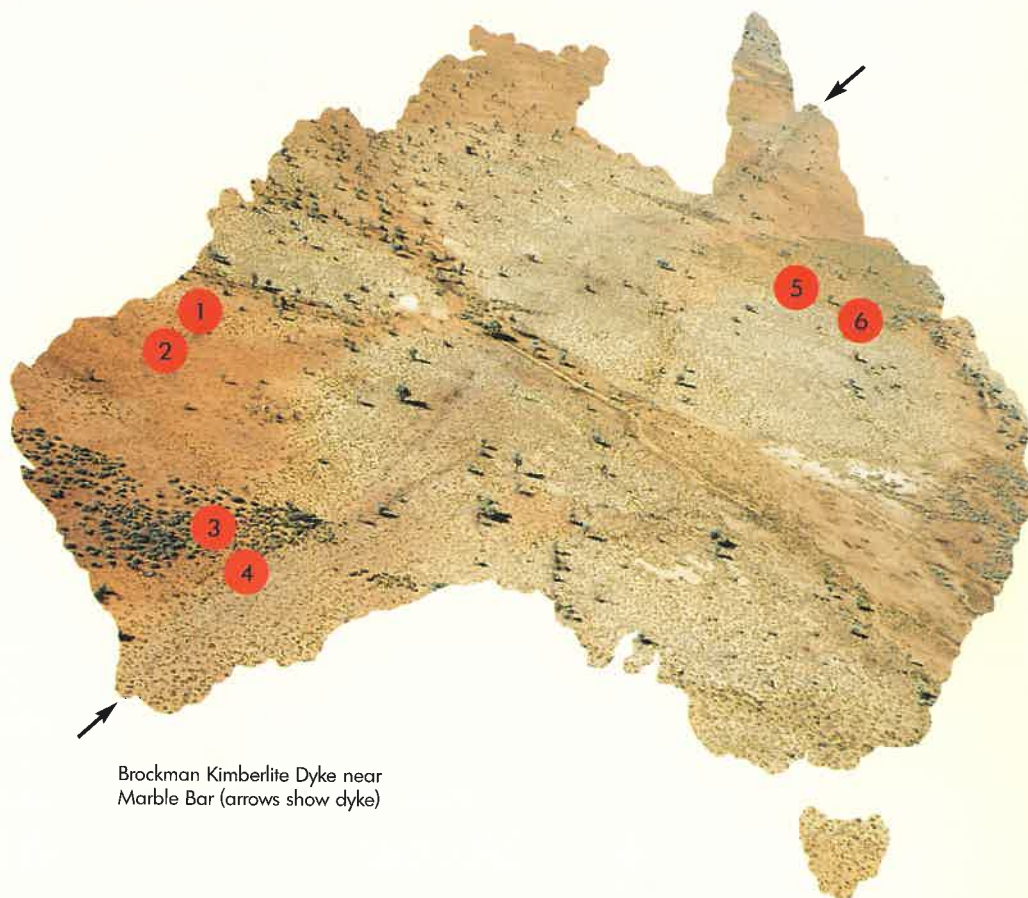


H A O M A MINING NL

ACN 008 676 177



1 9 9 9
ANNUAL REPORT

HAOMA MINING NL

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

Brockman Kimberlite Dyke near
Marble Bar (arrows show dyke)

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**Melbourne**

411 Collins Street
Melbourne, Victoria 3000
Tel: (03) 9629 6888
Fax: (03) 9629 1250

Postal Address

GPO Box 2282U
Melbourne, Victoria 3001

Interstate Office**Perth**

Suite 21, Piccadilly Square
Corner Short and Nash Streets
Perth, Western Australia 6000
Tel: (08) 9325 4899
Fax: (08) 9221 1341

Postal Address

PO Box 8159
Stirling Street
Perth, Western Australia 6849

Bankers

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

Share Registry

Computershare Registry Services Pty Ltd
Level 2
Reserve Bank Building
45 St Georges Terrace
Perth, Western Australia 6000
Tel: (08) 9323 2000
Fax: (08) 9323 2033

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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Chairman’s Review	3
Review of Operations in the Ravenswood Area, Queensland	5
Review of Operations in Western Australia	12
Financial Statements and Reports	17

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 Wednesday November 24, 1999 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
\$6.3 m Group Consolidated Profit
for the year ended June 30, 1999*

FINANCIAL

Haoma Mining NL Consolidated Profit & Loss	1996/97 (\$m)	1997/98 (\$m)	1998/99 (\$m)
Revenue	44.3	37.2	36.6
Net profit/(loss) before Interest, Depreciation & Tax	18.9	12.2	11.9
Interest	(3.3)	(2.1)	(1.1)
Depreciation & Amortisation	(4.2)	(4.5)	(4.4)
Income Tax	(0.8)	0.6	(0.1)
Net profit/(loss) after Interest, Depreciation & Tax	10.6	6.2	6.3

OPERATIONAL

Nolan's Joint Venture	Total 1997/98	Total 1998/99	Total Project to Date
CIL Plant			
Tonnes Mined	1,955,879	2,363,864	8,568,172
Tonnes Milled	2,037,300	2,158,582	7,508,472
Average Grade (g/t)	1.62	1.75	1.73
Average Metallurgical Recovery (%)	95.1	93.3	93.9
Gold Production (oz) 100%	101,263	114,050	392,620
49.9% (Haoma Mining)	50,531	56,911	195,917
Heap Leach (note)			
Tonnes Milled	284,568	393,028	653,678
Average Grade (g/t)	0.53	0.75	
Average Metallurgical Recovery (%)	95.4	93.3	93.5
Gold Production (oz) 100%	4,474	8,861	41,800
49.9% (Haoma Mining)	2,232	4,422	20,858
Total			
Gold Production (oz) 100%	105,737	122,911	434,420
49.9% (Haoma Mining)	52,763	61,333	216,775

(note - in mid-October, 1997, the Nolan's Joint Venture commenced feeding heap leach material directly into the mill.)

CHAIRMAN'S REVIEW

**1998/1999 Profit \$6.3m, Final Dividend 1cent**

For the year ended June 30, 1999, Haoma Mining NL reported a Group net profit of \$6,306,525 after deducting depreciation and amortisation of \$4,545,248, interest of \$1,102,461 and income tax of \$139,695. This compares with \$6,249,492 (depreciation and amortisation of \$4,545,248, interest of \$2,110,451 and income tax credit of \$602,088) in the prior year. The Directors declared an unfranked final dividend of one cent per share paid on October 20, 1999.

Despite lower gold prices, the current result is better than for the same period last year due to lower production costs at the Nolan's mine (50.1% MIM, 49.9% Haoma).

In 1998/99, Nolan's production of 122,911 ounces was 17,174 ounces more than last year (105,737 ounces). Haoma's share of production was 61,333 ounces which was 8,570 ounces more than the previous year.

During the year, Haoma reduced its bank debt by \$8.25 million from \$17.2 million at June 30, 1998 to \$8.95 million at year end. Bank debt was further reduced in July and September 1999 by a total of \$6.7 million and at September 30, 1999 was \$2.25 million. The debt was matched by funds held (\$2.5 million) on deposit with the company's principal bankers, the ANZ Banking Group. The debt reduction was funded from the operating surplus and by liquidating value from Haoma's forward hedge program.

In 1999/2000, the Nolan's operation is budgeted to produce 141,942 ounces of gold (Haoma's share 70,829 ounces) at an average cash cost of \$279 including \$16 sustaining capital (1998/99 average cash cost was \$305 including \$12 sustaining capital). Year-to-date production results indicate that this result will be achieved.

The Joint Venture with Carpentaria Gold Pty Ltd (MIM subsidiary), has not been extended and will finish with the completion of mining and processing of 12.5 million tonnes of sulphide ore from the Nolan's pit, estimated to be reached in late 2000. Haoma has a number of options to continue mining after the Joint Venture. Haoma has established that at least a further 1.8 million tonnes of ore at a grade of 1.43 g/t can be extracted using the existing pit design. Additional ore can be mined if a cutback of the pit wall is undertaken. With the higher gold price, the Directors believe it is now viable to upgrade the accessible ore with a pit cutback. Doing this would provide additional ore of at least 1 million tonnes at 2.1g/t. These resource estimates do not take into account the additional mineable ore expected to be achieved from ore beneficiation which would enable a lower cut-off grade. (refer Operations Report).



Nolan's open cut pit, Ravenswood

CHAIRMAN'S REVIEW

As detailed in last year's annual report, Haoma's diamond joint venture with Stockdale Prospecting Ltd (in the Pilbara area of WA) has provided encouraging results (refer Operations Report). The discovery of macro diamonds from a kimberlite dyke near Marble Bar with a strike length of 9.1km is an exciting find and has further upgraded the region as a potential diamond producing area. Most activity during the year was focussed on further evaluation of the Brockman kimberlite dyke near Marble Bar. Further details of exploration programs are provided later in the Operations Report.

During the year, spinel (of possible kimberlitic origin) has been recovered on the tenements and is being followed up in eight main areas, ranging from 2 to 57 kilometres from known outcrops of the Brockman dyke. The Directors are hopeful that additional kimberlite will be discovered in other areas covered by joint venture tenements.

In 1998/99, Haoma invested \$1,060,000 of exploration expenditure in relation to the Pilbara diamond joint venture. In 1999/2000, Haoma has budgeted to contribute an additional \$1,000,000 towards diamond exploration.

Upgrading and re-engineering of the throughput capacity of the Bamboo Creek plant was completed in October 1999. The plant is now capable of processing approximately 1 million tonnes of ore per annum. Full scale production tests using the Elazac Process are now being conducted.

For the financial year to June 30, 1999 group exploration expenditure totalled \$3.3 million. This included \$1.5 million spent at Bamboo Creek on test work and trials using the Elazac Process.

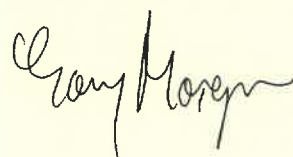
Year 2000 Systems

During 1998/99, Haoma took further steps to ensure that the potential for exposure to any Year 2000 systems and infrastructure failure was minimised. The primary areas of concern are the company's operations at Bamboo Creek, Western Australia and at the Nolan's mine at Ravenswood, Queensland. The Nolan's Joint Venture Manager has advised that Year 2000 compliance testing of all critical systems has been completed and are compliant. Contingency plans are being developed for implementation if necessary.

