

Tawana Resources NL
(Incorporated in Australia)
(Registration number ACN 085 166 721)
Share code on the JSE Limited: TAW
JSE ISIN: AU0000TAWDA9
Share code on the Australian Securities Exchange Limited: TAW
ASX ISIN: AU000000TAW7
("the Company" or "Tawana")

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 30 JUNE 2016

This information should be read in conjunction with the 31 December 2015 Annual Report

PLEASE NOTE: ALL GRAPHICS HAVE BEEN REMOVED FOR SENS PURPOSES. PLEASE REFER TO TAWANA WEBSITE FOR THE COMPLETE ANNOUNCEMENT.

TAWANA RESOURCES NL

ABN 69 085 166 721

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

30 JUNE 2016

This information should be read in conjunction with the
31 December 2015 Annual Report

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Corporate Directory

Directors

Mr Michael Bohm Non-Executive Chairman
Mr Rob Benussi Non-Executive Director
Mr Michael Naylor Executive Director

Joint Company Secretary

Mr Michael Naylor and Ms Melanie Li

Principal Place of Business and Registered Office

288 Churchill Avenue
Subiaco WA 6008

Contact Details

Website: www.tawana.com.au
Tel: +61 8 9489 2600

Solicitors to the Company

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
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

Ernst & Young
The Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000

Stock Exchange

Australian Securities Exchange
ASX Code: TAW

JSE Limited (South Africa)
JSE Code: TAW

Directors' Report

The Directors present their report on Tawana Resources NL ("the Company") and its controlled entities ("Tawana" or "the consolidated entity") for the half-year ended 30 June 2016.

Directors

The names of the Directors in office at any time during or since the end of the half-year are as follows:

Mr Michael Bohm – Non-Executive Chairman
Mr Michael Naylor – Executive Director
Mr Robert Benussi – Non-Executive Director

All Directors have been in office for this entire period unless otherwise stated.

Operating results

The loss of the consolidated entity for the half-year ended 30 June 2016 after providing for income tax amounted to \$561,730 (to 30 June 2015: \$875,536).

No dividends were declared or paid during the half-year ended 30 June 2016.

Review of operations

Mt Belches Lithium Projects

In August 2016, Tawana acquired the Mount Belches Pty Ltd ("Mt Belches"), which has one tenement application and rights (via an option agreement) to acquire 100% of three exploration licences and one exploration licence application, all of which are highly prospective for lithium and located in the Goldfields region of Western Australia.

The Cowan Lithium Project ("Project") area is located 50km south east of Kambalda in the Eastern Goldfields of Western Australia. It is located approximately 75km south east of the Mt Marion Lithium project.

The Project area comprises Archaean quartz-biotite metasediments and amphibolites of the Eastern Goldfields Terrane of the Yilgarn Craton. These metasediments trend north-south and have been intruded by large numbers of pegmatites.

Two main belts of rare element Lithium-Caesium-Tantalum type ("LCT") pegmatites are known in the Project area. LCT type pegmatites are derived from highly siliceous, peraluminous (S-Type, 'fertile' granites) as highly fractionated granitic melts. These fractionated melts contain the rare elements (Be, Rb, Cs, Sn, Nb, Ta etc) and a high volatile content (H₂O, F, B, P and Li). Petr Černý's pegmatite classification (Černý 1991) is the accepted standard. Under this pegmatite classification scheme the Project area is prospective for:

- i) LCT Albite-spodumene: These are typically unzoned, homogeneous pegmatites with subhedral spodumene in a quartz-albite matrix. The Mt Marion pegmatites (located 75km to the northwest) are examples of this subclass.
- ii) LCT Albite: Zoned albite pegmatites have a fine grained albite and quartz border zone with albite, often of the cleavelandite variety, as the central pegmatite zone. Small quartz lenses and scattered pods of coarsely crystallized quartz, microcline with accessory minerals of beryl and phosphates with mica are found irregularly within the albite.
- iii) LCT Complex: There are considered to be four subclasses depending upon which Li-bearing mineral is dominant in the pegmatite.
 - a) Spodumene: spodumene-dominant lithium-bearing pegmatites that are zoned and mineralogically complex (Greenbushes, Mt Cattlin).
 - b) Petalite: Zoned pegmatites dominated by petalite and/or its alteration products (Londonderry 105km WNW).
 - c) Lepidolite: Pegmatites simple or zoned with are rich in lepidolite (Mt Deans 105km SW).
 - d) Amblygonite: Amblygonite-rich pegmatites (Ubini).

