

# HAOMA MINING NL

ACN 008 676 177



2 0 0 1  
ANNUAL REPORT

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



Gold dore from Haoma's first gold pour after commencement of mining the Nolan's Pit in it's own right (June 2001).

**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**

James Andrew Wallace, ACA

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 Melbourne**

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 GPO Box 2282U  
 Melbourne, Victoria 3001

**Interstate Offices and Mine Sites:**

**Perth:**

PO Box 8159  
 Stirling Street  
 Perth, Western Australia 6849

**Bamboo Creek Mine Site:**

PO Box 2791  
 South Hedland, WA, 6440

**Brisbane:**

PO Box 524  
 Fortitude Valley, QLD, 4006

**Nolans Mine Site:**

C/o Ravenswood Post Office  
 Queensland, 4186

**Comet Mine Site:**

PO Box 89  
 Marble Bar, WA, 6760

**Principal Bankers**

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

**Share Registry**

ComputerShare Registry Services Pty Ltd  
 Reserve Bank Building  
 45 St Georges Terrace  
 Perth, Western Australia 6000  
 Tel: (08) 9323 2000  
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 GPO Box D182  
 Perth, Western Australia 6001

**Auditors**

PKF  
 485 Latrobe Street  
 Melbourne, Victoria 3000

**Solicitors**

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

**Stock Exchange Listing**

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

MISSION STATEMENT



*The mission of Haoma Mining is to establish a highly profitable mining company with sustainable growth in shareholder value.*

*In pursuit of this mission, Haoma will acquire quality tenements, explore for gold and other minerals, utilise the most effective exploration and recovery techniques and extract resources in the most efficient way with a strong commitment to health, safety and the environment.*

*Haoma's strategic approach can be characterised as both innovative and practical.*

*Haoma is dedicated to developing a leading edge gold mining province in the Pilbara (WA) by linking research with modern technology and new ways of thinking.*

*Haoma operates with a very flat management structure, which allows all company personnel to be hands-on, practical and single-minded about improving the bottom line performance.*

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ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the members of the Company is to be held at:

‘Morgans at 401’  
Ground Floor,  
401 Collins Street,  
Melbourne, Victoria.

Wednesday, November 28, 2001  
Commencing at 10.00am.

All shareholders are invited to attend. Please note this is a change in venue from the previous year.

The Notice of Meeting and proxy form accompanies this report.

**SUMMARY OF OPERATIONS****FINANCIAL**

Haoma Mining NL Consolidated Summary of Financial Performance	1998/99 (\$m)	1999/00 (\$m)	2000/01 (\$m)
Gross Revenue	36.6	38.3	31.0
Profit / (Loss) before Interest, Depreciation & Amortisation	11.9	11.2	5.3
Interest costs	(1.1)	-	-
Depreciation & Amortisation	(4.4)	(5.1)	(3.7)
Profit / (Loss) before Tax	6.4	6.1	1.6
Income Tax	(0.1)	(3.2)	(1.7)
Net profit / (Loss) after Tax	6.3	2.9	(0.1)

**OPERATIONAL**

Nolan's Joint Venture	Total 1999/00	Total 2000/01	Total Project to Date
<b>CIL Plant</b>			
Tonnes mined	2,732,964	1,991,045	13,290,683
Tonnes milled	2,490,882	2,450,691	12,971,650
Average grade (g/t)	1.79	1.34	1.61
Average metallurgical recovery (%)	93.5	93.0	93.3
Gold production (oz) 100%	133,790	98,194	624,604
49.9% (Haoma Mining)	66,761	48,999	311,677
<b>Heap Leach (note)</b>			
Tonnes milled	392,975	253,599	1,300,252
Average grade (g/t)	0.85	0.78	
Average metallurgical recovery (%)	93.5	93.0	93.3
Gold production (oz) 100%	10,052	5,944	57,796
49.9% (Haoma Mining)	5,016	2,966	28,840
Total			
Gold production (oz) 100%	143,842	104,138	682,400
49.9% (Haoma Mining)	71,777	51,965	340,517



**CHAIRMAN'S REVIEW****Results - Operations**

For the year ended June 30, 2001, Haoma Mining NL reported a Group net loss of \$151,416 after deducting depreciation and amortisation of \$3,700,076 and income tax of \$1,697,224. This compares with the prior year net profit of \$2,895,933 after deducting depreciation and amortisation of \$5,146,988 and income tax of \$3,189,892.

In 2000/2001, Nolan's production of 104,138 ounces was 39,704 ounces less than last year (143,842 ounces). Haoma's share of production was 51,965 ounces which was 19,812 ounces less than the previous year.

Haoma is debt free and at October 15, 2001 had approximately \$1.3 million on deposit.

**Ravenswood, QLD**

The Nolans Mining Joint Venture with Carpentaria Gold Pty Ltd (a MIM Holdings Ltd subsidiary) terminated in June 2001 with the completion of mining and processing of sulphide ore from the Nolan's pit. The 2000/01 average cash cost of Nolans Joint Venture gold production was \$342 (including \$33 per ounce sustaining capital).

In June 2001, Haoma began mining of the Nolans lease in its own right. At the conclusion of Haoma's second period of batch processing on 15 October, 2001, approximately 510,000 tonnes at 1.06 grams per tonne had been processed through the Joint Venture Processing Plant producing 16,350 oz of gold bullion and stock in circuit. The participants in the Nolans Processing Plant Joint Venture (49.9% Haoma, 50.1% Carpentaria Gold) currently access the plant on a month about basis in accordance with the batch processing arrangement.

In 2001/02, mining and processing of ore from the Nolan's lease is forecast to produce 55,000 ounces of gold at an average cash cost of \$350 per ounce. Year-to-date production figures indicate that this result should be achieved.

At October 15, 2001 the remaining resource available to be processed through the Joint Venture plant is estimated to be 5.0 million tonnes at approximately 1.3 grams per tonne.

**Exploration Expenditure**

Haoma's exploration expenditure in the the Ravenswood region of Queensland for the financial year to June 30, 2001, was \$0.68 million.



Carbon-in-leach plant  
Nolan's Mine

## Legal Action Against Carpentaria Gold Pty Ltd and MIM Holdings Ltd

On October 2, 2001 Haoma filed a Statement of Claim against Carpentaria Gold and MIM Holdings Ltd.

The media statement released to the Australian Stock Exchange at the same time was as follows:

### "HAOMA MINING LAUNCHES LEGAL ACTION AGAINST MIM AND SUBSIDIARY"

Breach of a fiduciary duty to act honestly and in good faith, the withholding of important information from its Joint Venture partner, failing to process low grade ore when it was economic to do so, poor mining practices and unauthorised removal of sulphide ore were among claims made by Haoma Mining NL when it instituted legal proceedings against Carpentaria Gold Pty Ltd and MIM Holdings Limited in the Queensland Supreme Court today.

The action arises out of the mining Joint Venture at Ravenswood in Queensland between Haoma Mining and an MIM Holdings' wholly owned subsidiary, Carpentaria Gold.

The mining Joint Venture ended last June. Another Joint Venture, which operates a processing plant, continues to process ore from Nolan's Lease for Haoma, and for Carpentaria Gold from it's adjoining Sarsfield Lease.

Carpentaria Gold has managed the processing Joint Venture but recently announced it's resignation from this role. Tenders will be invited soon to manage this Joint Venture for the remainder of it's life.

Haoma's Statement of Claim is against Carpentaria Gold for alleged actions as Manager of the Joint Venture and as a joint venturer, and MIM as the company that controlled the actions of Carpentaria Gold.

### Haoma states in it's Statement of Claim that it is seeking:

- Return by Carpentaria Gold of 50.1 per cent of more than two million tonnes of sulphide ore it claims were over-mined during the mining Joint Venture.
- Damages and equitable compensation for poor mining practices and mining other than in accordance with the pit design that had been approved by the Joint Venture. Haoma alleges the mine was left in poor condition at the end of the mining Joint Venture.
- Damages and equitable compensation for breach of fiduciary duty to act honestly and in good faith by Carpentaria Gold and MIM arising out of important information that was not disclosed to Haoma during negotiations to extend the Joint Venture in 1998/99.
- Damages and equitable compensation for work undertaken by Carpentaria Gold on its Sarsfield Lease that Haoma alleges used Joint Venture resources.
- Damages and equitable compensation for failure to process low grade and very low grade ore using beneficiation which has cost both the Joint Venture, and Haoma, millions of dollars in lost opportunity to process such ore.

Chairman of Haoma Mining, Mr Gary Morgan, said today the company was pleased with it's progress as sole miner at Nolan's Lease, where it expected to mine at least 5.5 million tonnes @1.28g/t.

"During this current financial year we expect to produce about 65,000 ounces of gold, compared with our share of 51,965 ounces during the joint venture operation in 2000/2001", he added.

Haoma earned a profit of \$1.56 million before tax in the financial year 2000/2001."

CHAIRMAN'S REVIEW



Elazac Process

During the year tests using the Elazac Process continued at The University of Melbourne. The Elazac Process has now developed an assay method and has developed a laboratory process for extracting the gold. Tests are currently being undertaken at Bamboo Creek with bulk samples of low grade Kitchener ore and Bamboo Creek tails. Results should be available by the Annual General Meeting.

Pilbara, WA

Normay Mine

The Normay processing plant is expected to be in commission from November 2001. The plant is budgeted to produce 10,521 ozs in the eight months from November, 2001 to June 30, 2002.

Exploration Expenditure

Haoma's exploration and development expenditure in the Pilbara region of Western Australia for the financial year to June 30, 2001 totalled \$2.7 million. This does not include exploration expenditure incurred as Haoma's contribution to the Diamond Joint Ventures with DeBeers Australia Exploration Ltd.

Diamond Exploration

In 2000/2001, Haoma spent \$499,282 on exploration expenditure in relation to the initial Pilbara diamond Joint Venture with De Beers Australia Exploration Ltd. Haoma has an additional Joint Venture with De Beers Australia Exploration Ltd covering the Hillside area, south of Marble Bar. Under this Joint Venture, De Beers Australia Exploration Ltd must contribute \$2 million before Haoma has to contribute its 49.9%. To date, De Beers Australia Exploration Ltd's total expenditure in the Hillside area is \$716,656. To September 30, 2001, Haoma has contributed \$1,661,082 to the initial Pilbara diamond Joint Venture. In 2001/2002, Haoma has budgeted to contribute an additional \$165,000 towards the Joint Venture diamond exploration.



Crushed bulk samples from Haoma's Pilbara leases, ready for test processing.

**CHAIRMAN'S REVIEW****Management and Personnel**

Haoma is dependent on the efforts of many staff, contractors and consultants for its continuing profitability. The Directors would like to thank all those staff, contractors and consultants for their positive efforts during unfortunate difficult times in 2000/2001.

In particular, Haoma thanks Mr Peter Cole, Mr Cameron Skinner, Mr Jeremy Peters, Mr Bill Harnsworth, Mr Stephen Young, Mr Bill Darcey, Mr Taff Davies, Dr Peter Scales and Mr William Goodall. They have all made a significant contribution in Haoma's success in commissioning the mining of the Nolan's lease (Qld), processing the Normay tailings (WA), recommissioning the Bamboo Creek plant and carry out Haoma's current exploration program in Queensland and WA.

In addition, the Directors wish to thank all employees and contractors located at Ravenswood including Simmonds Enterprises, Roche Mining Pty Ltd and Drilling & Grouting Services Pty. Ltd. Their efforts made it possible for Haoma to use the full processing capacity available through the Joint Venture plant.

The Directors also thank all those located at Bamboo Creek and Normay who have been involved in establishing the Normay plant. Finally, the Directors thank Mr Vic Roberts, Ms Vivien Grace, Mr John D'Ambrosio and Ms Sharon Windsor for successfully operating the Comet Gold Mine Tourist Centre. The Tourist Centre is now Marble Bar's main tourist attraction.



Gary C. Morgan,  
Chairman.