Haoma believes that all its critical systems are Year 2000 compliant and that non-critical systems have been adequately managed to ensure that any impact of a Year 2000 failure, if such an event occurs, will be easily corrected. 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 and consultants for their positive efforts in 1998/99 and in particular Mr Peter Cole and Mr Bill Darcey. Both have played a significant part in the recommissioning of the Bamboo Creek plant and establishing Haoma's current exploration policy. The Directors also 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 Joint Venture 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.



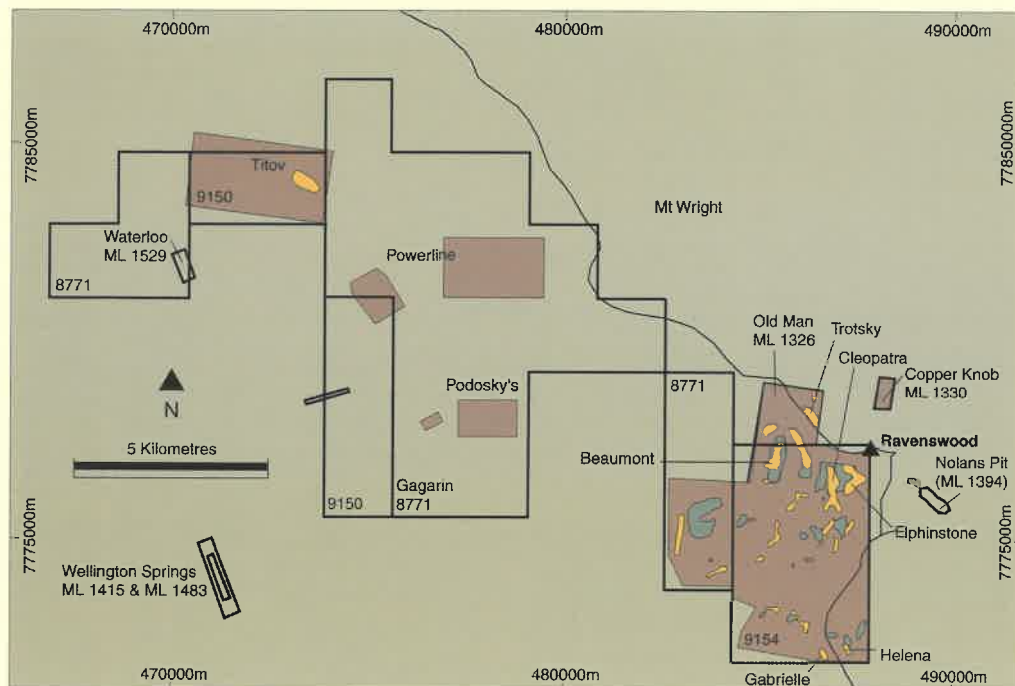
Gary C. Morgan,
Chairman.



Column leach test plant at
Bamboo Creek

REVIEW OF OPERATIONS

THE RAVENSWOOD AREA, QUEENSLAND



LEGEND

- Road
- Gold anomaly
- Copper anomaly
- Lease boundary
- Extent of soil sampling

1. Ravenswood, North Queensland

Haoma's objectives in the Ravenswood area are 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 maintain gold production at the Nolan's mill beyond the life of the current Joint Venture.

To achieve these objectives, during the year Haoma:

- continued its exploration program which has resulted in upgrading the potential for the region to provide additional ore reserves; and
- exercised its option to acquire the 'Copper Knob' and 'Old Man' tenements which have established gold resources.

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 90km south of Townsville and 60km 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, 1999, 8.97 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 1½ years to completion.

REVIEW OF OPERATIONS**THE RAVENSWOOD AREA, QUEENSLAND**

Nolan's pit looking towards
processing plant

Gold production from the CIL plant for the 12 months ended June 30, 1999, was 114,050 ounces produced from milling 2,158,582 tonnes at a grade of 1.75 grams per tonne. Haoma's share of this production was 56,911 ounces. The Joint Venture also continued to process heap leach material through the mill. To June 30, 1999, 393,028 tonnes of this material at a grade of 0.75 g/t was processed through the CIL plant to produce 8,861 ounces. Haoma's share of this production was 4,422 ounces.

For the 12 months to June 30, 1999, the average cash cost of producing an ounce of gold was \$305 (including \$12 per ounce of sustaining capital). This compares with \$371 (including \$13 per ounce sustaining capital) for the 12 months to June 30, 1998. The 1999/2000 cost per ounce is expected to be about \$279 (including \$16 per ounce sustaining capital).

REVIEW OF OPERATIONS

THE RAVENSWOOD AREA, QUEENSLAND



1.2 Ravenswood Beneficiation Tests

1998 BeneficiationTest on low grade Nolan’s ore

Between September 10 and 14, 1998 a Beneficiation Test was undertaken using the Nolan’s crushing circuit to test the viability of upgrading ore into the milling circuit by screening out the coarser material.

The results indicated that a Beneficiation upgrading process was viable on Nolan’s ore.

The following table summarises the results from the 1998 Beneficiation Test:

Nolan’s Benefication Process plant

	Tonnes	Tonnes (%)	Grade (g/t)	Gold (oz)	Gold (%)
Feed	26,170	100.0	1.45	1,247	100.0
Beneficiated ore	17,070	65.2	1.92	1,054	84.5
Discarded ore	9,100	34.8	0.66	193	15.5

1999 Beneficiation Tests on a series of Nolan’s ore

Between September 4 and mid October 1999 a series of Beneficiation Tests were undertaken at Ravenswood using a mobile crushing/screening plant which included a jaw and cone crusher.. The aim of the tests was to determine the viability of upgrading Nolan’s ores by screening out the coarser material.

Prior to jaw crushing the ore to 117mm a ‘scalp’ screen removed the minus 25mm portion. The ore was then put through the jaw crushing circuit and split into three parts (coarse, medium and fine). Further tests were then conducted on the split portions using a rotary impact crusher.

REVIEW OF OPERATIONS

THE RAVENSWOOD AREA, QUEENSLAND

The following Table 1 shows the result obtained from processing 1,658 tonnes through the initial jaw crushing circuit.

Table 1

	Tonnes	Tonnes (%)	Grade (g/t)	Gold (oz)	Gold (%)
Low grade Nolan's ore	1657.7	100.0	0.85	45.26	100.0
Jaw crushed and split into:					
Coarse+ (screened to 30-40mm)	360.4	21.7	0.34	3.94	8.71
Medium (screened to 10-30mm)	578.6	34.9	0.44	8.19	18.10
Fine (screened to minus 10mm)	225.2	13.6	0.61	4.42	9.77
Initial scalped material (material under 25mm screened out before jaw crushing circuit)	493.5	29.8	1.81	28.72	63.46

+ The plus 40mm material was cone crushed and re-circulated

Samples of both the 'medium' and 'coarse' ore fractions were processed through the rotary impact crusher in order to liberate a barren fraction. Table 2 below shows the results from processing a 50 tonne sub-sample of 'coarse' ore through the rotary impact crusher. The results show a significant proportion of the 'gold' was contained in the resulting medium and fine material.

Table 2

	Tonnes	Tonnes (%)	Grade (g/t)	Gold (oz)	Gold (%)
'Coarse' low grade Nolan's ore	50.0	100.0	0.42	0.67	100.0
Crushed and split into:					
Coarse	24.2	48.4	0.05	0.04	6.0
Medium	19.6	39.1	0.70	0.44	65.6
Fine	6.2	12.5	0.90	0.19	28.4

H A O M A MINING NL

ACN 008 676 177



FINANCIAL STATEMENTS & REPORTS

FOR THE YEAR ENDED 30 JUNE 1999

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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, 1999 and the state of the affairs of the Company and of the Economic Entity at that date.

Directors

The names of each person who has been a Director of the Company during the year and 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 Roy Morgan Research 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 Roy Morgan Research 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 and Executives Emoluments

The emoluments provided to board members and senior executives of the company are based upon providing a commercial remuneration for services. Director's Fees are determined by the Board after giving consideration to the expected activity of Board members during the course of the year. The amount of emoluments provided to senior executives is determined in accordance with market rates for services provided.

The emoluments of each Director and Officer were as follows:

	Salary	Director's Fees	Super Contribution	Total
Economic Entity				
Directors				
Gary C. Morgan	-	40,000	-	40,000
John D. Elliott	-	40,000	2,800	42,800
Michele Levine	-	40,000	2,800	42,800
John L C. McInnes	-	40,000	-	40,000
Officers				
Alan T. Drews	26,245	-	9,207	35,452
James A. Wallace	36,882	-	6,665	43,547

There are no performance linked remuneration policies for Directors or senior executives.

DIRECTORS' REPORT

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:	9	3
Number of meetings attended by:		
Mr G C Morgan	9	-
Mr J D Elliott	8	2
Mrs M Levine	9	-
Mr J L C McInnes	9	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, 1999, after provision for income tax, depreciation, amortisation and interest was \$6,306,525. This compares with \$6,249,492 in the prior year.

Dividend

On September 27, 1999 the Directors declared an unfranked final dividend of one cent per share for the year ended June 30, 1999. The dividend will be paid on October 20, 1999. The dividend was declared after the Preliminary Final Report of Results for the Year Ended June 30, 1999 was lodged with The Australian Stock Exchange on September 13, 1999. Details of the dividend were not included in that report. No other dividends were declared or paid during the year.

Review of Operations and Results

During the financial year the Economic Entity pursued its mining and mineral exploration 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, 1999, mining activity in relation to the Joint Venture between Haoma and Carpentaria Gold Pty Ltd (a subsidiary of MIM Holdings Limited) produced 114,050 ounces of gold from the CIL plant and 8,861 ounces of gold from processing heap leach material through the CIL plant. Haoma's total share was 61,333 ounces being 49.9% of total gold produced.
2. The Economic Entity maintained its participation in the Pilbara Diamond Joint Venture between Haoma Mining NL and Stockdale Prospecting Ltd (a De Beers company). The results of exploration work continue to be subject to ongoing analysis and interpretation. Information on significant findings to date has been released.
3. The Economic Entity maintained its participation in the Linden Joint Venture between Haoma Mining NL and Goldfields Exploration Pty Ltd (a subsidiary of Goldfields Ltd). Results of exploration have been previously released and there are no further significant results to report.
4. (a) The consolidated operating profit of the Economic Entity before abnormal items and income tax for the year was \$6,446,220 after charging \$4,389,086 for depreciation & amortisation and \$1,102,461 for interest.
(b) During the year, the Company realised cash of \$6,250,000 from a restructure of its hedging program and \$1,420,000 from the close out of 60,000oz of resetting put options.

