

Quarterly Activities Report

26 October 2012

**HARANGA
RESOURCES LIMITED**
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Issued Capital:

211.75 million shares

ASX Symbol: HAR

September 2012 Quarterly Activities Report

- Highlights -

Exploration Activity

- **Mongolia's largest diamond drilling program is continuing at the Selenge iron ore project, with over 25,000m completed.**
- **The Bayantsogt and Dund Bulag prospects continue to produce wide intervals of iron mineralisation.**
- **Significant iron mineralisation has been observed in the first three holes at the Undur Ukhaa prospect, the fourth major iron discovery within the project area.**
- **Based on recent drill results, the cumulative Exploration Target* at Selenge has been increased to 250-400Mt.**
- **Assay results for the first 10 new holes at Dund Bulag reported similar grades but wider intersections than 2011, including:**
 - **48m at 23% Fe from 39m in hole DBDH-6**
 - **76m at 21% Fe from 165m in hole DBDH-7**
 - **132m at 20% Fe from 103m in hole DBDH-8**
 - **126m at 20% Fe from 242m in hole DBDH-9**
- **The magnetite at both Dund Bulag and Bayantsogt achieved a 65-66% Fe concentrate during recent metallurgical testing.**
- **Spot prices for 66% Fe magnetite concentrate in NE China remain over US\$130/t.**
- **A recent aeromagnetic survey at Selenge has identified further iron ore targets at Selenge.**

Corporate Activity

- **The Company maintained a cash position of \$8.9 million as at the end of the quarter.**

Activities Report and Review of Projects

Haranga Resources' four iron ore projects are located in Mongolia, as shown in Figure 1. The Company is primarily targeting the type of large, economic magnetite skarn deposits known to exist in Mongolia in order to develop and produce iron ore for domestic and export markets.

Figure 1: Mongolian Iron Ore Projects of Haranga Resources



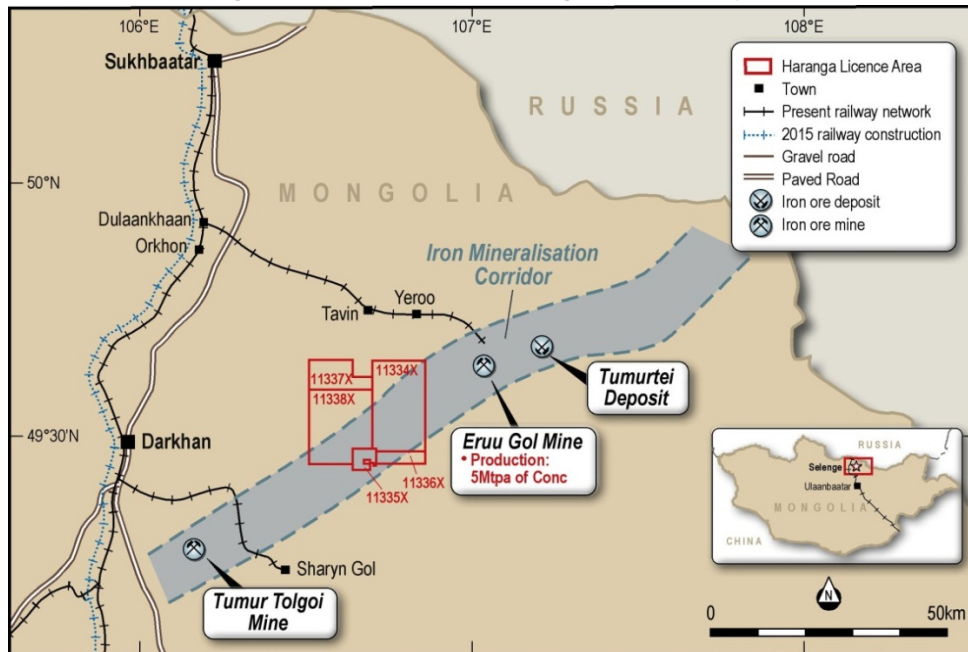
The projects are:

