

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 RESOURCES NL

ABN 69 085 166 721

FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

30 JUNE 2014

This information should be read in conjunction with the
31 December 2013 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

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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 (South Africa)
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 2014.

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 Wayne Richards – Executive Chairman
Mr Len Kolff – Managing Director
Mr Matthew Bowles – Non-Executive Director

Operating results

The loss of the consolidated entity for the half-year ended 30 June 2014 after providing for income tax amounted to \$1,223,879 (to 30 June 2013: \$1,132,567).

No dividends were declared or paid during the half-year ended 30 June 2014.

Review of operations

Background

Tawana Resources NL is an iron ore focused ASX and JSE-listed Company with its principal project in Liberia, West Africa. Tawana’s 100% owned Mofe Creek Project (“the Project”) is a new discovery in the heart of Liberia’s historic iron ore district, located 20km from the coast and 80km from the country’s capital city and major port, Monrovia.

Tawana is committed to becoming a mid-tier iron ore producer through the development of the Mofe Creek Project, which covers 285km² of highly prospective tenements in Grand Cape Mount County. The Project hosts high-grade friable itabirite mineralisation which can be easily upgraded to a superior quality iron ore product of +65% Fe, for which there is consistent global demand.

Mofe Creek Iron Ore Project

Scoping Study

- Scoping study for the Mofe Creek Iron Ore Project demonstrated the potential for a low capex, low cost, high margin operation with strong Net Present Value (NPV) and Internal Rate of Return (IRR).
- Key results for the first Stage of development of the Mofe Creek Project confirmed that a production rate of 1.2 - 1.5 Mtpa could be sustained for a minimal start-up Capital (US\$53M), with a globally competitive, bottom quartile operating cost of US\$43/tonne - Free on Board (“FOB”).
- Tawana Resources has commenced a Pre-Feasibility Study on the Mofe Creek Project in July.
- The Company is in discussions with potential strategic partners, product off-takers, debt providers and financiers, to facilitate the development of the Project.

Mine, Logistics and Infrastructure

- An application for a pilot mining and bulk sample extraction licence has been submitted to the Ministry of Lands, Mines, and Energy (MLME).
- Meetings have been undertaken with the respective Ministers, Ministries and Governmental Officers, Senators and the National Investment Committee – to commence the approval process for a Mineral Development Agreement (MDA) for the Mofe Creek Project.
- A third resource and exploration drilling program designed to expand and improve the current classification of the Maiden Resource has commenced at the Project site in July.
- Discussions with the National Port Authority (NPA) of Liberia, on the optimal location for a transshipment and/or direct ship-loading wharf, near the Project site have commenced.

Directors Report

- Discussions with operating and developing iron ore companies within Liberia, on potential co-sharing arrangements for the utilisation of existing or proposed infrastructure have been initiated.

Health, Safety, Environmental and Community

- The formulation of the Environmental and Social Impact Assessment (ESIA) for the Mofe Creek Project has been awarded to Earth Systems and EarthCons (refer to the ASX release dated 22 July 2014).
- Site Induction, Fitness for Work (FFW), Light Vehicle and Personal Protective Equipment (PPE) policies have been developed and rolled-out across the organisation.

Human Resources

- A General Manager, Operations within Liberia (Mr. Frederic Van Haute) has been appointed and commenced his role in-country on 3 June 2014.
- A Community Liaison Officer (Mr Boakai A. Kromah) for the local community within the Project area has been employed.

Exploration

- 7,500m diamond drilling programme commenced. Drilling to target 100-120Mt total resource upgrade inclusive of 20-30Mt of Indicated material.
- Ongoing rock chip sampling and mapping defining new drill targets at Gofolo West, Zaway North-West and Koehnko South to be included in current drill programme.

Corporate

- In April 2014, a placement to investment funds and sophisticated investors to raise \$5.0 million (pre-fees) was completed. In addition, the Company raised a further \$346,783 by way of a Share Purchase Plan.