Directors' Report

The two large LCT pegmatite belts in Project area are:

1) Mt Belches – Bald Hill (“MBBH Belt”)

This pegmatite belt striking north/north west extends for at least 15km, however likely extends for at least 25km under transported cover. A large number of albite rich and LCT type Albite-Spodumene pegmatites occur over a width of about 4km. Previous exploration and exploitation has been focused on tantalum and tin. About 10km strike of the belt is located on the Mount Belches tenements.

2) Claypan Dam- Madoonia (“CDM Belt”)

This less explored north west oriented LCT pegmatite belt has a strike of at least 22km and width of at least 7km. The belt is known to contain LCT Albite pegmatites with tantalite and tin and potentially hosts LCT Albite-Spodumene pegmatites. A significant portion of the belt is covered by the Mount Belches tenements.

The Yallari Project is located 25km southeast of Coolgardie and about 10km west of Mt Marion. The project areas cover portions of the greenstone sequence that hosts the Mt Marion and Londonderry pegmatite fields. Numerous pegmatites have been mapped by nickel and base metal explorers however there are no records on the rare element content of the pegmatites. These pegmatites based on their mineralogy are probably derived from a peraluminous and possible 'fertile' granite. The geological setting of the pegmatites and the proximity to the Mt Marion and Londonderry lithium bearing pegmatite fields is encouraging.

Mofe Creek Iron Ore Project

Tawana's 100% owned Mofe Creek Project (“the Project”) is 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 (refer figure 2).

Mineral Development Agreement

The Company is awaiting a formal response from Liberia's IMCC with regard to the first pass submission of Tawana Liberia Inc.'s Mineral Development Agreement (“MDA”). A response is anticipated by the end of 2016.

The MDA is an agreement outlining the technical, commercial and social/environmental commitments to be undertaken to build, operate and sustain a project within Liberia, and is a legislative document passed as a bill in parliament for a term of 25 years.

Infrastructure and Logistics

On 18 May 2015, Tawana and WISCO CAD (Hong Kong) Mining Company Limited (WISCO) signed a non-binding memorandum of understanding (MoU)¹ to negotiate in good faith, a potential definitive Cooperation Agreement between the parties in relation to access and use of WISCO CAD's port facilities in the port of Freeport, Monrovia. Negotiations are ongoing.

Exploration

In February 2016, Tawana announced that diamond drilling had confirmed the presence of high grade DSO style hematite mineralisation, with iron grades up to 66% Fe, located a short trucking distance to the operating port of Freeport, Monrovia.

Six diamond drill holes (376.5m) were drilled over the north east section of the Goehn Prospect where there was a concentration of high grade Magnetite/Hematite mineralisation mapped and samples reported an average grade of 66% Fe (Refer to ASX Announcement of 8 July 2015)².

The six holes were drilled across two lines 200m apart on nominal 50m drill spacing. The program was designed to test at depth the identified DSO and high grade friable iron formation from previous field work. The program was successful as all the holes intersected either DSO or high grade friable iron formation or a combination of both, see Figure 5.

Directors' Report

The core was processed on site with assays taken every meter by a hand held XRF machine with appropriate QAQC procedures followed. Table 2 lists all significant assay results from the six drilled holes.

