corporate:				
Kitchener Mining NL	—	—	4,380,700	2,498,519
Elazac Mining Pty Ltd	582,639	106,163	438,212	106,163
	943,971	535,147	5,155,786	2,889,113

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1998

	Consolidated		Chief Entity	
	1998 \$	1997 \$	1998 \$	1997 \$
7 Inventories (Current)				
Stores – at cost	1,017,336	1,028,840	841,813	825,868
Ore stocks – at cost	1,205,102	1,266,400	1,205,102	1,266,400
Ore stocks – at net realisable value	—	—	2,882,939	6,775,948
Work in progress – at cost	402,458	4,349,567	402,458	4,349,567
Work in progress – at net realisable value	4,245,699	—	4,245,699	4,655,334
	6,870,595	6,644,807	9,578,011	17,873,117

8 Investments (Non-Current)				
Controlled Entities				
Unlisted securities				
– at Directors' valuation 1987	—	—	9,428,258	9,428,258
– at Directors' valuation 1988	—	—	8,503,626	8,503,626
– at cost	—	—	5,272,900	5,272,900
	—	—	23,204,784	23,204,784
Less provision for diminution in value	—	—	(9,704,775)	(9,704,775)
Less loans from Controlled Entities	—	—	(9,428,257)	(9,428,257)
	—	—	4,071,752	4,071,752

Investment	Beneficial Interest		Book Value Chief Entity		Contribution to Consolidated Profit	
	1998 %	1997 %	1998 \$	1997 \$	1998 \$	1997 \$
Haoma Mining NL	—	—	—	—	7,471,927	9,889,778
North West Mining NL Exploration	100	100	9,216,733	9,216,733	—	—
Geophysics Pty Ltd	100	100	211,525	211,525	—	—
Kitchener Mining NL	100	100	4,071,752	4,071,752	(1,222,435)	661,963
Shares held by Kitchener Mining NL:						
Bamboo Creek Management Pty Ltd	100	100	4	4	—	—
			13,500,014	13,500,014	6,249,492	10,551,741
Loans from Controlled Entities			(9,428,262)	(9,428,262)		
Net investment in Controlled Entities			4,071,752	4,071,752		

All Controlled Entities are incorporated in Australia.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1998

	Consolidated		Chief Entity	
	1998 \$	1997 \$	1998 \$	1997 \$
10 Property, Plant and Equipment				
Plant and Equipment				
Mill (at Directors' valuation 1991)	1,500,000	1,500,000	—	—
Accumulated depreciation	(1,500,000)	(1,500,000)	—	—
Leasehold buildings (at Directors' valuation 1991)	200,000	200,000	—	—
Leasehold buildings (at cost)	7,990	7,990	—	—
Accumulated depreciation	(207,990)	(207,990)	—	—
Plant and equipment (at Directors' valuation 1991)	1,070,934	1,070,934	—	—
Plant and equipment (at cost)	3,156,537	3,006,704	586,109	564,032
Accumulated depreciation	(3,749,553)	(3,553,083)	(440,260)	(372,874)
Total plant and equipment ⁽¹⁾	477,918	524,555	145,849	191,158
Exploration and Evaluation				
Mining leases – at Directors' valuation	6,913,558	7,265,000	1,313,558	1,665,000
– at cost	8,189,276	7,512,775	8,189,276	7,512,775
Exploration and evaluation expenditure – at cost	4,221,975	2,394,130	3,615,005	1,813,224
Accumulated amortisation	(288,551)	(288,551)	—	—
Total exploration and evaluation ⁽¹⁾	19,036,258	16,883,354	13,117,839	10,990,999
Mine Properties				
Joint Venture plant and equipment – at cost	27,298,032	26,594,653	27,298,032	26,594,653
Accumulated amortisation	(8,245,711)	(5,425,409)	(8,245,711)	(5,425,409)
Total mine properties ^{(1) (2)}	19,052,321	21,169,244	19,052,321	21,169,244
Total property, plant and equipment	38,566,497	38,577,153	32,316,009	32,351,401

(1) The Directors have resolved that the written down value of the property, plant & equipment and exploration & evaluation expenditure of the Economic Entity at June 30, 1998, does not exceed the current market value of such assets. Should the assets be sold no capital gains tax liability will arise.

(2) An amortisation credit adjustment of \$1,196,964 was made in the financial year ended June 30, 1997 to re-align the amortisation of Nolan's Joint Venture assets in accordance with production output and estimated life of mine operations.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1998

