



ABN 83 141 128 841

Half-year Financial Report

30 June 2015

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## **CORPORATE DIRECTORY**

### **Directors**

Mr. Marshall Cooper (Executive Chairman)  
Mr. Erdene Tsengelbayar (Executive Director)  
Mr. Brian McMaster (Non-Executive Director)  
Mr. Matthew Wood (Non-Executive Director)  
Mr. Michael Riady (Non-Executive Director)  
Mr. Jack James (Non-Executive Director)  
Mr. Bat-Ochir Sukhbaatar (Non-Executive Director)

### **Company Secretary**

Mr. Jack James

### **Registered Office**

Level 1  
330 Churchill Avenue  
SUBIACO, WA 6008  
Telephone: +61 8 9200 4415  
Facsimile: +61 8 9200 4469  
Website: [www.haranga.com](http://www.haranga.com)

### **Share Registry**

Automic Registry Services Pty Ltd  
Level 1  
7 Ventnor Ave  
WEST PERTH WA 6005  
Telephone: + 61 8 9324 2099  
Facsimile: + 61 8 9321 2337

### **Auditors**

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

### **Stock Exchange**

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

**DIRECTORS' REPORT**

The Directors of Haranga Resources Limited ('the Company' or 'Haranga') submit the financial report of the consolidated entity consisting of Haranga Resources Limited and the entities it controlled at the end of, or during the half-year ended 30 June 2015. 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. Marshall Cooper      | Executive Chairman  |
| Mr. Erdene Tsengelbayar  | Executive Director  |
| Mr. Brian McMaster       | Non-Executive Director  |
| Mr. Matthew Wood         | Non-Executive Director  |
| Mr. Bat-Ochir Sukhbaatar | Non-Executive Director  |
| Mr. Jack James           | Non-Executive Director (appointed 15 January 2015)                                  |
| Mr. Michael Riady        | Non-Executive Director (appointed 3 February 2015)                                  |
| Mr. George Tumur         | Former Non-Executive Director (appointed 15 June 2015, resigned 19 June 2015)       |
| Mr. Amarbaatar Chultem   | Former Non-Executive Director (resigned 29 May 2015)                                |
| Mr. Stephen Lo           | Former Non-Executive Director (appointed 15 January 2015, resigned 3 February 2015) |
| Mr. Daniel Crennan       | Former Non-Executive Director (resigned 15 January 2015)                            |

**Results**

The loss after tax for the half-year ended 30 June 2015 was \$978,070 (2014: \$1,359,595).

**Review of Operations**

**SELENGE IRON ORE PROJECT (80% OWNED BY HARANGA RESOURCES LIMITED)**

The Company continues to make significant progress in regards to the development of its Selenge Iron Ore Project ('the Project'), with the Project Construction phase now able to commence.

**GRANT OF MINING LICENSE**

The Company's 80% owned subsidiary Haranga Khuder LLC, which holds the Mineral Exploration Licenses and Pre-Mining Operations Agreement for the Selenge Project in Mongolia, was granted a Mining License by the Mineral Resources Authority of Mongolia on 19 June 2015. The license area covers 3,480.70 hectares.

The Mining License is valid for 30 years until 19 June 2045. Pursuant to the Minerals Law of Mongolia, the Company can apply to have the license extended up to 2 additional terms of 20 years each.

