

Tawana Resources NL
(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 2013

This information should be read in conjunction with the 31 December 2012 Annual Report

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Corporate Directory

Directors

Mr Wayne Richards Executive Chairman
Mr Lennard Kolff Managing 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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Fax: +61 8 9389 3199

Solicitors to the Company

Steinepreis Paganin
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
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 2013.

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 (resigned 29 January 2013)
Mr David Frances – Executive Chairman (appointed 29 January 2013, resigned 6 May 2013)
Mr Wayne Richards – Executive Chairman (appointed 15 August 2013)
Mr Len Kolff – Managing Director
Mr Julian Babarczy – Non-Executive Director (resigned 15 August 2013)
Mr Matthew Bowles – Non-Executive Director

Operating results

The loss of the consolidated entity for the half-year ended 30 June 2013 after providing for income tax amounted to \$1,132,567 (30 June 2012: \$1,062,797).

No dividends were declared or paid during the half-year ended 30 June 2013.

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 iron ore in West Africa. 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

On 11 January 2013, the Company announced that it planned to commence RC drilling at the Mofe Creek Iron Ore Project during January 2013 after it was granted the Mofe Creek mineral exploration license by the Liberian Ministry of Lands Mines and Energy in December 2012.

On 29 January 2013, the Company announced that it has commenced RC drilling at the Mofe Creek project during January 2013. Approximately 1,600m of RC drilling of a planned 2,500m programme had been completed on the Koehnko target. Drilling had intersected significant widths of friable iron formation from surface to an average down-dole depth of 36.5m and maximum of 51m. On 12 March 2013, the Company announced the results of its maiden 2,500m reverse circulation drill programme which was completed at the Company's 100% owned Mofe Creek project in Liberia, West Africa.

On 18 March, the Company announced a global exploration target size potential of >500Mt of which 90-230Mt was friable itabirite and 270-440Mt was friable mixed itabirite/amphibolite

Results for the maiden metallurgical test-work programme were announced on 25 June 2013, confirming the potential to produce a +60% Fe product with low impurities at 44-57% weight recovery from friable, weathered itabirite.

Directors' Report

During the period Mr David Frances resigned as Executive Chairman of the Company.

Events occurring after the reporting period

On 2 July 2013, the Company announced the results of the preliminary desktop assessment demonstrating the potential for the Mofe Creek Iron Ore Project.

On 15 July 2013, the Company announced the discovery of additional high-grade outcropping coarse grained itabirite mineralization and DSO float at the new Zaway Prospect.

On 22 July 2013, the Company announced that Canaccord Genuity had initiated research coverage in relation to the Company.

On 13 August 2013, the Company announced that 50,000,000 options over ordinary fully paid shares had been exercised at an exercise price of \$0.01, raising \$500,000.

On 15 August 2013, the Company announced the appointment of Mr Wayne Richards as the Company's Executive Chairman. Mr Richards has a career spanning almost 30 years in the design, development and commissioning/expansion of several major iron ore and nickel projects (greenfield and brownfield). Mr Richards has an extensive mining background at a senior executive and management level, with in-depth experience in mineral processing and project management.

Concurrently, on 15 August 2013, the Company announced the resignation of Mr Julian Babarczy as a Non-Executive Director of the Company.

On 26 August 2013, the Company announced the disposal of its interests in the Kareevlei Diamond Project in South Africa and the Flinders Island Diamond Project as part of its ongoing strategy to reduce overheads, divest non-core assets and fast track the development of the Mofe Creek Iron Ore Project in Liberia.

On 5 September 2013, the Company announced, the receipt of its Environmental Permit from EPA for the exploration phase of its 100% owned Mofe Creek Iron Ore Project in Liberia.

Auditor's independence declaration

The lead auditor's independence declaration for the half-year ended 30 June 2013 has been received and is attached to this Directors' Report.

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



Mr Len Kolff
Managing Director

Dated this 11th day of September 2013

Auditor's Independence Declaration

[Declaration removed for SENS purposes. Please find the declaration on the Tawana website.]

