



ABN 83 141 128 841

Half-year Financial Report

30 June 2016

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CORPORATE DIRECTORY

Directors

Mr. Marshall Cooper (Executive Chairman)
Mr. Erdene Tsengelbayar (Executive Director)
Mr. Brian McMaster (Non-Executive Director)
Mr. Matthew Wood (Non-Executive Director)
Mr. Michael Riady (Non-Executive Director)
Mr. Jack James (Non-Executive Director)
Mr. Bat-Ochir Sukhbaatar (Non-Executive Director)

Company Secretary

Mr. Jack James

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Share Registry

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WEST PERTH WA 6005
Telephone: + 61 8 9324 2099
Facsimile: + 61 8 9321 2337

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO, WA 6008

Stock Exchange

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
ASX Code: HAR

DIRECTORS' REPORT

The Directors of Haranga Resources Limited ('the Company' or 'Haranga') submit the financial report of the consolidated entity consisting of Haranga Resources Limited and the entities it controlled at the end of, or during the half-year ended 30 June 2016. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Directors

The names of Directors who held office during or since the end of the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr. Marshall Cooper	Executive Chairman
Mr. Erdene Tsengelbayar	Executive Director
Mr. Brian McMaster	Non-Executive Director
Mr. Matthew Wood	Non-Executive Director
Mr. Bat-Ochir Sukhbaatar	Non-Executive Director
Mr. Jack James	Non-Executive Director
Mr. Michael Riady	Non-Executive Director

Results

The loss after tax for the half-year ended 30 June 2016 was \$338,014 (2015: \$978,070).

Review of Operations

SELENGE IRON ORE PROJECT (80% OWNED BY HARANGA RESOURCES LIMITED)

The Company's 80% owned subsidiary Haranga Khuder LLC, holds of five Mineral Exploration Licenses, two Pre-mining Operations Agreements and one Mining License for the Selenge Iron Ore Project in Mongolia ('the Project'). During the half-year, management continued to review the strategy of the Company in regards to the Project and the operational options available in order to maintain the Company's position in the Project given the current status of the iron ore market globally. The Company remains focused on and committed to the long term progression of the Project's further development.

During the half-year the Company has focused on completion of the compliance activities required by the mineral laws and regulations of Mongolia. The Company office in Ulaanbaatar completed and submitted to the Mineral Resources Authority of Mongolia the activities reports for 2015 as well as operation plans for 2016. During the half-year these documents were successfully approved by the relevant government bodies in Mongolia.

COMPARISON OF MINERAL RESOURCES

There have been no changes to the mineral resources during the half-year.

Selenge Resource Estimates Split by Deposit (Cutoff = 12.5% Fe):

Deposit	Measured		Indicated		Inferred		TOTAL	
	Mt	Fe Grade	Mt	Fe Grade	Mt	Fe Grade	Mt	Fe Grade
Dundbulag	96.4	16.6	103.5	16.1	-	-	199.9	16.4
Bayantsogt	20.7	23.0	15.0	22.8	0.55	16.6	36.3	22.8
Undur Ukhaa	9.3	15.8	8.9	15.1	-	-	18.2	15.4
TOTAL	126.4	17.6	127.4	16.8	0.55	16.7	254.4	17.2

Governance Arrangements and Internal Controls

A summary of the governance and controls applicable to the Company's Mineral Resource process are as follows:

- Review and validation of drilling and sampling methodology and data spacing, geological logging, data collection and storage, sampling and analytical quality control;
- Review of known and interpreted geological structure, lithology and weathering controls;
- Review of estimation methodology relevant to the mineralisation style;
- Visual validation of block model against raw data; and
- Internal peer review by senior company personnel.

CORPORATE ACTIVITIES

Partially Underwritten Rights Issue

On 29 January 2016, the Company announced it was undertaking a non-renounceable entitlement issue to raise up to \$1,367,383. The issue was partially underwritten by Golden Rain Holdings Limited. The issue closed on 19 February 2016 having raised \$156,945 before costs. Shortfall shares allocated after the close of the issue raised a further \$36,329.