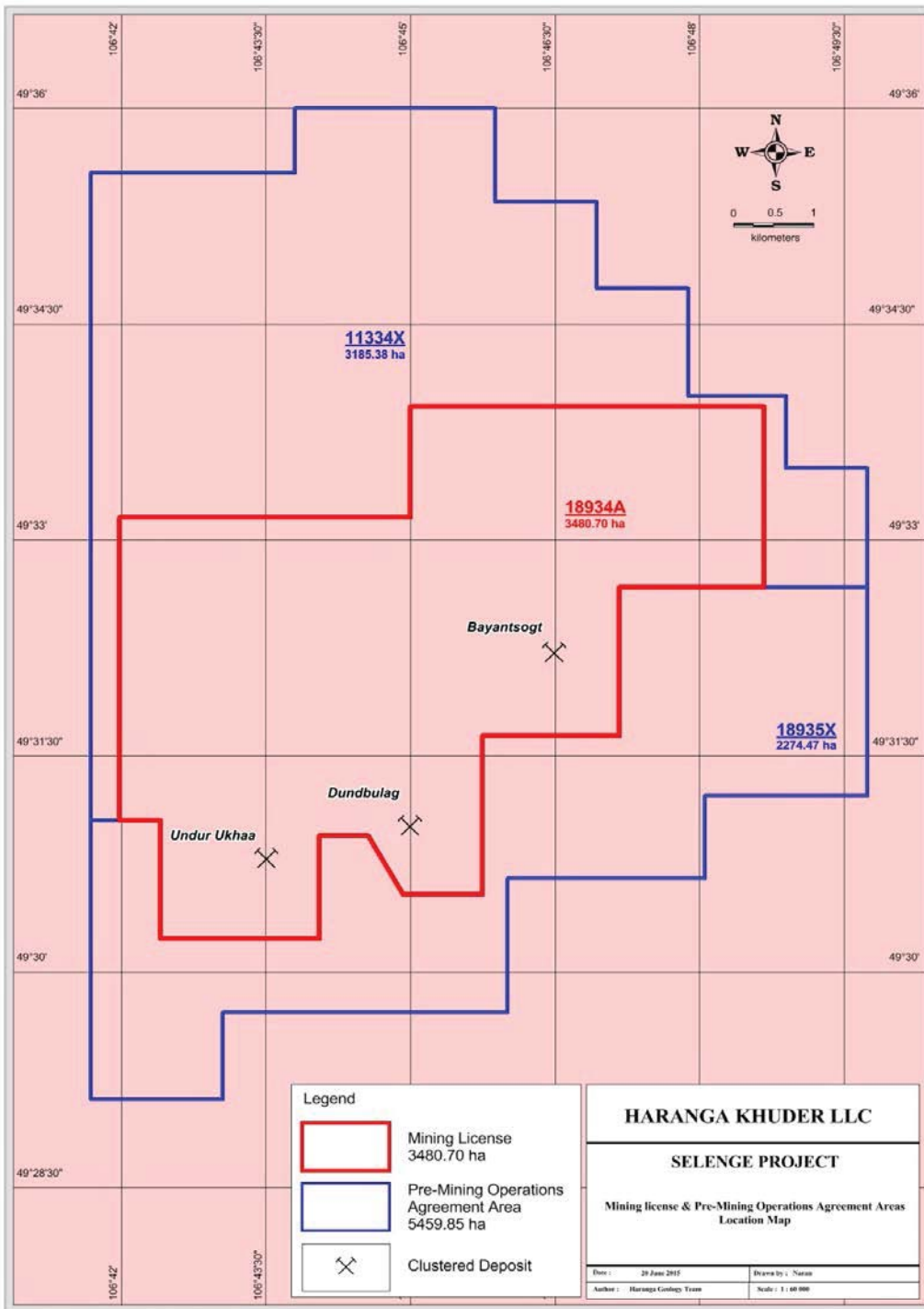
As a result of granting of the Mining License, the area covered by Exploration License #11334X has been split and new Exploration License #18935X granted. The five remaining tenements held by the Company remain unchanged. As such, the Company now holds a total of 5,459.85 hectares that remain valid under the Pre-Mining Operations Agreement. Refer to Figure 1 and Table 1 below.

Table 1. License Tenements

| The Status of Mineral Licenses |             |               |                   |              |             |
|--------------------------------|-------------|---------------|-------------------|--------------|-------------|
| License Holder                 | License No. | Date of issue | License area /ha/ | Current year | Valid until |
| Haranga Khuder LLC             | MV-018934   | 19-Jun-15     | 3,480.70          | 1            | 2045*       |
| Haranga Khuder LLC             | XV-018935   | 19-Jun-15     | 2,274.47          | 10           | 2016**      |
| Haranga Khuder LLC             | XV-011334   | 10-Feb-06     | 3,185.38          | 10           | 2016**      |
| Haranga Khuder LLC             | XV-011335   | 10-Feb-06     | 616.96            | 10           | 2018        |
| Haranga Khuder LLC             | XV-011337   | 10-Feb-06     | 3,039.41          | 10           | 2018        |
| Haranga Khuder LLC             | XV-011338   | 10-Feb-06     | 3,171.66          | 10           | 2018        |
| Haranga Khuder LLC             | XV-017245   | 10-Feb-06     | 562.63            | 10           | 2018        |
| Haranga Khuder LLC             | XV-017467   | 10-Feb-06     | 459.47            | 10           | 2018        |

\*under ML status  
\*\*under PMA status

Figure 1. A new Mining license and remaining Pre-Mining Operations agreement area



**PRE-MINING OPERATIONS ACTIVITIES**

The Project is ideally 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.

In August 2012, the Company signed a Memorandum of Understanding (‘MOU’) with both the Mongolian Railway Authority and the Ministry for Transportation requesting up to 5Mtpa of rail capacity from 2015 onwards.

In January 2015, the Company signed an MOU with Ulaanbaatar Railway (‘UB Railway’), a Mongolian-Russian Joint Venture Company which owns the Trans-Mongolian Railroad that connects Russia, Mongolia and China. UB Railway will also support the Company in obtaining the necessary permits to build and operate new rail infrastructure including any rail spur truck loading and unloading facilities that will be required. The MOUs are key to the development of the Project and also secure export rail capacity of more than 1Mtpa from 2020.