CAUTIONARY STATEMENT

Full details of the Scoping Study referred to in this announcement were initially released to the ASX in an announcement dated 3 July 2014, and should be read in conjunction with this announcement. All material assumptions underpinning the Scoping Study, production targets and forecast financial information derived from the production targets as well as any cautionary statements and disclosures as required under the ASX Listing Rules and 2012 JORC Code are set out in the announcement dated 3 July 2014 and continue to apply and have not materially changed.

The Scoping Study referred to in this announcement is preliminary in nature as its conclusions are drawn on inferred (74%) and indicated mineral resources (26%). The Scoping Study is based on lower-level technical and economic assessments, and are insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised.

There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised. There is also no certainty that the forecast financial information derived from the production targets will be realised.

Events occurring after the reporting period

On 3 July 2014, the Company announced it has completed the required engineering, mining, metallurgical and environmental studies, along with the logistics design and costings, to finalise the Mofe Creek Project Scoping Study. The Project Development Plan envisages a staged production ramp up commencing at 1 Mtpa (Stage 1A) then increasing to 2.5 Mtpa (Stage 1B).

On 22 July 2014, the Company announced that it had awarded the Environmental and Social Impact Assessment for the Mofe Creek Project to Earth Systems.

On 29 July 2014, the Company announced it had commenced pre-feasibility study drilling at its 100% owned Mofe Creek Project.

On 31 July 2014, the Company announced the issue of 10 million additional shares on the exercise of 10,000,000 Class A Performance Options which were approved by Shareholders at the General Meeting held on 12 December 2013 and which vested on 22 July 2014. In addition, the Company announced the issue of an additional 5,000,000 Incentive Options over ordinary shares in the company as part of the remuneration package offered to a Company employee.

On 8 August 2014, the Company announced that the Company had temporarily suspended all non-essential field activities within Liberia in response to the current health risk associated with the Ebola Virus Disease.

On 26 August 2014, the Company announced the broadcast through local media within Liberia of the Notice of Intent, a public briefing document integral to the commencement of the environmental and social baseline studies.

On 2 September 2014, the Company announced it has appointed Tenova - Engenium to manage and coordinate the major design and logistics components of a Pre-Feasibility Study for its Mofe Creek Project.

Auditor's independence declaration

The lead auditor's independence declaration for the half-year ended 30 June 2014 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 8th day of September 2014

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 2014 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

R. H. Dummett
Director

Dated this the 8th day of September, 2014

**Consolidated Statement of Comprehensive Income
For the half-year ended 30 June 2014**

	30 June 2014	30 June 2013
	\$	\$
Continuing operations		
Interest income	32,919	11,159
Corporate costs	(708,267)	(458,451)
Depreciation	(6,528)	(4,356)
Employee benefits and Directors' fees expense	(459,500)	(273,134)
Exploration expenses written off	(1,514)	(295,981)
Other expenses	(58,746)	(49,001)
Loss before income tax expense	(1,201,536)	(1,069,764)
Income tax expense	-	-
Net loss for the period from continuing operations	(1,201,536)	(1,069,764)
Profit/(Loss) from discontinued operations after tax	(22,343)	(62,803)
Net loss for the period attributable to Tawana Resources NL	(1,223,879)	(1,132,567)
Other comprehensive income/(loss)		
Items that may be reclassified to profit or loss		
Gain/(loss) on translation of foreign operations	(310,583)	224,670
Total comprehensive loss for the period attributable to Tawana Resources NL	(1,534,462)	(907,897)
Basic and diluted loss per share from continuing and discontinued operations (cents)	(0.08)	(0.126)
Basic and diluted loss per share from continuing operations (cents)	(0.08)	(0.119)
Basic and diluted loss per share from discontinued operations (cents)	(0.002)	(0.007)
Weighted average number of shares used to calculate basic and diluted loss per share	1,331,478,068	898,135,892

