



# Haoma Mining NL

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July 22, 2005

The Listing Manager  
Australian Stock Exchange Ltd  
530 Collins Street  
**MELBOURNE VIC 3000**

Dear Sir,

**ACTIVITIES REPORT FOR THE QUARTER ENDED JUNE 30, 2005 - HIGHLIGHTS**

- **Group Consolidated Result** – Haoma Mining's unaudited Consolidated Financial result for the three months ended June 30, 2005 was a before tax loss of \$1.93 million after charging interest of \$0.23 million, depreciation and amortisation of \$0.47 million and group exploration, development and test work expenditure of \$0.94 million.

- **Bulk Scale Processing at Bamboo Creek, Pilbara W.A.** - Emphasis during the Quarter was on determining the viability of processing tailings material from the Bamboo Creek Gold Mine and developing an effective assay method for Mickey's Find mineralisation.

From work done by Haoma, in conjunction with Consultants from the University of Melbourne, the assay problem is now understood to the point where consistent and repeatable upgrades of the gold values are obtained for ores from the Bulletin-Bamboo Creek and Mickey's Find deposits, along with tailings material from the Bamboo Creek Gold Mine.

Significant difficulties have been experienced in producing a concentrate from Bamboo Creek tailings material. Pending further test work by Flotation and Gravity Concentration methods, the processing plant at the Bamboo Creek Gold Mine is now on care and maintenance.

- **Daltons Joint Venture, Pilbara W.A. (75% Giralia Resources, 25% Haoma Mining) (E45/2186 & E45/2187)** – During the Quarter, two further diamond drill holes (RDDN027 and 028) were completed at the Kingsway Prospect at the Daltons Joint Venture, along with downhole electromagnetic ("EM") surveys and detailed gyroscopic downhole surveys. Hole RDDN027 intersected approximately 15 metres of low grade disseminated and vein-style nickel-copper sulphide mineralisation. Two significant off-hole EM conductors were defined at 310 and 370 metres downhole, with modelled sources located in an untested area to the west of RDDN027. Further drilling to test the off-hole conductors is planned.
- **Cookes Hill, Pilbara W.A. (E45/1562, M45/1031, 1032, 1033, 1034, 1035, 1036)** - DeGrey Mining Ltd holds areas adjacent to Haoma's Cookes Hill deposit E45/1562. During the Quarter, DeGrey reported encouraging results from drilling at its Amanda Prospect which is located west of the Cookes Hill tenement boundary. Results included 11 metres @ 4.52 g/t Au (includes 2m @ 15.75g/t Au). Strong gold anomalies (up to 30.90 g/t Au) were identified in soil sampling at DeGrey's Orchard Well Prospect located on the Mallina-Mt Dove shear near to the eastern boundary of E45/1562. Both DeGrey prospects lie on structures which continue through Haoma's E45/1562 tenement.

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### **1. GROUP CONSOLIDATED RESULT TO JUNE 30, 2005**

<b>Haoma Mining NL Consolidated Profit &amp; Loss</b>	<b>2003/04 4th Qtr (\$m)</b>	<b>2003/04 Full Year (\$m)</b>	<b>2004/05 1st Qtr (\$m)</b>	<b>2004/05 2nd Qtr (\$m)</b>	<b>2004/05 3rd Qtr (\$m)</b>	<b>2004/05 4th Qtr (\$m)</b>	<b>2004/05 Full Year June 30 (\$m)</b>
Operating revenue	0.10	0.44	0.43	0.27	0.09	<b>0.13</b>	<b>0.92</b>
<b>Operating profit before interest, depreciation, amortisation and exploration and development expenditure</b>	(1.87)	(4.15)	(1.56)	(2.28)	(0.59)	<b>(0.29)</b>	<b>(4.72)</b>
Interest	(0.01)	(0.01)	(0.07)	(0.12)	(0.16)	<b>(0.23)</b>	<b>(0.58)</b>
Depreciation & amortisation	(0.40)	(1.49)	(0.44)	(0.47)	(0.46)	<b>(0.47)</b>	<b>(1.84)</b>
Exploration, development & test work	(0.58)	(2.81)	(0.39)	0.20	(1.02)	<b>(0.94)</b>	<b>(2.15)</b>
<b>Operating profit (loss) before tax</b>	<b>(2.86)</b>	<b>(8.41)</b>	<b>(2.46)</b>	<b>(2.67)</b>	<b>(2.23)</b>	<b>(1.93)</b>	<b>(9.29)</b>