Events Subsequent to Balance Date

On July 2, 1999, Haoma restructured its hedging program and generated cash of \$7,072,000. \$5,200,000 was used to repay borrowings. The restructured selling price for existing forward contracts was lowered from \$511 per ounce to an average of \$467 per ounce.

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' REPORT

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 G. & G. Morgan Superannuation Fund	1,474,636	-
Mr J D Elliott:-		
As a Director of Ebek Pty Ltd	4,919,452	-
Direct ownership	-	899,538
Mrs M Levine:-		
As a Trustee of The Levine Family Superannuation Fund	169,000	-
As a Trustee of The Levine Family Trust	1,150,000	-
As a Director of The RMRC Staff Superannuation Scheme #2 Pty Ltd	507,000	-
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 28 (Related Party Information) to the financial statements.

Environmental Regulation

The gold mining, exploration and mining development activities of Haoma Mining NL are subject to significant environmental regulation. Environmental legislation under which the company conducts its activities is principally Australian State

government legislation and includes in Western Australia; the Mining Act (1978), the Environmental Protection Act (1986) and the Aboriginal Heritage Act (1980) and in Queensland; the Mineral Resources Act (1989) and the Environmental Protection Act (1994).

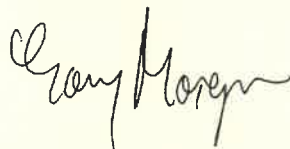
The company has complied with environmental protection and rehabilitation requirements and has management and reporting systems for all of the areas in which it has interests. Regular reviews are conducted in regard to environmental compliance matters. The company will continue to monitor its performance in relation to the environment. That process will include the ongoing assessment of the environmental impact of each of the Company's operations and the development of additional reporting and communications systems to ensure compliance.

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 30, 1999.

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. G.C. Morgan and management.

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

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, 1999

	Note	Consolidated		Chief Entity	
		1999 \$	1998 \$	1999 \$	1998 \$
Operating profit before income tax	2,3	6,446,220	5,647,404	6,166,832	139,596
Income tax credit/(expense) attributable to operating profit	4	(139,695)	602,088	(670,000)	(85,530)
Operating Profit after Income Tax		6,306,525	6,249,492	5,496,832	54,066
Accumulated losses at the beginning of the financial year		(46,453,447)	(52,702,939)	(48,357,377)	(48,411,443)
Dividends provided for or paid	5	(1,929,940)	-	(1,929,940)	-
Accumulated Losses at the End of the Financial Year		(42,076,862)	(46,453,447)	(44,790,485)	(48,357,377)

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

BALANCE SHEETS

AS AT JUNE 30, 1999

		Consolidated		Chief Entity	
	Note	1999	1998	1999	1998
		\$	\$	\$	\$
Current Assets					
Cash	6	1,148,120	129,252	1,147,116	128,450
Receivables	7	986,000	943,971	6,592,615	5,155,786
Inventories	8	4,761,650	6,870,595	4,610,983	9,578,011
Total Current Assets		6,895,770	7,943,818	12,350,714	14,862,247
Non-Current Assets					
Investments	9,10	-	-	4,071,752	4,071,752
Property, plant and equipment	11	39,022,821	38,566,497	32,843,215	32,316,009
Other	12	6,275,378	5,980,735	1,815,458	2,155,113
Intangibles	13	8,399,719	9,530,201	-	-
Total Non-Current Assets		53,697,918	54,077,433	38,730,425	38,542,874
Total Assets		60,593,688	62,021,251	51,081,139	53,405,121
Current Liabilities					
Accounts payable	14	3,818,786	4,621,807	2,534,543	3,326,090
Borrowings	15	8,226,305	16,126,517	8,211,161	16,104,998
Provisions	16	2,233,474	259,153	2,232,891	259,153
Deferred revenue	17	6,219,753	4,089,359	6,219,753	4,089,359
Total Current Liabilities		20,498,318	25,096,836	19,198,348	23,779,600
Non-Current Liabilities					
Deferred revenue	17	6,654,898	4,350,820	6,654,898	4,350,820
Borrowings	15	750,000	5,200,000	750,000	5,200,000
Provisions	16	3,805,721	2,865,429	3,701,729	2,865,429
Total Non-Current Liabilities		11,210,619	12,416,249	11,106,627	12,416,249
Total Liabilities		31,708,937	37,513,085	30,304,975	36,195,849
Net Assets		28,884,751	24,508,166	20,776,164	17,209,272
Shareholders' Equity					
Share capital	19	59,662,124	35,184,046	59,662,124	35,184,046
Reserves	20	11,299,489	35,777,567	5,904,525	30,382,603
Accumulated losses		(42,076,862)	(46,453,447)	(44,790,485)	(48,357,377)
Total Shareholders' Equity		28,884,751	24,508,166	20,776,164	17,209,272

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 1999

		Consolidated		Chief Entity	
	Note	1999 \$	1998 \$	1999 \$	1998 \$
Cash Flows from Operating Activities					
Cash receipts in the course of operations		30,431,779	29,364,428	30,384,609	29,364,428
Interest received		28,528	27,653	28,528	25,997
Other income		252,726	3,901,764	243,033	3,901,764
Cash payments in the course of operations		(21,664,030)	(23,471,631)	(20,243,821)	(21,779,096)
Interest paid		(1,286,379)	(2,171,654)	(1,283,238)	(2,171,450)
Net cash provided by operating activities	33(b)	7,762,624	7,650,560	9,129,111	9,341,643
Cash Flows from Investing Activities					
Purchase of property, plant and equipment		(40,334)	(149,833)	(7,060)	(22,077)
Purchase of plant & equipment -Nolans		(798,854)	(703,379)	(798,854)	(703,379)
Acquisition of mining tenements		(111,410)	(235,369)	(111,410)	(235,369)
Payments for exploration and development expenditure (capitalised)		(358,787)	(1,629,222)	(347,230)	(1,603,158)
Payments for Joint Venture investment		(895,588)	(320,777)	(895,588)	(320,777)
Net cash used in investing activities		(2,204,973)	(3,038,580)	(2,160,142)	(2,884,760)
Cash Flows from Financing Activities					
Repayment of bank loan		(12,000,000)	(12,000,000)	(12,000,000)	(12,000,000)
Loans to related parties		(3,300)	(493,159)	(1,421,195)	(2,373,251)
Proceeds from commercial bills		3,750,000	-	3,750,000	-
Repayment of related party loan		-	-	-	-
Proceeds from restructure of forward contracts		7,670,000	3,439,400	7,670,000	3,439,400
Net cash used in financing activities		(583,300)	(9,053,759)	(2,001,195)	(10,933,851)
Net increase/(decrease) in cash held		4,974,351	(4,441,779)	4,967,774	(4,476,968)
Cash at the beginning of the financial year		(3,852,536)	589,243	(3,831,819)	645,149
Cash at the end of the financial year	33(a)	1,121,815	(3,852,536)	1,135,955	(3,831,819)

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, 1999

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 financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated current valuations of non-current assets. Cost is based on the fair value of the consideration given in exchange for assets.

Non-current assets other than Exploration and Evaluation are carried at the lower of cost and net realisable value. Net realisable value is the amount expected to be recovered through the cash inflows and outflows arising from the continued use and subsequent disposal of the asset. In the determination of net realisable value, cash flows have not been discounted to present value.

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, 1999. 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 are eliminated in full.

(c) Going Concern

The Economic Entity recorded a Consolidated Profit of \$6,306,525 for the year. It has a net current liability of \$13,602,548 and positive shareholders' funds of \$28,884,751. Net tangible assets are \$20,485,032. 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.

Under the terms of the current facility agreement with the ANZ Banking Group Ltd, Haoma is required to make loan repayments of \$8.2 million in 1999/2000 (\$5.2 million Fully Drawn Advance was repaid in full on July 2, 1999). The ANZ Facility Agreement is being renegotiated to facilitate full repayment by June 30, 2000.

The Nolan's Joint Venture is forecast to continue mining from the Nolans Pit until October 2000. There are sufficient post-Joint Venture reserves in the Nolan's pit (1.8 million tonnes at 1.44 g/t) to allow Haoma to continue mining, in its own right, for approximately one year after the 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 or redesignated prior to its maturity date and the hedged transaction is still expected to occur, deferral of any gains or losses continue until the originally hedged production is delivered. These amounts are shown as deferred revenue.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1999

1 Summary Of Significant Accounting Policies (continued)**(d) Gold Hedging (cont'd)**

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

The Economic Entity was committed to the delivery of 146,128 ounces of gold under forward sales contracts at an average realisable price of A\$474.46 per ounce, if all contracts had been closed out on September 24, 1999.

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

(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, 1998, the value of this ore had been written down to \$2,882,939. Results of further tests at Bamboo Creek have indicated that gold recovery will be lower than envisaged. In response to these results and the continued decline in the gold price in the year to June 30, 1999, the Directors have decided to write down the carrying value of the tailings dam and low grade ore dumps to \$0 as extraction of gold is not presently economically viable.

The Directors believe 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 successful in the extraction of gold on a commercial scale then the inventory may be revalued.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1999

1 Summary Of Significant Accounting Policies (continued)**(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 & equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from those assets.

Nolans Joint Venture Assets

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 Nolan's Joint Venture Pit. 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 Joint Venture Plant and Equipment is being depreciated to a residual value of \$10,000,000. The Directors believe the residual value will prove recoverable through further successful development and exploitation of the associated areas of interest and by the eventual sale of the Plant and Equipment. The Directors recognise that there is no certainty until exploration and evaluation activities in the associated areas of interest have reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and / or alternatively, a sale agreement has been reached.

The expected useful lives are as follows:

Joint Venture plant and equipment:	on a gold production basis - (53.7% of gold produced);
Joint Venture land and buildings:	estimated life of mine (6.7 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 Joint Venture" operations basis.

(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.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1999

1 Summary of Significant Accounting Policies(continued)**(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 expected life of the mine.

