

(Incorporated in Australia)
(Registration number ACN 085 166 721)
Share code on the JSE Limited: TAW
ISIN: AU000000TAW7
Share code on the Australian Stock Exchange Limited: TAW
ISIN: AU000000TAW7
("Tawana" or "the Company")

FINANCIAL REPORT FOR THE HALF-YEAR ENDED 30 JUNE 2012

Contents

This information should be read in conjunction with the
31 December 2011 Annual Report

Corporate Directory	3
Directors' Report	4
Auditor's Independence Declaration	6
Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11
Directors' Declaration	14
Independent Auditor's Review Report to the Members	15

Corporate Directory

Directors

Mr Warwick Grigor Non-Executive
Chairman
Mr Lennard Kolff Managing Director
Mr Julian Babarczy Non-Executive
Director
Mr Matthew Bowles Non-Executive
Director

Joint Company Secretaries

Mr Winton Willesee
Mr Aaron Finlay

Principal Place of Business and Registered Office

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Nedlands WA 6009

Contact Details

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Solicitors to the Company

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Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Price Sierakowski
Level 24, St Martin's Tower
44 St George's Terrace
Perth WA 6000

Share Registry

Computershare Investor Services Pty
Ltd
GPO Box 2975
Melbourne VIC 3001

Tel: +61 3 9415 5000
Fax: +61 3 9473 2500

Auditor

William Buck Audit (Vic) Pty Ltd
Level 20
181 William Street
Melbourne VIC 3000

Stock Exchange

Australian Securities Exchange
ASX Code: TAW

JSE Limited
JSE Code: TAW

Directors' Report

Your Directors present their report on the Company and its controlled entities ("consolidated entity") for the half-year ended 30 June 2012.

Directors

The names of the Directors in office at any time during or since the end of the half-year are as follows. All Directors have been in office for this entire period unless otherwise stated.

Mr Warwick Grigor – Non-Executive Chairman
Mr Len Kolff – Managing Director
Mr Euan Luff – Non-Executive Director (resigned 15 June 2012)
Mr Julian Babarczy – Non-Executive Director
Mr Matthew Bowles – Non-Executive Director

Operating results

The loss of the consolidated entity for the half-year ended 30 June 2012 after providing for income tax amounted to \$1,062,797 (30 June 2011: \$333,198).

No dividends were declared or paid during the half-year ended 30 June 2012.

Review of operations

Background

Tawana was incorporated as a public company on 16 November 1998 in Australia. Operating through its various subsidiaries, the Company is involved in the exploration for gold in West Africa, and evaluation of diamondiferous kimberlites and alluvials, primarily in South Africa and Botswana. The Company's objective is to establish viable ore reserves and turn such projects into profitable operations.

The company also continues to expand its interests in evaluating other mineral resources.

Tawana listed on ASX (as a primary listing) in April 2001 and JSE (as a secondary listing) in November 2005. The Company's head office is located in Perth, Australia.

Corporate Activities and Subsequent Events

The Company secured strike extensions via Option Agreement (pending due diligence) to the Company's existing 100% owned Mofe Creek Iron Ore Project on 8th May 2012. After securing strike extension to the Company's Mofe Creek iron ore project, the company secured Liberian regulatory approval and completed the aeromagnetic survey over the Company's project areas.

The Company announced on 15th February 2012 that it had signed a Heads of Agreement ("HOA") to acquire the gold rights to the Cape Mount Gold Project.

Progression of the transaction required negotiation and signing of a Definitive Agreement and was subject to, amongst other things, satisfactory due diligence by Tawana. After conducting its due diligence investigations, Tawana elected not to proceed with the transaction on 7th June 2012.

Infill soil sampling was completed on the Sinoe Northern anomaly during the quarter thus completing all soil sampling over the project area. 1,200m of trenching was completed on the Southern anomaly during the quarter for a total of 1,600m of trenching. The Company signed an extension to the JV agreement entered into with Global Mineral Investments LLC ('GMI') to extend the Option period whilst transfer of the license is effectuated. The Company funded exploration during the first year and will exercise its right to purchase the licence outright.

Legacy residential houses in South Africa were sold for ZAR2,000,000 to a local company during the period as the Company continues to rationalise legacy assets outside of its core focus.

During the period Mr Euan Luff resigned as a Non-Executive Director of the Company.

