



# Haoma Mining NL

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**MELBOURNE, VIC 3000**

May 2, 2011

Dear Sir,

## **ACTIVITIES REPORT FOR THE QUARTER ENDED MARCH 31, 2011 – HIGHLIGHTS**

- **Group Consolidated Result** – Haoma Mining's unaudited consolidated financial result for the three months ended March 31, 2011 was a before tax loss of \$1.88 million after interest of \$0.96 million, depreciation and amortisation of \$0.14 million and group exploration, development and test work expenditure of \$0.74 million.
- **Bamboo Creek Test Work** – During the Quarter many tests were conducted at the Bamboo Creek Laboratory and the University of Melbourne on samples of Bamboo Creek ores and other Pilbara ores.

The Directors are pleased to advise that concentrate samples of these ores can now be processed to produce gold.

The results showed significantly more gold was produced than indicated by traditional assay methods. i.e. 'calculated' gold head grades of the ores tested were significantly higher than gold measured by traditional assay methods (Fire assay, ICP or Aqua Regia).

**A bulk ore test on Bamboo Creek Concentrate from Bamboo Creek Tailings is now being processed. The test will produce gold and the quantity of gold produced will be used to 'back calculate' the gold grade of the ore tested.**

**The Directors believe the quantity of gold which will be produced from Bamboo Creek Tailings will result in a 'back calculate' of gold grades similar to the grades reported by Haoma on September 3, 2010 and released in Haoma's 2010 Annual Report, namely between 145 g/t and 185 g/t of gold produced from Bamboo Creek Tailings.**

- **Daltons Joint Venture (E45/2186, E45/2187, E45/2921, E45/2922) – Haoma 25%, Atlas Iron Limited 75%** - Haoma is currently in discussion with numerous parties regarding transport, shipping and marketing of its 25% of the Mt Webber iron ore.

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### **1. GROUP CONSOLIDATED RESULT TO MARCH 31, 2011**

<b>Haoma Mining NL Consolidated Profit &amp; Loss</b>	<b>2009/10 3rd Qtr (\$m)</b>	<b>2009/10 Full Year (\$m)</b>	<b>2010/11 1st Qtr (\$m)</b>	<b>2010/11 2nd Qtr (\$m)</b>	<b>2010/11 3rd Qtr (\$m)</b>	<b>2010/11 YTD (\$m)</b>
Operating Revenue						
Sale of Gold	0.02	0.09	-	-		-
Sale of Gold Nuggets	-	-	-	-		-
Royalties	0.06	0.46	0.02	0.02	-	<b>0.04</b>
Retail Sales & Misc.	0.16	0.29	0.06	0.03	<b>0.03</b>	<b>0.12</b>
Finance Revenue				0.13	<b>0.03</b>	<b>0.16</b>
Profit on Sale of Assets	-	0.60	-	-		
<b>Operating Revenue</b>	<b>0.24</b>	<b>1.44</b>	<b>0.08</b>	<b>0.18</b>	<b>0.06</b>	<b>0.32</b>
<b>Operating profit before interest, depreciation, amortisation, exploration &amp; development costs:</b>	<b>0.39</b>	<b>0.56</b>	<b>(0.22)</b>	<b>(0.09)</b>	<b>(0.07)</b>	<b>(0.35)</b>
Interest	(0.71)	(2.87)	(0.85)	(0.93)	<b>(0.96)</b>	<b>(2.74)</b>
Depreciation & amortization	(0.13)	(0.52)	(0.09)	(0.12)	<b>(0.14)</b>	<b>(0.35)</b>
Exploration, development & test work	(1.03)	(3.00)	(0.77)	(0.63)	<b>(0.74)</b>	<b>(2.14)</b>
<b>Operating (loss) before tax</b>	<b>(1.48)</b>	<b>(5.83)</b>	<b>(1.93)</b>	<b>(1.77)</b>	<b>(1.88)</b>	<b>(5.58)</b>

<b>Bamboo Creek Processing</b>						
Gold Production (ozs)	14	71	-	-		-
Gold sold (ozs)	14	71	-	-		-
Av. Selling price (\$/oz)	1,202	1,289	-	-		-
<b>Bamboo Creek silver prod'n</b>						
Silver Production (ozs)	2	24	-	-		-

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

Haoma Mining's unaudited consolidated financial result for the three months ended March 31, 2011 was a before tax loss of \$1.88 million after interest of \$0.96 million, depreciation and amortisation of \$0.14 million and group exploration, development and test work expenditure of \$0.74 million.

