Haranga Resources

ABN 83 141 128 841

Annual Report

31 December 2017

CONTENTS

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
Suite 3, 9 Hampden Road
NEDLANDS WA 6009
Telephone: +61 1300 660 448
Facsimile: +61 1300 855 044
Website: www.haranga.com

Share Registry
Automic Registry Services Pty Ltd
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

The Directors present their report for Haranga Resources Limited ("Haranga Resources" or "the Company") and the entities it controlled at the end of, or during the year ended 31 December 2017. Throughout the report the consolidated entity is referred to as "the Group".

DIRECTORS

The names, qualifications and experience of the Company's Directors in office during the period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr. Peter Youd, Non-Executive Director (appointed 1 June 2017)

Mr. Youd is a Chartered Accountant and has extensive experience within the resources and oil and gas services industries. For the last 29 years Mr Youd has held a number of senior management positions and directorships for publicly listed and private companies in Australia and overseas.

Mr. Youd is currently an executive director of First Graphene Limited (appointed 6 June 2014). He has not held any other listed directorships over the past three years.

Mr. Teow Chng, Non-Executive Director (appointed 4 May 2018)

Mr. Chng is a qualified accountant with many years' experience in the corporate finance, marketing and resources industry.

Currently, Mr Chng is the Executive Chairman of Candlestick Ltd, a public unlisted company in Australia, and the Executive Director of Acutus Corporate Services Pte Ltd in Singapore, Chairman of Acutus (Australia) Pty Ltd and has held several directorships in mining resources and resort development companies in both Australia, and several Asian countries. He was also partner in a management educational and training venture that delivers high level western products and services through leading international academics and thinkers to China-based senior managers and executives. Mr Chng has experience in establishing businesses and taking these businesses to IPO in the Australian Securities Exchange and has raised capital to finance these businesses.

He has not held any listed directorships over the past three years.

Ms. Nerida Schmidt, Non-Executive Director & Company Secretary (appointed 4 May 2018)

Ms Schmidt has 28 years' professional experience as the CFO and company secretary of a number of ASX, TSX and AIM listed companies in a variety of industries and has consulted to a number of listed and unlisted entities providing corporate, company secretarial and financial services. She holds a Bachelor of Commerce from the University of Western Australia, is a Certified Practising Accountant and a Fellow of Finsia. She is also a Chartered Secretary and holds a Graduate Diploma in Company Secretarial Practice.

Currently Ms Schmidt is a Non-Executive Director for Entek Energy Limited, and the Company Secretary for Entek Energy Limited, Trek Metals Limited and First Graphene Limited, all ASX listed companies. Ms Schmidt was previously a director of Sirocco Energy Limited (appointed 25 May 2015, resigned 18 November 2015). She has not held any other listed directorships over the past three years

Mr. Bat-Ochir Sukhbaatar, Non-Executive Director

Mr. Sukhbaatar is a successful businessman and entrepreneur with more than 20 years' experience in international commerce, public relations, trade policy, and infrastructure building in Mongolia. Mr. Sukhbaatar began his career with the Ulaanbaatar City Authority, ultimately employed as senior engineer-economist. In 1992 he co-founded one of the first private companies in Mongolia focusing on the trade and distribution of imported petroleum and petroleum products in Mongolia through the Global Line Company LLC network of petrol stations and wholesale dealers. In 2009, he and his partners established Geotrass LLC which is engaged in road, bridge and dam construction, fibre optic communications installation and mining logistics.

Mr. Sukhbaatar graduated from the Moscow State Automobile and Road Technical University in Russia and obtained an MBA from the City University of Seattle in the USA. Mr. Sukhbaatar is a native of Mongolia and fluent in Russian and English. He has not held any other listed directorships over the past three years.

Mr. Jack James, Non-Executive Director & Company Secretary (resigned 4 May 2018)

Mr. Jack James has a Bachelor of Business from the Queensland University of Technology and is a Chartered Accountant. Mr. James provides accounting, secretarial and advisory advice to private and public companies, government and other stakeholders. Mr. James has over fifteen years' experience in chartered accounting specialising in corporate advisory and reconstruction.

Mr. James is currently a director of AIM traded Harvest Minerals Limited (appointed 3 July 2017). Mr. James was previously a director of Lithex Resources Limited (appointed 12 December 2013, resigned 29 January 2015), WestStar Industrial Limited (appointed 15 October 2014, resigned 10 September 2015), Castillo Copper Limited (appointed 13 August 2015, resigned 6 May 2016), Ausmex Mining Group Limited (appointed 22 August 2011, resigned 14 May 2015, appointed 21 May 2015, resigned 6 May 2016), Premiere Eastern Energy Limited (appointed 18 March 2015, resigned 20 October 2016), and Wolf Petroleum Limited (appointed 17 August 2016, resigned 30 October 2017). He has not held any other listed directorships over the past three years.

Ms. Paula Cowan, Non-Executive Director (appointed 28 March 2017; resigned 4 May 2018)
Ms. Cowan is a finance professional with over 15 years' experience and is presently a Director of Palisade Business Consulting, a consulting and secretarial advisory firm specialising in business advisory, consulting and finance and secretarial support services to SME's and ASX listed entities. Ms. Cowan previously held senior roles in advisory firms KordaMentha and Ernst and Young. Ms. Cowan holds a Bachelor of Commerce/Law (Hons), is a qualified Chartered Accountant and a Graduate of the Australian Institute of Company Directors.

Ms. Cowan is currently a director of Valor Resources Limited (appointed 9 May 2016). Ms. Cowan was previously a director of Lithex Resources Limited (appointed 29 January 2015, resigned 2 December 2016). She has not held any other listed directorships over the past three years.

Mr. Brian McMaster, Non-Executive Chairman (resigned 1 June 2017)
Mr. McMaster is a Chartered Accountant and has over 20 years' experience in the area of corporate reconstruction and turnaround/performance improvement. Formerly, Mr. McMaster was a partner of the restructuring firm Korda Mentha and prior to that was a partner at Ernst & Young. His experience includes significant working periods in the United States, South America, Asia and India.

Mr. McMaster is currently a director of AIM traded Harvest Minerals Limited (appointed 1 April 2014), AIM traded Jangada Mines Plc (appointed 30 June 2015), Bounty Mining Limited (appointed 29 March 2016), Valor Resources Limited (appointed 10 January 2017), and AIM traded Ortac Resources Limited (appointed 1 August 2017). Mr. McMaster was a director of WestStar Industrial Limited (appointed 2 December 2011, resigned 12 August 2015), Castillo Copper Limited (appointed 31 August 2013, resigned 13 August 2015), IODM Limited (appointed 14 September 2012, resigned 2 October 2015), Valor Resources Limited (appointed 27 August 2014, resigned 17 March 2016), Black Star Petroleum Limited (appointed 9 August 2012, resigned 11 May 2016), Wolf Petroleum Limited (appointed 24 April 2012, resigned 17 August 2016), and TXS-V traded Five Star Diamonds Limited (appointed 20 April 2017, resigned 1 October 2017). He has not held any other listed directorships in the past three years.

Mr. Matthew Wood, Former Non-Executive Director (resigned 28 March 2017)
Mr. Wood has over 20 years' experience in the resource sector with both major and junior resource companies and has extensive experience in the technical and economic evaluation of resource projects throughout the world. Mr. Wood's expertise is in project identification, negotiation, acquisition and corporate development. Mr. Wood has an honours degree in geology from the University of New South Wales and a graduate certificate in mineral economics from the Western Australian School of Mines.