On 27 July 2012, the Company announced that 20,000,000 options over ordinary fully paid shares had been exercised at an exercise price of \$0.01, raising \$200,000.

On 6 August 2012, the Company announced the results of the aeromagnetics survey for the Company's 100% owned Mofe Creek project and JV strike extension which was completed one month ahead of schedule.

Auditor's independence declaration

The lead auditor's independence declaration for the half-year ended 30 June 2012 has been received and is attached to this Directors' Report.

Signed in accordance with a resolution of the Board of Directors.

Mr Warwick Grigor
Non-Executive Chairman

Dated this 11th day of September 2012

Consolidated Statement of Comprehensive Income
For the half-year ended 30 June 2012

	30 June 2012 \$	30 June 2011 \$
Continuing operations		
Revenue	62,665	253,564
Corporate costs	(354,465)	(269,871)
Depreciation	(2,322)	(1,948)
Employee benefits expense	(213,260)	(204,496)
Exploration expenses written off	-	(11,652)
Share based payments expense	(496,660)	-
Other expenses	(82,951)	(68,413)
Loss before income tax expense	<u>(1,086,993)</u>	<u>(302,816)</u>
Income tax expense	-	-
Net loss for the period from continuing operations	(1,086,993)	(302,816)
Profit/(Loss) from discontinued operations after tax	<u>24,196</u>	<u>(30,382)</u>
Net loss for the period attributable to Tawana Resources NL	(1,062,797)	(333,198)
Other comprehensive loss		
Loss on translation of foreign operations	<u>(34,536)</u>	<u>(833,101)</u>
Other comprehensive loss for the period, net of tax	<u>(34,536)</u>	<u>(833,101)</u>
Total comprehensive loss for the period attributable to Tawana Resources NL	<u><u>(1,097,333)</u></u>	<u><u>(1,166,299)</u></u>
Earnings per share from continuing and discontinuing operations		
Basic loss (cents)	(0.124)	(0.038)
Diluted loss (cents)	(0.124)	(0.038)
Earnings per share from continuing operations		
Basic loss (cents)	(0.126)	(0.035)
Diluted loss (cents)	(0.126)	(0.035)
Earnings per share from discontinuing operations		
Basic loss (cents)	0.002	(0.003)
Diluted loss (cents)	0.002	(0.003)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
For the half-year ended 30 June 2012

	Note	30 June 2012 \$	31 December 2011 \$
Current assets			
Cash and cash equivalents	2	2,711,122	3,722,991
Trade and other receivables		56,787	42,326
Assets held for sale		-	133,478
Total current assets		2,767,909	3,898,795
Non-current assets			
Trade and other receivables		-	39,787
Property, plant and equipment		154,967	7,534
Exploration expenditure		5,555,555	5,081,927
Total non-current assets		5,710,522	5,129,248
Total assets		8,478,431	9,028,043
Current liabilities			
Trade and other payables		112,059	83,223
Liabilities held for sale		18,113	-
Provisions		30,127	26,015
Total current liabilities		160,299	109,238
Total liabilities		160,299	109,238
Net assets		8,318,132	8,918,805
Equity			
Contributed equity	4(a)	45,431,150	45,431,150
Reserves		3,346,267	2,884,143
Accumulated losses		(40,459,285)	(39,396,488)
Total equity		8,318,132	8,918,805

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

Consolidated Statement of Changes in Equity

For the half-year ended 30 June 2012

	Issued capital \$	Reserves \$	Accumulated losses \$	Total \$
Balance at 1 January 2012	45,431,150	2,884,143	(39,396,488)	8,918,805
Loss for the period	-	-	(1,062,797)	(1,062,797)
Other comprehensive loss for the period	-	(34,536)	-	(34,536)
Total comprehensive loss for the period	-	(34,536)	(1,062,797)	(1,097,333)
<i>Transactions with owners in their capacity as owners</i>				
Options issued	-	496,660	-	496,660
Balance at 30 June 2012	45,431,150	3,346,267	(40,459,285)	8,318,132
Balance at 1 January 2011	36,482,279	(281,859)	(29,293,996)	6,906,424
Loss for the period	-	-	(333,198)	(333,198)
Other comprehensive loss for the period	-	(833,101)	-	(833,101)
Total comprehensive loss for the period	-	(833,101)	(333,198)	(1,166,299)
<i>Transactions with owners in their capacity as owners</i>				
Shares issued	9,556,931	-	-	9,556,931
Share issue costs	(1,006,350)	-	-	(1,006,350)
Options issued in respect of share issue costs	-	750,000	-	750,000
Balance at 30 June 2011	45,032,860	(364,960)	(29,627,194)	15,040,706

