



Haoma Mining NL

A.B.N 12 008 676 177

Registered Office & Head Office:

Level 1, 401 Collins Street, Melbourne, Vic., 3000, GPO Box 2282U, Melbourne, Vic., 3001.

Telephone (03) 9629 6888, Facsimile (03) 9629 1250

Email: haoma@roymorgan.com Website: www.haoma.com.au

Company Announcements Office
Australian Stock Exchange
Level 4, North Tower, Rialto
525 Collins Street
MELBOURNE, VIC 3000

January 31, 2013

Dear Sir,

ACTIVITIES REPORT FOR THE QUARTER ENDED DECEMBER 31, 2012 – HIGHLIGHTS

- **Group Consolidated Result** – Haoma Mining's unaudited consolidated financial result for the three months ended December 31, 2012 was a before tax loss of \$1.68 million after interest of \$0.90 million, depreciation and amortisation of \$0.04 million and group exploration, development and test work expenditure of \$1.10 million.
- **Bamboo Creek Test Work continued** – During the Quarter the Bamboo Creek Pilot Plant was used to develop a process to produce a PGM concentrate from Bamboo Creek Tailings.

Haoma is now exploring the possibility of an off-take agreement for Haoma to export that PGM Concentrate from the Bamboo Creek Tailings to an overseas smelter.

- **Exploration at Bamboo Creek** – field testing the magnetic response of prospective lithologies has resulted in identifying localised iron-rich prospects that were previously not recorded.

In addition mapping and sampling located a BIF outcrop hosting parallel layers of magnetic, iron-rich rock in an area known as The Patch within M45/480, situated 3km south-southeast of the Bamboo Creek Processing Plant. Analysis is currently underway to measure the presence of gold and platinum group metals (PGM) using the new Elazac Process.

A review of regional aeromagnetic data identified two further magnetic anomalies south of Bamboo Creek in E45/3217. An exploration program to test the areas will commence in the current Quarter.

- **Exploration at Coronation Ridge** (prospect within the Warrawoona Formation approximately 15 km south of Marble Bar) – rock chip samples returned multi-element assays anomalous for Cobalt, Chromium, Copper, Nickel, Titanium and Zinc. The surface outcrop exceeds one kilometre in length and dips near vertical to a width of 20 metres.

Perth Office:

Suite 22 Piccadilly Square 7 Aberdeen Street, Perth, W.A. 6000

Tel: (08) 9325 4899 Fax: (08) 9221 1341

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1. GROUP CONSOLIDATED RESULT TO DECEMBER 31, 2012

Haoma Mining NL Consolidated Profit & Loss	2011/12 2nd Qtr (\$m)	2011/12 Full Year (\$m)	2012/13 1st Qtr (\$m)	2012/13 2nd Qtr (\$m)	2012/13 YTD (\$m)
Operating Revenue:	-	-	-	-	-
Royalties	0.02	0.11	0.09	0.14	0.23
Retail Sales & Misc.	0.04	0.16	0.06	0.04	0.10
Dividend Received	-	-	-	0.25	0.25
Finance Revenue	0.03	0.12	0.03	0.03	0.06
Other Income	-	0.03	0.01	0.01	0.02
Profit on Sale of Assets	0.18	32.45	-	-	-
Operating Revenue	0.27	32.87	0.19	0.47	0.66
Operating profit (loss) before interest, depreciation, amortisation, exploration & development costs:	0.18	31.91	0.05	0.36	0.41
Interest	(1.10)	(4.17)	(0.88)	(0.90)	(1.78)
Depreciation & amortization	(0.04)	(0.70)	(0.06)	(0.04)	(0.10)
Exploration, development & test work	(1.01)	(4.28)	(1.16)	(1.10)	(2.26)
Operating (loss) before tax	(1.97)	22.76	(2.06)	(1.68)	(3.74)

1.1 Haoma's Group Consolidated Result

Haoma Mining's unaudited consolidated financial result for the three months ended December 31, 2012 was a before tax loss of \$1.68 million after interest of \$0.90 million, depreciation and amortisation of \$0.04 million and group exploration, development and test work expenditure of \$1.10 million.

1.2 Funding of Operations

At present, funding for Haoma's operations is being provided by The Roy Morgan Research Centre Pty Ltd, a company owned and controlled by Haoma's Chairman, Gary Morgan. During the December Quarter, The Roy Morgan Research Centre Pty Ltd advanced \$936,000 to Haoma.