(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 \$8,399,719 shown in the financial statements, represents the written down value at June 30, 1999. 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 been re-engineered to process Marble Bar ores, the Bamboo Creek tailings and the Bamboo Creek ore dumps using the Elazac Process. The Directors recognise that there is no certainty until the Elazac Process can commercially recover minerals. The Directors consider that 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.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1999

1 Summary Of Significant Accounting Policies (continued)**(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 18).

(u) Restoration & Rehabilitation

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

	Consolidated		Chief Entity	
	1999 \$	1998 \$	1999 \$	1998 \$
2 Operating Revenue				
Gold sales	34,859,303	32,932,359	34,753,408	32,932,359
Interest received				
- related parties	52,424	29,385	40,291	18,247
- other persons	28,529	34,329	28,529	34,329
Proceeds from buyback of forward gold contracts	1,420,000	3,190,441	1,420,000	3,190,441
Proceeds from sale of non-current assets	-	300,000	-	300,000
Other	243,503	686,366	243,503	684,710
	36,603,759	37,172,880	36,485,731	37,160,086

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	182,856	196,470	67,142	67,386
Amortisation of Joint Venture assets	2,722,065	2,820,302	2,722,065	2,820,302
Amortisation of capitalised interest	115,294	152,077	115,294	152,077
Amortisation of borrowing expenditure	143,079	166,612	143,079	166,612
Amortisation of establishment expenditure	95,310	79,305	95,310	79,305
Write-down of inventories	-	-	2,882,939	8,548,343
Interest paid to related bodies corporate	9,233	11,247	9,233	11,247
Interest paid to other persons	1,093,228	2,099,204	1,093,228	2,099,000
Provision for employee entitlements	6,903	(48,923)	6,903	(48,923)
Provisions for doubtful debts	-	74,750	-	74,750
Nolan's -				
- Write off obsolete stores	-	99,800	-	99,800
- Provision for restoration & rehabilitation	166,300	135,701	166,300	135,701
Amortisation of goodwill	1,130,482	1,130,482	-	-
Loss on disposal of non-current assets	-	119,409	-	119,409
Government royalties	487,558	423,234	487,558	423,234
Other income	(290,748)	(63,714)	(278,616)	(52,576)

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1999

	Consolidated		Chief Entity	
	1999	1998	1999	1998
	\$	\$	\$	\$
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 before income tax	6,446,220	5,647,404	6,166,832	139,596
Prima facie income tax calculated @ 36%	2,320,639	2,033,065	2,220,060	50,255
Tax effect of permanent differences:				
Amortisation of goodwill	406,975	406,975	-	-
Loss on disposal of mining leases	-	42,987	-	42,987
Sundry items	-	(7,712)	-	(7,712)
Tax losses and timing differences not previously brought to account	(2,587,919)	(3,077,403)	(1,550,060)	-
Income tax (credit)/expense attributable to operating profit	139,695	(602,088)	670,000	85,530
Income tax expense consists of:				
Increase in provision for deferred income tax	670,000	85,530	670,000	85,530
Increase in future income tax benefit	(530,305)	(687,618)	-	-
	139,695	(602,088)	670,000	85,530

5 Dividends Provided For Or Paid

Unfranked final dividend	1,929,940	-	1,929,940	-
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An unfranked final dividend of one cent per share was declared on September 27, 1999 out of profit for the year ended June 30, 1999. The dividend will be unfranked as there are no franking credits available to the economic entity.

No franking credits are expected to arise during the next financial year.

6 Cash

Cash at bank and on hand	1,148,120	129,252	1,147,116	128,450
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7 Receivables

Other debtors	362,420	436,082	326,999	411,624
Provision for doubtful debts	(74,750)	(74,750)	(74,750)	(74,750)
Related bodies corporate -				
Kitchener Mining NL	-	-	5,798,595	4,380,700
Elazac Mining Pty Ltd (1)	698,330	582,639	541,771	438,212
	986,000	943,971	6,592,615	5,155,786

(1) A cheque for the full amount due from Elazac Mining Pty Ltd was received on September 30, 1999.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1999

	Consolidated		Chief Entity	
	1999 \$	1998 \$	1999 \$	1998 \$
8 Inventories				
Stores - at cost	777,710	1,017,336	627,043	841,813
Ore stocks - at cost	891,156	1,205,102	891,156	1,205,102
Ore stocks - at net realisable value	-	-	-	2,882,939
Work in progress - at cost	591,998	402,458	591,998	402,458
Work in progress - at net realisable value	2,500,786	4,245,699	2,500,786	4,245,699
	4,761,650	6,870,595	4,610,983	9,578,011

9 Investments**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

10 Investment In Controlled Entities

Investment	Beneficial Interest		Book Value Chief Entity		Contribution to Consolidated Profit	
	1999 %	1998 %	1999 \$	1998 \$	1999 \$	1998 \$
Haoma Mining NL	-	-	-	-	7,249,289	7,471,927
North West Mining NL	100	100	9,216,733	9,216,733	-	-
Exploration Geophysics Pty Ltd	100	100	211,525	211,525	-	-
Kitchener Mining NL	100	100	4,071,752	4,071,752	(942,764)	(1,222,435)
Shares held by Kitchener Mining NL : Bamboo Creek Management Pty Ltd	100	100	4	4	-	-
			13,500,014	13,500,014	6,306,525	6,249,492
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, 1999

	Consolidated		Chief Entity	
	1999 \$	1998 \$	1999 \$	1998 \$
11 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)	3,196,870	3,156,537	593,169	586,109
Accumulated depreciation	(3,932,408)	(3,749,553)	(507,402)	(440,260)
Total plant and equipment(1)	335,396	477,918	85,767	145,849
Exploration and Evaluation				
Mining leases - at Directors' valuation	6,913,558	6,913,558	1,313,558	1,313,558
Mining leases - at cost	8,300,686	8,189,276	8,300,686	8,189,276
Exploration and evaluation expenditure - at cost	6,116,055	4,221,975	5,497,527	3,615,005
Accumulated amortisation- Exploration	(288,551)	(288,551)	-	-
Total exploration and evaluation(1)	21,041,748	19,036,258	15,111,771	13,117,839
Mine Properties				
Joint Venture plant and equipment - at cost	28,613,453	27,298,032	28,613,453	27,298,032
Accumulated amortisation	(10,967,776)	(8,245,711)	(10,967,776)	(8,245,711)
Total mine properties(1)	17,645,677	19,052,321	17,645,677	19,052,321
Total property, plant & equipment	39,022,821	38,566,497	32,843,215	32,316,009

(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, 1999, does not exceed the current market value of such assets. Should the assets be sold no capital gains tax liability will arise.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1999

	Consolidated		Chief Entity	
	1999	1998	1999	1998
	\$	\$	\$	\$
12 Other Assets				
Joint Venture borrowing and establishment expenditure - at cost	1,370,842	1,370,842	1,370,842	1,370,842
Accumulated amortisation	(1,016,919)	(778,531)	(1,016,921)	(778,531)
Deferred interest expenditure	785,730	785,730	785,730	785,730
Accumulated amortisation	(533,505)	(418,211)	(533,505)	(418,211)
Deferred mining expenditure	1,209,312	1,195,283	1,209,312	1,195,283
Future income tax benefit	4,459,918	3,825,622	-	-
	6,275,378	5,980,735	1,815,458	2,155,113
Future income tax benefit consists of:				
Timing differences	522,602	538,390	-	-
Tax losses	3,937,316	3,287,232	-	-
	4,459,918	3,825,622	-	-
13 Intangibles				
Goodwill on consolidation	18,867,536	18,867,535	-	-
Less amortisation	(10,467,817)	(9,337,334)	-	-
	8,399,719	9,530,201	-	-
14 Accounts Payable				
Trade creditors and accruals	2,561,224	3,186,935	2,447,829	3,075,796
Other creditors	248,195	427,238	77,347	242,660
Amounts due to related parties	1,009,367	1,007,634	9,367	7,634
	3,818,786	4,621,807	2,534,543	3,326,090
15 Borrowings				
(Current)				
Bank overdraft (secured) (1)	26,305	3,981,788	11,161	3,960,269
Fully drawn advance (secured) (1)	5,200,000	12,000,000	5,200,000	12,000,000
Commercial Bills (secured) (1)	3,000,000	-	3,000,000	-
Amounts due to related parties (unsecured)	-	144,729	-	144,729
	8,226,305	16,126,517	8,211,161	16,104,998
(Non-Current)				
Fully drawn advance (secured) (1)	-	5,200,000	-	5,200,000
Commercial Bills (secured) (1)	750,000	-	750,000	-
	750,000	5,200,000	750,000	5,200,000

(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, 1999

	Consolidated		Chief Entity	
	1999	1998	1999	1998
	\$	\$	\$	\$
16 Provisions				
(Current)				
Provision for employee entitlements	303,534	259,153	302,951	259,153
Provision for Dividend	1,929,940	-	1,929,940	-
	2,233,474	259,153	2,232,891	259,153
(Non-Current)				
Provision for deferred income tax	3,456,420	2,682,429	3,352,429	2,682,429
Provision for restoration & rehabilitation	349,300	183,000	349,300	183,000
	3,805,720	2,865,429	3,701,729	2,865,429
17 Deferred Revenue				
Current	6,219,753	4,089,359	6,219,753	4,089,359
Non-current	6,654,898	4,350,820	6,654,898	4,350,820
	12,874,651	8,440,179	12,874,651	8,440,179

18 Interest In Joint Ventures

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

Joint Venture	Principal Activities	Percentage Interest	
		1999	1998
Linden Joint Venture(a)	Gold exploration	49.9	49.9
Nolan's Joint Venture(b)	Gold exploration and production	49.9	49.9
Pilbara Diamond Joint Venture (c)	Diamond exploration	49.9	49.9

(a) Linden Joint Venture

Haoma Mining NL and Goldfields Exploration Pty Ltd (100% owned by Goldfields Limited) have 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.

At June 30, 1999, Haoma has paid \$475,919 as its 49.9% contribution to the Joint Venture. This amount has been classified as "Exploration and Evaluation expenditure at cost" in the balance sheet.

(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:

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1999

	Consolidated	
	1999	1998
	\$	\$
18 Interest In Joint Ventures (continued)		
Current Assets		
Cash at bank	6,354	62,355
Debtors/prepayments	159,726	184,046
Inventory	4,610,982	6,695,071
Total current assets	4,777,062	6,941,472
Non-Current Assets		
Property, plant and equipment	28,613,450	27,298,032
Total non-current assets	28,613,450	27,298,032
Share of the total assets of the Joint Venture	33,390,512	34,239,504
Current Liabilities		
Creditors	1,527,618	1,438,881
Provisions	705,513	421,438
Total current liabilities	2,233,131	1,860,319
Total liabilities	2,233,131	1,860,319
Net interest in the Joint Venture	31,157,381	32,379,185

(c) Pilbara Diamond Joint Venture

Haoma Mining NL and Stockdale Prospecting Ltd (a De Beers Company) have entered into a Joint Venture agreement to explore for diamonds on tenements in the Pilbara region of Western Australia.

