



# Haoma Mining NL

A.B.N 12 008 676 177

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Australian Stock Exchange  
Level 4, North Tower, Rialto  
525 Collins Street  
**MELBOURNE, VIC 3000**

July 31, 2012

Dear Sir,

## **ACTIVITIES REPORT FOR THE QUARTER ENDED JUNE 30, 2012 – HIGHLIGHTS**

- **Group Consolidated Result** – Haoma Mining's unaudited consolidated financial result for the three months ended June 30, 2012 was a before tax profit of \$29.85 million after interest of \$0.94 million, depreciation and amortisation of \$0.02 million and group exploration, development and test work expenditure of \$1.11 million. The result includes a Profit on Sale of Assets of \$32.27 million from the sale of Haoma's iron ore rights at Mt Webber to Atlas Iron Ltd which was completed in April 2012. The \$33 million sale price comprised a \$10 million cash component and shares in Atlas Iron Ltd valued at \$23 million. Haoma received 8,406,433 Atlas shares valued at a price of \$2.736 per share.

Since the Mt Webber sale, the value of the consideration represented by Atlas Iron shares has fallen significantly from the initial share price of \$2.736 to today's price of \$1.70 per share. This represents an unrealised capital loss of \$8.7 million. Notwithstanding this fall in value, the Directors of Haoma have decided to retain the investment in Atlas Iron shares as they anticipate a strategic future working relationship with Atlas. This includes Atlas providing Haoma with all Mt Webber and Soansville drill hole samples.

- **Bamboo Creek Test Work** – During the Quarter test work continued on Bamboo Creek and Mt Webber samples at the Bamboo Creek Laboratory utilising the Elazac Process. The Directors of Haoma Mining NL have previously advised shareholders with ASX announcements that the **Bamboo Creek Tailings and the Mt Webber ore body contain significant commercial quantities of gold.**

On June 18., 2012 Haoma shareholders were advised recent assays of Bamboo Creek Tailings samples and Mt Webber drill hole samples **measured significant commercial grades of gold and Platinum Group Metals (PGM) – including platinum, palladium and iridium.**

The PGM grades results were from an **independent Australian laboratory** after acid digestion of samples produced by the Elazac Process. The metals in solutions were then analysed by ICP. **Traditional PGM processing and extraction procedures can be used to extract the PGM from both Bamboo Creek Tailings and Mt Webber ore.**

Over the next Quarter Haoma will use the Elazac Process to assay more Mt Webber drill hole samples for gold, PGM and other metals.

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### **1. GROUP CONSOLIDATED RESULT TO JUNE 30, 2012**

| <b>Haoma Mining NL<br/>Consolidated Profit &amp; Loss</b>   | <b>2010/11<br/>3rd Qtr<br/>(\$m)</b> | <b>2010/11<br/>Full Year<br/>(\$m)</b> | <b>2011/12<br/>1st Qtr<br/>(\$m)</b> | <b>2011/12<br/>2nd Qtr<br/>(\$m)</b> | <b>2011/12<br/>3rd Qtr<br/>(\$m)</b> | <b>2011/12<br/>4th Qtr<br/>(\$m)</b> | <b>2011/12<br/>Full Year<br/>(\$m)</b> |
|---|--------------------------------------|--|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| Operating Revenue:  |                                      |  |                                      |                                      |                                      |                                      |  |
| Recovery of Exploration Costs   | -                                    | 0.50                                   | -                                    | -                                    | -                                    | -                                    | -                                      |
| Royalties   |                                      | 0.07                                   | <b>0.02</b>                          | <b>0.02</b>                          | <b>0.03</b>                          | <b>0.04</b>                          | <b>0.11</b>                            |
| Retail Sales & Misc.  | 0.03                                 | 0.16                                   | <b>0.05</b>                          | <b>0.04</b>                          | <b>0.02</b>                          | <b>0.05</b>                          | <b>0.16</b>                            |
| Finance Revenue   | 0.03                                 | 0.18                                   | <b>0.03</b>                          | <b>0.03</b>                          | <b>0.03</b>                          | <b>0.03</b>                          | <b>0.12</b>                            |
| Other Income  | -                                    | 0.14                                   | <b>0.01</b>                          | -                                    | <b>0.01</b>                          | <b>0.01</b>                          | <b>0.03</b>                            |
| Profit on Sale of Assets  |                                      |  |                                      | <b>0.18</b>                          | -                                    | <b>32.27</b>                         | <b>32.45</b>                           |
| <b>Operating Revenue</b>  | <b>0.06</b>                          | <b>1.05</b>                            | <b>0.11</b>                          | <b>0.27</b>                          | <b>0.09</b>                          | <b>32.40</b>                         | <b>32.87</b>                           |
| <b>Operating profit before interest,<br/>depreciation, amortisation,<br/>exploration &amp; development costs:</b> | (0.07)                               | 0.08                                   | <b>0.02</b>                          | <b>0.18</b>                          | <b>0.11</b>                          | <b>31.92</b>                         | <b>32.23</b>                           |
| Interest  | (0.96)                               | (3.75)                                 | <b>(1.07)</b>                        | <b>(1.10)</b>                        | <b>(1.06)</b>                        | <b>(0.94)</b>                        | <b>(4.17)</b>                          |
| Depreciation & amortization   | (0.14)                               | (0.48)                                 | <b>(0.03)</b>                        | <b>(0.04)</b>                        | <b>(0.01)</b>                        | <b>(0.02)</b>                        | <b>(0.10)</b>                          |
| Exploration, development & test work  | (0.74)                               | (3.06)                                 | <b>(0.95)</b>                        | <b>(1.01)</b>                        | <b>(1.21)</b>                        | <b>(1.11)</b>                        | <b>(4.28)</b>                          |
| <b>Operating (loss) before tax</b>  | <b>(1.88)</b>                        | <b>(7.21)</b>                          | <b>(2.03)</b>                        | <b>(1.97)</b>                        | <b>(2.17)</b>                        | <b>29.85</b>                         | <b>23.68</b>                           |

