



ABN 83 141 128 841

Half-year Financial Report

30 June 2018

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CORPORATE DIRECTORY

Directors

Mr. Peter Youd (Non-Executive Director)
Mr. Teow Kim Chng (Non-Executive Director)
Ms. Nerida Schmidt (Non-Executive Director)
Mr. Bat-Ochir Sukhbaatar (Non-Executive Director)

Company Secretary

Ms. Nerida Schmidt

Registered Office

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Facsimile: +61 1300 855 044
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Share Registry

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Level 2
267 St Georges Terrace
PERTH WA 6000
Telephone: 1300 288 664
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 2018. 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. Peter Youd	Non-Executive Director
Mr. Teow Chng	Non-Executive Director (appointed 4 May 2018)
Ms. Nerida Schmidt	Non-Executive Director (appointed 4 May 2018)
Mr. Bat-Ochir Sukhbaatar	Non-Executive Director
Mr. Jack James	Non-Executive Director (resigned 4 May 2018)
Ms. Paula Cowan	Non-Executive Director (resigned 4 May 2018)

Results

The loss after tax for the half-year ended 30 June 2018 was \$162,750 (2017: profit of \$669,076).

Review of Operations

On 13 April 2018, Haranga Resources (Hong Kong) Limited, a wholly owned subsidiary of the Company, was deregistered.

On 4 May 2018, the Company announced the appointment of Ms Nerida Schmidt and Mr Teow Kim Chng as Non-Executive Directors of the Company and the resignation of Mr Jack James and Ms Paula Cowan from the Board.

On 17 May 2018, the Company executed a \$200,000 Convertible Note facility with Celtic Capital Pty Ltd. As at the date of this report, no funding had been drawn down on the facility.

The Directors, together with the Company's corporate adviser, are continuing to assess various recapitalisation opportunities for the Company and continues to actively pursue other opportunities to restore shareholder value as well as looking at other funding options for these opportunities.

Events Occurring After the Reporting Period

On 27 July 2018, the Company completed a placement to sophisticated investors of 72,678,885 shares at A\$0.0007 raising \$50,875.

There were no other 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 3 and forms part of this Directors' Report for the half-year ended 30 June 2018.

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*.



Peter Youd
Non-Executive Director

Perth, Western Australia
2 August 2018

DECLARATION OF INDEPENDENCE BY MATTHEW CUTT TO THE DIRECTORS OF HARANGA RESOURCES LIMITED

As lead auditor for the review of Haranga Resources Limited for the half-year ended 30 June 2018, 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.



Matthew Cutt

Partner

BDO Audit (WA) Pty Ltd

Perth, 2 August 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the half-year ended 30 June 2018

	Note	2018 \$	2017 \$
Revenue from continuing operations			
Interest income		385	161
Other income	9	214,236	-
Service administration fee		-	(60,000)
Professional and consulting fees		(142,440)	(171,152)
Foreign exchange gain /(loss)		(11)	(6,172)
Loss from deconsolidation of subsidiary		(12,869)	-
Other expenses		(7,815)	(19,092)
Profit/(loss) from continuing operations before income tax		51,486	(256,255)
Income tax benefit		-	-
Profit/(loss) from continuing operations after income tax		51,486	(256,255)
Profit for the half-year from discontinued operations	7	-	923,896
Profit for the year		51,486	667,641
Other Comprehensive Income			
<i>Items that will be reclassified to profit or loss:</i>			
Foreign currency translation		12,870	1,435
Other comprehensive income for the half-year, net of tax		12,870	1,435
Total comprehensive profit for the half-year		64,356	669,076
Profit for the period attributable to:			
Owners of Haranga Resources Limited		64,356	478,220
Non-controlling interests		-	189,421
		64,356	667,641
Comprehensive profit for the period attributable to:			
Owners of Haranga Resources Limited		64,356	479,655
Non-controlling interests		-	189,421
		64,356	669,076
Profit/(loss) per share from continuing operations attributable to owners of Haranga Resources Limited			
Basic / diluted profit / (loss) from continuing operations per share		0.01	(0.05)
Basis / diluted profit / (loss) from discontinued operations per share		-	0.19
Basic / diluted profit / (loss) per share		0.01	0.14

