

### Quarterly Activities Report

26 July 2012

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**Issued Capital:**

211.75 million shares

**ASX Symbol:** HAR

## June 2012 Quarterly Activities Report

### - Highlights -

#### Exploration Activity

- Outstanding results obtained from the metallurgical test work thus far completed at the Selenge Iron Ore Project.
- Comprehensive Davis Tube Recovery (DTR) test program revealed that all three Selenge deposit/prospects thus far drilled can consistently produce magnetite concentrate at an average grade of over 65% Fe with low levels of contaminants.

#### Summary DTR Results – Average Conc Quality from all Iron Zones (80% passing 75µm, 10% yield cutoff)

Deposit	Average Mass Yield	Fe (%)	SiO2 (%)	Al2O3 (%)	S (%)	P (%)
Bayantsogt	29.1%	65.77	3.25	0.96	1.03	0.02
<b>Prospects</b>						
Dund Bulag	18.0%	65.15	5.34	1.32	0.18	0.00
Huiten Gol	29.8%	68.78	1.90	0.41	0.01	0.01

- Even the lower grade ore at Selenge is upgradable to a top quality concentrate justifying a significant price premium.
- The 75µm grind employed may not be necessary to achieve a saleable concentrate and DTR tests will be conducted at even coarser grind sizes.
- The 2012 drill program has commenced, with seven diamond core rigs now actively drilling at Selenge.

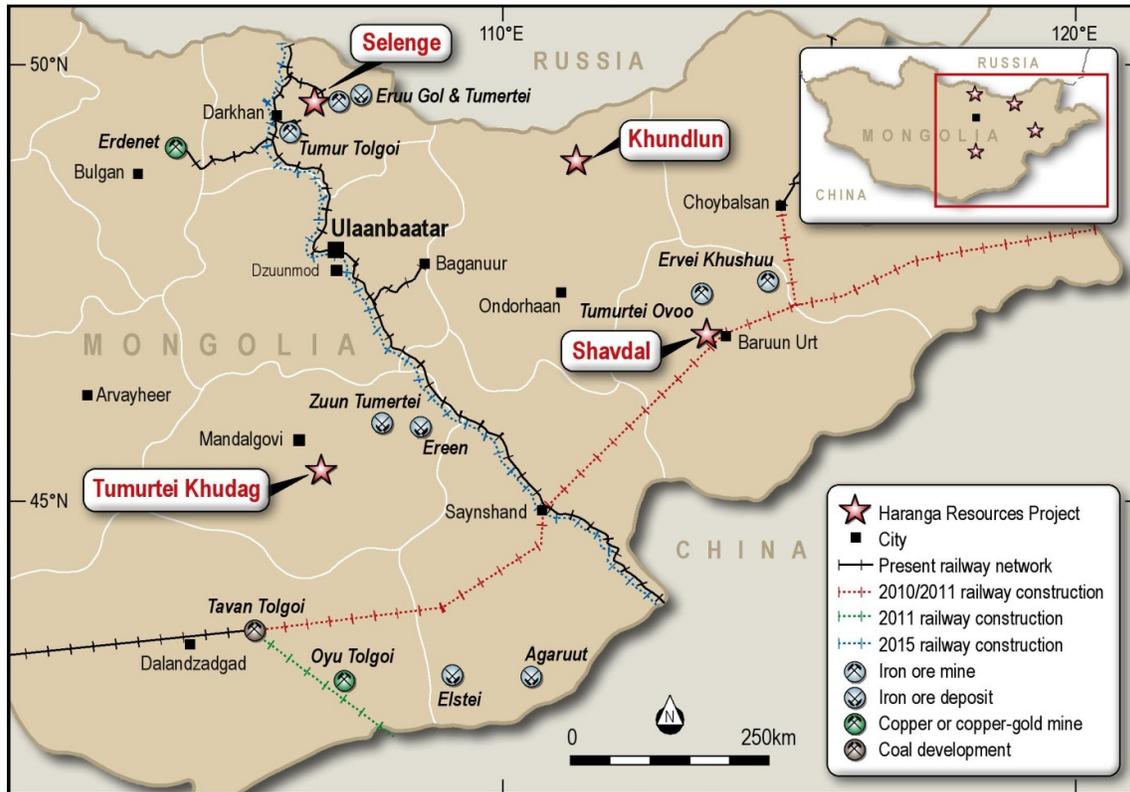
#### Corporate Activity

- Mongolia passed a Foreign Investment Law that provides for a Government approval process for significant change of control transactions in the minerals sector.
- Marshall Cooper, a nominee of the Lippo Group, has joined the Company's board.
- The Company maintains a cash position of \$15 million.