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

Haoma Mining's unaudited consolidated financial result for the three months ended June 30, 2012 was a before tax profit of \$29.85 million after interest of \$0.94 million, depreciation and amortisation of \$0.02 million and group exploration, development and test work expenditure of \$1.11 million. The result includes a Profit on Sale of Assets of \$32.27 million from the sale of Haoma's iron ore rights at Mt Webber to Atlas Iron Ltd which was completed in April 2012. The \$33 million sale price comprised a \$10 million cash component and shares in Atlas Iron Ltd valued at \$23 million. Haoma received 8,406,433 Atlas shares valued at a price of \$2.736 per share.

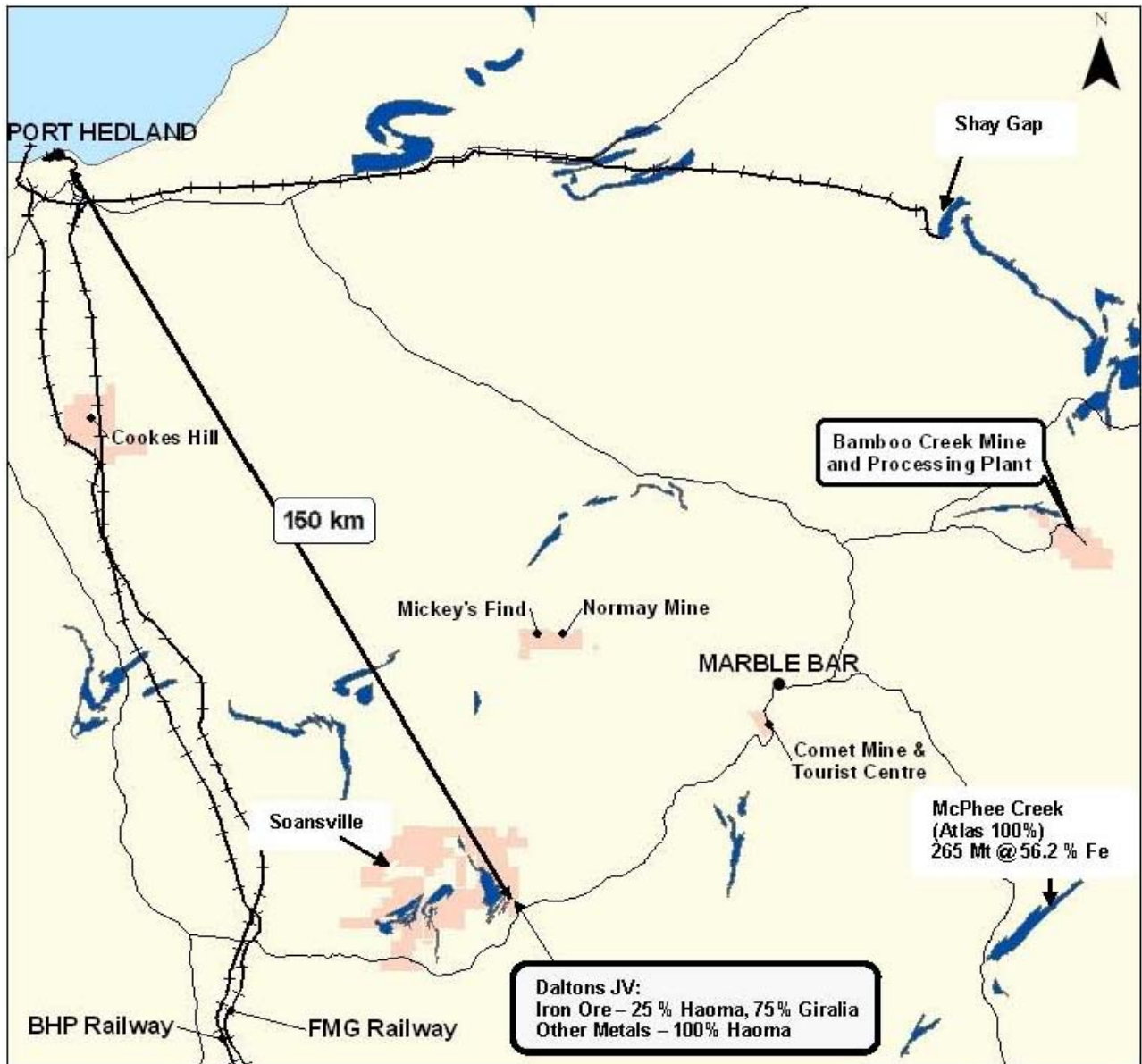
Since the Mt Webber sale, the value of the consideration represented by Atlas Iron shares has fallen significantly from the initial share price of \$2.736 to today's price of \$1.70 per share. This represents an unrealised capital loss of \$8.7 million. Notwithstanding this fall in value, the Directors of Haoma have decided to retain the investment in Atlas Iron shares as they anticipate a strong future working relationship with Atlas. This includes Atlas providing Haoma with all Mt Webber and Soansville drill hole samples.

#### **1.2 Funding of Operations**

Proceeds from the sale of Haoma's iron ore rights at Mt Webber to Atlas Iron Ltd ([See Section 2.1 of Haoma's March 31, 2012 Quarterly Activities Report](#)) will provide funds for future operations with Directors giving consideration to how the funds can be put to best use. Initially some of the proceeds have been used to purchase additional equipment needed to upgrade the Bamboo Creek Plant.

Prior to the Mt Webber sale, funding for the Haoma's operations had been provided by The Roy Morgan Research Centre Pty Ltd. During the Quarter, Haoma repaid \$8.065 million of loan principal to The Roy Morgan Research Centre Pty Ltd. At June 30, 2012 the debt to The Roy Morgan Research Centre Pty Ltd was \$29.678 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 June 30, 2012 was \$924,268. Total interest accrued and unpaid to June 30, 2012 is \$15.933 million.

## 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 Elazac Test Work at Bamboo Creek

The latest Elazac Process tests have focused on the final stages of optimising gold extraction when processing samples of **Bamboo Creek Tailings** and **Mt Webber RC drill ore**.

Test work is continuing at the Bamboo Creek Laboratory **and more results are expected in the next few weeks**. Shareholders will be advised of all significant results when received.

Over the next Quarter Haoma will use the Elazac Process to assay more Mt Webber drill hole samples for gold, PGM and other metals.

### 2.1.1 Tests On Bamboo Creek Ore

On June 18, 2012 Haoma shareholders were advised recent assays of Bamboo Creek Tailings samples and Mt Webber drill hole samples measured significant commercial grades of gold and Platinum Group Metals (PGM) – including platinum, palladium and iridium.