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

Consolidated Statement of Cash Flows
For the half-year ended 30 June 2012

	Note	30 June 2012 \$	30 June 2011 \$
Cash flows from operating activities			
Receipts from customers		14,276	16,639
Payments to suppliers and employees		(747,966)	(806,515)
Interest received		62,665	70,328
Net cash flows used in operating activities		<u>(671,025)</u>	<u>(719,548)</u>
Cash flows from investing activities			
Payments for plant and equipment		(149,756)	(10,727)
Proceeds from sale of plant and equipment		258,532	36,393
Proceeds from sale of discontinued operation		-	14,604
Payments for exploration		(468,640)	(176,830)
Net cash flows used in investing activities		<u>(359,864)</u>	<u>(136,560)</u>
Cash flows from financing activities			
Proceeds from issue of shares		-	5,050,000
Share issue costs		-	(256,350)
Net cash from financing activities		<u>-</u>	<u>4,793,650</u>
Net increase in cash and cash equivalents		(1,030,889)	3,937,542
Cash and cash equivalents at beginning of period		3,722,991	835,470
Effects of exchange rates on cash holdings in foreign currencies		19,020	(6,142)
Cash and cash equivalents at end of period	2	<u>2,711,122</u>	<u>4,766,870</u>

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

1. Basis of preparation

The half-year consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (“AASB”).

It is recommended that these financial statements be read in conjunction with the annual financial report for the year ended 31 December 2011 and any public announcements made by Tawana Resources NL and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The half-year financial statements do not include full disclosures of the type normally included in annual financial statements.

The same accounting policies and methods of computation have been followed in these interim financial statements as were applied in the most recent annual financial statements.

Reporting Basis and Conventions

The half-year financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

2. Cash and cash equivalents

For the purposes of the half-year statement of cash flows, cash and cash equivalents comprised of the following:

	30 June 2012	31 December 2011
	\$	\$
Cash at bank and in hand	2,691,122	3,702,991
Cash on short-term deposit	20,000	20,000
	<u>2,711,122</u>	<u>3,722,991</u>

3. Dividends

No dividend has been declared or paid during the half-year or the previous corresponding period.

The Company does not have any franking credits available for current or future years as it is not in a tax paying position.

4. Contributed equity

(a) Movements in share capital

	30 June 2012	31 December 2011
	\$	\$
Ordinary shares, fully paid	<u>45,431,150</u>	<u>45,431,150</u>

Movement in ordinary shares on issue

	Number	\$
Balance at beginning of period	856,629,043	45,431,150
Shares issued	-	-
Share issue costs	-	-

Balance at end of period

856,629,043	45,431,150
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(b) Share options

	Exer-cise price	Expiry date	Balance at beginning of period Number	Issued during the period Number	Exercised during the period Number	Expired or forfeited during the period Number	Balance at end of period Number
Unlisted options	\$0.10	17 Jan 14	6,750,000	-	-	-	6,750,000
Unlisted options	\$0.07	18 Jun 12	4,000,000	-	-	(4,000,000)	-
Unlisted options	\$0.10	17 Jan 13	6,000,000	-	-	-	6,000,000
Unlisted options	\$0.07	17 Jan 13	6,750,000	-	-	-	6,750,000
Unlisted options	\$0.01	23 Feb 13	50,000,000	-	-	-	50,000,000
Unlisted options	\$0.01	31 Jul 12	20,000,000	-	-	-	20,000,000
Unlisted options	\$0.01	30 Jul 13	50,000,000	-	-	-	50,000,000
Unlisted options	\$0.03	9 Sep 12	5,000,000	-	-	-	5,000,000
Unlisted options	\$0.05	9 Sep 14	5,000,000	-	-	-	5,000,000
Unlisted options	\$0.01	8 Mar 14	25,000,000	-	-	-	25,000,000
Unlisted options	\$0.03	10 Nov 13	1,250,000	-	-	-	1,250,000
Unlisted options	\$0.05	10 Nov 15	1,250,000	-	-	-	1,250,000

options Unlisted options	\$0.036	30 April 15	-	28,500,000	-	-	28,500,000
			<u>181,000,000</u>	<u>28,500,000</u>	<u>-</u>	<u>(4,000,000)</u>	<u>205,500,000</u>

5. Segment information

As the Company operates wholly in one business segment, being mineral exploration and in one geographical segment, being Africa, the Company has not identified and therefore, not disclosed, any segment information on the basis of the internal reports being provided to the chief decision maker, which is the board as a whole.