In regards to further infrastructure development the Company conducted field studies to examine development options taking into account the Project’s forecast production capacity.

In a lower production capacity scenario (circa 0.5Mtpa), the Company will investigate the transportation of iron ore concentrate by a paved road to be constructed from the beneficiation plant site to the uploading facility at the existing Tavin Station nearby the sub-provincial town of Eruu. The total estimated length of the paved road will be approximately 35 km.

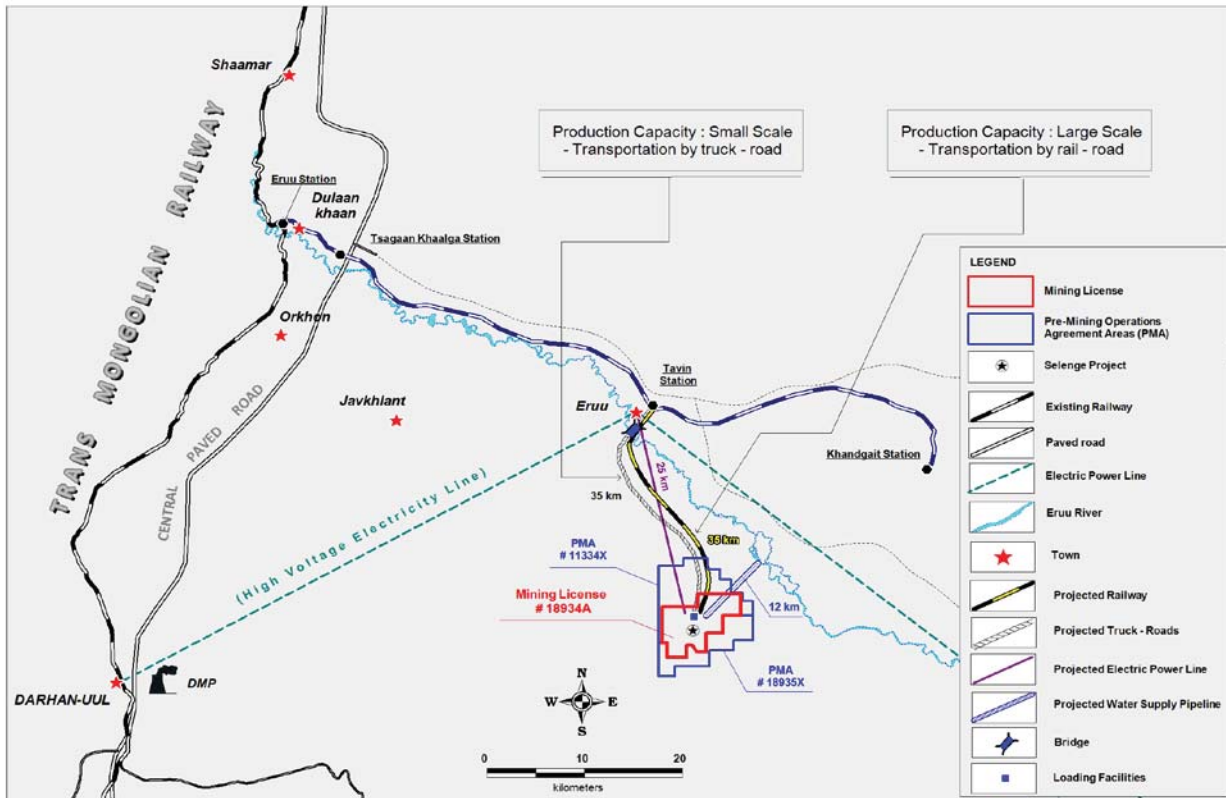
In higher production capacity scenario (circa 3.0Mtpa), a new railroad of about 35km is planned which will be connected to the existing railway of the Bold Tumor Eruu Gol (BTEG) iron ore mine operation.

In terms of the power supply, the Company is investigating the possibility of constructing a new electricity transmission line of about 25km from the main 110kV high-voltage power grid between Darkhan city, Eruu and Bugant.

The Company is also considering building a pipeline to the Eruu River (approximately 12km in length) for the supply of water for the Project.

The following map shows the preliminary results of the infrastructure development investigation currently underway.

Figure 2. The Infrastructure Development map of the Selenge Project



**METALLURGICAL TEST WORK**

The metallurgical test was completed at the ALS iron Ore Technical Centre (‘ALS’) in Wangara, Western Australia. For details of the work carried out refer to the Company’s ASX announcement ‘Metallurgist Test Result’ released on 21 January 2015.

