



# Haoma Mining NL

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Australian Stock Exchange  
Level 45, South Tower, Rialto  
525 Collins Street  
**MELBOURNE, VIC 3000**

February 3, 2009

Dear Sir,

## **ACTIVITIES REPORT FOR THE QUARTER ENDED DECEMBER 31, 2008 - HIGHLIGHTS**

- **Group Consolidated Result** – Haoma Mining’s unaudited consolidated financial result for the three months ended December 31, 2008 was a before tax loss of \$1.59 million after interest of \$0.50 million, depreciation and amortisation of \$0.08 million and group exploration, development and test work expenditure of \$0.55 million. Approximately \$150,000 of the December Quarter operating costs were ‘one-off’ costs associated with upgrading the Bamboo Creek Camp for use by Moly Mines contractors while building their nearby camp and plant..
- Directors expect Haoma’s future Quarterly losses to fall with recent reductions in operating costs and the expected increase in revenue from sales of additional aggregate (Cooke Hill and North Pole) taking effect from mid-February.
- **Annual General Meeting** - The Haoma Mining Annual General Meeting was held on January 29, 2009. Attached as ‘Appendix A’ is the [Chairman’s Address and Presentation](#).
- During the Quarter, **test work continued at Bamboo Creek and the University of Melbourne** using the **Refined Elazac Assay Method** and **Refined Elazac Gold Extraction Method**. In October and November, 2008 Bamboo Creek (BBC) Tailing samples were prepared at BBC and analysed at the University of Melbourne by Mr. Roger Curtain and Professor Peter Scales using the Scanning Electron Microscope (SEMQuant). SEMQuant results on **BBC Tailings** confirmed the **Refined Elazac Assay Method** and validated the assay and extraction work being carried out at Bamboo Creek.. [See Haoma Oct 23, 2008 ASX Report](#)). These significant results and findings provided the **scientific reason** why Haoma has a major assay 'collection' problem and why Haoma has not been able to accurately measure all the gold, silver and other metals in Pilbara ores. Because of the commercial value of this new information the Directors have determined not to make the knowledge public.
- **Bulk Trials to commence at Bamboo Creek** - In mid-February bulk samples of Bamboo Creek ores will be processed through the Bamboo Creek Processing Plant using recently gained knowledge. Gold grades recovered will be known within 4 weeks.
- **Operations at Haoma’s Cooke Hill Quarry** - BGC Contracting Management expects the crushing capacity to be increased to 4,000 tonnes per day by mid-February. For the next 6 months, BHP Billiton has contracted to take all of BGC's dolerite aggregate for its new Pilbara railway line. (Haoma receives a royalty of \$0.75c a tonne). The royalty to Haoma is expected to be between \$600,000 - \$700,000. In addition Haoma is hopeful that later in the year Fortescue Metals Group will purchase about 400,000 tonnes of dolerite aggregate.
- **Daltons Joint Venture (E45/2186, E45/2187, E45/2921, E45/2922) – Haoma 25%, Giralia 75% (Includes 100% Haoma M45/780, M45/847, P45/2292–2298)** – An RC drilling program of approximately 2,000 metres is proposed at Mt Webber following Aboriginal Heritage surveys and track/road construction.

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### 1. GROUP CONSOLIDATED RESULT TO DECEMBER 31, 2008

<b>Haoma Mining NL Consolidated Profit &amp; Loss</b>	2007/08 2nd Qtr (\$m)	2007/08 Half Year (\$m)	2008/09 1st Qtr (\$m)	2008/09 2nd Qtr (\$m)	<b>2008/09 Half Year (\$m)</b>
Operating revenue	0.26	0.40	0.20	<b>0.21</b>	<b>0.41</b>
<b>Operating profit before interest, depreciation, amortisation and exploration and development costs</b>	(0.41)	(0.52)	(0.25)	<b>(0.46)</b>	<b>(0.71)</b>
Interest	(0.58)	(1.07)	(0.70)	<b>(0.50)</b>	<b>(1.20)</b>
Depreciation & amortization	(0.19)	(0.34)	(0.10)	<b>(0.08)</b>	<b>(0.18)</b>
Exploration, development & test work	(0.79)	(1.26)	(0.67)	<b>(0.55)</b>	<b>(1.22)</b>
<b>Operating profit (loss) before tax</b>	<b>(1.97)</b>	<b>(3.19)</b>	<b>(1.72)</b>	<b>(1.59)</b>	<b>(3.31)</b>

