



ABN 83 141 128 841

Half-year Financial Report  
30 June 2011

**CORPORATE DIRECTORY**

**Directors**

Mr. Matthew Wood (Chairman)  
Dr. Robert Wrixon (Managing Director)  
Mr. Kell Nielsen (Exploration Director)  
Mr. Timothy Flavel (Executive Director)

**Company Secretary**

Mr. Timothy Flavel  
Mr. Angus Caithness

**Registered Office**

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**Share Registry**

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**Auditors**

BDO Audit (WA) Pty Ltd  
38 Station Street  
SUBIACO, WA 6008

**Stock Exchange**

Australian Stock Exchange  
(Home Exchange: Perth, Western Australia)  
ASX Code: HAR

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**DIRECTORS' REPORT**

The directors of Haranga Resources Limited submit the financial report of the consolidated entity for the half-year ended 30 June 2011. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

**Directors**

The names of directors who held office during or since the end of the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr Matthew Wood	Chairman
Mr Timothy Flavel	Executive Director
Dr Robert Wrixon	Managing Director
Mr Kell Nielsen	Exploration Director
Jason Peterson	Non-Executive Director (resigned 22 February 2011)
Achit-Erdene Darambazar	Non-Executive Director (resigned 22 February 2011)

**Results**

The loss after tax for the half-year ended 30 June 2011 was \$1,683,171 (2010: \$99,777).

**Review of Operations**

Haranga Resources' five iron ore projects are located in Mongolia. The Company is targeting large, high grade magnetite skarn deposits common to Mongolia and northern China. Each of the projects has a viable route to market based on favourable location and infrastructure. The projects are:

- **Selenge:** 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.
- **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.
- **Sumber:** Ideally located in Mongolia's south Gobi region, just 50km north of the Chinese border crossing at Hangi Mandal. The licence area borders the new iron ore development at Agarut.
- **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.
- **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).

**Selenge Project (Haranga Resources 60%)**

The Selenge project is located 230 kilometres (km) north of the capital Ulaanbaatar, in the middle of Mongolia's premier iron ore development belt. As previously reported, the nearby Eruu Gol mine plans to increase production to over 6Mtpa of magnetite concentrate upon commissioning of a new rail spur. The Company's project area is just 20km south of this rail line and 40km from the rail terminal at Sharyn Gol.

Geological surveys conducted during the half-year identified four priority targets for the Company amongst the numerous magnetic anomalies within the project area. All four targets lie within the structural corridor that connects the large magnetite skarn deposits at Eruu Gol, Tumurtei and Tumor Tolgoi.

The first stage of the iron ore exploration drill program at Selenge has now commenced, with diamond drilling underway at the Bayantsogt prospect. The early indications are that the drilling thus far has intersected iron mineralisation of a similar nature to the highly encouraging intersections reported from the previous drilling conducted at Bayantsogt in 2008. The original 4,000m diamond drilling program has been expanded and some reverse circulation (RC) drilling will also be added to the program at Selenge.

**Selenge Project - Bayantsogt Prospect**

Trenching at Bayantsogt exposed at least two lodes of skarn mineralisation and returned highly encouraging grades and thicknesses including 25 metres at 35.5% Fe. Historic drilling was minimal and focused on one section line across the trenched occurrences. Drilled intersections included 25 metres at 31.6% Fe (DH-4) and 28 metres at 30.5% Fe (DH-5). Mineralisation remains open in all directions and at depth.

**Selenge Project - Dund Bulag Prospect**

Dund Bulag lies 2.5km southwest of Bayantsogt. Recent reconnaissance has identified extensive skarn alteration and iron mineralisation over a significant portion of the hill that dominates the spatial extent of an extensive magnetic anomaly that comprises this prospect. The Company's magnetic survey at Selenge defined the high order extensive magnetic anomaly at Dund Bulag which covers an area approximately 1.2km by 600m.

