

ASX Release

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**Issued Capital:**

211.75 million shares

**ASX Symbol:** HAR

## Haranga signs MOU to Secure 5Mtpa Rail Capacity for the Selenge Iron Ore Project

Haranga Resources has entered into a Memorandum of Understanding (MOU) with both the Mongolian Railway Authority and the Mongolian Government Ministry for Road, Transportation, Construction and Urban Development to enable the allocation of up to 5Mtpa of export rail capacity for iron ore produced from the Company's Selenge Project.

The key points contained within the MOU are as follows:

- **Mongolian Railways and the Ministry shall support the allocation of up to 1Mtpa of export rail capacity for iron ore from Selenge to the Company upon commencement of mining.**
- **Mongolian Railways and the Ministry shall support the allocation of 5Mtpa of export rail capacity for iron ore from Selenge to the Company from 2015 onwards.**
- **The Company shall keep the other Parties informed of its iron ore and other bulk transportation plans as they develop.**
- **The Company shall share feasibility study results on any proposed new rail infrastructure (including any rail track and loading/unloading facilities) to be constructed for Selenge.**
- **Mongolian Railways and the Ministry shall make best endeavours to enable the Company to obtain all required licences and operating permits to build and operate any new rail infrastructure and facilities proposed by the Company.**

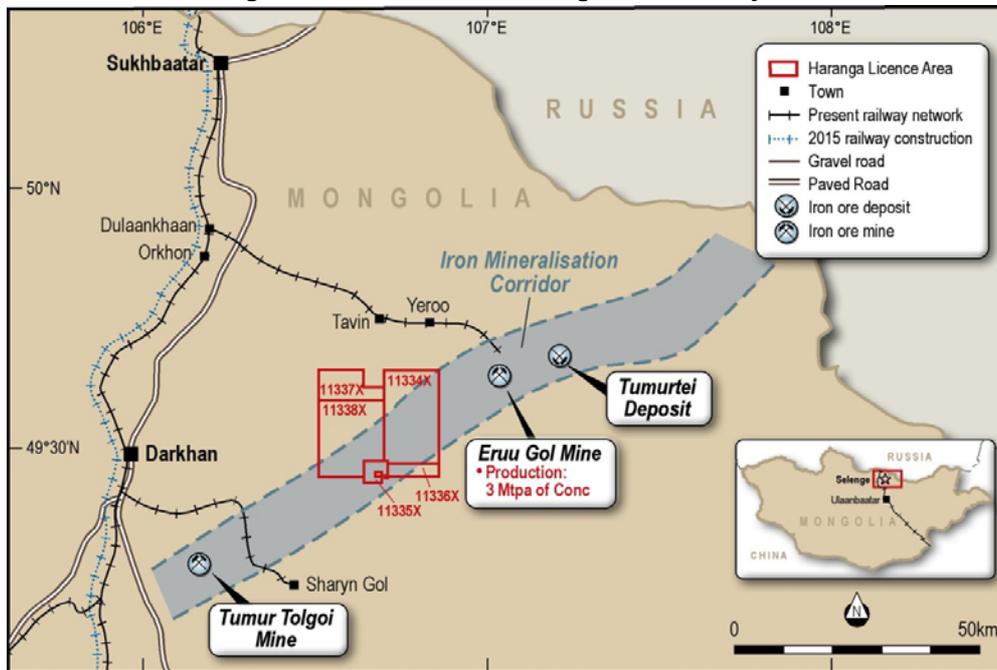
Looking ahead:

- **The Company's priority is to continue to drill and build the resource inventory.**
- **Selenge is progressing rapidly with nine drilling rigs now in operation at site.**
- **The Company expects to complete and submit its Mining Licence application by October 2012.**