The PGM grades results were from an **independent Australian laboratory** after acid digestion of samples produced by the Elazac Process. The metals in solutions were then analysed by ICP. **Traditional PGM processing and extraction procedures can be used to extract the PGM from both Bamboo Creek Tailings and Mt Webber ore.**

The Directors of Haoma Mining NL have previously advised shareholders with ASX announcements that the **Bamboo Creek Tailings and the Mt Webber ore body contain significant commercial quantities of gold.** (Results detailed below and as [released to ASX on June 18, 2012.](#))

On March 26, 2012, Haoma shareholders were advised that Haoma had sold its iron ore rights at Mt Webber to Atlas Iron Ltd. The sale of Haoma's iron ore rights at Mt Webber to Atlas Iron Ltd was completed on April 24, 2012. A Tenement Sale & Purchase Agreement was executed on April 20, 2012.

**The principal terms of that Agreement included Haoma being granted rights to all non-iron ore minerals (including Platinum Group Metals – PGM) on all of the Atlas and Haoma Daltons JV exploration tenements including M45/1197 and the underlying exploration tenement currently recorded as E45/2186, and all other Daltons Joint Venture tenements (E45/2187, E45/2921, E45/2922).**

The Directors of Haoma NL have spent more than 20 years researching the metallurgy problems associated with the high grade gold bearing deposit at Bamboo Creek, in particular, why the gold bearing ores could not be accurately assayed or commercially extracted by conventional methods.

In Haoma's March 2012 Quarterly Activities Report **shareholders were advised test work had developed a commercial process to extract gold and other metals from Bamboo Creek and Mt Webber ores.**

### 2.1.2. Tests On Bamboo Creek Tailings Samples

**At the November 30, 2011 Haoma Annual General Meeting shareholders were advised that using the Elazac Process gold had successfully been extracted from Bamboo Creek Tailings. In Haoma's 2011 Annual Report Haoma shareholders were advised that using the Elazac Process fine gold was recovered from a 10.42 kg parcel of Bamboo Creek Tailings which equated to a gold grade of 41.37g/t.**

**Figure 2: C Bamboo Creek Gold**



Since the March Quarterly Report further test work has been conducted on samples of Bamboo Creek Tailings to measure Platinum Group Metals (PGM). The PGM grades were measured after acid digestion of the samples. The metals in solutions were then analysed by ICP. The trials showed significant grades of PGM.

**Table 1: Bamboo Creek Tailings**

| Area Sampled          | Sample Description               | Gold Assays by Traditional Method | 'Calculated' Gold Head Grade using Refined Elazac Assay Method <sup>[11]</sup> |        | Platinum Grade Metals |        |
|-----------------------|----------------------------------|-----------------------------------|--|--------|-----------------------|--------|
|                       |                                  |                                   |  | Au g/t | Pt g/t                | Pd g/t |
| Bamboo Creek Tailings | Trial 1:<br>Sample size<br>50 kg | 0.3 g/t                           | Note: * =<br>Partial Assay   | 7.35*  | 0.00                  | 11.24  |
| Bamboo Creek Tailings | Trial 2:<br>Sample size<br>50 kg | 0.3 g/t                           | Note: * =<br>Partial Assay   | 0.59*  | 0.00*                 | 2.15*  |

## **2.2 Tests On Mt Webber Ore Samples**

Since the March Quarterly Report further work test has been conducted on Mt Webber RC drill hole samples (Samples from RCDW 029).

**Eight individual trials on Mt Webber drill core showed significant amounts of gold could be recovered with acids then gravimetrically from sample sizes ranged from 1 kg to 50 kg; the average recovered gold grade from the 8 bulk trials was 82.21 g/t. (See Table 2 below, blue Sections 4 and 5.) Significant grades of Platinum Group Metals (PGM) are also listed below in blue in Sections 2, 4 & 5.**

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<sup>1</sup> The information & data in 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 the 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 release of the information and data in the form and context in which it appears.