A total of 400.1 kg of samples, including 196.9 kg of samples representing Bayantsogt deposit and 203.2 kg of samples representing Dundbulag deposit, were prepared and delivered to ALS for testing.

A summary of the results of the two-stage Grinding Wet Magnetite Separation Test (P80 250µm and P80 75µm) are as follows:

| Deposit    | Final stage Mass Yield, % | Grade, Fe% | Final stage Recovery, % |
|------------|---------------------------|------------|-------------------------|
| Dundbulag  | 67.4                      | 63.1       | 93.9                    |
| Bayantsogt | 67.6                      | 62.1       | 88.6                    |

Summary results on the quality and impurities in the Product of Iron Concentrate are as follows:

| Deposit / JORC Measured & Indicated Resource | Fe, % | SiO <sub>2</sub> , % | S, % | Al <sub>2</sub> O <sub>3</sub> , % | P, %  |
|--|-------|----------------------|------|------------------------------------|-------|
| Dundbulag (199.9Mln tons)                    | 63.1  | 6.9                  | 0.2  | 1.38                               | 0.005 |
| Bayantsogt (36.3Mln tons)                    | 62.1  | 6.45                 | 2.8  | 1.33                               | 0.038 |

The test results demonstrate an iron concentrate of >62% Fe can be produced from both the Dundbulag and Bayantsogt deposits. Overall, the magnetite range metallurgical test works showed excellent processing attributes of iron ore from Dundbulag deposit.

The metallurgical test results demonstrate a magnetite concentrate of marketable specification with high iron grade and low impurities suitable for Chinese steel producers.

The Company continues to assess the results of this metallurgical test program in order to generate nominal and design flow-sheets for engineering purposes for a potential beneficiation plant at the Project site.

**COMPARISON OF MINERAL RESOURCES**

There have been no changes to the mineral resources during the half-year.

**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    |
| Dundbulag    | 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        |
| <b>TOTAL</b> | <b>126.4</b> | <b>17.6</b> | <b>127.4</b> | <b>16.8</b> | <b>0.55</b> | <b>16.7</b> | <b>254.4</b> | <b>17.2</b> |

**Governance Arrangements and Internal Controls**

A summary of the governance and controls applicable to the Company's Mineral Resource process are as follows:

- Review and validation of drilling and sampling methodology and data spacing, geological logging, data collection and storage, sampling and analytical quality control;
- Review of known and interpreted geological structure, lithology and weathering controls;
- Review of estimation methodology relevant to the mineralisation style;
- Visual validation of block model against raw data; and
- Internal peer review by senior company personnel.

**CORPORATE ACTIVITIES**

**Placement, Fully Underwritten Rights Issue**

As announced on 8 December 2014, the Company issued 19,850,000 shares to Golden Rain Holdings Limited ('Golden Rain'), a wholly owned subsidiary of Lippo China Resources Limited, for a total consideration of \$357,300 (before costs).

During the half-year the Company is completed a fully underwritten non-renounceable rights issue to raise \$1.4 million (before costs). The right issues was fully underwritten by Golden Rain. Golden Rain's ownership of the Company's shares is now 33.58%.

**Board Changes**

On 15 January 2015 Haranga announced the resignation of Mr. Daniel Crennan as a Non-Executive Director. On that same date Mr. Jack James and Mr. Stephen Lo were appointed as Non-Executive Directors. On 3 February 2015 the Company announced the resignation of Mr. Stephen Lo and the appointment of Mr. Michael Riady as a Non-Executive Director. On the 29 May 2015 Haranga announced the resignation of Mr. Amarbaatar Chultem. On the 15 June 2015 the Company announced the appointment of Mr. George Tumur as a Non-Executive Director and his resignation on the 19 June 2015.


**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 Group with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 5 and forms part of this Directors' Report for the half-year ended 30 June 2015.

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*.



**Marshall Cooper**  
Executive Chairman

Perth, Western Australia  
11 September 2015

*The technical information contained in this announcement in relation to the JORC Code (2012) 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 mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 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.*

*Mr Aden Tan, who represents the ALS Iron Ore Technical Centre in Wangara in Western Australia, consents to the inclusion in this report of the matters based on his information, and information presents to him, in the form and context in which it appears.*

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

As lead auditor for the review of Haranga Resources Limited for the half-year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of 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 Audit (WA) Pty Ltd**