Mr. Wood is currently a director of Bounty Mining Limited (appointed 29 March 2016) and TXS-V traded Five Star Diamonds Limited (appointed 20 April 2017). Mr. Wood was a director of WestStar Industrial Limited (appointed 29 May 2009, resigned 12 August 2015), Castillo Copper Limited (appointed 1 April 2014, resigned 13 August 2015), Valor Resources Limited (appointed 12 June 2009, resigned 17 March 2016), Black Star Petroleum Limited (appointed 28 February 2013, resigned 11 May 2016), Wolf Petroleum Limited (appointed 24 April 2012, resigned 27 March 2017), and AIM traded Harvest Minerals Limited (appointed 1 April 2014, resigned 9 October 2017). He has not held any other listed directorships over the past three years.

COMPANY SECRETARY
Ms Nerida Schmidt - appointed 4 May 2018
Mr. Jack James - resigned 4 May 2018.

INTERESTS IN THE SECURITIES OF THE COMPANY
As at the date of this report, the interests of the Directors in the securities of Haranga Resources Limited are:

Director	Ordinary Shares	Options – exercisable at $0.50 on or before 30 June 2018
Peter Youd	-	-
Teow Chng	100,000	-
Nerida Schmidt	-	-
Jack James	-	-
Bat-Ochir Sukhbaatar	6,533,743	250,000
Paula Cowan	-	-

RESULTS OF OPERATIONS
The Group's net loss after taxation attributable to the members of Haranga Resources for the year to 31 December 2017 was $5,767,388 (2016: net loss of $20,635,034).

DIVIDENDS
No dividend was paid or declared by the Company during the period and up to the date of this report.

CORPORATE STRUCTURE
Haranga Resources Limited is a company limited by shares, which is incorporated and domiciled in Australia.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES
The Company continues to assess various recapitalisation opportunities since the sale of the Selenge Iron Ore Project located in Mongolia, and intends at this stage to remain a minerals exploration and development company.

REPORT ON OPERATIONS

SELENGE IRON ORE PROJECT
On 1 June 2017, the Company announced it had entered into a formal share sale agreement with Amarbaatar Bilguun ('the Buyer') for the sale of the Company's 100% interest in Mongolian 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, comprising of mining license 18934A and exploration license 11335X.

The material terms of the Share Sale Agreement are detailed below:

- On execution, the Buyer paid the Company a non-refundable deposit of US$100,000;
- On receipt of required shareholder and other regulatory approvals, the Buyer paid the Company US$1,000,000; and
- On the date that is 12 months from the first date that proceeds from the sale or other disposition of product from the Selenge Project are received, the Buyer will pay the Company US$3,500,000.

The decision to divest the Selenge Project was taken following a sustained period of investor disinterest in the Project. The Board continues to actively pursue other opportunities to restore shareholder value.

The required shareholder approval under ASX Listing Rule 11.2 to complete the transaction was received on 26 July 2017 at a general meeting of shareholders.

As announced on 4 August 2017, the Company completed the sale of the Selenge Project upon receipt of $1,257,027 (US$1,000,000) from the Buyer.

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.

CORPORATE

Finance Facility
On 24 March 2017, the Company signed a further Amendment to the Binding Terms Sheet with Sanjiv Noronha for the unsecured interim finance facility of $200,000. As at the date of the variation, the balance owing was $100,000 plus interest. The Company repaid $50,000 on 28 March 2017 and the remaining $50,000 plus interest on 28 April 2017. The Company has no financing facilities at year end.

Board Changes
On 28 March 2017, Ms. Paula Cowan was appointed as a Non-Executive Director of the Company and Mr. Matthew Wood resigned from his position as a Non-Executive Director.

On 1 June 2017, the Company announced the appointment of Mr Peter Youd to the Board of Directors of the Company and the resignation of Mr Brian McMaster from the Board. Subsequent to the year end, on 4 May 2018, Mr Teow Kim Chng and Ms Nerida Schmidt were appointed as Non-Executive Directors and Mr Jack James and Ms Paul Cowan resigned from the Board

Other
On 30 May 2017, the Company announced that it had appointed CPS Capital Group Pty Ltd ('CPS Capital') to act as corporate adviser and broker to assist in a recapitalisation of the Company.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS
On 1 June 2017, the Company announced it had entered into a formal share sale agreement with Amarbaatar Bilguun ('the Buyer') for the sale of the Company's 100% interest in Mongolian subsidiary Haranga Iron LLC. 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.

There have been no other significant changes in the state of affairs of the Group which occurred during the financial year.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE
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.

There were no other known significant events from the end of the financial year up to the date of this report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS
The Directors have excluded from this report any further information on the likely developments in the operations of the Group and the expected results of those operations in future financial years, as the Directors believe that it would be speculative and prejudicial to the interests of the Group.

ENVIRONMENTAL REGULATIONS AND PERFORMANCE
The operations of the Group are presently subject to environmental regulation under the laws of the Commonwealth of Australia and, prior to the sale of the Selenge Project, Mongolia. The Group was at all times in full environmental compliance with the conditions of its licences.

SHARES UNDER OPTION
As at the date of this report, there were 8,750,000 unissued ordinary shares under options (8,750,000 at the reporting date). The details of the options at the date of this report are as follows:

Number	Exercise Price $	Expiry Date
8,750,000	$0.20	30 June 2018
8,750,000		

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

Options that expired during the year or since the year ended 31 December 2017 are as follows:

Number	Exercise Price $	Expiry Date
15,000,000	$0.05	31 December 2017
15,000,000		

No other options expired or were exercised during or since the year ended 31 December 2017.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS
The Company has made an agreement indemnifying all the Directors and officers of the Company against all losses or liabilities incurred by each Director or officer in their capacity as Directors or officers of the Company to the extent permitted by the Corporation Act 2001. The indemnification specifically excludes wilful acts of negligence. The Company paid insurance premiums in respect of Directors' and Officers' Liability Insurance contracts for current officers of the Company. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group. The total amount of insurance premiums paid has not been disclosed due to confidentiality reasons.

DIRECTORS' MEETINGS
During the financial period, in addition to regular Board discussions, the number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

Director	Number of Meetings Eligible to Attend	Number of Meetings Attended
Brian McMaster(a)	2	2
Peter Youd (b)	5	5
Jack James	7	7
Paula Cowan	7	7
Bat-Ochir Sukhbaatar	7	0

(a) Mr. McMaster resigned on 1 June 2017; and
(b) Mr. Youd was appointed on 1 June 2017.;

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the period.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Board of Haranga Resources Limited support and have adhered to the principles of sound corporate governance. The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council and considers that Haranga Resources is in compliance with those guidelines to the extent possible, which are of importance to the commercial operation of a junior listed resources company. During the financial period ended, shareholders continued to receive the benefit of an efficient and cost-effective corporate governance policy for the Company. The Company's Corporate Governance Statement and disclosures are contained in separate announcements released to ASX on the date of this report..

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the Corporations Act 2001 requires the Group's auditors to provide the Board of Haranga Resources with an Independence Declaration in relation to the audit of the financial report. A copy of that declaration is included in this report.

Non-Audit Services

There were no non-audit services provided by the Group's auditor during the year ended 31 December 2017.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for directors and executives of Haranga Resources Limited in accordance with the requirements of the Corporation Act 2001 and its Regulations. For the purpose of this report, Key Management Personnel (KMP) of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group, and includes the executives in the Company receiving the highest remuneration.

