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Issued Capital:

241.75 million shares

ASX Symbol:

HAR

Results of Independent Techno-Economic Assessment of the Selenge Iron Ore Project

Haranga Resources Limited (“the Company”) is pleased to advise that an independent assessment of the Selenge Iron Ore Project (“Selenge Project”) economics based on the Measured and Indicated JORC Compliant Resource has now been completed:

HIGHLIGHTS

- **Two different target grind sizes (75 and 150 microns) were provided in the estimate as the previous Davis Tube Recovery (DTR) test results indicated that a high quality magnetite concentrate with low impurities is attainable.**
- **The coarser grind (150 micron) concentrate is superior to the fine grind (75 micron) scenario, as a result reduced mill size and the power consumption resulting in lower capital expenditure and operational expenditure.**
- **The 3 million tonnes per annum (Mtpa) concentrate production capacity with coarser grind size demonstrates stronger economic results with net present value (NPV) of AU\$457.8M and internal rate of return (IRR) of 47.6%:**

Summary Results from

Independent Techno-Economic Assessment¹

(12.5% Discount Rate, US\$131.5/t Price for concentrate)

JORC Compliant Resource	Tonnage (Million tons)	Mine Life (LOM, years)	Annual Concentrate Production (Mtpa)	CAPEX (AU\$ Million)	Cash Cost (AU\$ per ton conc.)	NPV (AU\$ Million)	IRR (% After tax)
Measured and Indicated	253.8²	16	3.0	562.4	64.0	457.8	47.6

Summary of the Independent Assessment

The purpose of the independent techno-economic assessment was to assess the economics and feasibility of the Selenge Project. In addition, this work was important as it:

¹ See page 3 for the Independent Techno-Economic Assessment detailed key assumptions and inputs.

² Refer to Table 1 for the Selenge Resource Estimates Split by Deposit.

1. was based on the new updated JORC Compliant Resource; and
2. assisted in selecting and prioritising further development and investigation of the Selenge Project.

The assessment analysed the different options and alternatives of:

- (i) the mill target grind size to be optimised based on the results of the pilot scale metallurgical test;
- (ii) the production capacity of a concentrator; and
- (iii) the transportation options such as raiing (full scale plant capacity), trucking (smaller capacity initial operation) and overland conveyor.

The assessment was conducted by GHD, a third party independent consultancy firm*, which used their valuation model (ORVAL) designed specifically for a magnetite iron ore project. The focus of the assessment was to examine the Selenge Project economics based on the following two scenarios and assumptions:

1. two different target grind sizes (75 and 150 microns) by a crushing and mill complex; and
2. two different production capacities of a processing plant: 3Mtpa and 0.5Mtpa.

The previous DTR test results indicated that the banded magnetite found at the Selenge Project can achieve a high quality concentrate despite the lower in situ ore grades. Additionally, progressive grind size tests suggested that the coarser grind (150 micron) could serve as an optimal target grind that produces 63% Iron concentrate whereas the finer grind (75 micron) produced a premium +66% Iron final saleable product was the original test and served as a base-case scenario. Therefore, two target grind sizes were provided to run the model. The coarser grind (150 micron) concentrate was superior to the fine grind (75 micron) scenario, and the mill size and the power consumption were both significantly reduced leading to lower capital expenditure, operational expenditure and higher rates of return.

The JORC Compliant Resource at the Selenge Project's three clustered deposits supports the 16-year life of mine and a wet magnetic processing plant with a standalone infrastructure solution to deliver 3Mtpa of magnetite concentrate onto the nearby rail spurs for domestic and export consumption. This techno-economic assessment assumes that a 43km railway will be constructed from the project to the rail line of Darkhan - Shariin Gol which connects the producing coal miner to the main Trans-Mongolian railway.

The model assumed a selling price of \$131.5 per ton of produced concentrate. Inland China domestic magnetite concentrate continues to be priced at a premium to the seaborne import iron ore marker price (for 62% Iron hematite ore) 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.

**The Summary Results of the Independent Techno-Economic
Assessment of the Selenge Project**

(Option: 150 micron target grind, 3Mtpa plant)

I. Key assumptions/inputs:	
Project life	16 years
Construction Period	2 years
Fe target grade in concentrate, %Fe	62%
Final Grind (p80)	150 micron
Annual Concentrate Output, tonnes	3.0 Mtpa
Power type	Grid
New Rail Distance	43 km
Product Selling Price	\$131.5 /t
Feed Ore (annual)	15.3 Mtpa
II. Capital Cost breakdown:	
Grand Total CAPEX	\$562.4m
Directs	
Mining	\$27.8m
Concentrator	\$225.4m
Site infrastructure	\$72.7m
Rail	\$129.5m
In-directs	\$107.0m
III. Operating Cost breakdown:	
OPEX	\$64.0/t
Mining	\$22.1/t
Crushing	\$2.4/t
Concentrator	\$14.4/t
Overland transport	\$23.8/t
Head office	\$0.3/t
Site Infrastructure	\$1.1/t
IV. Cash flow Results:	
NPV	\$457.8m
IRR (After Tax)	47.6%
Payback Period	2 years
Average Annual Revenue	\$388.3m
Average Operating Profit (after Tax)	\$105.2m

The Selenge project has potential resource upside with further extension and exploration drilling of targets that have been identified over the known resource areas. It is expected that as a result of additional drilling programmes, the life of mine (LOM) may potentially increase resulting in an improvement of the project economics and profitability.

It is the Company's intention, driven by the aim of achieving an earlier production and positive cash flow, to study the smaller scale production capacity scenario. The techno-economic assessment studied the project economics in case a mine and plant start operations at 0.5Mtpa capacity and then ramp up based on the established project ground. This scenario demonstrates an exceptionally high IRR of 148.5% generating the average annual revenue of AU\$65.1M and NPV of AU\$40.2M during the initial 5 years of operation.

The Company is now working towards improving the economics of this scenario based on additional adjusted input data including but not limited to; Initial mine blocks that are being optimised by the Whittle model and a grid line for power supply instead of diesel electricity generation.

The Company continues to progress its planned activities in order to develop the Selenge Project from the construction phase to the production stage.

Erdene Tsengelbayar

Managing Director

HARANGA RESOURCES LIMITED

** The information in this release is based on the Options Study Report prepared by GHD. This report was prepared on the basis of information provided by Mr. Kerry Griffin, the former Technical Director of Haranga Resources Limited. Mr. Christopher Welsh from GHD consented to the inclusion in this release of the matters based on the Option Study Report and information presented to it, in the context in which it appears. Mr. Kerry Griffin consented to the inclusion in this release of the matters based on his information, in the context in which it appears.*

Table 1: Selenge Resource Estimates Split by Deposit (Cutoff = 12.5% Fe)

Deposit	Measured		Indicated		Inferred		TOTAL	
	Mt	Fe Grade	Mt	Fe Grade	Mt	Fe Grade	Mt	Fe Grade
Dund Bulag	96.4	16.6	103.5	16.1			199.9	16.4
Bayantsogt	20.7	23.0	15.0	22.8	0.55	16.6	36.3	22.8
Undur Ukhaa	9.3	15.8	8.9	15.1			18.2	15.4
TOTAL	126.4	17.6	127.4	16.8	0.55	16.7	254.4	17.2

The technical information contained in this announcement in relation to the JORC Code (2004) Compliant Resource for the Selenge Project Deposits 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. Refer to the HAR ASX announcement dated 7 May 2013 for further details.