At December 31, 2012 the principal debt to The Roy Morgan Research Centre Pty Ltd was \$31.66 million. Haoma has approved payment of interest on this debt at the 30 day commercial bill rate plus a facility margin of 4%. Interest will accrue until such time as the Board determines that the company is in a position to commence interest payments. Interest accrued for the 3 months to December 31, 2012 was \$894,522. Total interest accrued and unpaid to December 31, 2012 is \$17.705 million.

In March 2012 shareholders were advised of the sale of Haoma's iron ore rights at Mt Webber to Atlas Iron Ltd. The \$33 million sale price comprised \$10 million cash and 8,406,433 shares in Atlas Iron Ltd valued at \$23 million. Since the Mt Webber sale, the component of the sale price represented by Atlas Iron shares has fallen significantly from the initial share price of \$2.736 to today's price of \$1.46 per share. This represents an unrealised capital loss of approximately \$10.7 million. Notwithstanding this fall in value, the Directors of Haoma have decided to retain the investment in Atlas Iron shares as they anticipate a strong future working relationship with Atlas.

2.0 RECENT ACTIVITIES AT BAMBOO CREEK

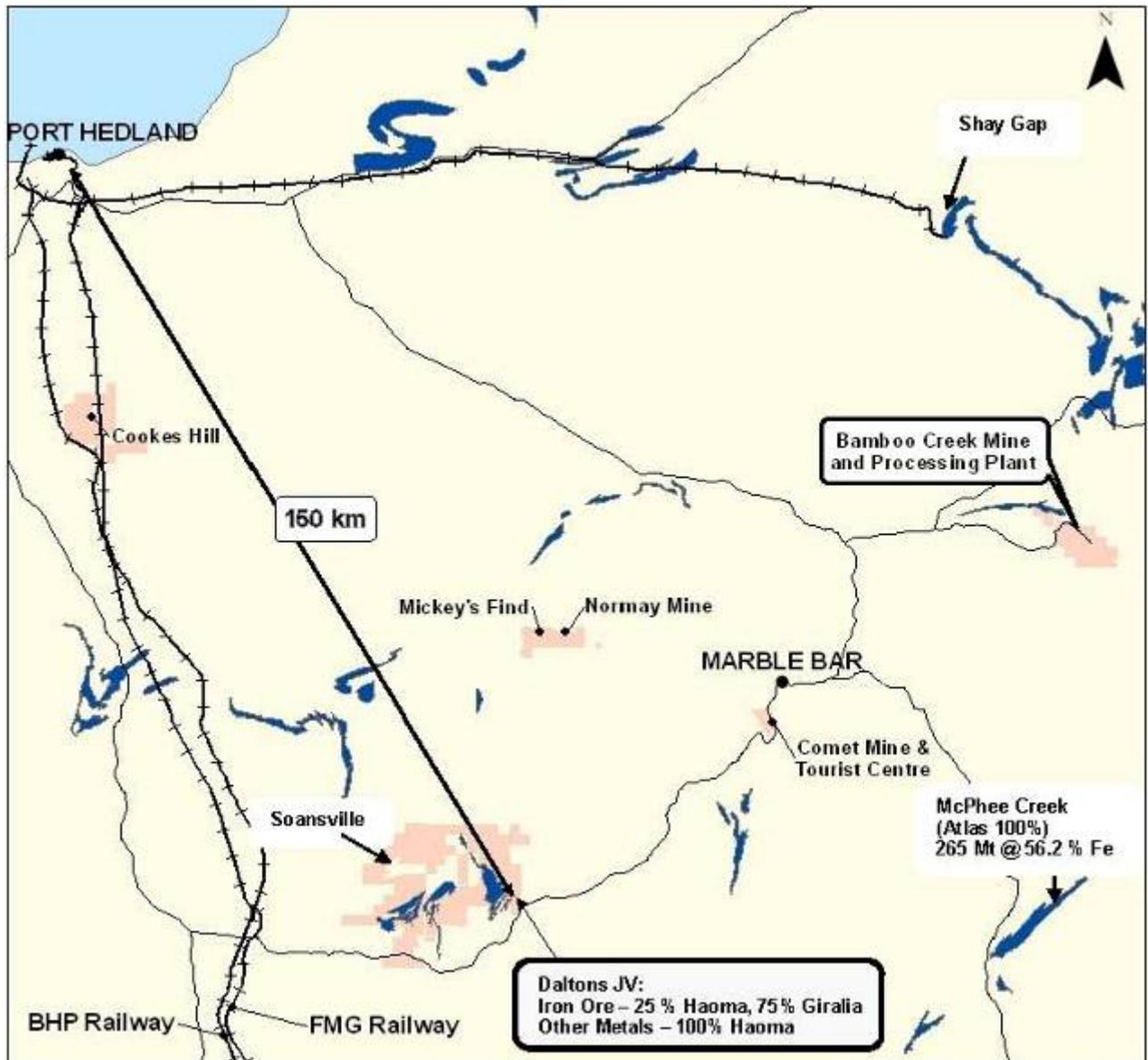


Figure 1: Location of Haoma Mining Projects including the location of Haoma's Bamboo Creek Processing Plant, North Pole Area (including Mickey's Find and Normay Mine), Cookes Hill, Daltons JV and the Comet Gold Mine and Tourist Centre.