## Activities Report and Review of Projects

Haranga Resources' four iron ore projects are located in Mongolia, as shown in Figure 1. The Company is targeting large, high grade magnetite skarn deposits common to both Mongolia and northern China.

**Figure 1: Mongolian Iron Ore Projects of Haranga Resources**



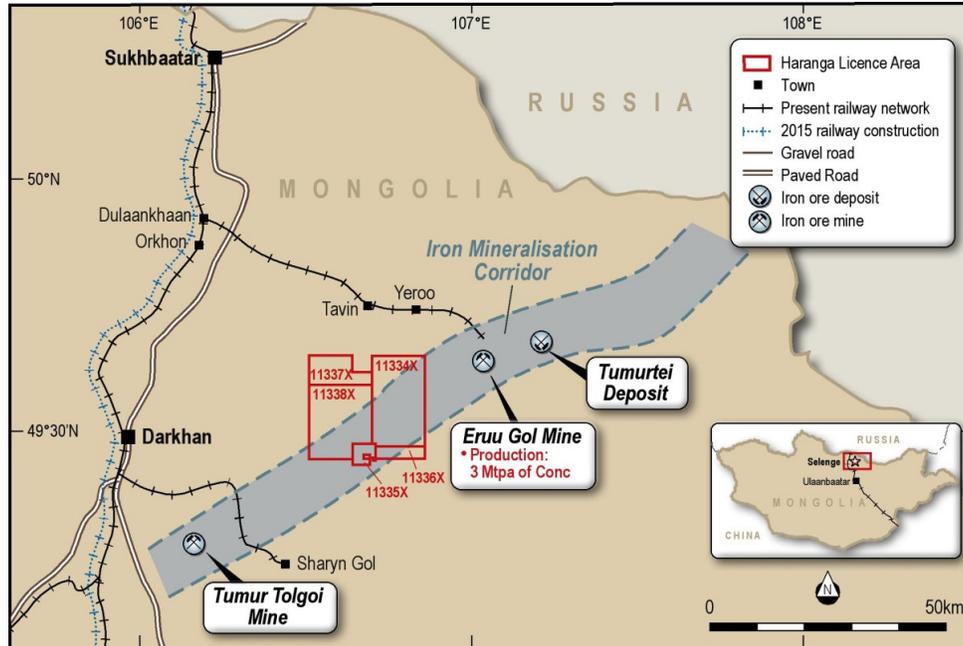
The projects are:

1. **Selenge:** The Company's flagship project, it consists of five contiguous licences covering almost 600km<sup>2</sup> within the premier iron ore province of Mongolia. The project area is close to the Eruu Gol iron ore mine and the large iron ore deposit at Tumurtei. The project area has access to the nearby trans Mongolian rail line, lying only 40km from the rail terminal at Sharyn Gol and adjacent to the Eruu Gol rail spur. Three of the four primary iron ore targets were drill tested during the 2011 field season resulting in a maiden resource at Bayantsogt and a large Exploration Target\* based on the drilling at Dund Bulag. High grade iron mineralisation was also discovered at Huiten Gol.
2. **Shavdal:** Single exploration licence located 10km from the town of Baruun Urt in Sukhbaatar province, southeast of Mongolia. This province is home to two operating iron ore mines and the planned new east-west rail line will pass adjacent to the Shavdal project area. First pass drilling produced encouraging results in early 2011 and the 2012 drill results have confirmed significant iron mineralisation.
3. **Tumurtei Khudag:** Iron ore rights over two large exploration licences covering 577km<sup>2</sup> in the mid Gobi region, 180km from the main line rail terminal at Choyr.
4. **Khundlun:** Located in Hentii province in the northeast of Mongolia, the Khundlun licence is 200km from both the rail terminal at Choybalsan (to the east) and at Baganuur (to the west).

