

### Quarterly Activities Report

29 April 2013

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**Issued Capital:**

241.75 million shares

**ASX Symbol:** HAR

## March 2013 Quarterly Activities Report

### - Highlights -

#### Exploration Activity

- All laboratory assays from the 35,000m of diamond core drilling completed during late 2012 at the Selenge Iron Ore Project in Mongolia were completed during the quarter.
- All three drilled prospects were found to contain wide intervals of iron mineralisation from surface.
- Davis Tube Recovery (DTR) tests were recently completed on the new mineralised core samples.
- The magnetite at Selenge achieved a high quality 65-66% Fe concentrate during 2012 metallurgical testing and early results from the 2013 DTR tests show similar average concentrate grades.
- The cumulative Exploration Target\* at Selenge is 250-400Mt. An updated JORC resource based is expected in May 2013.
- The Selenge Project is located next to Mongolia's largest iron ore export mine, which exported 5Mt of concentrate to China in 2012.
- Spot prices for 66% Fe magnetite concentrate in NE China remain over US\$150/t.

#### Corporate Activity

- In January 2013 the Company raised \$6m via a placement to a group of private Mongolian investors.
- At the end of the quarter the Company's cash position was \$7.5m

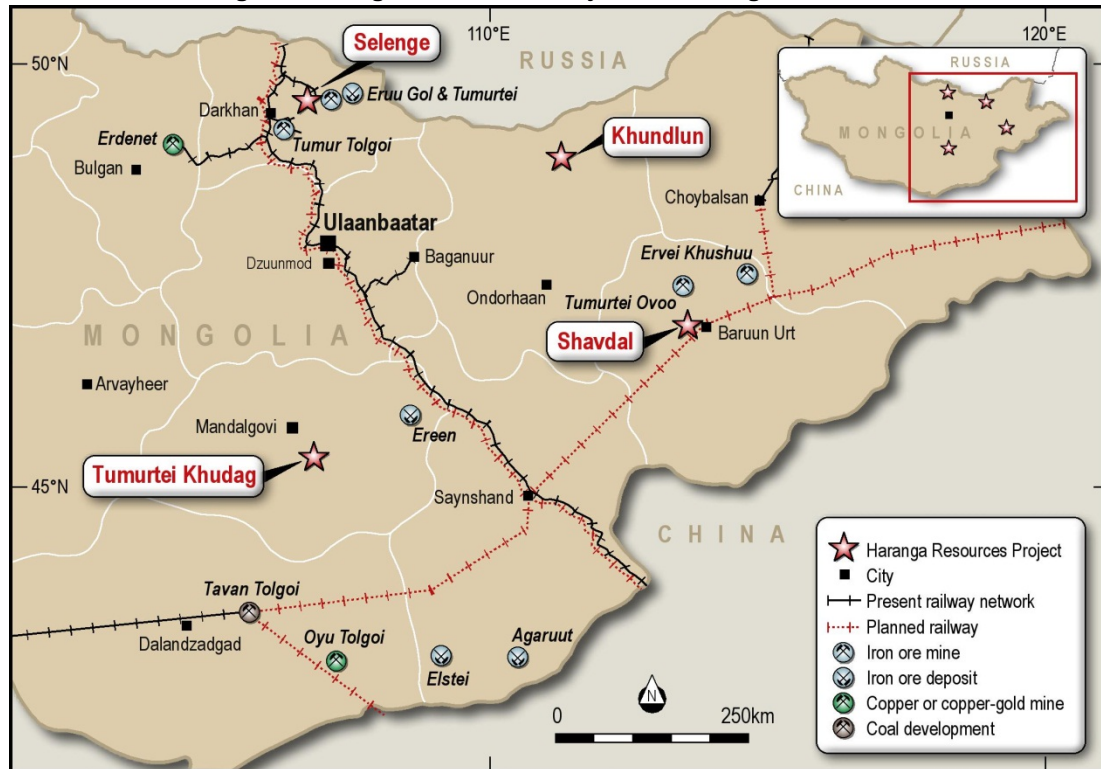
#### Improving Mongolian Investment Climate

- On 19 April, the Mongolian government passed an amendment to the Strategic Foreign Investment (SFI) Law that removes the need for overseas private entities acquiring Mongolian mining projects to obtain full parliamentary approval.
- In addition, a new investment law that aims to provide greater stability for all investors is expected to be submitted to parliament.
- These developments are seen as indications that the Government of Mongolia is attempting to significantly improve the investment climate in the country.