Details of Key Management Personnel

Mr. Peter Youd	Non-Executive Director (appointed 1 June 2017)
Mr. Bat-Ochir Sukhbaatar	Non-Executive Director
Mr. Jack James	Non-Executive Director
Ms. Paula Cowan	Non-Executive Director (appointed 28 March 2017)
Mr. Brian McMaster	Non-Executive Chairman (resigned 1 June 2017)
Mr. Matthew Wood	Former Non-Executive Director (resigned 28 March 2017)
Mr. Marshall Cooper	Former Executive Director (resigned 17 November 2016)
Mr. Erdene Tsengelbayar	Former Executive Director (resigned 24 October 2016)
Mr. Michael Riady	Former Non-Executive Director (resigned 14 October 2016)

Subsequent to the end of the financial year, the following directors were appointed and resigned

Mr. Teow Kim Chng	Non-Executive Director (appointed 4 May 2018)
Ms. Nerida Schmidt	Non-Executive Director (appointed 4 May 2018)
Mr. Jack James	Non-Executive Director (resigned 4 May 2018)
Ms. Paula Cowan	Non-Executive Director (resigned 4 May 2018)

Remuneration Policy

The Board is responsible for determining and reviewing compensation arrangements for the Directors. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. The Company does not link the nature and amount of the emoluments of such officers to the Company's financial or operational performance. The expected outcome of this remuneration structure is to retain and motivate Directors.

As part of its Corporate Governance Policies and Procedures, the board has adopted a formal Remuneration Committee Charter. Due to the current size of the Company and number of directors, the board has elected not to create a separate Remuneration Committee but has instead decided to undertake the function of the Committee as a full Board under the guidance of the formal charter.

The rewards for Directors' generally have no set or pre-determined performance conditions or key performance indicators as part of their remuneration due to the current nature of the business operations. The Board determines appropriate levels of performance rewards as and when they consider rewards are warranted. The Company has no policy on executives and directors entering into contracts to hedge their exposure to options or shares granted as part of their remuneration package.

The table below shows the performance of the Group as measured by loss per share:

As at 31 December	**2017**	**2016**	**2015**	**2014**	**2013**
Loss per share (cents)	(1.19)	(5.98)	(0.42)	(0.87)	(2.78)
Share Price ($)	0.003	0.003	0.004	0.014	0.062

Details of Remuneration

Details of the nature and amount of each element of the remuneration of each Director and Executive of the Company as required by the Corporations Act 2001, for the period ended 31 December 2017 are as follows:

2017	Short term			Options	Post employment			
	Base Salary $	Directors Fees $	Consulting Fees $	Share Based Payments $	Superannuation $	Prescribed Benefits $	Total $	Option related %
Directors								
Peter Youd (a)	-	21,000	-	-	-	-	21,000	-
Bat-Ochir Sukhbaatar	-	40,000	-	-	-	-	40,000	-
Jack James	-	21,000	-	-	-	-	21,000	-
Paula Cowan (b)	-	21,000	-	-	-	-	21,000	-
Matthew Wood (c)	-	-	15,000	-	-	-	15,000	-
Brian McMaster (d)	-	-	90,000	-	-	-	90,000	-
	-	**103,000**	**105,000**	**-**	**-**	**-**	**208,000**	

(a) Mr. Peter Youd was appointed on 1 June 2017
(b) Ms. Paula Cowan was appointed on 28 March 2017;
(c) Mr. Matthew Wood resigned on 28 March 2017; and
(d) Mr Brian McMaster resigned on 1 June 2017.

Details of the nature and amount of each element of the remuneration of each Director and Executive of the Company as required by the Corporations Act 2001, for the period ended 31 December 2016 are as follows:

2016	Short term			Options	Post employment			
	Base Salary $	Directors Fees $	Consulting Fees $	Share Based Payments $	Superannuation $	Prescribed Benefits $	Total $	Option related %
Directors								
Brian McMaster	-	-	60,000	-	-	-	60,000	-
Bat-Ochir Sukhbaatar	-	40,000	-	-	-	-	40,000	-
Jack James	-	-	-	-	-	-	-	-
Matthew Wood	-	-	60,000	-	-	-	60,000	-
Marshall Cooper (a)	-	36,666	-	-	-	-	36,666	-
Erdene Tsengelbayar (b)	-	-	23,282	-	-	-	23,282	-
Michael Riady (c)	-	-	-	-	-	-	-	-
	-	**76,666**	**143,282**	**-**	**-**	**-**	**219,948**	

(a) Mr. Marshall Cooper resigned on 17 November 2016;
(b) Mr. Erdene Tsengelbayar resigned on 24 October 2016; and
(c) Mr. Michael Riady resigned on 14 October 2016.

There are no options affecting remuneration in the current and future reporting period. No options have been exercised at 31 December 2017.

Shareholdings of Key Management Personnel

The number of shares in the company held during the financial year held by each director of Haranga Resources Limited, including their personally related parties, is set out below. There were no shares granted during the reporting period as compensation.

2017	Balance at the start of the year	Granted during the year as compensation	On exercise of share options	Other changes during the year	On resignation from the Board	Balance at the end of the year
Peter Youd (a)	-	-	-	-	-	-
Bat-Ochir Sukhbaatar	6,533,743	-	-	-	-	6,533,743
Jack James	-	-	-	-	-	-
Paula Cowan (b)	-	-	-	-	-	-
Matthew Wood (c)	-	-	-	-	-	-
Brian McMaster (d)	1,666,106	-	-	-	(1,666,106)	-

(a) Mr. Peter Youd was appointed on 1 June 2017;
(b) Ms. Paula Cowan was appointed on 28 March 2017;
(c) Mr. Matthew Wood resigned on 28 March 2017; and
(d) Mr Brian McMaster resigned on 1 June 2017.

All equity transactions with key management personnel other than arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Option holdings of Key Management Personnel

The numbers of options over ordinary shares in the Group held during the financial year by each director of Haranga Resources Limited and specified executive of the group, including their personally related parties, are set out below:

2017	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year	Exercisable	Un-exercisable
Peter Youd (a)	-	-	-	-	-	-	-
Bat-Ochir Sukhbaatar	250,000	-	-	-	250,000	250,000	-
Jack James	-	-	-	-	-	-	-
Paula Cowan (b)	-	-	-	-	-	-	-
Matthew Wood (c)	-	-	-	-	-	-	-
Brian McMaster (d)	-	-	-	-	-	-	-

(a) Mr. Peter Youd was appointed on 1 June 2017;
(b) Ms. Paula Cowan was appointed on 28 March 2017;
(c) Mr. Matthew Wood resigned on 28 March 2017; and
(d) Mr Brian McMaster resigned on 1 June 2017.

Other transactions with Key Management Personnel

Palisade Business Consulting Pty Ltd, a company of which Mr. James and Ms. Cowan are directors, provided the Company with a fully serviced office including administration and information technology support totalling $70,000 (2016: $120,000) and reimbursement of payments for financial accounting fees, travel and postage at cost of $66,497 (2016: $72,507). A total of $5,555 was outstanding at year end (2016: $261,789).

Service Agreements

During the year the Directors Mr. Brian McMaster, Mr. Matthew Wood and Mr. Bat-Ochir Sukhbaatar accrued consulting fees on a monthly basis. Their services may be terminated by either party at any time. Amounts accrued at 31 December 2017 totalled $99,993 for Mr Sukhbaatar.

Loans to Directors and Executives

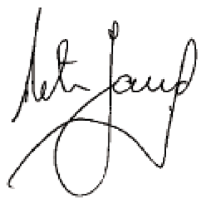
There were no loans to directors and executives during the financial year ending 31 December 2017.