**1. Selenge Project (Haranga Resources 80%)**  
**Manager: Haranga Resources Limited**

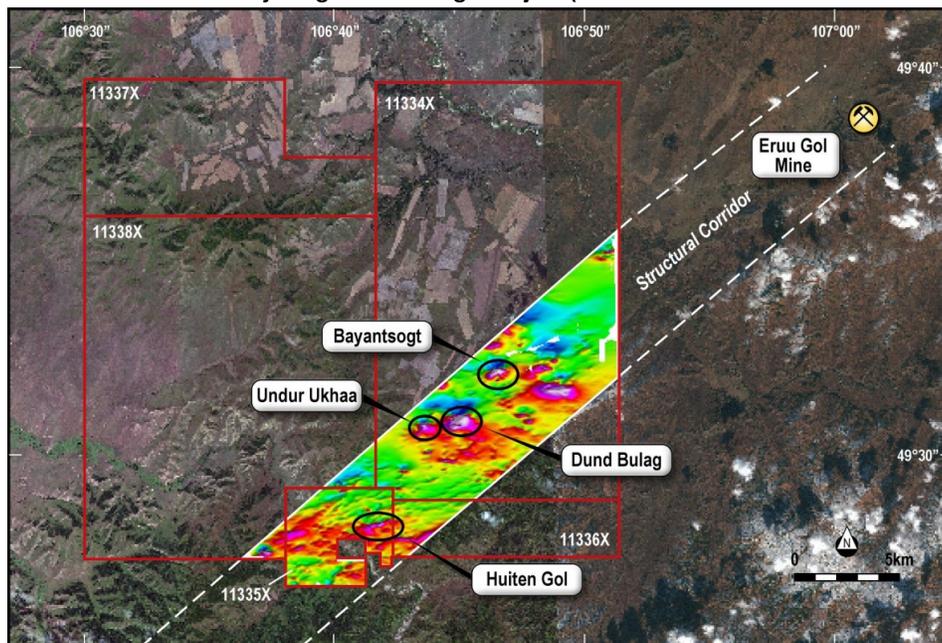
The Company's flagship Selenge iron ore project is located in the heart of Mongolia's premier iron ore development region with excellent access to the main trans-Mongolian rail line and nearby rail spurs.

**Figure 2: Location of the Selenge Iron Ore Project**



Iron mineralisation has so far been identified at **four primary exploration targets** at Selenge, all lying within 10km of each other. All four targets are associated with large magnetite skarn hills and lie within the structural corridor that contains the major iron ore deposits in the region. The nearby Eruu Gol mine currently exports approximately three million tonnes of magnetite concentrate per annum and ships the product via a newly constructed 75km rail spur to the main trans-Mongolian rail line. The 2011 drill program was concentrated at the Bayantsogt Deposit, the northernmost of the targets at Selenge, but first pass drilling was also conducted at the Dund Bulag and Huiten Gol Prospects.

**Figure 3: Location of Priority Targets at Selenge Project (within the Iron Mineralisation Corridor)**



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**Selenge Project - Resource and Exploration Target Summary**

The 2011 drill program at **Bayantsogt** yielded an initial inferred resource of **32.8Mt at an average grade of 24.4% Fe**, and included some significant higher grade zones as per the Table below.

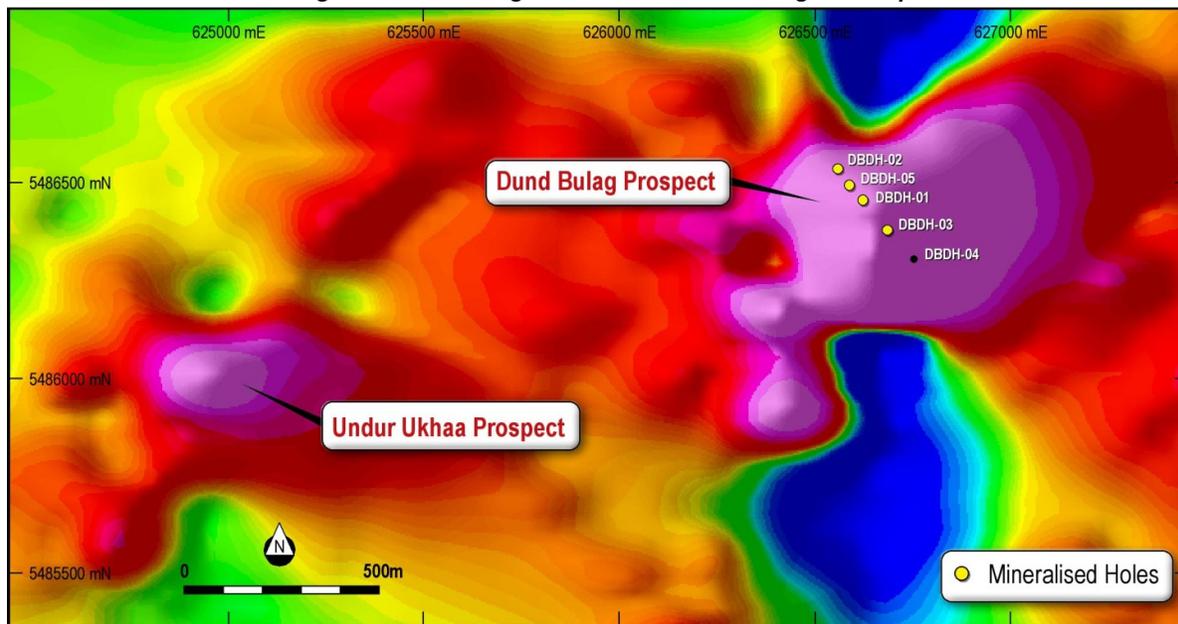
**Table 1: Initial JORC Code (2004) Inferred Resource for Bayantsogt**