**Left:** Comet  
Mine  
Tourist  
Centre  
verandah



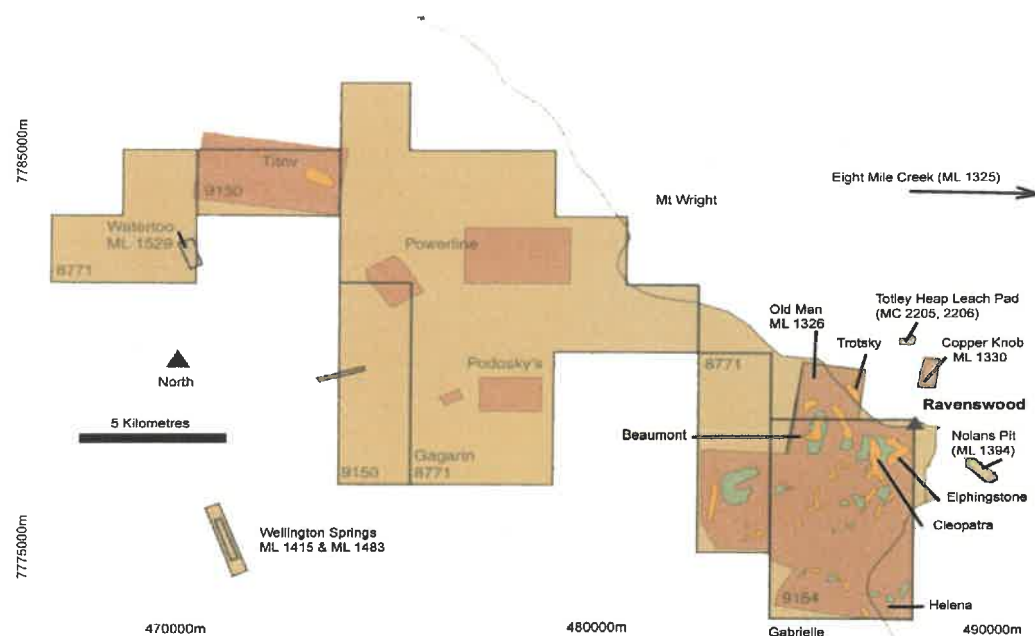
**Right:** Tourist  
Centre at  
Comet Mine  
near Marble Bar



View from  
Tourist Centre  
at Comet Mine.





**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 Nolan's mine.

To achieve these objectives, during the year Haoma continued its exploration program which has resulted in the discovery of potential additional ore reserves at Elphinstone Creek and Cleopatra.

**1.1 Mining of the Nolan's Lease**

The Nolan's gold mine is located at Ravenswood 90km south of Townsville and 60km east of Charters Towers in North Queensland.

Gold production from the Nolan's lease began in October 1995 under a Joint Venture agreement between Carpentaria Gold Pty Ltd (a 100% MIM Holdings Limited subsidiary) and Haoma Mining NL. The project was managed by Carpentaria Gold Pty Ltd. Under the Joint Venture, a total of 12.5 million tonnes of sulphide ore was to be mined from the Nolan's deposit by open pit with a stripping ratio of approximately 1:1. On June 2, 2001 Carpentaria Gold Pty Ltd vacated the Nolan's lease enabling Haoma to mine the lease in its own right.

As advised in last year's Annual Report Haoma was concerned about the pit design implemented by Carpentaria Gold Pty Ltd. Haoma expressed its concerns to Carpentaria Gold Pty Ltd and MIM Holdings Limited that the pit design mined did not follow the original pit design agreed by the Joint Venture parties.

On October 2, 2001 Haoma Mining lodged a Statement of Claim in the Supreme Court of Queensland against Carpentaria Gold Pty Ltd and MIM Holdings Limited claiming damages because of the poor mining practices, mining more sulphide ore than specified under the Joint Venture Agreement, a breach of fiduciary duty to act honestly and in good faith, the withholding of important information from its Joint Venture partner and the failure to process low grade ore.

REVIEW OF OPERATIONS

THE RAVENSWOOD AREA, QUEENSLAND



Drilling Nolan's Pit  
(August 2001)

For the 12 months to June 30, 2001, the average cash cost of producing an ounce of gold was \$342 (including \$33 per ounce of sustaining capital). This compares with \$268 (including \$10 per ounce sustaining capital) for the 12 months to June 30, 2000. The 2001/02 cash cost per ounce is expected to be about \$350.

As reported in the March Quarterly report, the Manager of the Joint Venture, Carpentaria Gold Pty Ltd, alleged the discovery of an error, being a shortfall, in the accounting of approximately 500,000 tonnes of sulphide ore. Haoma disagreed with the veracity of this finding but was out-voted at the Emergency Management Committee Meeting held to approve it.

That error resulted in the unexpected extension of the Phase 2 Project by an additional two months. The additional tonnes are included in the total project tonnes mined and milled as shown in the Summary of Operations Report (See Page 3).

REVIEW OF OPERATIONS

THE RAVENSWOOD AREA, QUEENSLAND



Table 1 - Nolans pit reserve estimate as at 30 June 2001  
(before Carpentaria Gold took an additional 506,938t @ 1.28 g/t without Haoma's agreement)

	Tonnes	Gold grade	Total gold ounces
<b>Ore feed for CIP</b>			
Grade greater than 0.58g/t (17g/t top cut)	4,660,000	1.42g/t	212,748
<b>Low grade ore</b> - suitable feed for beneficiation process			
(Grade 0.45g/t - 0.58g/t)	800,000	0.51g/t	14,593
<b>Total Reserve</b>	<b>5,550,000</b>		<b>227,341</b>

Table 2 - Nolans pit resource estimate after the Joint Venture mines 12.5 million tonnes  
(before Carpentaria Gold took an additional 506,938t @ 1.28 g/t without Haoma's agreement)

	Type	Tonnes	Gold grade	Total gold ounces
<b>Ore feed for CIP</b>	Inferred	223,000	1.09g/t	7,420
Grade greater than 0.58g/t (17g/t top cut)				
<b>Low grade ore</b> - suitable feed for beneficiation process	Inferred	77,000	0.51g/t	1,130
(Grade 0.45g/t - 0.58g/t)				
<b>Total Resource</b>		<b>300,000</b>		<b>8,550</b>

The above reserve and resource estimates were based on a report prepared on October 19, 2000 by Mr Bill Darcey. Mr Darcey is a member of the AusIMM and regarded as a competent person under the JORC 'Code for the Reporting of Identified Mineral Resources and Ore Reserves'.

As of October 15, 2001 reserves of approximately 5.0 million tons at 1.3 g/t are available for Haoma to process through the Joint Venture processing plant.

**REVIEW OF OPERATIONS**

**THE RAVENSWOOD AREA, QUEENSLAND**

Nolan's Pit  
(August 2001)



Blast holes  
being drilled  
in Nolan's Pit  
(August 2001)





REVIEW OF OPERATIONS

THE RAVENSWOOD AREA, QUEENSLAND



1.2 Exploration Activities

*Totley Heap Leach, Qld (MC 2205, MC 2206)*

In September 2000 an aircore drilling programme on the abandoned Totley Heap Leach identified a Proven Reserve of 250,300t at 0.96g/t Au and 11.7g/t Ag. During the next 12 months, this material will be trucked to the Nolans Mine to be used in the pit as ore sheeting, where it will augment mill feed.

*Wellington Springs, Qld (ML 1415, ML 1483)*

At Wellington Springs there is a proven reserve of 19,900 tonnes at 0.98g/t gold and 21.0 g/t silver. Over the next twelve months economic quantities of this material will be trucked to the Nolan's Mine for use in a similar manner to the Totley material.

*Eight Mile Creek, Qld (ML1325, ML 1522, ML 1652)*

Sampling of the abandoned mine dumps on the Eight Mile Creek leases has indicated a resource of around 12,000 tonnes at an economic grade. Approximately 6,900 tonnes of this material has been trucked to and milled through the Nolans processing plant.

*Elphinstone Creek, Qld (EPM 9154)*

The "Elphinstone Creek" tenement lies immediately to the west of the Nolans Gold mine was the focus of an intense exploration effort. An aircore drilling programme in December 2000 (364 holes for 3192m) identified several targets previously concealed by alluvium and scree. In February 2001, the targets were exposed by twenty-six costeans. Numerous positive results from this work were tested by R/C drilling in April. Further costeaning and drilling in June and July resulted in an application for a Mineral Development Licence, the precursor to a Mining Lease, over the area. It is anticipated that the tested mineralised structures will provide quantities of ore for the Nolans Processing Plant. An imaginative approach to exploration by consultant geologist Mr. Ross McMaster has revealed substantial auriferous paleoalluvial channels carrying low grade gold. These ancient river beds can be tested by simple gravity methods and can be cheaply mined in a similar manner. Mr McMaster expects to submit a resource resulting from this work before the end of the year.

*Copper Knob (ML 1330)*

In April 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 paid a minimum royalty of \$82,850 in May 2001. No further royalty is payable until gold mined exceeds 500,000 grams.

As reported in the 1999 Annual Report the Copper Knob 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 \$22.80 per tonne using metal prices as at October 11, 2001, which is equivalent to 1.24 g/t gold (A\$570 per ounce).

The resource estimate included in Table 3 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.

Table 3 - Copper Knob Polymetallic Resource

Category	Tonnes	Gold	Silver	Copper	Zinc
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

*Cleopatra, Qld (EPM 9154)*

The historic Cleopatra workings are located approximately 3 kilometres north west of the Nolans Pit and lie within the Elphinstone exploration permit (EPM 9154). The workings comprise a line of small surface pits extending for 90 metres along a low ridge. The pits were dug onto a quartz-sericite veined shear striking approximately 20 degrees with a 50 degree dip to the east. Only two reverse circulation

## REVIEW OF OPERATIONS

### THE RAVENSWOOD AREA, QUEENSLAND

#### *Cleopatra, Qld (EPM 9154) (continued)*

holes had previously been drilled into this zone. Those holes returned near 'true width' intercepts of 4 metres @ 13.9g/t gold from 8 to 12 metres (hole CL3) and 8 metres @ 0.56 g/t gold from 12 to 20 metres (hole CL1).

Trenching and mapping at the beginning of October 2001 preceded a shallow RC drilling program (at depths of 10 to 20 metres) designed to test for open-pit potential. The results indicate the reef pinches and swells along strike within the 90 metre strike length. The results suggest that high grade material (5g/t gold) could be extracted from the reef to a shallow depth of less than 20 metres. Further infill drilling will be carried out to better define the high-grade lodes. Significant results of the RC drilling program during October 2001 are shown in Table 4.

**Table 4 - Cleopatra Drilling Results**

Hole ID	Collar		Azimuth	Dip	Depth (m)	From (m)	To (m)	Width (m)	Au g/t
	Northing	Easting							
ERC-01-32	7776425	486455	290 <sup>0</sup>	-80 <sup>0</sup>	28	14	16	2	0.86
ERC-01-33	7776425	486454	290 <sup>0</sup>	-55 <sup>0</sup>	32	22	23	1	0.76
						12	15	3	1.26
ERC-01-34	7776437	486461	290 <sup>0</sup>	-72 <sup>0</sup>	26	21	22	1	0.89
						12	17	5	5.38
ERC-01-35	7776437	486460	290 <sup>0</sup>	-50 <sup>0</sup>	28	20	22	2	2.05
						11	16	5	3.74
ERC-01-36	7776461	486469	290 <sup>0</sup>	-72 <sup>0</sup>	26	24	25	1	0.41
						16	17	1	0.11
ERC-01-37	7776461	486468	290 <sup>0</sup>	-50 <sup>0</sup>	28	20	22	2	0.15
						12	14	2	0.12
ERC-01-38	7776447	486468	290 <sup>0</sup>	-80 <sup>0</sup>	28	18	19	1	0.32
						22	25	3	0.45
ERC-01-39	7776448	486466	290 <sup>0</sup>	-55 <sup>0</sup>	26	1	2	1	5.45
						14	22	8	6.50
ERC-01-40	7776472	486475	290 <sup>0</sup>	-80 <sup>0</sup>	28	16	17	1	0.24
						3	6	3	2.12
ERC-01-41	7776473	486473	290 <sup>0</sup>	-55 <sup>0</sup>	26	18	19	1	2.60
						8	9	1	0.54
ERC-01-42	7776485	486477	290 <sup>0</sup>	-80 <sup>0</sup>	32	25	27	2	1.29
						9	11	2	0.24
ERC-01-43	7776485	486476	290 <sup>0</sup>	-55 <sup>0</sup>	28	18	21	3	0.20
						10	13	3	0.23
ERC-01-44	7776497	486482	290 <sup>0</sup>	-80 <sup>0</sup>	26	10	11	1	0.46
ERC-01-45	7776497	486480	290 <sup>0</sup>	-55 <sup>0</sup>	22	4	5	1	0.79
ERC-01-46	7776510	486484	290 <sup>0</sup>	-55 <sup>0</sup>	22	No significant results			1.16
ERC-01-47	7776510	486485	290 <sup>0</sup>	-80 <sup>0</sup>	16				
ERC-01-48	7776459	486474	290 <sup>0</sup>	-90 <sup>0</sup>	50	21	26	5	

\* Note: drilling is roughly perpendicular to the reef.