#### **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 March 31, 2011 the principal debt to Leaveland was \$34.607 million. Haoma has approved payment of interest to Leaveland at the 30 day commercial bill rate plus a facility margin of 4%. 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 to March 31, 2011 was \$959,999. Total interest accrued and unpaid to March 31, 2011 is \$10.781 million.

#### **1.3 Forward Gold Sale Contracts: No future gold production is sold forward.**

## **2. OPERATIONS AT BAMBOO CREEK, WESTERN AUSTRALIA**

During the Quarter many tests were conducted at the Bamboo Creek Laboratory and the University of Melbourne on samples of Bamboo Creek ores and other Pilbara ores.

The Directors are pleased to advise that concentrate samples of these ores can now be processed to produce gold.

The results showed significantly more gold was produced than indicated by traditional assay methods. i.e. 'calculated' gold head grades of the ores tested were significantly higher than gold measured by traditional assay methods (Fire assay, ICP or Aqua Regia).

**A bulk ore test on Bamboo Creek Concentrate from Bamboo Creek Tailings is now being processed. The test will produce gold and the quantity of gold produced will be used to 'back calculate' the gold grade of the ore tested.**

**The Directors believe the quantity of gold which will be produced from Bamboo Creek Tailings will result in a 'back calculate' of gold grades similar to the grades reported by Haoma on September 3, 2010 and released in Haoma's 2010 Annual Report, namely between 145 g/t and 185 g/t of gold produced from Bamboo Creek Tailings. (See below)**

**Haoma has approximately one million tonnes of Bamboo Creek Tailings and one million tonnes of mined ore ready to be processed through the Bamboo Creek Plant.**



**Figure 1:**  
**Bamboo Creek Tailings Dam**



**Figure 2:**  
**Bamboo Creek Plant, Valley and main Range (on right) which contains ore bodies – photographed from Tailings Dam**

## Haoma Report to the ASX on September 3, 2010:

### Significant Bamboo Creek Results using the Refined Elazac Assay Method and Refined Elazac Extraction Method (Elazac Process)<sup>[1]</sup>

During July and August 2010 bulk ore tests continued at the Bamboo Creek Plant facilities using the **Refined Elazac Extraction Method** and the **Refined Elazac Assay Method** on samples of Bamboo Creek **Tailings** and **Tailings Concentrates**.

The **results reported by Haoma significantly up-grade previous Bamboo Creek test results** which showed that conventional assays did not accurately measure the amounts of gold and silver that can be extracted from Bamboo Creek ores.

**Three independent trials** on Bamboo Creek Tailings (samples 50g, 50g and 400g) using the **Refined Elazac Extraction Method** have just been completed in Melbourne at an Independent Facility to test recoveries of gold and silver from the samples tested. Assays from these three trials at the Independent Facility used the **Refined Elazac Assay Method** and check assays were carried out at the Bamboo Creek Laboratory.

Results were significantly higher than results from previous test work carried out at Bamboo Creek and [reported to shareholders in the June 2010 Quarterly Report](#): ([www.haoma.com.au/2010/Haoma\\_Qtrly\\_Q4\\_Jun\\_10-App5B.pdf](http://www.haoma.com.au/2010/Haoma_Qtrly_Q4_Jun_10-App5B.pdf))

**Table 1:**

Bamboo Creek Tailings			
Bamboo Creek Assays		Independent Assays	
Gold	Silver	Gold	Silver
Calc Head	Calc Head	Calc Head	Calc Head
(g/t)	(g/t)	(g/t)	(g/t)
<b>145.66</b>	<b>186.93</b>	<b>189.02</b>	<b>385.05</b>

[Haoma shareholders were advised on March 29, 2010](#)

[http://www.haoma.com.au/2010/Haoma\\_ASX\\_29Mar2010.pdf](http://www.haoma.com.au/2010/Haoma_ASX_29Mar2010.pdf) that conventional assays for the Bamboo Creek Tailings sample were as follows:

- Conventional Aqua Regia Assay: 0.302 g/t Au and 0.000 g/t Ag.
- Conventional Fire Assay: 0.152 g/t Au and 0.091 g/t Ag.

