

Quarterly Activities Report

29 January 2013

**HARANGA
RESOURCES LIMITED**
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Issued Capital:

211.75 million shares

ASX Symbol: HAR

December 2012 Quarterly Activities Report

- Highlights -

Exploration Activity

- **Drilling at the Selenge iron ore project concluded in Nov 2012 with over 35,000m of diamond core completed at the Bayantsogt, Dund Bulag and Undur Ukhaa prospects.**
- **All three prospects were found to contain wide intervals of iron mineralisation from surface.**
- **Assays received for all 2012 drilling at Bayantsogt, including:**
 - 200m at 22% Fe from 93m in hole 36 (*incl 20m at 30% Fe from 269m*)
 - 60m at 30% Fe from 239m in hole 37 (*incl 18m at 47% Fe from 281m*)
 - 16m at 35% Fe from 88m in hole 43 (*incl 8m at 49% Fe from 92m*)
 - 34m at 32% Fe from 79m in hole 55 (*incl 8m at 41% Fe from 103m*)
- **Assays received for holes 6-50 at Bayantsogt, including:**
 - 48m at 23% Fe from 39m in hole DBDH-6
 - 132m at 20% Fe from 103m in hole DBDH-8
 - 50m at 22% Fe from 8m in hole DBDH-17
 - 98m at 21% Fe from 275m in hole DBDH-42
 - 24m at 27% Fe from 113m in hole DBDH-45
 - 60m at 23% Fe from 0m in hole DBDH-48
 - 66m at 22% Fe from 251m in hole DBDH-48
 - 16m at 25% Fe from 17m in hole DBDH-50
- **The magnetite at both Dund Bulag and Bayantsogt achieved a high quality 65-66% Fe concentrate during 2012 metallurgical testing.**
- **The cumulative Exploration Target* at Selenge is 250-400Mt. A greatly expanded JORC resource is expected in Q2 this year.**
- **Spot prices for 66% Fe magnetite concentrate in NE China remain over US\$150/t.**