Voting and comments made at the Company's 2015 Annual General Meeting

Haranga Resources Limited did not receive any “no” votes on its remuneration report for the 2016 financial year.
The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

END OF AUDITED REMUNERATION REPORT

Signed on behalf of the board in accordance with a resolution of the Directors.



Mr Peter Youd
Non-Executive Director
4 July 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2017

	Notes	2017 $	2016 $
Revenue from continuing operations			
Interest income		778	1,097
Other Income		-	25,618
Expenses			
Service administration expenses		(70,000)	(120,000)
Professional and consulting fees	4(a)	(401,907)	(307,821)
Foreign exchange gain / (loss)		(6,344)	30,890
Other expenses	4(b)	(112,305)	(124,050)
Loss from continuing operations before income tax		**(589,778)**	**(494,266)**
Income tax benefit	5	-	-
Loss from continuing operations after income tax		**(589,778)**	**(494,266)**
Loss for the year from discontinued operations	**26**	(4,988,189)	(23,274,403)
Loss for the year		**(5,577,967)**	**(23,768,669)**
Other comprehensive income / (loss)			
Items that may be reclassified to profit or loss:			
Derecognition of non-controlling interest		2,692,315	-
Foreign currency translation of foreign operations		(16,334)	(3,265,844)
Recycling of foreign currency translation reserve on disposal of foreign operations		3,190,830	-
Other comprehensive income / (loss) for the year, net of tax		**5,866,811**	**(3,265,844)**
Total comprehensive income / (loss) for the year		**288,844**	**(27,034,513)**
(Loss)/profit for the year attributable to:			
Owners of Haranga Resources Limited		(5,767,388)	(20,635,034)
Non-controlling interests		189,421	(3,133,635)
		(5,577,967)	**(23,768,669)**
Total comprehensive income / (loss) for the year attributable to:			
Owners of Haranga Resources Limited		99,423	(23,900,878)
Non-controlling interests		189,421	(3,133,635)
		288,844	**(27,034,513)**
Loss per share attributable to owners of Haranga Resources Limited			
Basic and diluted loss per share (cents) from continuing operations	18	(0.12)	(0.10)
Basic and diluted loss per share (cents) from discontinued operations		(1.07)	(4.16)
Basic and diluted loss per share (cents)	18	(1.19)	(4.26)

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 31 December 2017*

	Notes	2017 $	2016 $
Current Assets			
Cash and cash equivalents	6	191,116	144,655
Other receivables	7	7,467	108,104
Other current assets	8	21	79,157
Total Current Assets		198,604	331,916
Non-Current Assets			
Plant and equipment	9	-	310,762
Deferred exploration and evaluation expenditure	10	-	-
Total Non-Current Assets		-	310,762
Total Assets		198,604	642,678
Current Liabilities			
Trade and other payables	11	235,547	816,669
Borrowings	12	-	150,000
Total Current Liabilities		235,547	966,669
Total Liabilities		235,547	966,669
Net (Liabilities) / Assets		**(36,943)**	**(323,991)**
Equity			
Issued capital	13	40,340,817	40,342,613
Reserves	14	6,115,001	2,940,505
Accumulated losses	15	(46,492,761)	(40,725,373)
Capital and reserves attributable to owners of Haranga Resources Limited		**(36,943)**	2,557,745
Non-controlling interest		-	(2,881,736)
Total Equity		**(36,943)**	**(323,991)**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows *for the year ended 31 December 2017*

	Notes	2017 $	2016 $
Cash flows from operating activities			
Payments to suppliers and employees		(1,385,925)	(342,679)
Interest received		778	1,097
Receipt of non-refundable security deposit		133,023	-
Finance costs		(7,884)	-
Other receipts		-	-
Net cash outflows from operating activities	6	**(1,260,008)**	**(341,582)**
Cash flows from investing activities			
Proceeds from sale of plant and equipment		33,811	28,659
Proceeds from sale of subsidiaries		1,259,074	-
Payments for exploration expenditure		-	(159,609)
Cash disposed of on sale of subsidiaries		1,358	-
Net cash outflows from investing activities		**1,294,243**	**(130,950)**
Cash flows from financing activities			
Proceeds from issue of shares		-	476,359
Repayment of borrowings		(150,000)	-
Proceeds from borrowings subsequently derecognised		172,398	150,000
Payments for share issue costs		(9,672)	(70,073)
Net cash inflows from financing activities		**12,726**	**556,286**
Net increase / (decrease) in cash held		46,961	83,754
Cash and cash equivalents at beginning of period		144,655	62,034
Net foreign exchange differences		(500)	(1,133)
Cash and cash equivalents at end of the period	6	**191,116**	**144,655**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity *for the year ended 31 December 2017*

	Issued capital $	Accumulated Losses $	Reserves $	Non-controlling interests $	Total $
Balance 1 January 2017	**40,342,613**	**(40,725,373)**	**2,940,505**	**(2,881,736)**	**(323,991)**
Loss for the year	-	(5,767,388)	-	189,421	(5,577,967)
Other comprehensive loss					
De-recognition of non-controlling interest	-	-	-	2,692,315	2,692,315
Foreign currency translation	-	-	3,174,496	-	3,174,496
Total comprehensive loss for the year	-	(5,767,388)	3,174,496	2,881,736	(35,147)
Transactions with owners in their capacity as owners					
Costs of issue	(1,796)	-	-	-	(1,796)
Balance at 31 December 2017	**40,340,817**	**(46,492,761)**	**6,115,001**	**-**	**(36,943)**
Balance 1 January 2016	**39,944,203**	**(20,090,339)**	**6,206,349**	**251,899**	**26,312,112**
Loss for the year	-	(20,635,034)	-	(3,133,635)	(23,768,669)
Other comprehensive loss					
Foreign currency translation	-	-	(3,265,844)	-	(3,265,844)
Total comprehensive loss for the year	-	(20,635,034)	(3,265,844)	(3,133,635)	(27,034,513)
Transactions with owners in their capacity as owners					
Shares issued via rights issue	302,359	-	-	-	302,359
Shares issued via placement	174,000	-	-	-	174,000
Costs of issue	(77,949)	-	-	-	(77,949)
Balance at 31 December 2016	**40,342,613**	**(40,725,373)**	**2,940,505**	**(2,881,736)**	**(323,991)**

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

1. Corporate Information

The financial statements of Haranga Resources Limited ("Haranga Resources" or "the Group") for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 4 July 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 the principal activities of the Group are described in the Directors' Report.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements are general-purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board and Australian Accounting interpretations. The financial statements have also been prepared on a historical cost basis. Haranga Resources Limited is a for profit entity for the purpose of preparing the financial statements. The presentation currency is Australian dollars.

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 year ended 31 December 2017 of $5,577,967 (2016: net loss of $23,768,669) and experienced net cash outflows from operating activities of $1,260,008 (2016: $341,582) and net cash inflows from investing activities of $1,294,243 (2016: outflows of $130,950). At 31 December 2017, the Group had a net current liability position of $36,943 (2016: $323,991). At the date of this report the majority of the current liabilities are overdue. Of the $235,547 trade and other payables outstanding at reporting date, $194,238 are owed to related parties and internal creditors.

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.

(b) Compliance Statement

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(c) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Haranga Resources Limited ('the Company') and its subsidiaries as at 31 December each year ('the Group').

Subsidiaries are those entities over which the Company has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a Company controls another entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-company transactions have been eliminated in full. Unrealised losses are also eliminated unless costs cannot be recovered.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and Consolidated Statement of Financial Position respectively.