<b>Bamboo Creek Processing Plant</b>							
Gold Production (ozs)	60	103	847	200	87	--	<b>1,134</b>
Gold sold (ozs)	60	103	591	419	124	--	<b>1,134</b>
Av. Selling price (\$/oz)	\$537	\$541	\$573	\$569	\$554	--	<b>\$569</b>
<b>Bamboo Creek silver prod'n (oz)</b>							
Silver Production (ozs)	61	113	337	115	29	--	<b>481</b>

#### **1.1 Haoma's Group Consolidated Result**

Haoma's unaudited Consolidated Financial result for the three months ended June 30, 2005 was a before tax loss of \$1.93 million (2004 4th Qtr – loss \$1.87 million) after charging depreciation and amortisation of \$0.47 million (2004 4th Qtr - \$0.40 million), interest costs of \$0.23 million (2004 4th Qtr – \$0.01 million) and group exploration, development and test work expenditure of \$0.94 million (2004 4th Qtr – expenditure of \$0.58 million).

Total group exploration, development and test work expenditure for the Quarter was \$0.94 million. In the Pilbara Region, the majority of work was associated with ongoing test work at the Bamboo Creek Processing Plant to obtain a greater understanding of the Bamboo Creek tailings and methods to improve gold recovery. In the Ravenswood District of Queensland low-key exploration activities were continued.

Funding for the company's ongoing operations is presently being provided by Haoma's Chairman, Mr Gary Morgan. Mr Morgan has provided an undertaking to the Board that he will continue to fund the company until such time as the company's operations become cash positive or until a decision is made to cease operations.

To June 30, 2005, Mr Morgan has provided funding of \$10.058 million to Haoma. The Board of Haoma has approved payment of interest to Mr. Morgan at the 30 day commercial bill rate plus a 2% margin. For the year to June 30, 2005, interest accrued on the funds advanced by Mr Morgan is \$455,560.

## 1.2 Gold In Circuit

At June 30, 2005 the Bamboo Creek Plant gold-in-circuit was 22.51 kg made up of the following:

- 12.51 kg recoverable gold from 1,287 tonnes of Concentrate Ore ready for processing by the New Elazac Process, and
- 10.01 kg contained in the Vat Leach.

The gold estimate is based on Aqua Regia gold assays which are now known to be a significant underestimation of the “true grade” gold values. The “true grade” will be ultimately determined by the amount of physical gold produced.

## 1.3 Forward Gold Sale Contracts

No future gold production is currently sold forward.

## 2. OPERATIONS AT BAMBOO CREEK, WESTERN AUSTRALIA

### 2.1 Bulk Scale Processing of Bamboo Creek Ores

In the June 2005 Quarter, Haoma Mining continued research and development of a viable assay method for complex gold ores in the Pilbara Region of Western Australia.

Emphasis during the Quarter has been on the viability of processing tailings material from the Bamboo Creek Gold Mine and developing an effective assay method for Mickey’s Find mineralisation. All test work has been performed under the supervision of our consultants, Mr. Peter Cole, Registered Manager and Mr. Will Goodall.

Assaying for gold in ores from the Pilbara Region by conventional fire assay and aqua regia digestion methods have traditionally been difficult. Gold values determined by these methods are consistently low, resulting in an underestimation of the resource potential of gold deposits throughout the Pilbara Region and those on Haoma’s tenements.

In conjunction with Consultants from the University of Melbourne Haoma’s understanding of this assay problem is now to the point where consistent and repeatable upgrades of the gold values have been shown for ores from the Bulletin-Bamboo Creek and Mickey’s Find Deposits, along with tailings material from the Bamboo Creek Gold Mine.