1. **Selenge:** The Company's flagship project, it consists of five contiguous licences covering almost 600km² within the premier iron ore province of Mongolia. The project area is close to the Eruu Gol iron ore mine and the large iron ore deposit at Tumurtei. The project area has access to the nearby trans Mongolian rail line, lying only 40km from the rail terminal at Sharyn Gol and adjacent to the Eruu Gol rail spur. Three of the four primary iron ore targets were drill tested during the 2011 field season resulting in a maiden resource at Bayantsogt and a large Exploration Target* based on the drilling at Dund Bulag. High grade iron mineralisation was also discovered at Huiten Gol.
2. **Shavdal:** Single exploration licence located 10km from the town of Baruun Urt in Sukhbaatar province, southeast of Mongolia. This province is home to two operating iron ore mines and the planned new east-west rail line will pass adjacent to the Shavdal project area. First pass drilling produced encouraging results in early 2011 and the 2012 drill results have confirmed significant iron mineralisation.
3. **Tumurtei Khudag:** Iron ore rights over two large exploration licences covering 577km² in the mid Gobi region, 180km from the main line rail terminal at Choyr.
4. **Khundlun:** Located in Hentii province in the northeast of Mongolia, the Khundlun licence is 200km from both the rail terminal at Choybalsan (to the east) and at Baganuur (to the west).

1. Selenge Project (Haranga Resources 80%)

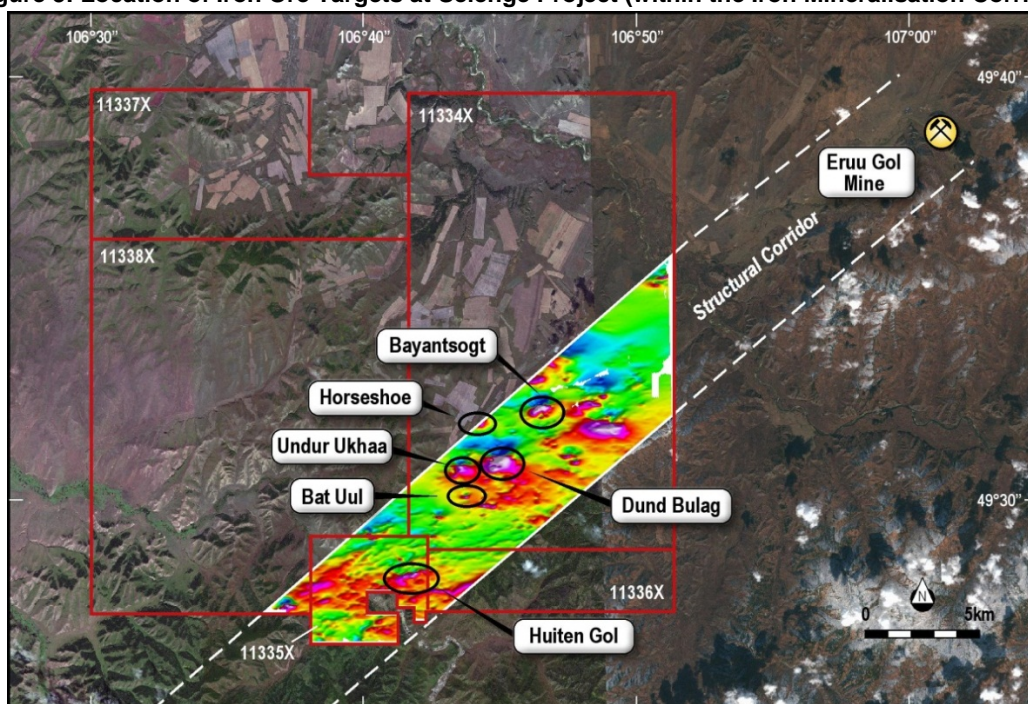
The Company's flagship Selenge iron ore project is located in the heart of Mongolia's premier iron ore development region with excellent access to the main trans-Mongolian rail line and nearby rail spurs.