In addition to the three independent trials, a **20kg bulk sample of Bamboo Creek Tailings** was processed by the **Refined Elazac Extraction Method** at the Bamboo Creek Treatment Plant with all assays carried out at the Melbourne Independent Facility. **The 20kg bulk sample returned calculated gold grades of 174.89g/t gold and 92.95g/t silver.**

Comparison of the above results with previous Bamboo Creek Tailings bulk ore test (sample 56 kg) show that significantly higher gold and silver grades were obtained.

([See Haoma's June 30, 2010 Quarterly Activities Report to Shareholders](#), ([www.haoma.com.au/2010/Haoma\\_Qtrly\\_Q4\\_Jun\\_10-App5B.pdf](http://www.haoma.com.au/2010/Haoma_Qtrly_Q4_Jun_10-App5B.pdf)).

<sup>[1]</sup> The information & data in Section 2 of this report as it relates to Metallurgical Results is based on information compiled by Mr Peter Cole who is a competent person in regard to having sufficient experience which is relevant to this type of metallurgical test work. The information was compiled between July and October 2010. Mr. Cole has consented to the inclusion in this release of the information and data in the form and context in which it appears.

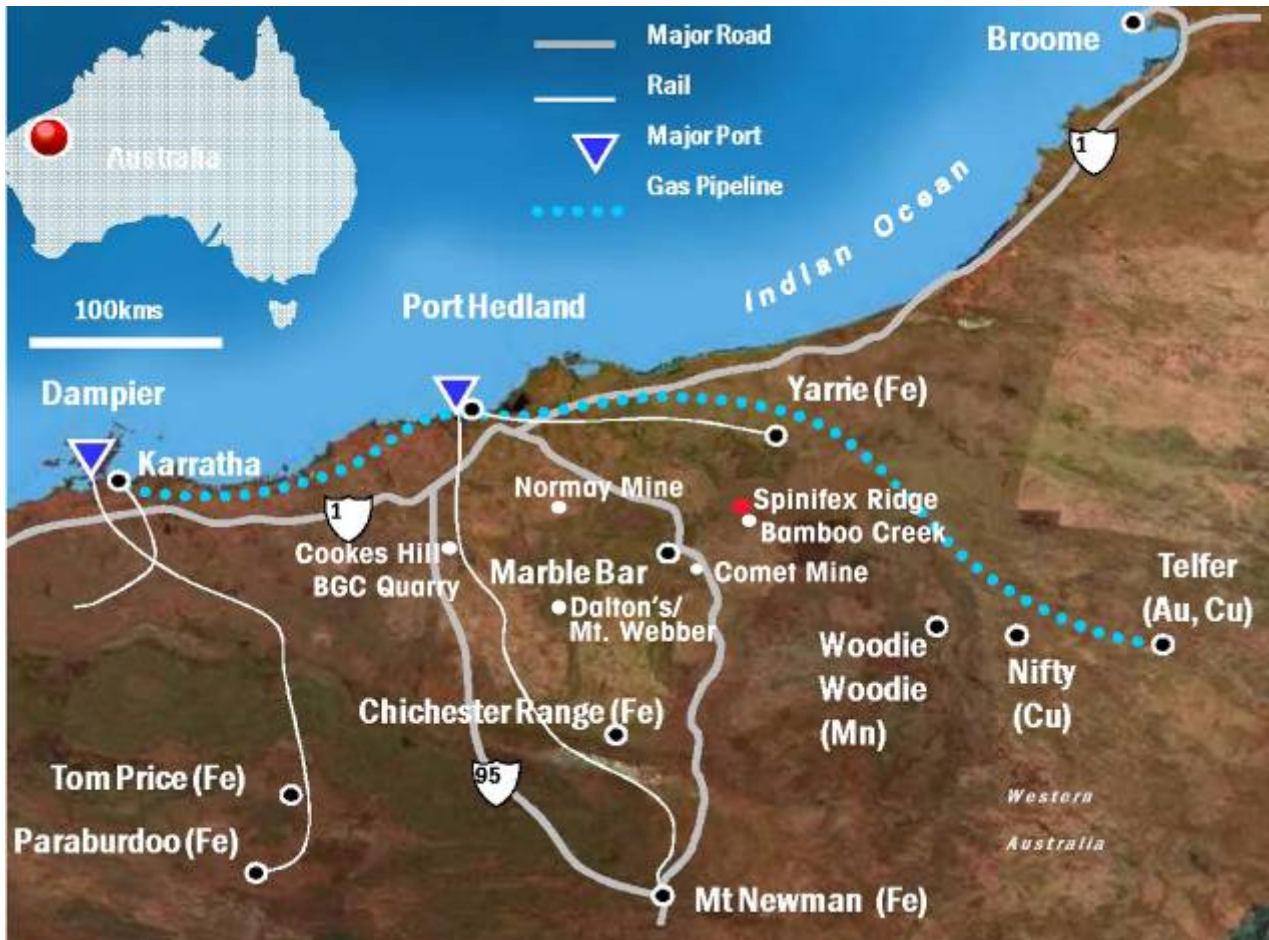
**Table 2:**

	The Perth Mint	Australian Laboratory Services	Other Independent Facility
	g/t	g/t	g/t
Gold	55.66	47.74	63.87
Silver	Not Measured	55.19	31.32

The results reported in Haoma’s 2010 Annual Report and the above previous results [outlined in Haoma’s June 30, 2010 Quarterly Activities Report](#) both confirmed the initial bulk ore test which measured 55.90 g/t gold in Bamboo Creek Tailings and released to the ASX in [Haoma’s April 8, 2010 Special Report](#). [http://www.haoma.com.au/2010/Haoma\\_ASX\\_08Apr2010%20.pdf](http://www.haoma.com.au/2010/Haoma_ASX_08Apr2010%20.pdf)

The Elazac results reported in Haoma’s 2010 Annual Report showed the measured gold and silver grades that could then be recovered into gold and silver bullion. It is now known residues from using the Elazac Process contain additional gold, silver and other metals which can be recovered with additional processing.

