



ABN 83 141 128 841

Half-year Financial Report
30 June 2012

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CORPORATE DIRECTORY

Directors

Mr. Matthew Wood (Chairman)
 Dr. Robert Wrixon (Managing Director)
 Mr. Timothy Flavel (Executive Director)
 Mr. Kerry Griffin (Technical Director)
 Mr. Erdene Tsengelbayar (Executive Director)
 Mr. Marshall Cooper (Non-Executive Director)
 Mr. Daniel Crennan (Non-Executive Director)
 Mr. Bat-Ochir Sukhbaatar (Non-Executive Director)

Company Secretaries

Mr. Timothy Flavel
 Mr. Aaron Bertolatti

Registered Office

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 33 Richardson Street
 WEST PERTH WA 6005
 Telephone: +61 8 9200 4415
 Facsimile: +61 8 9200 4469
 Website: www.haranga.com

Share Registry

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 Level 2, Reserve Bank Building
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 PERTH WA 6000
 Telephone: +61 8 9323 2000
 Facsimile: +61 8 9323 2033

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 submit the financial report of the consolidated entity for the half-year ended 30 June 2012. 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. Matthew Wood	Chairman
Mr. Timothy Flavel	Executive Director
Dr. Robert Wrixon	Managing Director
Mr. Bat-Ochir Sukhbaatar	Non-Executive Director
Mr. Kerry Griffin	Technical Director (appointed 1 January 2012)
Mr. Erdene Tsengelbayar	Executive Director (appointed 1 January 2012)
Mr. Daniel Crennan	Non-Executive Director (appointed 28 March 2012)
Mr. Marshall Cooper	Non-Executive Director (appointed 19 June 2012)
Mr. Kell Nielsen	Exploration Director (resigned 1 January 2012)

Results

The loss after tax for the half-year ended 30 June 2012 was \$1,479,204 (2011: \$1,683,171).

Review of Operations

Haranga Resources' four iron ore projects are located in Mongolia. The Company is targeting large, high grade magnetite skarn deposits of the type common to both Mongolia and northern China.

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.

Iron mineralisation has so far been identified at **four primary exploration targets** at Selenge, all lying within 10km of each other. All four targets 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 currently exports approximately three million tonnes of magnetite concentrate per annum and ships the product via a newly constructed 75km rail spur to the main trans-Mongolian rail line. The 2011 drill program was concentrated at the Bayantsogt Deposit, the northernmost of the targets at Selenge, but first pass drilling was also conducted at the Dund Bulag and Huiten Gol Prospects.

Resource and Exploration Target Summary

The 2011 drill program at **Bayantsogt** yielded an initial inferred resource of **32.8Mt at an average grade of 24.4% Fe**, and included some significant higher grade zones as per the Table below.

Table 1: Initial JORC Code (2004) Inferred Resource for Bayantsogt

Cutoff Grade (% Fe)	Tonnes (million)	Average Grade (% Fe)
15% Cutoff	32.8	24.4% Fe
20% Cutoff	21.6	27.5% Fe
25% Cutoff	11.4	32.4% Fe
30% Cutoff	5.4	38.5% Fe

This resource is based only on the first 35 holes drilled at Bayantsogt and the mineralisation remains open in all directions and at depth. Further extension and infill drilling during the 2012 drill season is expected to expand the resource and convert most of it to the JORC Measured and Indicated categories.

Dund Bulag is the largest of the magnetite skarn hills at Selenge, coincident with a magnetic anomaly over twice as large as Bayantsogt in area. Five holes were drilled along one cross section at Dund Bulag in 2011 with four of the five holes containing very wide iron intersections. An **exploration target* of 120-250Mt** of ore has been set for Dund Bulag.

Huiten Gol was the third target to be drilled at Selenge in 2011. No exploration target has yet been set for this prospect, but the drilling intersected thinner (4-8m in apparent width), higher grade lodges of iron from surface that have potential for beneficiation by dry magnetic separation or even direct shipping without processing.

The magnetite skarn hill at **Undur Ukhaa** looks to be an adjunct of nearby Dund Bulag and will be drilled this year, as will a number of other smaller anomalies at Selenge that are yet to be ground checked. It is believed that at least some of these smaller anomalies will ultimately add to the total iron ore resource at Selenge. A combined exploration target* of 160-320Mt has been estimated encompassing all the currently known prospects at Selenge.