## 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**



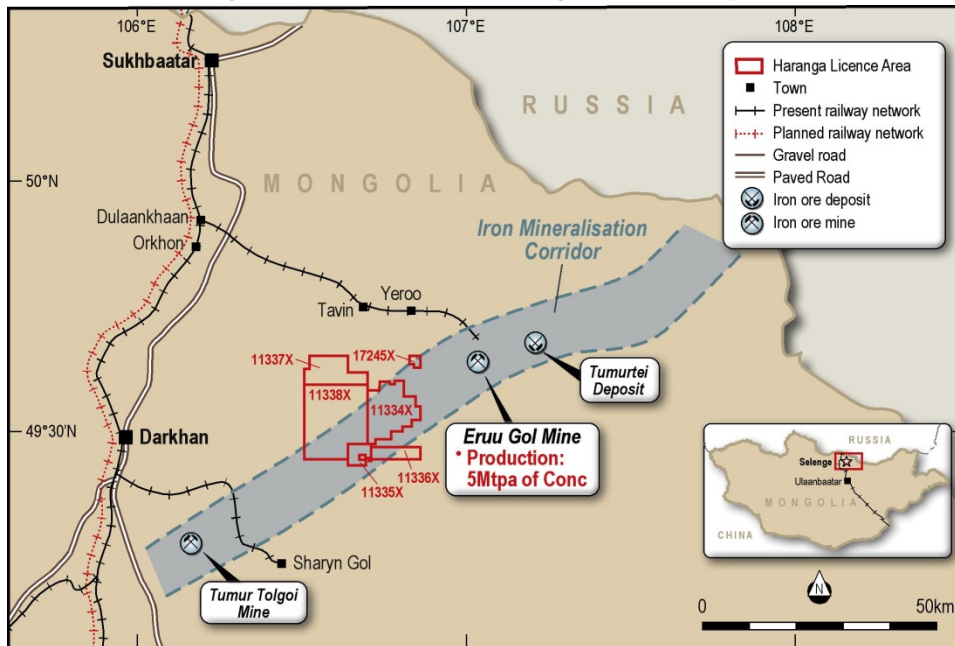
The projects are:

1. **Selenge (Ownership: 80%):** The Company's flagship project, it consists of six exploration licences covering 450km<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. 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 577km<sup>2</sup> 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%)

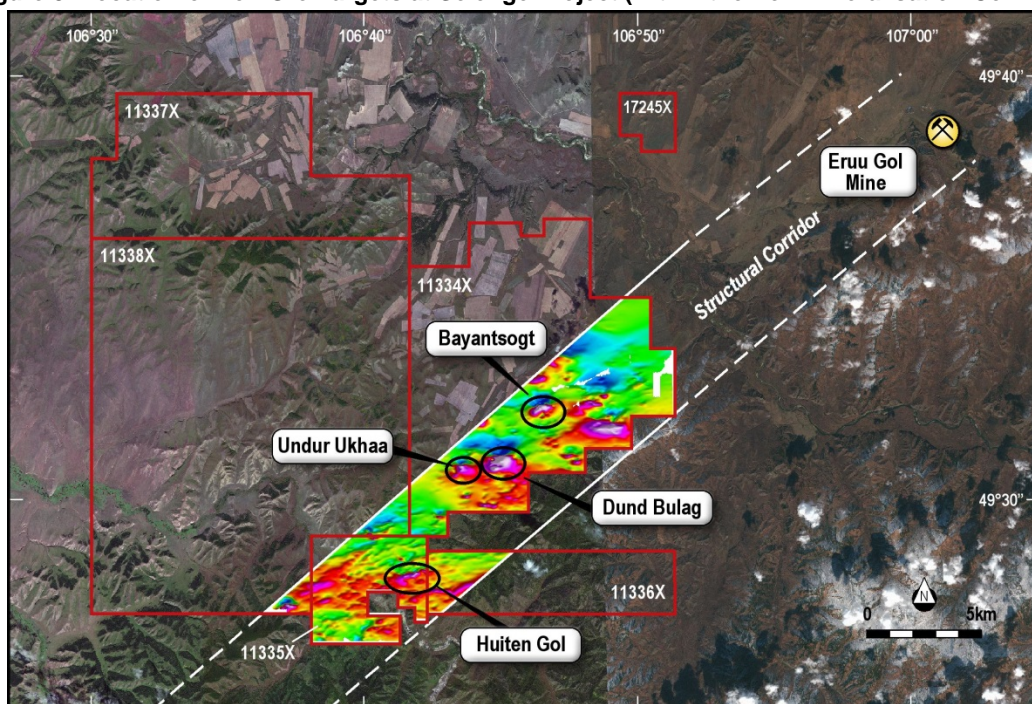
The Company's flagship Selenge iron ore project is located in the heart of Mongolia's premier iron ore development region with excellent access to the main trans-Mongolian rail line and nearby rail spurs.