Subsequent Events

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

There were no other significant events subsequent to reporting date.

Auditor's Independence Declaration

Section 307C of the *Corporations Act 2001* requires our auditors, BDO, to provide the Directors of the Group with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 3 and forms part of this Directors' Report for the half-year ended 30 June 2016.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the *Corporations Act 2001*.



Marshall Cooper
Executive Chairman

Perth, Western Australia
2 August 2016

The technical information contained in this announcement in relation to the JORC Code (2012) Compliant Resource for the Selenge Project Deposits has been reviewed by Mr Peter Ball of DataGeo Ltd, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Ball has sufficient experience relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Mineral Resources and Ore Reserves'. Mr Ball consents to the inclusion in this report of the matters based on his information, and information presented to him, in the form and context in which it appears. Refer to the HAR ASX announcement dated 7 May 2013 for further details.

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF HARANGA RESOURCES LIMITED

As lead auditor for the review of Haranga Resources Limited for the half-year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 2 August 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the half-year ended 30 June 2016

	Note	2016 \$	2015 \$
Revenue from continuing operations			
Interest income		578	7,171
Other income		25,765	-
Service administration fee		(60,000)	(77,718)
Professional and consulting fees		(146,280)	(400,635)
Travel expenses		(50,186)	(94,336)
Foreign exchange gain		(375)	(3,874)
Other expenses	4	(107,516)	(408,678)
Loss from continuing operations before income tax		(338,014)	(978,070)
Income tax benefit		-	-
Net loss for the half-year		(338,014)	(978,070)
Other Comprehensive Income			
Items that will be reclassified to profit and loss:			
Foreign currency translation		(202,746)	502,259
Other comprehensive income for the half-year, net of tax		(202,746)	502,259
Total comprehensive income for the half-year		(540,760)	(475,811)
Loss for the period attributable to:			
Owners of Haranga Resources Limited		(331,457)	(966,312)
Non-controlling interests		(6,557)	(11,758)
		(338,014)	(978,070)
Comprehensive loss for the period attributable to:			
Owners of Haranga Resources Limited		(534,203)	(464,053)
Non-controlling interests		(6,557)	(11,758)
		(540,760)	(475,811)
Loss per share from continuing operations attributable to owners of Haranga Resources Limited			
Basic / diluted loss per share (cents)		(0.09)	(0.29)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

as at 30 June 2016

	Note	30 June 2016 \$	31 December 2015 \$
Current Assets			
Cash and cash equivalents		76,901	62,034
Other receivables		139,724	153,762
Other current assets		89,736	91,582
Total Current Assets		306,361	307,378
Non-Current Assets			
Plant and equipment	5	463,603	510,713
Deferred exploration and evaluation expenditure	6	25,910,684	26,015,122
Total Non-Current Assets		26,374,287	26,525,835
Total Assets		26,680,648	26,833,214
Current Liabilities			
Trade and other payables	7	752,700	521,102
Total Current Liabilities		752,700	521,102
Total Liabilities		752,700	521,102
Net Assets		25,927,948	26,312,112
Equity			
Issued capital	8	40,100,799	39,944,203
Reserves	9	6,003,603	6,206,349
Accumulated losses		(20,421,796)	(20,090,339)
Capital and reserves attributable to owners of Haranga Resources Limited		25,682,606	26,060,213
Non-controlling interest		245,342	251,899
Total Equity		25,927,948	26,312,112