Exhaustive ore characterisation using a bulk chemical technique, in the form of Diagnostic Leaching, and automated image analysis by the QEMSCAN System have provided a more accurate gold grade and identified the mineral associations of Haoma’s Pilbara ores. Examples of the gold upgrades for the Kitchener, North Shaw and Mickey’s Find Deposits are shown in **Table 1** below.

**Table 1 - Comparison of gold grades, determined by Diagnostic Leaching, and the Fire Assay gold grade for the Kitchener, North Shaw and Mickey’s Find Deposits**

	Head Grade		Diagnostic Leach Grade	
	Fire Assay (g/t Au)	Sample Replicates & Size	(g/t Au)	Sample Size (g)
Kitchener	5.11	10 x 50g	6.62	1000g
North Shaw	4.97	10 x 50g	7.85	1000g
Mickey’s Find MFRC43 104-106	9.74	10 x 50g	11.55	1000g

This characterisation process, while excellent for gaining an understanding of ore composition, is too intensive to be used as a conventional assay method. The focus has now shifted to applying this knowledge to the development of a fast and inexpensive assay method for Pilbara gold samples.

It has previously been established that if Gravity Separation is used to recover free gold and sulphide fractions from the ore, and these fractions are assayed separately, then major increases in “calculated” gold grades are obtained compared to conventional assays on the un-separated material. Two examples of this were reported - a 10m drill intersection from Mickey’s Find and a 26m drill intersection from Bulletin. They are shown in **Table 2**. (See Chairman’s Address December 2004 and Annual Report 2004)

**Table 2 - Historical result, showing upgrades for Mickey's Find ore (MFRC64 62-72) and Bulletin ore (BRC39 68-94) using Gravity Separation and the Elazac Assay Procedure (EAP).**

	<b>Aqua Regia (g/t Au)</b>	<b>EAP Aqua Regia (g/t Au)</b>	<b>EAP Cyanide Leach (g/t Au)</b>
Mickey’s Find (MFRC64 62-72)*	<0.1	2.2	3.2
Bulletin (BRC39 68-94)+	0.59	1.78	-

\* Presented in Chairman’s Address, December 2004

+ Presented in Annual Report, 2004

Application of a New Elazac Assay Procedure (NEAP) to Gravity Concentrates was announced in Haoma’s 2004 Annual Report. This NEAP has been shown to give additional upgrades, resulting in further positive increases in the Calculated Gold Grade. Evidence of these upgrades is shown in **Table 3** for samples of high sulphide mineralisation from Mickey’s Find, which exhibited an insignificant gold grade by conventional assay.

**Table 3 - Comparison of upgrade achieved for samples from the Mickey's Find Deposit using Gravity Concentration and the New Elazac Assay Procedure (NEAP).**

	<b>Head Grade Aqua Regia (g/t Au)</b>	<b>EAP Calculated Grade Aqua Regia (g/t Au)</b>	<b>EAP Calculated Grade NEAP (g/t Au)</b>
MFRC64 61-70	0.06	0.51	1.09
MFRC64 71-80	0.07	0.81	1.10

The Calculated Grade of the NEAP is based upon the weighted average grade of table Concentrate, Middling and Tail. It should be understood that the most significant upgrades by the NEAP were noted in the Concentrate fraction. Concentrate upgrades for the samples presented in **Table 3** are shown in **Table 4**.

**Table 4 - Upgrades achieved by the New Elazac Assay Procedure (NEAP) for Concentrates from tabling of Mickey's Find drill chip samples (MFRC64 61-70 & 71-80)**

	<b>Concentrate Grade Aqua Regia (g/t Au)</b>	<b>NEAP Concentrate Grade (g/t Au)</b>	<b>Concentrate Mass Fraction (% w/w)</b>
MFRC64 61-70	0.09	3.21	18.6%
MFRC64 71-80	0.05	2.59	11.5%

Although consistent and reliable gold assays of ores from a variety of deposits in the Pilbara Region has been achievable by the use of Gravity Separation prior to assay, it along with the Diagnostic Leaching method is too time-consuming and costly for routine assaying.