**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 exported approximately 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.

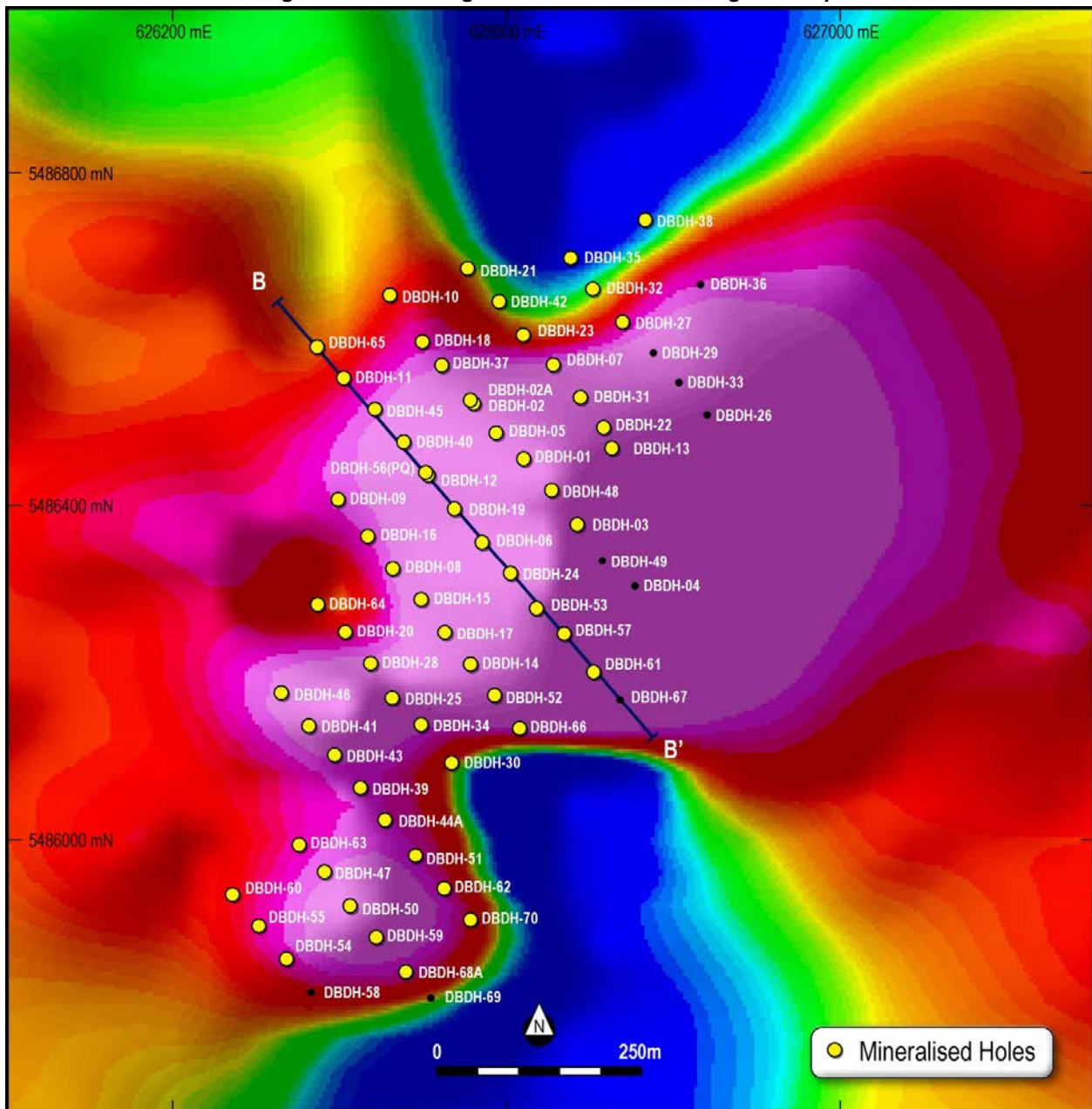
**Figure 3: Location of Iron Ore Targets at Selenge Project (within the Iron Mineralisation Corridor)**