<b>Bamboo Creek Processing</b>					
Gold Production (ozs)	82	104	-	<b>48</b>	<b>48</b>
Gold sold (ozs)	82	104	-	<b>48</b>	<b>48</b>
Av. Selling price (\$/oz)	\$909	\$899	-	<b>\$1,244</b>	<b>\$1,244</b>
<b>Bamboo Creek silver prod'n</b>	<b>38</b>	<b>40</b>	<b>-</b>	<b>11</b>	<b>11</b>

#### 1.1 Haoma's Group Consolidated Result

Haoma Mining's unaudited consolidated financial result for the three months ended December 31, 2008 was a before tax loss of \$1.59 million after interest of \$0.50 million, depreciation and amortisation of \$0.08 million and group exploration, development and test work expenditure of \$0.55 million.

During the 6 months to December 31, 2008 the Bamboo Creek Camp was refitted to accommodate 80 contractors who were to build the Moly Mines Camp and Processing Plant at Spinifex Ridge (10 km from Bamboo Creek). Unfortunately the need for Haoma's Bamboo Creek facilities was cancelled due to the significant drop in the Molybdenum price. Approximately \$150,000 of operating costs for the December Quarter were 'one-off' costs associated with upgrading the Bamboo Creek Camp.

Directors expect Haoma's future Quarterly losses to fall with recent reductions in operating costs and the expected increase in revenue from sales of additional aggregate (Cookes Hill and North Pole) taking effect from mid-February.

#### 1.2 Funding of Group Operations

Since February 2007 funding for the Company's operations has been provided by Haoma's major shareholder, Leaveland Pty Ltd. Leaveland has confirmed that until further notice it will fund the company's cash flow requirements while the Bamboo Creek Processing Plant remains on care and maintenance.

At December 31, 2008 the principal debt to Leaveland was \$26.459 million. Haoma has approved payment of interest to Leaveland at the 30 day commercial bill rate plus a 2% margin. Interest on the debt will accrue until such time as the company is in a position to commence interest payments. Interest accrued for the 3 months from October 1 to December 31, 2008 was \$496,555. Total interest accrued and unpaid to December 31, 2008 is \$4,169,716.

### 1.3 Forward Gold Sale Contracts

No future gold production is sold forward.

## 2. OPERATIONS AT BAMBOO CREEK, WESTERN AUSTRALIA

### 2.1 Bulk Trials to commence at Bamboo Creek

In February bulk samples of Bamboo Creek ores will be processed through the BBC Processing Plant using recently gained knowledge. Gold grades recovered will be known within 4 weeks.

The Dalton's gold result of 76.091 g/t (mentioned below) was the average grade of gold 'extracted' from 5 tests using the **Refined Elazac Extraction Method**. It is this method which Haoma will be using for the bulk sample tests to be conducted at Bamboo Creeks in February.



Bamboo Creek Plant



Bamboo Creek Plant from the Tailings Dam

### 2.2 Test Work at Bamboo Creek Laboratory and the University of Melbourne

#### 2.2.1 Tests Using the Refined Elazac Assay Method

During the Quarter, **test work continued at Bamboo Creek and the University of Melbourne** using the **Refined Elazac Assay Method** and **Refined Elazac Gold Extraction Method**.

In October and November, 2008 Bamboo Creek (BBC) Tailing samples were prepared at Bamboo Creek and analysed at the University of Melbourne by Mr. Roger Curtain and Professor Peter Scales using the Scanning Electron Microscope (SEMQuant).

SEMQuant results on **BBC Tailings** confirmed the **Refined Elazac Assay Method** and validated the assay and extraction work being carried out at Bamboo Creek. [See Haoma Oct 23, 2008 ASX Report](#)

These significant results and findings provided the **scientific reason** why Haoma has a major assay 'collection' problem and why Haoma has not been able to accurately measure all the gold, silver and other metals in Pilbara ores. Because of the commercial value of this new information the Directors have determined not to make the knowledge public.

The **Refined Elazac Assay Method** can now consistently measure much higher gold and silver grades than when measured by traditional assay methods - either by Aqua Regia or Fire Assay.