	Consolidated		Chief Entity	
	1998 \$	1997 \$	1998 \$	1997 \$
11 Other Assets (Non-Current)				
Joint Venture borrowing and establishment expenditure – at cost	1,370,842	1,370,842	1,370,842	1,370,842
Accumulated amortisation	(778,531)	(532,614)	(778,531)	(532,614)
Deferred interest expenditure	785,730	785,730	785,730	785,730
Accumulated amortisation	(418,211)	(266,134)	(418,211)	(266,134)
Deferred mining expenditure	1,195,283	997,785	1,195,283	997,785
Future income tax benefit	3,825,622	3,138,003	—	—
	5,980,735	5,493,612	2,155,113	2,355,609
Future income tax benefit consists of:				
Timing differences	538,390	642,381	—	—
Tax losses	3,287,232	2,495,622	—	—
	3,825,622	3,138,003	—	—
12 Intangibles (Non-Current)				
Goodwill on consolidation	18,867,535	18,867,535	—	—
Less amortisation	(9,337,334)	(8,206,853)	—	—
	9,530,201	10,660,682	—	—
13 Accounts Payable (Current)				
Trade creditors and accruals	3,186,935	2,213,596	3,075,796	2,002,562
Other creditors	427,238	49,156	242,660	49,156
Amounts due to related parties	1,007,634	1,124,752	7,634	124,752
	4,621,807	3,387,504	3,326,090	2,176,470
14 Borrowings				
(Current)				
Bank overdraft (secured) ⁽¹⁾	3,981,788	167,223	3,960,269	111,076
Fully drawn advance (secured) ⁽¹⁾	12,000,000	12,000,000	12,000,000	12,000,000
Amounts due to related parties (unsecured)	144,729	133,482	144,729	133,482
	16,126,517	12,300,705	16,104,998	12,244,558
(Non-Current)				
Fully drawn advance (secured) ⁽¹⁾	5,200,000	17,200,000	5,200,000	17,200,000

(1) The ANZ Bank Ltd hold a fixed and floating charge over the assets and undertakings of Haoma Mining NL. In addition they hold a First Registered Mortgage over M1394 (Nolan's lease).

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1998

	Consolidated		Chief Entity	
	1998 \$	1997 \$	1998 \$	1997 \$
15 Provisions				
Current				
Provision for employee entitlements	259,153	308,075	259,153	308,075
Non-Current				
Provision for deferred income tax	2,682,429	2,596,899	2,682,429	2,596,899
Provision for restoration and rehabilitation	183,000	47,300	183,000	47,300
	2,865,429	2,644,199	2,865,429	2,644,199
16 Deferred Revenue				
Current	4,089,359	2,158,748	4,089,359	2,158,748
Non-current	4,350,820	6,409,961	4,350,820	6,409,961
	8,440,179	8,568,709	8,440,179	8,568,709

17 Interest in Joint Ventures

The Economic Entity has interests in unincorporated joint ventures as follows:

Joint Venture	Principal Activities	Percentage Interest	
		1998	1997
Linden Joint Venture ^(a)	Gold exploration	49.9	—
Nolan's Joint Venture ^(b)	Gold exploration and production	49.9	49.9

(a) Linden Joint Venture

On November 3, 1997, Haoma Mining NL and Goldfields Exploration Pty Ltd (100% owned by Goldfields Limited) signed a Joint Venture agreement to explore for gold on certain Linden tenements (E39/293, M39/255, M39/385, M39/386, M39/387, E39/379 and E39/428). Goldfields purchased 50.1% of the Linden tenements for \$300,000.

On March 27, 1998, Haoma paid \$320,777 as its first contribution to the Joint Venture. This amount has been classified as "exploration and evaluation expenditure at cost" in the balance sheet.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1998

17 Interest in Joint Ventures (continued)**(b) Nolan's Joint Venture**

The Economic Entity's interest in assets employed in the Joint Venture are included in the corresponding balance sheet under the classifications shown below:

	Consolidated	
	1998	1997
	\$	\$
Current Assets		
Cash at bank	62,355	477,666
Debtors/prepayments	184,046	129,732
Inventory	6,695,071	6,441,700
Total current assets	6,941,472	7,049,098
Non-Current Assets		
Property, plant and equipment	27,298,032	26,594,653
Total non-current assets	27,298,032	26,594,653
Share of the total assets of the Joint Venture	34,239,504	33,643,751
Current Liabilities		
Creditors	1,438,881	1,380,014
Provisions	421,438	279,650
Total current liabilities	1,860,319	1,659,664
Total liabilities	1,860,319	1,659,664
Net interest in the Joint Venture	32,379,185	31,984,087

	Consolidated		Chief Entity	
	1998	1997	1998	1997
	\$	\$	\$	\$
18 Share Capital				
Issued capital:				
192,993,655 (1997: 192,993,655)				
Ordinary shares of 25¢ each fully paid	35,184,046	35,184,046	35,184,046	35,184,046

19 Reserves			
Share premium account	24,478,078	24,478,078	24,478,078
Capital profits	6,178,490	6,178,490	5,063,606
Forfeited shares	4,425	4,425	4,425
Asset revaluation	5,116,574	5,116,574	836,494
	35,777,567	35,777,567	30,382,603
			30,382,603

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1998

	Consolidated		Chief Entity	
	1998	1997	1998	1997
	\$	\$	\$	\$
19 Reserves (continued)				
Movements				
Share premium account:				
Balance 1 July 1997	24,478,078	21,978,078	24,478,078	21,978,078
Issue of shares at 25 cent premium to WMC Ltd for the purchase of Pilbara tenements	–	2,500,000	–	2,500,000
Balance 30 June 1998	24,478,078	24,478,078	24,478,078	24,478,078
Asset revaluation reserve:				
Balance 1 July 1997	5,116,574	6,436,494	836,494	836,494
Eliminate 23.57% investment in Kitchener Mining NL mining leases	–	(1,319,920)	–	–
Balance 30 June 1998	5,116,574	5,116,574	836,494	836,494