Figure 2: Location of the Selenge Iron Ore Project



There are currently **six identified iron ore prospects** at Selenge lying within 10km of each other. Most are associated with large magnetite skarn hills and all lie within the structural corridor that contains the major iron ore deposits in the region. The nearby Eruu Gol mine is on track to export five million tonnes of magnetite concentrate in 2012, shipping the product via a newly constructed rail spur to the main trans-Mongolian rail line. (The 304Mt Eruu Gol deposit was valued at approximately US\$2Bn based on a 2009 investment by the China Investment Corporation). The 2011 drill program at Selenge defined an initial JORC inferred resource of 32.8Mt at 24.4% Fe at Bayantsogt and discovered significant iron mineralisation at the Dund Bulag and Huiten Gol Prospects. A combined Exploration Target* of 250-400Mt has been estimated for Selenge. The 2012 drill program is ongoing, with seven drill rigs currently operating at site.

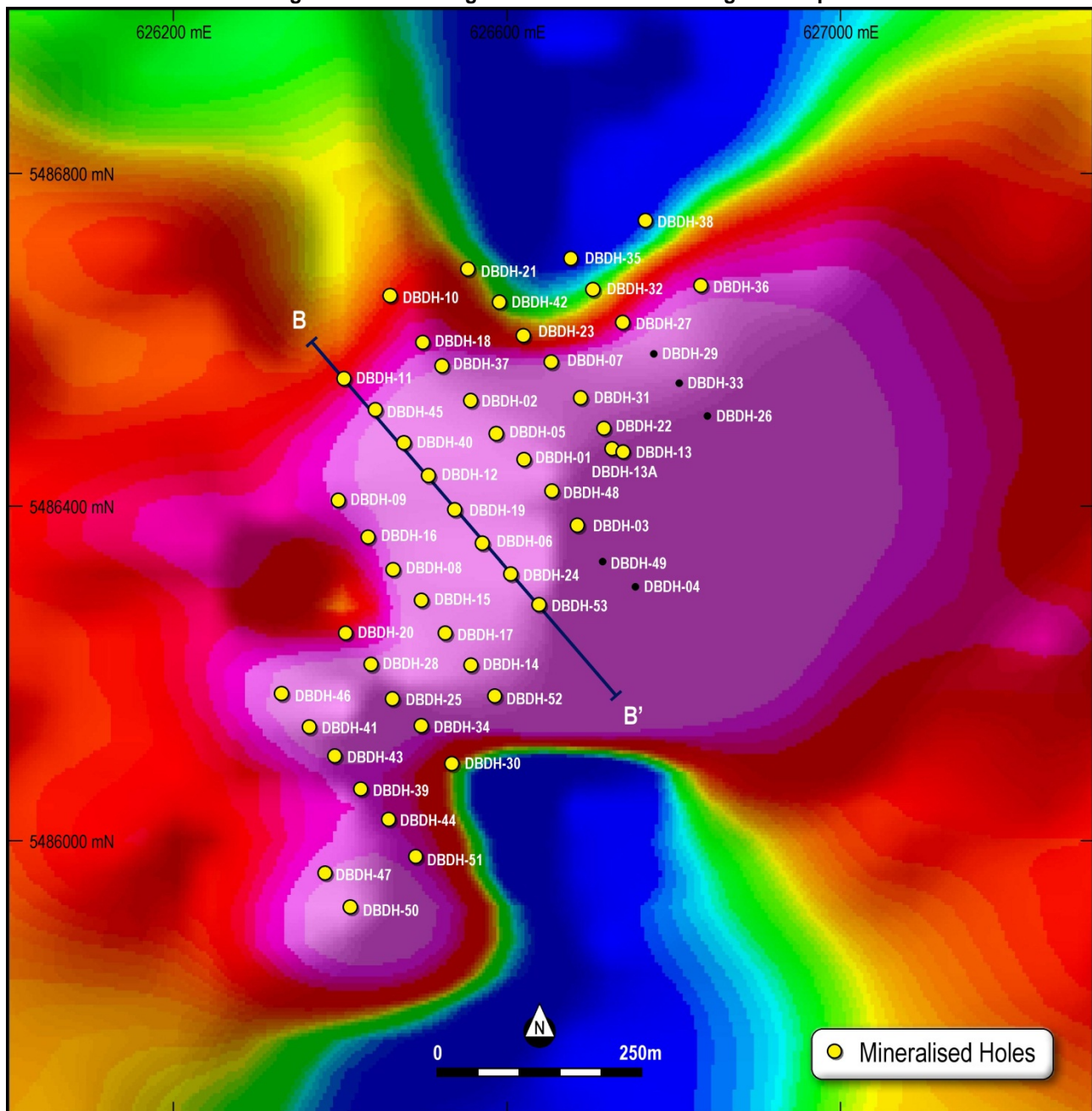
Figure 3: Location of Iron Ore Targets at Selenge Project (within the Iron Mineralisation Corridor)



