

Haranga Resources Ltd

Concept starting to become reality with maiden resource, favourable met tests and scoping study expected in 1H'12

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Investment Opportunity

Haranga Resources Ltd ('Haranga' or 'the Company') is a Mongolian exploration and development play focused on the acquisition, exploration and development of iron ore projects which listed on the ASX in Dec'10 raising A\$25m. Haranga has a controlling interest in four promising magnetite skarn projects with all assets close to existing or planned infrastructure on northern China's doorstep and is in a unique position to supply the inland steel mills which are currently supplied by extremely low grade domestic ore. The business model Haranga is employing is very similar to its big brother company, Hunnu Coal (recently the target of a successful A\$477m cash offer by Banpu Minerals) albeit 12 months behind in terms of exploration/development of its flagship asset.

The Selenge project is the largest and most advanced of Haranga's projects and is located near existing infrastructure and mining operations in Mongolia's premier iron ore province that hosts the Eruu Gol mine (300Mt @ 35% Fe), the Tumurtei project (230Mt @ 51% Fe) and Tumur Tolgoi deposits (25Mt), of which the latter two are State controlled. Recent drilling at each of the Bayantsogt, Huiten Gol and Dund Bulag targets within the Selenge project have intersected significant widths of skarn related iron mineralisation of not dissimilar grades to other projects in the region. All targets are associated with large magnetic hills and lie within a well defined structural corridor that contains all of the known iron ore deposits in the area, including nearby Eruu Gol (15km away). The Eruu Gol mine is exporting 2.5Mtpa and ramping up to 6Mtpa following the newly constructed 75km rail spur to the trans-Mongolian rail line. CIC invested US\$500m to take a 35% stake in Eruu Gol in Oct'09 and a Hong Kong IPO is under discussion.

Review of 2011

At its flagship Selenge project, Haranga made a number of significant positive developments during 2011, having commenced initial drilling activities in 2H'11 and acquiring an additional 20% interest at the asset level (effective ownership now 80%) with a representative of the local vendor, Bat-Ochir Sukhbaatar, appointed to the Board. Bat-Ochir is a well known, successful businessman and the brother of the current Prime Minister, Batbold Sukhbaatar. Other recent positive board changes have been the appointment of Erdene Tsengelbayar and Kerry Griffin as Executive Director and Technical Director respectively as the Company positions itself to make the transition from exploration into the development phase. In late Dec'11, the Lippo Group (controlled by the Riady family out of Indonesia, one of Asia's largest conglomerates) acquired a 7.4% stake becoming Haranga's largest shareholder.

The most advanced target at the Selenge project is the Bayantsogt prospect where 29 of the 33 drill holes have intersected significant widths of iron mineralisation and five major lodes having been identified within the large Bayantsogt hill (averaging ~20m & up to 103m thick). At the nearby larger Dund Bulag prospect early drilling results have intersected extremely wide zones of a similar style of magnetite, with assays pending. A total of 13,500 metres were drilled at Selenge during 2011 and we expect metrage to be accelerated once drilling recommences in 2012 with Haranga comfortably funded.

Outlook for 2012

In the next 6 months we expect Haranga will develop from a unique and exciting concept to being a highly prospective company with its flagship Selenge asset having a maiden JORC resource at the Bayantsogt prospect in 1Q'12, before initial metallurgical test work and a scoping study is completed in 1H'12. Furthermore, we expect a significant exploration target to be shortly defined at Dund Bulag, which has the potential to be the largest iron ore deposit in the region.

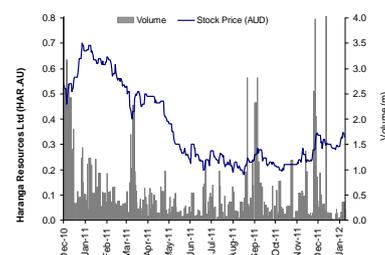
Iron ore deposits within the province are relatively low grade by Australian and Brazilian DSO standards, but they are significantly higher than Chinese domestic supply (in 2010 China mined ~800Mt @ ~19% Fe), and are generally formed in parallel sections of skarn mineralisation (not dissimilar to coal seams in structure). Current mining operations at Eruu Gol, Mongolia's largest iron ore export mine, have proven magnetite skarn deposits such as Bayantsogt and Dund Bulag are amenable to low strip ratio mining (mining a hill) and simple beneficiation (dry magnetic separation, no grinding, with a wet line expected to improve economics/product control), generating extremely attractive margins given the inherent transport cost advantage. The Eruu Gol mine development and ramp up demonstrates the potential value of deposits in the Selenge region and has ability to become producing mines in a relatively short period of time with low capex and attractive opex given the proximity to infrastructure. A scoping study for the Bayantsogt prospect and significant exploration target for the Dund Bulag prospect are expected to highlight the potential value of the Selenge project, and the pipeline of other projects Haranga owns.

OCEAN EQUITIES

Iron Ore: MONGOLIA

16th January 2012

Market Cap	A\$67.9m
Listing:Ticker	ASX: HAR
Share Price	A\$0.345
Shares o/s	196.8
52 week High/Low	A\$0.69 / 0.16
Cash (30/09/11)	A\$15.7m



Source: Bloomberg

Highlighted Related Research:

19th Jan'10: Haranga Resources Ltd "A New Mongolian Focused Iron Company: Right Location; Right Commodity; Following a Successful Business Model"

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Disclosures & Disclaimer

Ocean Equities is seeking investment business from Haranga Resources Limited.

This report must be read with the disclaimer and disclosures on the final page that forms part of this report. All pricing as at COB January 13th unless otherwise stated.

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