

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

18 *COMMITMENTS & CONTINGENCIES (continued)*

Contingent Liabilities

Native Title

The decision of the High Court in *Mabo & Ors -v- the State of Queensland* ("Mabo Case") recognised a form of native title which, in cases in which it has not been extinguished, reflects the entitlement of the indigenous inhabitants, in accordance with their laws or customs, to their traditional lands.

Claims have been lodged with the Native Title Tribunal over a number of tenements applied for by the company. These tenements will not be granted by the respective Departments of Mines & Petroleum, in Western Australia and Queensland until the claims have been resolved. Where Native Title claims have been filed, Haoma has engaged in good faith negotiations with the Traditional Owners of the subject lands.

Until further information arises in relation to these claims, the company is unable to assess the likely effects, if any, of the claims. Any claim impacts the availability of the subject lands rather than requiring any financial settlement in respect of past actions.

Management Fee

Following a settlement with a former director, Kitchener Mining NL agreed to pay the director \$68,658. Payment will only be made when other directors' fees and management fees owing by Kitchener Mining NL for the period 1989 to 1993 are paid. The Directors' fees and management fees are only payable when Kitchener Mining NL has an operating profit in excess of \$500,000 in a financial year. A related party contingent liability exists to both The Roy Morgan Research Centre for a total \$1,000,000 and to the Directors' of Kitchener Mining for a total \$155,000 in respect to the financial years from 1 July 1989 to 30 June 1993.

Tenement Rehabilitation Bank Guarantees

State Governments may require that bank guarantees be provided to ensure that funds are available for ground and habitat rehabilitation in the event that a tenement holder does not complete restoration works upon cessation of exploration or mining activities.

At the reporting date, Haoma has provided bank guarantees to the Western Australia and Queensland State Governments totaling \$208,289. Security for the bank guarantees has been provided by Gary Morgan.

2016

\$

2015

\$

19 *AUDITORS REMUNERATION*

Remuneration of the auditor of the Economic Entity:

- auditing and reviewing the financial statements	64,200	62,300
	<u>64,200</u>	<u>62,300</u>