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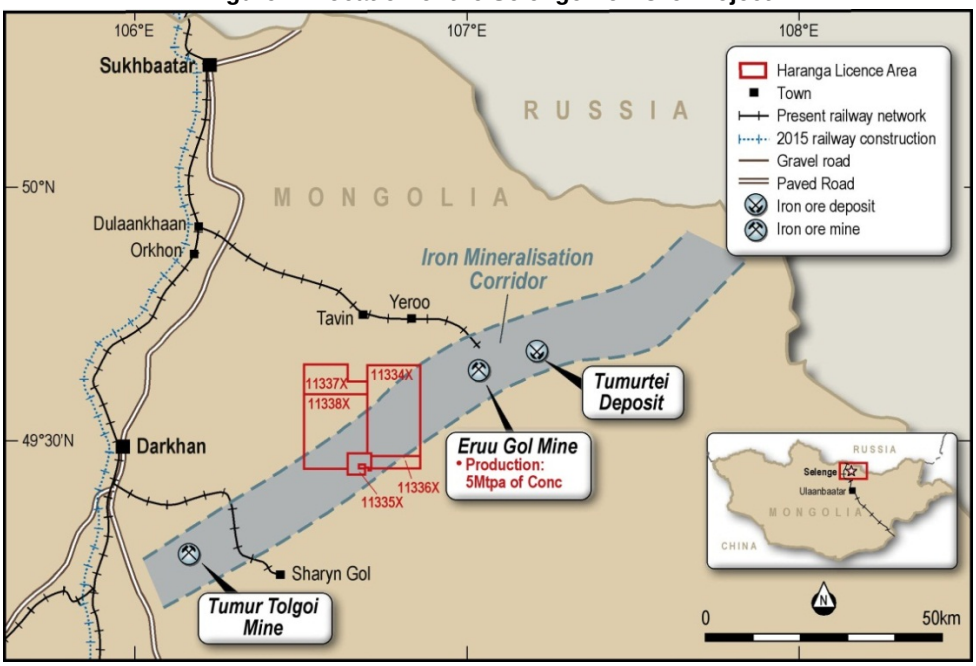
Drilling Success and Discoveries Continue at the Selenge Iron Ore Project

- **Over 25,000m of ongoing 2012 diamond drilling has been completed at the Selenge Project in Mongolia, primarily at the Dund Bulag and Bayantsogt prospects.**
- **Both Bayantsogt and particularly Dund Bulag continue to produce extremely wide intervals of iron mineralisation.**
- **Substantial iron mineralisation has recently been confirmed in the first two holes at the Undur Ukhaa prospect, making it the fourth major iron discovery in the project area.**
- **Two new targets have been identified from a recent aeromagnetic survey with at least one to be drilled this year.**
- **First assays have been received from holes 6-15 at Dund Bulag. Results are similar to last year and include:**
  - **48m at 23% Fe from 39m in hole DBDH-6**
  - **76m at 21% Fe from 165m in hole DBDH-7**
  - **132m at 20% Fe from 103m in hole DBDH-8**
  - **126m at 20% Fe from 242m in hole DBDH-9**
  - **56m at 20% Fe from 49m in hole DBDH-15**
- **Dund Bulag is proving to be larger than expected. It is lower in grade than Bayantsogt where best results last year included:**
  - **103m at 44% Fe from 225m in hole BTDH-20**
  - **97m at 44% Fe from 223m in hole DBDH-32**
- **Despite the grade differential, the magnetite at both Dund Bulag and Bayantsogt achieved a consistent 65-66% Fe concentrate during recent metallurgical testing.**
- **Spot prices for 66% Fe magnetite concentrate in NE China remain over US$130/t.**
- **Based on recent drill results, the cumulative Exploration Target* at Selenge has been increased to 250-400Mt with a corresponding increase in base case NPV to US$1.5 billion.**