**Spiked Ore Sample Tests:** Over the last few months Haoma has conducted many tests spiking different Pilbara ore samples with known gold and silver grades. In most instances Haoma has not been able to recover the added spiked gold and silver grades irrespective of the original ore assay by

traditional methods. ie the total quantities of gold and silver measured by a traditional assay method have been a lot lower than the quantities used to spike the ore samples tested.

**Other Tests:** On October 23, 2008 shareholders were advised Pilbara ores (in this case Bamboo Creek Tails and Dalton's 'higher' grade nickel drill core) contained significantly higher gold and silver grades than Haoma had ever imagined (300+ g/t silver in BBC tails and 76.091 g/t gold in Dalton's drill core. The Dalton's gold result of 76.091 g/t was the average grade of gold 'extracted' from 5 tests using the **Refined Elazac Extraction Method**).

On [December 24, 2008 \(Haoma Q1 2008-09 Activities Report\)](#) shareholders were advised that other Pilbara ore samples measured higher gold and silver grades. Gold grades ranging from over 1 g/t up to 7.42 g/t were much higher than the normal 0.3 g/t or less gold measured by traditional assays in these ores.

Haoma advised shareholders on December 24 that with a Bamboo Creek Tail sample (leached for 3 hours) the **Refined Elazac Extraction Method** 'extracted' 1.39 g/t gold and 71.86 g/t silver. Repeats of this test since January 6, 2009 obtained up to 2.13 g/t gold and 86.43 g/t silver.

While Haoma now knows there is a lot more gold and silver in Pilbara ores than measured, **the important issue is whether we can extract the extra gold and silver into bullion for sale.**

## 2.2.2 **Extraction and Recovery of Gold and Silver**

Since January 6, 2009 tests using the **Refined Elazac Extraction Method** have concentrated on **simulating a plant process situation.**

To date 10 trials using a plant simulation and plant reagent levels have 'extracted' from Bamboo Creek Tails an average grade of 0.85 g/t gold and 5.56 g/t silver.

Test work is now continuing on the 'first section' of plant simulation trials to optimise reagent usage levels for maximum gold and silver recoveries.

In addition to the above, other tests conducted over the last few months using the **Refined Elazac Extraction Method** have 'extracted' from ore samples higher grades of **nickel** and **arsenic** than possible by traditional methods currently used.

## 2.2.3 **Daltons Drill Sample (E45/2186, E45/2187, E45/2921, E45/2922) Test Work using Refined Elazac Assay Method: (Daltons Joint Venture is Giralia Resources NL 75%, Haoma Mining NL 25%, except for Gold, Silver, Tin and Antimony which is 100% Haoma):**

During the Quarter leaching trials were conducted on drill chip samples from the Daltons Project with additional follow up assays using the **Refined Elazac Assay Method**. The gold Tail Grade by the **Refined Elazac Assay Method** was **76.091g/t** compared to the gold Leaching Trial Tail Grade of **0.027 g/t** and the gold Calculated Head Grade after the leaching trial of 0.176 g/t. All assays were conducted by ALS Laboratories in Perth. The test work used a total of 17 drill chip samples covering 21.8 meters from 3 different drill holes. The original ALS weighted assays were: Au 0.033g/t, Ni 0.77%, As 71.09 ppm and Co 217.96 ppm.

**Table 1: Comparison of Assay Grades using Refined Elazac Assay Method compared to the Leaching Trial, Calculated Head Grade**

Sample	Gold BBC Assay g/t Au	Gold ALS Assay g/t Au	Silver ALS Assay g/t Ag	Nickel ALS Assay % Ni	Arsenic ALS Assay ppm As	Cobalt ALS Assay ppm Co
Assayed Head Grade	0.049	0.059	6.62	1.19	111.5	249.0
Leaching Trial: Recovered Grade	0.114	0.149	12.69	0.46	29.7	90.6
Leaching Trial: Tail Grade	0.093	<b>0.027</b>	1.83	0.63	78.4	154.0

<b>Leaching Trial: Calculated Head Grade</b>	0.207	0.176	14.52	1.09	108.1	244.6
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<b>Refined Elazac Assay Method: Tail Grade</b>	<b>76.091</b>
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*The information in this report relating to “Metallurgical Results” is based on information compiled by Mr Peter Cole who has had sufficient experience which is relevant to this metallurgical test work. The information was prepared during December 2008. Mr Cole consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.*

### **2.3 Comet Gold Mine & Tourist Centre**

Work is continuing to upgrade the Comet Gold Mine and Tourist Centre and restore underground mine access and tours through the former Comet Mine Processing Plant.