Perth, 11 September 2015

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
*for the half-year ended 30 June 2015*

|  | Note | 2015<br>\$       | 2014<br>\$         |
|--|------|------------------|--------------------|
| <b>Revenue from continuing operations</b>  |      |                  |                    |
| Interest income  |      | 7,171            | 16,676             |
| Service administration fee   |      | (77,718)         | (90,000)           |
| Professional and consulting fees   |      | (400,635)        | (506,566)          |
| Share based payments expense   | 9    | -                | (129,850)          |
| Travel expenses  |      | (94,336)         | (112,249)          |
| Foreign exchange gain  |      | (3,874)          | 1,700              |
| Other expenses   | 4    | (408,678)        | (539,306)          |
| <b>Loss from continuing operations before income tax</b>   |      | <b>(978,070)</b> | <b>(1,359,595)</b> |
| Income tax benefit   |      | -                | -                  |
| <b>Net loss for the half-year</b>  |      | <b>(978,070)</b> | <b>(1,359,595)</b> |
| <b>Other Comprehensive Income</b>  |      |                  |                    |
| Items that will be reclassified to profit and loss:  |      |                  |                    |
| Foreign currency translation   |      | 502,259          | (2,689,582)        |
| <b>Other comprehensive income for the half-year, net of tax</b>                                      |      | <b>502,259</b>   | <b>(2,689,582)</b> |
| <b>Total comprehensive income for the half-year</b>  |      | <b>(475,811)</b> | <b>(4,049,177)</b> |
| <b>Loss for the period attributable to:</b>  |      |                  |                    |
| Owners of Haranga Resources Limited  |      | (966,312)        | (1,354,857)        |
| Non-controlling interests  |      | (11,758)         | (4,738)            |
|  |      | <b>(978,070)</b> | <b>(1,359,595)</b> |
| <b>Comprehensive loss for the period attributable to:</b>  |      |                  |                    |
| Owners of Haranga Resources Limited  |      | (464,053)        | (4,044,439)        |
| Non-controlling interests  |      | (11,758)         | (4,738)            |
|  |      | <b>(475,811)</b> | <b>(4,049,177)</b> |
| <b>Loss per share from continuing operations attributable to owners of Haranga Resources Limited</b> |      |                  |                    |
| Basic / diluted loss per share (cents)   |      | (0.29)           | (0.56)             |

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.



**Consolidated Statement of Financial Position**

*as at 30 June 2015*

|   | Note | 30 June 2015<br>\$ | 31 December 2014<br>\$ |
|---|------|--------------------|------------------------|
| <b>Current Assets</b>   |      |                    |                        |
| Cash and cash equivalents   |      | 408,609            | 232,919                |
| Other receivables   |      | 160,633            | 181,622                |
| Other current assets  |      | 173,459            | 223,648                |
| <b>Total Current Assets</b>   |      | <b>742,701</b>     | <b>638,189</b>         |
| <b>Non-Current Assets</b>   |      |                    |                        |
| Plant and equipment   | 5    | 489,245            | 575,756                |
| Deferred exploration and evaluation expenditure                                 | 6    | 25,453,978         | 24,542,480             |
| <b>Total Non-Current Assets</b>   |      | <b>25,943,223</b>  | <b>25,118,236</b>      |
| <b>Total Assets</b>   |      | <b>26,685,924</b>  | <b>25,756,425</b>      |
| <b>Current Liabilities</b>  |      |                    |                        |
| Trade and other payables  |      | 251,122            | 135,157                |
| <b>Total Current Liabilities</b>  |      | <b>251,122</b>     | <b>135,157</b>         |
| <b>Total Liabilities</b>  |      | <b>251,122</b>     | <b>135,157</b>         |
| <b>Net Assets</b>   |      | <b>26,434,802</b>  | <b>25,621,268</b>      |
| <b>Equity</b>   |      |                    |                        |
| Issued capital  | 7    | 39,944,203         | 38,735,809             |
| Reserves  | 8    | 5,884,920          | 5,301,710              |
| Accumulated losses  |      | (19,658,671)       | (18,692,359)           |
| <b>Capital and reserves attributable to owners of Haranga Resources Limited</b> |      | <b>26,170,452</b>  | <b>25,345,160</b>      |
| Non-controlling interest  |      | 264,350            | 276,108                |
| <b>Total Equity</b>   |      | <b>26,434,802</b>  | <b>25,621,268</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 2015*