Selenge Project – Background

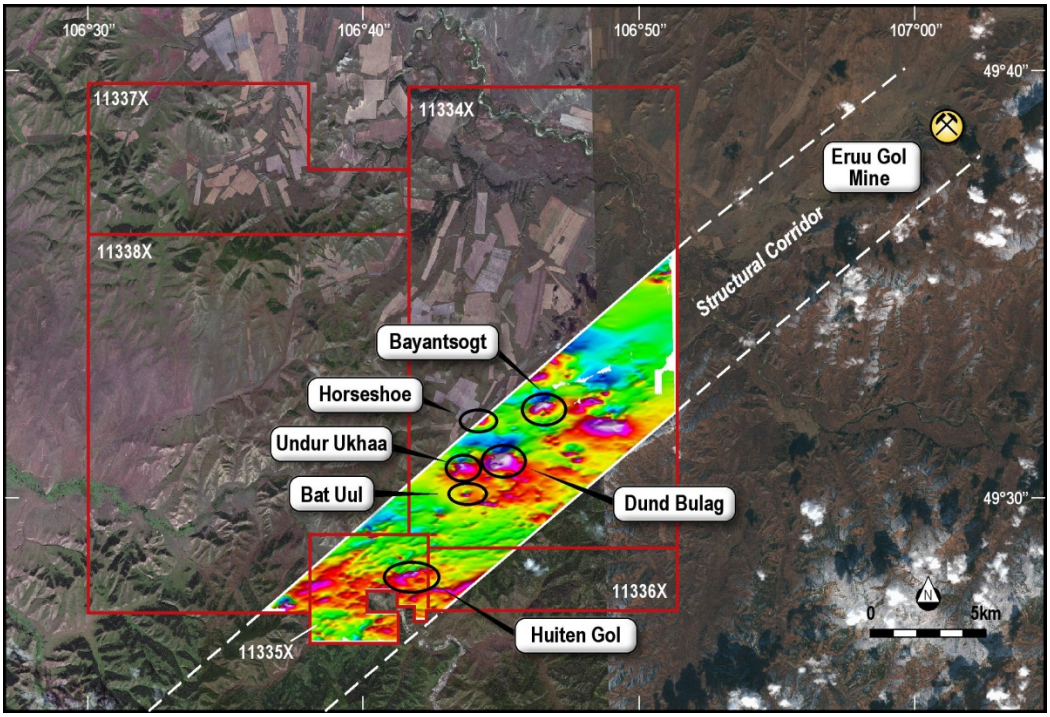
The Company's flagship Selenge iron ore project is located in the heart of Mongolia's premier iron ore development region with excellent access to the main trans-Mongolian rail line and nearby rail spurs.