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 2018

	Note	30 June 2018 \$	31 December 2017 \$
Current Assets			
Cash and cash equivalents	4	129,520	191,116
Other receivables		6,450	7,467
Other current assets		23	21
Total Current Assets		135,993	198,604
Total Assets		135,993	198,604
Current Liabilities			
Trade and other payables	5	108,580	235,547
Total Current Liabilities		108,580	235,547
Total Liabilities		108,580	235,547
Net Assets/(liabilities)		27,413	(36,943)
Equity			
Issued capital	6	40,340,817	40,340,817
Reserves		6,127,871	6,115,001
Accumulated losses		(46,441,275)	(46,492,761)
Capital and reserves attributable to owners of Haranga Resources Limited		27,413	(36,943)
Non-controlling interest		-	-
Total Equity		27,413	(36,943)

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 2018

	2018 \$	2017 \$
Cash flows from operating activities		
Payments to suppliers and employees	(61,980)	(140,797)
Interest received	385	161
Receipt of refundable security deposit	-	133,023
Finance costs	-	(7,884)
Net cash outflow from operating activities	(61,595)	(15,497)
 Cash flows from investing activities		
Receipts from sale of fixed assets	-	33,811
Net cash inflow / (outflow) from investing activities	-	33,811
 Cash flows from financing activities		
Payments for share issue costs	-	(7,876)
Repayment of borrowings	-	(150,000)
Net cash (outflow) / inflow from financing activities	-	(157,876)
 Net (decrease) / increase in cash held	(61,595)	(139,562)
Cash and cash equivalents at beginning of period	191,116	144,655
Net foreign exchange differences	-	(673)
 Cash and cash equivalents at the end of the period	4 129,520	4,420

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 2018

	Issued Capital	Accumulated Losses	Reserves	Non-controlling interests	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2018	40,340,817	(46,492,761)	6,115,001	-	(36,943)
Loss for the half-year	-	51,486	-	-	51,486
<i>Other comprehensive income</i>					
Foreign currency translation	-	-	12,870	-	12,870
Total comprehensive loss for the half-year	-	51,486	12,870	-	64,356
Transactions with owners in their capacity as owner					
Equity issued by rights issue	-	-	-	-	-
Costs of issue	-	-	-	-	-
Balance at 30 June 2018	40,340,817	(46,441,275)	6,127,871	-	27,413
Balance at 1 January 2017	40,342,613	(40,725,373)	2,940,505	(2,881,736)	(323,991)
Profit for the half-year	-	478,220	-	189,421	667,641
<i>Other comprehensive income</i>					
Foreign currency translation	-	-	1,435	-	1,435
Total comprehensive profit for the half-year	-	478,220	1,435	189,421	669,076
Transactions with owners in their capacity as owner					
Equity issued by rights issue	-	-	-	-	-
Costs of issue	(1,796)	-	-	-	(1,796)
Balance at 30 June 2017	40,340,817	(40,247,153)	2,941,940	(2,692,315)	343,289

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

Notes to the Consolidated Financial Statements**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 2018 was authorised for issue in accordance with a resolution of the Directors on 2 August 2018.

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 2018 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 annual 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 2017 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

The Group incurred a net profit after tax for the half-year ended 30 June 2018 of \$51,486 (2017: profit of \$667,641) and experienced net cash outflows of \$61,595 (2017: \$15,497). At 30 June 2018, the Group has net assets of \$27,413 (31 December 2017: net liabilities of \$36,943). As at 30 June 2018, the Group's cash balance stood at \$129,520.

Notwithstanding the above, the ability of the Group to continue as a going concern is dependent upon the Group obtaining funding through various sources, including debt and/or equity issues, to meet its commitments in the next 12 months.

