
HARANGA RESOURCES LIMITED

ABN 83 141 128 841

NOTICE OF GENERAL MEETING

TIME: 10:00 am (WST)

DATE: 26 July 2017

PLACE: 22 Lindsay Street, Perth WA 6000

This Notice of General Meeting is an important document and requires your immediate attention. Please read it carefully. If you are in doubt as to what you should do, please consult your professional adviser.

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IMPORTANT INFORMATION

VENUE

The General Meeting of the Shareholders of Haranga Resources Limited, to which this Notice of General Meeting relates, will be held at 10:00 am (WST) on 26 July 2017 at 22 Lindsay Street, Perth WA 6000.

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders at 10:00am (WST) on 24 July 2017.

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes is set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and

- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

For personal use only

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Shareholders of Haranga Resources Limited will be held at 22 Lindsay Street, Perth WA 6000 at 10:00 am (WST) on 26 July 2017.

The Explanatory Statement provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

Terms and abbreviations used in this Notice and Explanatory Statement are defined in the Glossary.

AGENDA

1. RESOLUTION 1 – APPROVAL TO DISPOSE OF A MAIN UNDERTAKING

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 11.2 and for all other purposes, approval is given for the Company to complete the Disposal on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

DATED: 22 JUNE 2017

BY ORDER OF THE BOARD

MR JACK JAMES

COMPANY SECRETARY

HARANGA RESOURCES LIMITED

EXPLANATORY STATEMENT

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolution in the Notice of Meeting.

1. RESOLUTION 1 – APPROVAL TO DISPOSE OF A MAIN UNDERTAKING

1.1 Background

On 1 June 2017, the Directors of the Company announced that the Company had entered into a share sale agreement (**Share Sale Agreement**) with Bilguun Amarbaatar (the **Buyer**) for the sale of 100% of the issued share capital in the Company's wholly owned Mongolian subsidiary, Haranga Iron LLC (the **Disposal**). Haranga Iron LLC holds an 80% interest in Mongolian entity, Haranga Khuder LLC, which holds the Mineral Exploration Licenses, Pre-mining Operations Agreements and Mining License for the Selenge Iron Ore Project in Mongolia (**Selenge Project**).

The Company's interest in the Selenge Project is its main undertaking.

1.2 ASX Listing Rule 11.2

ASX Listing Rule 11.2 provides that where a company proposes to make a significant change in the nature or scale of its activities which involves the disposal of its main undertaking, it must first obtain the approval of its shareholders.

Resolution 1 seeks Shareholder approval for the disposal of the Company's main undertaking on the terms of the Share Sale Agreement.

1.3 Indicative Timetable

Subject to the requirements of the ASX Listing Rules, the Company anticipates completion of the Disposal will be in accordance with the following timetable:

Action	Date
ASX announcement of the Disposal	1 June 2017
Notice of Meeting despatched to Shareholders	26 June 2017
General Meeting to approve Disposal	26 July 2017
Completion of Disposal*	2 August 2017

*The dates set out above are indicative only and subject to change.

1.4 Summary of the Share Sale Agreement

The material terms of the Share Sale Agreement are as follows:

- (a) (**Consideration**): In consideration for the Disposal, the Buyer has agreed to pay the Company the following:
- (i) within 5 business days of execution of the Share Sale Agreement, the Buyer will pay the Company a non-refundable deposit of US\$100,000;
 - (ii) upon completion of the Disposal pursuant to the Share Sale Agreement, the Buyer will pay the Company US\$1,000,000; and
 - (iii) on the date that is 12 months from the first date that proceeds from the sale or distribution of Product from the Selenge Project are received by or payable to, the Company or the Buyer, the Buyer will pay the Company US\$3,500,000,
- (the **Consideration**).
- (b) (**Condition Precedent**): Completion of the Disposal is conditional upon the Company obtaining all necessary Shareholder approvals for the Disposal, including pursuant to ASX Listing Rule 11.2 (which is being sought under Resolution 1).

1.5 Impact on the Company

The impact of the Disposal on the Company's balance sheet is set out in the proforma balance sheet contained in Schedule 1.