Figure 1: Location of the Selenge Iron Ore Project



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

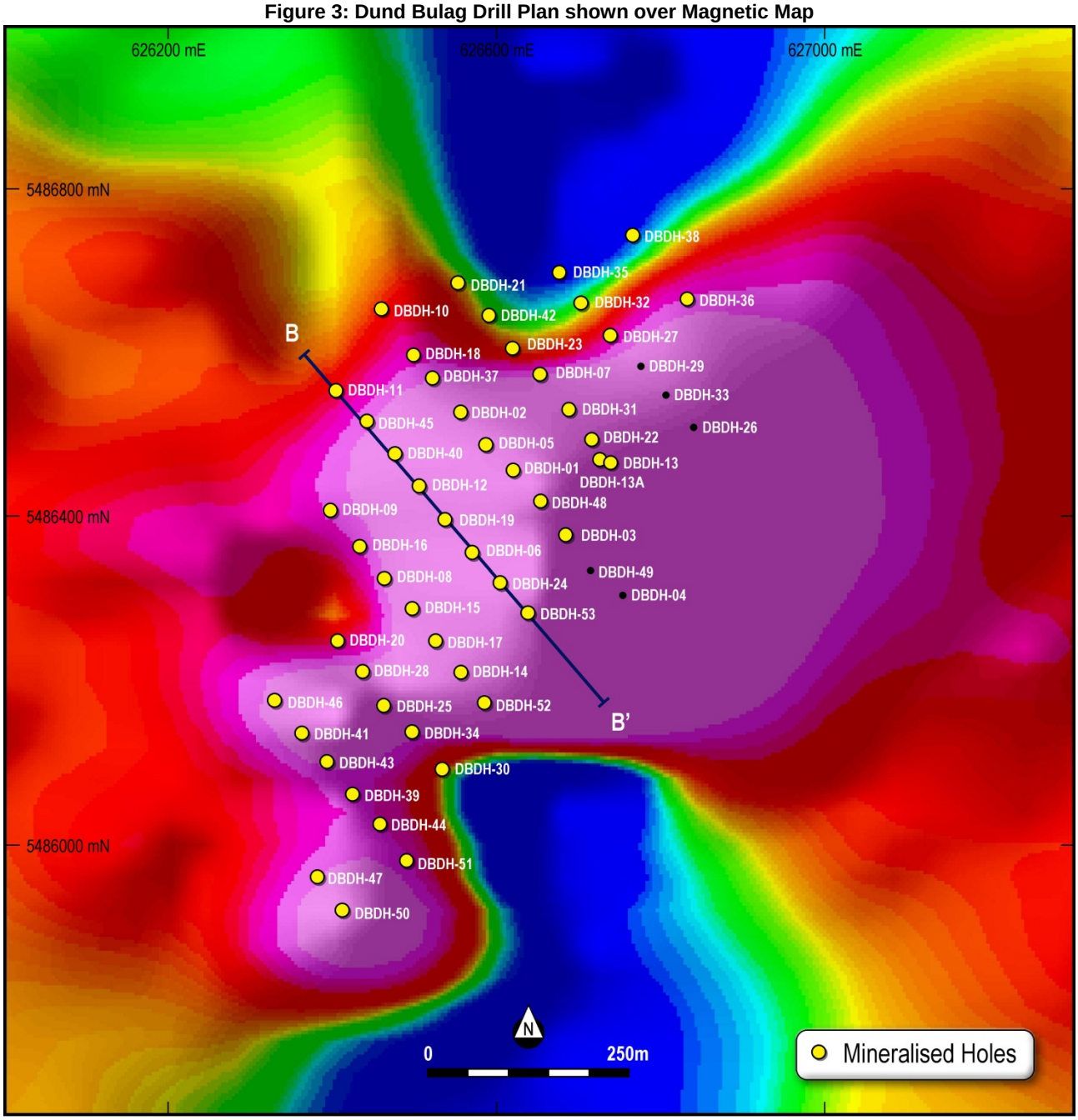
Figure 2: Location of Iron Ore Targets at Selenge Project (within the Iron Mineralisation Corridor)