Dund Bulag Prospect

Forty-eight of the first fifty-three diamond core holes completed at the Dund Bulag iron ore prospect (see Figure 4) have intersected significant widths of magnetite mineralisation as determined by geological logging and handheld XRF measurement. Five holes were drilled at the end of the 2011 drill season and assay results were reported in the Company's ASX announcement dated 29 March 2012. The laboratory assay results for the first ten holes (Holes 6 to 15) from the 2012 drill program have been received. As observed in the previous drill program, the mineralisation occurs in very wide lodes from surface and is typically between 15% and 30% Fe in grade. Please refer to the cross section in Figure 5. A full table of the significant intersections from these first ten holes were reported in the Company's ASX announcement dated 16 October 2012.

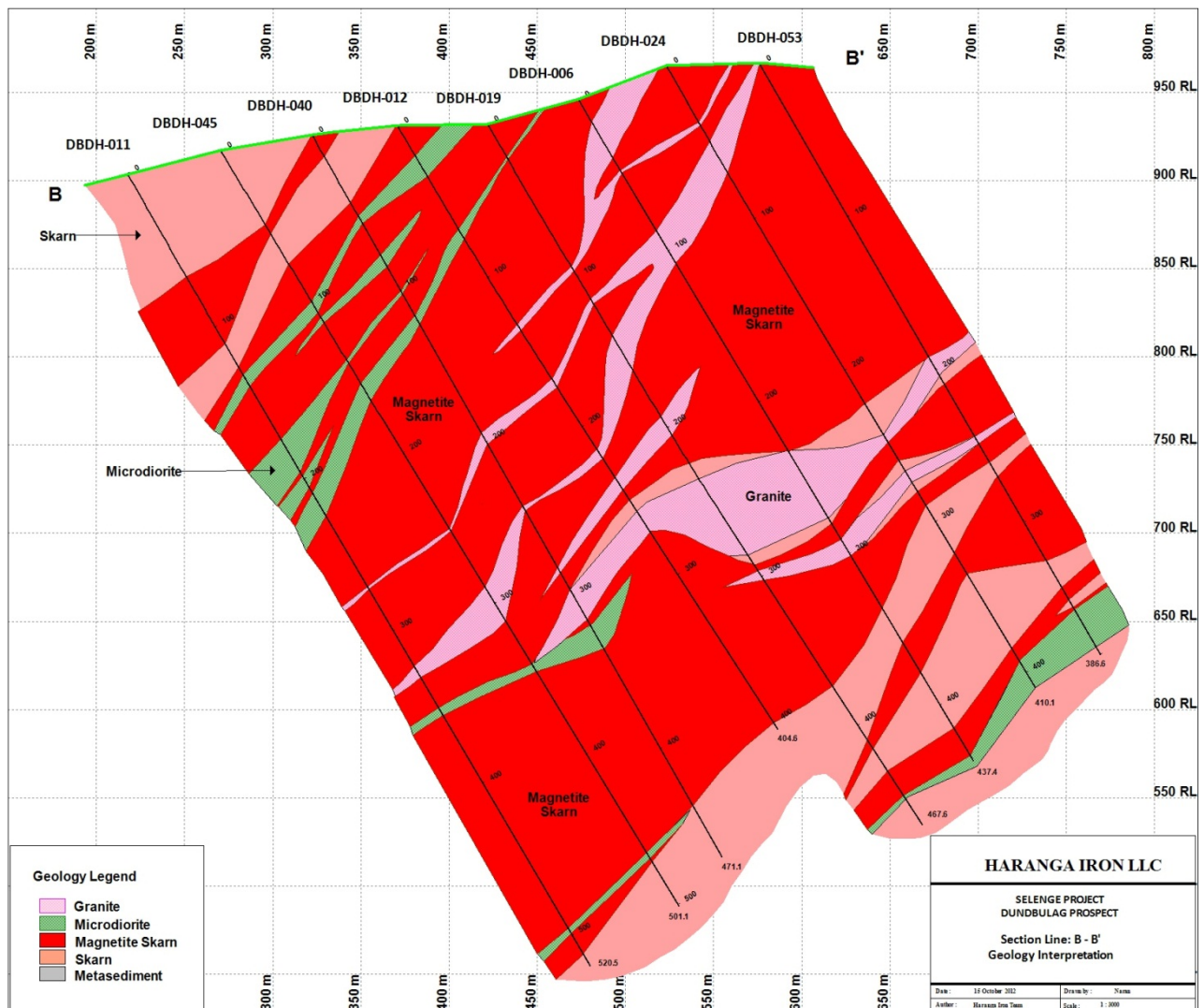
Figure 4: Dund Bulag Drill Plan shown over Magnetic Map