Work has been completed on restoration of the three historic Comet Mine Power Station engines (c.1930) so they can again generate power. The engines generated power in the 1930s supplying power to the Comet Mine and Marble Bar Township. A video of the restored machines operating is included on Haoma’s website. [Power Station Engines Demonstration](#).

Upgrading of on site backpacker accommodation will be completed prior to the 2009 tourist season. Recent photographs of the Tourist Exhibits at the Comet Gold Mine were included in the [Chairman’s Address to the 2008 Annual General Meeting](#) (see attached Appendix A) and can be viewed on the Haoma website at [www.haoma.com.au](http://www.haoma.com.au)



Comet Mine Tourist Centre



Comet Mine Tourist Centre



Comet Mine Tourist Centre Swimming Pool



Comet Mine Tourist Centre Gemstone Display



Comet Mine Tourist Centre Shop



Comet Mine Tourist Centre Clocks



Comet Mine Plant



Comet Mine 'Stack'



Comet Mine Power Station



Comet Mine Roaster



Comet Mine Mill

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

#### **3.1 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. It is a professional operation, mining and crushing dolerite aggregate which is being supplied to Fortescue Metals Group and BHP Billiton railways. BGC Management expects crushing capacity to be increased to 4,000 tonnes per day by mid-February.

For the next 6 months, BHP Billiton has contracted to take all of BGC's dolerite aggregate for its new Pilbara railway line. (Haoma receives a royalty of \$0.75c a tonne). Over this period the royalty to Haoma is expected to be between \$600,000 - \$700,000.

In addition Haoma is hopeful that later in the year FMG will purchase about 400,000 tonnes of dolerite aggregate.

BGC have advised they expect to operate the Cookes Hill crushing facility at full capacity as there is considerable demand in the Port Hedland area for dolerite aggregate.



Haoma's Quarry (Cokes Hill)  
Crusher and Quarry in background

#### **3.2 North Pole (M45/649, M45/648, M45/442, M45/650, M45/651, M45/328, M45/329, M45/665, M45/302, M45/514, M45/395, E45/2532 (pending))**

Haoma's Barite Quarry at the Dresser Mine (near Normay) in the North Pole group of tenements is operated by Brookdale Contractors where they mine, crush and sort Barite and Jasper stone.

Haoma receives a royalty of \$4.00/tonne. Haoma expects \$10,000 - \$15,000 a month for at least the next 6 months. This revenue will more than cover Normay Camp costs.



Dresser Barite Mine



Dresser Crushed Barite



Normay Flotation Plant



North Pole Hills in distance showing  
Iron and Manganese Outcrops

### 3.3 Daltons Joint Venture (E45/2186, E45/2187, E45/2921, E45/2922) – Haoma 25%, Giralia 75% (Includes 100% Haoma M45/780, M45/847, P45/2292–2298)

Haoma holds a 25% interest in the Daltons Nickel Joint Venture with Giralia Resources NL (75% interest). The Mt Webber Daltons Joint Venture area is located 150 kilometres south of Port Hedland in the Pilbara Region of Western Australia. Haoma has retained the right to all gold/silver and tin/tantalum mineralisation.

The tenements lie approximately 20 to 30 kilometres east of the BHP Billiton and FMG rail lines. Competitor iron ore activity in the area is intense, with:

1. Atlas Iron Limited recently completing a Pre-feasibility Study on its Abydos Deposit (approximately 25 kilometres to the north of the Mt Webber Daltons JV Area), and
2. FMG reported strongly magnetic banded iron (BIF) formation (up to 400 metres thick) from their nearby Baosteel Glacier Valley Magnetite Joint Venture.

The Mt Webber Daltons JV hosts approximately 30 strike kilometres of Archaean age BIF (mapped by the GSWA) as extensions to the host iron ore deposits and prospects to the north.