2.1 Testwork at Bamboo Creek

Over more than 12 months Haoma has been perfecting the Elazac Process for gold assay and gold extraction using samples of both Bamboo Creek ore and Mt Webber ore.

Since September 2012, in addition to gold/silver, **Haoma has measured significant quantities of Platinum Group Metals (PGM) in samples of both ores.**

The most recent assay results were published in [Haoma's report to shareholders on October 5, 2012](#), [Haoma's 2012 Annual Report](#), the [September 30, 2012 Quarter Activities Report on October 31, 2012](#) and the Chairman's Address to Shareholders at the Annual General Meeting on November 26, 2012.

Shareholders may not be aware that a different process has to be used to extract PGM than gold/silver. For this reason over the last Quarter Haoma has expanded both the new Elazac gold/silver assay and extraction processes to incorporate some of the learning's from PGM extraction techniques.

[The Mintek \(South African Government organisation\) ConRoast paper by Rodney T. Jones "DC arc smelting of dead-roasted sulphide concentrates"](#) explains on Pages 9 -15 a procedure for extracting PGM from South African ores.

The new Elazac Process includes some of the ConRoast procedures and some important additions. What can be easily noted in the ConRoast paper (Page 11) is how a PGM concentrate of 308 g/t is initially upgraded to a “composition of alloys” of 2,804 g/t (0.2804%) PGM; and then further upgraded to a final concentrate which is 61.4% PGM and gold.

During the Quarter the Bamboo Creek Pilot Plant was used to develop a process to produce a PGM concentrate from Bamboo Creek Tailings.

Shareholders need to be aware that that the total grades of PGM and gold/silver in samples of Bamboo Creek Tailings Concentrate as measured by the Elazac Process add to over 1,200g/t, see Table 1 below.

Table 1 below lists the PGM and gold/silver assays Haoma received during the last Quarter for three **Bamboo Creek Tailings Concentrate** samples assayed by the European refinery that was sent the concentrate samples. (The results for Samples 1 and 2 were averaged and released as ‘Head grades’ for Bamboo Creek Tailings to Haoma shareholders on [October 5, 2012: "Significant Platinum and Palladium grades measured in samples of Bamboo Creek Tailings"](#))

Table 1: Assays from samples of Bamboo Creek Tailings Concentrate

	<u>Bamboo Creek Tailings Concentrate¹</u>		
	<u>Sample 1</u>	<u>Sample 2</u>	<u>Sample 3</u>
Bamboo Creek Tailings Sample size	70 kg	70 kg	75 kg
Concentrate as a % of Tailings sample of	13.41%	12.22%	2.34%
<u>PGM and gold/silver grades</u>	%	%	%
Pt	0.056	0.045	0.047
Pd	0.052	0.050	0.081
Rh	0.005	0.012	0.001
Ir	0.004	0.002	0.009
Au	0.008	0.010	0.004
Ag	0.015	0.009	0.013
Total PGM and gold/silver	0.140%	0.128%	0.156%

Haoma is now exploring the possibility of an off-take agreement for Haoma to export that PGM Concentrate from the Bamboo Creek Tailings to an overseas smelter.

During the last 12 months Haoma has used the new Elazac Assay Process to assay many **non-concentrate** fractions of Bamboo Creek Tailings and Mt Webber samples. The assay results showed that most of gold in the ore samples processed was in the **non-concentrate** fraction.