As can be seen from Figure 5, the bulk of the mineralisation exists in very wide seams from surface which should ensure low strip ratios and reasonably straightforward mining. Because the apparent widths and

extension of the mineralisation drilled this year has exceeded expectations, the Exploration Target* at Dund Bulag has been revised upwards to 200-300Mt of iron ore.

Figure 5: Dund Bulag Interpreted Cross Section B-B' showing Completed Holes



Although the Dund Bulag mineralisation is reporting lower average grades than the Bayantsogt Deposit or the Huiten Gol Prospect, even the lower grade material at Dund Bulag was found to upgrade effectively and produce a high quality magnetite concentrate over 65% Fe. This is due to the particular metallurgical properties of this coarse-grained, banded magnetite skarn mineralisation.

Table 1: Summary DTR Results – Average Concentrate Quality from the Selenge Prospects (75µm grind, 10% yield cutoff)**

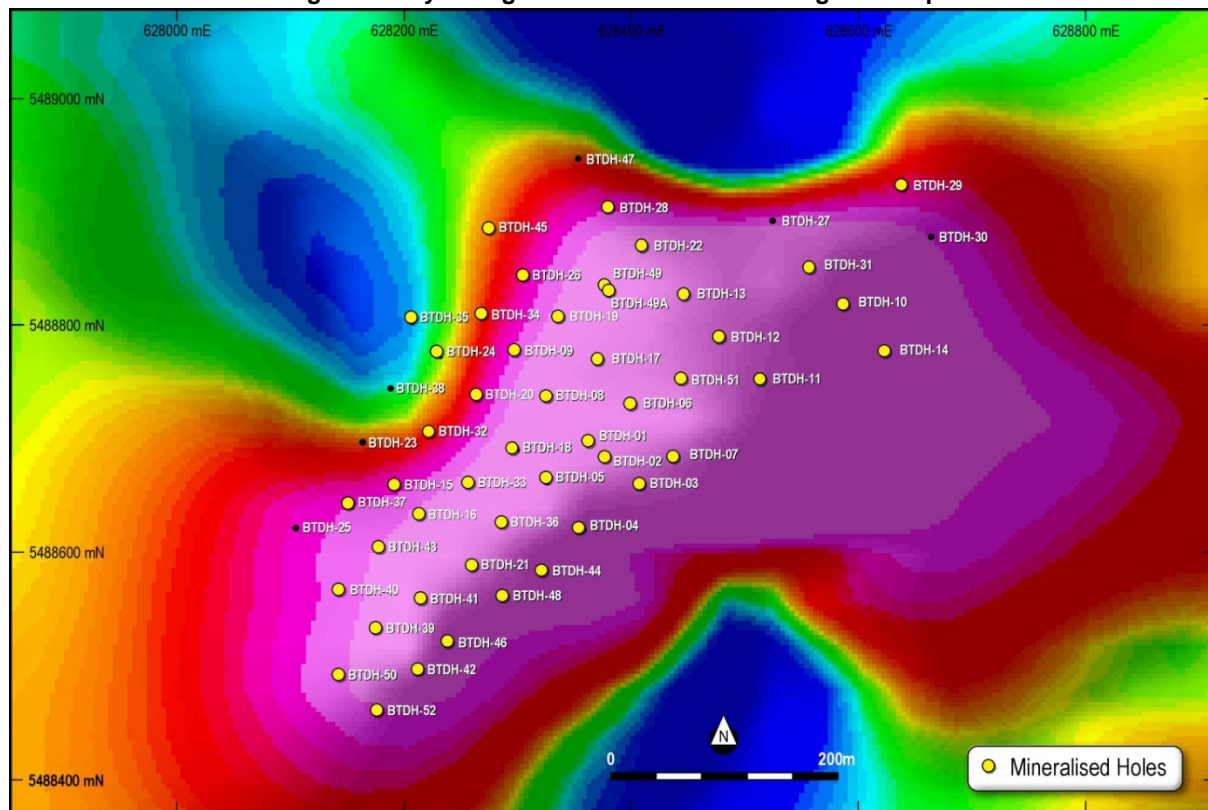
	Average Fe Grade of All Raw Samples	Average Mass Yield	Fe (%)	SiO2 (%)	Al2O3 (%)	S (%)	P (%)
Bayantsogt	30.1%	29.1%	65.77	3.25	0.96	1.03	0.02
Dund Bulag	18.5%	18.0%	65.15	5.34	1.32	0.18	0.00
Huiten Gol	27.7%	29.8%	68.78	1.90	0.41	0.01	0.01

Bayantsogt Prospect