Skarn related iron mineralisation has been observed in subcrop and outcrop over a top to bottom traverse of the hill. Drilling and trenching is planned to ascertain the extent, widths and grades of the iron mineralisation observed at Dund Bulag.

**Selenge Project - Undur Ukhaa Prospect**

The Undur Ukhaa prospect is located just 1km west of Dund Bulag and may be a related anomaly. It appears to be a smaller analogue of Dund Bulag with skarn related iron mineralisation again observed in subcrop and outcrop over the hill that is spatially associated with the magnetic anomaly. Drilling is planned to test the extent, widths and grades at Undur Ukhaa itself and, depending on results at both Dund Bulag and Undur Ukhaa, to test whether iron mineralisation extends underground between the two anomalies.

Neither Dund Bulag nor Undur Ukhaa have previously been drilled or trenched.

**Selenge Project - Huiten Gol Prospect**

The Huiten Gol prospect is located a further 6km southwest of Dund Bulag and Undur Ukhaa and is also associated with a magnetic geophysical anomaly. Outcropping iron mineralisation (8 to 12 metres in width) is located near the top of the hill that is coincident with the anomaly, and previous drilling and trenching in the area has returned encouraging results, including:

- 14 metres at 40.6% Fe from 25 metres from Drill Hole 1 (DH-1)
- 13 metres at 39.4% Fe (Trench 1)

Further drilling is planned to test the extent of mineralisation and to confirm the drilled intersection.

The geological mapping and reconnaissance combined with the recently completed magnetic survey support the Company's view that the Selenge project area has the potential to host significant iron mineralisation, with the project remaining a high priority for the Company due to:

- The size of the magnetic anomalies;
- The previous trenching and drill results showing iron ore of economic grade within the project area;
- The large iron ore developments in a similar geological setting within the area; and
- The excellent location of this project in terms of access to rail infrastructure.

**Shavdal Project (Haranga Resources 75%)**

Twenty holes were drilled at Shavdal during the half year to test a magnetic anomaly in the central part of the licence area where coincident high grade magnetite outcrops have been mapped. Ten of the twenty holes intersected significant iron mineralisation (over 15% Fe). A peak result of 6m at 36.2% Fe from 34m was obtained from hole SHRC-020. This intersection was contained within a wider intersection of 24m at 26.0% 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. Both holes are located at the western edge of the drill program and the mineralisation remains open to the west.

This first pass drilling at Shavdal has located magnetite skarn formations and discovered iron mineralisation of potentially economic grade. The Company is planning a follow up drill program to test the western extension of the drilled mineralisation and other prospective and possibly related anomalies on the Shavdal licence.

**Sumber Project (Haranga Resources 75%)**

A first pass RC drill program was completed at Sumber during the half year. The drill program tested three separate magnetic anomalies for their iron ore potential and two areas considered prospective for manganese on the Sumber project licence. The laboratory analysis results revealed that no significant iron or manganese mineralisation was intersected during the drilling conducted thus far at Sumber.

A number of magnetic anomalies on this Licence remain to be tested and the Licence remains highly prospective due to a) its location close to the Chinese border crossing and b) its close proximity to the existing iron ore operations at Agarut and Elstei which confirms that this region can host economic iron ore deposits.

**Tumurtei Khudag Project (Haranga Resources 51%)**

A first pass RC drilling program was completed at Tumurtei Khudag during the half year. The 47 hole program comprised 3,790m of drilling that targeted three areas of magnetic anomalism near the southern boundary of licence 14907X. The main area of focus for the drilling program was a region of magnetic anomalism coincident with previously identified high grade iron outcrops at surface. Two drill fences, comprising 34 holes, were drilled in this Focus Area, to a depth of 80m. Six drill holes within the Focus Area intersected significant iron mineralisation, defined as an intersection of at least two metres in width analysing over 15% Fe<sub>2</sub>O<sub>3</sub>. A further 13 drill holes were completed to test nearby identified magnetic anomalies. These holes did not intersect any significant iron mineralisation.