¹ The information & data in Section 2.1 of this report as it relates to Metallurgical Results is based on information compiled by Mr Peter Cole who is an expert in regard to this type of metallurgical test work. The results relate to testing the effectiveness of a new method of assaying for gold and other mineral content (the Refined Elazac Assay Method) and a new method for extraction of gold and other minerals from ore (the Refined Elazac Extraction Method). These methods are together referred to as the Elazac Process. The information reported relates solely to ongoing test work in relation to bringing the Elazac Process to commercial realisation. Mr Cole has worked in the mining industry for over 30 years and has been associated with the development of the Elazac Process over a long period (approximately 15 years). Mr Cole is one of only a few persons with sufficient relevant knowledge and experience to report results in relation to test work on the Refined Elazac Assay Method and Refined Elazac Extraction Method. Mr. Cole has consented to the inclusion in this report of the information and data in the form and context in which it appears

For instance the gold grade measured in the **non-concentrate** fraction of the Bamboo Creek Tailings for Sample 3 (Table 1 above) was: **Gold 56.92 g/t (Palladium measured 20.57 g/t).**

This gold grade of Bamboo Creek Tailings **non-concentrate** fraction was measured by ICP after being extracted into solution using aqua regia digestion (acid digestion).

Shareholders were first advised of significant PGM assay results on October 5, 2012 which has necessitated a change in design and configuration of the Bamboo Creek Pilot Plant which is now being implemented. The Directors believe this information has enhanced the importance and value of Haoma’s Bamboo Creek and Mt Webber tenements.

3. EXPLORATION AND EVALUATION ACTIVITIES IN WESTERN AUSTRALIA

3.1 Bamboo Creek Tenement Group - M45/481, M45/480, M45/16, M45/411, M45/874, E45/2982, E45/3217, P45/2227, P45/2242, P45/2244, P45/2301, P45/2329, P45/2330, P45/2336, P45/2342

Fieldwork is ongoing within the Bamboo Creek Group of tenements.

A program of sampling iron-rich surface outcrop is being implemented throughout the Bamboo Creek Group of tenements and will initially target known banded iron formation (BIF).

Field testing the magnetic response of prospective lithologies has resulted in identifying localised iron-rich prospects that were previously not recorded. Results from sampling of one of these prospects at Nuggety Gully (P45/2342) are pending. See Figure 2.