20 Remuneration of Directors

Total income received, or due and receivable, by all Directors of the Economic Entity was:				
The Parent Entity	80,000	80,000	80,000	80,000
Other entities in the Economic Entity	80,000	80,000	–	–
	160,000	160,000	80,000	80,000

Number of Directors of the Chief Entity whose total remuneration was within the following bands:

	Number	Number
\$40,000 – \$49,999	4	4

21 Remuneration of Executives

Total income received, or due and receivable, by all executive officers of the Economic Entity whose remuneration was at least \$100,000:	127,501	–	127,501	–
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Number of executive officers whose remuneration was within the following bands:

	Number	Number	Number	Number
\$120,000 – \$129,999	1	–	1	–

No options have been granted to Executive Officers.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1998

	Consolidated		Chief Entity	
	1998	1997	1998	1997
	\$	\$	\$	\$
22 Auditor's Remuneration				
Remuneration of the auditor of the Economic Entity:				
- auditing or reviewing the financial accounts	35,630	32,050	30,630	32,050
- other services	17,898	20,478	13,611	11,478
	53,528	52,528	44,241	43,528

23 Segment Information**(a) Industry segments**

The Economic Entity operates predominantly in the minerals industry. Operations comprised exploration, evaluation, development and mining.

(b) Geographical segments

The Economic Entity operates predominantly in Australia.

24 Expenditure Commitments**(a) Exploration Commitments**

In order to maintain current rights of tenure to mining tenements, the Economic Entity will be required to meet tenement lease rentals and minimum expenditure requirements of the Western Australian and Queensland Departments of Minerals and Energy as follows:

- not later than one year	1,544,166	1,741,961	1,325,283	1,502,127
- later than one year but not later than two years	1,101,371	1,383,435	882,488	1,164,635
- later than two years but not later than five years	2,558,072	3,421,670	1,901,609	2,765,270
- later than five years	5,384,952	6,193,466	3,634,632	4,025,248
	10,588,561	12,740,532	7,744,012	9,457,280

Expenditure on tenements will only be incurred where the Economic Entity believes that future expenditure can be recovered from either sale or future mining operations.

In 1998/99, exploration expenditure commitments will be partly satisfied by exploration expenditure incurred by Haoma's joint venture partners Stockdale Prospecting Limited and Goldfields Exploration Pty Ltd. Additionally, the Department of Minerals & Energy (Western Australia) has agreed that, in certain circumstances, expenditure on testing Pilbara bulk ore samples using the Elazac Process at Kitchener Mining NL's Bamboo Creek minesite can be classified as tenement expenditure.

(b) Linden Joint Venture (50.1% Goldfields Exploration Pty Ltd, 49.9% Haoma)

The Chief Entity intends to contribute approximately \$250,000 as its share of the forthcoming drilling program on the Joint Venture's Linden leases. Under the terms of the Joint Venture agreement, at the time a cash call is made, the Chief Entity may elect not to contribute. Where an election not to contribute is made, then the Chief Entity's interest will dilute by one percentage point for every additional \$40,000 expended by Goldfields.

(c) Pilbara Joint Venture (50.1% Stockdale Prospecting Ltd, 49.9% Haoma)

On August 4, 1998, Stockdale provided a work program for the remainder of 1998. The cost of the program of work is estimated to be \$1.5 million (Haoma's share approximately \$750,000). Under the terms of the Joint Venture agreement, the Chief Entity has 120 days (by November 16, 1998) in which to elect to participate in this program. If the Chief Entity elects not to participate, Stockdale can earn an additional 24.9% (to take its interest in any production area to 75%) by expending a further \$500,000 by April, 2002. Should the Chief Entity's interest fall below 49.9%, the Joint Venture agreement provides the Chief Entity with an opportunity to restore its 49.9% interest.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1998

24 Expenditure Commitments (continued)**(d) Lease Commitments**

The Nolan's Joint Venture has commitments in relation to operating leases. Haoma's share of these commitments contracted for at June 30, 1998, but not recognised as liabilities, are payable as follows:

	Consolidated		Chief Entity	
	1998 \$	1997 \$	1998 \$	1997 \$
– not later than one year	164,876	189,646	164,876	189,646
– later than one year but not later than two years	60,034	91,981	60,034	91,981
– later than two years but not later than five years	29,555	13,673	29,555	13,673
– later than five years	–	–	–	–
	254,465	295,300	254,465	295,300

These are non-cancellable operating leases.

(e) Bank Guarantees

The Economic Entity's banker has provided indemnity guarantees to the value of \$235,220 to the Department of Minerals and Energy of Western Australia for the purposes of guaranteeing the Economic Entity's performance in accordance with Western Australia mining law.