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

Consolidated Statement of Cash Flows
for the half-year ended 30 June 2016

	2016 \$	2015 \$
	Inflows/(Outflows)	
Cash flows from operating activities		
Payments to suppliers and employees	(93,669)	(650,877)
Interest received	578	7,171
Receipt of refundable security deposit	-	30,378
Net cash outflow from operating activities	(93,091)	(613,328)
Cash flows from investing activities		
Payments for acquisition of fixed assets	-	(49,473)
Payments for exploration and evaluation expenditure	(55,945)	(454,728)
Net cash outflow from investing activities	(55,945)	(504,201)
Cash flows from financing activities		
Proceeds from issue of shares	193,274	1,444,425
Payments for share issue costs	(29,746)	(155,080)
Net cash inflow from financing activities	163,528	1,289,345
Net (decrease) / increase in cash held	14,492	171,816
Cash and cash equivalents at beginning of period	62,034	232,919
Net foreign exchange differences	375	3,874
Cash and cash equivalents at the end of the period	76,901	408,609

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

Consolidated Statement of Changes in Equity
for the half-year ended 30 June 2016

	Issued Capital	Accumulated Losses	Reserves	Non-controlling interests	Total
Balance at 1 January 2016	\$ 39,944,203	\$ (20,090,339)	\$ 6,206,349	\$ 251,899	\$ 26,312,112
Loss for the half-year	-	(331,457)	-	(6,557)	(338,014)
<i>Other comprehensive income</i>	-	-	(202,746)	-	(202,746)
Foreign currency translation	-	(331,457)	(202,746)	(6,557)	(540,760)
Total comprehensive income for the half-year					
Transactions with owners in their capacity as owner					
Equity issued by rights issue	193,274	-	-	-	193,274
Costs of issue	(36,678)	-	-	-	(36,678)
Balance at 30 June 2016	40,100,799	(20,421,796)	6,003,603	245,342	25,927,948
Balance at 1 January 2015	38,735,809	(18,692,359)	5,301,710	276,108	25,621,268
Loss for the half-year	-	(966,312)	-	(11,758)	(978,070)
<i>Other comprehensive income</i>	-	-	-	-	-
Foreign currency translation	-	-	502,259	-	502,259
Total comprehensive income for the half-year					
Transactions with owners in their capacity as owner					
Equity issued by rights issue	1,444,425	-	-	-	1,444,425
Costs of issue	(236,031)	-	80,951	-	(155,080)
Balance at 30 June 2015	39,944,203	(19,658,671)	5,884,920	264,350	26,434,802

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

1. Corporate Information

The financial report consists of the consolidated financial statements of Haranga Resources Limited and its subsidiaries for the half-year ended 30 June 2016 was authorised for issue in accordance with a resolution of the Directors on 2 August 2016.

Haranga Resources Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. Basis of Preparation

These general purpose financial statements for the half-year reporting period ended 30 June 2016 have been prepared in accordance with Australian Accounting Standard *134 Interim Financial Reporting* and the *Corporations Act 2001*.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 31 December 2015 and any public announcements made by Haranga Resources Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The half-year report has been prepared on an accruals basis and is based on historical costs.

Going Concern

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 half-year ended 30 June 2016 of \$338,014 and experienced net cash outflows from operating activities of \$93,091 and net cash outflows from investing activities of \$55,946. At 30 June 2016, the Group had a net current liability position of \$446,340. At the date of this report the majority of the current liabilities are overdue.

Of the \$752,700 trade and other payables outstanding at reporting date, \$520,542 are owed to related parties and internal creditors and \$232,158 are owed to external creditors. The related parties and internal creditors have indicated they will continue to support the Group and the Directors are in communications with the Group's major creditors and have their continued support to defer repayment terms and entitlements until such time that the Group has the financial capacity to compensate them. The Directors are currently in discussions with other parties to source additional equity or debt to meet existing and future commitments. In considering the above, the Directors have reviewed the Group's financial position and are of the opinion that the use of the going concern basis of accounting is appropriate.

However, the Directors acknowledge that without the continued support of its related parties and major creditors until such time as the Group can repay them and the raising of funding through equity or debt, there is material uncertainty which may cast significant doubt about whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not contain any adjustments relating to the recoverability of recorded assets or to the amounts or classification of recorded assets or liabilities that might be necessary should the Group not be able to continue as a going concern.