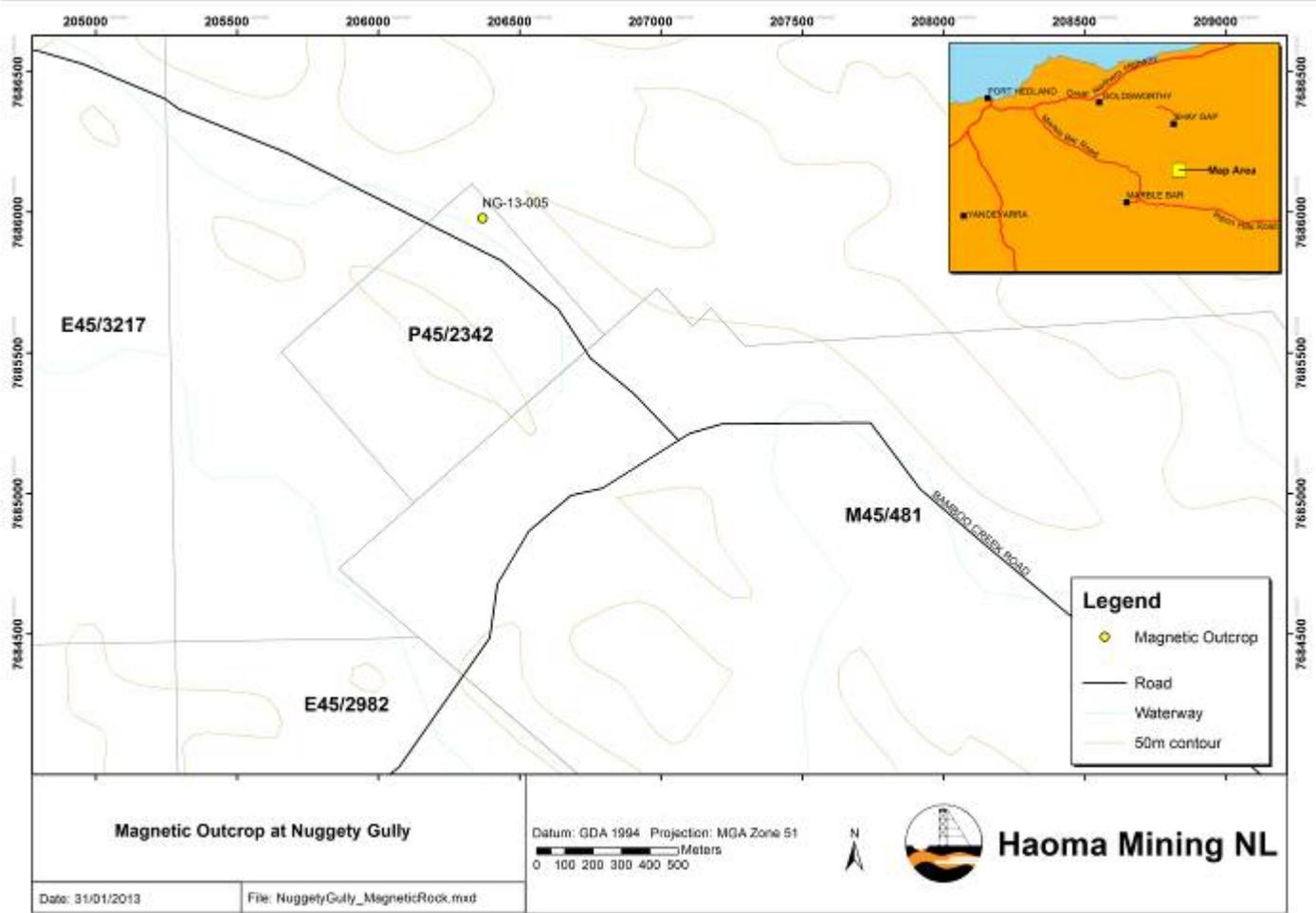


Figure 2: Location of Magnetic Outcrop at Nuggety Gully (P45/2342).

In addition recent mapping and sampling located a BIF outcrop hosting parallel layers of magnetic, iron-rich rock in an area known as The Patch within M45/480. Situated 3km

south-southeast of the Bamboo Creek Processing Plant the recorded extent of the BIF to date is 400 metres strike, dipping near vertical, to a width of 2metres. See Figure 3.

Analysis is currently underway to measure the presence of gold and platinum group metals (PGM) using the new Elazac Process. The results will show for the samples collected the quantitative determination of gold and PGM grades.

Further mapping and sampling in the current Quarter will test known iron-rich zones in E45/3217 immediately east of Coppins Gap.