The Disposal will not:

- (a) have any impact on the capital structure of the Company; or
- (b) result in any changes to the Company's board of directors or senior management.

1.6 Advantages and Disadvantages of the Disposal

The Directors believe that, following an assessment of the advantages and disadvantages disclosed below, the Disposal is in the best interests of the Company.

Advantages:

The Directors believe that the following non-exhaustive list of advantages may be relevant to the Shareholders' decision on how to vote on the proposed Disposal:

- (a) the Disposal allows the Company to reduce its costs and realise otherwise unavailable capital on the Company's Selenge Project;
- (b) the Disposal will enable the Company to consider alternative asset acquisitions in order to add value to Shareholders;
- (c) The Disposal enables the Company to realise immediate value for the Selenge Project. The value of the Consideration (being US\$1,100,000 – approximately A\$1,469,468, which does not include the potential for the receipt of deferred consideration of \$US3,500,000 as described in Section 1.4(a)(iii) above) implies a price per Company share of \$0.003, a discount of approximately 14.29% to the 30-day volume weighted average price of \$0.0035 prior to the date of the initial announcement of the Disposal on 1 June 2017;
- (d) the consideration from the Disposal will provide capital to the Company which will be used to repay its outstanding creditors; and
- (e) the Disposal represents the best available opportunity for the Company to realise immediate value for its interest in the Selenge Project.

Disadvantages:

The Directors believe that the following non-exhaustive list of disadvantages may be relevant to the Shareholders' decision on how to vote on the proposed Disposal:

- (a) the Company will not be able to participate in or derive any future benefits, other than by way of the Consideration, from the Selenge Project, should the Selenge Project be developed to production;
- (b) the Disposal involves the Company selling its main undertaking, which may not be consistent with the investment objectives of all Shareholders;
- (c) there is a risk the Company may not be able to locate and complete the acquisition of other suitable investment opportunities within a reasonable time, which may result in the Company being delisted in the event that ASX is of the view that the Company does not have suitable operations to justify a listing on ASX; and
- (d) any subsequent acquisition by the Company is likely to require that the Company re-complies with Chapters 1 and 2 of the ASX Listing Rules.

1.7 Future Activities and Direction on Completion of Disposal

The Company's assets following the Disposal will comprise of cash and debtors of approximately \$1,476,578.

After completion of the Disposal, the Company will consider acquisition opportunities, both in Australia and overseas, which the Board believe could have the potential to add value to Shareholders.

The Company notes that any such acquisition occurring following the Disposal will likely result in ASX taking a view that the Company is changing the nature and/or scale of its activities and will therefore require the Company to seek Shareholder approval pursuant to ASX Listing Rule 11.1.2 and re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules.

1.8 Effect of the Disposal not being approved

If Resolution 1 is not passed and completion of the Disposal is unable to occur, the Company intends to continue contributing to its exploration commitments in respect of the Selenge Project, while assessing other acquisitions that suit the Company's stated objectives.

As detailed in the Company's 2016 Annual Report, the ability of the Company and its subsidiaries (**Group**) to continue as a going concern is dependent on raising funds in the immediate future through sale of

assets and or capital raising in order for the Group to meet its commitments and debt obligations in the next 12 months. In the event that completion of the Disposal is unable to occur, the Company would need to consider alternative means for securing short term financing.

Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. There is also no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

1.9 Director Interests and Recommendations

The Directors do not have any material interest in the outcome of Resolution 1 other than as a result of their interest arising solely in the capacity as security holders.

As at the date of this Notice, the Directors have a relevant interest in the securities of the Company as set out in the following table:

Director	Shares	Options
Bat-Ochir Sukhbaatar ¹	6,533,743	250,000
Jack James	Nil	Nil
Paula Cowan	Nil	Nil
Peter Youd	Nil	Nil

- 1 Mr Sukhbaatar has an indirect interest in 6,533,743 Shares through Geotrass LLC and a direct interest in 250,000 Options exercisable at \$0.20 each, expiring 30 June 2018.