This first pass drilling program has confirmed the existence of iron mineralisation underneath weathered outcrops of skarn related magnetite occurrences. Further drilling is warranted to test the extent of iron mineralisation within the Focus Area along strike and at depth. The confirmation of skarn related iron mineralisation gives further confidence to test the larger and more intense anomalies that have recently been identified from the full magnetic survey of this large project area.

**Khundlun Project (Haranga Resources 100%)**

The Khundlun Project consists of one exploration licence covering 26km<sup>2</sup> in Hentii province in northeastern Mongolia. Previous geological surveys discovered magnetite outcrops assaying up to 51.5% Fe. A targeted magnetic survey conducted over the area of outcropping mineralisation revealed an associated magnetic anomaly with a cumulative strike length of over 4km. A geological survey and full magnetic survey are proposed for later in the 2011 field season in order to further ground check the known magnetic anomaly in advance of a potential drill program.

**Corporate and Generative**

**Appointment of Chief Operating Officer**

In April 2011 Haranga Resources announced the appointment of Mr. Erdene Tsengelbayar as Chief Operating Officer (COO) of the Company. A Mongolian national, Erdene has more than 16 years experience in mineral economics and consulting, mineral asset assessment, mineral project finance and M&A advisory for both the public and private sector in Mongolia.

The COO role will be based in Ulaanbaatar and be responsible for local operations and assisting in project generation for Haranga Resources. Erdene will also act as Executive Director of the Company's Mongolian subsidiaries.

**Appointment of Technical Manager**

In July 2011 Haranga Resources announced the appointment of Mr. Kerry Griffin as Technical Manager of the Company. Kerry has 18 years professional experience in exploration, resource development and mining geology. Kerry also has significant experience in Mongolia having spent four years with Ivanhoe Mines as the Senior Development Geologist for the world class Oyu Tolgoi development and prior to joining the Company, he was employed as the Country Manager (Mongolia) for Aspire Mining Limited. The Technical Manager role is based in Ulaanbaatar and he is responsible for all exploration and technical due diligence activity, including assistance with project generation for the Company.

**Deferred Acquisition Payment**

During the half year the Company made its second acquisition payment on the Selenge project. This payment represents an outstanding amount that was due in order to maintain a 60% interest in the aforementioned iron ore project.

During the half year the Company also completed the final acquisition payments on both the Shavdal and Sumber projects. These payments represented the final outstanding amounts that were due to secure a 75% interest in both of the aforementioned iron ore projects.

**Project Acquisitions**

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

**Subsequent Events**

There are no significant events subsequent to reporting date.

**Auditor's Independence Declaration**

Section 307C of the Corporations Act 2001 requires our auditors, BDO, to provide the directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 4 and forms part of this Directors' Report for the half-year ended 30 June 2011.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



**Matthew Wood  
Chairman**

Perth, Western Australia  
18 August 2011

**Competent Persons Statement**

*The information in this report that relates to Exploration Results is based on information compiled by Mr Kell Nielsen, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Nielsen 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 Nielsen is an Executive 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.*

18 August 2011

The Board of Directors  
Haranga Resources Limited  
Level 1/33 Richardson St  
WEST PERTH WA 6005

Dear Sirs,

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF HARANGA  
RESOURCES LIMITED

As lead auditor of Haranga Resources Limited for the half year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- any applicable code of professional conduct in relation to the review.

This declaration is in respect of Haranga Resources Limited and the entities it controlled during the period.