Consolidated Statement of Comprehensive Income
For the half-year ended 30 June 2013

	30 June 2013	30 June 2012
	\$	\$
Continuing operations		
Revenue	11,159	62,665
Corporate costs	(458,451)	(354,465)
Depreciation	(4,356)	(2,322)
Employee benefits expense	(273,134)	(213,260)
Exploration expenses written off	(295,981)	-
Share based payments expense	-	(496,660)
Other expenses	(49,001)	(82,951)
Loss before income tax expense	(1,069,764)	(1,086,993)
Income tax expense	-	-
Net loss for the period from continuing operations	(1,069,764)	(1,086,993)
Profit/(Loss) from discontinued operations after tax	(62,803)	24,196
Net loss for the period attributable to Tawana Resources NL	(1,132,567)	(1,062,797)
Other comprehensive income/(loss)		
Items that may be reclassified to profit or loss		
Gain/(loss) on translation of foreign operations	224,670	(34,536)
Total comprehensive loss for the period attributable to Tawana Resources NL	(907,897)	(1,097,333)
Basic and diluted earnings per share from continuing and discontinued operations (cents)	(0.126)	(0.124)
Basic and diluted earnings per share from continuing operations (cents)	(0.119)	(0.126)
Basic and diluted earnings per share from discontinued operations (cents)	(0.007)	0.002
Weighted average number of shares used to calculate basic and diluted earnings per share	898,135,892	856,629,043

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

Consolidated Statement of Financial Position
As at 30 June 2013

	Note	30 June 2013 \$	31 December 2012 \$
Current assets			
Cash and cash equivalents		702,582	1,678,614
Trade and other receivables		79,695	85,513
Total current assets		782,277	1,764,127
Non-current assets			
Trade and other receivables		49,782	51,047
Property, plant and equipment		53,531	52,024
Exploration expenditure		2,092,052	1,413,186
Total non-current assets		2,195,365	1,516,257
Total assets		2,977,642	3,280,384
Current liabilities			
Trade and other payables		189,702	121,374
Provisions		59,383	22,556
Total current liabilities		249,085	143,930
Non-current liabilities			
Provisions		39,264	39,264
Total non-current liabilities		39,264	39,265
Total liabilities		288,349	183,194
Net assets		2,689,293	3,097,190
Equity			
Contributed equity	5(a)	46,131,150	45,631,150
Reserves		2,311,377	2,369,859
Accumulated losses		(45,753,234)	(44,903,819)
Total equity		2,689,293	3,097,190

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 2013

	Issued capital \$	Reserves \$	Accumulated losses \$	Total \$
Balance at 1 January 2013	45,631,150	2,369,859	(44,903,819)	3,097,190
Loss for the period	-	-	(1,132,567)	(1,132,567)
Other comprehensive income for the period	-	224,670	-	224,670
Total comprehensive income/(loss) for the period	-	224,670	(1,132,567)	(907,897)
<i>Transactions with owners in their capacity as owners</i>				
Options exercised or lapsed	500,000	(283,152)	283,152	500,000
Balance at 30 June 2013	46,131,150	2,311,377	(45,753,234)	2,689,293
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

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 2013

	Note	30 June 2013 \$	30 June 2012 \$
Cash flows from operating activities			
Receipts from customers		-	14,276
Payments to suppliers and employees		(724,171)	(747,966)
Interest received		11,159	62,665
Net cash flows used in operating activities		<u>(713,012)</u>	<u>(671,025)</u>
Cash flows from investing activities			
Payments for plant and equipment		(892)	(149,756)
Proceeds from sale of plant and equipment		1,287	258,532
Payments for exploration		(770,346)	(468,640)
Net cash flows used in investing activities		<u>(769,951)</u>	<u>(359,864)</u>
Cash flows from financing activities			
Proceeds from issue of shares		500,000	-
Net cash from financing activities		<u>500,000</u>	<u>-</u>
Net increase in cash and cash equivalents		(982,963)	(1,030,889)
Cash and cash equivalents at beginning of period		1,678,614	3,722,991
Effects of exchange rates on cash holdings in foreign currencies		6,931	19,020
Cash and cash equivalents at end of period		<u>702,582</u>	<u>2,711,122</u>

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

Notes to the Financial Statements

For the half-year ended 30 June 2013

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 2012 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. The Group adopted a number of new accounting standards with effect from 1 January 2013, however they had no effect on the financial position or performance of the Group. The Group has not early

Notes to the Financial Statements

For the half-year ended 30 June 2013

adopted any of the standards issued but not yet effective and does not expect the adoption of these standards will have an impact in the period of initial application.

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. Going Concern

These financial statements have been prepared on a going concern basis.