During July-August 2008 a total of 70 rock chip samples were collected from outcrops of BIF in the Mt Webber Daltons JV Area, with 26 samples **returning potential direct shipping grades of iron ore**. Most significant is a substantial 600 metres by 450 metres zone of strong hematite enrichment in the east of the JV area where average iron grades exceed 63% Fe. The mineralisation is interpreted to occur in a fold hinge and appears relatively shallowly dipping locally. The overall thickness of the mineralisation can only be determined by drilling.

Additionally, rock chip sampling of an area just to the north of the new discovery returned a grade of 62.2% Fe from an outcrop of massive hematite extending for approximately 200 metres by 200

metres. This area is a direct extension of Atlas Iron’s Mt Webber Prospect, where a rock chip traverse sample of 302 metres @ 59% Fe was reported by Atlas Iron from immediately across the tenement boundary (Figure 1).

An RC drilling program of approximately 2,000 metres is proposed at Mt Webber following Aboriginal Heritage surveys and track/road construction.

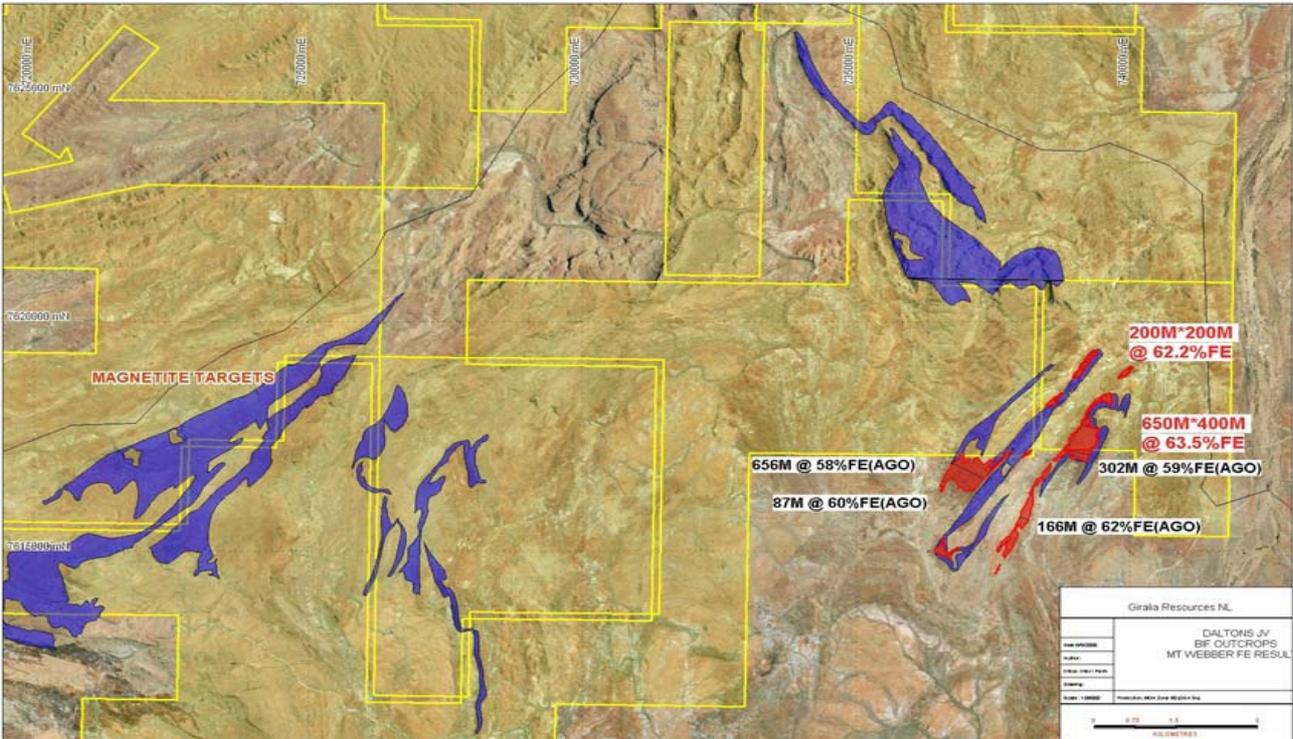


Figure 1: Daltons JV Tenements in yellow showing Mt Webber hematite zones (red) and BIFs (blue)

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

4.1 **Ravenswood District Tenements**

During the Quarter, exploration activities were confined to completion of analysis of rock chip samples from EPM 14038 (Robe Range) and the identification of potential exploration targets.