**Selenge Project – Background**

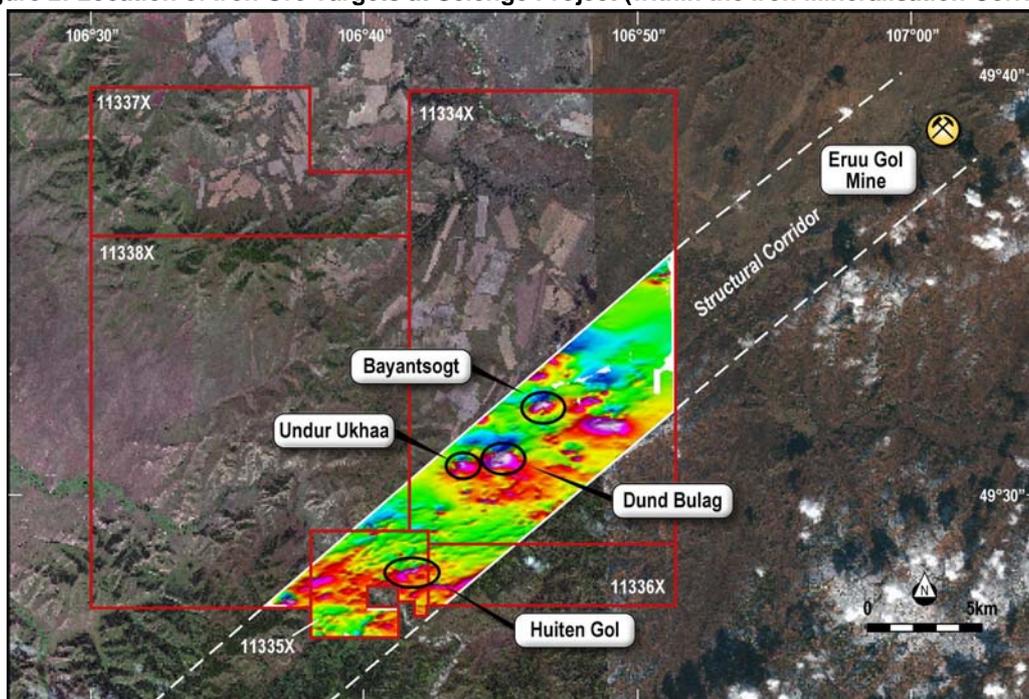
The Company's flagship Selenge iron ore project is located in the heart of Mongolia's premier iron ore development region with excellent access to the main trans-Mongolian rail line and nearby rail spurs.

**Figure 1: Location of the Selenge Iron Ore Project**



There are **four major iron ore prospects** at Selenge lying within 10km of each other. They 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 over three million tonnes of magnetite concentrate per annum and ships the product via a newly constructed rail spur to the main trans-Mongolian rail line. (The 304Mt Eruu Gol deposit was valued at approximately US\$2Bn based on a 2009 investment by the China Investment Corporation). The 2011 drill program at Selenge defined an initial JORC inferred resource of 32.8Mt at 24.4% Fe at Bayantsogt and discovered significant iron mineralisation at the Dund Bulag and Huiten Gol Prospects. A total combined Exploration Target\* of 160-320Mt currently exists at Selenge. The 2012 drill program is underway, with nine drill rigs currently operating at site.

**Figure 2: Location of Iron Ore Targets at Selenge Project (within the Iron Mineralisation Corridor)**



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## Commentary on the MOU and Next Steps

The Company is extremely pleased to have successfully negotiated an MOU with both the Mongolian Railway Authority and the Ministry for Road, Transportation, Construction and Urban Development in order to help secure future export rail capacity for the Selenge iron ore project. The MOU is a necessary step along the development path for Selenge and demonstrates that the relevant Mongolian government authorities are aware of the Company's development plans and are supportive of them.

The Company requested an initial rail allocation of 1Mtpa to allow for some potential early stage production from high grade areas using dry magnetic separation. It is envisaged that a larger wet magnetic separation plant with a grinding circuit could be commissioned at Selenge by 2015 and produce up to 5Mtpa, hence the larger rail allocation from 2015 onwards.

This is further substantive progress by the Company, following the recent excellent metallurgical results on the Selenge ore and the techno-economic assessment by ProMet Engineers that yielded a base case NPV for the Selenge Project of over US\$1 billion, with substantial upside potential to this number.

The project valuation is dependent on an ultimate ore resource being defined at Selenge that is in line with the current combined Exploration Target\* of 160 to 320Mt. Thus the Company's priority is to advance the current drill program as swiftly as possible to increase the resource inventory from the current initial resource of 32.8Mt that is based on the initial drilling at Bayantsogt only. The drill program at Selenge is fully underway with nine drilling rigs currently in operation. Drilling is planned to continue until December 2012.

The Company continues to progress the preparation of its Mining Licence application for the Selenge project and this is expected to be completed and submitted for approval by October this year.

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.

*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.*

*The preliminary scoping study results contained in this announcement are outputs from ORVAL, a proprietary modelling software for preliminary magnetite project assessment developed by ProMet Engineers. ProMet have been employed as consultants to Haranga Resources Limited. The input variables have been provided by Haranga Resources Limited and both the inputs and results have been reviewed by ProMet Engineers. ProMet Engineers consent to the inclusion in this report of the ORVAL modelling results based on their information, and the information presented to them, in the form and context in which it appears.*