<i>Cutoff Grade (% Fe)</i>	<i>Tonnes (million)</i>	<i>Average Grade (% Fe)</i>
<b>15% Cutoff</b>	32.8	24.4% Fe
<b>20% Cutoff</b>	21.6	27.5% Fe
<b>25% Cutoff</b>	11.4	32.4% Fe
<b>30% Cutoff</b>	5.4	38.5% Fe

This resource is based only on the first 35 holes drilled at Bayantsogt and the mineralisation remains open in all directions and at depth. Further extension and infill drilling during the 2012 drill season is expected to expand the resource and convert most of it to the JORC Measured and Indicated categories.

**Dund Bulag** is the largest of the magnetite skarn hills at Selenge, coincident with a magnetic anomaly over twice as large as Bayantsogt in area. Five holes were drilled along one cross section at Dund Bulag in 2011 with four of the five holes containing very wide iron intersections. An **exploration target\* of 120-250Mt** of ore has been set for Dund Bulag.

**Figure 4: Dund Bulag Drill Plan shown over Magnetic Map**



**Huiten Gol** was the third target to be drilled at Selenge in 2011. No exploration target has yet been set for this prospect, but the drilling intersected thinner (4-8m in apparent width), higher grade lodges of iron from surface that have potential for beneficiation by dry magnetic separation or even direct shipping without processing.

The magnetite skarn hill at **Undur Ukhaa** looks to be an adjunct of nearby Dund Bulag and will be drilled this year, as will a number of other smaller anomalies at Selenge that are yet to be ground checked. It is believed that at least some of these smaller anomalies will ultimately add to the total iron ore resource at Selenge.

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## Selenge Project - Metallurgical Test Work Program and Results

At the commencement of the metallurgical test work program, preliminary Davis Tube Recovery (DTR) tests were conducted by ALS Ammtec in Perth along with a detailed suite of mineralogical tests, including QEMSCAN, to ascertain basic properties of the minerals in the ore such as mineralogy, particle and grain size distribution, mineral associations and liberation characteristics.

The preliminary metallurgical test work suggested a coarse grind of 125 to 75 micron ( $\mu\text{m}$ ) for optimal liberation of iron. **75 $\mu\text{m}$  was chosen in order to generate a conservative and consistent baseline study.** The full suite of DTR testing at 75 $\mu\text{m}$  grind (i.e. 80% passing 75 $\mu\text{m}$ ) was conducted by ALS Alex Stewart Laboratories in Ulaanbaatar, Mongolia.

The DTR tests were conducted on 5m composite samples **encompassing every single metre of mineralised core drilled to date** at each of the three deposit/prospects. This exhaustive initial test program was planned in order to conclusively ascertain and model the beneficiation characteristics of the magnetite ore across the entire zone of drilled mineralisation because the ability (or otherwise) to beneficiate the ore had been identified as the crucial factor in the development of the Selenge project.

In total, 633 samples, each comprising 5m composites from the mineralised zones, were submitted for DTR analysis. The sample distribution by location was: Bayantsogt: 469 samples, Dund Bulag: 154 samples, Huiten Gol: 10 samples.