|   | <b>2015</b>               | <b>2014</b>      |
|---|---------------------------|------------------|
|   | <b>\$</b>                 | <b>\$</b>        |
|   | <b>Inflows/(Outflows)</b> |                  |
| <b>Cash flows from operating activities</b>               |                           |                  |
| Payments to suppliers and employees                       | (650,877)                 | (960,727)        |
| Interest received   | 7,171                     | 16,676           |
| Receipt of refundable security deposit                    | 30,378                    | -                |
| <b>Net cash outflow from operating activities</b>         | <b>(613,328)</b>          | <b>(944,051)</b> |
| <b>Cash flows from investing activities</b>               |                           |                  |
| Payments for acquisition of fixed assets                  | (49,473)                  | -                |
| Payments for exploration and evaluation expenditure       | (454,728)                 | (224,734)        |
| <b>Net cash outflow from investing activities</b>         | <b>(504,201)</b>          | <b>(224,734)</b> |
| <b>Cash flows from financing activities</b>               |                           |                  |
| Proceeds from issue of shares                             | 1,444,425                 | -                |
| Payments for share issue costs                            | (155,080)                 | -                |
| <b>Net cash inflow from financing activities</b>          | <b>1,289,345</b>          | <b>-</b>         |
| Net (decrease) / increase in cash held                    | 171,816                   | (1,168,785)      |
| Cash and cash equivalents at beginning of period          | 232,919                   | 2,076,693        |
| Net foreign exchange differences                          | 3,874                     | (1,701)          |
| <b>Cash and cash equivalents at the end of the period</b> | <b>408,609</b>            | <b>906,207</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 2015*

|  | Issued Capital    | Accumulated Losses  | Reserves         | Non-controlling interests | Total             |
|--|-------------------|---------------------|------------------|---------------------------|-------------------|
|  | \$                | \$                  | \$               | \$                        | \$                |
| <b>Balance at 1 January 2015</b>                           | <b>38,735,809</b> | <b>(18,692,359)</b> | <b>5,301,710</b> | <b>276,108</b>            | <b>25,621,268</b> |
| Loss for the half-year                                     | -                 | (966,312)           | -                | (11,758)                  | (978,070)         |
| <i>Other comprehensive income</i>                          | -                 | -                   | 502,259          | -                         | 502,259           |
| Foreign currency translation                               | -                 | (966,312)           | 502,259          | (11,758)                  | (475,811)         |
| <b>Total comprehensive income for the half-year</b>        |                   |                     |                  |                           |                   |
| <b>Transactions with owners in their capacity as owner</b> |                   |                     |                  |                           |                   |
| Equity issued by rights issue                              | 1,444,425         | -                   | -                | -                         | 1,444,425         |
| Costs of issue   | (236,031)         | -                   | 80,951           | -                         | (155,080)         |
| <b>Balance at 30 June 2015</b>                             | <b>39,944,203</b> | <b>(19,658,671)</b> | <b>5,884,920</b> | <b>264,350</b>            | <b>26,434,802</b> |
| <b>Balance at 1 January 2014</b>                           | <b>38,378,509</b> | <b>(16,590,633)</b> | <b>6,217,420</b> | <b>281,604</b>            | <b>28,286,900</b> |
| Loss for the half-year                                     | -                 | (1,354,857)         | -                | (4,738)                   | (1,359,595)       |
| <i>Other comprehensive income</i>                          | -                 | -                   | (2,689,582)      | -                         | (2,689,582)       |
| Foreign currency translation                               | -                 | (1,354,857)         | (2,689,582)      | (4,738)                   | (4,049,177)       |
| <b>Total comprehensive income for the half-year</b>        |                   |                     |                  |                           |                   |
| <b>Transactions with owners in their capacity as owner</b> |                   |                     |                  |                           |                   |
| Share based payments                                       | -                 | -                   | 129,850          | -                         | 129,850           |
| <b>Balance at 30 June 2014</b>                             | <b>38,378,509</b> | <b>(17,945,490)</b> | <b>3,657,688</b> | <b>276,866</b>            | <b>24,367,573</b> |

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

**1. Corporate Information**

The financial report consists of the consolidated financial statements of Haranga Resources Limited and its subsidiaries for the half-year ended 30 June 2015 was authorised for issue in accordance with a resolution of the Directors on 11 September 2015.

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. Basis of Preparation**

These general purpose financial statements for the half-year reporting period ended 30 June 2015 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 2014 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.

*Going Concern*

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Group incurred a net loss after tax for the half year ended 30 June 2015 of \$978,070 and experienced net cash outflows from operating activities of \$613,328 and net cash outflows for investing activities of \$504,201. At 30 June 2015, the Group had a net current asset position of \$26,434,802. The Directors recognise the need to raise additional funds via equity raisings for planned future exploration activities.

In considering the above, the Directors have reviewed the Group's financial position and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group has the ability to successfully raise necessary funding through equity, successful exploration and subsequent exploitation of the consolidated entity's tenements, and/or sale of non-core assets.

Should the Group not obtain funds as discussed above, there is material uncertainty which may cast significant doubt about whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or to the amounts or classification of recorded assets or liabilities that might be necessary should the Group not be able to continue as a going concern.

*Accounting policies and methods of computation*

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding half-year reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

*New accounting standards and interpretations not yet adopted*

In the half-year ended 30 June 2015, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for the current reporting period.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to the Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 30 June 2015. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change necessary to the Group accounting policies.