The Board has approved the proposal to put Resolution 1 to Shareholders.

Having regard to the advantages and disadvantages of the Disposal as detailed in Section 1.6, each of the Directors intends to vote all of their Shares in favour of Resolution 1.

Based on the information available, all of the Directors consider that the proposed Disposal is in the best interests of the Company and recommend that the Shareholders vote in favour of Resolution 1.

ENQUIRIES

Shareholders are required to contact the Company Secretary on +61 8 9200 4415 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules or **Listing Rules** means the Listing Rules of ASX.

Board means the board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Company means Haranga Resources Limited (ABN 83 141 128 841).

Consideration has the meaning given in Section 1.4.

Corporations Act means the Corporations Act 2001 (Cth).

Directors mean the current directors of the Company.

Disposal has the meaning given in Section 1.1.

Explanatory Statement means the explanatory statement to the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Notice of Meeting or **Notice of General Meeting** means this notice of general meeting including the Explanatory Statement.

Product means ore, concentrate or other product extracted and recovered containing minerals, which are capable of being sold or otherwise disposed of.

Proxy Form means the proxy form accompanying the Notice.

Resolution means the resolution set out in the Notice of Meeting, or any one of them, as the context requires.

Section means a section of this Notice.

Security means a Share or Option.

Share means a share in the Company.

Shareholder means a shareholder in the Company.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – PROFORMA BALANCE SHEET

	Note	30 April 2017 Unaudited	Sale of Haranga Iron LLC	30 April 2017 Pro-forma
CURRENT ASSETS				
Cash	1,2	139,361	1,335,820	1,475,181
Receivables	2	65,351	(63,954)	1,397
Other current assets	2	61,580	(61,580)	-
Total Current Assets		266,292	1,210,286	1,476,578
NON-CURRENT ASSETS				
Property, plant & equipment	2	279,985	(279,985)	-
Total Non-Current Assets		279,985	(279,985)	-
TOTAL ASSETS		546,277	930,301	1,476,578
CURRENT LIABILITIES				
Trade & other payables	2	964,853	(82,795)	882,058
Total Current Liabilities		964,853	(82,795)	882,058
TOTAL LIABILITIES		964,853	(82,795)	882,058
NET ASSETS		(418,576)	1,013,096	594,520
SHAREHOLDERS' EQUITY				
Share Capital		40,342,613	-	40,342,613
Reserves	2	2,933,989	3,222,916	6,156,905
Retained Loss	1,2	(43,695,178)	(2,209,820)	(45,904,998)
TOTAL SHAREHOLDERS' EQUITY		(418,576)	1,013,096	594,520

Notes:

1 – Recognising sale of investment in Haranga Iron LLC for \$1,469,468 (US\$1,100,000 converted to AUD). Investment carried at \$211,903 as at 30 April 2017 and therefore recognise a gain on sale of \$1,257,565.

2 – Deconsolidation of the followings balances relating to the sale of Haranga Iron LLC:

Cash	\$133,648
Receivables	\$63,954
Other current assets	\$61,580
Property, plant & equipment	\$279,985
Trade & other payables	\$82,795
Reserves	\$3,222,916
Retained losses	\$3,467,385

HOW TO COMPLETE THIS PROXY VOTING FORM

LOGGING YOUR PROXY VOTE

This Proxy Voting Form (and any Power of Attorney under which it is signed) must be received at an address given below by 10.00am (WST) on Monday, 24 July 2017 being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting Forms received after that time will not be valid for the scheduled Meeting.

Voting Forms can be lodged:

 **BY MAIL**
Haranga Resources Limited
PO Box 8546
Perth BC WA 6849

 **BY HAND**
Haranga Resources Limited
22 Lindsay Street, Perth WA 6000

 **FACSIMILE**
+61 8 9227 6390

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services on 1300 288 664 or you may copy this form.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all of the Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting and Proxy Voting Form.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

OTHER RESOLUTIONS

Should any resolution, other than those specified in this Proxy Voting Form, be proposed at the Meeting, a proxy may vote on that resolution as they think fit.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.