Metallurgical Test Work Program and Results

Davis Tube Recovery (DTR**) tests were conducted by ALS Ammtec in Perth along with a detailed suite of mineralogical tests, including QEMSCAN, to ascertain basic properties of the minerals in the ore such as mineralogy, particle and grain size distribution, mineral associations and liberation characteristics.

The preliminary metallurgical test work suggested a coarse grind of 125 to 75 micron (μm) for optimal liberation of iron. **75 μm was chosen in order to generate a conservative and consistent baseline study.** The full suite of DTR testing at 75 μm grind was conducted by ALS Alex Stewart Laboratories in Ulaanbaatar, Mongolia.

The DTR tests were conducted on 5m composite samples **encompassing every single metre of mineralised core drilled to date** at each of the three deposit/prospects. This exhaustive initial test program was planned in order to conclusively ascertain and model the beneficiation characteristics of the magnetite ore across the entire zone of drilled mineralisation because the ability (or otherwise) to beneficiate the ore had been identified as the crucial factor in the development of the Selenge project.

In total, 633 samples, each comprising 5m composites from the mineralised zones, were submitted for DTR analysis. The sample distribution by location was: Bayantsogt: 469 samples, Dund Bulag: 154 samples, Huiten Gol: 10 samples.

The results confirm that the banded magnetite skarn mineralisation found at Selenge is amenable to straightforward beneficiation. The test work at all three Selenge locations produced a remarkably **consistent magnetite concentrate with an iron grade that generally averages over 65% Fe.** Contaminant levels are very low, the one exception being the 1% sulphur content in the Bayantsogt concentrate. 1% sulphur will typically result in an approximately 5% price penalty on magnetite concentrates in the domestic Chinese market, so this product remains highly saleable, but the mineralogy work found that this sulphur exists primarily in pyrite and thus should be easily removable by reverse flotation. A simpler solution might be to blend this material in with the nearby lower sulphur material in any future processing operation.

Summary of the Met Test Results and Future Work

At a reasonably coarse 75 μm grind, the DTR tests show that the ore at Selenge produces a premium quality magnetite concentrate that would be highly saleable and would command a significant premium over standard specification domestic Chinese magnetite concentrates (Standard Spec: 61.5% Fe, 7% SiO_2).

It is considered likely that a 75 μm grind size is not necessary and that a coarser grind will also produce a saleable concentrate. DTR tests at coarser grind sizes will be conducted.

It is also believed that some of the higher grade zones at Selenge can be upgraded using a simpler 'crush and screen' operation followed by dry magnetic separation. This is the process used at neighbouring Eruu Gol, Mongolia's largest iron ore export mine. Beneficiating the higher grade zones close to surface at Selenge in this manner would allow for earlier commercial production. Further test work in this area is planned.

A preliminary scoping study and project valuation model based on the drilling and metallurgical test results completed thus far is currently being conducted by a third party consultancy firm and should be completed during August 2012.

Techno Economic Assessment

An independent techno economic assessment*** on the Selenge Project including a first pass valuation of the project was conducted by ProMet Engineers and completed in August 2012. ProMet used a range of potential resource figures based on the current exploration target and also used the initial metallurgical test work to estimate likely capital expenditure and operating costs under each scenario. The study yielded a base case NPV for the project of over US\$1 billion with substantial upside potential to this figure.

Memorandum of Understanding Signed on Export Rail Capacity

During August 2012 the Company entered into a Memorandum of Understanding (MOU) with both the Mongolian Railway Authority and the Mongolian Government Ministry for Road, Transportation, Construction and Urban Development to enable the allocation of up to 5Mtpa of export rail capacity for iron ore produced from the Company's Selenge Project. The initial rail allocation is to be 1Mtpa, rising to 5Mtpa by 2015. The MOU is a necessary step along the development path for Selenge and demonstrates that the relevant Mongolian government authorities are aware of the Company's development plans and are supportive of them.

Drilling Programme 2012

The drill program at Selenge for the 2012 field season has commenced. During the current drill season it is critically important for the Company to drill as much of the area of known iron mineralisation as possible in order to boost the resource inventory now that the metallurgical test work has confirmed the suitability of the ore. In light of this, the company currently has seven diamond core rigs drilling at Selenge, **the largest number of drill rigs at a single project in the country.** The Company is also currently employing an eighth rig on site for drill hole surveying and re-surveying of some older holes. One reverse circulation (RC) is on site to conduct hydrogeological drilling and once finished, this rig will be also used for exploration and resource extension drilling.