**Dund Bulag Prospect**

Diamond core holes were completed at seventy locations at the Dund Bulag iron ore prospect (see Figure 4). The drilling was completed in November 2012. 61 of the 70 holes intersected significant widths of magnetite mineralisation. Five holes were drilled at the end of the 2011 drill season and the remainder during the 2012 drill program. 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; holes 36 to 50 were reported on 14 January 2013; and holes 51 to 70 were reported on 8 February 2013. **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.

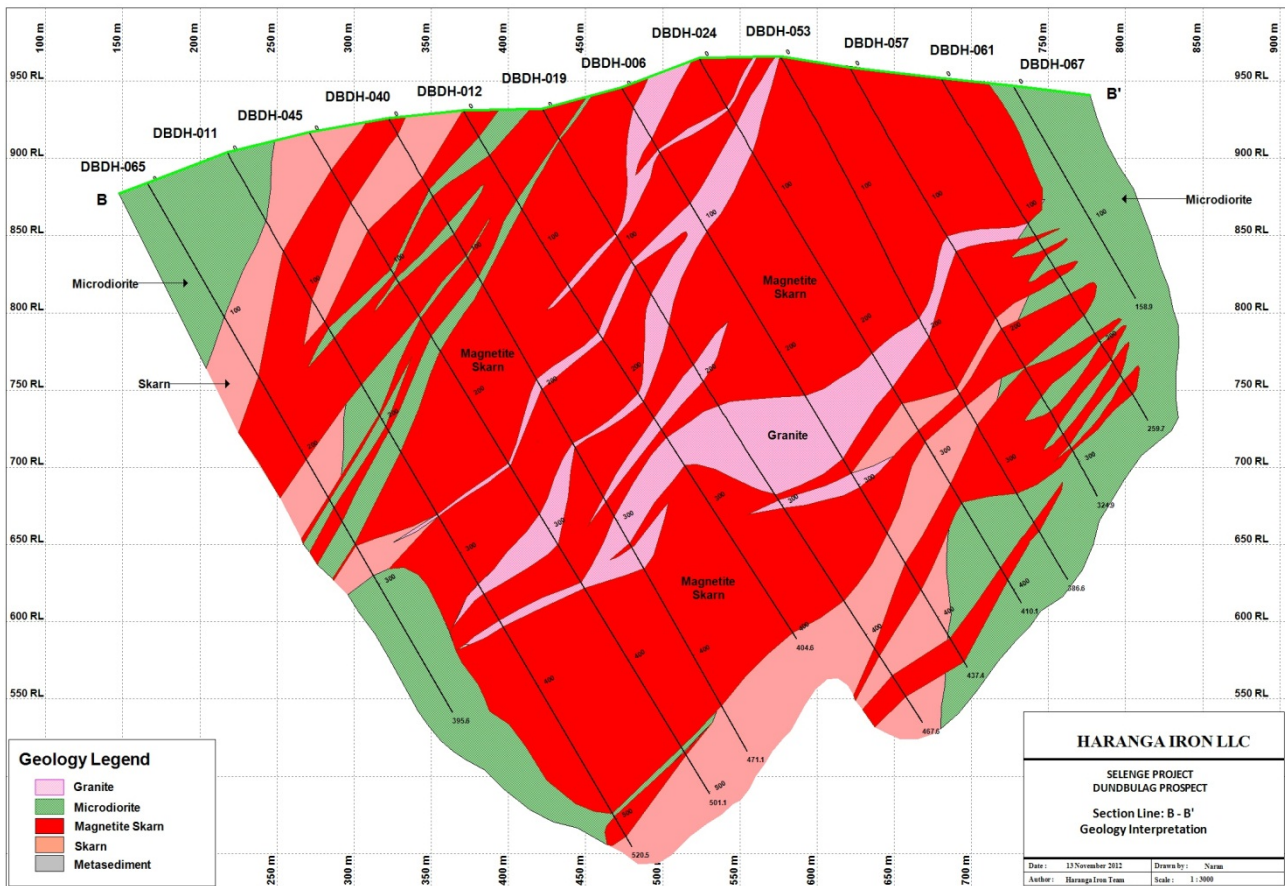
**Figure 4: Dund Bulag Drill Plan shown over Magnetic Map**