#### *Old Man (ML 1326)*

During the next 6 months an extensive exploration program is planned for the Old Man lease north west of the Cleopatra outcrop of mineralisation.

Haoma has engaged Mr. Allan Linke, Mining Engineer, to work with Haoma's exploration geologists, to mine a test parcel of ore from the Old Man lease. Work to date has exposed mineralised geological structures and limited mining will commence in the coming weeks.

#### *Other Queensland Areas*

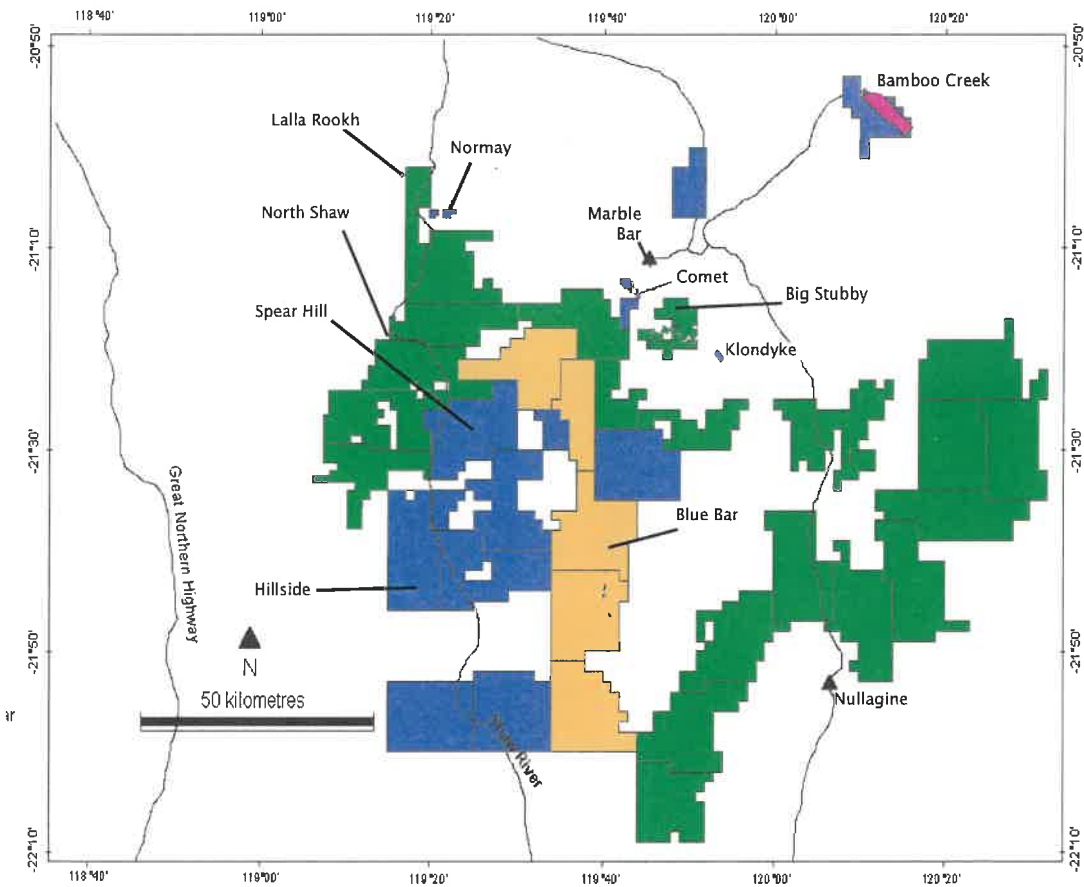
Other areas that have been explored include the Dreghorn lease (EPM 10542) to the southeast of Ravenswood, tenements surrounding Charters Towers (EPM 10375, EPM 9629) and tenements to the east of Mt. Canton. This reconnaissance work has indicated several areas worthy of more intensive exploration, but are of a lower priority than exploration in the immediate vicinity of the Nolans processing plant.

REVIEW OF OPERATIONS

WESTERN AUSTRALIA



Pilbara Tenements



LEGEND

- Roads and River
- Haoma Mining NL
- Kitchener Mining NL
- Haoma/DeBeers Marble Bar Joint Venture
- Haoma/DeBeers Hillside Joint Venture

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 De Beers Australia Exploration Limited.

**REVIEW OF OPERATIONS****WESTERN AUSTRALIA****1.1 Bamboo Creek**

During the last 12 months bulk sample tests were conducted using the re-engineered Bamboo Creek plant. Initial tests using the Elazac Process to extract gold from low grade Bamboo Creek ore were not successful. Additional tests are now being conducted after additional laboratory tests were conducted under the direction of Dr Peter Scales at the University of Melbourne.

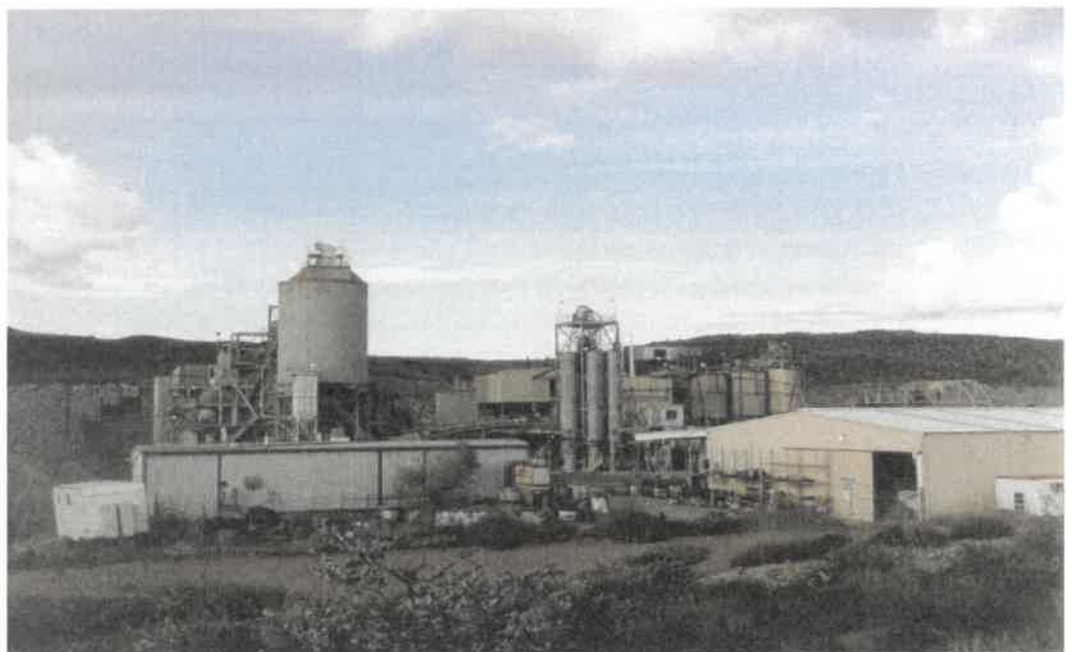
Milling & processing of 26,886 tonnes of low-grade ore (< 0.31 g/t assayed by traditional methods) using the Elazac Process was suspended after the extraction of 169 oz of gold (0.20 g/t). Directors are hopeful that the gold recovery tests using the vat leach method can re-commence before the end of the year.

Modifications to the Bamboo Creek plant were completed during the year. The Bamboo Creek mill & plant now has a throughput capacity of 500,000 tonnes per annum. Once tests are completed, the plant capacity can be further upgraded to enable the milling & processing of up to 1 million tonnes per annum.

It is hoped that milling & processing of higher-grade bulk samples using the Elazac Process can commence from January 2002. Samples from the following areas were crushed at Bamboo Creek during the year:

- North Shaw (L45/60, E45/1453, E45/1513)
- Copenhagen (M45/682, M45/240, P45/2391)
- Klondyke (M45/547, M45/671, P45/2316)
- Fieldings Gully (M45/521)
- Normay (M45/302, M45/1395)
- Mickeys Find (M45/328, M45/329, M45/665)
- Comet Mine (M45/478, M45/459, M45/438, M45/385, M45/14, M45/16)
- Just-in-time (M45/2427)
- Sterling (M45/357, M45/346, M45/238, GM45/36, E46/426, E46/427)

During the next 9 months bulk samples will be mined and trucked to the Bamboo Creek plant from Big Stubby (M45/284, M45/554, M45/453, M45/57) and the Spear Hill (M45/980, M45/981, M45/982) group of tenements and Copper Hills (M46/177).



Bamboo Creek Plant  
(August 2001)



REVIEW OF OPERATIONS

WESTERN AUSTRALIA



1.2 Bamboo Creek Resource Calculations

In the 2000 Annual Report, the following ore estimates were reported based on an audit of the Bamboo Creek exploration and mine drilling computer data base conducted by Haoma's consultant, Mr Taff Davies of Remote Sensing and Geological Services. The gold grades reported were obtained by traditional methods for assaying gold and shareholders should be aware that assaying Bamboo Creek ore for gold by traditional methods underestimates the gold grade. For this reason, the "grade estimate" and contained "gold ounce estimate" significantly understate the actual figure.

*"On the basis of existing drill data, the resources using past drilling stand at:*

	Tonnes	Grade estimate	Total gold ounce estimate
Indicated and inferred ore	5,500,000	2.3g/t	405,000
Ore mined	560,000	8.3g/t	149,000
Remaining ore	4,940,000	1.6g/t	256,000

*Of the above 5,500,000 tonnes of ore 4.93 million tonnes are calculated to lie within the Mt Prophecy ore body, reflecting the disproportionately large volume of drilling undertaken in this area.*

*The above Bamboo Creek resource estimates used a top-cut of 31g/t gold on the basis of statistical data, with a cut-off grade of 0.4g/t gold determined after ore treatment tests at the Bamboo Creek mine plant.*

*Gold mineralisation cannot be quantified for the positive factors of exploration potential and the lower-grade gold mineralised envelopes. They are therefore omitted from the resource estimates. It is anticipated that these factors will, in the future, positively impact on the life and profitability of the Bamboo Creek project."*

The above resource calculations were carried out under the supervision of Mr Taff Davies, BSc Hons, FAusLMM, of Remote Sensing and Geological Services, who is a competent person under the JORC 'Code for the Reporting of Identified Mineral Resources and Ore Reserves'.



Column Leach at Bamboo Creek.

**REVIEW OF OPERATIONS****WESTERN AUSTRALIA**

Crushing Circuit at  
Bamboo Creek  
(August 2001)

**1.3 Normay Mine (M45/328, M45/329)**

Approximately 175,000 tonnes of tailings are located at the Normay Mine site containing approximately 14,000 ounces (approximately 2.5 g/t) of gold. A processing plant and vat leach pads have now been established at Normay for processing Normay tailings. Production of gold will commence from November 2001. There are other accessible resources in the immediate vicinity of the Normay, such as the remnants of the Normay Mine vein system, Mickeys Find and Lalla Rookh which will be used to augment the vat leach ore.

**1.4 North Shaw Mine (L45/60)**

At North Shaw, there are approximately 4,000 tonnes of ore (approximately 1.8 g/t) mined by previous operators stockpiled on the surface. During the next 12 months this material will be profitably treated by the vat leach method. There are also substantial proven reserves available for mining from the bottom of the two shallow North Shore open pits. The previous operator was forced to abandon the area when the earthmoving and milling contractor became insolvent.