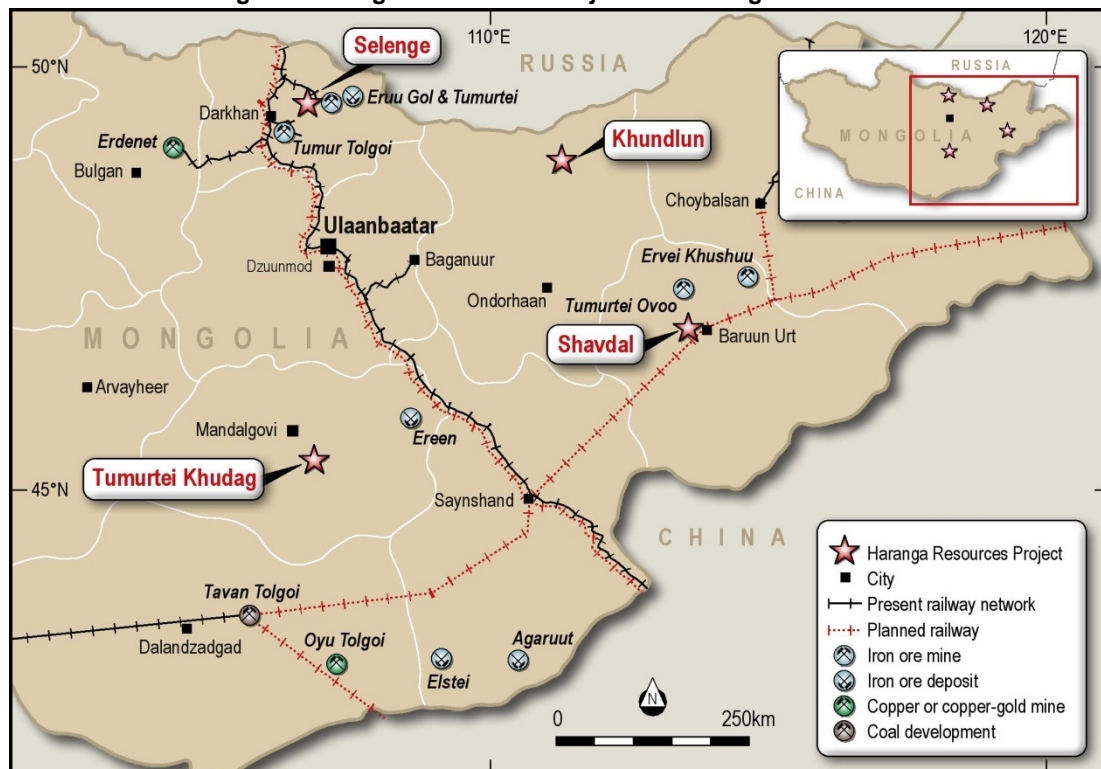
Corporate Activity

- **In January 2013 the Company agreed to raise \$6m via a placement to a group of private Mongolian investors.**
- **These placement funds are in addition to the Company's cash position of \$3.4 million at the end of December 2012.**

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, economic magnetite skarn deposits in order to develop and produce iron ore for domestic and export markets.

Figure 1: Mongolian Iron Ore Projects of Haranga Resources



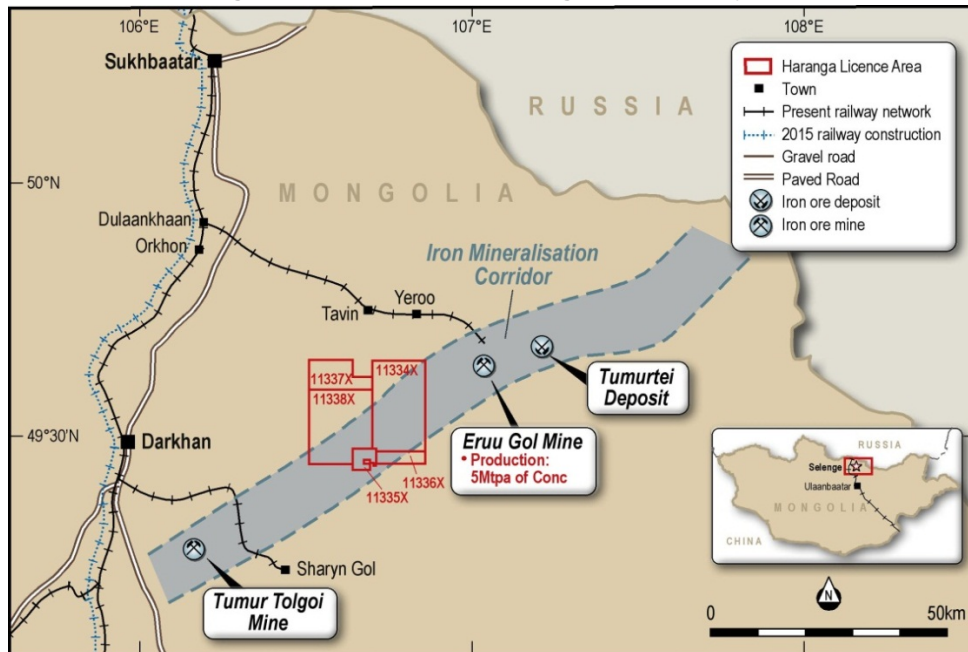
The projects are:

- 1. Selenge (Ownership: 80%):** The Company's flagship project, it consists of five contiguous licences covering almost 600km² 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. All four primary iron ore targets were drill tested during the 2011 and 2012 field seasons resulting in a maiden resource at Bayantsogt and a large Exploration Target* based on the drilling at Dund Bulag, Undur Ukhaa and Huiten Gol. An expanded JORC Code compliant resource based on the 2012 drilling is expected during the second quarter of 2013.
- 2. Shavdal (Ownership: 75%):** 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 (Ownership 51%):** Iron ore rights over two large exploration licences covering 577km² in the mid Gobi region, 180km from the main line rail terminal at Choyr.
- 4. Khundlun (Ownership 100%):** 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%)