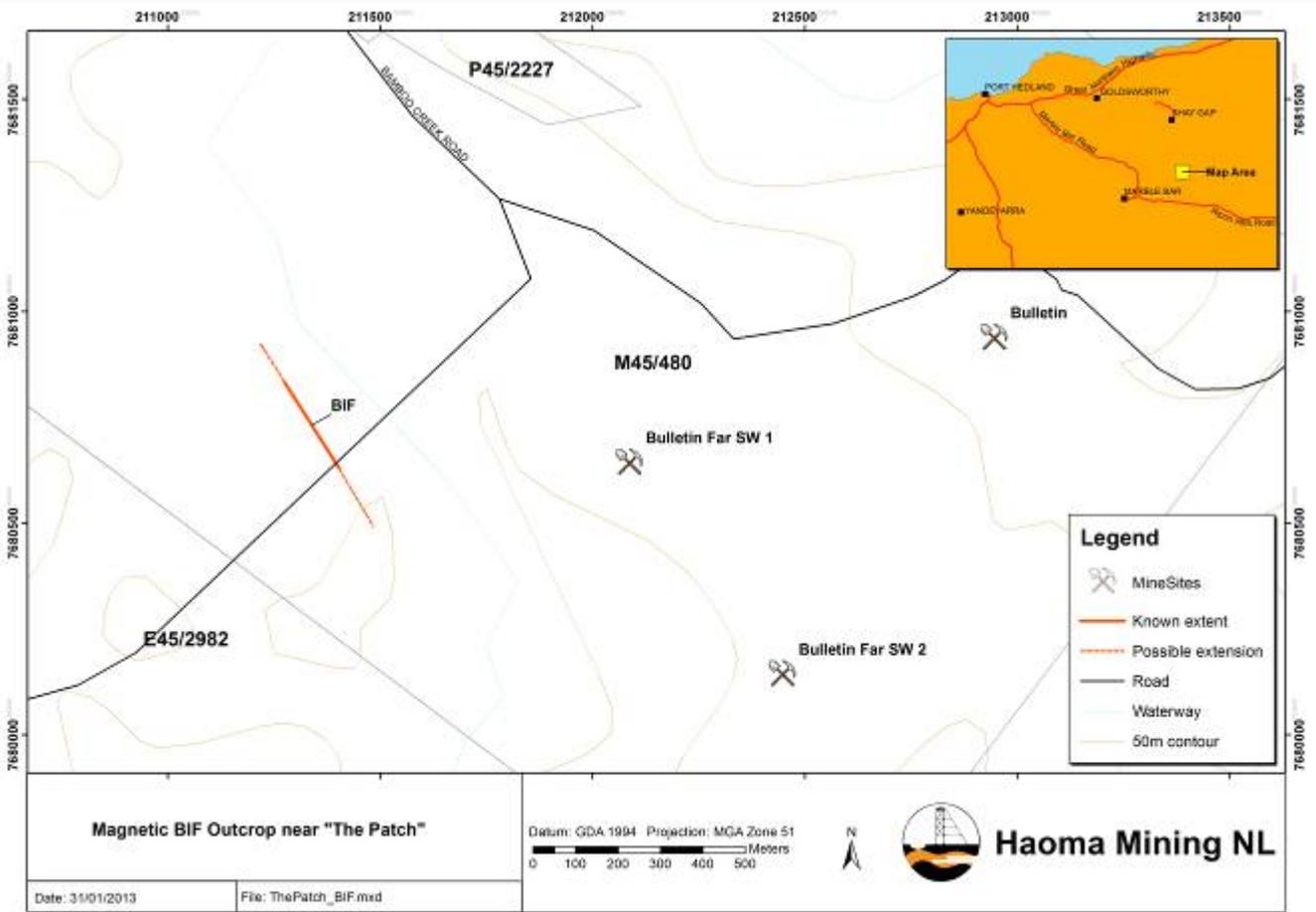


Figure 3: Location of ‘The Patch’ Prospect approximately 3km south-southeast of the Bamboo Creek Processing Plant.

A review of regional aeromagnetic data identified two further magnetic anomalies south of Bamboo Creek in E45/3217. (See Figure 4 below) An exploration program to test the areas will commence in the current Quarter.