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 lodges of magnetite skarn at Dund Bulag are between 40m 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 in May 2013.

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

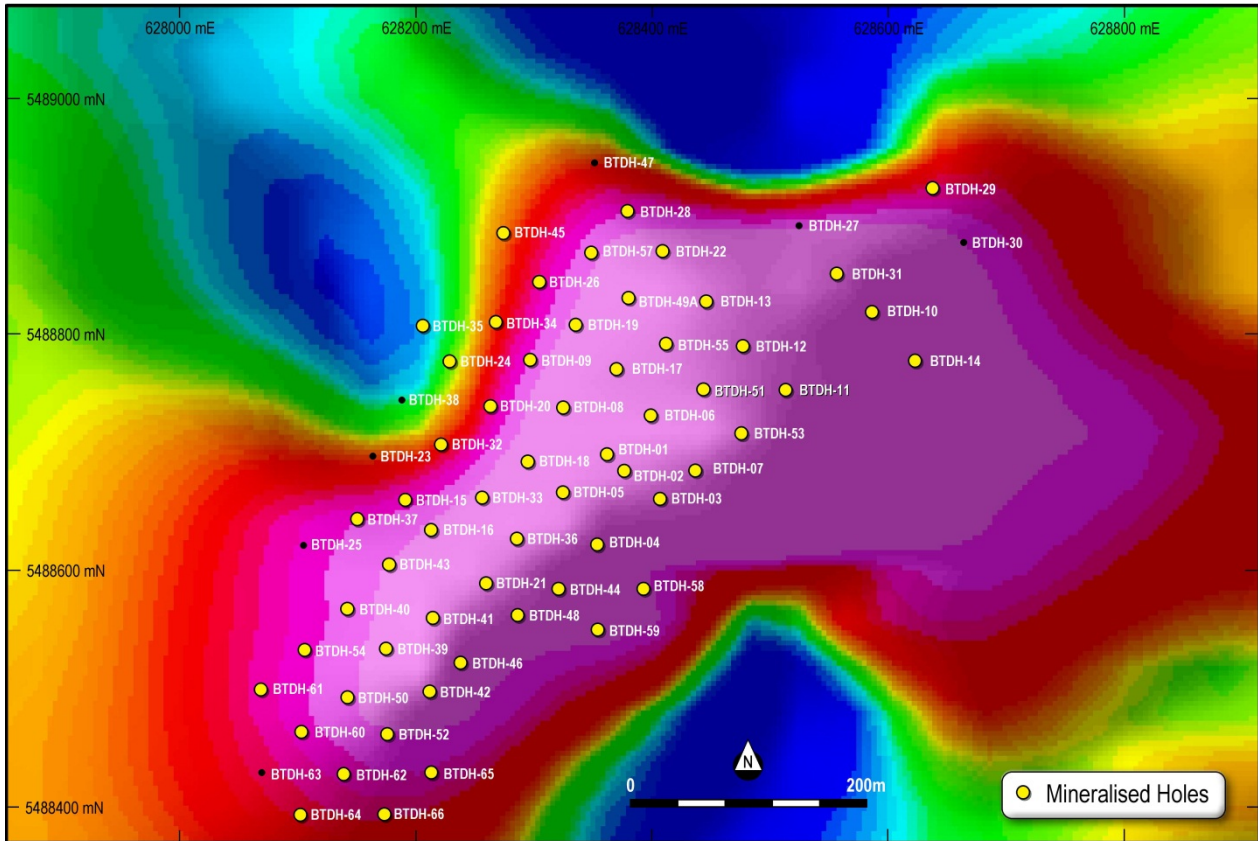


Although the Dund Bulag mineralisation reported lower average grades than the Bayantsogt Deposit and the Huiten Gol Prospect, **the Dund Bulag magnetite was found to produce a high quality magnetite concentrate grading over 65% Fe** during DTR\*\* testwork conducted on the 2011 drill core. The DTR tests on the 2012 drill core were completed during the quarter and initial