Table 1. Drill program for Goehn prospect³

Hole ID	Hole Type	East	North	RL	Dip	Azimuth	Hole depth (m)
GSEDD01	NQ core	269,303	755,744	107	-50	330	40
GSEDD02	NQ core	269,337	755,694	96	-50	330	66
GSEDD03	NQ core	269,431	755,856	93	-50	305	53.4
GSEDD03A	NQ core	269,431	755,847	92	-60	305	77.4
GSEDD04	NQ core	269,397	755,879	110	-50	305	68.4
GSEDD05	NQ core	269,361	755,910	112	-50	125	71.3

Co-ordinate system: UTM WGS84 Zone 29N

Table 2. Significant assay results³

Hole ID	Depth From (m)	Depth To (m)	Intersection (m)	Fe %	Si %	Al %	P %	S %
GSEDD001	1	12	11	60.2	1.8	6.3	0.03	0.04
	20	36	16	45.0	4.4	5.7	0.03	BDL
GSEDD002	3	14	11	50.9	2.1	4.7	0.01	BDL
	27	45	18	44.9	5.2	5.2	0.02	BDL
	51	66	15	44.5	3.2	1.6	0.02	0.08
GSEDD003	1	29	28	51.5	1.1	1.4	BDL	BDL
<i>including</i>	1	5	4	63.3	0.6	0.8	BDL	BDL
GSEDD003A	surface	11	11	52.9	1.7	2.2	BDL	BDL
<i>including</i>	1	5	4	60.9	1.4	1.7	BDL	BDL
GSEDD004	2	20	18	51.2	1.3	1.9	BDL	BDL
<i>including</i>	4	9	5	59.0	0.8	1.3	BDL	BDL
	28	42	14	61.1	0.9	1.3	BDL	BDL
	49	62	13	51.7	1.0	0.7	BDL	BDL
GSEDD005	surface	22	22	54.5	1.6	2.0	BDL	BDL
<i>including</i>	3	15	12	62.1	1.4	1.8	BDL	BDL
	26	35	9	52.1	1.9	3.1	BDL	BDL
<i>including</i>	31	34	3	62.1	1.8	3.2	BDL	BDL
	41	48	7	55.0	2.0	2.3	BDL	BDL
<i>including</i>	45	48	3	63.6	1.8	2.1	BDL	BDL
	50	66	16	49.8	1.2	1.4	BDL	BDL

Note: All results reported using a handheld XRF machine and are considered semi-quantative in nature. BDL = Below detection limit.

Tawana is considering a range of potential options to unlock value for shareholders, including joint venture or outright sale options.

Corporate

Share Consolidation

On 8 April 2016, the Company completed a one-for-twenty consolidation of its issued capital. The consolidation resulted in the shares on issue being reduced from approximately 1,475.3 million to 73.8 million (before any subsequent capital raising).

All outstanding options were also consolidated on the same ratio which resulted in a total of 1.12 million options on issue.

Directors' Report

Rights Issue

In June 2016, the Company completed a fully subscribed 1 for 1 pro rata non-renounceable rights issue at an issue price of \$0.015 raising \$1,106,441 before costs.

Sale of Subsidiary

In January 2016, BlueRock Diamonds purchased the Company's total shareholding and loan account in Diamond Resources (a 100% owned subsidiary of Tawana Resources NL) for ZAR 700,000 (A\$70,300).

Events occurring after the reporting period

Placement

Subsequent to 30 June 2016, the Company raised \$1,750,000 by issue of shares at a price of \$0.025 per share as follows:

- In July, Tranche 1 of the capital raising was completed and 19,620,000 ordinary shares at an issue price \$0.025 per share were issued to sophisticated investors.
- Tranche 2 of 50,400,000 shares at an issue price of \$0.025 per share was approved by shareholders at the General Meeting held on 23 August 2016. The Directors participated in the placement and were issued 2,000,000 shares each at \$0.025 per shares.

Appointment of Chief Executive Officer

Mark Calderwood was appointed Chief Executive Officer ("CEO") of the Company effective 11 July 2016. He has extensive experience in mineral exploration and production management, he is an authority on pegmatites and was a co-author of the 'Pegmatites of Western Australia'. Mr Calderwood was CEO of Perseus Mining Limited for 9 years and is currently non-executive director of three junior gold explorers. Mr Calderwood has the requisite 5 years' experience for reporting on the results of rare metal pegmatite exploration.