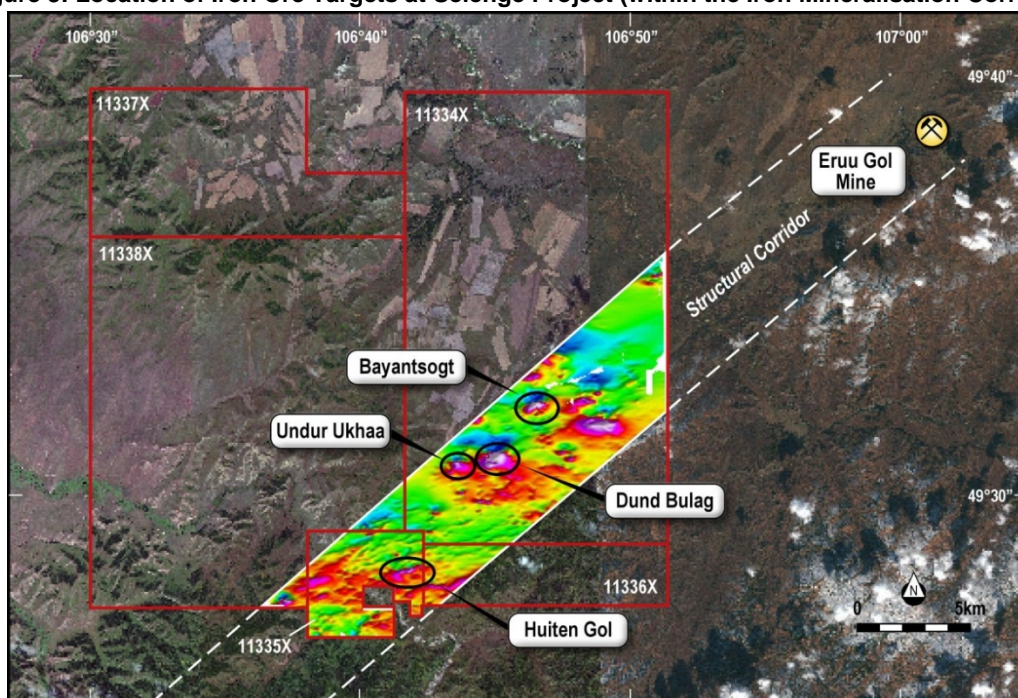
The Company's flagship Selenge iron ore project is located in the heart of Mongolia's premier iron ore development region with excellent access to the main trans-Mongolian rail line and nearby rail spurs.

Figure 2: Location of the Selenge Iron Ore Project



The **four Priority 1 iron ore targets** at Selenge lie within 9km of each other. All four 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 is on track to export five million tonnes of magnetite concentrate in 2012, shipping the product via a newly constructed rail spur to the main trans-Mongolian rail line. (The 300Mt **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 combined **Exploration Target* of 250-400Mt** has been estimated for Selenge. The 2012 drill program concluded in November 2012, with significant magnetite also discovered at Undur Ukhaa.