New and amended accounting standards and interpretations have been published but are not mandatory. The Group has decided against early adoptions of these standards, and has determined the potential impact on the financial statements from the adoption of these standards and interpretations is not material to the Group.

| New or revised requirement  | Application date of standard | Application date for Group |
|---|------------------------------|----------------------------|
| <p><i>AASB 9: Financial Instruments</i><br/>                     AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities.<br/>                     These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.</p> | 1 January 2018               | 1 July 2018                |

There are no other standards that are not yet effective that would be expected to have a material impact on the entity in the current of future reporting periods and on foreseeable future transactions.

**(a) 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.

**(b) 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*

Share based payments to employees, consultants and advisors are measured at the fair value of the instruments issued and amortised over the vesting periods. Share based payments to non-employees are measured at the fair value of goods or services or the fair value of the equity instruments issued, if it is determined the fair value of goods or services received cannot be reliably measured, and are recorded at the date of the goods or services received. The corresponding amount is recorded to the share based payments reserve.

**3. Segment Reporting**

The Group predominantly operated in one geographical segment for the 2015 and 2014 financial years.

The Group operates in the mineral exploration industry. For management purposes, the Group is organised into one main operating segment which involves the exploration for minerals. All of the Group's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment which is equivalent to the financial statements of the Group as a whole. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment.

**4. Expenses**

**Other expenses:**

|                          | 30 June 2015   | 30 June 2014   |
|--------------------------|----------------|----------------|
|                          | \$             | \$             |
| Audit and tax fees       | 12,544         | 26,839         |
| Conferences and seminars | 11,589         | 24,398         |
| Donations                | 3,631          | 6,117          |
| Motor vehicle expenses   | 1,990          | 14,129         |
| Rent and outgoing        | 56,724         | 134,411        |
| Wages and salaries       | 107,467        | 121,504        |
| Other                    | 214,733        | 211,908        |
|                          | <b>408,678</b> | <b>539,306</b> |

|   | 30 June 2015   | 31 December 2014 |
|---|----------------|------------------|
|   | \$             | \$               |
| <b>5. Property, Plant &amp; Equipment</b> |                |                  |
| Opening balance                           | 575,756        | 738,138          |
| Additions                                 | 49,473         | 263              |
| Disposals                                 | (122,432)      | (49,565)         |
| Net exchange differences on translation   | 3,733          | (73,881)         |
| Depreciation charge for the period        | (17,285)       | (39,199)         |
| Closing balance                           | <u>489,245</u> | <u>575,756</u>   |
| <br>                                      |                |                  |
| Cost                                      | 790,078        | 834,557          |
| Accumulated depreciation                  | (300,833)      | (258,801)        |
| Net carrying amount                       | <u>489,245</u> | <u>575,756</u>   |

|   | 30 June 2015      | 31 December 2014  |
|---|-------------------|-------------------|
|   | \$                | \$                |
| <b>6. Deferred Exploration &amp; Evaluation Expenditure</b>       |                   |                   |
| Opening balance   | 24,542,480        | 25,223,994        |
| Exploration and evaluation expenditure incurred during the period | 440,351           | 316,598           |
| Net exchange differences on translation                           | 471,147           | (998,112)         |
| Impairment of exploration expenditure                             | -                 | -                 |
| Closing balance   | <u>25,453,978</u> | <u>24,542,480</u> |

The ultimate recoupment of costs carried forward for exploration expenditure is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

|   | 30 June 2015       | 31 December 2014   |
|---|--------------------|--------------------|
|   | \$                 | \$                 |
| <b>7. Issued Capital</b>                |                    |                    |
| <b>(a) Issued and paid up capital</b>   |                    |                    |
| Ordinary shares fully paid              | <u>39,944,203</u>  | <u>38,735,809</u>  |
| <br>                                    |                    |                    |
| <b>(b) Movements in shares on issue</b> |                    |                    |
|   | 2015               | 2014               |
|   | Number of shares   | Number of shares   |
|   | \$                 | \$                 |
| Opening balance                         | 261,600,002        | 241,750,002        |
| Equity issued by rights issue           | 80,245,826         | 19,850,000         |
| Costs of issue                          | -                  | -                  |
|   | (236,031)          | -                  |
| Closing balance                         | <u>341,845,828</u> | <u>261,600,002</u> |
|   | <u>39,944,203</u>  | <u>38,735,809</u>  |

|                                      | 30 June 2015     | 31 December 2014 |
|--------------------------------------|------------------|------------------|
|                                      | \$               | \$               |
| <b>8. Reserves</b>                   |                  |                  |
| Share based payments reserve         | 6,182,325        | 6,101,374        |
| Option premium reserve               | 240              | 240              |
| Foreign currency translation reserve | (297,645)        | (799,904)        |
|                                      | <u>5,884,920</u> | <u>5,301,710</u> |
| <br>                                 |                  |                  |
| <b>Movements in Reserves</b>         |                  |                  |
| <i>Share based payments reserve</i>  |                  |                  |
| Opening balance                      | 6,101,374        | 5,971,524        |
| Share based payments expense         | 80,951           | 129,850          |
| Closing balance                      | <u>6,182,325</u> | <u>6,101,374</u> |
| <br>                                 |                  |                  |
| <i>Option premium reserve</i>        |                  |                  |
| Opening balance                      | 240              | 240              |
| Options issued                       | -                | -                |
| Closing balance                      | <u>240</u>       | <u>240</u>       |

The option premium reserve is used to record the premium paid on the issue of options.