Completion of Acquisition of Mt Belches Pty Ltd

On 23 August 2016, the shareholders of Tawana approved the purchase of Mt Belches Pty Ltd. The Company subsequently issued 40,000,000 shares to the owners of My Belches Pty Ltd, which has one tenement application and rights (via an option agreement) to acquire 100% of three exploration licences and one exploration licence application, all of which are highly prospective for lithium and located in the Goldfields region of Western Australia. The acquisition of Mt Belches Pty Ltd has been treated as an acquisition of an exploration asset.

Issue of Options

In July 2016, the Company issued 3,000,000 options to the Chief Executive Officer at an exercise price of \$0.06 per option and an expiry date of 30 June 2019.

At the General Meeting held on 23 August 2016, shareholders approved the issue of 1,000,000 options to each of the Directors at an exercise price of \$0.06 per option and an expiry date of 30 June 2019.

Auditor's independence declaration

The lead auditor's independence declaration for the half-year ended 30 June 2016 has been received and is attached to this Directors' Report.

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

Mr Michael Naylor

Executive Director

Dated this 12th day of September 2016

Competent Persons Statement

Mt Belches Lithium Projects

Directors' Report

The information in this announcement that relates to Mt Belches Exploration Results is based on and fairly represents information and supporting documentation compiled by Mr Mark Calderwood. Mr Calderwood is a member of The Australasian Institute of Mining and Metallurgy. Mr Calderwood has sufficient experience relevant to the style of mineralisation under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Calderwood consents to the inclusion in this report of the matters based on their information in the form and context in which it appears.

Mofe Creek Iron Ore Project

The information in this report that relates to Mofe Creek Iron ore Exploration Results and Resources is based on information compiled by Shane Tomlinson, who is a member of the Australian Institute of Geoscientists. Shane Tomlinson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Shane Tomlinson consents to the inclusion of the matters in this report based on his information in the form and context in which it appears.

Notes

¹: Disclaimer

- (i) The MOU represents a non-binding intention of the parties to negotiate a formal cooperation agreement in good faith. The parties are yet to agree on any definitive operational, commercial and/or legal terms (including tonnage capacity or delivery schedules) for the cooperation agreement;
- (ii) there is no certainty or assurance that parties will reach a final agreement on the terms of the cooperation agreement.

Refer to ASX announcement on 18 May 2015 for further information.

²: For more information, refer ASX announcement. Tawana Resources NL is not aware of any new information or data that materially effects the information included in the said announcement.

³: For more information, refer ASX announcement on 18 February 2016. Tawana Resources NL is not aware of any new information or data that materially effects the information included in the said announcement.

Auditor's Independence Declaration

Auditor's Independence Declaration to the Directors of Tawana Resources NL

As lead auditor for the review of Tawana Resources NL for the half-year ended 30 June 2016, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Tawana Resources NL and the entities it controlled during the financial period.
Ernst & Young

R J Curtin
Partner

12 September 2016

General Information

The half year consolidated financial statements cover Tawana Resources NL as a consolidated entity consisting of Tawana Resources NL and its subsidiaries. The half year consolidated financial statements are presented in Australian dollars, which is Tawana Resources NL's functional and presentation currency.

Tawana Resources NL is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principle place of business are:

288 Churchill Avenue
SUBIACO WA 6008
Telephone: +61 8 9489 2600
website: www.tawana.com.au

A description of the nature of the consolidated entity's operations and its principle activities are included in the directors' report which is not part of the half year consolidated financial statements.

The half year consolidated financial statements were authorised for issue, in accordance with a resolution of directors on 12 September 2016.

Consolidated Statement of Comprehensive Income
For the half-year ended 30 June 2016