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 2014

	Note	30 June 2014 \$	31 December 2013 \$
Current assets			
Cash and cash equivalents		4,175,616	2,045,163
Trade and other receivables		248,309	203,141
Total current assets		4,423,925	2,248,304
Non-current assets			
Trade and other receivables		44,660	47,821
Plant and equipment		118,693	119,918
Exploration expenditure		4,995,377	3,105,123
Total non-current assets		5,158,730	3,272,862
Total assets		9,582,655	5,521,166
Current liabilities			
Trade and other payables		529,886	251,751
Provisions		45,521	43,946
Total current liabilities		575,407	295,697
Non-current liabilities			
Provisions		34,624	37,075
Total non-current liabilities		34,624	37,075
Total liabilities		610,031	332,772
Net assets		8,972,624	5,188,394
Equity			
Contributed equity	3(a)	54,418,776	49,107,032
Reserves		1,898,637	3,049,143
Accumulated losses		(47,344,789)	(46,967,781)
Total equity		8,972,624	5,188,394

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 2014**

	Issued capital \$	Reserves \$	Accumulated losses \$	Total \$
Balance at 1 January 2014	49,107,032	3,049,143	(46,967,781)	5,188,394
Loss for the period	-	-	(1,223,879)	(1,223,879)
Other comprehensive loss for the period	-	(310,583)	-	(310,583)
Total comprehensive loss for the period	-	(310,583)	(1,223,879)	(1,534,462)
<i>Transactions with owners in their capacity as owners</i>				
Shares issued, net of costs	5,311,744	-	-	5,311,744
Options exercised or lapsed	-	(846,871)	846,871	-
Options issued and vested	-	6,948	-	6,948
Balance at 30 June 2014	54,418,776	1,898,637	(47,344,789)	8,972,624
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

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

Consolidated Statement of Cash Flows For the year-ended 30 June 2014

	Note	30 June 2014 \$	30 June 2013 \$
Cash flows from operating activities			
Receipts from customers		-	-
Payments to suppliers and employees		(1,122,999)	(724,171)
Interest received		32,919	11,159
Net cash flows used in operating activities		<u>(1,090,080)</u>	<u>(713,012)</u>
Cash flows from investing activities			
Payments for plant and equipment		(2,525)	(892)
Proceeds from sale of plant and equipment		-	1,287
Payments for exploration		(2,079,236)	(770,346)
Net cash flows used in investing activities		<u>(2,081,761)</u>	<u>(769,951)</u>
Cash flows from financing activities			
Proceeds from issue of shares		5,608,034	500,000
Capital raising costs		(296,290)	
Net cash from financing activities		<u>5,311,744</u>	<u>500,000</u>
Net increase in cash and cash equivalents		2,139,903	(982,963)
Cash and cash equivalents at beginning of period		2,045,163	1,678,614
Effects of exchange rates on cash holdings in foreign currencies		(9,450)	6,931
Cash and cash equivalents at end of period		<u>4,175,616</u>	<u>702,582</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 2014

1. Basis of preparation

These 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 2013 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.

With the exception of new accounting standards and interpretations adopted by the Group which became mandatory or available for early adoption during the period, for which the

adoption of these standards did not have a significant effect on these financial statements, the Group continued to apply the same accounting policies and methods of computation that 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.

2. Dividends

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

3. Contributed equity

(a) Movements in share capital

	30 June 2014	31 December 2013
	\$	\$
Ordinary shares, fully paid	54,418,776	49,107,032
<i>Movement in ordinary shares on issue</i>		
	Number	\$
Balance at 1 January 2014	1,225,629,043	49,107,032
Shares issued	239,621,344	5,608,034
Share issue costs	-	(296,290)
Balance at 30 June 2014	<u>1,465,250,387</u>	<u>54,418,776</u>

(b) Share options

	Exer- cise price	Expiry date	Balance at beginnin g of period	Issued during the period	Exercise d 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	\$0.05	9 Sep 14	5,000,000	-	-	-	5,000,000
Unlisted options	\$0.01	8 Mar 14	25,000,000	-	(25,000,000)	-	-
Unlisted options	\$0.05	10 Nov 15	1,250,000	-	-	-	1,250,000
Unlisted options	\$0.03	30 April 15	28,500,000	-	-	-	28,500,000
Unlisted options	\$0.00	31 Aug 14	10,000,000	-	-	-	10,000,000
Unlisted options	\$0.00	31 Aug 15	10,000,000	-	-	-	10,000,000
Unlisted options	\$0.00	31 Aug 15	10,000,000	-	-	-	10,000,000
Unlisted options	\$0.01	12 Dec 16	31,500,000	-	(750,000)	-	30,750,000
Unlisted options	\$0.04	12 Dec 16	10,000,000	-	-	-	10,000,000
Unlisted options	\$0.04	12 Dec 16	10,000,000	-	-	-	10,000,000