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



**Figure 3: Pilbara Area Project Location Map**

Source: Moly Mines Ltd (Now included in Moly Mines’ map are locations of Bamboo Creek, Normay Mine, Cookes Hill BGC Quarry, Daltons/ Mt Webber and the Comet Mine)

**3.1 Daltons Joint Venture with Giralia Resources NL (subsidiary of Atlas Iron Limited Group) - Haoma Mining 25%, Giralia 75%**  
**(E45/2186, E45/2187, E45/2921, E45/2922) (Includes 100% Haoma M45/780, M45/847, P45/2292 – 2298)**

**Haoma is currently in discussion with numerous parties regarding transport, shipping and marketing of its 25% of the Mt Webber iron ore.**

The Daltons Joint Venture (Haoma 25% interest, Giralia Resources NL 75% interest), covers four tenements located approximately 150 kilometres south of Port Hedland and only 20 to 30 kilometres east of the BHP Billiton and FMG rail lines in the Pilbara region of Western Australia. **Haoma retains rights to 100% of the gold/silver and tin/tantalum mineralisation.**

**3.1.1 Atlas Iron Limited Acquisition of Giralia Resources NL**

The Atlas Iron Limited acquisition of Giralia Resources NL was completed during the Quarter. This means that Giralia now has access to Atlas' trucking and processing facilities and to port access at Port Hedland.

The current Joint Venture Heads of Agreement between Giralia and Haoma enables either party to take their own iron ore from Mt Webber although there is as yet no Mining Agreement or Mining Lease approval. The Giralia-Haoma Joint Venture Exploration Agreement which is still in draft form foreshadows a separate Joint Venture Mining Agreement.

Haoma is in negotiations with Atlas Iron Limited. However from the first draft JV Agreement prepared by Giralia it has always been anticipated that both parties will need to agree before mining at Daltons Mt Webber proceeds.