The additional drill results obtained during the 2012 drill program should allow the existing resource inventory at Selenge to be greatly expanded and the metallurgical test results will ultimately allow future resource models to employ a yield cutoff and report to higher JORC classifications.

SHAVDAL PROJECT (HARANGA RESOURCES 75%)

The Shavdal licence is located 10km west of the town of Baruun Urt, the capital of Sukhbaatar province in the east of Mongolia. Sukhbaatar already hosts two operating iron ore export mines and Mongolia's planned east-west rail line will pass through Baruun Urt, adjacent to the Shavdal project area.

In 2011, twenty holes were drilled to test a magnetic anomaly at Shavdal with ten of the twenty holes intersecting iron mineralisation. A peak result of 6m at 36% Fe from 34m was obtained from hole SHRC-20. This intersection was contained within a wider intersection of 24m at 26% Fe from 32m in quartz magnetite rock. SHRC-009 also intersected this higher grade area 200m to the south, an area where outcrops have returned rock chip samples over 60% Fe.

A follow up sixteen hole program consisting of a further 3,500m of reverse circulation (RC) drilling was completed at Shavdal during March/April 2012 in order to further drill test the western extent of the main anomaly and other associated magnetic anomalies revealed during 3D magnetic interpretation. The assay results from this second drill program were received during the half year period.

Twelve of the sixteen holes drilled in the latest program were found to have intersected significant magnetite mineralisation, confirming the potential for iron ore on this licence area. The outstanding intersection was **20m at 30% Fe from 88m in hole SHRC-24**. Some of the deeper holes also intersected smaller widths of higher grade iron mineralisation including:

- 4m at 40% Fe from 192m in hole SHRC-28; and
- 2m at 53% Fe from 188m in hole SHRC-35.

This second pass drilling at Shavdal gives further encouragement to this project as it has confirmed the existence of the shallow magnetite mineralisation discovered in 2011 and revealed further underlying iron mineralisation of potentially economic grade at depth.

The next steps planned at Shavdal are to undertake 3D modelling on the remaining magnetic anomalies on this large licence so as to identify further targets for follow up drilling and to conduct infill drilling around the iron mineralisation identified from the previous broad spaced drilling.

OTHER PROJECTS

No significant further exploration work was conducted at the Khundlun or Tumurtei Khudag Projects during the half year period.

CORPORATE AND GENERATIVE

Mongolia Passes new Foreign Investment Law

A Foreign Investment Law bill was approved by the outgoing Parliament of Mongolia during the half year period. 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 understanding that, from the date the Law comes is implemented, 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, 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 Law and the governmental 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.

Placement to the Lippo Group

The Company issued 15 million new shares to Golden Rain Holdings Limited, a subsidiary of the Lippo Group, during the half-year. This placement was made at a price of \$0.40 per share, raising an additional \$6 million. As a result, Golden Rain Holdings strengthened its position as the Company's largest shareholder. Golden Rain Holdings and the Lippo Group agreed to enter into a voluntary lock up period of 12 months for this entire shareholding.

Board Changes

Haranga Resources Limited announced the appointment of Mr. Erdene Tsengelbayar (appointed 1 January 2012), Mr. Kerry Griffin (appointed 1 January 2012), Mr. Daniel Crennan (appointed 28 March 2012) and Mr. Marshall Cooper (appointed 19 June 2012) to the Company's Board during the half year period. Mr. Kell Nielsen resigned on 1 January 2012.

Generative Activity

The Company continues to assess iron ore and manganese projects for potential future acquisitions that will upgrade the overall project portfolio.


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 company 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 2012.

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.



Matthew Wood
Chairman

Perth, Western Australia
3 September 2012

* 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.

** 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 techno-economic assessment results contained in this announcement are outputs from ORVAL, a proprietary modelling software for preliminary magnetite project assessment developed by ProMet Engineers. ProMet have been employed as consultants to Haranga Resources Limited. The input variables have been provided by Haranga Resources Limited and both the inputs and results have been reviewed by ProMet Engineers.

Competent Persons Statement

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.