**Table 2: Mt Webber and Soansville** (Gold and PGM grades reported on June 18, 2012 are in blue)

| Area Sampled  | Sample Description   | Gold Assay by Traditional Method | 'Calculated' Gold Head Grade using Refined Elazac Assay Method <sup>[1]</sup> |                            | Platinum Grade Metals |                      |                    |
|---|--|----------------------------------|---|----------------------------|-----------------------|----------------------|--------------------|
|   |  |                                  |   | Au g/t                     | Pt g/t                | Pd g/t               | Ir g/t             |
| <b>1. Daltons/Soansville: Reported December 2008</b>  | 17 drill chip samples, over 21.8 metres from 3 drill holes   | 0.059g/t                         | Leached Trial grade<br>Tail grade:<br>'Calculated' gold<br>Head grade         | 0.176<br>76.09<br>76.0+    |                       |                      |                    |
| <b>2. Daltons/Mt Webber May-July 2011</b><br>(Samples from diamond drill hole:<br>RDDW002 location East 738955.19, North 7617235.26, Dip/Azim - 90/0 &<br>RDDW003 location East 739163.67, North 7617445.42, Dip/Azim - 90/0) | Sample sizes: 20-90 kg   | 0.08 g/t                         | Bamboo Creek Lab  | 4.5<br>5.0<br>17.0<br>75+  |                       |                      |                    |
|   |  |                                  | Independent Lab<br>* Partial assay  | 4.5*<br>7.5*<br>31+ &<br>9 | 0.00<br>0.00<br>0.00  | 0.00<br>0.00<br>0.00 | 4.5<br>0.00<br>8.5 |
|   |  |                                  | ALS   | 80+                        |                       |                      |                    |
| <b>3. Daltons/Mt Webber Sept./Oct. 2011</b><br>(Sample from approximately 20 meters of RC drill hole RCDW029; location East 739160, North 7617447, Dip/Azim -60/90)   | Sample size:<br>3a: 1.835 kg<br>3b: 10 kg  | 0.08 g/t                         | 3a:Independent Lab<br>3b:Independent Lab                                      | 62.3<br>71.3               |                       |                      |                    |
| <b>4. Daltons/Mt Webber Jan - April 2012 results updated (First reported April 28, 2012)</b><br>(Sample from approximately 20 meters of RC drill hole RCDW029; location East 739160, North 7617447, Dip/Azim -60/90)          | Trials 1- 3:<br>Sample sizes each 1 kg   | 0.08 g/t                         | Independent Lab recovered gold & PGM with acids & gold gravimetrically        |                            |                       |                      |                    |
|   |  |                                  | Trial 1   | 84.93                      | 0.00                  | 0.00                 | 0.00               |
|   |  |                                  | Trial 2   | 32.81                      | 0.00                  | 0.00                 | 1.16               |
| <b>5. Daltons/Mt Webber April - June 2012</b><br>(Sample from approximately 20 meters of RC drill hole RCDW029; location East 739160, North 7617447, Dip/Azim -60/90)   | Trial 4: Sample size 1.1 kg<br>Trial 5: Sample size:1.5 kg<br>Trial 6: Sample size 2 kg<br>Trial 7: Sample size 1 kg<br>Trial 8: Sample size 50 kg | 0.08 g/t                         | Trial 3   | 20.73                      | 0.00                  | 0.00                 | 2.86               |
|   |  |                                  | Trial 4   | 2.98                       | 0.00                  | 0.00                 | 5.24               |
|   |  |                                  | Trial 5   | 31.24                      | 0.00                  | 0.00                 | 4.32               |
|   |  |                                  | Trial 6   | 388.08                     | 8.87                  | 7.88                 | 0.00               |
|   |  |                                  | Trial 7   | 72.38                      | 12.09                 | 21.40                | 0.00               |
| Trial 8   | 20.88  | 0.00                             | 0.00  | 0.00                       |                       |                      |                    |

**Note:** Table 2 above includes the previously reported (July 31, 2011) high-grade gold results obtained from Daltons/Mt Webber samples. On September 2, 2011 shareholder were advised that repeat gold assays obtained similar high gold grades as indicated by '+'. Gold and PGM grades reported for the first time in Tables 1 & 2 above are shown in blue.

Haoma is well advanced with the design and planning for changing the Bamboo Creek Plant so when ore is processed significant quantities of gold and PGM can be recovered. Additional plant and equipment has been purchased and transported to Bamboo Creek. This plant and equipment will be installed at Bamboo Creek once all the necessary permits have been obtained from the Western Australian Department of Mines and Petroleum.