**Table 2: Bayantsogt Deposit – Summary of DTR Results\*\* (80% passing 75 $\mu\text{m}$ )**

Mass Yield Cut Off	Average Mass Yield (%)	Average Raw Assay Fe (%)	Concentrate Quality - Average Assay Results												
			Al <sub>2</sub> O <sub>3</sub> (%)	CaO (%)	Cr <sub>2</sub> O <sub>3</sub> (%)	Fe (%)	K <sub>2</sub> O (%)	MgO (%)	MnO (%)	Na <sub>2</sub> O (%)	P (%)	TiO <sub>2</sub> (%)	SiO <sub>2</sub> (%)	S (%)	Zn (%)
6%	25.13	27.84	1.02	1.60	0.02	<b>65.10</b>	0.10	0.45	0.08	0.06	0.022	0.37	3.63	1.10	0.005
8%	27.62	29.29	0.98	1.52	0.02	<b>65.50</b>	0.10	0.42	0.08	0.06	0.022	0.35	3.42	1.06	0.004
10%	29.11	30.09	0.96	1.45	0.02	<b>65.77</b>	0.10	0.41	0.08	0.06	0.022	0.34	3.25	1.03	0.004

**Table 3: Dund Bulag Prospect – Summary of DTR Results\*\* (80% passing 75 $\mu\text{m}$ )**

Mass Yield Cut Off	Average Mass Yield (%)	Average Raw Assay Fe (%)	Concentrate Quality - Average Assay Results												
			Al <sub>2</sub> O <sub>3</sub> (%)	CaO (%)	Cr <sub>2</sub> O <sub>3</sub> (%)	Fe (%)	K <sub>2</sub> O (%)	MgO (%)	MnO (%)	Na <sub>2</sub> O (%)	P (%)	TiO <sub>2</sub> (%)	SiO <sub>2</sub> (%)	S (%)	Zn (%)
6%	16.94	18.00	1.35	1.78	0.05	<b>64.94</b>	0.09	0.55	0.03	0.30	0.003	0.14	5.50	0.19	0.001
8%	17.46	18.22	1.35	1.75	0.05	<b>64.97</b>	0.09	0.55	0.03	0.31	0.003	0.14	5.47	0.18	0.001
10%	18.04	18.48	1.32	1.69	0.05	<b>65.15</b>	0.09	0.54	0.03	0.31	0.003	0.13	5.34	0.18	0.001

**Table 4: Huiten Gol Prospect – Summary of DTR Results\*\* (80% passing 75 $\mu\text{m}$ )**

Mass Yield Cut Off	Average Mass Yield (%)	Average Raw Assay Fe (%)	Concentrate Quality - Average Assay Results												
			Al <sub>2</sub> O <sub>3</sub> (%)	CaO (%)	Cr <sub>2</sub> O <sub>3</sub> (%)	Fe (%)	K <sub>2</sub> O (%)	MgO (%)	MnO (%)	Na <sub>2</sub> O (%)	P (%)	TiO <sub>2</sub> (%)	SiO <sub>2</sub> (%)	S (%)	Zn (%)
6%	25.64	25.15	0.82	0.60	0.02	<b>66.19</b>	0.04	0.48	0.05	0.11	0.010	0.91	3.96	0.04	0.001
8%	25.64	25.15	0.82	0.60	0.02	<b>66.19</b>	0.04	0.48	0.05	0.11	0.010	0.91	3.96	0.04	0.001
10%	29.76	27.70	0.41	0.29	0.01	<b>68.78</b>	0.01	0.30	0.02	0.04	0.006	0.31	1.90	0.01	0.001

The results confirm that the banded magnetite skarn mineralisation found at Selenge is amenable to straightforward beneficiation. The test work at all three Selenge locations produces a remarkably **consistent magnetite concentrate with an iron grade that generally averages over 65% Fe**. Contaminant levels are very low, the one exception being the 1% sulphur content in the Bayantsogt concentrate. 1% sulphur will typically result in an approximately 5% price penalty on magnetite concentrates in the domestic Chinese market, so this product remains highly saleable, but the mineralogy work found that this sulphur exists primarily in pyrite and thus should be easily removable by reverse flotation. A simpler solution might be to blend this material in with the nearby lower sulphur material in any future processing operation.