Available to Haoma is a substantial exploration database and several prospects in varying stages of development. Haoma's consultants are confident that a minimal amount of exploration will reveal economic mineralisation on the structures within the North Shaw leases.

**REVIEW OF OPERATIONS****WESTERN AUSTRALIA****1.5 Pilbara Joint Venture with De Beers Australia Exploration Limited**

(E45/1608, E45/2046, E45/2047, E45/2094, E45/2095, E45/2096, E45/2098, E45/2172, E45/2179, E45/2181, E45/2182, E45/2183, E45/2184, E45/2185, E45/2186, E45/2187, E45/2188, E45/2189, E45/2190, E45/2191, E45/2327, E46/473, E46/474, E46/475, E46/476, E46/477, E46/478, E46/488)

The following report was received from De Beers Australia Exploration Limited:

During the late 2000 field season two (2) of the nine (9) anomalous chromite areas in Coongan area were subject to follow-up. Several stream samples and three (3) petrology samples were collected from intrusives of potential interest. In the Corboy area six (6) narrow dykes were reported, a petrological description from the main dyke described a "silicified and serpentinised, poorly macrocrystic, apatite bearing, spinel-bearing, phlogopite-bearing kimberlite of hypabyssal facies". Three (3) rock samples totaling 192kg from three (3) separate locations along the kimberlitic dyke were treated and examined for diamond down to 0.074mm. No macro or micro-diamonds were recovered.

Three (3) of the nine (9) anomalous chromite areas in the Coongan area were downgraded based on follow-up heavy mineral results.

Reconnaissance stream sample results from the Nullagine and North Shaw samples became available. In the North Shaw area one catchment produced anomalous chromite, and was followed up late in the season. This confirmed the presence of anomalous chromite. In the Nullagine area several low to moderate interest chromites were recovered

In 2001, a reassessment of all results identified fifteen (15) locations of interest in the Nullagine, Coongan and Mt Edgar areas. In the north Coongan area an altered chromite bearing rock, with an ultramafic geochemistry, was identified as a "alkali basalt or possibly a leucitite",

Follow-up in the fifteen (15) areas comprised of photogeological interpretation, ground investigation, hammer prospecting and heavy mineral stream sampling. A total of one hundred and thirty five (135) stream samples and twenty-four (24) rock samples were collected.

In the Coongan area, three areas of anomalous chromite were traversed; no kimberlitic rocks were identified in the field. However a number of possible chromite bearing rocks were collected for heavy mineral analysis and petrological identification.

No kimberlitic type rocks were identified during the follow-up stream sampling in the Nullagine area, An additional thirty five (35) infill reconnaissance stream samples were also collected in the tenements north-northeast of Nullagine.

A 20km<sup>2</sup> detailed airborne magnetic survey was flown in the Mt Edgar area and four (4) intrusive type signatures were selected and ground investigated. No kimberlitic type rocks were recovered and all the magnetic anomalies were explained. Several remote sensing features were also ground investigated; however no rocks of interest were identified.

It is anticipated that the one hundred and seventy (170) heavy mineral stream samples and twenty-four (24) rock samples will be treated and examined during the fourth quarter of 2001.

REVIEW OF OPERATIONS

WESTERN AUSTRALIA

2. Linden, WA

**Linden Area (E39/293, E39/379, E39/428, P39/2974 (90% Haoma), P39/2975 (90% Haoma), P39/2976 (90% Haoma), M39/255)**

Linden is located 80km south-south-east of Laverton in the Merolia greenstone belt of the Yilgarn Craton. These tenements are located 4 kilometres south of the Sons of Gwalia / Mt Burgess Red October discovery. On August 16, 2000, agreement was reached between the then Joint Venture parties (Goldfields Exploration Pty Ltd and Haoma Mining NL) to terminate the Joint Venture. Haoma exercised its pre-emptive right under the Joint Venture Agreement to acquire a 100% interest in the Joint Venture assets and areas of interest for \$100,000.

During the year a limited RAB drilling program into fresh rock was conducted with no significant discoveries.

Haoma is currently reviewing the available data on these tenements in regard to the viability of outlining new targets. The database is of good quality with excellent magnetic, digital terrain model and other data suitable for structural interpretation.

3. Golden Ridge, WA

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

Haoma is entitled to a royalty of \$2.00 per tonne of ore mined by New Hampton Goldfields Ltd from Golden Ridge mining lease M26/534. Mining on this lease ceased in March 2000 and since then no royalty has been paid to Haoma. New Hampton Goldfields Ltd have advised Haoma they are reviewing their extensive database with a view to determining the possibility of recommencing mining on Haoma's mining lease M26/534.

**Left:** Column leach test facility at Bamboo Creek

**Right:** Dam, Tailings facilities and Old Plant/Camp at Spear Hill tin/tantalum mine





**REVIEW OF OPERATIONS**



**SENIOR OPERATIONS STAFF AND CONSULTANTS**

<b>Mr. Jim Wallace</b>	Company Secretary
<b>Mr. Bob Skrzeczynski</b>	Marketing Director/Technical Advisor to the Board
<b>Mr. Cameron Skinner</b>	General Manager and Mining Manager (Nolan's Qld)
<b>Mr. Peter Cole</b>	Consultant and Acting General Manager (WA)
<b>Mr. Bill Darcey</b>	Mining Engineering Consultant
<b>Mr. Taff Davies</b>	Remote Sensing and Geological Services
<b>Mr. Jeremy Peters</b>	Chief Geologist
<b>Mr. Guy Booth</b>	Computer Geologist
<b>Mr. Bill Harmsworth</b>	Consulting Geologist
<b>Mr Ross McMaster</b>	Consulting Geologist
<b>Mr. Steven Young</b>	Geologist
<b>Mr. Alan Linke</b>	Mining Consultant
<b>Ms. Annabel Edwards</b>	Assistant Accountant
<b>Mr Robert Lyon</b>	Metallurgist (WA)
<b>Mr Joe Zabeila</b>	Normay Manager (WA)

**METALLURGY CONSULTANTS**

<b>Dr. Peter Scales and</b>	Advanced Mineral Products Research Centre,
<b>Mr. William Goodall</b>	University of Melbourne
<b>CSIRO Minerals, Melbourne</b>	
<b>Amdel Ltd, Adelaide</b>	
<b>Oretest Pty Ltd, Perth</b>	
<b>Australian Laboratory Services Pty Ltd, Townsville, Brisbane, Bendigo and Perth</b>	
<b>Analabs Pty Ltd, Townsville</b>	

# HAOMA MINING NL

ACN 008 676 177



# FINANCIAL STATEMENTS AND REPORTS

**FOR YEAR ENDED 30 JUNE 2001**

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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, 2001 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 a Director and 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 President of the Carlton Football Club Ltd. Mr. Elliott is a member of the Audit Committee.

### 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. Mr. McInnes is Chairman of the Audit Committee.

### 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	Superannuation Contributions	Total
Company & Economic Entity				
Directors				
Gary C. Morgan	--	40,000	--	40,000
John D. Elliott	--	40,000	3,200	43,200
Michele Levine	--	40,000	3,200	43,200
John L C. McInnes	--	40,000	3,200	43,200
Officers				
James A Wallace	68,000	--	10,000	78,000

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
<b>Number of meetings held:</b>	9	3
<b>Number of meetings attended by:</b>		
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.

### Operating Results

The consolidated net loss for the Economic Entity for the financial year to June 30, 2001, after provision for income tax, depreciation, amortisation and interest was \$151,416. This compares with an after tax profit of \$2,895,933 in the prior year.

### Dividend

An unfranked final dividend as recommended in last year's report of one cent per share was paid, on October 19, 2000. No further dividends have been paid or declared during the financial 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. Mining activity in relation to the Joint Venture between Haoma and Carpentaria Gold Pty Ltd (a subsidiary of MIM Holdings Limited) concluded in June 2001. The Joint Venture produced 98,194 ounces of gold from the CIL plant and 5,944 ounces of gold from processing heap leach material through the CIL plant. Haoma's total share was 51,965 ounces being 49.9% of total gold produced. Haoma will continue to mine the remaining pit resource of 5.5 million tonnes.
2. Haoma maintained its participation in the Pilbara Diamond Joint Venture with De Beers Australia Exploration Ltd. The results of exploration work continue to be subject to ongoing analysis and interpretation. Information on all significant findings is released as it becomes available.

A detailed review of operations in each area of activity is contained in the Review of Operations that is included in the Annual Report to members.

### Significant Changes in State of Affairs

There were no significant changes in the Economic Entity's state of affairs during the financial year.

### Future Developments

The Economic Entity will continue to pursue the mining and exploration for gold and other commodities, including diamonds. The Nolans Mining Joint Venture with Carpentaria Gold Pty Ltd (a subsidiary of MIM Holdings Limited) concluded in June 2001. Haoma will continue to mine and produce gold from the Nolans Lease at Ravenswood, Queensland in its own right.

### Events Subsequent to Balance Date

No matter or circumstance has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the Economic Entity, the results of those operations, or the state of affairs of the Economic Entity in subsequent financial years other than as disclosed in Note 31 to the financial statements.

### 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
<b>Mr G C Morgan:-</b>		
As a Director of Leaveland Pty Ltd	120,616,252	-
As a member of G. & G. Morgan Superannuation Fund	1,843,257	-
As a Director of Roy Morgan Research Pty Ltd	4,919,452	-
<b>Mrs M Levine:-</b>		
As a Director of Roy Morgan Research Pty Ltd	4,919,452	-
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	804,000	-
Direct ownership	-	12,000
<b>Mr J L C McInnes:-</b>		
As a Director of Leaveland Pty Ltd	120,616,252	-
As a Director of Roy Morgan Research Pty Ltd	4,919,452	-
As a Director of Etonwood Management Pty Ltd	2,000,000	-
As Executor of a deceased Estate	50,000	-
Direct ownership	-	4,500
<b>Mr J D Elliott:-</b>		
Direct ownership	-	516,080

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 30 (Related Party Information) to the financial statements.

**Environmental Issues**

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

Australian State Government legislation and includes in Western Australia; the Mining Act (1978), 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 environmental impact of the operation of the company's processing plants at Ravenswood, Queensland and at Bamboo Creek, Western Australia is subject to continuous assessment. In particular, confinement of Tailings Dam water at the Nolans Joint Venture Processing Plant has been extensively monitored. There were no significant matters in regard to environmental control or management that arose during the year.

The company will continue to monitor its performance in relation to the environment. That process will include the ongoing assessment of the environmental impact of each of the Company's operations and the development of additional reporting and communications systems to ensure compliance and identify items for specific action.

**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.

**Proceedings on Behalf of Entity**

No person has applied for leave of Court to bring proceedings on behalf of the company or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

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



Gary C. MORGAN  
Director

Melbourne,  
October 10, 2001.