Accounting policies and methods of computation

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding held-year reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New accounting standards and interpretations not yet adopted

In the half-year ended 30 June 2016, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for the current reporting period.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to the Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 30 June 2016. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no is change necessary to the Group accounting policies.

New and amended accounting standards and interpretations have been published but are not mandatory. The Group has decided against early adoptions of these standards, and has determined the potential impact on the financial statements from the adoption of these standards and interpretations is not material to the Group.

New or revised requirement	Impact on Group's financial report	Application date for Group
<p>AASB 9: <i>Financial Instruments</i> 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.</p> <p>These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.</p>	The Group has considered this standard and determined that there is no impact on the Group's financial statements.	1 January 2018

There are no other standards that are not yet effective that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(a) Exploration and evaluation assets

Exploration and evaluation costs are accumulated in respect of each separate 'area of interest' or geographical segment. Costs are capitalised as an exploration and evaluation asset provided exploration titles are current and at least one of the following conditions are satisfied:

- the expenditure is expected to be recouped through successful development and exploitation of the area of interest; or
- activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. Impairment losses are recognised in the profit and loss.

(b) Significant accounting judgments and key estimates

The preparation of the half-year financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Share based payment transactions

Share based payments to employees, consultants and advisors are measured at the fair value of the instruments issued and amortised over the vesting periods. Share based payments to non-employees are measured at the fair value of goods or services or the fair value of the equity instruments issued, if it is determined the fair value of goods or services received cannot be reliably measured, and are recorded at the date of the goods or services received. The corresponding amount is recorded to the share based payments reserve.

3. Segment Reporting

The Group predominantly operated in one geographical segment for the 2016 and 2015 financial years.

The Group operates in the mineral exploration industry. For management purposes, the Group is organised into one main operating segment which involves the exploration for minerals. All of the Group's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment which is equivalent to the financial statements of the Group as a whole. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment.

4. Expenses

Other expenses:

	30 June 2016	30 June 2015
	\$	\$
Legal fees	4,665	12,544
Conferences and seminars	-	11,589
Donations	-	3,631
Motor vehicle expenses	1,315	1,990
Rent and outgoings	18,294	56,724
Wages and salaries	46,618	107,467
Other	36,625	214,733
	107,516	408,678

	30 June 2016	31 December 2015
	\$	\$
5. Property, Plant & Equipment		
Opening balance	510,713	575,756
Additions	15,642	54,024
Disposals	(15,523)	(3,270)
Net exchange differences on translation	(27,105)	(77,447)
Depreciation charge for the period	(20,124)	(38,350)
Closing balance	<u>463,603</u>	<u>510,713</u>
Cost	832,207	858,204
Accumulated depreciation	(368,603)	(347,491)
Net carrying amount	<u>463,603</u>	<u>510,713</u>

	30 June 2016	31 December 2015
	\$	\$
6. Deferred Exploration & Evaluation Expenditure		
Opening balance	26,015,122	24,542,480
Exploration and evaluation expenditure incurred during the period	91,739	679,517
Net exchange differences on translation	(196,177)	793,125
Closing balance	<u>25,910,684</u>	<u>26,015,122</u>

The ultimate recoupment of costs carried forward for exploration expenditure is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

	30 June 2016	31 December 2015
	\$	\$
7. Trade and Other Payables		
Related parties and internal creditors	520,542	321,501
External creditors	232,158	199,601
Closing balance	<u>752,700</u>	<u>521,102</u>

	30 June 2016	31 December 2015
	\$	\$
8. Issued Capital		
(a) Issued and paid up capital		
Ordinary shares fully paid	<u>40,100,799</u>	<u>39,944,203</u>

	2016		2015	
	Number of shares	\$	Number of shares	\$
(b) Movements in shares on issue				
Opening balance	341,845,828	39,944,203	261,600,002	38,735,809
Equity issued by rights issue	48,318,501	193,274	80,245,826	1,444,425
Costs of issue	-	(36,678)	-	(236,031)
Closing balance	<u>390,164,329</u>	<u>40,100,799</u>	<u>341,845,828</u>	<u>39,944,203</u>