results suggest that a similar concentrate quality is still being achieved at both Dund Bulag and Bayantsogt. It is planned to release the results of the 2013 DTR test program along with the new JORC resource for Selenge during May 2013.

### Bayantsogt Prospect

Sixty-six diamond core holes were 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.

**Figure 6: Bayantsogt Drill Plan shown over Magnetic Map**

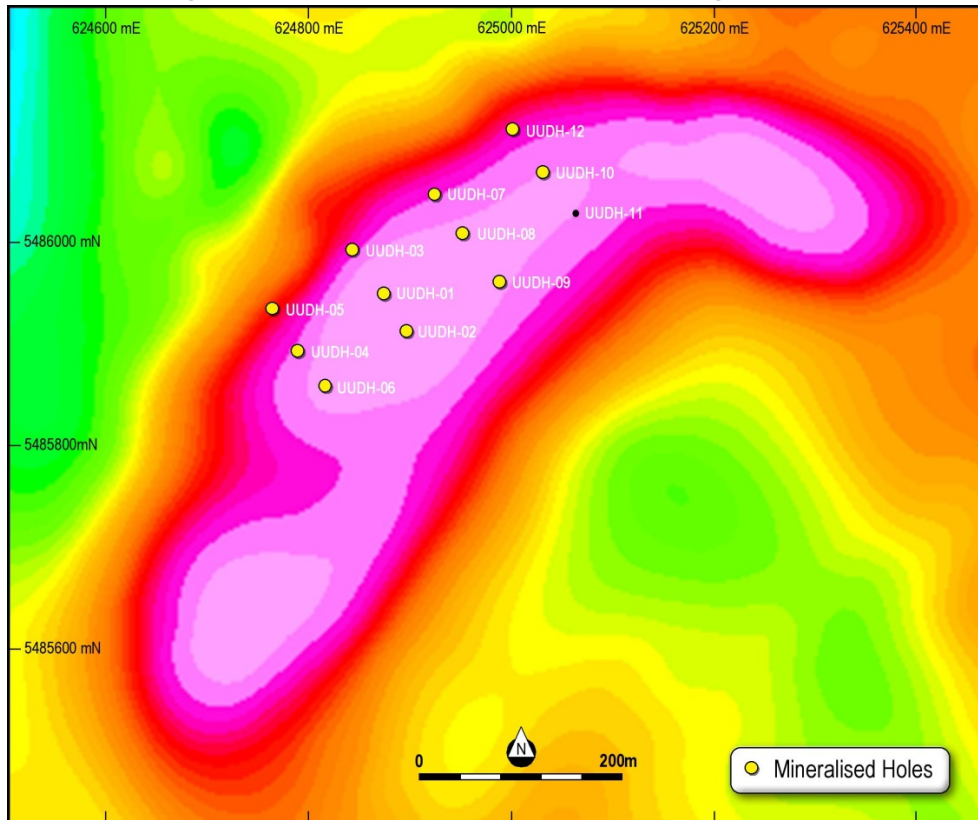


The Exploration Target\* at Bayantsogt is 40-60Mt of iron ore (inclusive of the current resource). An updated resource estimation at Bayantsogt is expected to be completed in May 2013.