The performance relates to the requirement that the Economic Entity adheres to the terms and conditions of its mining leases with respect to site restoration. The Directors do not anticipate that such guarantees will be exercised as the Economic Entity adheres to all terms and conditions of its leases.

25 Other Commitments

The Economic Entity was committed to the delivery of 153,369 (1997: 196,500) ounces of gold under forward sales contracts at June 30, 1998. On July 2, 1998, the hedging program was restructured and extended. As a result, the Economic Entity is committed to deliver by 12 November, 2001, 205,065 ounces of gold under forward contract as per Note 1 (d). The Economic Entity also has resetting put options, with expiry dates in 2002, covering 60,000 ounces.

The Chief Entity has provided a "letter of comfort" in respect of supporting a Controlled Entity, Kitchener Mining NL.

26 Contingent Liabilities

The decision of the High Court in Mabo & Ors -v- the State of Queensland ("Mabo Case") recognised a form of native title which, in cases in which it has not been extinguished, reflects the entitlement of the indigenous inhabitants, in accordance with their laws or customs, to their traditional lands. Lawyers commenting on the Mabo Case have indicated that the principles enunciated by the High Court could potentially have the effect of invalidating, in certain circumstances, mining tenements granted after the enactment of the Racial Discrimination Act 1975 where the grant of that mining tenement infringed or otherwise affected native title to the area. In such circumstances lawyers commenting on the Mabo Case have suggested that compensation may also be payable to the native title holders.

Claims have been lodged with the Native Titles Tribunal over a number of tenements applied for by the Chief Entity. These tenements will not be granted by the Department of Minerals & Energy, W.A. until the claims have been resolved. Until further information arises in relation to these claims, the Economic Entity is unable to assess the likely effects, if any, of the claims.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1998

26 Contingent Liabilities (continued)

Following a settlement with a former director, Kitchener Mining NL, a Controlled Entity, has 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. These directors' fees and management fees are only payable when Kitchener Mining NL resumes mining operations and has an operating profit in excess of \$500,000 pa.

27 Related Party Information**Directors**

The names of each person holding the position of Director of Haoma Mining NL during the financial year were Mr G. C. Morgan, Mr J. D. Elliott, Mrs M. Levine and Mr J. L. C. McInnes. All of these persons were also directors during the year ended June 30, 1997.

Transactions of Directors and Director-Related Entities Concerning Shares

Aggregate number of shares of Haoma Mining NL held directly, indirectly or beneficially by directors of the company or the Economic Entity or their director-related entities at balance date:

	Number	Number
Ordinary shares	129,020,111	129,020,111

Directors and Director-Related Entities

The Roy Morgan Research Centre Pty Ltd is a company of which both Mr G. C. Morgan and Mr J. L. C. McInnes are Directors. Mrs M. Levine is the Chief Executive.

Elazac Mining Pty Ltd is a company which Mr G. C. Morgan, Mr J. D. Elliott and Mr J. L. C. McInnes are Directors.

Leaveland Pty Ltd is a company of which both Mr G. C. Morgan and Mr J. L. C. McInnes are Directors.

Elazac Pty Ltd is a company of which both Mr G. C. Morgan and Mr J. L. C. McInnes are Directors.

Other Transactions with Directors and Director-Related Entities – Chief Entity

The Chief Entity has loaned Kitchener Mining NL (a Controlled Entity) funds where no interest has been charged for the financial year ended June 30, 1998 (1997: interest charged \$nil). The balance receivable at June 30, 1998 was \$4,380,700 (1997: \$2,498,519).

The Chief Entity has loaned Elazac Mining Pty Ltd funds where interest has been charged for the financial year ended June 30, 1998 at normal commercial interest rates. Interest charged amounted to \$18,247 (1997: \$2,843). The balance receivable at June 30, 1998 was \$438,212 (1997: \$106,163).

The Roy Morgan Research Centre Pty Ltd has undertaken related party transactions during the financial year ended June 30, 1998. The Roy Morgan Research Centre Pty Ltd was paid office rent and associated services during the year at normal commercial rates amounting to \$85,510 (1997: \$46,223). The balance payable to The Roy Morgan Research Centre Pty Ltd at June 30, 1998 was \$7,634 (1997: \$124,752).

During the year to June 30, 1998 the Chief Entity paid management fees of \$300,000 (1997: \$300,000) to The Roy Morgan Research Centre Pty Ltd.

Elazac Pty Ltd has undertaken related party transactions during the financial year ended June 30, 1998. Elazac Pty Ltd was paid for services during the year at normal commercial rates amounting to \$640. The balance payable to Elazac Pty Ltd at June 30, 1998 was \$nil (1997: \$nil).

Leaveland Pty Ltd has loaned the Chief Entity funds at normal commercial interest rates. Interest paid to Leaveland Pty Ltd was \$11,247 (1997: \$11,889). The balance payable to Leaveland Pty Ltd at June 30, 1998 was \$144,729 (1997: \$133,482).

The Chief Entity paid Elazac Mining Pty Ltd \$159,021 (1997: \$125,013) for mining tenements that were part of the former joint venture with WMC Limited.