(d) New Accounting Standards and Interpretations

The following applicable accounting standards and interpretations have been issued or amended but are not yet effective. These standards have not been adopted by the Group for the year ended 31 December 2017, and no change to the Group's accounting policy is required:

Reference	Title	Summary	Impact on Group's financial report	Application date for Group
AASB 9	Financial Instruments	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. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: ▪ The change attributable to changes in credit risk is presented in other comprehensive income (OCI) ▪ The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.	The Group has considered these standards and determined that there is no impact on the Group's financial statements.	1 January 2018
AASB 15	Revenue from Contracts with Customers	An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue.	The Group has considered these standards and determined that there is no impact on the Group's financial statements.	1 January 2018
AASB 16	Leases	IFRS 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its statement of financial position in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its statement of financial position for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases.	The Group has not yet determined the impact on the Group's financial statements.	1 January 2019

New, Revised or Amending Accounting Standards and Interpretations Adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

(e) Foreign Currency Translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional and presentation currency of Haranga Resources Limited is Australian dollars. The functional currency of the overseas subsidiary is Mongolian Tugrik.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

(iii) Group entities

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken to shareholders' equity.

When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the statement of profit or loss and other comprehensive income, as part of the gain or loss on sale where applicable.

(f) Plant and Equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance expenditure is charged to the statement of profit or loss and other comprehensive income during the financial period in which it is incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	*Depreciation Rate*
Plant and Equipment	10-40 %

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Derecognition

Carrying amounts of plant and equipment are derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in the statement of profit or loss and other comprehensive income.

(g) Impairment of Non-Financial Assets Other than Goodwill

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Company and the asset's value in use cannot be estimated. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs.

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(h) Exploration Expenditure

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.
Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Exploration and evaluation expenditure for each area of interest is carried forward as an asset provided that rights to tenure over the area of interest are current and one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

Expenditure which fails to meet the conditions outlined above is written off, furthermore, the directors regularly review the carrying value of exploration and evaluation expenditure and make write downs if the values are not expected to be recoverable.

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition. Exploration assets acquired are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions referred to above is met.

Exploration and evaluation expenditure incurred subsequent to acquisition in respect of an exploration asset acquired, is accounted for in accordance with the policy outlined above for exploration expenditure incurred by or on behalf of the entity.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off.

Expenditure is not carried forward in respect of any area of interest unless the Group's right of tenure to that area of interest is current.

(i) Other Receivables

Other receivables, which generally have 30 day terms, are recognised initially at fair value and subsequently at amortised cost less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified. Intercompany loans are impaired based on the ability of the subsidiaries to generate future cash flows to repay the loans.

(j) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown as current liabilities in the statement of financial position. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as described above and bank overdrafts.

(k) Trade and Other Payables

Liabilities for trade creditors and other amounts are recognised initially at fair value and subsequently at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received that are unpaid, whether or not billed to the Group.

(l) Income Tax

The income tax expense for the period is based on the profit/loss for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates for each jurisdiction that have been enacted or are substantially enacted by the reporting date.

Deferred income tax is provided for on all temporary differences at reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. No deferred income tax will be recognised from the initial recognition of goodwill or of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and only recognised to the extent that sufficient future assessable income is expected to be obtained.

No deferred income tax liabilities or assets will be recognised in respect of temporary differences between the carrying value and tax bases of investments in controlled entities if the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the near future.

Current and deferred income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of profit or loss and other comprehensive income. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(m) Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(n) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue is capable of being reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income
Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(o) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Haranga Resources Limited.

(p) Earnings per Share

Basic earnings per share
Basic earnings per share is calculated by dividing the result attributable to equity holders of the Company, excluding any costs of servicing equity other than dividends, by the weighted average number of ordinary shares, adjusted for any bonus elements.

Diluted earnings per share
Diluted earnings per share is calculated as net result attributable to members of the Company, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus elements.

(q) Goods and Services Tax and Value Added Tax

Revenues, expenses and assets are recognised net of the amount of GST/VAT, except where the amount of GST/VAT incurred is not recoverable from the Government. In these circumstances the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST/VAT.

The net amount of GST/VAT recoverable from, or payable to, the Government is included as part of receivables or payables in the statement of financial position. Cash flows are presented in the cash flow statement on a gross basis, except for the GST/VAT component of investing and financing activities, which is receivable from or payable to the Government, are disclosed as operating cash flows.

(r) Share Based Payment Transactions

The group provides benefits to individuals acting as, and providing services similar to employees (including Directors) of the group in the form of share based payment transactions, whereby individuals render services in exchange for shares or rights over shares ('equity settled transactions').

There is currently an Employee Share Option Plan (ESOP) in place, which provides benefits to Directors and individuals providing services similar to those provided by an employee.
The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Black Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in note 21.

In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Haranga Resources Limited ('market conditions').

The cost of the equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the group, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of the market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of profit or loss and other comprehensive income charge or credit for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The cost of equity-settled transactions with non-employees is measured by reference to the fair value of goods and services received unless this cannot be measured reliably, in which case the cost is measured by reference to the fair value of the equity instruments granted. The dilutive effect, if any, of outstanding options is reflected in the computation of loss per share (see note 18).

(s) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Capitalised exploration and evaluation expenditure
The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made. In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

Impairment of Assets

During the prior year, the Directors conducted an impairment assessment of all deferred exploration and evaluation expenditure and concluded that deferred exploration and evaluation expenditure in relation to exploration projects in Mongolia be impaired to its recoverable amount being nil as at 31 December 2016. The recoverable amount was based on a fair value less cost to sell method using a market capitalisation approach (Level 1 of Fair value hierarchy) in accordance with AASB13 Fair Value Measurements. A total amount of $23,006,539 impairment expense was recognised in regards to the Mongolia exploration assets These assets have been sold in the current year and the impairment expense was reversed up to the sale value $1,000,320.

Share based payment transactions

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black Scholes formula taking into account the terms, conditions and probability upon which the instruments were granted, as discussed in note 21.

(t) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

3. Segment Information

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 profit or loss and other 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 decision.

4. Expenses

	2017 $	2016 $
a) Professional and consulting fees		
Accounting fees	(66,498)	(69,209)
Audit and taxation fees	(35,171)	(33,307)
Consultants	(150,450)	(116,667)
Other	(149,788)	(88,638)
	(401,907)	(307,821)
b) Other expenses		
ASX listing fees	(16,029)	(15,523)
Donations	-	(632)
Insurance	(3,107)	(8,526)
Motor vehicle expenses	-	(218)
Travel expenses	(3,294)	(80,248)
Other	(89,875)	(18,903)
	(112,305)	(124,050)

5. Income Tax

(a) Income tax expense

	2017 $	2016 $
Major component of tax expense for the year:		
Current tax	-	-
Deferred tax	-	-
	-	-

(b) Numerical reconciliation between aggregate tax expense recognised in the statement of profit or loss and other comprehensive income and tax expense calculated per the statutory income tax rate.