Dund Bulag Prospect

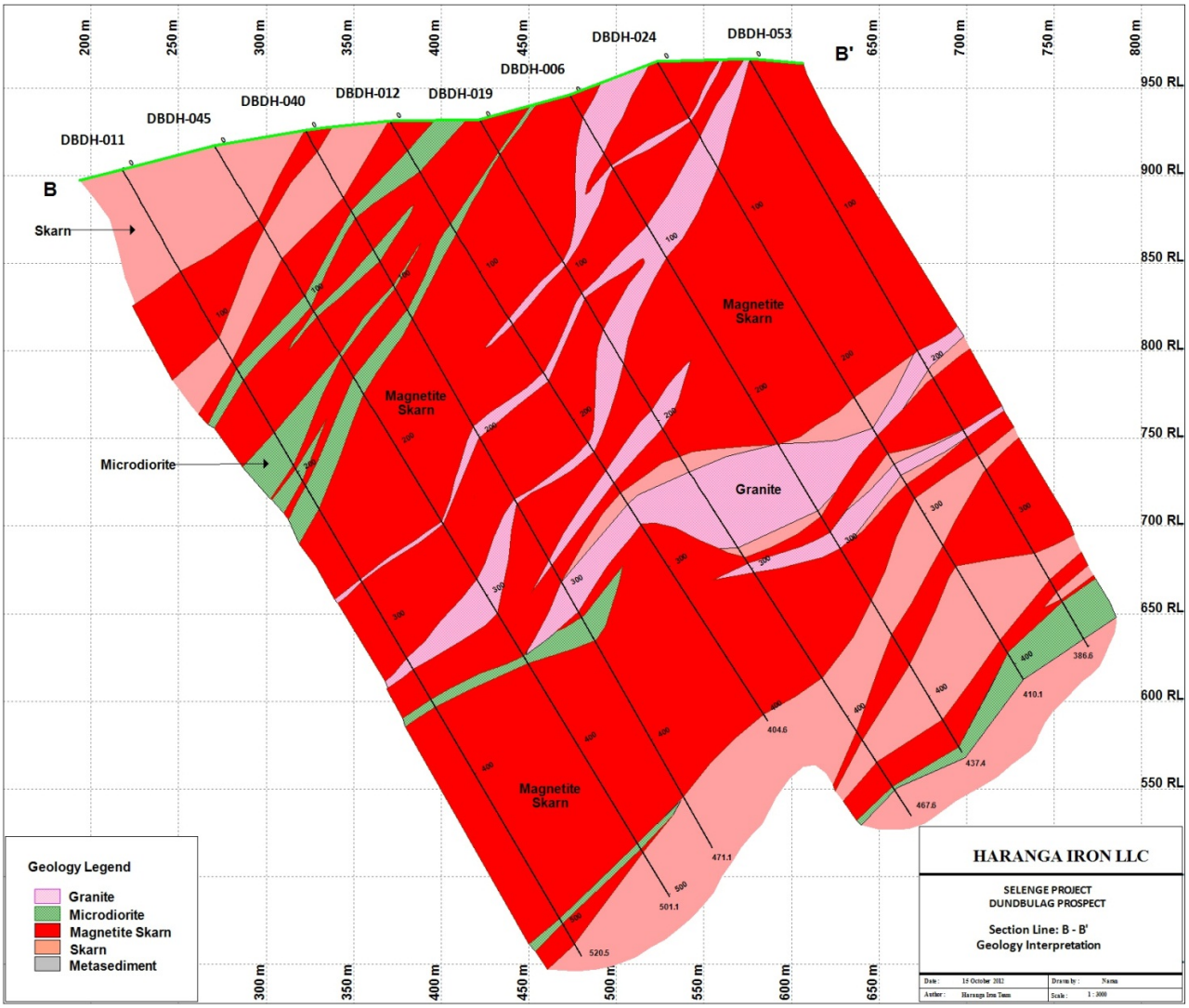
Fifty-three diamond core holes have been completed thus far at the Dund Bulag iron ore prospect (see Figure 3). 48 of the 53 holes have intersected significant widths of magnetite mineralisation as determined by geological logging and handheld XRF measurement. Five holes were drilled at the end of the 2011 drill season and the laboratory assay results have been received for the first ten holes (Holes 6 to 15) from the 2012 drill program. As observed in the previous drill program, the mineralisation occurs in very wide lodes from surface and is typically between 15% and 30% Fe in grade. Please refer to the cross section in Figure 4. The new significant intersections are shown in Table 2 at the end of this report.

Figure 3: Dund Bulag Drill Plan shown over Magnetic Map



As can be seen from Figure 4, the bulk of the mineralisation exists in very wide seams from surface which should ensure low strip ratios and reasonably straightforward mining. Because the apparent widths and extension of the mineralisation drilled this year has exceeded expectations, the Exploration Target* at Dund Bulag has been revised upwards to 200-300Mt of iron ore.