Phillip Murdoch  
Director

BDO

BDO Audit (WA) Pty Ltd  
Perth, Western Australia

**Consolidated Statement of Comprehensive Income for the half-year ended 30 June 2011**

	Note	Consolidated 2011 \$	2010 \$
<b>Continuing Operations</b>			
Other Income	4	367,840	10,998
Service administration fee		(90,000)	-
Professional and consulting fees		(566,389)	(21,180)
Exploration expenditure		-	(60,976)
Share based payments expense	5	(799,417)	-
Travel expenses		(177,148)	(19,312)
Foreign exchange loss		(200,155)	-
Other expenses		(217,902)	(9,307)
<b>Loss from continuing operations before income tax</b>		<b>(1,683,171)</b>	<b>(99,777)</b>
Income tax benefit		-	-
<b>Loss from continuing operations after income tax</b>		<b>(1,683,171)</b>	<b>(99,777)</b>
<b>Net loss for the half-year</b>		<b>(1,683,171)</b>	<b>(99,777)</b>
<b>Other Comprehensive Income</b>			
Foreign currency translation		(87,162)	-
<b>Other comprehensive income for the half-year, net of tax</b>		<b>(87,162)</b>	<b>-</b>
<b>Total comprehensive income for the half-year</b>		<b>(1,770,333)</b>	<b>(99,777)</b>
<b>Loss for the period attributable to:</b>			
Owners of Haranga Resources Limited		(1,683,274)	(99,777)
Non-controlling interests		103	-
		<b>(1,683,171)</b>	<b>(99,777)</b>
<b>Comprehensive loss for the period attributable to:</b>			
Owners of Haranga Resources Limited		(1,770,436)	(99,777)
Non-controlling interests		103	-
		<b>(1,770,333)</b>	<b>(99,777)</b>
<b>Loss per share attributable to owners of Haranga Resources</b>			
Basic loss per share (cents)		(0.90)	(0.91)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.



**Consolidated Statement of Financial Position as at 30 June 2011**

	Note	Consolidated	
		30 June 2011	31 December 2010
		\$	\$
<b>Current Assets</b>			
Cash and cash equivalents		17,725,707	23,027,631
Other receivables		139,889	158,197
Other current assets		36,642	33,767
<b>Total Current Assets</b>		<b>17,902,238</b>	<b>23,219,595</b>
<b>Non-Current Assets</b>			
Plant and equipment		323,134	85,535
Deferred exploration & evaluation expenditure	6	6,901,495	3,072,404
<b>Total Non-Current Assets</b>		<b>7,224,629</b>	<b>3,157,939</b>
<b>Total Assets</b>		<b>25,126,867</b>	<b>26,377,534</b>
<b>Current Liabilities</b>			
Trade and other payables		231,175	503,923
<b>Total Current Liabilities</b>		<b>231,175</b>	<b>503,923</b>
<b>Total Liabilities</b>		<b>231,175</b>	<b>503,923</b>
<b>Net Assets</b>		<b>24,895,692</b>	<b>25,873,611</b>
<b>Equity</b>			
Issued Capital	7	25,436,719	25,443,722
Reserves	5	2,622,776	1,910,521
Accumulated losses		(3,993,680)	(2,310,406)
<b>Capital and reserves attributable to owners of Haranga Resources Limited</b>		<b>24,065,815</b>	<b>25,043,837</b>
Non-controlling interest		829,877	829,774
<b>Total Equity</b>		<b>24,895,692</b>	<b>25,873,611</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

**Consolidated Statement of Cash Flows for the half-year ended 30 June 2011**

	<b>Consolidated</b>	
	2011	2010
	\$	\$
	Inflows/(Outflows)	
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(1,048,833)	(50,226)
Interest received	364,345	10,998
Other receipts	3,495	-
Interest paid	(1,519)	-
<b>Net cash flows used in operating activities</b>	<b>(682,512)</b>	<b>(39,228)</b>
 <b>Cash flows from investing activities</b>		
Payments for exploration and evaluation expenditure	(4,157,539)	(60,976)
Payments for plant and equipment	(254,715)	-
<b>Net cash used in investing activities</b>	<b>(4,412,254)</b>	<b>(60,976)</b>
 <b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	1,603,952
Payments for share issue costs	(7,003)	-
<b>Net cash (used in)/provided by financing activities</b>	<b>(7,003)</b>	<b>1,603,952</b>
 Net (decrease)/increase in cash held	(5,101,769)	1,503,748
Cash and cash equivalents at beginning of period	23,027,631	-
Net foreign exchange differences	(200,155)	-
 <b>Cash and cash equivalents at the end of the period</b>	<b>17,725,707</b>	<b>1,503,748</b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity for the half-year ended 30 June 2011