## Selenge Project - Summary of the Met Test Results and Future Work

At a reasonably coarse 75µm grind, the DTR tests show that the ore at Selenge produces a premium quality magnetite concentrate would be highly saleable and would command a significant premium over standard specification domestic Chinese magnetite concentrates (Standard Spec: 61.5% Fe, 7% SiO<sub>2</sub>).

It is considered likely that a 75µm grind size is not necessary and that a coarser grind will also produce a saleable concentrate. DTR tests at coarser grind sizes will be conducted.

It is also believed that some of the higher grade zones at Selenge can be upgraded using a simpler 'crush and screen' operation followed by dry magnetic separation. This is the process used at neighbouring Eruu Gol, Mongolia's largest iron ore export mine. Beneficiating the higher grade zones close to surface at Selenge in this manner would allow for earlier commercial production. Further test work in this area is planned.

A preliminary scoping study and project valuation model based on the drilling and metallurgical test results completed thus far is currently being conducted by a third party consultancy firm and should be completed by in during August 2012.

## Selenge Project – Drilling has Recommended

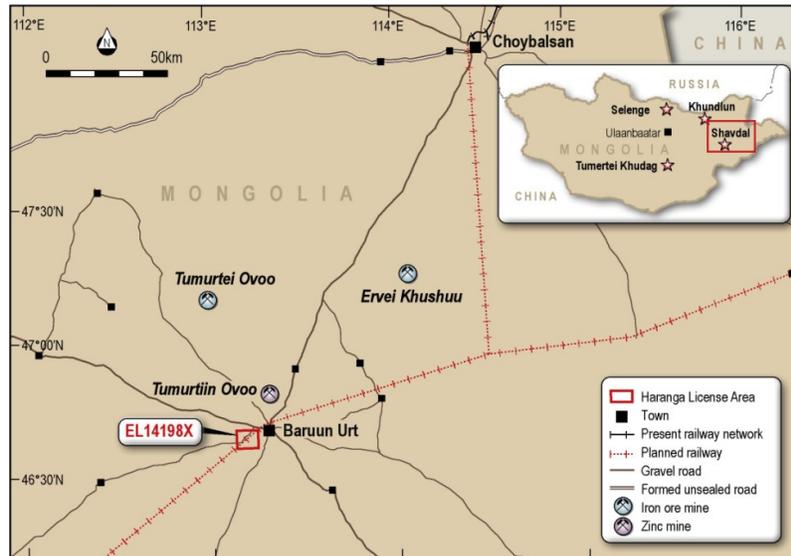
The drill program at Selenge for the 2012 field season has commenced. During the current drill season it is critically important for the Company to drill as much of the area of known iron mineralisation as possible in order to boost the resource inventory now that the metallurgical test work has confirmed the suitability of the ore. In light of this, the company currently has seven diamond core rigs drilling at Selenge, **the largest number of drill rigs at a single project in the country**. The Company is also currently employing an eighth rig on site for drill hole surveying and re-surveying of some older holes. One reverse circulation (RC) drill rig is due on site in early August, initially to conduct hydrogeological drilling and once finished, this rig will be also used for exploration and resource extension drilling. Thus it is expected that by mid August there will be nine drill rigs operating at the Selenge project site.

The additional drill results obtained during the 2012 drill program should allow the existing resource inventory at Selenge to be greatly expanded and the metallurgical test results will ultimately allow future resource models to employ a yield cutoff and report to higher JORC classifications.

**2. Shavdal Project (Haranga Resources 75%)**  
**Manager: Haranga Resources Limited**

The Shavdal licence is located 10km west of the town of Baruun Urt, the capital of Sukhbaatar province in the east of Mongolia. Sukhbaatar already hosts two operating iron ore export mines and Mongolia's planned east-west rail line will pass through Baruun Urt, adjacent to the Shavdal project area.

**Figure 5: Shavdal Project Location Map**



In 2011, twenty holes were drilled to test a magnetic anomaly at Shavdal with ten of the twenty holes intersecting iron mineralisation. A peak result of 6m at 36% Fe from 34m was obtained from hole SHRC-20. This intersection was contained within a wider intersection of 24m at 26% Fe from 32m in quartz magnetite rock. SHRC-009 also intersected this higher grade area 200m to the south, an area where outcrops have returned rock chip samples over 60% Fe.

A follow up sixteen hole program consisting of a further 3,500m of reverse circulation (RC) drilling was completed at Shavdal during March/April 2012 in order to further drill test the western extent of the main anomaly and other associated magnetic anomalies revealed during 3D magnetic interpretation. The assay results from this second drill program were received during the quarter.