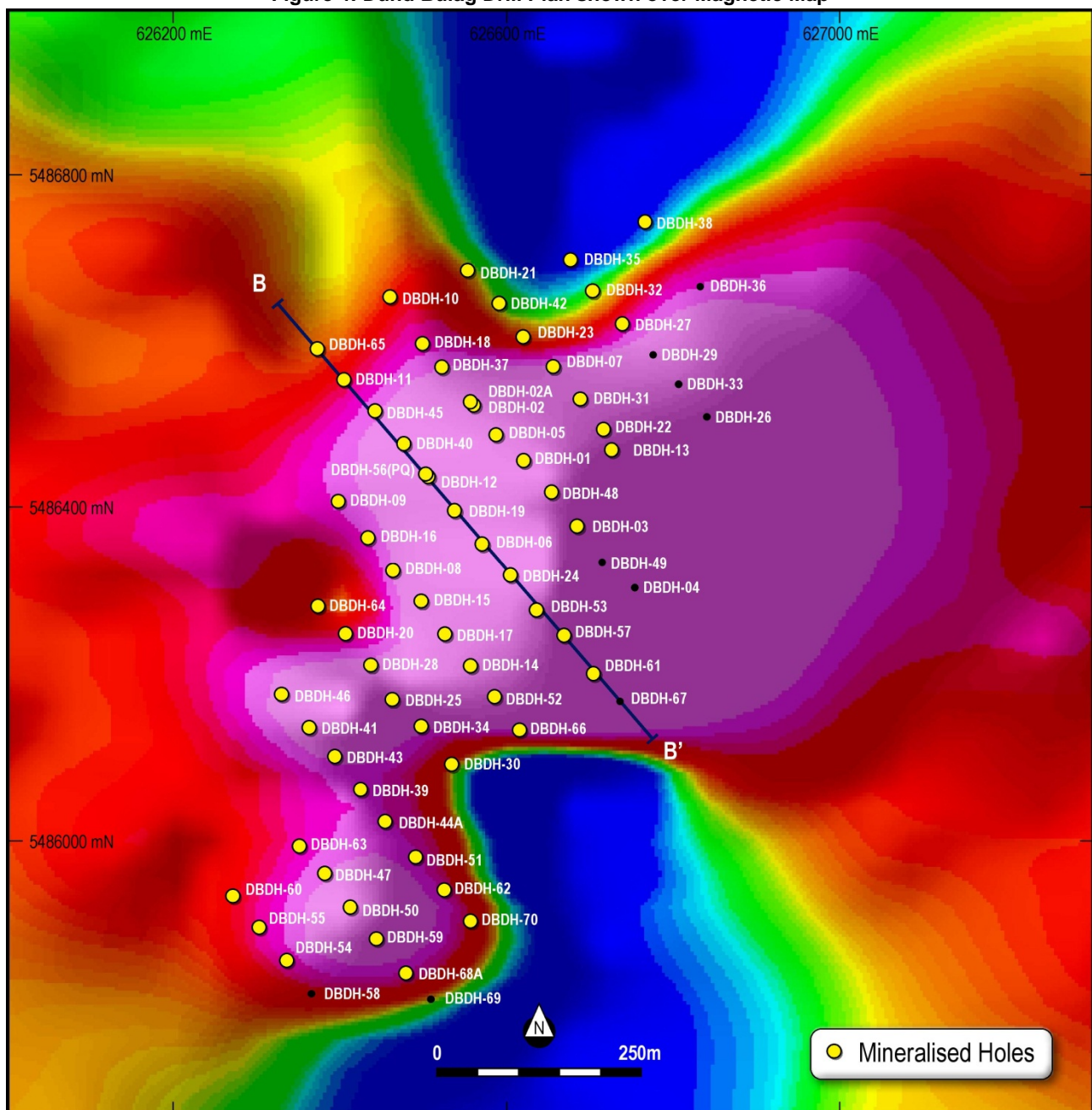
Figure 3: Location of Iron Ore Targets at Selenge Project (within the Iron Mineralisation Corridor)