Consolidated	Issued Capital \$	Accumulated Losses \$	Reserves \$	Non-controlling interests \$	Total \$
<b>Balance at 1 January 2010</b>	<b>2</b>	-	-	-	<b>2</b>
Loss for the half-year	-	(99,777)	-	-	(99,777)
<i>Other comprehensive income</i>					
Foreign currency translation	-	-	-	-	-
<b>Total comprehensive income for the half-year</b>	-	(99,777)	-	-	(99,777)
<b>Transactions with owners in their capacity as owners</b>					
Issue of seed capital	1,603,950	-	-	-	1,603,950
Issue of options	-	-	165	-	165
<b>Balance at 30 June 2010</b>	<b>1,603,952</b>	<b>(99,777)</b>	<b>165</b>	-	<b>1,504,340</b>
<b>Balance at 1 January 2011</b>	<b>25,443,722</b>	<b>(2,310,406)</b>	<b>1,910,521</b>	<b>829,774</b>	<b>25,873,611</b>
Loss for the half-year	-	(1,683,274)	-	103	(1,683,171)
<i>Other comprehensive income</i>					
Foreign currency translation	-	-	(87,162)	-	(87,162)
<b>Total comprehensive income for the half-year</b>	-	(1,683,274)	(87,162)	103	(1,770,333)
<b>Transactions with owners in their capacity as owners</b>					
Costs of issue	(7,003)	-	-	-	(7,003)
Share based payments	-	-	799,417	-	799,417
<b>Balance at 30 June 2011</b>	<b>25,436,719</b>	<b>(3,993,680)</b>	<b>2,622,776</b>	<b>829,877</b>	<b>24,895,692</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

# Haranga Resources Limited

## Notes to the financial statements for the half-year ended 30 June 2011

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### 1. Corporate Information

The consolidated financial statements of Haranga Resources Limited (the Company) for the half-year ended 30 June 2011 was authorised for issue in accordance with a resolution of the directors on 17 August 2011.

Haranga Resources Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the Directors report.

### 2. Summary of Significant Accounting Policies

#### (a) Basis of Preparation

These general purpose financial statements for the half-year reporting period ended 30 June 2011 have been prepared in accordance with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Act 2001.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 31 December 2010 and any public announcements made by Haranga Resources Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The half-year report has been prepared on an accruals basis and is based on historical costs.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

#### (b) Exploration and evaluation assets

Exploration and evaluation costs are accumulated in respect of each separate 'area of interest' or geographical segment. Costs are capitalised as an exploration and evaluation asset provided exploration titles are current and at least one of the following conditions are satisfied:

- the expenditure is expected to be recouped through successful development and exploitation of the area of interest; or
- activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amounts exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. Impairment losses are recognised in the profit and loss.

#### (c) Significant accounting judgments and key estimates

The preparation of the half-year financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

##### *Share-based payment transactions*

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards that for which the related service and non-market vesting conditions are expected to be met, such that, the amount ultimately recognised as an expense is based on the number of awards that do not meet the related service and non-market performance conditions at the vesting date.

### 3. Segment Reporting

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. The entity does not have any operating segments with discrete financial information.

