

ASX Release

21 May 2012

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Issued Capital:

211.75 million shares

ASX Symbol: HAR

Initial Commentary on the New Mongolian Foreign Investment Bill

- **A new Foreign Investment Law for Mongolia is likely to come into effect in the next week.**
- **In future, major investments in Mongolian resources will require Government review.**
- **Primarily aimed at controlling investments by foreign state owned enterprises.**
- **The Law is not retroactive, therefore Haranga Resources' project ownership is unaffected.**

A Foreign Investment Law bill was approved by the Parliament of Mongolia on Thursday, 17 May 2012 and, unless vetoed by the President, it will become law ten days from that date.

The primary goal of this Law is to give the Government of Mongolia the right to either approve or reject certain transactions involving either Mongolia located assets, or entities operating in Mongolia, in certain "strategic sectors", including mineral resources.

It is the Company's current understanding that, from the date the Law comes into effect, any investment that involves a foreign owned or foreign controlled entity acquiring over 49% of an asset or a business of a value over MNT100 billion (approximately US\$75 million) in these strategic sectors will require approval by the Parliament of Mongolia. The Law is more stringent in cases of potential investments by foreign state owned enterprises (SOEs), where any investment by a foreign state controlled entity in a strategic sector will now require Government approval.

Exactly how these thresholds will be triggered, and how the review procedures will be implemented in practice, remain to be seen, however the Law is not retroactive and therefore **Haranga Resources' ownership of its Mongolian projects is not threatened by this Law** and the Company will not have to apply for permission from the Government to maintain its majority stake in the Selenge project, nor its other three Mongolian iron ore projects.

Haranga Resources fully supports the right of the Mongolian government to implement foreign investment regulation and the Company notes that, provided this new Law is applied sensibly, the effect of this new legislation will be not dissimilar to the foreign investment review procedures that exist in many other jurisdictions, including Australia.

Haranga Resources and its legal advisors will continue to review the details of this legislation and will update the market should aspects of this legislation change or otherwise be determined to impact the value of Haranga Resources' Mongolian projects.

Dr Robert Wrixon
Managing Director
Haranga Resources Limited