Figure 4: Dund Bulag Interpreted Cross Section B-B' showing Completed Holes



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

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

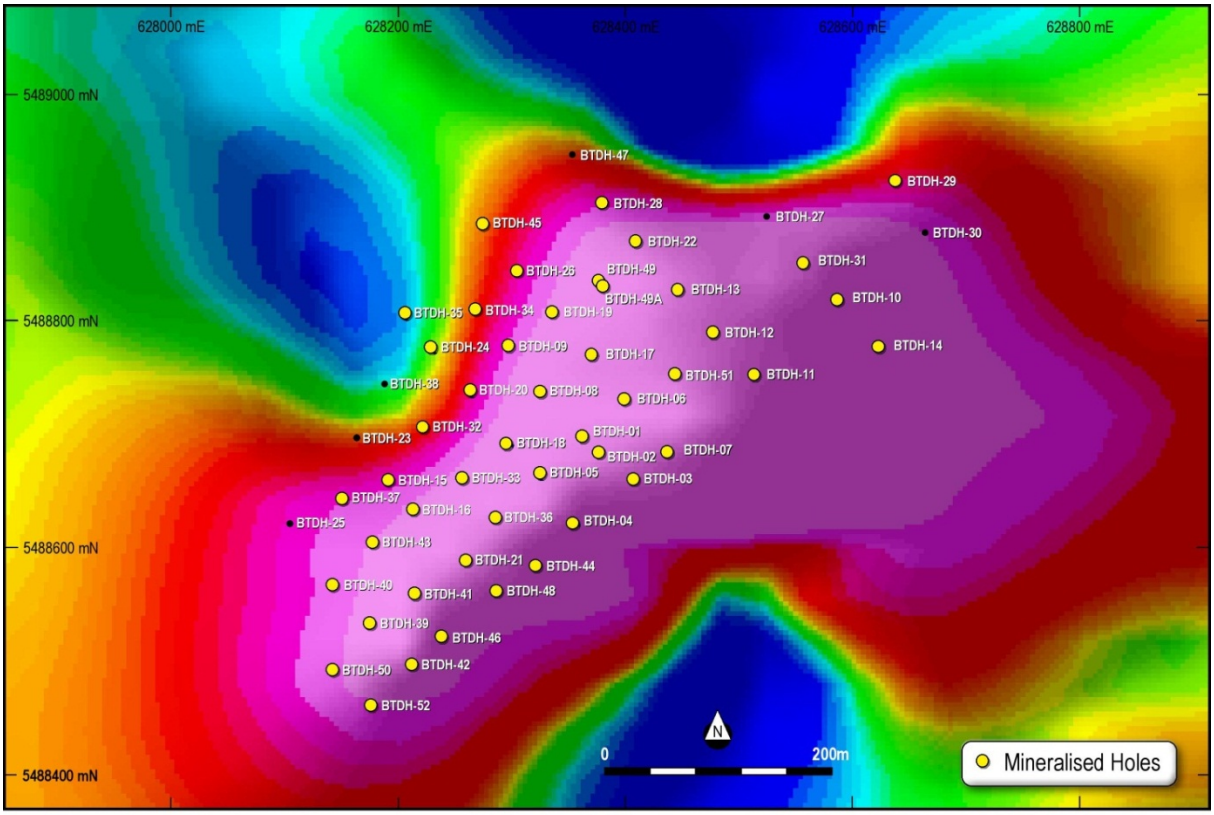
	Average Fe Grade of All Raw Samples	Average Mass Yield	Fe (%)	SiO2 (%)	Al2O3 (%)	S (%)	P (%)
Bayantsogt	30.1%	29.1%	**65.77**	3.25	0.96	1.03	0.02
Dund Bulag	18.5%	18.0%	**65.15**	5.34	1.32	0.18	0.00
Huiten Gol	27.7%	29.8%	**68.78**	1.90	0.41	0.01	0.01

Bayantsogt Prospect

Fifty-two diamond core holes have been completed thus far at the Bayantsogt iron ore deposit (see Figure 5). 46 of the 52 holes have intersected significant widths of magnetite mineralisation as determined by geological logging and handheld XRF measurement. Thirty-five holes were drilled at Bayantsogt during the 2011 drill season and an initial JORC inferred resource of 32.8Mt at 24.4% Fe was defined based on this initial first pass drilling. The Company has not yet received any laboratory assay results from the 2012 drill

program at Bayantsogt, however the strike length, as determined by the observed mineralisation drilled thus far in 2012, has already been extended by 150m to the southwest.

Figure 5: Bayantsogt Drill Plan shown over Magnetic Map



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

Undur Ukhaa Prospect

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

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

Two New Iron Targets

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

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

anomalies. The Horseshoe anomaly is larger and appears to be more intense but lies under cover approximately 2km north of Dund Bulag and Undur Ukhaa. It is intended to drill at least one of these new targets during the current drill season.

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

Selenge Project Summary and Outlook

The Company is extremely pleased with the progress of the 2012 drilling program which is surpassing expectations. Based on the results and geological observations to date, the cumulative Exploration Target* for the Selenge Project has increased to 250-400Mt of iron ore, not including the two new undrilled targets.

This promising drill campaign follows the recent **MOU covering 5Mtpa of rail** capacity, the **excellent metallurgical results** on the Selenge ore and the techno-economic assessment by ProMet Engineers that yielded an original base case (240Mt projected resource) NPV for the Selenge Project of US$1.1 billion. Given the increase in the project's Exploration Target*, the original upper case scenario of a 320Mt projected resource is now a mid-range scenario, yielding a **new base case NPV for the Project of US$1.48 billion**.