A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Company's applicable tax rate is as follows:

	2017 $	2016 $
Accounting loss before income tax expense	(5,767,388)	(23,768,669)
Tax at the Australian rate of 27.5% (2016: 30%)	(1,586,032)	(7,130,601)
Non-deductible expenses - exploration expenses	-	6,901,962
Other assessable income – capital gains tax	350,237	-
Temporary differences – accruals not deductible	8,429	12,498
Deductible expenses	(71,091)	(94,331)
Non-assessable income - other	(382,827)	-
Exploration acquisition costs written back	(302,588)	-
	(1,983,872)	(310,472)
Income tax credit not brought to account	1,983,872	310,472
Income tax expense	-	-

(c) Deferred tax

The following deferred tax balances have not been bought to account:

	2017 $	2016 $
Liabilities		
Deferred tax liability recognised	-	-
Assets		
Losses available to offset against future taxable income	7,354,813	5,859,210
Share issue costs deductible over five years	39,219	119,801
Accrued expenses	31,027	12,498
Net deferred tax asset not recognised	7,425,059	5,991,509

(d) Unused tax losses

	2017 $	2016 $
Unused tax losses	26,744,776	19,530,700
Potential tax benefit not recognised at 27.5% (2016: 30%)	7,354,813	5,859,210

The benefit for tax losses will only be obtained if:

i. the Company derives future assessable income in Australia and overseas of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, and
ii. the Company continues to comply with the conditions for deductibility imposed by tax legislation in Australia, and
iii. no changes in tax legislation in Australia, adversely affect the Company in realising the benefit from the deductions for the losses.

	2017 $	2016 $
6. Cash and Cash Equivalents		
Reconciliation of Cash		
Cash comprises of:		
Cash at bank	191,116	144,655
Reconciliation of operating loss after tax to net cash flows from operations		
Loss after tax	(5,577,967)	(23,768,669)
Non-cash items		
Depreciation expense	14,290	34,756
Impairment / (reversal of impairment) of exploration and evaluation assets	(1,100,321)	23,006,539
Loss on disposal of subsidiaries	(28,946)	-
Write off outstanding payables	-	(25,765)
Interest paid	-	(5,844)
Loss recognised on disposal of non-controlling interests	2,692,313	-
Foreign exchange loss recognised on disposal of foreign subsidiary	3,190,820	-
Other foreign exchange loss	500	(1,136)
Change in assets and liabilities		
Trade and other receivables	100,636	62,713
Other assets	79,136	-
Trade and other payables	(458,071)	355,824
Borrowings from third parties	(172,398)	-
Net cash outflow from operating activities	(1,260,008)	(341,582)

7. Other Receivables – Current

GST receivable	7,497	7,097
Other	-	101,007
	7,497	108,104

Debtors, other debtors and goods and services tax are non-interest bearing and generally receivable on 30-day terms. They are neither past due nor impaired. The amount is fully collectible. Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

8. Other Current Assets

Prepayments	-	65,190
Other	21	13,967
	21	79,157

9. Plant and Equipment

Opening balance	310,762	510,713
Additions	-	111
Written down value of assets disposed	(177,705)	(146,768)
Net exchange differences on translation	(118,767)	(18,538)
Depreciation charge for the year	(14,290)	(34,756)
Closing balance	-	310,762

10. Deferred Exploration and Evaluation Expenditure

Opening balance	-	26,015,122
Exploration and evaluation expenditure incurred during the period	-	139,587
Net exchange differences on translation	-	(3,148,170)
(Reversal)/Impairment of exploration expenditure	1,100,321	(23,006,539)
Carrying value disposed	(1,100,321)	-
Closing balance	-	-

During the prior year the Directors conducted an impairment assessment of all deferred exploration and evaluation expenditure due to impairment indicators present being the difficulty in obtaining funding to conduct further exploration in Mongolia. As a result of this assessment it was concluded that deferred exploration and evaluation expenditure in relation to exploration projects in Mongolia be impaired to its recoverable amount being nil as at 31 December 2016. The recoverable amount was based on a fair value less cost to sell method using a market capitalisation approach (Level 1 of Fair value hierarchy) in accordance with AASB13 Fair Value Measurements. A total amount of $23,006,539 in regards to the Mongolia exploration assets was recognised as an impairment loss at prior year end.

During the current year, the impairment was reversed recognising $1,100,321 related to the value of the exploration assets were sold (refer Note 26).

	2017 $	2016 $
11. Trade and Other Payables		
Other payables	122,724	734,497
Accruals	112,823	82,172
	235,547	816,669

Trade creditors and other creditors are non-interest bearing and generally payable on 30-day terms. Due to the short-term nature of these payable, their carrying value is assumed to approximate their fair value. Refer Note 27 for further comment on payables.

12. Borrowings

Loan from third party	-	150,000
	-	150,000

On 5 July 2016, the Company announced that it had signed a Binding Terms Sheet with Sanjiv Noronha for an unsecured interim finance facility of $200,000. The facility had an interest rate of 6% pa capitalised monthly with a repayment date of 31 December 2016.

An Amendment to the Binding Terms Sheet was agreed on 12 December 2016 with payments to be made as follows; $50,000 by 31 December 2016, $50,000 by January 2017 and the remaining balance including interest by 31 March 2017.

A further Amendment to the Bindings Terms Sheet was agreed on 24 March 2017 with payments to be made as follows; $50,000 by 31 March 2017 and the remaining balance including interest by 30 April 2017. All amounts were repaid during the current year in accordance with the terms.

13. Issued Capital

(a) Issued and paid up capital

Ordinary shares fully paid	40,340,817	40,342,613

	2017		2016	
	No. of shares	$	No. of shares	$
(b) Movements in shares on issue				
Opening balance	484,525,904	40,342,613	341,845,828	39,944,203
Shares issued via rights issue	-	-	84,680,076	302,359
Shares issued via placement	-	-	58,000,000	174,000
Costs of issue	-	(1,795)	-	(77,949)
Closing balance	484,525,904	40,340,817	484,525,904	40,342,613

(c) Ordinary shares

The Company does not have authorised capital nor par value in respect of its issued capital. Ordinary shares have the right to receive dividends as declared and, in the event of a winding up of the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the Company.

(d) Capital risk management

The Group's capital comprises share capital, reserves less accumulated losses amounting to a net equity of ($36,943) at 31 December 2017 (2016: ($323,991)). The Group manages its capital to ensure its ability to continue as a going concern and to optimise returns to its shareholders. The Group was ungeared at year end and not subject to any externally imposed capital requirements. Refer to note 19 for further information on the Group's financial risk management policies.

(e) Share Options

As at the date of this report, there were 8,750,000 unissued ordinary shares under options (8,750,000 at the reporting date). The details of the options at the date of this report are as follows:

Number	Exercise Price $	Expiry Date
8,750,000	$0.20	30 June 2018
8,750,000		

No option holder has any right under the options to participate in any other share issue of the company or any other entity. Information relating to the Haranga Resources Limited's Employee Share Option Plan, including details of options issued under the plan, is set out in note 21.

14. Reserves

	2017 $	2016 $
Share based payments reserve	6,182,325	6,182,325
Option premium reserve	240	240
Foreign currency translation reserve	(67,564)	(3,242,060)
	6,115,001	2,940,505

Movements in Reserves

Share based payments reserve		
Opening balance	6,182,325	6,101,374
Share based payments expense	-	80,951
Closing balance	6,182,325	6,182,325

The share based payment reserve is used to record the value of equity benefits provided to directors and executives as part of their remuneration and non-employees for their goods and services.

Option premium reserve		
Opening balance	240	240
Options issued	-	-
Closing balance	240	240

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

Foreign currency translation reserve		
Opening balance	(3,242,060)	23,784
Foreign currency translation	3,174,496	(3,265,844)
Closing balance	(67,564)	(3,242,060)

The Foreign Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve, as described in note 2(e). The reserve is recognised in the statement of profit or loss and other comprehensive income when the net investment is disposed of.