(E45/1249, E45/1606, E45/1607, E45/1608, E45/1614, E45/1615, E45/2023, E45/2043, E45/2045, E45/2046, E45/2047, E45/2048, E45/2033, E45/2034, E45/2035, E45/2062, E45/2063, E45/2064, E45/2065, E45/2066, E45/2067, E45/2068, E45/2069, E45/2094, E45/2095, E45/2096, E45/2098, E45/2051, E45/2040, E45/2056, E45/2050, E452137, E45/2138, E45/2147(part))

Stockdale Prospecting initially spent \$500,000 to earn a 50.1% interest in the Joint Venture.

At June 30, 1999, Haoma has taken up \$1,059,373 as its 49.9% contribution to the Joint Venture to June 30, 1999. This amount has been classified as "Exploration and Evaluation expenditure at cost" in the balance sheet.

	Consolidated		Chief Entity	
	1999	1998	1999	1998
	\$	\$	\$	\$

19 Share Capital

Issued capital:

192,993,655 (1998: 192,993,655)

Ordinary shares fully paid(1)	59,662,124	35,184,046	59,662,124	35,184,046
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Movements

Issued Capital:

Balance 1 July 1998	35,184,046	35,184,046	35,184,046	35,184,046
Transfer from Share Premium Account (1)	24,478,078	-	24,478,078	-
Balance 30 June 1999	59,662,124	35,184,046	59,662,124	35,184,046

(1)The Company Law Review Act 1998 came into effect on 1 July 1998. That Act abolished par value of shares. Any amount outstanding to the credit of the share premium reserve became part of the Company's share capital on 1 July 1998. From 1 July 1998 share capital does not have a nominal value.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1999

	Consolidated		Chief Entity	
	1999	1998	1999	1998
	\$	\$	\$	\$
20 Reserves				
Share Premium Account	-	24,478,078	-	24,478,078
Capital profits	6,178,490	6,178,490	5,063,606	5,063,606
Forfeited shares	4,425	4,425	4,425	4,425
Asset revaluation	5,116,574	5,116,574	836,494	836,494
	11,299,489	35,777,567	5,904,525	30,382,603

Movements

Share Premium Account:

Balance 1 July 1998	24,478,078	24,478,078	24,478,078	24,478,078
Transfer to Issued Capital	(24,478,078)	-	(24,478,078)	-
Balance 30 June 1999	-	24,478,078	-	24,478,078

21 Remuneration Of DirectorsTotal 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:

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

	Consolidated		Chief Entity	
	1999	1998	1999	1998
	\$	\$	\$	\$

22 Remuneration Of ExecutivesTotal 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
--	---	---------	---	---------

Number of executive officers whose remuneration
was within the following bands:

\$120,000 - \$129,999	Number	Number	Number	Number
	-	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, 1999

	Consolidated		Chief Entity	
	1999	1998	1999	1998
	\$	\$	\$	\$
23 Auditor's Remuneration				
Remuneration of the auditor of the Economic Entity:				
- auditing or reviewing the financial accounts	38,100	35,630	33,100	30,630
- other services	12,720	17,898	10,300	13,611
	50,820	53,528	43,400	44,241

24 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.

25 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	1,114,549	1,544,166	892,465	1,325,283
- later than one year but not later than two years	992,631	1,101,371	781,917	882,488
- later than two years but not later than five years	2,151,224	2,558,072	1,554,523	1,901,609
- later than five years	4,719,145	5,384,952	3,144,293	3,634,632
	8,977,549	10,588,561	6,373,198	7,744,012

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 1999/2000, 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 mine site can be classified as tenement expenditure.

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

Budget projections for the 1999/2000 drilling program on the Joint Venture's Linden leases indicate that Haoma will be required to contribute approximately \$100,000 as its share of expenditure. Under the terms of the Joint Venture agreement, at the time a cash call is made, Haoma may elect not to contribute. Where an election not to contribute is made, then Haoma's interest will dilute by one percentage point for every additional \$40,000 expended by Goldfields. Haoma expects to meet all cash calls.

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

Haoma expects to contribute approximately \$1,000,000 as its share of Joint Venture costs during the 1999 exploration program. Of this amount, Haoma had taken up \$600,000 as accrued costs to June 30, 1999. Cash contributions will be met when called by the Joint Venture Manager. Costs attributable to the Joint Venture and met directly by Haoma will be offset against amounts called.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1999

25 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, 1999, but not recognised as liabilities, are payable as follows:

	Consolidated		Chief Entity	
	1999	1998	1999	1998
	\$	\$	\$	\$
- not later than one year	60,034	164,876	60,034	164,876
- later than one year but not later than two years	29,555	60,034	29,555	60,034
- later than two years but not later than five years	-	29,555	-	29,555
- later than five years	-	-	-	-
	89,589	254,465	89,589	254,465

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 the terms and conditions of its leases.

26 Other Commitments

The Economic Entity was committed to the delivery of 157,916 ounces (1998: 205,065) of gold under forward sales contracts at June 30, 1999.

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

27 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.

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. The directors' fees and management fees are only payable when Kitchener Mining NL has an operating profit in excess of \$500,000 pa.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1999

28 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, 1998.

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:

	1999 Number	1998 Number
Ordinary shares	128,630,611	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.

Roy Morgan Research Pty Ltd. is a company of which both Mr G.C. Morgan and Mrs M. Levine are Directors.

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 lent Elazac Mining Pty Ltd funds where interest has been charged for the financial year ended June 30, 1999 at normal commercial interest rates. Interest charged amounted to \$40,291 (1998: \$18,247). The balance receivable at June 30, 1999 was \$541,771 (1998: \$438,212).

The Roy Morgan Research Centre Pty Ltd has undertaken related party transactions during the financial year ended June 30, 1999. The Roy Morgan Research Centre Pty Ltd was paid office rent and associated services during the year at normal commercial rates amounting to \$76,801 (1998: \$85,510). The balance payable to The Roy Morgan Research Centre Pty Ltd at June 30, 1999 was \$9,367 (1998: \$7,634).

During the year to June 30, 1999 the Chief Entity paid management fees of \$300,000 (1998: \$300,000) to The Roy Morgan Research Centre Pty Ltd.

Leaveland Pty Ltd has lent the Chief Entity funds at normal commercial interest rates. Interest paid to Leaveland Pty Ltd was \$9,233 (1998: \$11,247). The balance payable to Leaveland Pty Ltd at June 30, 1999 was \$nil (1998: \$144,729).

The Chief Entity paid Elazac Mining Pty Ltd \$nil (1998: \$159,021) 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 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.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1999

28 Related Party Information(continued)**Related Party Transactions - Controlled Entity (continued)**

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 & Company	
	1999	1998
	\$	\$
Haoma Mining NL	49,161	(66,046)
Elazac Mining Pty Ltd	nil	2,842

The Roy Morgan Research Centre Pty Ltd is entitled to management fees from Kitchener Mining NL of \$1,000,000 (1998: \$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, 1999. 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 \$1,417,895. No interest has been charged for the financial year ended June 30, 1999 (1998: interest charged \$nil). The balance payable at June 30, 1999 was \$5,798,595 (1998: \$4,380,700).

During the year Elazac Mining Pty Ltd was lent funds by Kitchener Mining NL at normal commercial interest rates. Interest charged by Kitchener Mining NL was \$12,132 (1998: \$11,139). The balance receivable at June 30, 1999 was \$156,559 (1998: \$144,427).

Amounts Payable

The following amounts payable by Kitchener Mining NL at June 30, 1999 are included in the consolidated balance sheet as current liabilities:

- \$1,000,000 (1998: \$1,000,000) payable to The Roy Morgan Research Centre Pty Ltd in relation to accrued management fees reported above.
- \$155,000 (1998: \$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.

29 Subsequent Events

- (a) On July 2, 1999, Haoma restructured its hedging program and generated cash of \$7,072,000. \$5,200,000 was used to repay borrowings. The restructured average selling price for existing forward contracts was lowered from \$511 per ounce to \$467 per ounce. The financial effect of this transaction was not recognised in the financial statements for the year ended June 30, 1999.
- (b) On September 27, 1999 the Directors declared an unfranked final dividend of one cent per share for the year ended June 30, 1999. The dividend will be paid on October 20, 1999.

	Consolidated	
	1999	1998

30 Earnings Per Share

Basic earnings per share (cents per share)	3.27	3.24
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The weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share was 192,993,655 (1998: 192,993,655).

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1999

31 *Ultimate Parent Entity*

The ultimate Parent Entity is Leaveland Pty Ltd.

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

At June 30, 1999, Haoma Mining NL has entered into the following forward sales contracts. These forward sales contracts were designed as a hedge of anticipated sales of gold yet to be produced.

	1999		1998	
	Quantity Hedged	Average Price \$	Quantity Hedged	Average Price \$
Gold Forwards (ounces)				
A\$ compound forwards sold	917	500	23,369	454
A\$ fixed forwards sold	157,000	516	130,500	609
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 costs of entering these contracts and any unrealised gains and losses are recognised in accordance with the hedging policy set out in Note 1 (d). 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.

Unrealised gains and losses are measured by comparing the contracted price to the spot price. At 30 June, 1999 the amount of unrealised gains in the hedge book was approximately \$16 million (net of transaction costs).

The following table sets out the gross value of Australian dollars to be received under forward sales contracts, the weighted average gold price, the gold ounces hedged and the settlement periods of outstanding contracts for the economic entity.