Haoma is of the view that a good resolution will be achieved for both parties as there will be substantial value to shareholders of both companies from mining the Mt Webber iron ore deposit.

**3.1.2 Mineral Resource Estimate**

The Main Southern Zone, which comprises over 80% of the DSO resource at Daltons-Mt Webber, is a flat lying, tabular hematite-goethite enrichment cap up to 70 metres thick with mineralisation starting from the surface in most holes.

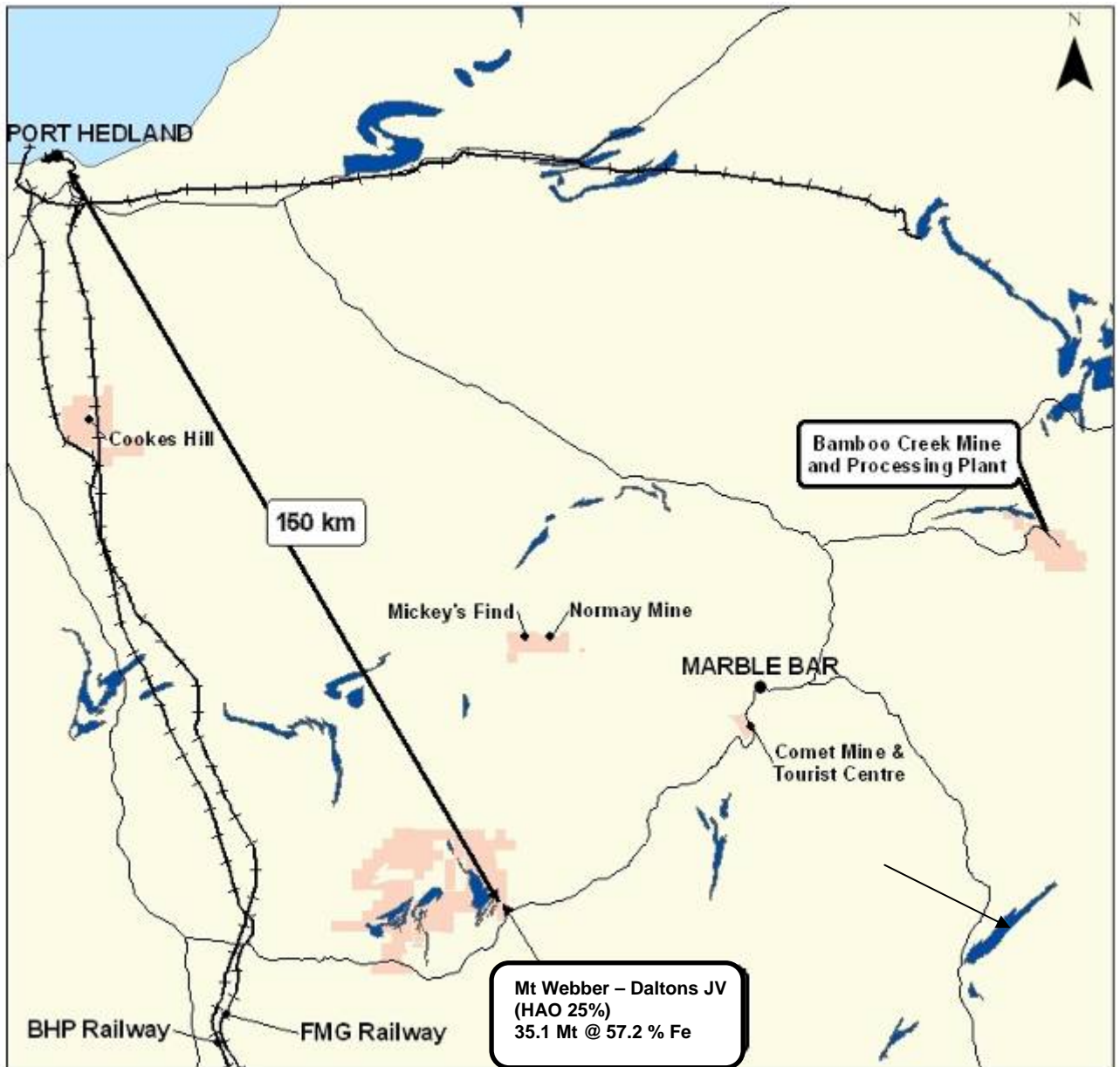
The Indicated Mineral Resource for the Main Southern Zone is; **28.9 million tonnes @ 57.9% Fe, 6.69% SiO<sub>2</sub>, 1.49% Al<sub>2</sub>O<sub>3</sub>, 0.097% P and 8.17% LOI (63.05% CaFe)**. Additional Inferred Resources in the Lower Zone and Northern Zone are 6.2 million tonnes. The current **total** Indicated plus Inferred Mineral Resource for the Daltons JV's Mt Webber deposit is **35.1 million tonnes @ 57.2% Fe, 7.81% SiO<sub>2</sub>, 1.5% Al<sub>2</sub>O<sub>3</sub>, 0.089% P and 7.99% LOI (62.16% CaFe)**.