Related Party Transactions – Controlled Entity

On April 6, 1993 an agreement was reached between Kitchener Mining NL, Leaveland Pty Ltd and Elazac Pty Ltd. The agreement acknowledges that all information obtained from test work undertaken by Kitchener

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1998

27 Related Party Information (continued)

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. Haoma Mining NL is providing financial support to Kitchener Mining NL and Elazac Mining Pty Ltd during test work.

Kitchener Mining NL holds the 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.

During the year the following companies were charged/(credited) by Kitchener Mining NL at cost for stores provided and on a "cost plus" basis for services and labour costs incurred on their behalf at a mark-up considered to be on normal commercial terms:

	Consolidated and Company	
	1998	1997
	\$	\$
Haoma Mining NL	(66,046)	(40,173)
Elazac Mining Pty Ltd	2,842	(20,034)

The Roy Morgan Research Centre Pty Ltd is entitled to management fees from Kitchener Mining NL of \$1,000,000 (1997: \$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, 1998. The amount is payable when Kitchener Mining NL resumes mining operations and has an operating profit in excess of \$500,000 pa.

During the year Haoma Mining NL advanced loan funds to Kitchener Mining NL of \$1,882,181. No interest has been charged for the financial year ended June 30, 1998 (1997: interest charged \$nil). The balance payable at June 30, 1998 was \$4,380,700 (1997: \$2,498,519).

During the year Elazac Mining Pty Ltd was loaned funds by Kitchener Mining NL at normal commercial interest rates. Interest charged by Kitchener Mining NL was \$11,139 (1997: \$11,908). The balance receivable at June 30, 1998 was \$144,427 (1997: \$131,200).

Amounts Payable

The following amounts payable by Kitchener Mining NL at June 30, 1998 are included in the consolidated balance sheet as current liabilities:

- \$1,000,000 (1997: \$1,000,000) payable to The Roy Morgan Research Centre Pty Ltd in relation to accrued management fees reported above.
- \$155,000 (1997: \$155,000) payable to Directors of Kitchener Mining NL in relation to accrued Directors fees for the financial years from 1 July 1989 to 30 June 1993.

28 Subsequent Events

- On July 2, 1998, Haoma restructured its hedging program and generated cash of \$6,250,000. \$4,960,269 was used to repay borrowings. The restructured selling price for existing forward contracts was lowered from \$609 per ounce to an average of \$505.67 per ounce. Existing put and call options were closed. Haoma sold forward a further 86,500 ounces at an average price of \$520 per ounce and purchased four 15,000 ounce resetting put options at an initial strike price of \$485. The additional hedging program was put in place to establish a minimum selling price for gold to be produced after the current Joint Venture with MIM Ltd terminates. The financial effect of the above has not been brought to account at June 30, 1998.
- Stockdale Prospecting Pty Ltd (100% owned by De Beers) have the exclusive right to explore Haoma tenements E45/1249, E45/1607, E45/1608 and E45/1615 for diamonds only. On July 16, 1998, Stockdale gave notice that it had spent \$500,000 to earn its 50.1% interest in any diamond bearing ore-body delineated by them on Joint Venture property.

Stockdale also announced that it had discovered a kimberlite dyke on the Joint Venture's tenements. As a result, Haoma has applied for adjacent property (E45/1950, E45/2023, E45/2033-2035, E45/2043, E45/2045-2048, E45/2062-2069 and E45/2094-2098).

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1998

	Consolidated	
	1998	1997
	\$	\$

29 Earnings Per Share

Basic earnings per share (cents per share) 3.24 5.58

The diluted earnings per share is not materially different from basic earnings per share.

Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share: 192,993,655 (1997: 188,976,839).

30 Ultimate Parent Entity

The ultimate Parent Entity is Leaveland Pty Ltd.

31 Financial Instruments**(a) Commodity Contracts**

At June 30, 1998, Haoma Mining NL has entered into the following unrecognised forward sales contracts and put and call options. These forward sales contracts were designed as a general hedge of anticipated future receipts from sales of gold yet to be produced by the Joint Venture. The amount of the unrecognised gain at balance date was \$9,771,560.

	1998		1997	
	Quantity Hedged	Average Price \$	Quantity Hedged	Average Price \$
Gold Forwards (ounces)				
A\$ compound forwards sold	23,369	454	-	-
A\$ fixed forwards sold	130,500	609	196,500	615
Gold Options (ounces)				
A\$ put options bought	54,000	447	-	-
A\$ call options sold	54,000	451	-	-

As commodity contracts can be settled other than by physical delivery of the underlying commodity they are classified as financial instruments.

As these contracts are entered into for the purpose of hedging future production, the gains and costs of entering these contracts and any unrealised gains and losses are deferred until the underlying production is sold (see note 1(d)).

The gains, losses and costs deferred at the reporting date and the periods to which they relate are set out below.