Twelve of the sixteen holes drilled in the latest program were found to have intersected significant magnetite mineralisation, confirming the potential for iron ore on this licence area. The outstanding intersection was **20m at 30% Fe from 88m in hole SHRC-24**. Some of the deeper holes also intersected smaller widths of higher grade iron mineralisation including:

- 4m at 40% Fe from 192m in hole SHRC-28; and
- 2m at 53% Fe from 188m in hole SHRC-35.

Both the 2011 and 2012 drill program hole locations are shown in Figure 6 and a table of the new significant intersections from the 2012 drill program is given in Table 5.

This second pass drilling at Shavdal gives further encouragement to this project as it has confirmed the existence of the shallow magnetite mineralisation discovered in 2011 and revealed further underlying iron mineralisation of potentially economic grade at depth.

The next steps planned at Shavdal are to undertake 3D modelling on the remaining magnetic anomalies on this large licence so as to identify further targets for follow up drilling and to conduct infill drilling around the iron mineralisation identified from the previous broad spaced drilling.

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Figure 6: RTP Magnetic Map of Shavdal showing 2011 and 2012 Hole Locations

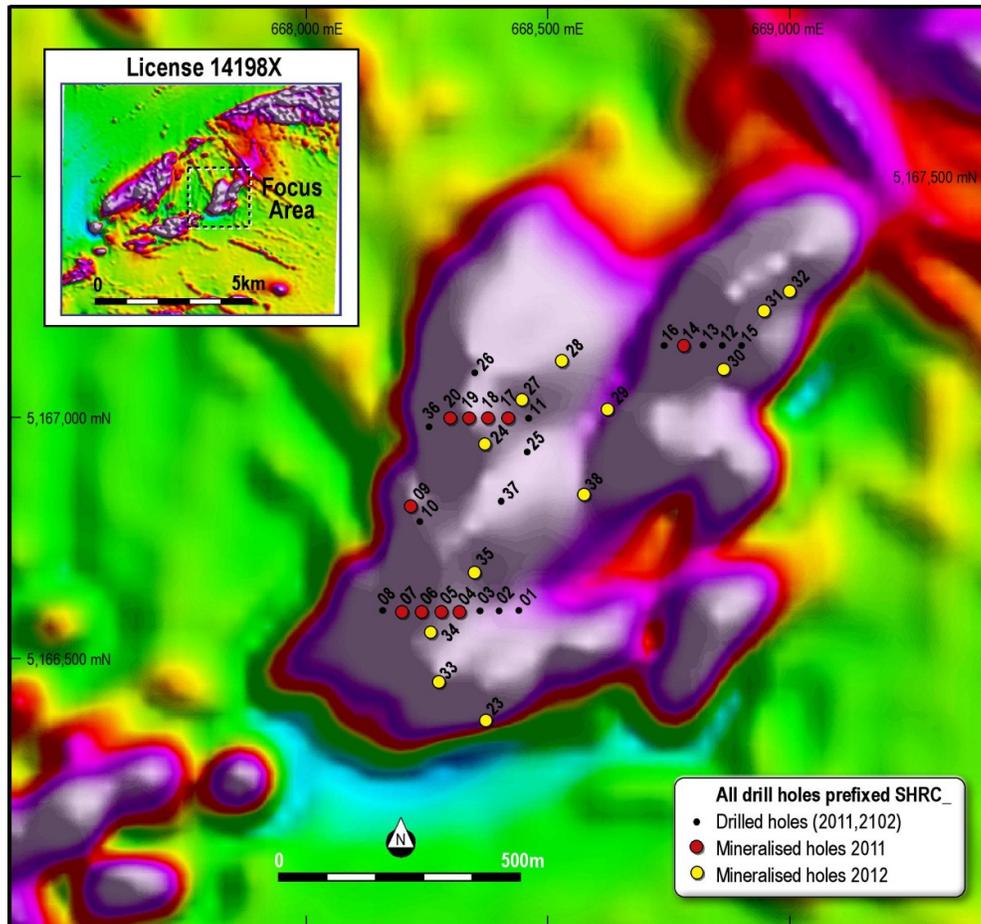


Table 5: Significant Mineralised Intersections at Shavdal Holes 23 to 38 (Cutoff = 15% Fe)