### 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 intersected significant apparent widths of magnetite mineralisation (see Figure 7) and these assay results were reported in the Company's ASX announcement dated 8 February 2013. The mineralisation at Undur Ukhaa is of a similar nature and grade to nearby Dund Bulag, although the mineralised intervals are narrower, typically ranging from 6m to 40m in apparent width. The anomaly at Undur Ukhaa is narrow but appears to have a strike length of approximately 800m.

**Figure 7: Undur Ukhaa Drill Plan shown over Magnetic Map**



**Undur Ukhaa represents the fourth iron discovery within the large Selenge project area**, following Bayantsogt, Dund Bulag and Huiten Gol. 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. The initial resource estimation at Undur Ukhaa is expected to be completed in May 2013.

### **Selenge Project Summary and Outlook**

The 2012 drilling program consisted of over 35,000m of diamond drilling and was completed in November 2012. All assay results from this drill program have been previously reported. DTR tests on mineralised core drilled during 2012 have also now been completed and this information will be used to construct an enhanced JORC compliant resource at Bayantsogt and initial JORC compliant resources at Dund Bulag and Undur Ukhaa. It is expected that this resource work will be completed during 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, some containing visible magnetite skarn mineralisation at surface, yet to be drill tested.

The successful 2012 drill campaign followed the recent **MOU covering 5Mtpa of rail capacity** and the **first pass metallurgical results** from the mineralised core obtained from Bayantsogt, Dund Bulag and Huiten Gol during the 2011 drill program at Selenge.

Iron ore prices in China remain strong and **inland domestic magnetite concentrate continues to be priced at a significant 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. The laboratory assays from the 2012 drill program were completed in February 2013 and DTR tests have been conducted on the mineralised core drilled during the 2013 program. It is expected that the Company will be able to report an expanded JORC Code compliant resource based on these results during May this year.

## 2. Other Projects

No significant exploration was conducted at the **Shavdal, Khundlun** 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 at the Company's upcoming AGM.

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. Partial Surrender of Exploration Licences 11334X and 11337X and new Licence Number 17245X

During the quarter the Company surrendered approximately 50% of the area covered by exploration licence 11334X and 5% of the area covered by 11337X. Both licences are part of the Selenge project area but the areas surrendered are considered unimportant for the Company's iron ore exploration and development activities. As a result of the surrender of 11334X, the original licence was split into two separate areas and as per standard procedure, the smaller portion to the northeast was given the new licence number 17245X.

## **MONGOLIAN LEGISLATIVE CHANGES AND INVESTMENT CLIMATE**

On 19 April 2013 the Mongolian government passed an amendment to the Strategic Foreign Investment (SFI) Law that removes the requirement for overseas private entities acquiring Mongolian mining projects to obtain full parliamentary approval, although change of control transactions still require either Cabinet or Ministerial approval. The recent amendment maintains that foreign state owned enterprises (SOEs) attempting to acquire over 49% of Mongolian mining projects will still require parliamentary approval.

In addition, as per a recent Hogan Lovells update, government officials have recently indicated that the Mongolian government intends to submit a new investment law (a draft of which has been prepared) for Parliamentary approval this summer. The new law would aim to provide greater stability for foreign investors in Mongolia.

These moves, along with the steady progress of the major Oyu Tolgoi copper/gold development, indicate that the new Government of Mongolia intends to support Mongolia's economic growth and restore investor confidence by making a concerted effort to encourage greater foreign investment in the country and by providing a stable investment climate.



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.*