	Weighted Average		Gold Ounces Hedged		Consolidated Price/A\$	
	1999 A\$/oz	1998 A\$/oz	1999 Ounces	1998 Ounces	1999 \$'000	1998 \$'000
Gold Forwards						
Not later than one year	510	568	67,917	89,369	34,629	50,803
Later than one year but not later than five years	520	609	90,000	64,500	46,800	39,280
Later than five years	-	-	-	-	-	-
Total Forward Sales	516	585	157,917	153,869	81,429	90,083
Gold Options (Puts)						
Not later than one year	-	447	-	54,000	-	24,138
Gold Options (Calls)						
Not later than one year	-	451	-	54,000	-	24,354

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1999

32 Financial Instruments (continued)**(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

	30 June 1999		
	Floating interest rate \$	Non- interest bearing \$	Total amount as per balance sheet \$
Financial Instruments			
Cash	1,148,120	-	1,148,120
Receivables other	-	287,669	287,669
Receivables related parties	698,331	-	698,331
Total financial assets	1,846,451	287,669	2,134,120
Weighted Av. Interest Rate	5.82%	-	-

(ii) Financial Liabilities

	Floating interest rate \$	Fixed interest rate maturing in:			Total amount as per balance sheet \$
		1 year or less \$	Over 1 to 5 years \$	Non- interest bearing \$	
Financial Instruments					
Bank overdrafts(1)	26,305	-	-	-	26,305
Bank loans(2)	-	5,200,000	-	-	5,200,000
Commercial Bills(2)	-	3,000,000	750,000	-	3,750,000
Trade creditors and accruals	-	-	-	2,561,224	2,561,224
Provision for Dividend	-	-	-	1,929,940	1,929,940
Other creditors	-	-	-	248,195	248,195
Amounts due to related parties(3)	-	-	-	1,009,367	1,009,367
Total financial liabilities	26,305	8,200,000	750,000	5,748,726	14,725,031
Weighted Av. Interest Rate	-	6.28%	5.10%	-	-

(1) Interest is charged at 9.5%. The bank overdraft is secured via a fixed and floating charge over the assets of the Company.

(2) The bank loan was repaid in full on July 2, 1999. Interest on Commercial Bills is fixed at commencement for all rollovers up until the last day of the Bill term. A facility fee of 1.5% is payable in respect of each bill and is not included in the calculation of weighted average interest. Security over the bank debt is detailed in note 15.

(3) See note 28 re management fees. There are no formal repayment terms for other liabilities.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1999

32 Financial Instruments (continued)**(b) Interest Rate Risk****30 June 1998****(i) Financial Assets**

	Floating interest rate \$	Non- interest bearing \$	Total amount as per balance sheet \$
Financial Instruments			
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 Av. Interest Rate	7.98%	-	-

(ii) Financial Liabilities

		Fixed interest rate maturing in:			
	Floating interest rate \$	1 year or less \$	Over 1 to 5 years \$	Non- interest bearing \$	Amount as per balance sheet \$
Financial Instruments					
Bank overdrafts	3,981,788	-	-	-	3,981,788
Bank loans	-	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	-	-	-	1,007,634	1,007,634
Loans due to related parties	144,729	-	-	-	144,729
Total financial liabilities	4,126,517	12,000,000	5,200,000	4,621,807	25,948,324
Weighted Av. Interest Rate	9.89%	8.37%	8.60%	-	-

(c) Net Fair Values of Financial Assets and Liabilities

The carrying amount of each financial asset and liability as recognised in the balance sheet is considered to be equivalent to the net fair value. The valuation of off-balance sheet financial instruments is detailed elsewhere in this note. The valuations reflect the estimated amount which the economic entity expects to pay or receive to terminate the contracts (net of transaction costs) or replace the contracts at their current market rates as at reporting date.

(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 average weighted contracted future gold selling price was A\$516/oz. The Economic Entity had 157,917oz sold under forward contracts (worth \$81,428,500 at the forward 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 their obligations under the financial instruments in question.)

Concentration of credit risk

Gold dore is sent to the Johnson Matthey gold refinery where it is refined. It is then transferred to the Company's gold account at Macquarie Bank. Macquarie Bank sell the gold on behalf of Haoma for cash.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1999

33 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	
		1999 \$	1998 \$	1999 \$	1998 \$
Cash	6	1,148,120	129,252	1,147,116	128,450
Bank overdrafts	15	(26,305)	(3,981,788)	(11,161)	(3,960,269)
		1,121,815	(3,852,536)	1,135,955	(3,831,819)

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

Operating profit after income tax	6,306,525	6,249,492	5,496,832	54,066
Depreciation /amortisation -				
- Property, plant & equipment	3,258,604	3,414,766	3,142,891	3,285,682
- Goodwill	1,130,481	1,130,482	-	-
Loss on exchange of non-current assets	-	19,409	-	119,409
Provision for doubtful debts	-	74,750	-	74,750
Other	9,980	(2,675)	8,092	(2,674)
Interest paid capitalised	-	11,247	-	11,247
Changes in operating assets and liabilities:				
Increase (Decrease) in trade creditors	(616,128)	1,128,338	(627,967)	1,073,234
Increase in other payables	(186,677)	105,964	(163,582)	76,386
Deferred revenue taken up	(4,591,047)	(3,567,930)	(4,591,047)	(3,567,930)
Decrease (increase) in receivables	5,595	(74,687)	30,797	(52,443)
Decrease (increase) in inventories	2,108,945	(225,788)	4,967,028	8,295,106
(Increase) in deferred operating costs	(14,030)	(197,498)	(14,030)	(197,498)
(Increase) in future income tax benefit	(530,305)	(687,618)	-	-
Increase in prov'n for deferred income tax	670,000	85,530	670,000	85,530
Increase (decrease) in other provisions	210,681	86,778	210,097	86,778
Net cash provided by operating activities	7,762,624	7,650,560	9,129,111	9,341,643

(c) Unused Credit Facilities

At June 30, 1999 the company has no unused line of credit. The Facility Agreement with the Company's banker does not allow for redraw of facilities where debt has been repaid in advance of the repayment schedule. Access to future credit facilities will be negotiated as required.

DIRECTORS' DECLARATION

The Directors of Haoma Mining NL declare that:

1. (a) The financial statements and notes as set out on pages 22 to 44 comply with Accounting Standards and the Corporations Law and;
(b) Give a true and fair view of the financial position of the Company and consolidated entity as at June 30, 1999 and of the performance for the year ended on that date;
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

A handwritten signature in black ink, appearing to read 'G. C. Morgan', is written over a horizontal line.

G. C. MORGAN - Director

Melbourne,

September 30, 1999

INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF HAOMA MINING NL

**Scope**

We have audited the financial report of Haoma Mining NL for the financial year ended 30 June 1999 as set out on pages 22 to 45. The financial report includes 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 report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with the Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report 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 report is 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, and performance as represented by 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 report of Haoma Mining NL is in accordance with:

- (a) the Corporations Law, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 1999 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations ; and
- (b) 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 Property, plant and equipment of \$32,843,215 is a net \$17,645,677 of plant and equipment employed in the Nolan's joint venture. The joint venture plant and equipment is being depreciated to a residual value of \$10,000,000 on a production output basis. As described in Note 1(i) to the financial statements the recoverability of the \$10,000,000 is dependent upon the successful development and exploitation of associated areas of interest and the proceeds realisable from the eventual disposal of the plant and equipment.
- (b) Included in Receivables of \$6,592,615 is an amount due from Kitchener Mining NL ("Kitchener") of \$5,798,595 and included in investments of \$4,071,752 is an amount of \$4,071,752 in respect of the investment in Kitchener. Realisation of the carrying value of these amounts is dependent upon the successful realisation of revenue from the assets of Kitchener. As described in note 1(p) to the financial statements realisation of such revenue is dependent upon the economic entity being able to commercially establish the Elazac process.

Consolidated

- (c) Included in intangibles is a net \$8,399,719 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.

PANNELL KERR FORSTER
Chartered Accountants

J.H.M. Marcard
Partner

30 September 1999
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 August 31, 1999.

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	Westpac Custodian Nominees Limited	1,079,618	0.56
WMC Ltd	10,000,000	5.18	Mrs. Sandra Stuart Curwen	1,068,650	0.55
Ebek Pty Ltd	4,919,452	2.55	ANZ Nominees Ltd	933,980	0.48
ABL Finance Pty Ltd	2,500,000	1.30	John Dorman Elliott	899,538	0.47
Etonwood Management Pty Ltd	2,000,000	1.04	Criterion Properties Limited	805,900	0.42
G. and G. 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
Fernhide Pty Ltd	1,221,000	0.63	CFCT Pty Ltd	600,000	0.31
Mr. George Varlamos	1,200,000	0.62	Googley Pty Ltd	600,000	0.31
Joseph and Michele Levine	1,150,000	0.60	Holes Investment Pty Ltd	600,000	0.31
Investment Holdings Pty Ltd	1,104,000	0.57		151,085,877	78.29

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	725
1,001 - 5,000	1,014
5,001 - 10,000	390
10,001 - 100,000	511
100,001 - and over	97
Total	2,737

(ii) There were 1,189 holders of less than a marketable parcel of 2,500 ordinary shares.

(iii) The twenty largest shareholders hold between them 78.29% of the issued capital.

STOCK EXCHANGE - ADDITIONAL INFORMATION**D. Class of Shares and Voting Rights**

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

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	
GML45/1533	L45/86	E45/1582	M45/682	M45/442	E45/1273	M45/515
P45/2342	E45/1601	E45/1872	P45/2391	P45/2322	E45/1888	M45/607
	M45/302	M45/329		P45/2323	M45/825	
	E45/1870			P45/2324	M45/826	
	M45/328				M45/827	
	E45/1871				M45/828	
Sterling	North Shaw	Soansville	Coolyia Creek			
E46/426	L45/60	E45/1868	E45/1900			
E46/427	E45/1453					
	E45/1513					
	E45/1600					

(ii) Linden, Western Australia E39/380**(iii) Linden, Western Australia****Golden Ridge ML26/534**

Newhampton Goldfields NL has exercised its option to acquire a beneficial interest in this tenement. Haoma has retained legal title and receives a royalty on all gold produced.

(iv) Yandal, Meekatharra, Western Australia E52/1153**(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
(Haoma has exercised its option to acquire 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

REVIEW OF OPERATIONS

THE RAVENSWOOD AREA, QUEENSLAND



A second 100 tonne sub-sample from the initial crushing circuit ‘coarse’ ore was then processed through the rotary impact crusher. Table 3 below again shows that a significant proportion of the ‘gold’ was contained in the resulting medium and fine material.

Table 3

	Tonnes	Tonnes (%)	Grade (g/t)	Gold (oz)	Gold (%)
‘Coarse’ low grade Nolan’s ore	100.0	100.0	0.83	2.67	100.0
Crushed and split into:					
Coarse	60.32	60.32	0.47	0.91	34.1
Medium	25.42	25.42	0.89	0.72	26.9
Fine	14.26	14.26	2.28	1.04	39.0

Conclusion

The above tests show that by using a two stage ore crushing Beneficiation Process the ore can be split by size with a significant proportion of the gold being contained in the resulting medium and fine portions.