**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:

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

**STATEMENTS OF FINANCIAL PERFORMANCE**

FOR THE YEAR ENDED JUNE 30, 2001

	Note	Economic Entity		Parent Entity	
		2001 \$	2000 \$	2001 \$	2000 \$
Revenues from ordinary activities	2	<b>31,007,682</b>	38,266,072	<b>30,913,665</b>	38,260,868
Cost of sales		<b>(24,209,577)</b>	(25,613,666)	<b>(20,545,538)</b>	(22,952,723)
Borrowing costs	3	<b>(677)</b>	(99,152)	<b>(674)</b>	(99,152)
Depreciation and amortisation costs	3	<b>(3,700,076)</b>	(5,146,988)	<b>(2,197,234)</b>	(3,848,589)
Write down of ore stocks	1(g)	--	-	<b>(8,770,000)</b>	-
Other expenses from ordinary activities		<b>(1,551,544)</b>	(1,320,441)	<b>(1,393,806)</b>	(1,217,167)
Profit from ordinary activities before income tax expense	3	<b>1,545,808</b>	6,085,825	<b>(1,993,587)</b>	10,143,237
Income tax (expense) benefit relating to ordinary activities	4	<b>(1,697,224)</b>	(3,189,892)	<b>56,011</b>	(1,090,921)
Net profit (loss) attributable to members of the parent entity		<b>(151,416)</b>	2,895,933	<b>(1,937,576)</b>	9,052,316
Basic earnings per share (cents per share)	21	(0.1)	1.5		

*The above Statements of Financial Performance should be read in conjunction with the accompanying notes.*



**STATEMENTS OF FINANCIAL POSITION**

AS AT JUNE 30, 2001

		Economic Entity		Parent Entity	
	Note	2001 \$	2000 \$	2001 \$	2000 \$
<b>Current Assets</b>					
Cash Assets	6	1,896,264	2,217,037	1,937,913	2,359,824
Receivables	7	372,416	371,946	4,910,712	9,300,406
Inventories	8	1,841,441	3,264,771	1,635,397	2,749,975
<b>Total Current Assets</b>		<b>4,110,121</b>	<b>5,853,754</b>	<b>8,484,022</b>	<b>14,410,205</b>
<b>Non-Current Assets</b>					
Investments	9	--	--	4,071,752	4,071,752
Property, plant and equipment	10	15,608,895	16,119,681	14,360,561	15,334,153
Exploration and evaluation	11	22,096,361	20,444,439	16,456,378	14,844,439
Other assets	12	771,300	1,315,269	771,300	1,315,269
Deferred tax assets	13	503,721	2,795,669	--	--
Intangibles	14	6,138,754	7,269,238	--	--
<b>Total Non-Current Assets</b>		<b>45,119,031</b>	<b>47,944,296</b>	<b>35,659,991</b>	<b>35,565,613</b>
<b>Total Assets</b>		<b>49,229,152</b>	<b>53,798,050</b>	<b>44,144,013</b>	<b>49,975,818</b>
<b>Current Liabilities</b>					
Payables	15	2,320,945	2,112,953	2,164,791	1,926,953
Provisions	16	237,485	2,317,912	201,863	2,327,597
Tax liabilities	17	--	461,947	--	461,947
Deferred revenue	18	8,047,211	6,441,378	8,047,211	5,218,458
<b>Total Current Liabilities</b>		<b>10,605,641</b>	<b>11,334,190</b>	<b>10,413,865</b>	<b>9,934,955</b>
<b>Non-Current Liabilities</b>					
Payables	15	1,155,000	1,155,000	--	--
Provisions	16	1,281,906	823,400	1,281,906	823,400
Deferred tax liabilities	17	4,387,340	4,520,116	4,387,340	3,981,403
Deferred revenue	18	2,099,937	6,114,600	2,099,938	7,337,520
<b>Total Non-Current Liabilities</b>		<b>8,924,183</b>	<b>12,613,116</b>	<b>7,769,184</b>	<b>12,142,323</b>
<b>Total Liabilities</b>		<b>19,529,824</b>	<b>23,947,306</b>	<b>18,183,049</b>	<b>22,077,278</b>
<b>Net Assets</b>		<b>29,699,328</b>	<b>29,850,744</b>	<b>25,960,964</b>	<b>27,898,540</b>
<b>Shareholders' Equity</b>					
Contributed Equity	20	59,662,124	59,662,124	59,662,124	59,662,124
Reserves	22	11,299,489	11,299,489	5,904,525	5,904,525
Accumulated losses	23	(41,262,285)	(41,110,869)	(39,605,685)	(37,668,109)
<b>Total Shareholders' Equity</b>		<b>29,699,328</b>	<b>29,850,744</b>	<b>25,960,964</b>	<b>27,898,540</b>

The above Statements of Financial Position should be read in conjunction with the accompanying notes.

**STATEMENTS OF CASH FLOWS**

FOR YEAR ENDED JUNE 30, 2001

		Economic Entity		Parent Entity	
	Note	2001 \$	2000 \$	2001 \$	2000 \$
<b>Cash Flows From Operating Activities</b>					
Cash receipts in the course of operations		26,770,476	30,764,403	26,824,788	30,763,422
Interest received		205,185	69,497	205,185	69,497
Other income		203,264	6,261	191,028	6,261
Cash payments in the course of operations		(23,843,522)	(23,393,448)	(20,339,133)	(21,120,446)
Interest paid		(677)	(173,266)	(674)	(173,266)
Net cash provided by operating activities	33	3,334,726	7,273,447	6,881,194	9,545,468
<b>Cash Flows From Investing Activities</b>					
Purchase of property, plant and equipment		(1,048,803)	(862,000)	(321,488)	(158,186)
Purchase of plant & equipment -Nolans		(358,190)	(792,923)	(358,190)	(792,923)
Exploration & development expenditure (capitalised)		(1,224,151)	(830,357)	(1,118,390)	(805,298)
Joint Venture contributions		(491,419)	(605,005)	(491,420)	(605,005)
Net cash used in investing activities		(3,122,563)	(3,090,285)	(2,289,488)	(2,361,412)
<b>Cash Flows From Financing Activities</b>					
Repayment of bank loan		--	(8,950,000)	--	(8,950,000)
Loans to related parties		(102,996)	--	(4,583,677)	(2,872,247)
Repayment of related party loan		--	720,000	--	720,000
Proceeds from restructure of forward contracts		1,500,000	7,072,000	1,500,000	7,072,000
Dividends paid		(1,929,940)	(1,929,940)	(1,929,940)	(1,929,940)
Net cash used in financing activities		(532,936)	(3,087,940)	(5,013,617)	(5,960,187)
Net increase/(decrease) in cash held		(320,773)	1,095,222	(421,911)	1,223,869
Cash at the beginning of the financial year		2,217,037	1,121,815	2,359,824	1,135,955
Cash at the end of the financial year	33	1,896,264	2,217,037	1,937,913	2,359,824

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, 2001

**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 Act 2001.

The financial report covers the economic entity of Haoma Mining NL and controlled entities and Haoma Mining NL as an individual parent entity. Haoma Mining NL is a listed public company, incorporated and domiciled in Australia. 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 ("Parent Entity") and all of its Controlled Entities as at June 30, 2001. A Controlled Entity is any entity controlled by the Parent 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 Parent 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 on consolidation.

**(c) Going Concern**

The Economic Entity recorded a Consolidated Loss of \$151,416 for the year. It has a net current liability of \$6,495,520 and positive shareholders' funds of \$29,699,328. Net tangible assets are \$23,560,574. 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.

The Nolan's Joint Venture concluded mining from the Nolans Pit in May, 2001. There are sufficient post-Joint Venture reserves in the Nolan's pit to allow Haoma to continue mining, in its own right, for a minimum of two years 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 Statement of Financial Performance 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. The gross value of the underlying derivative financial instruments entered into for hedging is not recognised in the financial statements.

**NOTES**

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2001

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

During the year ended June 30, 2001, the Parent Entity acquired from its Controlled Entity, Kitchener Mining NL, 4,940,000 tonnes of ore stocks from the Mt Prophesy region of Bamboo Creek for \$8,770,000. The directors have valued the stock at June 30, 2001 at \$nil.

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. The Elazac Process is presently being used at Bamboo Creek to process low grade mullock (<0.5 g/t gold assayed by traditional method). If the Elazac Process is successful in the extraction of gold on a commercial scale then the inventory may be revalued.

**(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.

The depreciable amount of all fixed assets is unless otherwise stated, depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use.



**NOTES**

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2001

**1 Summary Of Significant Accounting Policies (continued)****(i) Property, Plant and Equipment (continued)****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 total amount to be amortised is Haoma's share of the cost of the Joint Venture assets less the estimated amount that could be recovered 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.

With the completion of mining and processing of Joint Venture Phase 2 mining operations in June 2001, the Nolan's Processing Plant Joint Venture Agreement provides that Carpentaria Gold Pty Ltd may elect to purchase Haoma's Joint Venture participating interest (for an amount calculated in accordance with that agreement) if Haoma does not utilise a minimum processing capacity of 100,000 tonnes per annum. Thereafter, Haoma would be entitled to purchase Carpentaria's participating interest if Carpentaria does not exercise the option to purchase.

Both Joint Venture participants have indicated that they will continue to feed ore to the Processing Plant for the foreseeable future. The Directors believe that the estimated residual value of \$10,000,000 is appropriate and will be recoverable through further successful development and exploitation of areas of interest located at or near to the Ravenswood district in North Queensland 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 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:	estimated future gold production basis;
Joint Venture properties:	estimated life of mine (6.7 years), and
Other plant and equipment:	estimated useful life - between 5 and 10 years depending on the nature of the asset

**(j) Preproduction Expenditure**

Amortisation of preproduction expenditure is determined on an estimated "Life of Mine" operations basis.

**(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.

Ultimate recoupment of these costs is dependent on successful development and commercial exploitation of the respective areas.

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, 2001

**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 were amortised over the period of the loan facility. As all loan facilities for this project have been repaid, borrowing costs in relation to financing of the project have been fully amortised. Establishment costs relating to the financing of the Nolan's Joint Venture project are being amortised on a production output basis.

**(n) Deferred Mining Expenditure**

Higher mining costs associated with mining lower grade ore in the early stages of mining of the Nolans Pit has been treated as deferred mining expenditure. This expenditure is charged to the Statement of Financial Performance on a production output basis.

**(o) Goodwill**

Goodwill of \$6,138,754 (2000:\$7,269,238) shown in the financial statements, represents the written down value at June 30, 2001. Goodwill is being amortised over 20 years 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.

**(p) 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.

**(q) 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.

Contributions made by the economic entity to employee superannuation funds are charged as expenses when incurred.

**(r) 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.

**(s) 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 19).

**(t) 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.

**NOTES**

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2001

	Economic Entity		Parent Entity	
	2001 \$	2000 \$	2001 \$	2000 \$
<b>2 Revenue</b>				
Gold sales	30,599,232	37,629,985	30,517,451	37,629,985
Interest received				
- related parties	25,918	22,746	25,918	18,469
- other persons	179,267	75,369	179,267	75,369
Other Revenue	203,265	537,972	191,029	537,045
<b>Net cash provided by operating activities</b>	<b>31,007,682</b>	<b>38,266,072</b>	<b>30,913,665</b>	<b>38,260,868</b>

**3 Profit From Ordinary Activities**

Profit from ordinary activities before income tax is arrived at after (crediting) and charging the following specific items:

<b>Borrowing Costs</b>				
Interest paid to other persons	677	99,152	674	99,152
<b>Total Borrowing Costs</b>	<b>677</b>	<b>99,152</b>	<b>674</b>	<b>99,152</b>
<b>Depreciation</b>				
Depreciation of property, plant and equipment	301,310	229,643	77,724	61,726
<b>Amortisation</b>				
Amortisation of Joint Venture assets	1,577,539	3,286,672	1,577,539	3,286,672
Amortisation of deferred mining expenditure	438,013	252,225	438,013	252,225
Amortisation of exploration expenses	105,761	-	--	-
Amortisation of borrowing expenditure	--	71,539	--	71,539
Amortisation of establishment expenditure	146,972	176,428	103,958	176,427
Amortisation of goodwill	1,130,481	1,130,481	--	-
<b>Total Depreciation &amp; Amortisation</b>	<b>3,700,076</b>	<b>5,146,988</b>	<b>2,197,234</b>	<b>3,848,589</b>
Write-down of Capitalised Exploration Costs	--	1,735,638	--	1,361,145
Provision for employee entitlements	(218,027)	535	(218,027)	535
Provision for restoration & rehabilitation	458,507	475,531	458,507	475,531
Government royalties	468,766	636,006	468,766	636,006

**NOTES**

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2001

	Economic Entity		Parent Entity	
	2001 \$	2000 \$	2001 \$	2000 \$
<b>4</b> <i>Income Tax</i>				
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	1,545,808	6,085,825	(1,993,587)	10,143,237
Prima facie income tax expense (benefit) calculated @ 34%	556,491	2,190,897	(677,819)	3,651,565
Tax effect of permanent differences:				
Amortisation of goodwill	384,364	406,975	--	--
Transfer of loss from 100% subsidiary	--	--	--	(2,382,711)
Change in tax rate on PDIT / FITB	(517,815)	(101,517)	(584,978)	(234,200)
Write back of prior year over-provision	(461,947)	--	(461,947)	--
Tax losses and deferred tax timing differences not previously brought to account	1,736,131	693,537	1,668,733	56,267
Income tax expense (benefit) attributable to operating profit	1,697,224	3,189,892	(56,011)	1,090,921
Income tax expense consists of:				
Increase (decrease) in provision for deferred income tax	(132,777)	1,063,696	405,936	628,974
(Increase)/Decrease in future income tax benefit	2,291,948	1,664,249	--	--
Increase (decrease) in provision for tax	(461,947)	461,947	(461,947)	461,947
	1,697,224	3,189,892	(56,011)	1,090,921

**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 13th 2000 for the year ended June 30th 2000 and paid on October 20th, 2000. The dividend was unfranked as there are no franking credits available to the economic entity. No dividend was declared by directors for the current financial year.