15. Accumulated losses

Movements in accumulated losses attributable to the owners of Haranga were as follows:		
Opening balance	(40,725,373)	(20,090,339)
Loss for the year	(5,767,388)	(20,635,034)
Closing balance	(46,492,761)	(40,725,373)

16. Auditor's Remuneration

The auditor of Haranga Resources Limited is BDO Audit (WA) Pty Ltd		
Amounts received or due and receivable for:		
- an audit or review of the financial statements of the Consolidated Group	31,410	29,220

There were no other services provided by the auditor during the years ended 31 December 2017 and 31 December 2016.

17. Related Party Disclosures

(a) Key management personnel
For Director related party transactions please refer to audited Remuneration Report.

(b) Subsidiaries
The consolidated financial statements include the financial statements of Haranga Resources Limited and the subsidiaries listed in the following table:

Name of Entity	Country of Incorporation	Equity Holding 2017	Equity Holding 2016
Haranga Iron LLC	Mongolia	-	100%
Haranga Gobi LLC	Mongolia	-	-
Haranga Khuder LLC	Mongolia	-	80%
Nomad Mining Limited	Australia	100%	100%
Nomad Manganese LLC	Mongolia	100%	100%
Haranga Resources (Hong Kong) Limited	Hong Kong	100%	100%
Haranga Investments Pte Ltd	Singapore	100%	100%

(c) Remuneration of Key Management Personnel
Details of the nature and amount of each element of the emolument of each Director and Executive of the Group for the financial year are as follows:

	2017 $	2016 $
Short term employee benefits	208,000	219,948
Share based payments	-	-
Total remuneration	**208,000**	**219,948**

Detailed remuneration disclosures are provided in the audited Remuneration Report.

(d) Non-controlling interests (NCI)
Haranga Khuder LLC was sold during the year and included a non-controlling interests that was material to the group. The following table sets out the summarised financial information for Haranga Khuder LLC. Amounts disclosed are before intercompany eliminations.

Summarised statement of financial position	**Haranga Khuder LLC**	
	31 December 2017	**31 December 2016**
Current assets	-	14,460
Non-current assets	-	275,685
Total assets	**-**	**290,145**
Current liabilities	-	(29,308)
Non-current liabilities	-	(13,146,976)
Total liabilities	**-**	**(13,176,284)**
Net liabilities	**-**	**(12,886,139)**

Summarised statement profit or loss and other comprehensive income	**Haranga Khuder LLC**	
	31 December 2017	**31 December 2016**
Revenue	-	-
Profit/(loss) for the period	947,103	(12,482,371)
Other comprehensive income	-	-
Total comprehensive loss	**947,103**	**(12,482,371)**
Write off of fair value uplift on acquisition	-	(637,161)
Loss allocated to NCI	**947,103**	**(3,133,635)**

Summarised cash flows	**Haranga Khuder LLC**	
	31 December 2017	**31 December 2016**
Cash flows from operating activities	(40,952)	(72,062)
Cash flows from investing activities	-	(155,460)
Cash flows from financing activities	40,753	227,054
Net decrease in cash and cash equivalents	**(199)**	**(468)**

(e) Terms and conditions
There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties. All other transactions were made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured and are repayable in cash.

18. Loss per Share

	2017 $	2016 $
Loss attributable to the owners of Haranga used in calculating basic and dilutive EPS	(5,767,388)	(20,635,034)
	Number of Shares	
Weighted average number of ordinary shares used in calculating basic loss per share	484,525,904	402,085,135
Effect of dilution:		
Share options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted loss per share:	484,525,904	402,085,135

There is no impact from 8,750,000 options outstanding at 31 December 2017 on the earnings per share calculation because they are anti-dilutive. These options could potentially dilute basic EPS in the future. There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

19. Financial Risk Management

Exposure to liquidity, interest rate, credit and foreign currency risk arises in the normal course of the Group's business. The Group does not hold or issue derivative financial instruments.

The Group uses different methods as discussed below to manage risks that arise from these financial instruments. The objective is to support the delivery of the financial targets while protecting future financial security.

(a) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash facilities to meet the operating requirements of the business and investing excess funds in highly liquid short-term investments. The responsibility for liquidity risk management rests with the Board of Directors.

Alternatives for sourcing our future capital needs include our cash position and the issue of equity instruments. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs. We expect that, absent a material adverse change in a combination of our sources of liquidity, present levels of liquidity along with future capital raising will be adequate to meet our expected capital needs.

Maturity analysis for financial liabilities

Financial liabilities of the Group comprise trade and other payables. As at 31 December 2017 and 31 December 2016 all financial liabilities are contractually matured within 30 days.

(b) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Group's exposure to market risk for changes to interest rate risk relates primarily to its earnings on cash and term deposits. The Group manages the risk by investing in short term deposits.

	2017 $	2016 $
Cash and cash equivalents	191,079	144,655

Interest rate sensitivity
The following table demonstrates the sensitivity of the Group's statement of profit or loss and other comprehensive income to a reasonably possible change in interest rates, with all other variables constant.

Judgements of reasonably possible movements	Effect on Post Tax Losses	
	2017 $	**2016 $**
Increase 100 basis points	1,911	1,447
Decrease 100 basis points	(1,911)	(1,467)

A sensitivity of 100 basis points has been used as this is considered reasonable given the current level of both short term and long term Australian Dollar interest rates. The change in basis points is derived from a review of historical movements and management's judgement of future trends.

19. Financial Risk Management continued

(c) Credit Risk

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge and obligation and cause the Group to incur a financial loss. The Group's maximum credit exposure is the carrying amounts on the statement of financial position. The Group holds financial instruments with credit worthy third parties.

At 31 December 2017, the Group held cash at bank. These were held with financial institution with a rating from Standard & Poors of -AA or above (long term). The Group has no past due or impaired debtors as at 31 December 2017.

(d) Foreign Currency Risk

Currency risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The Group does not have any material exposure to foreign currency risk.

20. Contingent Liabilities

There are no known contingent liabilities.

21. Share Based Payments

(a) Recognised share based payment transactions

No share based payment transactions were recognised in the statement of profit or loss and other comprehensive income or as capital raising costs in the equity during the year or the prior year.

(b) Employee 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. Under the ESOP, the Directors may invite individuals acting in a manner similar to employees to participate in the ESOP and receive options. An individual may receive the options or nominate a relative or associate to receive the options. The plan is open to executive officers, nominated consultants and employees of Haranga Resources Limited.

22. Fair Value of Financial Instruments

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.

23. Dividends

No dividend was paid or declared by the Group in the period since the end of the financial year and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend for the financial year ended 31 December 2017.

24. Commitments

Rental and services agreement

The Group entered a service agreement with Palisade Business Consulting Pty Ltd for certain administrative services and office space for a term of three years starting in October 2014. The Group terminated the agreement during the current year.

	2017 $	2016 $
Within one year	-	90,000
After one year but not longer than 5 years	-	-
	-	90,000

25. Parent Entity Information

The following details information related to the parent entity, Haranga Resources Limited, at 31 December 2017. The information presented here has been prepared using consistent accounting policies as presented in note 2.

	2017 $	2016 $
Current assets	198,545	145,177
Total assets	198,370	567,455
Current liabilities	(235,314)	(891,448)
Total liabilities	(235,314)	(891,448)
Net (Liabilities) / Assets	**(36,943)**	**(323,991)**
Issued capital	40,340,817	40,342,613
Reserves	6,182,565	6,182,565
Accumulated losses	(46,560,326)	(46,849,169)
	(36,943)	**(323,991)**
Loss of the parent entity	288,844	(27,034,513)
Other comprehensive income for the year	-	-
Total comprehensive loss of the parent entity	**288,844**	**(27,034,513)**

26. 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 Singaporian subsidiary, Haranga Investments (Mongolia) Pte Ltd.