To overcome these difficulties a test work program aimed at applying the knowledge developed to date to design a fast and inexpensive gold assay method for Pilbara mineralisation is currently being undertaken at the University of Melbourne. This program, under the direction of Mr. Will Goodall and our Consultants, aims to have an applicable assay technique operating within the next 3 months.

Further test work on the viability of processing BBC tailings material was undertaken throughout the Quarter by Mr. Peter Cole, Registered Manager. Several test parcels of this material were processed through the Bamboo Creek Plant. Results to date showed there were significant difficulties in producing sufficient Gravity Concentrate for commercial viability. Pending further test work by Flotation and Gravity Concentration methods, the processing plant at the Bamboo Creek Gold Mine is now on care and maintenance.

## **2.2 Kitchener Low Grade Stockpile**

There are approximately one million tonnes of this ore available for processing through the Bamboo Creek Plant.

## **3. EXPLORATION AND EVALUATION ACTIVITIES IN WESTERN AUSTRALIA**

### **3.1 Daltons Joint Venture with Giralia Resources NL (75% Giralia Resources, 25% Haoma Mining) (E45/2186, E45/2187)**

The Daltons Joint Venture area is located 150 kilometres south of Port Hedland in the Pilbara Region of Western Australia. Under the Joint Venture and Farm-In Agreement, Giralia Resources NL would earn a 50.1% Joint Venture interest through exploration expenditure of \$375,000 over the three year period to November 2005 and could then elect to increase its interest to 75% by increasing total expenditure to \$625,000 over the five year period to November 2007. Haoma retained the rights to gold and tantalum mineralisation.

In December 2004, Giralia Resources advised Haoma that it had completed exploration expenditure of \$375,000 to earn a 50.1% interest in the Joint Venture. Giralia elected to sole fund further expenditure of \$250,000 to increase its Joint Venture interest to 75%.

In March 2005, Giralia notified Haoma that it had incurred the additional \$250,000 expenditure required to increase its Joint Venture participation to 75%. Giralia advised that expenditure on the Daltons Project for the Quarter to June 30, 2005 was \$168,114 and that total Joint Venture expenditure to date is \$893,978.

Giralia has provided the following report on exploration activities completed during the Quarter to June 30, 2005. See attached Appendix 1 for location of drill holes.

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- *Two further diamond drill holes were completed at the Kingsway Prospect at the Daltons joint venture in Western Australia's Pilbara Region, along with downhole electromagnetic ("EM") surveys and detailed gyroscopic downhole surveys. Disseminated and vein-style nickel-copper sulphides were intersected. Two significant off-hole EM conductors were defined, warranting further drilling.*

*A diamond drilling program targeting high grade nickel-copper-Platinum Group Element ("PGE") sulphides at the Kingsway zone at Daltons commenced in late November 2004, and continued until mid-May 2005. The Kingsway Prospect at Daltons comprises a 400 metre long basal contact segment at the irregular northern tip of the 5 kilometre long*

*Daltons ultramafic body. The drilling is aimed at extensions to two 1970's drill intersections of 0.9 metres @ 9.3% nickel, 3.6% copper, (within 3.5 metres @ 2.55% nickel, 1.2% copper), and 0.7 metres @ 11.8% nickel, 3.1% copper, (within 3.7 metres @ 2.41% nickel, 0.61% copper). The 1970's intersections recorded grades of more than 20% nickel over narrow intervals (ie: hole KDDH5 reportedly returned 0.36 metres @ 22.5% nickel, 4.12% copper).*

*Holes RDDN027 and 028 were completed during the June Quarter. Hole RDDN027 tested a position around 80 metres west of RDDN022 (reported in December 2004 Quarter - 0.5 metres @ 1.9% Ni, 0.97% Cu, 0.42 g/t PGE), and intersected an approximately 15 metres zone of low grade disseminated and vein-style nickel-copper sulphide mineralisation above and below the basal ultramafic contact between around 315 to 330 metres downhole, with several zones of stronger mineralisation (best 0.25 metres @ 3.02% Cu, 0.25 metres @ 0.4% Ni, 0.4% Cu, 0.63 g/t PGE). Downhole EM has defined off-hole conductors of interest at 310 and 370 metres downhole, with modelled sources located in an untested area to the west of RDDN027.*