Using the above Beneficiation Process could significantly reduce milling costs per tonne (current approximately \$7.50) as about one third of the ore would be discarded before processing through the mill. With current annual mill throughput of 2.5 million tonnes, the upgrading process could result in a cost saving of approximately \$4 million p.a. Reduced operating costs would allow the milling of material that is currently sub-economic with the cut off grade reduced to 0.4g/t gold.

1.3 Queensland Exploration Activities

During the year a comprehensive exploration program was pursued both for additional feed for the Nolan’s plant and for additional mining projects.

Until now only small high grade polymetallic (Au, Ag, Cu, Zn) deposits have been identified (see 1998 Annual Report). However, Haoma’s consultants believe there is potential for large porphyry or breccia style deposits to be discovered in the region. While the known resource at Copper Knob is relatively low grade and small, Haoma’s consultants are hopeful that future drilling will define additional resources of a higher grade.

Costean at Helena Prospect



REVIEW OF OPERATIONS

THE RAVENSWOOD AREA, QUEENSLAND

1.4 Copper Knob (ML 1330) and Old Man (ML 1326)

On April 7, 1999, Haoma exercised its option to convert the Purchase Option that it held over the Copper Knob and Old Man Mining Leases to a Royalty Agreement. Under the terms of the Royalty Agreement, Haoma must mine 500,000 tonnes during the first 2 years of the royalty period and pay a minimum royalty of 1% based on 500,000g of gold.

Copper Knob Polymetallic Resource

As reported in the 1998 Annual Report a block model polymetallic (gold, silver, copper, zinc) was completed for the Copper Knob resource. During September 1999, 15 additional holes were drilled at Copper Knob which have enabled a more accurate and increased resource estimate.

The updated polymetallic resource estimates show a measured, indicated and inferred resource of 2.16 million tonnes at 0.83 g/t gold (57,226 ounces), 4.3 g/t silver, 1,200 ppm copper and 2,000 ppm zinc. This equates to \$20.60 per tonne using metal prices as at October 21 1999, which is equivalent to 1.35 g/t gold (A\$475 per ounce).

The resource was calculated to a maximum depth of 90m with an average depth of 60m using a primary cut-off of 0.3 g/t gold.

Category	Tonnes	Gold (g/t)	Silver (g/t)	Copper (ppm)	Zinc (ppm)
Measured	620,000	1.04	7.6	1,900	1,600
Indicated	960,000	0.74	3.1	800	2,400
Inferred	580,000	0.74	2.8	900	1,800
Total	2,160,000	0.83	4.3	1,200	2,000



Mining bulk sample at
Copper Knob

REVIEW OF OPERATIONS

THE RAVENSWOOD AREA, QUEENSLAND



The significant results from the 15 additional holes are shown in bold in the table below. Included are the results from the 5 holes drilled in 1998 and reported in the 1998 Annual Report.

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											
CK99-1	9675	10039	270	-60°	32	0	4	4	0.12	0.5	0.31	0.01	-
						14	28	14	0.36	13.3	0.43	0.11	-
CK99-2	9675	10065	270	-60°	54	30	32	2	0.32	2.0	0.02	0.10	0.06
						36	54	18	0.55	4.9	0.15	0.20	0.02
CK99-3	9625	10039	270	-60°	28	0	18	18	0.36	8.4	0.59	0.09	-
CK99-4	9625	10065	270	-60°	48	32	38	6	0.21	4.3	0.07	0.02	-
CK99-5	9575	10032	270	-60°	20	0	16	16	0.76	3.8	0.10	0.13	-
CK99-6	9575	10075	270	-60°	46	0	2	2	0.23	-	0.02	0.26	-
						20	32	12	4.43	10.7	0.13	0.49	-
CK99-7	9525	10065	270	-60°	24	0	6	6	0.17	2.3	0.07	0.29	-
CK99-15	9525	10071	270	-60°	70	6	10	4	0.50	4.0	0.06	0.17	-
CK99-8	9525	10092	270	-60°	50	24	30	6	0.31	3.0	0.07	0.13	0.02
CK98-2	9500	10185	270	-80	202	52	56	4	1.99	1.3	0.03	0.16	-
						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	-
CK98-6	9450	10184	270	-65	129	88	92	4	0.59	1.1	0.03	0.13	-
						120	124	4	1.01*	1.4	0.01	0.05	-
CK99-9	9475	10080	270	-60°	26	10	20	10	0.47	7.0	0.30	0.17	-
CK99-10	9475	10107	270	-60°	50	20	22	2	-	-	0.02	0.44	-
						38	42	4	1.25	4.5	0.14	0.28	-
CK99-11	9425	10089	270	-60°	26	10	14	4	0.91	10.5	1.42	0.28	-
CK99-12	9425	10117	270	-60°	56	6	22	16	0.49	0.25	0.03	0.11	-
						44	54	10	0.76	2.8	0.08	0.33	-
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	-
						104	112	8	0.36*	0.6	0.02	0.15	-
CK98-1	9400	10206	270	-80	200	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	-
						196	200	4	1.66*	0.8	0.04	0.04	-
CK99-13	9375	10100	270	-60°	30	10	30	20	3.92	3.7	0.07	0.18	-
CK99-14	9375	10123	270	-60°	60	0	4	4	0.46	0.5	0.10	0.13	-
						36	60	24	1.19	3.8	0.04	0.19	0.02

*by fire assay

Copper Knob Beneficiation Process Test

In September 1999, a Beneficiation Test was conducted on a 2,554 tonne bulk sample of Copper Knob Oxide ore. The bulk sample was mined using a 0.2g/t gold cut off. The grade of the bulk sample processed was 1.1 g/t Au, 14.8 g/t Ag, 4,239 ppm Cu and 553 ppm Zn. While the initial Beneficiation Test was not successful the crushed bulk samples generated will be used for future Flotation and Falcon Concentrator tests to collect the mineralisation from the ore.

REVIEW OF OPERATIONS

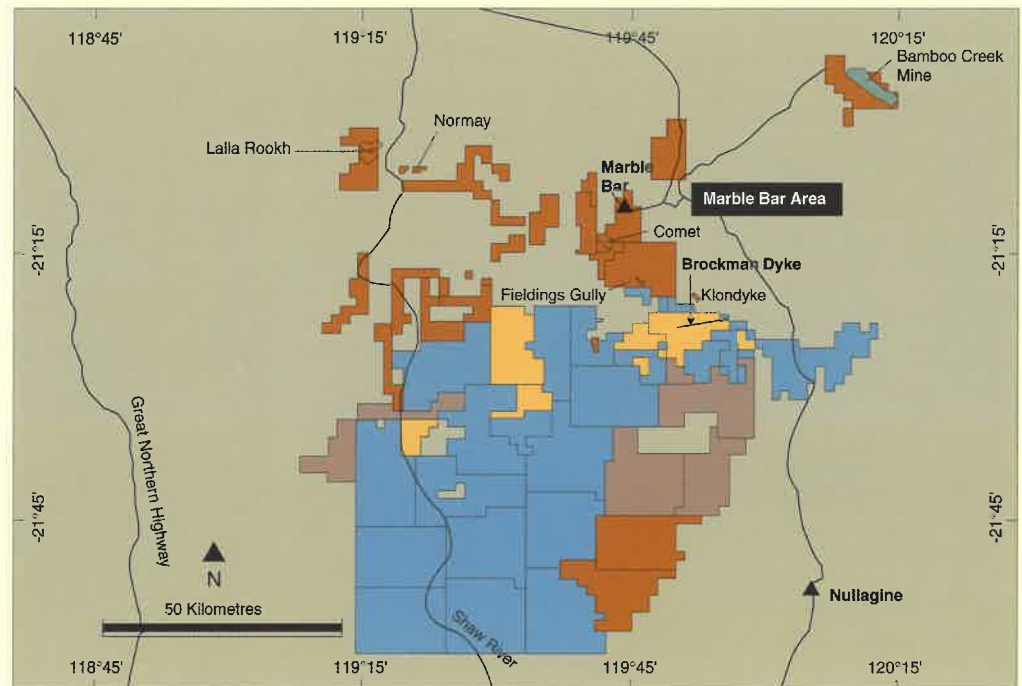
WESTERN AUSTRALIA



LEGEND

- ▲ Town Sites
- ▭ Roads and river
- Kitchener Mining NL
- Haoma Mining NL
- Haoma/Stockdale Diamond Joint Venture
- Haoma/Stockdale Diamond Joint Venture Area applied for by Stockdale
- Haoma/Stockdale Diamond Joint Venture Area applied for by Haoma

PILBARA REGION - PROJECT LOCATIONS



1. Pilbara Area

Haoma's objectives in the Pilbara are currently defined as:

- to overcome the assay problem of underestimating gold values;
- using the re-engineered Bamboo Creek processing plant to economically produce a gold concentrate using the Elazac Process and then efficiently extract gold; and
- to establish profitable gold and / or diamond mining operations in the region

To achieve these objectives, Haoma:

- continued test work using the Elazac Process.
- maintained its participation in the Pilbara Diamond Joint Venture with Stockdale Prospecting Ltd (a De Beers Company)

1.1 Bamboo Creek

Over the past year, bulk trials of Kitchener low grade ore and Bamboo Creek tailings have been tested through the Bamboo Creek plant using the Elazac Process. Test results show that gold can be economically extracted from the ore and recovered to bullion using the cyanide leach process. During the year, 283 fine ounces of gold were produced from this testwork.

In the twelve months to June 30, 1999 the cost of the Bamboo Creek testwork including care and maintenance was \$1.3 million while proceeds from gold sales were \$118,624.



Column leach processing at
Bamboo Creek

REVIEW OF OPERATIONS

WESTERN AUSTRALIA



Aerial view of Bamboo Creek

Upgrading and re-engineering of the Bamboo Creek plant was completed in October, 1999. The plant has the capacity to treat approximately 1 million tonnes of ore per annum utilising the Elazac Process technology. Commissioning will commence in early November, 1999.

Processing of the Kitchener low grade stockpiled ore through the re-engineered circuit will follow on from the commissioning phase. Approximately 1 million tonnes of Kitchener low grade ore is stockpiled at Bamboo Creek.