Forty-six of the first fifty-two diamond core holes completed at the Bayantsogt iron ore deposit (see Figure 6) have intersected significant widths of magnetite mineralisation as determined by geological logging and handheld XRF measurement. Thirty-five holes were drilled at Bayantsogt during the 2011 drill season and an initial JORC inferred resource of 32.8Mt at 24.4% Fe was defined based on this initial first pass drilling. The

Company has not yet received any laboratory assay results from the 2012 drill program at Bayantsogt, however the strike length, as determined by the observed mineralisation drilled thus far in 2012, has already been extended by 150m to the southwest.

Figure 6: Bayantsogt Drill Plan shown over Magnetic Map



Based on the drilling conducted thus far in 2012, the Exploration Target* at Bayantsogt has been revised upwards slightly to 40-60Mt of iron ore (inclusive of the current resource).

Undur Ukhaa Prospect

Three diamond core holes have been completed at the previously undrilled Undur Ukhaa iron ore prospect, located 1km west of Dund Bulag. All three holes have intersected significant apparent widths of magnetite mineralisation as determined by geological logging and handheld XRF measurement. The mineralisation at Undur Ukhaa appears to be of a similar nature to nearby Dund Bulag. The anomaly at Undur Ukhaa is narrow but appears to have a strike length of approximately 800m. **Undur Ukhaa represents the fourth major iron discovery within the large Selenge project area**, following Bayantsogt, Dund Bulag and Huiten Gol. The Company has not yet received any laboratory assay results from the drilling at Undur Ukhaa.