	2017 $	2016 $
Financial performance		
Other income – refer to note 4	133,023	147
Reversal of exploration impairment	1,100,321	-
	1,233,344	147
Exploration expenses	(139,856)	(23,006,539)
Other expenses	(169,595)	(268,011)
Operating profit/(loss) from discontinued operations	923,893	(23,274,550)
Income tax expense	-	-
Operating profit/(loss) from discontinued operations after tax	923,893	(23,274,550)
Loss on sale and dissolution of subsidiaries	(28,947)	-
Profit / (loss) before income tax	894,946	(23,274,550)
Income tax expense	-	-
Profit / (loss) after income tax	894,946	(23,274,550)
Recycling of foreign currency translation reserve upon disposal.	(3,190,820)	-
Disposal of non-controlling interests	(2,692,315)	**-**
Profit / (loss) after tax attributable to the discontinued operation	**(4,988,189)**	**(23,274,550)**
Cash flows information for the period 1 January 2017 to August 2017, and the comparative year:		
Net cash outflow from operating activities	(44,132)	(-)
Net cash inflow from investing activities	1,259,074	(130,950)
Net cash outflow from financing activities	172,398	-
Effect of exchange rate fluctuations on cash	(276)	622
Net increase / (decrease) in cash generated by the subsidiary	**1,387,064**	**(130,328)**

	2017 $
Consideration received	1,259,074
Carrying amount of net assets sold	(1,288,021)
Loss on disposal	(28,947)
Income tax expense	-
Loss on disposal after tax	**(28,947)**

27. Events Subsequent to Reporting Date

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.

There were no other known significant events from the end of the financial year up to the date of this report.

Directors' Declaration
31 December 2017

In accordance with a resolution of the Directors' of Haranga Resources Limited, I state that:

1. In the opinion of the directors:

   a) the financial statements and notes of Haranga Resources Limited for the year ended 31 December 2017 are in accordance with the Corporations Act 2001, including:

      i. giving a true and fair view of the consolidated financial position as at 31 December 2017 and of its performance for the year ended on that date; and

      ii. Complying with Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(b).

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.

3. This declaration has been made after receiving the declarations required to be made by the Director's in accordance with sections of 295A of the Corporations Act 2001 for the financial year ended 31 December 2017.

On behalf of the Board

Peter Youd
Non-Executive Director
4 July 2018

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

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

As lead auditor of Haranga Resources Limited for the year ended 31 December 2017, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Haranga Resources Limited and the entities it controlled during the period.

M Cutt

Matthew Cutt

Partner

BDO Audit (WA) Pty Ltd

Perth, 4 July 2018

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Haranga Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Haranga Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report. We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related 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 opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Disposal of Haranga Iron LLC

Key audit matter	How the matter was addressed in our audit
Refer to Note 26 in the Financial Statements. On 1 June 2017, the group announced the impending sale of their 100% owned-subsidiary, Haranga Iron LLC. Haranga Iron LLC owns 80% of Haranga Khuder LLC, which owns the Selenge Iron Ore Exploration Project in Mongolia. As such, the transaction resulted in the disposal of the group's main operations. On 3 August, all conditions precedent were met, and the sale finalised, resulting in the deconsolidation of the subsidiary from the group accounts, and an associated impact to Profit and Loss on disposal. We determined that the disposal constituted a Key Audit Matter because of the significance of the item to the results of the group.	Our procedures included, but were not limited, to the following: • Examining the sales agreement to identify key terms, including the consideration receivable. • Checking management's calculation of the loss from discontinued operations, and reperforming calculations where necessary. • Agreeing the cash consideration received to bank statements. • Assessing the tax impact of the sale for any potential capital gains on disposal. • Checking the adequacy and accuracy of the disclosures included in Note 26 to the Financial Statements.

Other information

The directors are responsible for the other information. The other information comprises the information contained in the annual report for the year ended 31 December 2017, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 9 of the directors' report for the year ended 31 December 2017.

In our opinion, the Remuneration Report of Haranga Resources Limited, for the year ended 31 December 2017, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

M Cutt

Matthew Cutt

Partner

Perth, 4 July 2018

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current at 1 June 2018.

Distribution of Share Holders

	Ordinary Shares	
	Number of Holders	**Number of Shares**
1 - 1,000	33	9,411
1,001 - 5,000	93	285,373
5,001 - 10,000	95	825,000
10,001 - 100,000	391	15,734,012
100,001 - and over	203	467,672,108
TOTAL	**815**	**484,525,904**

There were 646 holders of ordinary shares holding less than a marketable parcel.

Top Twenty Share Holders
The names of the twenty largest holders of quoted equity securities are listed below:

Name	**Number of shares held**	**%**
LIPPO SECURITIES LTD <CLIENT A/C>	152,164,088	31.40%
AMARBAATAR CHULTEM	39,202,454	8.09%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	29,069,725	6.00%
AEGIAN PAL PTY LTD <ELPIDA SUPER FUND A/C>	24,200,000	4.99%
RED AND WHITE HOLDINGS PTY LTD <BLOOD SUPER FUND A/C>	24,000,000	4.95%
MS BYAMBAA ZOLZAYA	16,571,449	3.42%
E & E HALL PTY LTD <E & E HALL P/L S/F A/C>	15,000,000	3.10%
GEOTRASS LLC\C	13,067,485	2.70%
J P MORGAN NOMINEES AUSTRALIA LIMITED	6,972,211	1.44%
MR MICHAEL SEAN HOBBS & MS ANN KELLY <HOBBS S/F A/C>	6,000,000	1.24%
CITICORP NOMINEES PTY LIMITED	5,985,854	1.24%
GOVINDA FREEDOM FUND PTY LTD <SUPER GOVINDA A/C>	5,000,000	1.03%
MR BINYOMIN LEVI SAPPER	5,000,000	1.03%
JAWAF ENTERPRISES PTY LTD	5,000,000	1.03%
MR BILGUUN AMARBAATAR	4,760,415	0.98%
GOTHA STREET CAPITAL PTY LTD <BLUE SKY NO 2 A/C>	3,882,438	0.80%
MR ALEXANDER NAUM & MRS ALBINA NAUM <JAM SUPERANNUATION FUND A/C>	3,871,003	0.80%
MR MALCOLM ANDREW SMITH & MISS MARIA CHRISTINA SENIOR <JACK SPARROW SUPER FUND A/C>	3,750,000	0.77%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,450,649	0.71%
ALLOWSIDE PTY LTD	3,030,964	0.63%
Total	**375,795,195**	**77.56%**

ASX Additional Information

Unquoted Equity Securities

Options

Class	Number of Options	Holders	Holders with more than 20%
Options over ordinary shares exercisable at $0.20 on or before 30 June 2018	8,750,000	8	Robert Wrixon, Kerry Griffin, Erdene Tsengelbayar

Substantial Shareholders

The names of shareholders who have notified the Company in accordance with Section 671B of the *Corporations Act 2001*:

Shareholder Name	No. of Ordinary Shares	Percentage %
Golden Rain Holdings Limited	152,164,088	31.40
Amarbaatar Chultem	39,202,454	8.09

On-Market Buy Back

There is no current on-market buy back.

Voting Rights

All ordinary shares carry one vote per share without restriction. Options have no voting rights. On a show of hands every person present who is a Member or representative of a Member shall have one vote and on a poll, every Member present in person or by proxy or by attorney or duly authorised representative shall have one vote for each share held. None of the options have any voting rights.

This page has been left blank intentionally.

This page has been left blank intentionally.

This page has been left blank intentionally.