	Note	30 June 2016 \$	30 June 2015 \$
Continuing operations			
Income	3	6,274	18,953
Corporate costs	3	(313,356)	(461,138)
Depreciation		(13,243)	(34,166)
Employee benefits expense	3	(107,479)	(315,645)
Share-based payments		-	(118,421)
Exploration expenses written off		(132,974)	-
Foreign exchange gain		638	67,081
Other expenses		(1,590)	-
Loss before income tax expense		(561,730)	(843,336)
Income tax expense		-	-
Net loss for the period from continuing operations		(561,730)	(843,336)
Loss from discontinued operations after tax		-	(32,200)
Net loss for the period attributable to Tawana Resources NL		(561,730)	(875,536)
Other comprehensive (loss)/income			
Items that may be reclassified to profit or loss			
(Loss)/gain on translation of foreign operations		(1,821)	208,868
Total comprehensive loss for the period attributable to Tawana Resources NL		(563,551)	(666,668)
Basic and diluted loss per share from continuing and discontinued operations (cents)	11	(0.67)	(1.40)
Basic and diluted loss per share from continuing operations (cents)	11	(0.67)	(1.40)
Basic and diluted loss per share from discontinued operations (cents)	11	N/A	(0.04)

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 2016

	Note	30 June 2016 \$	31 December 2015 \$
Current assets			
Cash and cash equivalents	4	1,213,012	808,342
Receivables		150,701	82,549
Total current assets		1,363,713	890,891
Non-current assets			
Plant and equipment	5	45,918	60,416
Total non-current assets		45,918	60,416
Total assets		1,409,631	951,307
Current liabilities			
Trade and other payables		303,038	339,088
Provisions		-	4,161
Total current liabilities		303,038	343,249
Non-current liabilities			
Provisions		15,919	15,441
Total non-current liabilities		15,919	15,441
Total liabilities		318,957	358,690
Net assets		1,090,674	592,617
Equity			
Contributed equity	6(a)	55,451,796	54,419,776
Reserves		2,165,943	2,166,972
Accumulated losses		(56,527,065)	(55,994,131)
Total equity		1,090,674	592,617

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 2016

	Issued capital	Options Reserve	Reserves Foreign Currency Reserve	Other Reserves	Accumulated losses	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 January 2016	54,419,776	411,645	1,732,443	22,884	(55,994,131)	592,617
Comprehensive income						
Loss for the period	-	-	-	-	(561,730)	(561,730)
Other comprehensive loss for the period	-	-	(1,821)	-	-	(1,821)
Total comprehensive loss for the period	-	-	(1,821)	-	(561,730)	(563,551)
Transactions with owners in their capacity as owners						
Shares issued, net of costs	1,032,020	-	-	-	-	1,032,020
Options exercised or lapsed	-	(28,796)	-	-	28,796	-
Options issued and vested	-	29,588	-	-	-	29,588
Total transactions with owners in their capacity as owners	1,032,020	792	-	-	28,796	1,061,608
Balance at 30 June 2016	55,451,796	412,437	1,730,622	22,884	(56,527,065)	1,090,674

Consolidated Statement of Changes in Equity
For the half-year ended 30 June 2016

	Issued capital	Options Reserve	Reserves Foreign Currency Reserve	Other Reserv es	Accumulate d losses	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 January 2015	54,419,776	1,929,719	1,062,674	22,884	(47,936,896)	9,498,157
Restatement of comparatives	-	-	-	-	(218,380)	(218,380)
	54,419,776	1,929,719	1,062,674	22,884	(48,155,276)	9,279,777
Comprehensive income						
Loss for the period	-	-	-	-	(875,536)	(875,536)
Other comprehensive income for the period	-	-	208,868	-	-	208,868
Total comprehensive income/(loss) for the period	-	-	208,868	-	(875,536)	(666,668)
Transactions with owners in their capacity as owners						
Shares issued, net of costs	-	-	-	-	-	-
Options exercised or lapsed	-	(502,214)	-	502,214	-	-
Options issued and vested	-	118,421	-	-	-	118,421
Total transactions with owners in their capacity as owners	-	(383,793)	-	502,214	-	118,421
Balance at 30 June 2015	54,419,776	1,545,926	1,271,542	525,098	(49,030,812)	8,731,530