Dund Bulag Prospect

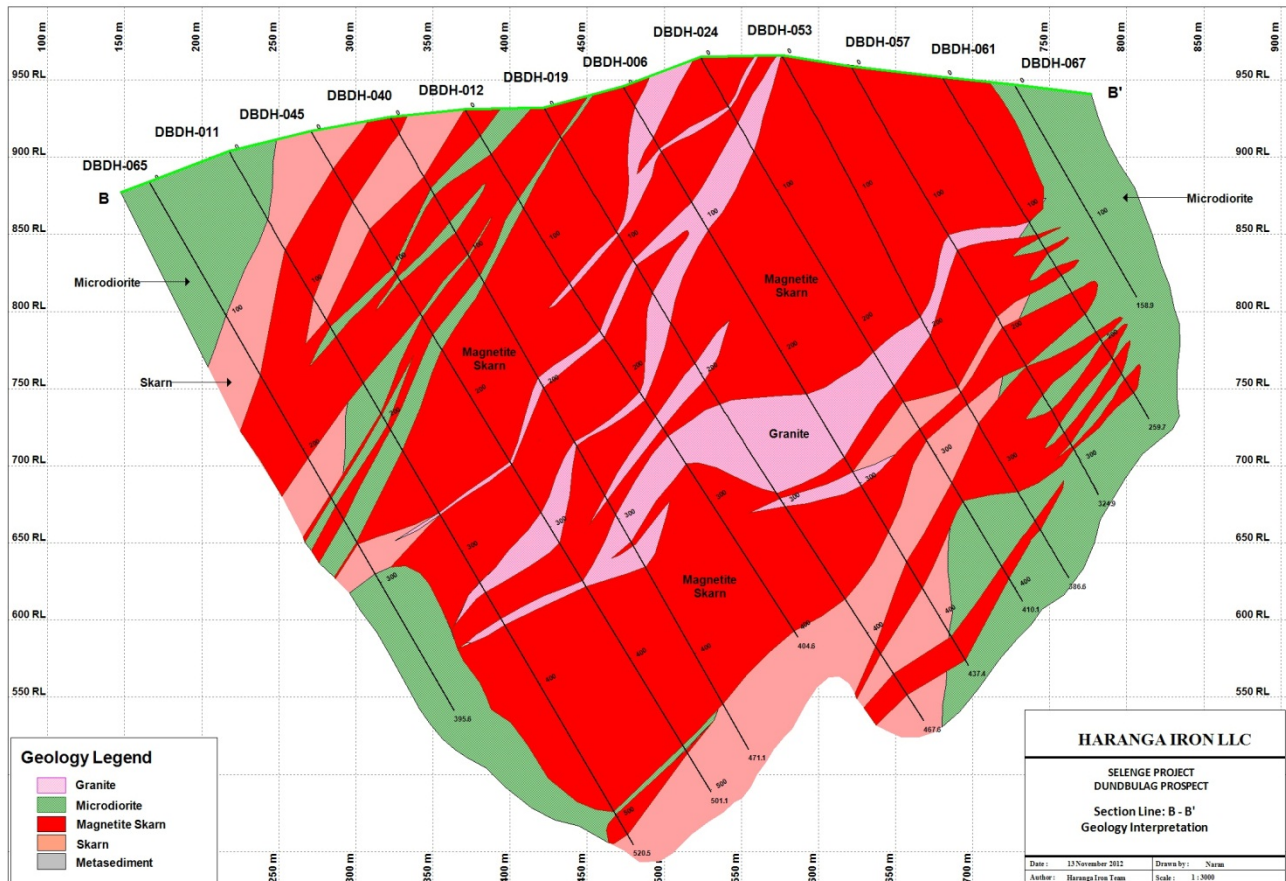
Diamond core holes were completed at seventy locations at the Dund Bulag iron ore prospect (see Figure 4). 61 of the 70 holes intersected significant widths of magnetite mineralisation as determined by assay, geological logging and handheld XRF measurement. Five holes were drilled at the end of the 2011 drill season and the laboratory assay results have been received for the first forty-five holes (Holes 6 to 50) from the 2012 drill program thus far. The table of significant results for holes 1 to 5 was reported in the Company's ASX announcement dated 29 March 2012. From the 2012 drilling program, holes 6 to 15 were reported in the ASX announcement dated 16 October 2012; holes 16 to 35 were reported on 26 November 2012; and holes 36 to 50 were reported on 14 January 2013. As observed previously, **the raw mineralisation at Dund Bulag occurs in extremely wide lodges from surface and is typically between 15% and 30% Fe in grade.** Please refer to the cross section in Figure 5.

Figure 4: Dund Bulag Drill Plan shown over Magnetic Map



As can be observed in Figure 5, the wide seams starting from the top of the Dund Bulag hill should ensure very low strip ratios. The main lodes of magnetite skarn at Dund Bulag are between 40 to 150m in apparent width. The Exploration Target* at Dund Bulag is 200-300Mt of iron ore. The maiden resource estimation at Dund Bulag is expected to be completed by April 2013.

Figure 5: Simplified Dund Bulag Interpreted Cross Section B-B'



Although the Dund Bulag mineralisation is reporting lower average grades than the Bayantsogt Deposit and the Huiten Gol Prospect, **the Dund Bulag magnetite has been found to upgrade effectively and produce a high quality magnetite concentrate grading over 65% Fe**. This is due to the particular metallurgical properties of this coarse-grained, banded magnetite skarn mineralisation.

Table 1: Summary DTR Results – Average Concentrate Quality from the Selenge Prospects (75µm grind, 10% yield cutoff)**