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

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

Dr Robert Wrixon
Managing Director
Haranga Resources Limited

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

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

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

Table 2: Significant Mineralised Intersections at Dund Bulag Holes 6 to 15 (Cutoff = 15% Fe)
Intervals over 40m in Apparent Width are shown in Bold

Hole Number	From (m)	To (m)	Downhole Interval (m)	Fe %
DBDH-006	2.0	18.0	16.0	17.4
and	39.0	87.0	**48.0**	**23.4**
including	*75.0*	*81.0*	*6.0*	*31.6*
and	111.0	125.0	14.0	18.1
and	149.0	183.0	34.0	15.6
and	303.0	325.0	22.0	18.0
including	*305.0*	*309.0*	*4.0*	*27.8*
DBDH-007	34.0	40.0	6.0	16.0
and	56.0	68.0	12.0	17.0
and	76.0	82.0	6.0	16.6
and	84.0	86.0	2.0	23.7
and	94.0	102.0	8.0	15.1
and	108.0	110.0	2.0	22.0
and	147.0	161.0	14.0	17.8
and	165.0	241.0	**76.0**	**20.9**
including	*189.0*	*205.0*	*16.0*	*27.5*
and	325.0	403.0	**78.0**	**16.0**
and	457.0	469.0	12.0	15.1
and	479.0	483.0	4.0	21.1
DBDH-008	57.0	97.0	40.0	16.0
and	103.0	235.0	**132.0**	**19.5**
including	*189.0*	*193.0*	*4.0*	*25.9*
including	*217.0*	*221.0*	*4.0*	*27.2*
and	243.0	261.0	18.0	16.6
and	297.0	307.0	10.0	18.8
and	349.0	369.0	20.0	17.1
DBDH-009	196.0	208.0	12.0	18.4
and	230.0	238.0	8.0	18.3
and	242.0	368.0	**126.0**	**19.6**
including	*272.0*	*282.0*	*10.0*	*26.1*
including	*294.0*	*306.0*	*12.0*	*25.1*
and	376.0	422.0	**46.0**	**15.5**
DBDH-010	118.0	126.0	8.0	15.6
and	280.0	294.0	14.0	16.1
and	312.0	412.0	**100.0**	**19.8**
including	*378.0*	*386.0*	*8.0*	*25.5*
and	430.0	440.0	10.0	19.9
DBDH-011	77.0	109.0	32.0	15.8
and	158.0	168.0	10.0	16.2
and	205.0	209.0	4.0	32.7
and	225.0	327.0	**102.0**	**17.7**
including	*285.0*	*321.0*	*36.0*	*23.0*
and	331.0	351.0	20.0	20.9
and	357.0	365.0	8.0	15.8
and	371.0	445.0	**74.0**	**18.8**
including	*381.0*	*387.0*	*6.0*	*25.2*
and	453.0	505.0	**52.0**	**15.6**
including	*481.0*	*485.0*	*4.0*	*25.4*
DBDH-012	5.0	15.0	10.0	23.6
and	36.0	62.0	26.0	16.1
and	76.0	132.0	**56.0**	**16.0**
and	142.0	166.0	24.0	18.4
and	225.0	233.0	8.0	15.2
and	273.0	327.0	**54.0**	**17.0**
and	333.0	341.0	8.0	20.6
and	347.0	359.0	12.0	18.5
and	365.0	395.0	30.0	20.1
DBDH-013	208.0	246.0	38.0	16.0
DBDH-014	19.0	55.0	36.0	16.0
and	71.0	96.0	25.0	17.4
and	179.0	181.0	2.0	24.0
and	201.0	221.0	20.0	18.9
and	245.0	253.0	8.0	17.4
DBDH-015	14.0	28.0	14.0	15.3
and	49.0	105.0	**56.0**	**20.1**
including	*87.0*	*97.0*	*10.0*	*25.7*
and	130.0	144.0	14.0	17.8
and	220.0	258.0	38.0	17.0
and	271.0	313.0	**42.0**	**15.6**