	Gains \$	Losses \$
Gold contracts	11,707,260	(2,290,100)
Net premiums received/(paid)	803,450	(449,050)
	12,510,710	(2,739,150)
Maturity		
0 - 12 months	6,570,009	(2,290,100)
13 - 24 months	5,737,234	(149,683)
25 - 36 months	203,467	(299,367)
	12,510,710	(2,739,150)

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1998

31 Financial Instruments

The unrealised gains and losses are measured by comparing the contracted price to the spot price at balance date. The amounts disclosed above are only indicative of the amounts which may ultimately be realised.

The Company's forward selling program is run by Macquarie Bank Limited who charge a fee denominated in ounces of gold and at a rate determined by the prevailing gold lease rate, currently 1.39%.

(b) Interest Rate Risk

The Economic Entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

(i) Financial assets

Financial Instruments	Floating interest rate	Non-interest bearing	Total amount as per balance sheet
	\$	\$	\$
Cash	62,355	66,897	129,252
Receivables other	–	436,082	436,082
Receivables related parties	82,639	–	582,639
Total financial assets	644,994	502,979	1,147,973
Weighted Average Interest Rate	7.98%	–	–

(ii) Financial liabilities**Fixed interest rate maturing in:**

Financial Instruments	Floating interest rate	1 year or less	Over 1 to 5 years	Non-interest bearing	Total amount as per balance sheet
	\$	\$	\$	\$	\$
Bank overdrafts ⁽¹⁾	3,981,788	–	–	–	3,981,788
Bank loans ⁽²⁾	–	12,000,000	5,200,000	–	17,200,000
Trade creditors and accruals	–	–	–	3,186,935	3,186,935
Other creditors	–	–	–	427,238	427,238
Amounts due to related parties ⁽³⁾	–	–	–	1,007,634	1,007,634
Loans due to related parties ⁽⁴⁾	144,729	–	–	–	144,729
Total financial liabilities	4,126,517	12,000,000	5,200,000	4,621,807	25,948,324
Weighted Average Interest Rate	9.89%	8.37%	8.60%	–	–

(1) Interest is charged at 9.95%. The bank overdraft is secured via a fixed and floating charge over the assets of the Company.

(2) The bank loan is repayable quarterly with the final instalment due on December 31, 1999. Interest is charged at 8.37% (until June, 1999) then 8.60%. Details of security over the bank loans is set out in note 14.

(3) See note 27 re management fees. There are no formal repayment terms for other liabilities.

(4) Interest is charged at the 180 days Bank Bill Swap Rate (currently 5.33%) plus 3%. There are no formal repayment terms.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1998

31 Financial Instruments (continued)**(c) Net Fair Values**

Net fair values for financial assets and liabilities are considered to be equivalent to the balance sheet carrying amounts.

(d) Credit Risk Exposures

The Economic Entity's maximum exposures* to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet.

In relation to unrecognised financial assets, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The Economic Entity's maximum credit risk exposure in relation to these is as follows:

- (i) forward sales contracts – the revenue foregone when selling its future share of Joint Venture gold production, should the counterparty not pay the price it is committed to pay. At balance date, the contracted future gold selling price was A\$609/oz. The Economic Entity had 130,500 oz sold under forward contracts (worth \$79,474,500 at the forward price).
- (ii) put options – the revenue foregone when selling future gold production, should the counterparty not pay the price it is committed to pay. At balance date, the average gold put price was A\$451.33/oz. The Economic Entity had 54,000 oz subject to put options (worth \$24,371,999 at the average strike price).

*The maximum credit risk exposure does not take into account the value of any collateral or other security held, in the event other entities/parties fail to perform their obligations under the financial instruments in question.

Concentration of credit risk

Gold dore is sent to the Johnson Matthey gold refinery in Townsville where it is refined. It is then transferred to the Company's gold account at Macquarie Bank. Macquarie Bank then sells the gold on behalf of Haoma for cash. The dispatch, refining and sale of the gold takes approximately two days.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1998

32 Statements of Cash Flows**(a) Reconciliation of Cash**

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank, net of outstanding Bank overdrafts. Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheets as follows:

	Note	Consolidated		Chief Entity	
		1998	1997	1998	1997
Cash	5	129,252	756,466	128,450	756,225
Bank overdrafts	14	(3,981,788)	(167,223)	(3,960,269)	(111,076)
		(3,852,536)	589,243	(3,831,819)	645,149

(b) Reconciliation of operating profit after income tax to net cash provided by operating activities

Operating profit after income tax	6,249,492	10,551,741	54,066	4,032,000
Depreciation/amortisation:				
– Property, plant and equipment	3,414,766	3,014,162	3,285,682	2,820,040
– Goodwill	1,130,482	2,710,940	–	–
Loss on exchange of non-current assets	119,409	–	119,409	–
Provision for doubtful debts	74,750	–	74,750	–
Other	(2,675)	–	(2,674)	–
Foreign exchange gain	–	(22,870)	–	–
Interest paid capitalised	11,247	354,286	11,247	10,237
Changes in operating assets and liabilities:				
Increase in trade creditors	1,128,338	(572,781)	1,073,234	(366,501)
Increase in other payables	105,964	–	76,386	–
(Decrease) in deferred revenue	(3,567,930)	(2,529,749)	(3,567,930)	(2,529,749)
(Increase) in receivables	(74,687)	61,472	(52,443)	20,009,401
Decrease (increase) in inventories	(225,788)	2,108,895	8,295,106	(9,255,440)
(Increase) in deferred operating costs	(197,498)	(997,785)	(197,498)	(997,785)
Increase in future income tax benefit	(687,618)	(1,999,186)	–	–
Increase in provision for deferred income tax	85,530	1,458,082	85,530	1,458,082
Increase (decrease) in other provisions	86,778	213,339	86,778	223,000
Net cash provided by operating activities	7,650,560	14,350,546	9,341,643	15,403,285