Samples of previously collected localised ore bodies were sent to Haoma’s processing facility at Bamboo Creek for further test work and analysis.

The Ravenswood Camp in North Queensland is operating efficiently as an accommodation facility and a commercial motel.

Yours sincerely,

**Gary C Morgan**  
CHAIRMAN



# Haoma Mining NL

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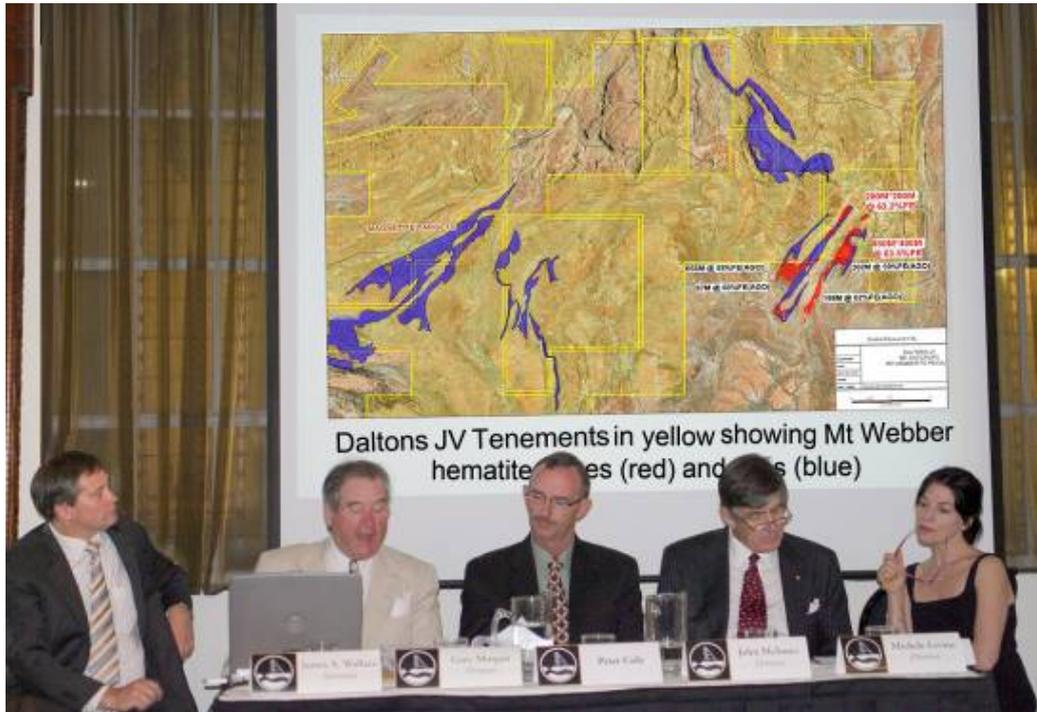
## APPENDIX A

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## CHAIRMAN'S ADDRESS TO 2008 ANNUAL GENERAL MEETING BY GARY C. MORGAN, 9.30 AM, JANUARY 29, 2009

Welcome to the 2008 Annual General Meeting of Haoma Mining NL.



*Left to right: Jim Wallace (Secretary), Gary Morgan (Chairman), Peter Cole (General Manager), John McInnes (Director) and Michele Levine (Director).*

### **Bamboo Creek Operations**

At last year's Annual General Meeting (2007) shareholders were advised that more gold could be stripped from loaded carbon than could be assayed (2,026 grams of physical gold recovered compared with 1,254 grams of gold measured by assay). This result confirmed the plant carbon assays by traditional assay methods were wrong!

Over the last year, test work continued at Bamboo Creek and the University of Melbourne used the **Refined Elazac Assay Method** and **Refined Elazac Gold Extraction Method**.

In October and November, 2008 Bamboo Creek (BBC) Tailing samples were prepared at BBC and analysed at the University of Melbourne by Mr. Roger Curtain and Professor Peter Scales using the Scanning Electron Microscope (SEMQuant).

SEMQuant results on **BBC Tailings** confirmed the **Refined Elazac Assay Method** and validated the assay and extraction work being carried out at Bamboo Creek.. [See Haoma Oct 23, 2008 ASX Report](#))

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Bamboo Creek Laboratory



Bamboo Creek Laboratory



Bamboo Creek Muffle Furnace

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Test work is now continuing on the 'first section' of plant simulation trials to optimise reagent usage levels for maximum gold and silver recoveries.