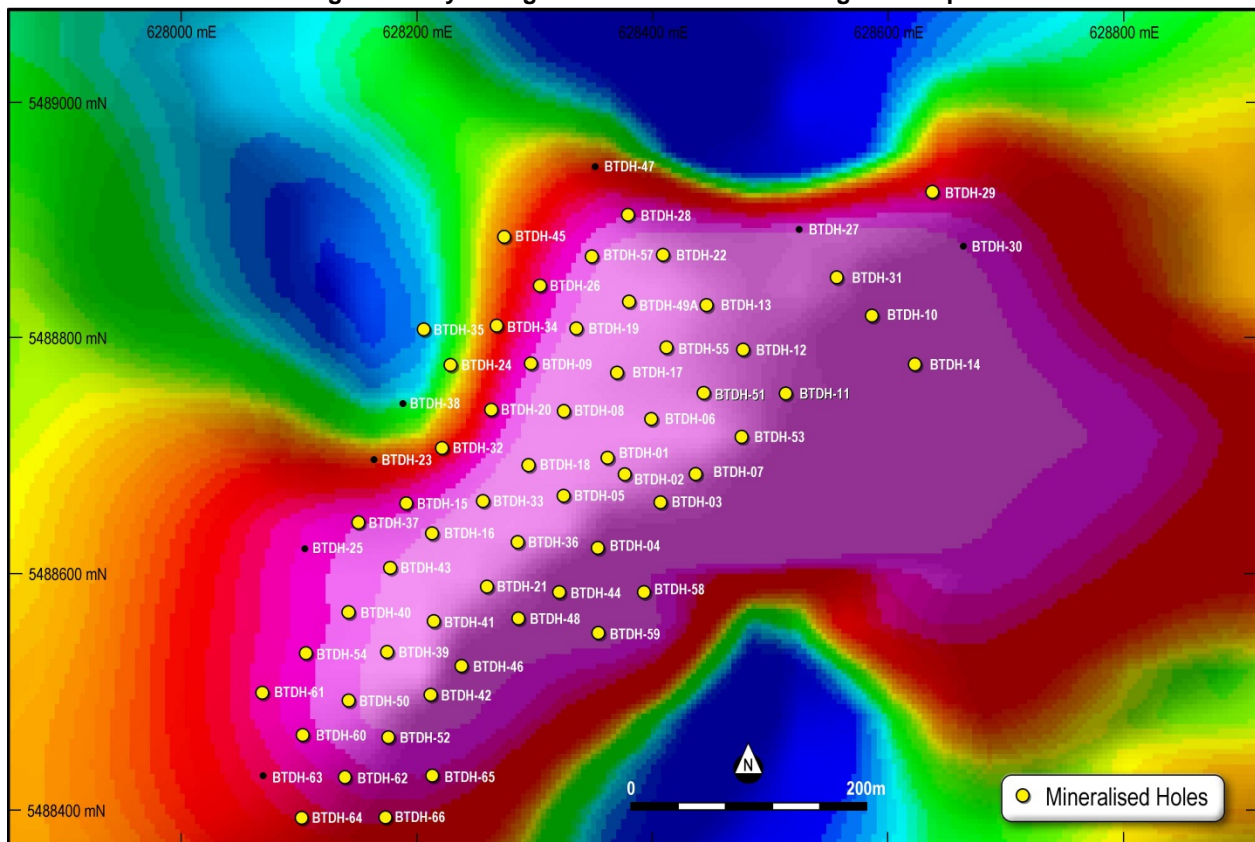
	Average Fe Grade of Raw Samples	Average Mass Yield	Fe (%)	SiO2 (%)	Al2O3 (%)	S (%)	P (%)
Bayantsogt	30.1%	29.1%	65.77	3.25	0.96	1.03	0.02
Dund Bulag	18.5%	18.0%	65.15	5.34	1.32	0.18	0.00
Huiten Gol	27.7%	29.8%	68.78	1.90	0.41	0.01	0.01

Bayantsogt Prospect

Sixty-six diamond core holes have now been completed at the Bayantsogt iron ore deposit (see Figure 6). 59 of the 66 holes intersected significant widths of magnetite mineralisation. Thirty-five holes were drilled at Bayantsogt during the 2011 drill season and an initial JORC inferred resource of 32.8Mt at 24.4% Fe was defined based on this initial drill program. The laboratory assay results have been received for all holes (holes 36 to 66) from the 2012 drill program. Holes 36 to 41 were reported in the Company's ASX announcement dated 26 November 2012 and holes 42 to 66 were reported on 14 January 2013. These

results confirm that the 2012 drilling has extended the strike length of the deposit by 250m to the southwest.

Figure 6: Bayantsogt Drill Plan shown over Magnetic Map



The deeper zone of high grade mineralisation first discovered during the 2011 drill program in the central-eastern part of the deposit was partly defined by the following key intersections:

- **103m at 44% Fe from 225m in hole BTDH-20 (incl 28m at 58% Fe from 258m)**
- **97m at 44% Fe from 223m in hole BTDH-32 (incl 29m at 54% from 265m)**
- **71m at 37% Fe from 266m in hole BTDH-15 (incl 10m at 50% Fe from 317m)**

This zone has been intersected during the 2012 program in holes 37 and 43, with hole 43 appearing to show the high grade zone extending towards the surface:

- **18m at 47% Fe from 281m in hole BTDH-37**
- **8m at 49% Fe from 92m in hole BTDH-43**

The Exploration Target* at Bayantsogt is 40-60Mt of iron ore (inclusive of the current resource). An updated resource estimation at Bayantsogt is expected to be completed by April 2013.