6. Contingent assets and liabilities

The consolidated entity does not have any material contingent assets or liabilities other than as disclosed in this report.

7. Loss per share and headline earnings per share

Classification of securities as ordinary shares

The Company has only one category of ordinary shares included in basic loss per share.

Classification of securities as potential ordinary shares

There are currently no securities to be classified as dilutive potential ordinary shares on issue.

	2012 Number	2011 Number
Weighted average number of ordinary shares used in the calculation of basic loss per share	<u>856,629,043</u>	<u>745,516,131</u>
	\$	\$
Net loss from continuing and discontinuing operations	(1,062,797)	(333,198)

Net loss from continuing operations	<u>(1,086,993)</u>	<u>(333,198)</u>
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The loss per share calculation as disclosed on the Statement of Comprehensive Income does not include instruments that could potentially dilute basic earnings per share in the future as these instruments were anti-dilutive in the periods presented. A summary of such instruments is as follows:

Equity securities	Number of securities	Number of potential ordinary shares
Options over ordinary shares	<u>205,000,000</u>	<u>179,920,000</u>

20,000,000 options over ordinary fully paid shares were exercised and 1,500,000 new options have been issued subsequent to year end but prior to the date of issue of these financial statements.

Headline earnings per share (unaudited)

Reconciliation of net loss to headline earnings

	Consolidated	
	2011	2010
	\$	\$
Net loss	(1,086,993)	(333,798)
Add:		
Profit/(Loss) from discontinued operations after tax	24,196	(232)
Headline earnings from continuing and discontinuing operations used in the calculation of headline earnings per share	<u>(1,062,797)</u>	<u>(333,430)</u>
Headline earnings per share (cents)	<u>(0.124)</u>	<u>(0.04)</u>

8. Subsequent events

On 27 July 2012, the Company announced that 20,000,000 options over ordinary fully paid shares had been exercised at an exercise price of \$0.01, raising \$200,000.

On 6 August 2012, the Company announced the results of the aeromagnetics survey for the Company's 100% owned Mofe Creek project and JV strike extension which was completed one month ahead of schedule.

Directors' Declaration

In accordance with a resolution of the Board of Directors, I state that:

In the opinion of the Directors:

1. The financial statements and notes are in accordance with the Corporations Act 2001 and:
 - (a) Comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) Give a true and fair view of the financial position of the consolidated entity as at 30 June 2012 and of its performance for the half-year ended on that date.
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.

On behalf of the Board.



Mr Warwick Grigor
Non-Executive Chairman

Dated this, 11th September 2012

Independent Auditor's Report

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF TAWANA RESOURCES NL

I declare that, to the best of my knowledge and belief during the half-year ended 30 June 2012 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

William Buck Audit (VIC) Pty Ltd
ABN 59 116 151 136

J.C. Luckins
Director

Dated this 11th day of September, 2012

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF TAWANA RESOURCES NL AND CONTROLLED ENTITIES

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Tawana Resources NL, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the 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 (including Australian Accounting Interpretations) 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 financial report is not in accordance with the Corporations Act 2001 including:

- giving a true and fair view of the company's financial position as at 30 June 2012 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 Tawana Resources NL, 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.

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF TAWANA RESOURCES AND CONTROLLED ENTITIES (CONT)

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 Tawana Resources NL 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 2012 and of its performance for the half year ended on that date; and
- b) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Matters Relating to the Electronic Presentation of the Reviewed Half Year Financial Report

This auditor's review report relates to the half year financial report of Tawana Resources NL for the half year ended 30 June 2012 included on the Tawana Resources NL web site. The company's directors are responsible for the integrity of the Tawana Resources NL web site. We have not been engaged to report on the integrity of the Tawana Resources NL web site. The auditor's review report refers only to the half year financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed half year financial report to confirm the information included in the reviewed financial report presented on this web site.

William Buck Audit (VIC) Pty Ltd

ABN 59 116 151 136

J.C. Luckins

Director

Dated this 11th day of September, 2012