**The Directors expect 'pilot scale' processing to begin in about a month.**

The Directors anticipate it will be 3 months before the complete Bamboo Creek Plant configuration is installed to process at a rate of up to 50 tonnes per hour. This will result in an initial daily throughput of at least 400t of Bamboo Creek Tailings. It is anticipated that at least 20 tonnes per day of Bamboo Creek Concentrate will be produced using a rough gravity cut rate of 5%. **The Bamboo Creek Concentrate gold grade recovered is expected to be above 100 g/t plus commercial grades of PGM.**

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

#### **3.1 Daltons Joint Venture with Giralia Resources Pty Ltd (subsidiary of Atlas Iron Limited Group) - Haoma Mining 25%, Giralia 75%**

**(E45/2186, E45/2187, E45/2921, E45/2922) (Incl. 100% Haoma M45/780, M45/847, P45/2292 – 2298)**

The Daltons Joint Venture 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.

In April, the Joint Venture Heads of Agreement between Haoma (25%) and Atlas Mining's wholly owned subsidiary Giralia Resources Pty Ltd (75%) was amended to reflect the excision of the Mt Webber iron ore deposit from the scope of the Joint Venture.

**In addition, the Joint Venture Agreement was amended to grant Haoma rights to 100% of all Non-Ferrous Mineral Deposits within the JV tenements. (The JV Agreement previously covered only 100% of all gold/silver and tin/tantalum mineralisation).**

#### **3.2 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 85,435 tonnes of by-product rock was mined from the Cookes Hill Quarry and Haoma earned royalties of \$35,882.

### **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.

During the Quarter, work continued in relation to completion and interpretation of sampling and reconnaissance surveys instigated in the previous Quarters. Further bulk samples have been sent to Bamboo Creek for testing.

Negotiations with the traditional owners of land in respect to the grant of ML's 10275 and 10315 were completed with the execution of Native Title Agreements. The completion of these agreements will allow negotiations with Resolute Mining Ltd to proceed so that Haoma can toll treat high grade gold bearing ore from these tenements.

Yours sincerely,



**Gary C Morgan,  
CHAIRMAN**

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

**HAOMA MINING NL**

ABN

12 008 676 177

Quarter Ended  
("current quarter")

30th June 2012

### Consolidated statement of cash flows

|   | Current<br>Quarter<br>\$A'000 | Year to Date<br>(12 months)<br>\$A'000 |
|---|-------------------------------|--|
| <b>Cash flows related to operating activities</b>               |                               |  |
| 1.1 Receipts from product sales and related debtors             | 148                           | 320                                    |
| 1.2 Payments for (a) exploration & evaluation                   | (1,162)                       | (2,524)                                |
| (b) development   | (836)                         | (2,212)                                |
| (c) production  |                               |  |
| (d) administration  |                               |  |
| 1.3 Dividends received  |                               |  |
| 1.4 Interest and other items of a similar nature received       | 34                            | 121                                    |
| 1.5 Interest and other costs of finance paid                    | (6)                           | (25)                                   |
| 1.6 Income taxes paid   |                               |  |
| 1.7 Other (provide details if material)                         |                               |  |
| <b>Net Operating Cash Flows</b>                                 | <b>(1,473)</b>                | <b>(4,320)</b>                         |
| <b>Cash flows related to investing activities</b>               |                               |  |
| 1.8 Payment for purchases of: (a) prospects                     |                               |  |
| (b) equity investments  |                               |  |
| (c) other fixed assets  | (394)                         | (686)                                  |
| 1.9 Cash Proceeds from sale of:                                 | 10,000                        | 10,200                                 |
| (a) prospects   |                               |  |
| (b) equity investments  |                               | 23                                     |
| (c) other fixed assets  |                               |  |
| 1.10 Loans to other entities                                    |                               |  |
| 1.11 Loans repaid by other entities                             |                               |  |
| 1.12 Other (provide details if material)                        |                               |  |
| <b>Net investing cash flows</b>                                 | <b>9,606</b>                  | <b>9,537</b>                           |
| 1.13 Total operating and investing cash flows (carried forward) | 8,133                         | 5,217                                  |

+ See chapter 19 for defined terms.