**Table 1: Mineral Resource Estimate – Mount Webber Deposit as at August 23, 2010.**

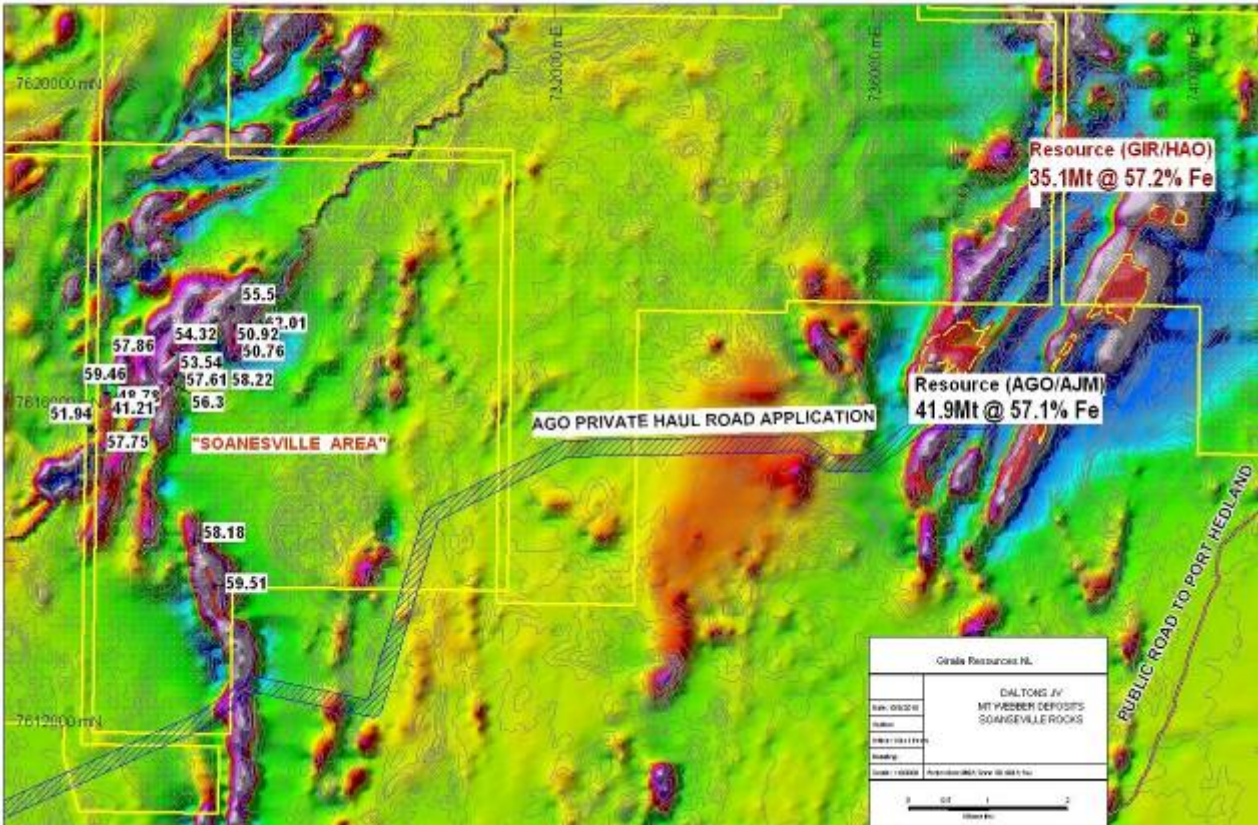
Area	Category	Vol (m <sup>3</sup> )	Tonnes	Fe%	P%	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	LOI%	CaFe%
Main Southern Zone	Indicated	10,300,000	28,900,000	57.9	0.097	6.69	1.49	8.17	63.05
Lower Zone	Inferred	1,500,000	4,300,000	53.7	0.046	15.29	0.81	6.50	57.43
Northern Zone	Inferred	700,000	1,900,000	55.0	0.070	8.10	3.24	8.52	60.12
<b>TOTAL</b>		<b>12,500,000</b>	<b>35,100,000</b>	<b>57.2</b>	<b>0.089</b>	<b>7.81</b>	<b>1.50</b>	<b>7.99</b>	<b>62.16</b>