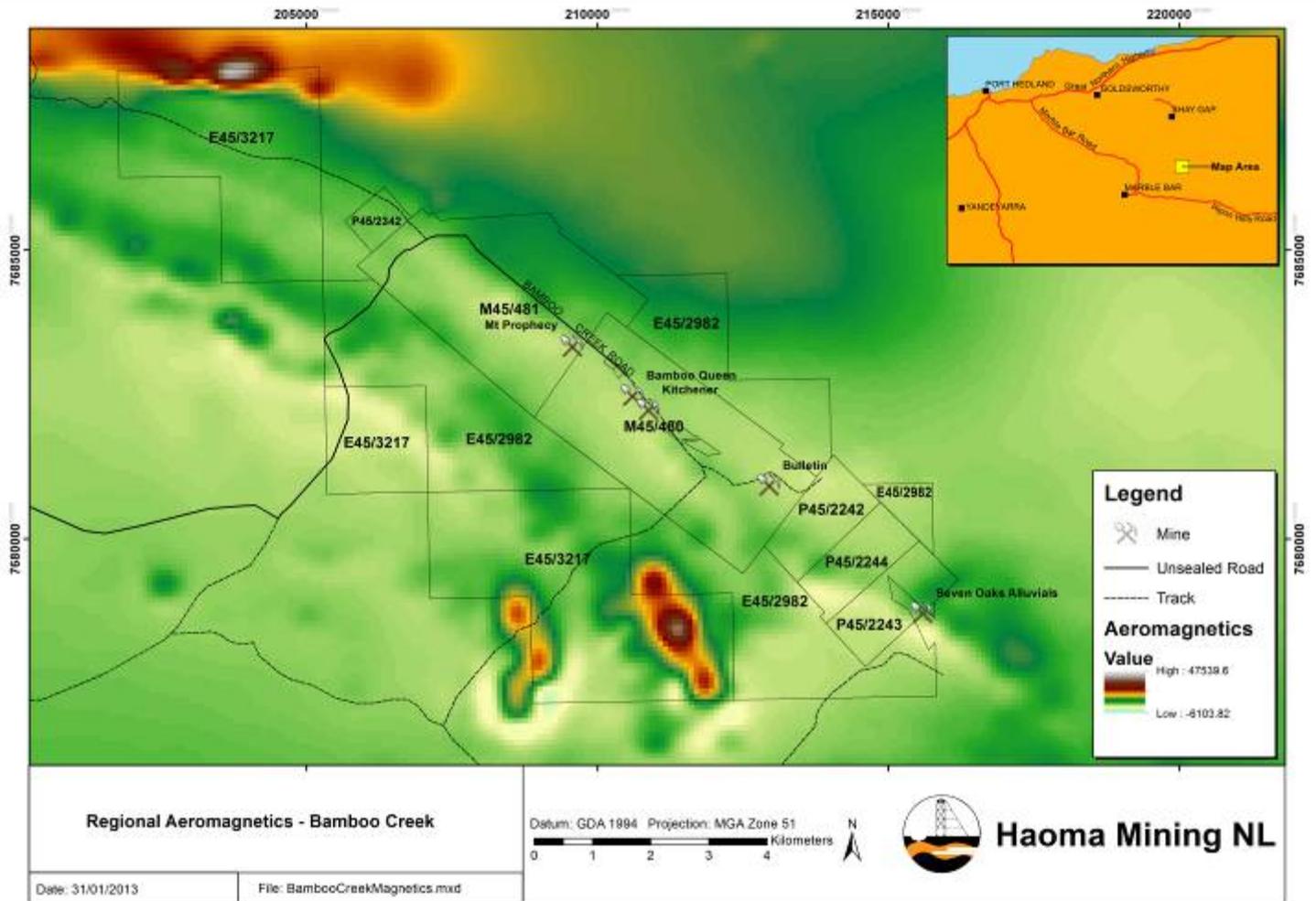


Figure 4: Aeromagnetic image of two magnetic anomalies south of Bamboo Creek in E45/3217.

3.2 Coronation Ridge - M45/672

The Coronation Ridge prospect lies within a structurally complex area of the Warrawoona Formation approximately 15 km south of Marble Bar. The historic workings targeted localised lenses of high grade, strata-bound gold within mylonitic chert ridge. Recent mapping and sampling identified a highly magnetic schistose to massive chloritic rock structure parallel to the mylonitic chert on the south western slope of the ridge. The surface outcrop exceeds one kilometre in length and dips near vertical to a width of 20 metres.

Rock chip samples returned multi-element assays anomalous for Cobalt, Chromium, Copper, Nickel, Titanium and Zinc as shown in Table 2 below.

Further mapping will test strike extension of this highly prospective discovery into Haoma's adjacent lease M45/679. See Figure 5.

In the next Quarter several traverses of the prospect will produce bulk samples for testwork using the new Elazac Process at the Bamboo Creek Processing Plant.

Table 2: Rock Chip Sample Assays from Coronation Ridge

Sample Ref	Co ppm	Cr ppm	Cu ppm	Fe %	Ni ppm	Ti %	Zn ppm
55501	97.3	1430	223	11.00	1020	0.470	113
55502	131.5	1380	90.3	10.35	1860	0.317	142
55503	122.0	1100	4250	16.45	1030	0.664	2540