*Hole RDDN028 was drilled to test a conductive feature below/beyond hole RDDN025 (reported in March 2005 Quarter - 0.2 metres @ 2.57% Ni, 1.42% Cu, 0.83 g/t PGE). The basal ultramafic contact in this area is significantly more steeply dipping than anticipated, and as a result hole RDDN028 was deeper than planned and penetrated the basal contact almost 200 metres beneath the intersection position in RDDN025. Weakly disseminated sulphides only were encountered; however downhole EM modelling shows a strong conductor in an untested area east of RDDN028.*

**DALTONS JOINT VENTURE  
TABLE OF INTERSECTIONS**

Hole No	East	North	Incl/Az	Depth (m)	From (m)	To (m)	Intersection
RDDN022	724130	7621424	-72°/180°	372.8	353.0	353.5	0.5m @ 1.98% Ni, 0.97% Cu, 0.42 g/t PGE
<i>including</i>					353.35	353.5	0.15m @ 5.82%Ni, 1.41%Cu, 1.35 g/t PGE
RDDN023	724150	7621390	-75°/160°	260.4	248.1	248.6	0.5m @ 0.47% Ni, 0.04% Cu, 0.12 g/t PGE
RDDN024	724149	7621392	-80°/160°	8	Hole Abandoned		
RDDN025	724134	7621425	-75°/156°	336.8	307.25	311.0	3.75m @ 0.60% Ni, 0.17% Cu, 0.16 g/t PGE
					314.9	315.1	0.2m @ 2.57% Ni, 1.42% Cu, 0.83 g/t PGE
RDDN026	724130	7621486	-70°/180°	528.8	508.85	509.8	0.95m @ 0.82% Ni, 0.12% Cu, 0.30 g/t PGE
			<i>including</i>		508.85	509.25	0.4m @ 1.18% Ni, 0.17% Cu, 0.42 g/t PGE
					510.4	511.7	1.3m @ 0.09% Ni, 0.24% Cu
<b>RDDN027</b>	<b>724025</b>	<b>7621412</b>	<b>-70°/156°</b>	<b>432.8</b>	<b>314.85</b>	<b>321.45</b>	<b>6.6m @ 0.25% Ni, 0.2% Cu, 0.18% Zn, 0.1 g/t PGE</b>
<i>including</i>					314.85	315.0	0.15m @ 0.42% Ni, 0.37% Cu, 0.92% Zn, 0.16 g/t PGE
					317.0	317.25	0.25m @ 0.4% Ni, 0.4% Cu, 0.63 g/t PGE
					321.15	321.45	0.3m @ 0.32% Ni, 0.34% Cu, 0.32% Zn, 0.12 g/t PGE
					329.95	330.65	0.7m @ 1.28% Cu
<i>including</i>					330.25	330.50	0.25m @ 3.02% Cu
<b>RDDN028</b>	<b>724132</b>	<b>7621430</b>	<b>-80°/158°</b>	<b>511.7</b>	<b>497.50</b>	<b>498.0</b>	<b>0.5m @ 0.29% Ni, 0.55% Cu</b>

*Further drilling is planned to test the off-hole conductors defined west of RDDN027 and east of RDDN028, and a program and budget for the period 1 July 2005 to 31 December 2005 will be submitted as soon as possible.*

*A second major international nickel mining company completed a field appraisal of the Daltons area during the Quarter and confirmed interest in participating in a regional farm-in agreement. Formal expressions of interest and indicative offers will be sought from both groups, with the Kingsway target excluded from any regional joint venture.”*

### **3.2 Cookes Hill (E45/1562, M45/1031, 1032, 1033, 1034, 1035, 1036)**

The Cookes Hill gold deposit was discovered in 1999. This deposit comprises a dolerite-hosted quartz stockwork style of mineralisation. It has been the subject of extensive soil sample surveys, three shallow Rotary Air Blast (RAB) and one deep Reverse Circulation (RC) drilling programs, together with interpretation of geological, air magnetic and satellite data. Interpretation of this data shows that the gold lies on a north-east trending splay fault off the major Mallina-Mt Dove shear.