The Board of Directors review internal management reports on a monthly basis that is consistent with the information provided in the statement of comprehensive income, statement of financial position and statement of cash flows. As a result no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

**Haranga Resources Limited**  
**Notes to the financial statements for the half-year ended 30 June 2011**

**4. Income**

	Consolidated	
	30 June 2011	30 June 2010
	\$	\$
<b>Other income:</b>		
Interest Received	364,345	10,998
Other income	3,495	-
	367,840	10,998

**5. Share Based Payment**

The Group has established an employee share option plan (ESOP). The objective of the ESOP was to assist in the recruitment, reward, retention and motivation of employees of Haranga Resources Limited. Share based payment transactions recognised as operation expenses in the statement of comprehensive income during the year were as follows:

**Operating expenses**

Employee share based payment	799,417	-
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**Employee share based payment**

The table below summarises options granted to Directors, employees and consultants during the half-year period:

Grant Date	Expiry date	Exercise price	Balance at start of the period Number	Granted during the period Number	Exercised during the period Number	Forfeited during the period Number	Balance at end of the period Number	Exercisable at end of the period Number
15/02/2011	15/02/2016	\$1.00	-	4,000,000	-	-	4,000,000	-
11/03/2011	01/03/2015	\$1.00	-	2,500,000	-	-	2,500,000	-
				6,500,000			6,500,000	-
Weighted average exercise price				\$1.00			\$1.00	

The weighted average of the fair value of the options issued at the grant date is \$0.377.

**6. Deferred Exploration & Evaluation Expenditure**

	Consolidated	
	30 June 2011	31 December 2010
	\$	\$
Opening balance	3,072,404	-
Exploration and evaluation expenditure incurred during the period	2,350,839	185,564
Acquisition of exploration tenements	1,806,700	2,954,120
Net exchange differences on translation	(328,448)	-
Impairment of exploration expenditure	-	(67,280)
Closing balance	6,901,495	3,072,404

**7. Issued Capital**

**(a) Issued and paid up capital**

Ordinary shares fully paid	25,436,719	25,443,722
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	2011	
	Number of shares	\$
<b>(b) Movements in shares on issue</b>		
Opening balance	186,750,002	25,443,722
Costs of issue	-	(7,003)
Closing balance	186,750,002	25,436,719

**8. Dividends**

No dividends have been paid or provided for during the half-year.

**9. Contingent Liabilities**

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.

**10. Subsequent Events**

There are no significant events subsequent to reporting date.

## Haranga Resources Limited

### Notes to the financial statements for the half-year ended 30 June 2011

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#### 11. Commitments

##### Rental and services agreement

The Group entered a service agreement with Garrison Capital Pty Ltd for certain administrative services and office space for a term of 2 years starting in 2010. The Group is required to give 3 month's written notice to terminate the agreement.

	Consolidated	
	30 June 2011	31 December 2010
	\$	\$
<b>Payable:</b>		
Within one year	180,000	180,000
After one year but not longer than 5 years	15,000	105,000
	<u>195,000</u>	<u>285,000</u>

##### Expenditure commitments

###### *Exploration expenditure commitments – cancellable*

The company has a total statutory commitment of \$143,820 for its current projects located in Mongolia for the year ending 31 December 2011, but the company may cancel these commitments by letting the licenses lapse.

The company's proposed expenditure and acquisition costs in respect of its current projects are \$1,771,954 for the year ending 31 December 2011 and \$1,968,504 for the year ending 31 December 2012. At any time from the commencement date of the signed project agreements, Haranga Resources may withdraw from any project and any further expenditure commitments on that project by providing 30 days written notice.

**DIRECTORS' DECLARATION**

In the opinion of the directors of Haranga Resources Limited ('the company'):

1. The financial statements and notes thereto, as set out on pages 5 to 11, are in accordance with the Corporations Act 2001 including:
  - a. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
  - b. giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the half-year then ended.
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.



Matthew Wood  
Chairman  
Perth, Western Australia  
18 August 2011

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF HARANGA RESOURCES LIMITED

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Haranga Resources Limited, which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Haranga Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Haranga Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.





Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Haranga Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'P. Murdoch', written over a horizontal line.

Phillip Murdoch  
Director

Perth, Western Australia  
Dated this 18<sup>th</sup> day of August 2011