3 September 2012

The Board of Directors
Haranga Resources Limited
Level 1/33 Richardson St
WEST PERTH WA 6005

Dear Sirs,

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

As lead auditor of Haranga Resources Limited for the half year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- 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, Western Australia

Consolidated Statement of Comprehensive Income *for the half-year ended 30 June 2012*

	Note	2012 \$	2011 \$
Continuing Operations			
Other Income	4(a)	447,918	367,840
Service administration fee		(90,000)	(90,000)
Professional and consulting fees		(692,328)	(566,389)
Share based payments expense	5	(432,447)	(799,417)
Travel expenses		(141,340)	(177,148)
Foreign exchange loss		(5,437)	(200,155)
Other expenses	4(b)	(565,570)	(217,902)
Loss from continuing operations before income tax		(1,479,204)	(1,683,171)
Income tax benefit		-	-
Loss from continuing operations after income tax		(1,479,204)	(1,683,171)
Net loss for the half-year		(1,479,204)	(1,683,171)
Other Comprehensive Income			
Foreign currency translation		200,242	(87,162)
Other comprehensive income for the half-year, net of tax		200,242	(87,162)
Total comprehensive income for the half-year		(1,278,962)	(1,770,333)
Loss for the period attributable to:			
Owners of Haranga Resources Limited		(1,473,563)	(1,683,274)
Non-controlling interests		(5,641)	103
		(1,479,204)	(1,683,171)
Comprehensive loss for the period attributable to:			
Owners of Haranga Resources Limited		(1,273,321)	(1,770,436)
Non-controlling interests		(5,641)	103
		(1,278,962)	(1,770,333)
Loss per share attributable to owners of Haranga Resources			
Basic loss per share (cents)		(0.72)	(0.90)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position as at 30 June 2012

	Note	30 June 2012 \$	31 December 2011 \$
Current Assets			
Cash and cash equivalents		15,020,869	12,497,042
Other receivables		73,508	25,741
Other current assets	6	1,088,199	189,100
Total Current Assets		16,182,576	12,711,883
Non-Current Assets			
Plant and equipment		545,429	531,224
Deferred exploration & evaluation expenditure	7	13,374,142	12,153,883
Total Non-Current Assets		13,919,571	12,685,107
Total Assets		30,102,147	25,396,990
Current Liabilities			
Trade and other payables		174,194	341,098
Total Current Liabilities		174,194	341,098
Total Liabilities		174,194	341,098
Net Assets		29,927,953	25,055,892
Equity			
Issued Capital	8	33,355,295	27,636,719
Reserves		4,167,978	3,535,289
Accumulated losses		(8,384,346)	(6,910,783)
Capital and reserves attributable to owners of Haranga Resources Limited		29,138,927	24,261,225
Non-controlling interest		789,026	794,667
Total Equity		29,927,953	25,055,892

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 2012*

	2012	2011
	\$	\$
	Inflows/(Outflows)	
Cash flows from operating activities		
Payments to suppliers and employees	(1,584,377)	(1,048,833)
Interest received	403,323	364,345
Other receipts	44,595	3,495
Interest paid	-	(1,519)
Net cash flows used in operating activities	(1,136,459)	(682,512)
 Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(2,036,060)	(4,157,539)
Payments for plant and equipment	(17,314)	(254,715)
Net cash used in investing activities	(2,053,374)	(4,412,254)
 Cash flows from financing activities		
Proceeds from issue of shares	6,000,000	-
Payments for share issue costs	(281,424)	(7,003)
Net cash provided by/(used in) financing activities	5,718,576	(7,003)
 Net increase/(decrease) in cash held	2,528,743	(5,101,769)
Cash and cash equivalents at beginning of period	12,497,042	23,027,631
Net foreign exchange differences	(4,916)	(200,155)
 Cash and cash equivalents at the end of the period	15,020,869	17,725,707

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 2012

	Issued Capital \$	Accumulated Losses \$	Reserves \$	Non-controlling interests \$	Total \$
Balance at 1 January 2011	25,443,722	(2,310,406)	1,910,521	829,774	25,873,611
Loss for the half-year	-	(1,683,274)	-	103	(1,683,171)
<i>Other comprehensive income</i>					
Foreign currency translation	-	-	(87,162)	-	(87,162)
Total comprehensive income for the half-year	-	(1,683,274)	(87,162)	103	(1,770,333)
Transactions with owners in their capacity as owners					
Costs of issue	(7,003)	-	-	-	(7,003)
Share based payments	-	-	799,417	-	799,417
Balance at 30 June 2011	25,436,719	(3,993,680)	2,622,776	829,877	24,895,692
Balance at 1 January 2012	27,636,719	(6,910,783)	3,535,289	794,667	25,055,892
Loss for the half-year	-	(1,473,563)	-	(5,641)	(1,479,204)
<i>Other comprehensive income</i>					
Foreign currency translation	-	-	200,242	-	200,242
Total comprehensive income for the half-year	-	(1,473,563)	200,242	(5,641)	(1,278,962)
Transactions with owners in their capacity as owners					
Equity issued by placement	6,000,000	-	-	-	6,000,000
Costs of issue	(281,424)	-	-	-	(281,424)
Share based payments	-	-	432,447	-	432,447
Balance at 30 June 2012	33,355,295	(8,384,346)	4,167,978	789,026	29,927,953