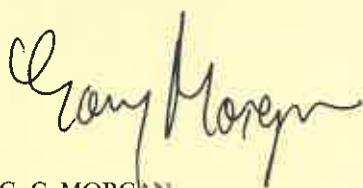
STATEMENT BY DIRECTORS

1. In the opinion of the Directors of Haoma Mining NL:

- (a) The financial statements as set out on pages 29 to 52 are drawn up so as to give a true and fair view of the profit and cash flows for the year ended June 30, 1998, and the state of affairs as at June 30, 1998 of the company and the Economic Entity;
- (b) The consolidated accounts have been made out in accordance with Divisions 4A and 4B of Part 3.6 of the Corporations Law and give a true and fair view of the matters dealt with by those Divisions; and
- (c) At the date of this statement, there are reasonable grounds, for the reasons set out in Note 1(c), to believe that the company will be able to pay its debts as and when they fall due.

2. The financial statements have been made out in accordance with applicable Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

This statement is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



G. C. MORGAN
Director



M. LEVINE
Director

Melbourne
28 September 1998.

INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF HAOMA MINING NL

**Scope**

We have audited the financial statements of Haoma Mining NL for the financial year ended 30 June 1998 as set out on pages 30 to 53. The financial statements include the consolidated accounts of the economic entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year. The company's directors are responsible for the financial statements. We have conducted an independent audit of these financial statements in order to express an opinion on them to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the company's and the economic entity's financial position, the results of their operations and their cash flows. The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion the financial statements of Haoma Mining NL are properly drawn up:

- (a) so as to give a true and fair view of:
 - (i) the state of affairs as at 30 June 1998 and the profit and cash flows for the financial year ended on that date of the company and the economic entity; and
 - (ii) the other matters required by Divisions 4, 4A and 4B of Part 3.6 of the Corporations Law to be dealt with in the financial statements;
- (b) in accordance with the provisions of the Corporations Law; and
- (c) in accordance with applicable Accounting Standards and other mandatory professional reporting requirements.

Inherent Uncertainty Regarding Carrying Values of Assets

Without qualification to the opinion expressed above, attention is drawn to the following matters:

Chief Entity

- (a) Included in the financial statements of the chief entity are inventories of \$2,882,939 relating to ore dumps situated around a processing mill owned by Kitchener Mining NL ("Kitchener"), a controlled entity. As described in note 1(g) to the financial statements the realisable value of the inventory is dependent upon the successful development of the Elazac process currently being trialled at the mill.

Consolidated

- (b) Included in intangibles is a net \$9,530,201 of goodwill arising on consolidation of Kitchener. As described in note 1(p) to the financial statements realisation of the carrying value of this goodwill is dependent upon the economic entity being able to commercially establish the Elazac process to utilise the assets currently owned by Kitchener to produce future profits.

A handwritten signature in black ink that reads 'Pannell Kerr Forster'.

PANNELL KERR FORSTER
Chartered Accountants

A handwritten signature in black ink that reads 'J. H. M. Marcard'.

J. H. M. MARCARD
Partner

28 September 1998
Melbourne

STOCK EXCHANGE – ADDITIONAL INFORMATION

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

Shareholders

Details of holdings in Haoma Mining NL shares at September 22, 1998.

A. 20 Largest Shareholders

Name	Number of Shares	% of issued capital	Name	Number of Shares	% of issued capital
Leaveland Pty Ltd	117,444,485	60.85	Investment Holdings Pty Ltd	1,104,000	0.57
WMC Ltd	10,000,000	5.18	Westpac Custodian Nominees Limited	1,090,718	0.57
Ebek Pty Ltd	4,919,452	2.55	Kitgrove Pty Ltd	1,050,000	0.54
Holdex Nominees Pty Ltd	3,000,000	1.55	National Nominees Limited	1,023,294	0.53
ABL Finance Pty Ltd	2,500,000	1.30	Fernhide Pty Ltd	1,000,000	0.52
Etonwood Management Pty Ltd (McInnes Family account)	2,000,000	1.04	ANZ Nominees Ltd	895,690	0.46
Sandra Stuart Curwen	1,656,000	0.86	Criterion Properties Limited	831,400	0.43
Gary Cordell Morgan and Genevieve Joan Morgan			Advanced Publicity Pty Ltd	749,118	0.39
Superannuation Fund	1,474,636	0.76	Six of Us Pty Ltd	735,500	0.38
John D Elliott	1,289,038	0.67	Holes Investment Pty Ltd	600,000	0.31
The Levine Family Trust	1,150,000	0.60			
				154,513,331	80.06

B. Substantial Shareholders

Name	Number of Shares	Class of Share
Leaveland Pty Ltd	117,444,485	Ordinary
WMC Ltd	10,000,000	Ordinary

C. Distribution of Equity Securities

(i) Ordinary shares issued by Haoma Mining NL

Range of Shares held	Number of Shareholders
1 – 1,000	738
1,001 – 5,000	1,030
5,001 – 10,000	400
100,001 – 100,000	495
100,001 and over	97
Total	2,760

(ii) There were 1,206 holders of less than a marketable parcel of 2,500 ordinary shares.