The Cookes Hill deposit is estimated to contain approximately 50,000 ounces of gold to a depth of 100 metres. The RC drilling indicated that the mineralisation is open below 100 metres. Preliminary metallurgical tests show that the gold is not refractory and most is recoverable by cyanidation after fine grinding of the ore.

A more detailed description of the ore body and a table of significant intersections were included in Haoma's Activities Report for the Quarter ended December 31, 2003 - [http://www.haoma.com.au/2004/Q2\\_DEC2003.pdf](http://www.haoma.com.au/2004/Q2_DEC2003.pdf)

Since June 2003, Haoma has noted that DeGrey Mining Ltd has issued a number of ASX releases detailing highly promising results from the extensive exploration program conducted on its tenements adjacent to Haoma's E45/1562 (referred to by DeGrey Mining as the "Turner River Province").

On June 1, 2005 DeGrey released further results of additional high grade gold intersections at its Amanda Prospect which is located west of the Cookes Hill tenement boundary. (See [DeGrey release June 1, 2005](#)). The best results released by DeGrey included 11 metres @ 4.52 g/t Au (includes 2m @ 15.75g/t Au).

On July 4, 2005 DeGrey announced strong gold anomalies (up to 30.90 g/t Au) identified in soil sampling of its Orchard Well Prospect located on the Mallina-Mt Dove shear near to the eastern boundary of E45/1562. (See [DeGrey release July 4 2005](#)). This shear zone, together with several north-east trending splay faults (one of which contains the Cookes Hill gold deposit) continue through Haoma's ground.

Attached to this report is a map extracted from the DeGrey Mining Ltd March 2005 Quarterly Activity Report which shows the location of the Cookes Hill ore body in relation to the recent discoveries by DeGrey and its position on the Mallina-Mt Dove Shear.

The high-grade tenor of these results and expanded strike extent of the prospects enhances the prospectivity of the entire province and consequently up-grades the potential for new discoveries on Haoma's ground. The continuation of the structural zone into the Cookes Hill tenement is extensively soil covered and, consequently, has not yet been explored.

Haoma will continue to evaluate the results released by DeGrey Mining Ltd.

#### 4. **EXPLORATION ACTIVITIES IN THE QUEENSLAND RAVENSWOOD DISTRICT**

Because of the heavy focus on achieving gold production at Bamboo Creek, exploration activities on the Ravenswood projects have been limited during the current Quarter.

Literature reviews and historical data compilations have been undertaken over two new Exploration Permits (EPM14038 & 14297) covering approximately 355 square kilometers in the Ravenswood District. The two permits cover a number of historical gold mines with mineralisation hosted by quartz-sulfide veins and high level breccias situated on a ring dyke structure at Mt Canton. Ongoing exploration will be guided by airborne geophysical data that highlights a number of major structures that traverse the exploration permits.

Native Title negotiations have been initiated with respect to the company's two Mining Lease applications covering the Podosky's (MLA10315) and Cleopatra (MLA10275) gold deposits. Agreement has been reached with one of the claimants to date and discussions are continuing with the second group of claimants.

A trenching program has been planned for the Waterloo Prospect (ML1529) aimed at locating the source of a significant gold anomaly highlighted by surface rock chips. The area lies to the west of the main Waterloo lode in a soil covered area that remains largely untested. A magnetic low is coincident with the anomaly and is thought to be reflecting alteration in the underlying pluton. The results of this program should be available in the next Quarter.

#### 5. **HAOMA MINING ASX RELEASES**

Any person who would prefer to receive Haoma ASX Releases by email is advised to email Haoma Mining at [haoma@roymorgan.com](mailto:haoma@roymorgan.com) or telephone the Company Secretary on (03) 92245142.

Yours sincerely,



**Gary C Morgan**  
CHAIRMAN

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# APPENDIX 1 - DALTONS JOINT VENTURE (KINGSWAY PROJECT)