**Appendix 5B**  
**Mining exploration entity quarterly report**

| <b>Cash flows related to operating activities</b> |  | <b>Current Quarter<br/>\$A'000</b> | <b>Year to Date<br/>(12 months)<br/>\$A'000</b> |
|---|--|------------------------------------|---|
| 1.13  | Total operating and investing cash flows (brought forward) | 8,133                              | 5,217   |
| <b>Cash flows related to financing activities</b> |  |                                    |   |
| 1.14  | Proceeds from issues of shares, options, etc.              |                                    |   |
| 1.15  | Proceeds from sale of forfeited shares                     |                                    |   |
| 1.16  | Proceeds from borrowings                                   | (8,065)                            | (5,275)   |
| 1.17  | Repayment of borrowings                                    | (62)                               | (84)  |
| 1.18  | Dividends paid   |                                    |   |
| 1.19  | Other (provide details if material)                        |                                    |   |
| <b>Net financing cash flows</b>                   |  | (8,127)                            | (5,359)   |
| <b>Net increase (decrease) in cash held</b>       |  | 6                                  | (142)   |
| 1.20  | Cash at beginning of quarter/year to date                  | 19                                 | 167   |
| 1.21  | Exchange rate adjustments to item 1.20                     |                                    |   |
| 1.22  | <b>Cash at end of quarter</b>                              | 25                                 | 25  |

**Payments to directors of the entity and associates of the directors**

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

|      |  | <b>Current Quarter<br/>\$A'000</b> |
|------|--|------------------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | Nil                                |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10   | Nil                                |

1.25 Explanation necessary for an understanding of the transactions

**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

The sale of Haoma's iron ore rights at Mt Webber to Atlas Iron Ltd was completed in April 2012. The sale consideration comprised a \$10 million cash component and a non cash component of shares in Atlas Iron Ltd valued at \$23 million. Haoma received 8,406,433 Atlas shares valued at a price of \$2.736 per share.

+ See chapter 19 for defined terms.

- 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

|  |
|--|
|  |
|--|

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

|                                 | Amount available<br>\$A'000 | Amount used<br>\$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities             | Nil                         | Nil                    |
| 3.2 Credit standby arrangements | Nil                         | Nil                    |

### Estimated cash outflows for next quarter

|                                | \$A'000      |
|--------------------------------|--------------|
| 4.1 Exploration and evaluation | 600          |
| 4.2 Development                | --           |
| 4.3 Production                 | 450          |
| 4.4 Administration             | 200          |
| <b>Total</b>                   | <b>1,250</b> |

### 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<br>\$A'000 | Previous quarter<br>\$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank                     | 25                         | 19                          |
| 5.2 Deposits at call                             | -                          | -                           |
| 5.3 Bank overdraft                               | -                          | -                           |
| 5.4 Other (provide details)                      | -                          | -                           |
| <b>Total: cash at end of quarter</b> (item 1.22) | <b>25</b>                  | <b>19</b>                   |

**Appendix 5B**  
**Mining exploration entity quarterly report**

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**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 | Interests in mining tenements relinquished, reduced or disposed | M45/1197<br>Sold              | 25%                              | 0%                         |
| 6.2 | Interests in mining tenements acquired or increased             |                               |                                  |                            |

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+ See chapter 19 for defined terms.

**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 <b>Preference <sup>+</sup>securities</b><br><i>(description)</i>   |                              |               |   |  |
| 7.2 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions |                              |               |   |  |
| 7.3 <b><sup>+</sup>Ordinary securities</b>   | 182,993,655                  | 182,993,655   |   |  |
| 7.4 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs              |                              |               |   |  |
| 7.5 <b><sup>+</sup>Convertible debt securities</b><br><i>(description)</i>   | N/A                          | N/A           |   |  |
| 7.6 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted              | Nil                          | Nil           |   |  |
| 7.7 <b>Options</b> <i>(unlisted and exercisable at 10 cents per share)</i>   | Ordinary Shares<br>7,150,000 | Not Quoted    | <i>Exercise price</i><br>\$0.10/share         | <i>Expiry date</i><br>30/11/13                   |
| 7.8 Issued during quarter  |                              |               |   |  |
| 7.9 Exercised during quarter   |                              |               |   |  |
| 7.10 Expired during quarter  |                              |               |   |  |
| 7.11 <b>Debentures</b><br><i>(totals only)</i>   | N/A                          | N/A           |   |  |
| 7.12 <b>Unsecured notes</b> <i>(totals only)</i>   | N/A                          | N/A           |   |  |

**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 (see note 5).
- 2 This statement does ~~not~~<sup>not</sup> give a true and fair view of the matters disclosed.



Sign here: ..... Date: 31/07/2012  
(CHAIRMAN)

Print name: **GARY C MORGAN**

+ See chapter 19 for defined terms.