Undur Ukhaa Prospect

Twelve diamond core holes were completed at the previously undrilled Undur Ukhaa iron ore prospect, located 1km west of Dund Bulag. 11 of the 12 holes appear to have intersected significant apparent widths of magnetite mineralisation as determined by geological logging and handheld XRF measurement. The mineralisation at Undur Ukhaa appears to be of a similar nature to nearby Dund Bulag. The anomaly at Undur Ukhaa is narrow but appears to have a strike length of approximately 800m. **Undur Ukhaa represents the fourth major iron discovery within the large Selenge project area**, following Bayantsogt,

Dund Bulag and Huiten Gol. The Company has not yet received laboratory assay results from the drilling at Undur Ukhaa.

Based on the initial drilling at Undur Ukhaa and the results from the small 2011 drill program at **Huiten Gol**, a combined Exploration Target* of 10-40Mt of iron ore has been estimated for these two prospects.

Selenge Project Summary and Outlook

The **2012 drilling program was completed in November 2012 almost one month ahead of schedule** having conducted over 35,000m of diamond drilling. All assay results from the 2012 drill program at the Bayantsogt Deposit have now been received from the laboratory and reported. The Company has received and reported assay results from the first 50 drill holes at the Dund Bulag prospect and awaits results from the remaining 20. No assay results have yet been received from the 12 drill holes completed at the Undur Ukhaa prospect. Metallurgical test work on all mineralised core drilled during 2012 has commenced and this information will ultimately be used to construct an enhanced JORC compliant resource at all three of these magnetite targets based on the mass yield and concentrate quality characteristics. It is expected that an expanded and enhanced JORC resource including all three prospects will be completed by April/May 2013.

Based on the results to date, the cumulative Exploration Target* for the Selenge Project has been estimated at 250-400Mt of iron ore, based solely on the four Priority 1 targets already drilled within the project area. There are a number of other promising magnetic anomalies yet to be drill tested.

This successful drill campaign follows the recent **MOU covering 5Mtpa of rail** capacity and the **excellent metallurgical results** on the Selenge iron mineralisation from Bayantsogt, Dund Bulag and Huiten Gol.

Iron ore prices in China have improved markedly in recent months and **inland domestic magnetite concentrate continues to be priced at a premium to the seaborne import iron ore price**. The difference in price versus the seaborne import marker price is due to grade differential, lower impurities, higher value-in-use, high transport costs for seaborne ore attempting to access the inland regions and the lack of availability of this high quality product in inland China as domestic Chinese magnetite production suffers from declining grade and output.

The 2011 exploration program confirmed that a number of significant discoveries had been made by the Company within the Selenge project area and achieved a maiden JORC Code compliant resource. Shareholders can continue to look forward to further positive results from the 2012 drilling as the Company moves towards a greatly expanded JORC Code compliant resource and feasibility study commencement.

2. Other Projects

The original magnetic survey results from the **Khundlun** project area were reprocessed during the quarter using 3D inversion modelling software in order to better identify the priority targets in the area of known iron mineralisation.

No significant exploration was conducted at the **Shavdal** or **Tumurtei Khudag** Projects during the quarter.

CORPORATE AND GENERATIVE

1. Capital Raising

In early January 2013 the Company announced an agreement to raise \$6 million by issuing 30 million new shares to a group of Mongolian investors at a price of \$0.20 per share, representing a 31% premium to the Company's one month VWAP at the time. In addition, 15 million new options are to be issued to the same investors on a 'one for two' basis for zero consideration.

This placement represents a strategic investment in Haranga by a group of influential and knowledgeable Mongolian investors and reflects a growing acceptance within Mongolia of the high commercial and strategic value of the Company's iron ore assets. It also reflects Haranga's commitment to Mongolia and the importance that the Company places on encouraging local Mongolian investment.

2. Deferred Acquisition Payment

During the quarter the Company made its third acquisition payment of US\$1m on the Selenge project. This represents an outstanding amount that was due as part payment for the original 60% interest in the project.

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.

** Davis Tube Recovery (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.