*Note: The CSA Mineral Resource was estimated within wireframe solids based on a nominal lower cut-off grade of 50% Fe. The resource is quoted from blocks above the specified Fe % cut-off grade. Differences may occur due to rounding.*

The Daltons JV Mt Webber tenements directly adjoin the Atlas Iron Limited-Altura Mining Limited Mt Webber project for which a revised Mineral Resource estimate of 41.9 million tonnes @ 57.1% Fe (Indicated 21.9 million tonnes @ 57.2% Fe, and Inferred 20.0 million tonnes @ 57.0% Fe) was reported on 1 September 2010. (See Figure 5)



**Figure 4: Location of Daltons JV - Mt Webber Iron Ore Project**  
 Map includes location of Haoma's Bamboo Creek Processing Plant, North Pole Area (including Mickey's Find and Normay Mine), Cookes Hill and the Comet Mine and Tourist Centre.



**Figure 5:** Daltons JV eastern portion aeromagnetic image, showing Mt Webber deposits and new Soanesville area sampling results (Fe %).



**Figure 6:** Main Southern Hill at Mt Webber deposit showing approximate position of tenement boundary with Atlas/ Altura JV (photo looks south).



#### **4. Exterra Resources Limited IPO**

As previously reported, Haoma holds a \$1million Convertible Note in Exterra Resources Limited. The Convertible Note was part consideration for the sale of the Linden Tenements in December 2009. Haoma may convert the Note to 10 million ordinary Exterra shares at any time during the 18 month period after Exterra is admitted to the official list of the ASX.

In April 2011 Exterra Resources Limited issued a prospectus to raise between \$5 and \$7 million by way of an Initial Public Offer of shares. If successful, it is anticipated that Exterra will list on the Australian Stock Exchange on May 26, 2011.

#### **5. EXPLORATION ACTIVITIES IN THE RAVENSWOOD DISTRICT - QUEENSLAND**

##### **5.1 Ravenswood District Tenements**

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

During the Quarter, activities primarily focused on the ongoing review of Haoma's extensive geological database. Visual field inspections and assessments of Haoma's prospects were conducted by Haoma's staff based at the company's Ravenswood Office.

A feasibility study is currently being prepared to determine the viability of recommencing gold and silver mining on Haoma's mining leases near Ravenswood. The ore produced would be toll milled at nearby treatment plants.

The current wet season and the ongoing access restrictions due to surface water will restrict activities in the next Quarter.

Yours sincerely,



**Gary C Morgan**  
CHAIRMAN

*The information in Section 3 of this report that relates to in-situ Mineral Resources is based on information compiled by Mr Chris Allen of CSA Global. Mr Chris Allen takes overall responsibility for the reported Mineral resources. He is a Member of the Australian Institute of Geoscientists and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code 2004 Edition). Mr Chris Allen consents to the inclusion of such information in this Report in the form and context in which it appears.*

*The information in Section 3 of this report that relates to Exploration Results, Mineral Resources or Ore Reserves was compiled by Mr R M Joyce, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Joyce has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. R M Joyce has previously consented to the presentation of this information in the form and context in which it appears.*