In addition to the above other tests conducted over the last few months using the **Refined Elazac Extraction Method** have 'extracted' from ore samples higher grades of **nickel** and **arsenic** than possible by traditional methods currently used.



Bamboo Creek Valley and main Range (on right) which contains ore bodies



Bamboo Creek Valley



Bamboo Creek Plant



Bamboo Creek Plant, Valley and main Range (on right) which contains ore bodies



Bamboo Creek Plant from the Tailings Dam



Bamboo Creek Tailings Dam



Bamboo Creek Plant Leach Tanks and Thickener



Bamboo Creek Ball Mill



Bamboo Creek Cemetery



*'the Memory of MARGARET, the beloved wife of WILLIAM STRAUGHAN, who departed this life on the 4th March 1896. Aged 51 years*

### **Bulk Trials to commence at Bamboo Creek**

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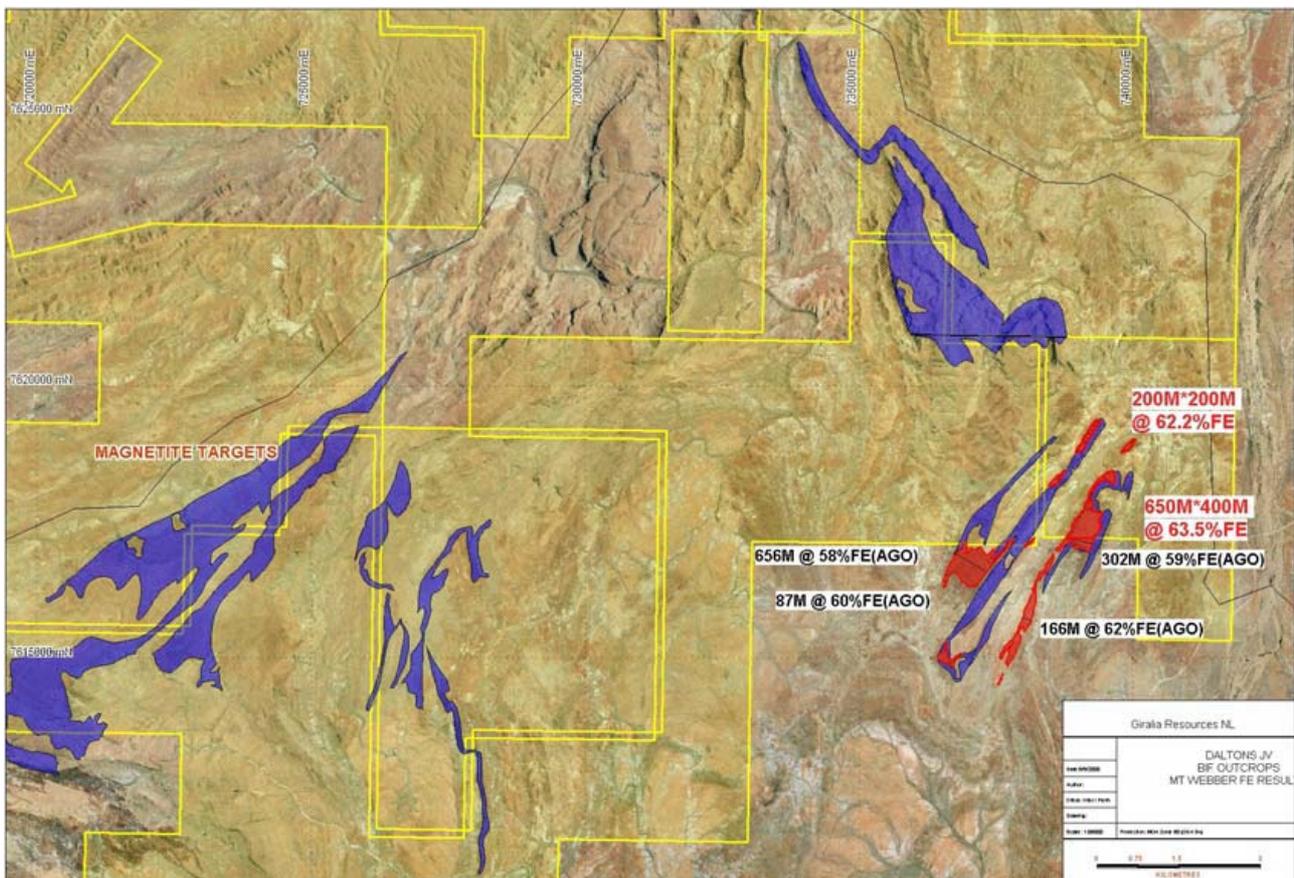
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**Figure 1: Daltons JV Tenements in yellow showing Mt Webber hematite zones (red) and BIFs (blue)**