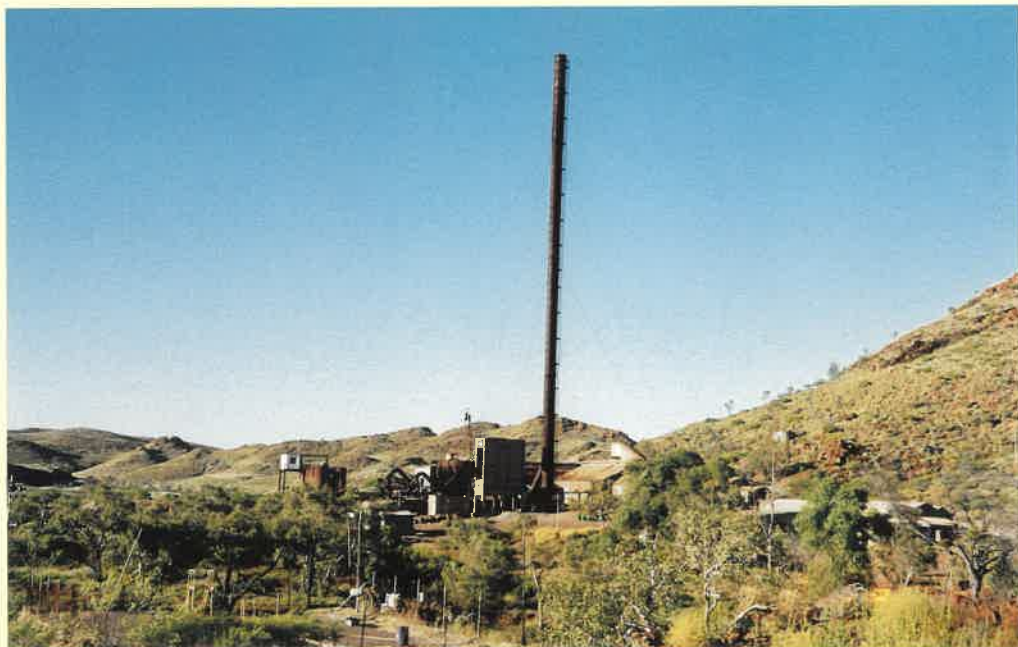
Testwork of further ores using the Elazac Process will be trialed through the circuit once commissioning and a production run has been completed. Parcels of Copenhagen, Warrawoona, Normay and Comet ores are also stockpiled at the Bamboo Creek plant.

1.2 Normay Mine, North Shaw

Approximately 175,000 tonnes of tailings are located at the Normay Mine site containing approximately 14,000 ounces of gold. Vat leach technology tests are being conducted to recover the gold from the tailings.

1.3 Comet Gold Mine, Marble Bar

The Comet Gold Mine & Tourist Centre is undergoing repairs and infrastructure upgrades to accommodate backpackers and bed and breakfast style accommodation. New on-site managers have been appointed.

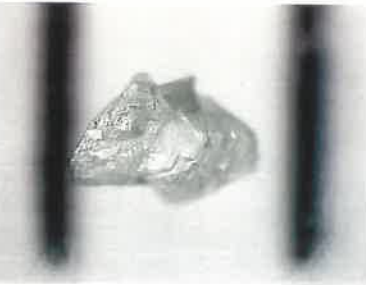


Comet Gold Mine, Marble Bar

REVIEW OF OPERATIONS

WESTERN AUSTRALIA

Photos of macro diamonds
(with 1mm scale indicated)
provided by Stockdale Prospecting Ltd
(a De Beers Company)



scale: 1mm
M.R. 22266
868632
NOW 0371029
wt. .0005ct
DEPTH 6 METERS



scale: 1mm
M.R. 22264
868654
NOW 0371030
wt. .042ct
DEPTH 16 METERS



scale: 1mm
22264
868654
NOW 0371030
wt. .005ct
DEPTH 16 METERS



scale: 1mm
MR 22268
868650
NOW 0371030
wt. .003ct
DEPTH 8 METERS

1.4 Pilbara Joint Venture with Stockdale Prospecting Limited (a De Beers Company)

(E45/1249, E45/1606, E45/1607, E45/1608, E45/1614, E45/1615, E45/2023, E45/2043, E45/2045, E45/2046, E45/2047, E45/2048, E45/2033, E45/2034, E45/2035, E45/2062, E45/2063, E45/2064, E45/2065, E45/2066, E45/2067, E45/2068, E45/2069, E45/2094, E45/2095, E45/2096, E45/2098, E45/2051, E45/2040, E45/2056, E45/2050, E45/2137, E45/2138, E45/2147(part)).

Stockdale Prospecting Limited have provided the following report in regard to the 1999 Joint Venture exploration program:

Exploration in 1999 has continued with mini bulk sampling of the Brockman Creek kimberlite and the search for other kimberlitic bodies throughout the Joint Venture exploration licences.



Mini-bulk sample bags containing Kimberlite from Brockman Dyke

The highlight of this year's result has been the recovery of macro and micro diamonds from drill cuttings obtained late last year. A total of five macro (>0.4mm) and 2 micro (<0.4mm) stones were recovered from three holes over a 780m section of the dyke located southwest of the 1998 micro-diamond samples. Three (3) mini-bulk samples of kimberlite, each weighing 25 tonnes, have been collected and shipped to De Beer's diamond evaluation processing plant in South Africa for treatment and diamond recovery in the 1-8mm range. Two of the sites were located at macro and micro diamond recovery sites. Results are expected during this year's final quarter. (Haoma's second Quarter)

In 1999, three geophysical surveys have been flown over joint venture ground. The Sandy Creek magnetic survey revealed the western portion of the Brockman Kimberlitic Dyke to be magnetically discernible and has a strike length of 9.1 kilometres in Haoma's tenements. Twenty-two magnetic anomalies were selected from this survey for ground investigation and heavy mineral sampling. Twelve anomalies were drilled, four remain to be drilled and four were downgraded. No kimberlitic rocks were intersected. A small electromagnetic survey was flown over sections of the dyke, producing 10 anomalies for investigation. Each anomaly was ground investigated and sampled, however all are unlikely to be attributed to kimberlitic bodies.

The recent Hillside magnetic survey was flown over the most western joint venture tenements and covers ground where spinel displaying kimberlitic surface morphologies, consistent with the type found in primary sources, were recovered. This area is subject to detailed ongoing exploration. The Hillside geophysical data has been processed and is awaiting interpretation.



Mini-bulk sample pit showing Kimberlite zone

REVIEW OF OPERATIONS

WESTERN AUSTRALIA



Brockman Kimberlite Dyke with mini-bulk sampling trench in foreground

This year, anomalous spinel has been identified and followed up by heavy mineral sampling and ground investigation over twenty-five areas. No source rocks have been located, full results are awaited.

Exploration on the possible obscured westerly extension of the Brockman Kimberlite Dyke has involved the collection of thirteen heavy-mineral stream samples. Results are awaited.

Drilling this year also included two areas on the Brockman Dyke: the offset area proximal to the macro-diamond recoveries and the western end of the dyke where the kimberlite is associated with extensive hydrothermal quartz alteration. Drilling across the offset failed to intersect a significant interval of kimberlite. At Quartz Hill hydrothermal quartz has displaced the kimberlite which appears to have no significant volumetric extent.

Examination of remote sensing data identified a number of targets, which were ground investigated and included the collection of six heavy mineral samples. No kimberlitic rock types were recovered.

Spinel of possible kimberlitic origin has been recovered and is being followed up in eight main areas, ranging from two to fifty-seven kilometres from known outcrops of the Brockman dyke.



scale: 1mm
wt: .011ct
M.R. 22268
BG 8650
①
NOW 0371030
DEPTH 8 METERS



scale: 1mm
wt: .002ct
M.R. 22268
BG 8650
②
NOW 0371030
DEPTH 8 METERS



scale: 1mm
wt: .003ct
MR 22266
BG 6678
NOW 0371003
DEPTH 4.8 METERS

REVIEW OF OPERATIONS

WESTERN AUSTRALIA

INDEPENDENT CONSULTANTS

Mr Peter Cole

Consultant and Acting
General Manager

Mr. Bill Darcey

Mining Engineering Consultant

Mr Jeremy Peters

Chief Geologist (on study leave)

Mr Guy Booth

Computer Geologist

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

Amdel 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.I.M. Holdings Ltd)

Mr Ross Holbrow:

Joint Venture General Manager -
Operations

Mr Brian Whyte:

Joint Venture Manager - Metallurgy

Mr Dean Collett:

Joint Venture Senior Geological
Superintendent

2. Linden, WA

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 80km 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.

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

Linden Star Prospect

Infill drilling was carried out at this prospect during June and August 1999. Anomalous gold results greater than 0.1g/t are shown below:

Hole ID	Collar		From (m)	To (m)	Width (m)	Au g/t
	Northing	Easting				
LNRB075	6749200	444800	20	22	2	0.22
			25	34	9	0.33
			36	55	19	0.31
			46	47	1	1.00
LNRB179	6748950	445200	20	28	8	0.12
			36	39	3	0.16
LNRB187	6748950	444800	24	27	23	0.38

It is proposed that three RC holes will effectively test the potential of these results. Two RC holes drilled under LNRB075 and LNRB187 will adequately test the mineralised zone at depth where there may be potential for width and grade increases. A third hole under LNRB179 will test for further mineralisation within the Mt Celia shear.

3. Golden Ridge, WA

Mining Lease (M26/534) in the East Coolgardie Mineral Field

In May 1999, Haoma received confirmation from New Hampton Goldfields NL that mining had commenced at Mining Lease M26/534. Haoma is entitled to a royalty of \$2.00 per tonne of ore processed through the nearby Jubilee Plant. During the next 12 months Haoma expects to receive royalties of approximately \$500,000.

STOCK EXCHANGE - ADDITIONAL INFORMATION**E.. Mining Tenements Summary****(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
E45/1606	GML45/21	M45/680	E45/1059	M45/692
E45/1607	M45/14	M45/706	M45/76	
E45/1608	M45/16	M45/731	M45/235	Fieldings Gully
E45/1614	M45/385	P45/2251	M45/296	M45/521
E45/1615	M45/438	P45/2288	M45/297	Copenhagen
M45/678	M45/459	P45/2331	M45/655	M45/240
P45/2275	M45/478			
	L45/4		Wyman Well	
	L45/12		E45/1249	
	L45/37		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	L39/13
E39/379	P39/2976	L39/14
E39/428	M39/255	
P39/2974	L39/12	

(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