Hole Number	From (m)	To (m)	Interval (m)	Fe %
SHRC023	192	194	2	15.2
SHRC024	88	108	20	29.5
SHRC027	140	144	4	29.5
SHRC028	110	118	8	17.5
and	152	158	6	15.4
and	192	196	4	40.1
SHRC029	168	172	4	23.8
SHRC030	116	118	2	16.2
and	126	132	6	16.5
SHRC031	100	102	2	16.1
SHRC032	140	142	2	17.1
SHRC033	130	132	2	15.4
and	176	180	4	15.8
and	228	230	2	16.4
SHRC034	50	54	4	17.2
and	120	130	10	16.4
and	202	216	14	18.7
SHRC035	92	94	2	17.6
and	170	172	2	53.3
SHRC038	186	196	10	18.6

### 3. Other Projects

No significant further exploration work was conducted at the Khundlun or Tumurtei Khudag Projects during the quarter.

## CORPORATE AND GENERATIVE

### 1. Mongolia Passes new Foreign Investment Law

A Foreign Investment Law bill was approved by the outgoing Parliament of Mongolia during the Quarter. The primary goal of this Law is to give the Government of Mongolia the right to either approve or reject certain transactions involving either Mongolia located assets, or entities operating in Mongolia, in certain “strategic sectors”, including mineral resources.

It is the Company’s understanding that, from the date the Law comes is implemented, any investment that involves a foreign owned or foreign controlled entity acquiring over 49% of an asset or a business of a value over MNT100 billion (approximately US\$75 million) in these strategic sectors will require approval by the Parliament of Mongolia. The Law is more stringent in cases of potential investments by foreign state owned enterprises, where any investment by a foreign state controlled entity in a strategic sector will now require Government approval.

Exactly how these thresholds will be triggered, and how the Law and the governmental review procedures will be implemented in practice, remain to be seen, however the Law is not retroactive and therefore **Haranga Resources’ ownership of its Mongolian projects is not threatened by this Law** and the Company will not have to apply for permission from the Government to maintain its majority stake in the Selenge project, nor its other three Mongolian iron ore projects.

### 2. Lippo Group Nominee Appointed to the Board

Mr Marshall Cooper was appointed to the Board of Haranga Resources as the representative of the Lippo Group, currently the Company’s largest shareholder. Lippo currently hold 15.3% of the Company’s issued share capital via their subsidiary Golden Rain Holdings Limited.

Mr Cooper is currently the Director and Chief Operating Officer (COO) of Lippo Energy, which is involved in developing a global minerals and mining portfolio within the Lippo Group, currently focusing on copper, iron ore, coal and gold. His primary role involves guiding the development of the business unit and he is directly involved in project acquisitions, management of exploration programs, project development, corporate M&A and arranging project funding.

Mr Cooper has over twenty-five years of experience operating in Asia and Australia. Prior to joining the Lippo Group, he worked for the international mining group CRA (now Rio Tinto) holding senior commercial roles in bauxite and precious metal operations in Australia and Indonesia. Mr Cooper will bring his extensive experience in mining development, operations, corporate finance and public company board experience to Haranga Resources.

### 3. Generative Activity

The Company continues to assess iron ore and manganese projects for potential future acquisitions that will upgrade the overall project portfolio.

Dr Robert Wrixon  
**Managing Director**  
**Haranga Resources Limited**

\* Exploration Targets are conceptual in nature and should not be construed as indicating the existence of a JORC Code compliant mineral resource. There is insufficient information to establish whether further exploration will result in the determination of a mineral resource within the meaning of the JORC Code.

\*\* DTR tests give theoretical yield results which need to be verified by pilot plant scale testing using bulk samples, the results of which may differ from the results presented here.

*The information in this report that relates to Exploration Results is based on information compiled by Mr Kerry Griffin, who is a Member of the Australian Institute of Geoscientists. Mr Griffin 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'. Mr Griffin is the Technical Director of Haranga Resources Limited and consents to the inclusion in this report of the matters based on his information, and information presented to him, in the form and context in which it appears.*

*The technical information contained in this announcement in relation to the JORC Compliant Resource for the Bayantsogt Deposit has been reviewed by Mr Peter Ball of DataGeo Ltd, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Ball has sufficient experience 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 Mineral Resources and Ore Reserves'. Mr Ball consents to the inclusion in this report of the matters based on his information, and information presented to him, in the form and context in which it appears.*

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