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## **BGC Haoma Quarry at Cookes Hill 90 km south of Port Hedland**

Last week I visited the Haoma Quarry at Cookes Hill operated by BGC Contracting Pty Ltd. It is a professional operation, mining and crushing dolerite aggregate which is being supplied to FMG and BHP Billiton railways.

BGC Management expects crushing capacity to be increased to 4,000 tonnes per day by mid-February.

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BGC have advised they expect to operate the Cookes Hill crushing facility at full capacity as there is considerable demand in the Port Hedland area for dolerite aggregate.



Haoma's Quarry (Cooke Hill)  
Crusher and Quarry in background



FMG Locomotive on Railway Track



FMG Railway Line at Turner River  
Crossing



FMG Railway Line



FMG Railway Line Embankment

**Dresser Quarry in the North Pole Region**

Haoma's Barite Quarry at the Dresser Mine (near Normay) in the North Pole group of tenements is operated by Brookdale Contractors where they mine, crush and sort Barite and Jasper stone.

Haoma receives a royalty of \$4.00/tonne. Haoma expects \$10,000 - \$15,000 a month for at least the next 6 months. This revenue will more than cover Normay Camp costs.



Dresser Barite Mine



Dresser Barite Mine



Dresser Crushed Barite



Normay Vats



Normay Vat and Carbon Columns



Normay Flotation Plant



North Pole Hills in distance showing  
Iron and Manganese Outcrops



Nuggets from North Pole Region

Finally, I would like to express the Board's appreciation to all those who have helped Haoma's activities in the Pilbara and Ravenswood Districts during the last 12 months.

In particular, the Board's thanks go to Mr. Peter Cole, Prof. Peter Scales, Mr Roger Curtain (University of Melbourne) and Mr. Hugh Morgan who have all contributed to solving the Pilbara assay and metallurgical problems.

In addition the Board would like to thank Mr. Tristin Cole, Mr. Steve Wilson, Mr. Bob Claydon, Mr. Bob Ward, Mr. Scott Panton and all others at our Bamboo Creek Mine who have been involved in test work and re-engineering the Bamboo Creek Plant.

We also thank our principal geologist, Ms Sandra McKenzie for her significant contribution in upgrading Haoma's Western Australia and Queensland tenements. Sandra McKenzie was assisted in Queensland by Mr. Dave Toland.

We would like to express our thanks for the excellent work undertaken by Mr Rod Flegg and his assistants, Mr. Kevin Butler and Mr Lance Croft in restoring the former diesel engines at the Comet Mine Power Station. The three engines are now running again thanks to their efforts.



Comet Mine Tourist Centre



Comet Mine Tourist Centre



Comet Mine Tourist Centre Swimming Pool



Entrance to Comet Mine Tourist Centre



Comet Mine Tourist Centre History Display



Comet Mine Tourist Centre Gemstone Display



Comet Mine Tourist Centre Jewellery Display



Comet Mine Tourist Centre Jewellery Display



Comet Mine Tourist Centre Shop



Comet Mine Tourist Centre Clocks



Comet Mine Plant



Comet Mine 'Stack'



Comet Mine Power Station



Comet Mine Roaster



Comet Mine Roaster



Comet Mine Mill



Warrawoona, near Marble Bar



Warrawoona, near Marble Bar



Warrawoona, near Marble Bar

Finally we would like to thank Ms Tracy King and Mr Lyndon Williams for operating the Comet Mine Tourist Centre, Ms Gail Swift at Normay, Mr Monte Ling at Linden and Ms Merlene Manderson and her people at our 'Top Camp' Ravenswood facility.

**Gary C. Morgan**  
CHAIRMAN