These conditions indicate a material uncertainty that may cause a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Management believe there are sufficient funds to meet the consolidated Group's working capital requirements at the date of this report and that there are reasonable grounds to believe that the Group will continue as a going concern for the following reasons:

- The Company has signed a convertible note providing for up to \$200,000 available to be drawn down;
- The ability to raise additional funding through debt or equity; and
- In the interim, the company has reduced its expenditure to conserve cash.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the consolidated entity not continue as a going concern.

New and Amending Accounting Standards and Interpretations

In the half-year ended 30 June 2018, 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 2018. 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 is 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.

Notes to the Consolidated Financial Statements

3. Segment Reporting

The Group predominantly operated in one geographical segment for the 2018 and 2017 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. Cash and Cash Equivalents

	30 June 2018	31 December 2017
	\$	\$
Cash at bank	129,520	191,116
	129,520	191,116

5. Trade and Other Payables

	30 June 2018	31 December 2017
	\$	\$
Other payables	63,581	122,724
Accruals	44,999	112,823
Closing balance	108,580	235,547

6. Issued Capital

	30 June 2018	31 December 2017
	\$	\$
(a) Issued and paid up capital		
Ordinary shares fully paid	40,340,817	40,340,817

	2018		2017	
	Number of shares	\$	Number of shares	\$
(b) Movements in shares on issue				
Opening balance	484,525,904	40,340,817	484,525,904	40,342,613
Costs of issue	-	-	-	(1,796)
Closing balance	484,525,904	40,340,817	484,525,904	40,340,817

7. Discontinued Operations

On 4 August 2017, the Company completed the sale its 100% interest in Mongolia subsidiary Haranga Iron LLC. Haranga Iron LLC is the holder of an 80% interest in Haranga Khuder LLC which holds the Selenge Project in Mongolia.

On 5 June 2017, the Company deregistered its Singaporean subsidiary, Haranga Investments (Mongolia) Pte Ltd.

The profit for the half-year ended 30 June 2017 from discontinued operations is as follows:

	30 June 2017
	\$
Loss for the half-year from discontinued operations	
Other income	133,023
Reversal of exploration impairment	1,100,321
	1,233,344
Expenses	(309,448)
Profit / (loss) before income tax	923,896
Income tax expense	-
Profit / (loss) after tax attributable to the discontinued operation	923,896
Cash flows from discontinued operations	
Net cash outflow from operating activities	(177,155)
Net cash inflow from investing activities	130,282
Net cash outflow from financing activities	42,116
Effect of exchange rate fluctuations on cash	(225)
Net decrease in cash generated by the subsidiary	(4,982)

8. Dividends

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

Notes to the Consolidated Financial Statements**9. Contingent Liabilities**

As part of the recapitalisation of the Group, the current Board has made a re-assessment of certain payables and accruals in respect of previous Directors fees and expenses totaling \$214,236. Management have re-estimated the associated liabilities and have reversed this liability in the half-year ended 30 June 2018 financial statements. This is due to the lack of evidence of any contracted service that would ordinarily be expected in the role of a Director and that no service agreement was in place that would outline any fees payable for any service rendered. The current Directors' have made a judgement over the likelihood of any claim over these amounts and expect the likelihood that these directors will claim an amount for services rendered to be unlikely. In the unlikely event of such a claim it will be rigorously defended by the Group and the directors believe it would not be probable that there would be an amount payable.

There are no other contingent liabilities or contingent assets.

10. Events Occurring After the Reporting Period

On 27 July 2018, the Company completed a placement to sophisticated investors of 72,678,885 shares at A\$0.0007 raising \$50,875.

There were no other significant events subsequent to reporting date.

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 4 to 10, 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 2018 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*.



Peter Youd
Non-Executive Director

Perth, Western Australia
2 August 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Haranga Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Haranga Resources Limited and its subsidiaries which comprises the consolidated statement of financial position as at 30 June 2018, 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 then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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 the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 2 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

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 Group's financial position as at 30 June 2018 and its financial 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 the Group, 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 the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

Handwritten signature in blue ink, consisting of the letters 'BDO' above the name 'M Cutt'.

Matthew Cutt

Partner

Perth, 2 August 2018