	30 June 2016	31 December 2015
	\$	\$
9. Reserves		
Share based payments reserve	6,182,325	6,182,325
Option premium reserve	240	240
Foreign currency translation reserve	(178,962)	23,784
	<u>6,003,603</u>	<u>6,206,349</u>
Movements in Reserves		
<i>Share based payments reserve</i>		
Opening balance	6,182,325	6,101,374
Share based payments expense	-	80,951
Closing balance	<u>6,182,325</u>	<u>6,182,325</u>
<i>Option premium reserve</i>		
Opening balance	240	240
Options issued	-	-
Closing balance	<u>240</u>	<u>240</u>

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

9. Reserves continued

	30 June 2016	31 December 2015
	\$	\$
<i>Foreign currency translation reserve</i>		
Opening balance	23,784	(799,904)
Foreign currency translation	(202,746)	823,688
Closing balance	(178,962)	23,784

The foreign exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve. The reserve is recognised in the statement of profit or loss and other comprehensive income when the net investment is disposed of.

10. Share Based Payments

Share based payment transactions recognised either as operation expenses in the statement of profit or loss and other comprehensive income, exploration expenditure on the statement of financial position or capital raising expenses in equity during the half-year were as follows:

	30 June 2016	31 December 2015
	\$	\$
<i>Operating expenses</i>		
Employee share based payments	-	-
<i>Capital raising expenses</i>		
Share based payments to suppliers	-	80,951

Shared based payment to supplier

On 20 January 2015, the Company issued 15,000,000 unlisted options to Golden Rain Holdings Ltd as a portion of consideration for fully underwriting the rights issue completed in January 2015.

The fair value at grant date of options granted during the reporting period was determined using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share and the risk free interest rate for the term of the option.

The table below summarises options granted to suppliers during the year ended 31 December 2015:

Grant Date	Expiry date	Exercise price	Balance at start of the period Number	Granted during the period Number	Exercised during the period Number	Forfeited during the period Number	Balance at end of the period Number	Exercisable at end of the period Number	Value (\$)
20/01/15	31/12/17	\$0.05	15,000,000	-	-	-	15,000,000	15,000,000	80,951
Weighted average exercise price			\$0.05				\$0.05	\$0.05	

The model inputs, not included in the table above, for options granted during the year ended 31 December 2015 included:

- a) options are granted for no consideration and vest immediately;
- b) expected life of options of approximately three years;
- c) share price at a grant date of \$0.013;
- d) expected volatility of 110%;
- e) expected dividend yield of Nil; and
- f) a risk free interest rate from 2.0%.

11. Dividends

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

12. Contingent Liabilities

There are no contingent liabilities or contingent assets.

13. Subsequent Events

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

There were no other significant events subsequent to reporting date.

14. Fair Value Measurement

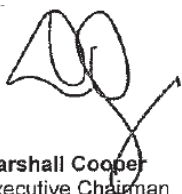
The Company does not have any financial instruments that are subject to recurring fair value measurements. Due to their short term nature, the carrying amount of current receivables and current trade and other payables is assumed to be approximate their fair value.

DIRECTORS' DECLARATION

In the opinion of the Directors of Haranga Resources Limited ('the Group'):

1. The financial statements and notes thereto, as set out on pages 4 to 11, are in accordance with the *Corporations Act 2001* including:
 - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the half-year ended on that date; and
2. There are reasonable grounds to believe that Haranga Resources Limited will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the *Corporations Act 2001*.



Marshall Cooper
Executive Chairman

Perth, Western Australia
2 August 2016

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Haranga Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Haranga Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Haranga Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Haranga Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Haranga Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 2 in the half-year financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the continued support of its related parties and major creditors and the future successful raising of necessary funding through equity or debt. These conditions, along with other matters as set out in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Dean Just', is written over a faint, circular BDO logo watermark.

Dean Just

Director

Perth, 2 August 2016