For the half-year ended 30 June 2013 the net loss was \$1,132,567 (to 30 June 2012: \$1,062,797). Cash outflows from operations were \$713,012 (to 30 June 2012 outflows of \$671,025). As at 30 June 2013 the Group had a net working capital position of \$533,192 (as at 31 December 2012: net working capital of \$1,620,197). Subsequent to 30 June 2013 the Company has announced that 50,000,000 options over ordinary fully paid shares had been exercised at an exercise price of \$0.01, raising an additional \$500,000.

The Directors believe that the Group is a going concern on the basis that it will continue its track record of successfully issuing share capital to new and existing shareholders, whilst prudently managing its cash outflows and contractual commitments relating to its exploration program. As at the date of this report the Group had no material non-cancellable contracts, including its planned expenditure under its Liberian tenements, which are cancellable at the discretion of the Group. In the event that the aforesaid future capital raising initiatives are unsuccessful, the Group has the ability to scale back its cash outflows from operating activities, including its exploration program.

These financial statements do not include any adjustments to the recoverability or classification of recorded asset amounts, or to the amounts or classification of liabilities, which might be necessary should the Group not be able to continue as a going concern.

3. Exploration expenses written off

During the period the Company terminated the Option Agreement to acquire the Sinoe Gold Project outright due to a lack of significant results being reported. The Company wrote off the previously capitalised exploration expenditure in relation to this project of \$295,981 during the period.

4. 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.

5. Contributed equity

(a) Movements in share capital

	30 June 2013	31 December 2012
	\$	\$
Ordinary shares, fully paid	46,131,150	45,631,150

Movement in ordinary shares on issue

	Number	\$
Balance at 1 January 2013	876,629,043	45,631,150
Shares issued	50,000,000	500,000
Share issue costs	-	-
Balance at 30 June 2013	926,629,043	46,131,150

(b) Share options

	Exer- cise price	Expiry date	Balance at beginning of period	Issued during the period	Exercised during the period	Expired or forfeited during the period	Balance at end of period
			Number	Number	Number	Number	Number
Unlisted options	\$0.10	17 Jan 14	6,750,000	-	-	-	6,750,000
Unlisted options	\$0.10	17 Jan 13	6,000,000	-	-	(6,000,000)	6,000,000
Unlisted options	\$0.07	17 Jan 13	6,750,000	-	-	(6,750,000)	6,750,000
Unlisted options	\$0.01	23 Feb 13	50,000,000	-	(50,000,000)	-	50,000,000
Unlisted options	\$0.01	30 Jul 13	50,000,000	-	-	-	50,000,000
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
Unlisted options	\$0.036	30 April 15	28,500,000	-	-	-	28,500,000
			180,500,000	-	(50,000,000)	(12,750,000)	117,750,000

6. Segment information

The Company operates wholly in one business segment, being mineral exploration and in one geographical segment, being Africa. As a consequence, 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.

7. Contingent assets and liabilities and commitments

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

8. Subsequent events

On 2 July 2013, the Company announced the results of the preliminary desktop assessment demonstrating the potential for the Mofe Creek Iron Ore Project.

On 15 July 2013, the Company announced the discovery of additional high-grade outcropping coarse grained itabirite mineralization and DSO float at the new Zaway Prospect.

On 22 July 2013, the Company announced that Canaccord Genuity had initiated research coverage in relation to the Company.

On 13 August 2013, the Company announced that 50,000,000 options over ordinary fully paid shares had been exercised at an exercise price of \$0.01, raising \$500,000.

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Concurrently, on 15 August 2013, the Company announced the resignation of Mr Julian Babarczy as a Non-Executive Director of the Company.

On 26 August 2013, the Company announced the disposal of its interests in the Kareevlei Diamond Project in South Africa and the Flinders Island Diamond Project as part of the its ongoing strategy to reduce overheads, divest non-core assets and fast track the development of the Moke Creek iron Ore Project in Liberia.

On 5 September 2013, the Company announced, the receipt of its Environmental Permit from EPA for the exploration phase of its 100% owned Mofe Creek Iron Ore Project in Liberia.

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 2013 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.

A handwritten signature in black ink, appearing to read 'L. Kolff', written over a horizontal line.

Mr Len Kolff
Managing Director

Dated this, 11th September 2013

Independent Auditor's Report

[Auditor's Report removed for SENS purposes. Please find report on the Tawana website.]

11 September 2013

Sponsor
PricewaterhouseCoopers Corporate Finance (Pty) Ltd