(iii) The twenty largest shareholders hold between them 80.06% of the issued capital.

D. Class of Shares and Voting Rights

The Chief Entity's issued shares are of one class and carry equal voting rights.

STOCK EXCHANGE – ADDITIONAL INFORMATION

E. Mining Tenements Summary**(a) Tenements held by Haoma Mining NL (100%)****(i) Pilbara, Western Australia**

Bamboo Creek	North Pole		Copenhagen	Lalla Rookh	Marble Bar	
	L45/86	M45/328	M45/682	M45/442	E45/1273	M45/827
GML45/1533	L45/86	E45/1871	P45/2391	P45/2322	E45/1888	M45/828
P45/2342	E45/1601	E45/1582		P45/2323	M45/825	
	M45/302	E45/1872		P45/2324	M45/826	
	E45/1870	M45/329				
Callina Creek	Sterling		North Shaw	Soansville		
E45/1822	E46/426	L45/60		E45/1868		
E45/1823	E46/427	E45/1453				
E45/1824		E45/1513		Coolyia Creek		
		E45/1600		E45/1900		

(ii) Linden, Western Australia

E39/380

(iii) Linden, Western Australia**Golden Ridge** P26/2074 P26/2075 P26/2076

These tenements are subject to an option agreement with New Hampton Goldfields NL (formerly Copperfield Gold NL) for which Haoma receives a royalty on all gold produced.

(iv) Yandal, Meekatharra, Western Australia E52/1153 E52/1249**(v) Ravenswood, Queensland****Nolan's** M1394

This tenement is subject to a Joint Venture agreement with Carpentaria Gold Pty Ltd (a subsidiary of MIM Holdings Pty Ltd) of which Haoma has a 49.9% interest in gold produced from mining 12.5 million tonnes. Haoma is entitled to 100% of gold from all additional tonnes of ore mined.

Old Man & Copper Knob M1326, M1330
(an option is held over these tenements)

Ravenswood South EPM9526, EPM9802, EPM9873, EPM10408, EPM10542

Waterloo M1529

Wellington Springs M1415, M1483

Ravenswood West EPM9150, EPM9154, EPM8771

Ravenswood Mining Claims MC2199 to MC 2206, MC2227, MC2228

(vi) Charters Towers, Queensland EPM9629, EPM10375

STOCK EXCHANGE – ADDITIONAL INFORMATION**E. Mining Tenements Summary (continued)****(b) Tenements beneficially held by Haoma Mining NL (100%)****Pilbara, Western Australia**

Big Stubby	Coronation	Blue Bar	McKinnon	Warrawoona
M45/57	M45/672	P45/2125	GML45/1532	M45/547
M45/284	M45/679	P45/2127	M45/490	M45/671
M45/453	P45/2333	P45/2226	M45/606	P45/2316
M45/554				
Marble Bar	Comet	Mustang	Tassie Queen	Sharks Gully
E45/1604	GML45/21	M45/680	E45/1059	M45/692
E45/1605	M45/14	M45/706	M45/76	
E45/1606	M45/16	M45/731	M45/235	Fieldings Gully
E45/1607	M45/385	P45/2251	M45/296	M45/521
E45/1608	M45/438	P45/2288	M45/297	
E45/1614	M45/459	P45/2331	M45/655	Copenhagen
E45/1615	M45/478			M45/240
E45/1618	L45/4			Wyman Well
E45/1648	L45/12			E45/1249
M45/678	L45/37			
P45/2275				Wyman
				P45/2317

Notwithstanding the above, the tenements are presently registered as follows:

WMC Resources Ltd – 60%; Haoma Mining NL – 20%; Elazac Mining Pty Ltd – 20%.

(c) Tenements held by Haoma Mining NL (49.9%)**Linden, Western Australia**

The following tenements are subject to a Joint Venture agreement with Goldfields Exploration Pty Ltd.

E39/293	P39/2975	L39/12
E39/379	P39/2976	L39/13
E39/428	M39/255	L39/14
P39/2974		

(d) Tenements beneficially held by Kitchener Mining NL (100%)**Pilbara, Western Australia**

Bamboo Creek	ML45/480	ML45/481	L45/72
	P45/2242	P45/2243	P45/2244

Abbreviated Tenement References

P = Prospecting Licence

ML = Mining Lease

E = Exploration Licence

GML = Gold Mining Lease

M = Mining Lease

EPM = Exploration Permit

L = Miscellaneous Licence (water)

MC = Mining Claim