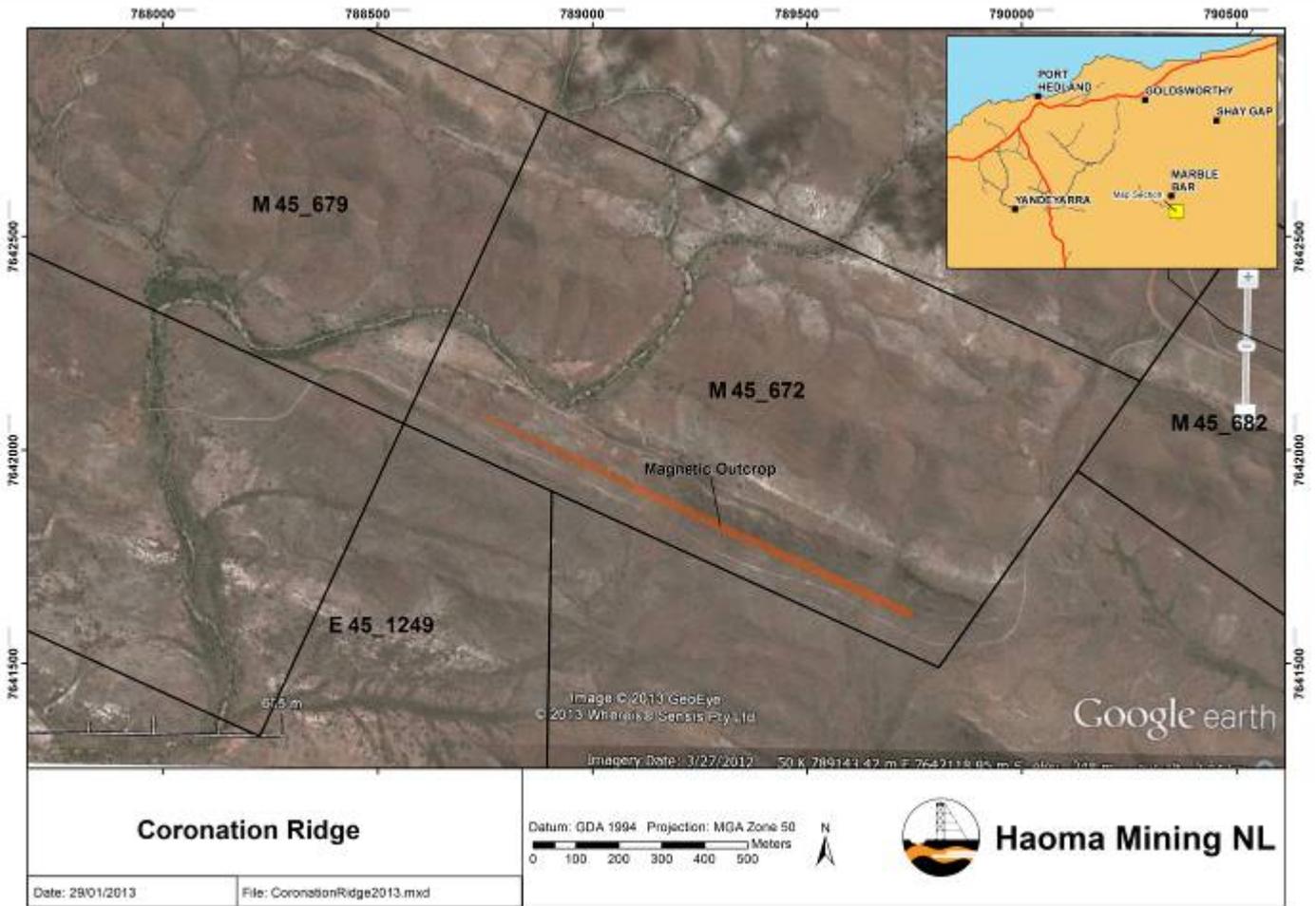


Figure 5: Aerial view of Coronation Ridge strike extension

3.3 Cookes Hill (E45/2983 (previously E45/1562), M45/1005, M45/1031 - 1036) - Including BGC Tribute Agreement to Mine Dolerite from Haoma’s Cookes Hill Quarry

The Haoma Quarry at Cookes Hill is operated by BGC Contracting Pty Ltd. BGC Contracting mine and crush dolerite aggregate which is then supplied to customers for infrastructure construction including new railway lines in the Pilbara.

Haoma receives a royalty of \$0.80c per tonne for railway ballast and \$0.42c per tonne for by-product. During the Quarter 197,395 tonnes of ballast and by-product rock was mined from the Cookes Hill Quarry and Haoma earned royalties of \$82,906.

4. EXPLORATION ACTIVITIES IN THE RAVENSWOOD DISTRICT - QUEENSLAND

EPM 8771, EPM 14038, EPM 14297, ML 1325, ML 1326, MI 1330, MI 1415, ML 1483, ML 1529

Haoma has many tenements in Queensland which contain commercial gold, silver and copper bearing ore.

Haoma has recently engaged a new geological team. Priority exploration targets will be identified and site visits conducted to set up new exploration work programs. During the Quarter, work was primarily focused on familiarization with the existing geological database and interpretation of sampling and reconnaissance surveys instigated in the previous Quarters.

Yours sincerely,

Gary C Morgan, - CHAIRMAN

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(943)	(1,935)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	936	1,981
1.17	Repayment of borrowings	(25)	(50)
1.18	Dividends paid		
	Net financing cash flows	911	1931
	Net increase (decrease) in cash held	(32)	(4)
1.20	Cash at beginning of quarter/year to date	53	25
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	21	21

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	--
1.24	Aggregate amount of loans to the parties included in item 1.10	--

1.25 Explanation necessary for an understanding of the transactions

Nil

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	--	--
3.2 Credit standby arrangements	--	--

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	600
4.2 Development	--
4.3 Administration	100
4.4 Production	300
Total	1,000

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	21	53
5.2 Deposits at call	--	--
5.3 Bank overdraft	--	--
5.4 Other (provide details)	--	--
Total: cash at end of quarter (item 1.22)	21	53

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	--	--	100%	0%
6.2	--	--	--	--

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total Number	Number Quoted	Issue price per security (see note 3) cents	Amount paid up per security (see note 3) cents
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy- backs, redemptions				
7.3 +Ordinary securities	182,993,655	182,993,655		
7.4 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy- backs (See note 1)	-	-	-	-
7.5 +Convertible debt securities <i>(description)</i>	N/A	N/A		
7.6 Changes during quarter				
(a) Increases through issues	Nil	Nil		
(b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter	--	--	--	--
7.9 Exercised during quarter	--	--		
7.10 Expired during quarter	--	--	--	--
7.11 Debentures <i>(totals only)</i>	N/A	N/A		
7.12 Unsecured notes <i>(totals only)</i>	N/A	N/A		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Mr. Gary C Morgan
Chairman

31/01/2013