**8. Reserves continued**

|   | 30 June 2015 | 31 December 2014 |
|---|--------------|------------------|
|   | \$           | \$               |
| <i>Foreign currency translation reserve</i> |              |                  |
| Opening balance                             | (799,904)    | 245,656          |
| Foreign currency translation                | 502,259      | (1,045,560)      |
| Closing balance                             | (297,645)    | (799,904)        |

The foreign exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve. The reserve is recognised in the statement of profit or loss and other comprehensive income when the net investment is disposed of.

**9. Share Based Payments**

Share based payment transactions recognised either as operation expenses in the statement of profit or loss and other comprehensive income, exploration expenditure on the statement of financial position or capital raising expenses in equity during the half-year were as follows:

|                                   | 30 June 2015 | 31 December 2014 |
|-----------------------------------|--------------|------------------|
|                                   | \$           | \$               |
| <i>Operating expenses</i>         |              |                  |
| Employee share based payments     | -            | 129,850          |
| <i>Capital raising expenses</i>   |              |                  |
| Share based payments to suppliers | 80,951       | -                |

*Capital raising expenses*

During the half-year 15,000,000 unlisted options were issued to Golden Rain Holdings Limited as underwriter to the rights issue as detailed in the Prospectus released to the ASX on 17 December 2014. The fair value of the options of \$80,951 was determined using the Black Scholes option pricing model. The options are exercisable at \$0.05 on or before 31 December 2017. These options are included in the table below.

The table below summaries options granted to suppliers and vendors:

| Grant Date                                  | Expiry date      | Exercise price | Balance at start of the half-year<br>Number | Granted during the half-year<br>Number | Exercised during the half-year<br>Number | Expired during the half-year<br>Number | Balance at end of the half-year<br>Number | Exercisable at end of the year<br>Number |
|---|------------------|----------------|---|--|--|--|---|--|
| 20 January 2015                             | 31 December 2017 | \$0.05         | -   | 15,000,000                             | -  | -                                      | 15,000,000                                | 15,000,000                               |
|   |                  |                | -   | 15,000,000                             | -  | -                                      | 15,000,000                                | 15,000,000                               |
| Weighted remaining contractual life (years) |                  |                | -   | 2.9                                    | -  | -                                      | 2.5                                       | 2.5                                      |
| Weighted average exercise price             |                  |                | -   | \$0.05                                 | -  | -                                      | \$0.05                                    | \$0.05                                   |

The weighted average fair value of options granted during the half-year was \$0.005.

The model inputs, not included in the table above, for options granted during the half-year included:

- (a) options are granted for no consideration and vest immediately;
- (b) expected life of options is approximately 3 years;
- (c) share price at grant date was \$0.013;
- (d) expected volatility of 110%;
- (e) expected dividend yield of Nil; and
- (f) a risk free interest rate of 2%.

**10. Dividends**

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

**11. Contingent Liabilities**

There are no contingent liabilities or contingent assets.

**12. Subsequent Events**

There are no significant events subsequent to reporting date.

**13. Fair Value Measurement**

The Company does not have any financial instruments that are subject to recurring fair value measurements. Due to their short term nature, the carrying amount of current receivables and current trade and other payables is assumed to be approximate their fair value.

**DIRECTORS' DECLARATION**

In the opinion of the Directors of Haranga Resources Limited ('the Group'):

1. The financial statements and notes thereto, as set out on pages 6 to 13, are in accordance with the *Corporations Act 2001* including:
  - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - b. giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the half-year ended on that date; and
2. There are reasonable grounds to believe that Haranga Resources Limited 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*.



**Marshall Cooper**  
Executive Chairman

Perth, Western Australia  
11 September 2015



## 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 consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company 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 company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal 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 half-year 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 2015 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 review 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 2015 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*

## Emphasis of matter

Without modifying our conclusion, we draw attention to Note 2 in the half-year financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity, successful exploration and subsequent exploitation of the consolidated entity's tenements, and/or sale of non-core assets. These conditions, along with other matters as set out in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

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, 11 September 2015