Based on the initial drilling at Undur Ukhaa and the results from the small 2011 drill program at Huiten Gol, a combined Exploration Target* of 10-40Mt of iron ore has been estimated for these two prospects.

New Iron Targets at Selenge

A recent aeromagnetic survey was conducted at Selenge at 50m line spacing over the structural corridor running through the Licences that appears to contain all of the known iron ore deposits and prospects in the region. This survey has thus far revealed two new magnetic anomalies, named Bat Uul and Horseshoe.

The Bat Uul anomaly is located 1km south of Undur Ukhaa and is coincident with another large hill with visible banded skarn mineralisation at surface, similar in type to the Dund Bulag and Undur Ukhaa

anomalies. The Horseshoe anomaly is larger but lies under cover approximately 2km north of Dund Bulag and Undur Ukhaa.

All four targets identified from the original magnetic survey work have now been drilled and all contain significant iron mineralisation, so the Company is extremely pleased to have identified further targets. In addition, the new aeromagnetic data has only been evaluated for areas in the vicinity of current drilling activities. Upon evaluation of the full data set, it is likely that further targets will be identified.

Selenge Project Summary and Outlook

The Company is extremely pleased with the progress of the 2012 drilling program which is surpassing expectations. Based on the results and geological observations to date, the cumulative **Exploration Target* for the Selenge Project has increased to 250-400Mt of iron ore.**

This promising drill campaign follows the recent **MOU covering 5Mtpa of rail** capacity and the **excellent metallurgical results** on the Selenge iron mineralisation from both Bayantsogt and Dund Bulag.

The price for magnetite concentrate delivered to inland northern China remains stronger than seaborne imported hematite fines. The latest Monthly Iron Ore Outlook produced by the AME Group confirms that average spot prices for imported 63% Fe content iron ore fines delivered to a north China port fell to \$101.60/t for the month of September, however the inland NE China spot price for 66% magnetite concentrate averaged \$151.60/t (including VAT) for the month, down from US\$219/t for the same month last year. Subtracting the 17% VAT, **the average realised price for magnetite concentrate last month was US\$130/t, which marked a two year low.** Iron ore prices have since recovered. The difference in price versus the seaborne import marker price is due to grade and moisture content differential, value in use and lack of availability of this high quality product in inland China as domestic Chinese magnetite production suffers from declining grade and output.

The 2011 exploration program confirmed that a number of significant discoveries had been made by the Company within the Selenge project area and achieved a maiden JORC Code compliant resource. Shareholders should now look forward to further positive results from the 2012 drilling as the Company moves towards a greatly expanded JORC Resource and a more detailed feasibility study.

2. Other Projects

No significant exploration work was conducted at the Shavdal, Khundlun or Tumurtei Khudag Projects during the quarter.

CORPORATE AND GENERATIVE

1. Generative Activity

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

Dr Robert Wrixon
Managing Director
Haranga Resources Limited

* Exploration Targets are conceptual in nature and should not be construed as indicating the existence of a JORC Code compliant mineral resource. There is insufficient information to establish whether further exploration will result in the determination of a mineral resource within the meaning of the JORC Code.

** DTR tests give theoretical yield results which need to be verified by pilot plant scale testing using bulk samples, the results of which may differ from the results presented here.

The information in this report that relates to Exploration Results is based on information compiled by Mr Kerry Griffin, who is a Member of the Australian Institute of Geoscientists. Mr Griffin has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Griffin is the Technical Director of Haranga Resources Limited and consents to the inclusion in this report of the matters based on his information, and information presented to him, in the form and context in which it appears.

The technical information contained in this announcement in relation to the JORC Compliant Resource for the Bayantsogt Deposit has been reviewed by Mr Peter Ball of DataGeo Ltd, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Ball has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Mineral Resources and Ore Reserves'. Mr Ball consents to the inclusion in this report of the matters based on his information, and information presented to him, in the form and context in which it appears.