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

Haranga Resources Limited

Notes to the financial statements for the half-year ended 30 June 2012

1. Corporate Information

The consolidated financial statements of Haranga Resources Limited (the Company) for the half-year ended 30 June 2012 was authorised for issue in accordance with a resolution of the directors on 30 August 2012.

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. Summary of Significant Accounting Policies

(a) Basis of Preparation

These general purpose financial statements for the half-year reporting period ended 30 June 2012 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 2011 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.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

(b) 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.

(c) 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

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards that for which the related service and non-market vesting conditions are expected to be met, such that, the amount ultimately recognised as an expense is based on the number of awards that do not meet the related service and non-market performance conditions at the vesting date.

3. Segment Reporting

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. The entity does not have any operating segments with discrete financial information.

The Board of Directors review internal management reports on a monthly basis that is consistent with the information provided in the statement of comprehensive income, statement of financial position and statement of cash flows. As a result no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

Haranga Resources Limited

Notes to the financial statements for the half-year ended 30 June 2012

	30 June 2012 \$	30 June 2011 \$
4. Revenue, Income and Expenses		
(a) Income		
Other income:		
Interest Received	403,323	364,345
Other income	44,595	3,495
	447,918	367,840
(b) Expenses		
Other expenses:		
Conferences and seminars	44,194	79,480
Donations	25,180	1,063
Motor Vehicle expenses	27,101	3,504
Rent and outgoing	123,416	14,213
Wages and salaries	170,468	43,633
Other	175,211	76,009
	565,570	217,902

5. Share Based Payments

The Group has established an employee share option plan (ESOP). The objective of the ESOP was to assist in the recruitment, reward, retention and motivation of employees of Haranga Resources Limited. Share based payment transactions recognised as operation expenses in the statement of comprehensive income during the year were as follows:

Operating expenses

Employee share based payment	432,447	799,417
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There were no options granted to Directors, employees and consultants during the half-year period.

	30 June 2012 \$	31 December 2011 \$
6. Other current assets		
Prepayments	1,052,627	154,616
Other	35,572	34,484
	1,088,199	189,100

Prepayments include payments made in relation to exploration and evaluation activities of \$1,016,155 (31 December 2011: \$89,351).

7. Deferred Exploration & Evaluation Expenditure

Opening balance	12,153,883	3,072,404
Exploration and evaluation expenditure incurred during the period	1,078,003	3,878,260
Acquisition of exploration tenements	-	5,924,535
Net exchange differences on translation	142,256	167,398
Impairment of exploration expenditure	-	(888,714)
Closing balance	13,374,142	12,153,883

8. Issued Capital

(a) Issued and paid up capital

Ordinary shares fully paid	33,355,295	27,636,719
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	2012	
	Number of shares	\$
(b) Movements in shares on issue		
Opening balance	196,750,002	27,636,719
Equity issued by placement	15,000,000	6,000,000
Costs of issue	-	(281,424)
Closing balance	211,750,002	33,355,295

9. Dividends

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

10. Contingent Liabilities

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.

11. Subsequent Events

There are no significant events subsequent to reporting date.

Haranga Resources Limited

Notes to the financial statements for the half-year ended 30 June 2012

12. Commitments

Rental and services agreement

The Group entered a service agreement with Garrison Capital Pty Ltd for certain administrative services and office space for a term of 2 years starting in August 2010. The Group is required to give 3 month's written notice to terminate the agreement.

	30 June 2012 \$	31 December 2011 \$
Payable:		
Within one year	30,000	105,000
	30,000	105,000

DIRECTORS' DECLARATION

In the opinion of the directors of Haranga Resources Limited ('the company'):

1. The financial statements and notes thereto, as set out on pages 6 to 12, are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the half-year then ended.
2. There are reasonable grounds to believe that the company 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.



Matthew Wood
Chairman
Perth, Western Australia
3 September 2012

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 statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity 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 disclosing entity are responsible for the preparation of the half-year financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such 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 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 2012 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 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 2012 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*.

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, Western Australia
Dated this 3rd day of September 2012