**6** *Cash Assets*

Cash at bank and on hand	1,896,264	2,217,037	1,937,913	2,359,824
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**NOTES**

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2001

	Economic Entity		Parent Entity	
	2001 \$	2000 \$	2001 \$	2000 \$
<b>7 Receivables</b>				
Other debtors	78,194	251,689	4,939	279,180
Provision for doubtful debts	--	(74,750)	--	( 74,750)
Related bodies corporate -				
Kitchener Mining NL	--	--	4,624,921	8,913,866
Elazac Mining Pty Ltd	294,222	195,007	280,852	182,110
	372,416	371,946	4,910,712	9,300,406

<b>8 Inventories</b>				
Stores - at cost	1,009,862	1,259,400	803,839	744,604
Ore stocks- at cost	831,579	932,086	831,558	932,086
Work in progress - at cost	--	528,702	--	528,702
Work in progress - at net realisable value	--	544,583	--	544,583
	1,841,441	3,264,771	1,635,397	2,749,975

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

Investment In Controlled Entities	Beneficial Interest	
	2001 %	2000 %
Haoma Mining NL	100	100
North West Mining NL	100	100
Exploration Geophysics Pty Ltd	100	100
Kitchener Mining NL		
Shares held by Kitchener Mining NL:	100	100
- Bamboo Creek Management Pty Ltd		

All Controlled Entities are incorporated in Australia.

**NOTES**

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2001

	Economic Entity		Parent Entity	
	2001	2000	2001	2000
	\$	\$	\$	\$
<b>10 Property, Plant And Equipment</b>				
<b>Plant and Equipment</b>				
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)	5,107,674	4,058,871	1,072,843	751,355
Accumulated depreciation	(4,504,283)	(4,162,051)	(646,852)	(569,129)
Total plant and equipment	1,674,325	967,754	425,991	182,226
<b>Mine Properties</b>				
Joint Venture plant and equipment - at cost	29,764,566	29,406,376	29,764,566	29,406,376
Accumulated amortisation	(15,829,996)	(14,254,449)	(15,829,996)	(14,254,449)
Total mine properties	13,934,570	15,151,927	13,934,570	15,151,927
<b>Total property, plant &amp; equipment(1)</b>	<b>15,608,895</b>	<b>16,119,681</b>	<b>14,360,561</b>	<b>15,334,153</b>

(1) The Directors resolved that the written down value of the property, plant & equipment at June 30, 2001 does not exceed the current market value of such assets.

(a) Movements in Carrying Amounts Plant and Equipment	Economic Entity \$	Parent Entity \$
Balance at the beginning of the year	967,754	182,226
Additions	1,048,803	321,489
Disposals	(40,922)	--
Depreciation/Amortisation Expense	(301,310)	(77,724)
Carrying amount at the end of the year	1,674,325	425,991

**NOTES**

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2001

**10** *Property, Plant And Equipment (Cont'd)*

<b>(b) Movements in Carrying Amounts Mine Properties</b>	<b>Economic Entity \$</b>	<b>Parent Entity \$</b>
Balance at the beginning of the year	15,151,927	15,151,927
Additions	358,190	358,190
Disposals	—	—
Depreciation/Amortisation Expense	(1,575,547)	(1,575,547)
Carrying amount at the end of the year	13,934,570	13,934,570

**11** *Exploration and Evaluation*

	<b>Economic Entity</b>		<b>Parent Entity</b>	
	<b>2001 \$</b>	<b>2000 \$</b>	<b>2001 \$</b>	<b>2000 \$</b>
Mining leases - at Directors' valuation	<b>6,913,558</b>	6,913,558	<b>1,313,558</b>	1,313,558
Mining leases - at cost	<b>8,342,801</b>	8,300,686	<b>8,302,820</b>	8,302,820
Exploration and evaluation expenditure - at cost	<b>8,969,954</b>	7,254,389	<b>7,907,707</b>	6,295,768
Accumulated amortisation - Exploration	<b>(2,129,952)</b>	(2,024,191)	<b>(1,067,707)</b>	(1,067,707)
<b>Total exploration and evaluation(1)</b>	<b>22,096,361</b>	20,444,439	<b>16,456,378</b>	14,844,439

- (1) The Directors resolved that the written down value of exploration & evaluation expenditure at June 30, 2001 does not exceed the current market value of such assets.

<b>(b) Movements in Carrying Amounts Mine Properties</b>	<b>Economic Entity \$</b>	<b>Parent Entity \$</b>
Carrying amount at the beginning of the year	15,151,927	15,151,927
Additions	358,190	358,190
Disposals	—	—
Depreciation/Amortisation Expense	(1,575,547)	(1,575,547)
Carrying amount at the end of the year	13,934,570	13,934,570

**NOTES**

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2001

	Economic Entity		Parent Entity	
	2001	2000	2001	2000
	\$	\$	\$	\$
<b>12 Other Assets</b>				
Joint Venture borrowing and establishment expenditure - at cost	1,370,842	1,370,842	1,370,842	1,370,842
Accumulated amortisation	(1,370,842)	(1,264,885)	(1,370,842)	(1,264,885)
Deferred interest expenditure	785,730	785,730	785,730	785,730
Accumulated amortisation	(785,730)	(785,730)	(785,730)	(785,730)
Deferred mining expenditure	771,300	1,209,312	771,300	1,209,312
	771,300	1,315,269	771,300	1,315,269

<b>13 Deferred Tax Assets</b>				
Future income tax benefit consists of:				
Timing differences	503,721	693,537	--	--
Tax losses	--	2,102,132	--	--
	503,721	2,795,669	--	--

<b>14 Intangibles</b>				
Goodwill on Consolidation	18,867,536	18,867,536	--	--
less amortisation	(12,728,782)	(11,598,298)	--	--
	6,138,754	7,269,238	--	--

<b>15 Payables</b>				
<i>(Current)</i>				
Trade creditors and accruals	2,018,245	1,998,119	1,862,091	1,842,592
Other creditors	245,503	110,964	245,503	80,491
Amounts due to related parties	57,197	3,870	57,197	3,870
	2,320,945	2,112,953	2,164,791	1,926,953
<i>(Non-Current)</i>				
Amounts due to related parties	1,155,000	1,155,000	--	--

**NOTES**

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2001

	Economic Entity		Parent Entity	
	2001 \$	2000 \$	2001 \$	2000 \$
<b>16 Provisions</b>				
<i>Current</i>				
Provision for employee entitlements	237,485	387,972	201,863	397,657
Provision for dividend	--	1,929,940	--	1,929,940
	<b>237,485</b>	<b>2,317,912</b>	<b>201,863</b>	<b>2,327,597</b>
<i>Non-Current</i>				
Provision for restoration & rehabilitation	1,281,906	823,400	1,281,906	823,400

**17 Tax Liabilities**

<i>Current</i>				
Income Tax	--	461,947	--	461,947
<i>Non-current</i>				
Provision for deferred income tax	4,387,340	4,520,116	4,387,340	3,981,403

**18 Deferred Revenue**

Current	8,047,211	6,441,378	8,047,211	6,441,378
Non-current	2,099,937	6,114,600	2,099,938	6,114,600
	<b>10,147,148</b>	<b>12,555,978</b>	<b>10,147,149</b>	<b>12,555,978</b>

**19 Interest in Joint Ventures**

At June 30, 2001, the Economic Entity had interests in unincorporated joint ventures as follows:-

Joint Venture	Principal Activities	% Interest	
		2001	2000
Linden Joint Venture(a)	Gold Exploration	--	49.9
Nolan's Joint Venture(b)	Gold Exploration & Production	49.9	49.9
Pilbara Diamond Joint Venture(c)	Diamond Exploration	49.9	49.9

**(a) Linden Joint Venture**

On August 16, 2000, following agreement between the Joint Venture parties to terminate the Joint Venture, Haoma exercised its pre-emptive right under the Joint Venture Agreement to acquire 100% of the Linden project.

**(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 overleaf:



**NOTES**

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2001

	Economic Entity	
	2001 \$	2000 \$
<b>Current Assets</b>		
Cash at bank	13,708	12,259
Debtors/prepayments	--	116,590
Inventory	1,612,249	2,749,975
<b>Total current assets</b>	<b>1,625,957</b>	<b>2,878,824</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	29,764,564	29,406,376
<b>Total non-current assets</b>	<b>29,764,564</b>	<b>29,406,376</b>
Share of the total assets of the Joint Venture	31,390,521	32,285,200
<b>Current Liabilities</b>		
Creditors	135,757	1,228,202
Provisions	1,423,147	1,182,669
<b>Total current liabilities</b>	<b>1,558,904</b>	<b>2,410,871</b>
<b>Total liabilities</b>	<b>1,558,904</b>	<b>2,410,871</b>
Net interest in the Joint Venture	29,831,617	29,874,329

**(c) Pilbara Diamond Joint Venture**

Haoma Mining NL and De Beers Australia Exploration Ltd have entered into Joint Venture Agreements to explore for diamonds on tenements in the Pilbara region of Western Australia.

(E45/1249, E45/1561, E45/1594, E45/1595, E45/1596, E45/1606, E45/1608, E45/1616, E45/2045, E45/2046, E45/2047, E45/2050, E45/2056, E45/2058, E45/2094, E45/2095, E45/2096, E45/2098, E45/2172, E45/2179, E45/2181, E45/2182, E45/2183, E45/2184, E45/2185, E45/2186, E45/2187, E45/2188, E45/2189, E45/2190, E45/2191, E45/2192, E45/2193, E45/2194, E46/473, E46/474, E46/475, E46/476, E46/477, E46/478).

De Beers Australia Exploration Ltd initially spent \$500,000 to earn a 50.1% interest in the Joint Venture.

At June 30, 2001, Haoma has capitalised \$1,661,082 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.

The 'Hillside' extension of the Joint Venture between Haoma Mining NL & De Beers Australia Exploration Ltd commenced in 1999. De Beers Australia Exploration Ltd is required to spend \$2 million to earn an interest of 50.1% in the Hillside Joint Venture.

Exploration commitments in meeting lease rentals and minimum expenditure requirements as required by the Department of Minerals in Western Australia to maintain current rights of tenure are borne by Haoma Mining NL. These commitments are included in balances recorded in note 27(a).

**20 Contributed Equity**

	Economic Entity		Parent Entity	
	2001 \$	2000 \$	2001 \$	2000 \$
Issued capital:				
192,993,655 Ordinary shares fully paid (2000: 192,993,655)	59,662,124	59,662,124	59,662,124	59,662,124

**NOTES**

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2001

**21** *Earnings per Share*

	Economic Entity	
	2001	2000
Basic earnings per share (cents per share)	(0.1)	1.5

The weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share was 192,993,655 (2000: 192,993,655).