Unlisted options	\$0.01	12 Dec 8	10,000,000	-	-	-	10,000,000
Unlisted options	\$0.03	20 Jan 9	-	1,000,000	-	-	1,000,000
Unlisted options	\$0.04	7 Feb 2	-	5,000,000	-	(5,000,000)	-
			148,000,000	6,000,000	(25,750,000)	(11,750,000)	116,500,000

4. Segment information

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

5. 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.

Mofe Creek tenement licence is current and all licence conditions are being met.

6. Subsequent events

On 3 July 2014, the Company announced it has completed the required engineering, mining, metallurgical and environmental studies, along with the logistics design and costings, to finalise the Mofe Creek Project Scoping Study. The Project Development Plan envisages a staged production ramp up commencing at 1 Mtpa (Stage 1A) then increasing to 2.5 Mtpa (Stage 1B).

On 22 July 2014, the Company announced that it had awarded the Environmental and Social Impact Assessment for the Mofe Creek Project to Earth Systems.

On 29 July 2014, the Company announced it had commenced pre-feasibility study drilling at its 100% Mofe Creek Project.

On 31 July 2014, the Company announced the issue of 10 million additional shares on the exercise of 10,000,000 Class A Performance Options which were approved by Shareholders at the General Meeting held on 12 December 2014 and which vested on 22 July 2014. In addition, the Company announced the issue of an additional 5 million Incentive Options over ordinary shares in the company as part of the remuneration package offered to a Company employee.

On 8 August 2014, the Company announced that the Company had temporarily suspended all non-essential field activities within Liberia in response to the current health risk associated with the Ebola Virus Disease.

On 26 August 2014, the Company announced the broadcast through local media within Liberia of the Notice of Intent, a public briefing document integral to the commencement of the environmental and social baseline studies.

On 2 September 2014, the Company announced it has appointed Tenova - Engenium to manage and coordinate the major design and logistics components of a Pre-Feasibility Study for its Mofe Creek Project.

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 2014 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 Len Kolff
Managing Director

Dated this, 8th September 2014

Independent Auditors Report

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year consolidated financial report of Tawana Resources NL (the company) and its controlled entities (the group), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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 Half-Year 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 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 group's financial position as at 30 June 2014 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.

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 group's financial position as at 30 June 2014 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001.

William Buck Audit (VIC) Pty Ltd

ABN 59 116 151 136

R. H. Dummett

Director

Dated this the 8th day of September 2014

08 September 2014

Sponsor

PricewaterhouseCoopers Corporate Finance (Pty) Ltd

**Notes to the Financial Statements
For the half-year ended 30 June 2014**

Loss per share and headline loss 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.

	2014 Number	2013 Number
Weighted average number of ordinary shares used in the calculation of basic loss per share	1,331,478,068	898,135,892
	\$	\$
Net loss from continuing and discontinuing operations	(1,223,879)	(1,132,567)
Net loss from continuing operations	(1,201,536)	(1,069,764)

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	116,500,000	116,500,000

No options over ordinary fully paid shares were exercised and no new options have been issued subsequent to year end but prior to the date of issue of these financial statements.

Headline loss per share (unaudited)

Reconciliation of net loss to headline loss

	Consolidated	
	2014	2013
	\$	\$
Net loss	(1,201,536)	(1,069,764)
Add:		
Profit/(Loss) from discontinued operations after tax	(22,343)	(62,803)
Headline earnings from continuing and discontinuing operations used in the calculation of headline earnings per share	(1,223,879)	(1,132,567)
Headline loss per share (cents)	(0.08)	(0.126)