	Economic Entity		Parent Entity	
	2001 \$	2000 \$	2001 \$	2000 \$
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	11,299,489	5,904,525	5,904,525

**(a) Capital profits reserve***Movements during the year*

Opening Balance	6,178,490	6,178,490	5,063,606	5,063,606
Movements during the year	--	--	--	--
Closing Balance	6,178,490	6,178,490	5,063,606	5,063,606

**(b) Forfeited shares***Movements during the year*

Opening Balance	4,425	4,425	4,425	4,425
Movements during the year	--	--	--	--
Closing Balance	4,425	4,425	4,425	4,425

**(c) Asset revaluation***Movements during the year*

Opening Balance	5,116,574	5,116,574	836,494	836,494
Movements during the year	--	--	--	--
Closing Balance	5,116,574	5,116,574	836,494	836,494

**23** *Accumulated Losses*

Accumulated losses at the beginning of the year	(41,110,869)	(42,076,862)	(37,668,109)	(44,790,485)
Net profit (loss) attributable to the members of the parent entity	(151,416)	2,895,933	(1,937,576)	9,052,316
Dividends provided or paid	--	(1,929,940)	--	(1,929,940)
Accumulated losses at the end of the year	(41,262,285)	(41,110,869)	(39,605,685)	(37,668,109)

**NOTES**

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2001

	Economic Entity		Parent Entity	
	2001 \$	2000 \$	2001 \$	2000 \$
<b>24 Remuneration of Directors</b>				
a) Total income received, or due and receivable, by all Directors of the Economic Entity was:				
The Parent Entity	84,800	80,000	84,800	80,000
Other entities in the Economic Entity	84,800	80,000	--	--
	169,600	160,000	84,800	80,000
Number of Directors of the Parent Entity whose total remuneration was within the following bands:	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
\$40,000 - \$49,999	4	4	4	4
(b) There are no Executive Officers of the Economic Entity whose remuneration exceeded \$100,000.				
No options have been granted to any of the Executive Officers				

<b>25 Auditor's Remuneration</b>				
Remuneration of the auditor of the Economic Entity:				
- auditing and reviewing the financial accounts	46,245	34,500	46,245	34,500
	46,245	34,500	46,245	34,500

<b>26 Segment Information</b>				
(a) <b>Industry segments</b>				
The Economic Entity operates predominantly in the minerals industry. Operations comprised exploration, evaluation, development and mining.				
(b) <b>Geographical segments</b>				
The Economic Entity operates exclusively in Australia.				

**NOTES**

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2001

**27** *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:

	Economic Entity		Parent Entity	
	2001 \$	2000 \$	2001 \$	2000 \$
- not later than one year	2,064,898	1,000,717	1,893,188	781,917
- later than one year but not later than two years	1,788,030	892,368	1,616,320	673,569
- later than two years but not later than five years	4,129,106	1,966,991	3,613,975	1,310,591
- later than five years	5,149,607	4,445,274	4,134,869	2,714,656
	13,131,641	8,305,350	11,258,352	5,480,733

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 2001/2002, exploration expenditure commitments will be partly satisfied by exploration expenditure incurred by Haoma's joint venture partners De Beers Australia Exploration 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) Pilbara Diamond Joint Venture (50.1% De Beers Australia Exploration Ltd, 49.9% Haoma)**

Haoma expects to contribute approximately \$165,000 as its share of Joint Venture costs for the calendar year, 2001 exploration program. Cash contributions are met when called by the Joint Venture Manager. Costs attributable to the Joint Venture and met directly by Haoma are offset against amounts called.

**(c) 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, 2001, but not recognised as liabilities, are payable as follows:

	Economic Entity		Parent Entity	
	2001 \$	2000 \$	2001 \$	2000 \$
- not later than one year	--	29,555	--	29,555
- later than one but not later than two years	--	-	--	-
	--	29,555	--	29,555

These are non-cancellable operating leases

**(d) Bank Guarantees**

The Economic Entity's banker has provided indemnity guarantees to the value of \$118,000 to the Department of Minerals and Energy of Western Australia and \$97,220 to the Department of Minerals and Energy of Queensland, for the purposes of guaranteeing the Economic Entity's performance in accordance with relevant states' 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 any guarantees will be exercised as the Economic Entity adheres to the terms and conditions of its leases.

**28** *Other Commitments*

The Parent Entity has provided a "letter of support" in respect of the financial support to its controlled entity, Kitchener Mining NL.

NOTES

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2001

29 *Contingent Liabilities*

**((a) Native Title**

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 invalidate, 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. Lawyers commenting on the Mabo Case have also suggested that compensation may be payable to native title holders.

Claims have been lodged with the Native Titles Tribunal over a number of tenements applied for by the Parent 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.

**(b) Management Fees**

Following a settlement with a former director, Kitchener Mining NL agreed to pay the director \$68,658. Payment will only be made when other directors' fees and management fees owing by Kitchener Mining NL for the period 1989 to 1993 are paid. The directors' fees and management fees are only payable when Kitchener Mining NL has an operating profit in excess of \$500,000 pa.

**(c) Nolans Joint Venture**

On August 16, 2001, Haoma was advised by MIM Holdings Ltd that the Manager of the Nolans Joint Venture has not fully contributed to the cost of employee superannuation for employees of the Joint Venture Manager. MIM Superannuation Pty Ltd have sought to recover an amount of \$1,686,953 from the Manager of the Nolans Joint Venture in respect of the alleged superannuation contribution shortfall for the period July 1, 1996 to June 30, 2001. Haoma's 49.9% share of the contribution shortfall would be \$841,790.

Haoma does not consider that the claim for contributions shortfall against the Joint Venture Manager is valid because it believes that the liability for employee superannuation was fully funded during the period in respect of the claim. Haoma has requested that the Joint Venture Manager provide Haoma with an explanation of the alleged shortfall and has further requested that previously restricted payroll and superannuation data to which Haoma has been refused access be supplied for further investigation of this claim.

30 *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, 2000.

**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:

	2001 Number	2000 Number
Ordinary shares	132,084,541	129,292,632

**Directors and Director-Related Entities**

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

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.

Elazac Mining Pty Ltd is a company of 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.



**NOTES**

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2001

**30 Related Party Information (continued)****Other Transactions with Directors and Director-Related Entities - Parent Entity**

The Parent Entity has lent Elazac Mining Pty Ltd funds where interest has been charged for the financial year ended June 30, 2001 at normal commercial interest rates. Interest charged amounted to \$25,918 (2000: \$18,649). The balance receivable at June 30, 2001 was \$280,852 (2000: \$182,110).

Roy Morgan Research Pty Ltd was paid for office services during the year at normal commercial rates amounting to \$14,946 (2000: \$62,105). The Parent Entity provided the services of a senior executive at commercial rates to Roy Morgan Research Pty Ltd amounting to \$41,960 (2000: \$67,602). The balance payable to Roy Morgan Research Pty Ltd at June 30, 2001 was \$57,197 (2000: \$3,870).

During the year to June 30, 2001 the Parent Entity paid management fees of \$300,000 (2000: \$300,000) to Roy Morgan Research Pty Ltd.

**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.

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.

The Roy Morgan Research Centre Pty Ltd is entitled to management fees from Kitchener Mining NL of \$1,000,000 (2000: \$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, 2001. 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 was repaid loan funds by Kitchener Mining NL of \$7,428,945. No interest has been charged for the financial year ended June 30, 2001 (2000: interest charged \$nil). The balance payable at June 30, 2001 was \$1,484,921 (2000: \$8,913,666).

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 \$nil (2000: \$4,277). The balance receivable at June 30, 2001 was \$13,370 (2000: \$12,897).

**Amounts Payable**

The following amounts payable by Kitchener Mining NL at June 30, 2001 are included in the consolidated balance sheet as current liabilities:

- \$1,000,000 (2000: \$1,000,000) payable to The Roy Morgan Research Centre Pty Ltd in relation to accrued management fees reported above.
- \$155,000 (2000: \$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.

**31 Events Subsequent to Reporting Date****(a) Resignation of Nolan's Joint Venture Manager**

On September 5, 2001, Haoma was given notice of resignation by Carpentaria Gold Pty Ltd as manager of the Joint Venture. Carpentaria Gold Pty Ltd will continue as Manager until a new Manager is appointed. The Joint Venture participants are working to appoint a new Manager in accordance with the terms of the Nolan's Project Management Agreement.

**(b) Claim for Loss and Damages against Nolans Joint Venture Manager**

Haoma has filed a claim for various breaches of fiduciary and contractual responsibilities owed to Haoma in respect of the Nolans Joint Venture at Ravenswood, Queensland. The claim is against its Joint Venturer partner (Carpentaria Gold Pty Ltd), which also acts as the Manager of the Nolans Joint Venture, and its parent entity (MIM Holdings Ltd). The amount of damages sought has not been specified in the claim and will be subject to further investigation and assessment by Haoma as part of its case preparation.

**NOTES**

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2001

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

At June 30, 2001, Haoma Mining NL has no forward gold sales contracts.

	2001		2000	
<i>Gold Forwards (ounces)</i>	<b>Quantity Hedged</b>	<b>Average Price</b>	<b>Quantity Hedged</b>	<b>Average Price</b>
		\$		\$
A\$ compound forwards sold	--	--	27,894	407
A\$ fixed forwards sold	--	--	90,000	520

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).

Unrealised gains and losses are measured by comparing the contracted price to the spot price.

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 Price/A\$		Gold Ounces Hedged		Economic Entity	
	2001 A\$/oz	2000 A\$/oz	2001 Ounces	2000 Ounces	2001 \$'000	2000 \$'000
<i>Gold Forwards</i>						
Not later than one year	--	484	--	87,894	--	42,537
Later than one year but not later than five years	--	520	--	30,000	--	15,600
Later than five years	--	--	--	--	--	--
Total Forward Sales	--	493	--	117,894	--	58,137

**(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 2001		
Financial Instruments	Floating interest rate	Non-interest bearing		Total amount as per balance sheet
	\$	\$		\$
Cash	1,896,264	--		1,896,264
Receivables other	--	78,194		78,194
Receivables related parties	294,222	--		294,222
Total financial assets	2,190,486	78,194		2,268,680
Weighted Av. Interest Rate	5.27%			

**(ii) Financial Liabilities**

	Fixed interest rate maturing in:			Non-interest bearing	Total amount as per balance sheet
Financial Instruments	Floating interest rate	1 year or less	Over 1 to 5 years		
	\$	\$	\$	\$	\$
Trade creditors and accruals	--	--	--	2,075,442	2,075,442
Other creditors	--	--	--	245,503	245,503
Amounts due to related parties <sup>(1)</sup>	--	--	--	1,155,000	1,155,000
Total financial liabilities	--	--	--	3,475,945	3,475,945
Weighted Av. Interest Rate	--	--	--		

Note <sup>(1)</sup> Refer note 30 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, 2001

**32** *Financial Instruments (continued)***Interest Rate Risk 30 June 2000****(i) Financial Assets**

Financial Instruments	Fixed interest rate maturing in:		
	Floating interest rate	1 year or less	Over 1 to 5 years
	\$	\$	\$
Cash	2,217,037	–	2,217,037
Receivables other	–	170,447	170,447
Receivables related parties	195,007	–	195,007
<b>Total financial assets</b>	<b>2,412,044</b>	<b>170,447</b>	<b>2,582,491</b>
<b>Weighted Av. Interest Rate</b>	<b>5.07%</b>	<b>–</b>	<b>–</b>

**(ii) Financial Liabilities**

Financial Instruments	Fixed interest rate maturing in:				Total amount as per balance sheet
	Floating interest rate	1 year or less	Over 1 to 5 years	Non-interest bearing	
	\$	\$	\$	\$	\$
Trade creditors and accruals	–	–	–	1,998,119	1,998,119
Other creditors	–	–	–	265,964	265,964
Amounts due to related parties	–	–	–	1,003,870	1,003,870
Provision for dividend	–	–	–	1,929,940	1,929,940
<b>Total financial liabilities</b>				<b>5,197,893</b>	<b>5,197,893</b>
<b>Weighted Av. Interest Rate</b>	<b>–</b>	<b>–</b>	<b>–</b>		

**(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.

(\* )- 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.

**(e) Interest Bearing Liabilities**

The ANZ Bank Ltd holds a fixed and floating charge over the assets and undertakings of Haoma Mining NL. In addition they hold a First Registered Mortgage over ML1394 (Nolan's lease).

**NOTES**

TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2001

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

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

	Economic Entity		Parent Entity	
	2001	2000	2001	2000
	\$	\$	\$	\$
Cash at Bank and on hand	1,937,913	2,359,824	1,937,913	2,359,824
Bank overdrafts	(41,649)	(142,787)	--	-
	1,896,264	2,217,037	1,937,913	2,359,824

**(b) Reconciliation of cash flow from operation with profit from ordinary activities after Income Tax**

	Economic Entity		Parent Entity	
	2001	2000	2001	2000
	\$	\$	\$	\$
Profit from ordinary activities after income tax	(151,416)	2,895,933	(1,937,587)	9,052,316
Depreciation /amortisation -				
- Property, plant & equipment	2,131,581	4,016,506	1,759,229	3,848,589
- Goodwill	1,130,481	1,130,481	--	-
Write-down of capitalised interest	438,013	1,735,638	438,012	1,361,145
Write-down of ore stocks	--	-	8,770,000	-
Changes in operating assets and liabilities:				
Increase (Decrease) in trade creditors	77,323	(563,105)	76,696	(605,237)
Increase in other payables	134,540	(12,272)	165,013	2,353
Deferred revenue taken up	(3,908,831)	(7,390,673)	(3,908,831)	(7,390,673)
Decrease (increase) in receivables	98,745	215,631	199,488	(243,760)
Decrease (increase) in inventories	1,423,328	1,496,879	1,114,561	1,861,008
Increase (decrease) in rehabilitation costs	458,507	-	458,507	-
(Increase) decrease in future income tax benefit	2,291,948	1,664,249	--	-
Increase (decrease) in provision for deferred income tax	(594,723)	1,063,696	(56,010)	628,974
Increase (decrease) in other provisions	(154,648)	1,020,484	(197,743)	1,030,753
Acquisition of Mining Tenements	(40,122)	-	(141)	-
Net cash provided by operating activities	3,334,726	7,273,447	6,881,194	9,545,468

**(c) Unused Credit Facilities**

At June 30, 2001 the company has no unused line of credit. 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 26 to 49 comply with Accounting Standards and the Corporations Act 2001 and;
  - (b) Give a true and fair view of the financial position of the Company and Economic Entity entity as at June 30, 2001 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.



Gary C. MORGAN  
Director

Melbourne  
October 10, 2001

**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 2001 as set out on pages 26 to 49. The financial report includes the consolidated financial statements of the consolidated 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 Haoma Mining NL.

Our audit has been conducted in accordance with 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 in Australia so as to present a view which is consistent with our understanding of the Company's and the consolidated 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 Act 2001, including:
  - (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2001 and of their performance for the year ended on that date; and
  - (ii) complying with Accounting Standards and the Corporations Regulations 2001; 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:

**Parent Entity**

- (a) Included in Property, plant and equipment of \$14,360,561 is a net \$13,934,570 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 \$4,910,712 is an amount due from Kitchener Mining NL ("Kitchener") of \$4,624,921 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 cash flows from the assets of Kitchener. As described in note 1(o) to the financial statements realisation of such cash flows is dependent upon the economic entity being able to commercially establish the Elazac process.

**Consolidated**

- (c) Included in Intangibles is a net \$6,138,754 of goodwill arising on consolidation of Kitchener. As described in note 1(o) 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 generate future cash flows.

**PKF**  
Chartered Accountants

M J Phillips  
Partner

10 October 2001  
Melbourne



**STOCK EXCHANGE - ADDITIONAL INFORMATION**

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

**Shareholders**

Details of holdings in Haoma Mining NL shares at September 28, 2001.

**A. 20 Largest Shareholders**

Name	Number of Shares	% of Issued Capital
Leaveland Pty Ltd	120,616,252	62.50
WMC Ltd	10,000,000	5.18
Roy Morgan Research Pty Ltd	4,919,452	2.55
Mr. James Moffatt & Ms. Charlotte Moffatt & Mr. Charles Geer	4,435,863	2.30
Etonwood Management Pty Ltd	2,000,000	1.04
G. and G. Morgan Superannuation Fund	1,843,257	0.96
Mr Alexander Peter Swanson	1,348,340	0.70
Joseph and Michele Levine	1,150,000	0.60
Charity Aiders Pty Ltd	1,150,000	0.60
Mrs. Sandra Stuart Curwen	1,108,650	0.57
Hosanda Corporation Pty Ltd	1,001,000	0.52
Commonwealth Custodial Services Ltd	1,000,000	0.52
RMRC Staff Superannuation Scheme No. 2 Pty Ltd	804,000	0.42
Fernhide Pty Ltd	721,000	0.37
Mr Jack Van Beelen	692,000	0.36
Mr. George Varlamos	679,000	0.35
Advance Publicity Pty Ltd	600,000	0.31
Googley Pty Ltd	600,000	0.31
Holes Investment Pty Ltd	600,000	0.31
Mr Harry Cooper	600,000	0.31
	155,868,814	80.78

**B. Substantial Shareholders**

Name	Number of Shares	Class of Share
Leaveland Pty Ltd	120,616,252	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	701
1,001 - 5,000	968
5,001 - 10,000	369
10,001 - 100,000	473
100,001 - and over	85
Total	2,596

(ii) There were 1,510 holders of less than a marketable parcel 4,347 of ordinary shares.

(iii) The twenty largest shareholders hold between them 80.78% of the issued capital.

**D. Class of Shares and Voting Rights**

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

**E. Stock Exchange Listing**

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Stock Exchange Limited.

**F. Material Differences In Reported Net Profit After Income Tax**

The net profit after income tax reported to the Australian Stock Exchange in the company's preliminary final report varied materially with the net profit after income tax reported in this Annual Report. The variation resulted from timing differences not previously included in the calculation of income tax expense of the economic entity.

	Annual Report \$A'000	Preliminary Final Report \$A'000
Profit (loss) from ordinary activities before tax	1,546	1,546
Income tax on ordinary activities	(1,697)	(583)
Net Profit (loss) attributable to members	(151)	963

**STOCK EXCHANGE - ADDITIONAL INFORMATION****G. Mining Tenements Summary****(a) Tenements held by Haoma Mining NL (100%)****(i) Pilbara, Western Australia**

Corunna Downs	E45/2046	E45/2047	E45/2048	E45/2094	E45/2095		
Bamboo Creek	M45/874	P45/2342	M45/874				
Copenhagen	M45/682	P45/2391			Lalla Rookh	M45/442	
Marble Bar	E45/1273	M45/825	M45/515	M45/607	M45/874		
North Pole	L45/86	M45/302	M45/328	M45/329	Sterling	E46/427	
North Shaw	L45/60						
Oakover River	E46/473	E46/474	E46/475	E45/2181	E45/2182	E45/2183	E45/2184 E45/2185
Hammersley Range	E46/476	E46/477	E46/478		Warrawoona	E45/2045	

**(ii) 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.

**(iii) Meekatharra, Western Australia**

Yandal E52/1153

**(iv) Ravenswood, Queensland**

Nolan's	M1394		Old Man & Copper Knob	M1326	M1330
Waterloo	M1529		Wellington Springs	M1415	M1483
Ravenswood West	EPM9150	EPM9154	EPM8771		
Ravenswood South	EPM9526	EPM9873	EPM10408	EPM10542	
Eight Mile Creek	M/1325				
Ravenswood Mining Claims	MC2199 to MC 2206	MC2227	MC2228		

**(v) Charters Towers, Queensland** EPM9629 EPM10375**(b) Tenements beneficially held by Haoma Mining NL (100%)****Pilbara, Western Australia**

Big Stubby	M45/57	M45/284	M45/453	M45/554			
Coronation	M45/672	M45/679	P45/2333				
Blue Bar	P45/2125	P45/2127	P45/2226				
McKinnon	M45/873	M45/490	M45/607				
Warrawoona	M45/547	M45/671	P45/2316				
Marble Bar	E45/1606	E45/1607	E45/1608	E45/1615	M45/678	P45/2275	
Comet	GML45/21	M45/14	M45/16	M45/385	M45/438	M45/459	M45/478
	L45/4	L45/12	L45/37				
Mustang	M45/680	M45/706	M45/731	P45/2251	P45/2288	P45/2331	
Tassie Queen	E45/1059	M45/76	M45/235	M45/296	M45/297	M45/655	
Wyman Well	E45/1249						
Wyman	P45/2317						
Sharks Gully	M45/692						
Fieldings Gully	M45/521						
Copenhagen	M45/240						
Spear Hill	M45/980	M45/981	M45/982				

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**

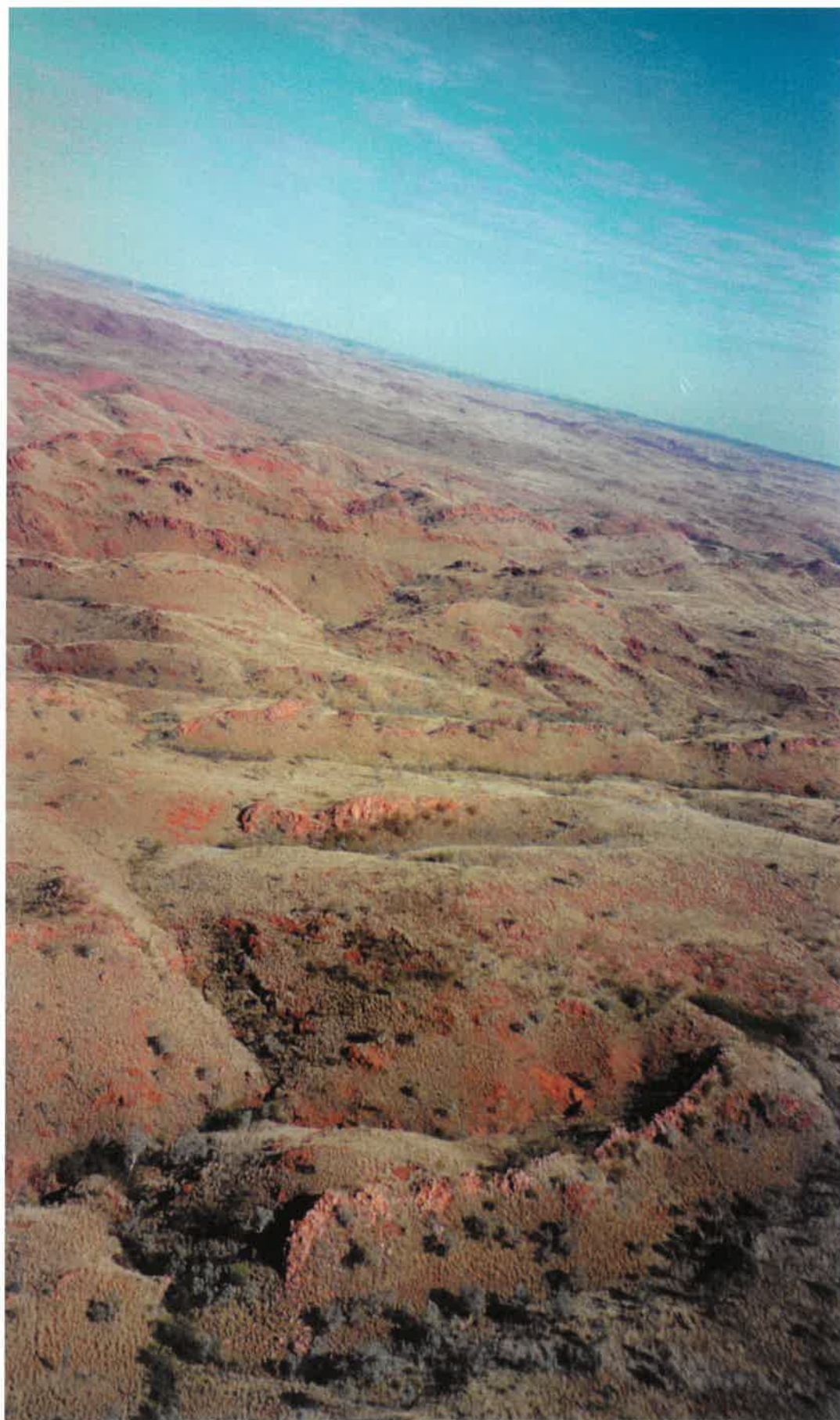
E39/293	E39/379	E39/428	P39/2974	P39/2975	P39/2976
M39/255	L39/12	L39/13	L39/14		

**(d) Tenements beneficially held by Kitchener Mining NL (100%)**

Pilbara, Western Australia	ML45/742		
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



Lamprophyric  
dyke at Blue Bar  
near Marble Bar  
(August 2001)