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 2016

	Note	30 June 2016 \$	30 June 2015 \$
Cash flows from operating activities			
Payments to suppliers and employees		(586,227)	(823,579)
Interest received		4,238	18,953
Other income		1,400	-
Net cash flows used in operating activities		<u>(580,589)</u>	<u>(804,626)</u>
Cash flows from investing activities			
Proceeds from disposal of plant and equipment		9,540	-
Payments for exploration		(128,744)	(423,557)
Cash disposed as a part of discontinued operations		-	(32,650)
Proceeds received in advance for sale of subsidiary		70,813	-
Net cash flows used in investing activities		<u>(48,391)</u>	<u>(456,207)</u>
Cash flows from financing activities			
Proceeds from issue of shares		1,077,395	-
Capital raising costs		(44,415)	-
Net cash flows from financing activities		<u>1,032,980</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents		404,000	(1,260,833)
Cash and cash equivalents at beginning of period		808,342	2,802,978
Effects of exchange rates on cash holdings in foreign currencies		670	70,431
Cash and cash equivalents at end of period	4	<u>1,213,012</u>	<u>1,612,576</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 2016

1. Basis of preparation

These half-year consolidated financial statements are general purpose condensed financial statements prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting.

It is recommended that these financial statements be read in conjunction with the annual financial report for the year ended 31 December 2015 and any public announcements made by Tawana Resources NL and its controlled entities ("the Group") 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 accounting policies applied by the Group in the consolidated interim financial statements are the same as those applied by the Group in its consolidated financial report for the year ended 31 December 2015.

All new and amended Accounting Standards and Interpretations effective from 1 January 2016 have been adopted. The adoption of these new standards and interpretations had no effect on the financial position or performance of the Group.

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. Revenue and Expenses

	30 June 2016 \$	30 June 2015 \$
<u>Revenue</u>		
Interest Received	4,774	18,953
Other Income	1,500	-
	6,274	18,953
<u>Expenses</u>		
<i>Corporate expenses include:</i>		
Auditors' remuneration	53,198	49,194
Compliance and regulatory fees	62,988	48,395
Consultancy and legal fees	35,352	141,818
Travel expenses	6,941	50,236
Other expenses	154,877	171,495
	313,356	461,138
<i>Employee benefits expenses include:</i>		
Salaries and wages	45,763	232,374
Superannuation	3,014	27,817
Directors' fees	62,208	47,395
Other employee expenses (including movements in provision for annual leave and long service leave)	(3,506)	8,059
	107,479	315,645

Notes to the Financial Statements
For the half-year ended 30 June 2016

4. Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	30 June 2016	31 December 2015
	\$	\$
Cash at bank and in hand	1,213,012	788,342
Short term deposits	-	20,000
Total cash and cash equivalents	1,213,012	808,342

5. Property, Plant and Equipment

	30 June 2016	31 December 2015
	\$	\$
<i>Gross carrying amount</i>		
Balance at beginning of the year	292,285	1,210,415
Disposals	(119,562)	(926,237)
Foreign currency translation	598	8,107
Balance at end of the year	173,321	292,285
<i>Accumulated depreciation</i>		
Balance at beginning of the year	231,869	1,105,682
Depreciation	13,243	52,327
Depreciation reversal on disposal	(119,562)	(926,237)
Foreign currency translation	1,853	97
Balance at end of the year	127,403	231,869
Net book value	45,918	60,416

6. Contributed equity

(a) Movements in share capital

	30 June 2016	31 December 2015
	\$	\$
Ordinary shares, fully paid	55,451,796	54,419,776
<i>Movement in ordinary shares on issue</i>		
	Number	\$
Balance at 1 January 2016	1,475,250,387	54,419,776
Less share consolidation 20:1	(1,401,487,636)	-
Shares issued	73,762,751	1,106,441
Share issue costs	-	(74,421)
Balance at 30 June 2016	147,525,502	55,451,796

Notes to the Financial Statements
For the half-year ended 30 June 2016

(b) Share options

	Exer- cise price	Expiry date	Balance at beginning of period	Options consoli- dation	Issued during the period	Expired or forfeited or lapsed during the period	Balance at end of period
			Number	Number	Number	Number	Number
Unlisted options	\$0.30	12 Dec 16	1,500,000	(1,425,000)	-	-	75,000
Unlisted options	\$0.36	12 Dec 16	10,000,000	(9,500,000)	-	-	500,000
Unlisted options	\$0.78	20 Jan 17	1,000,000	(950,000)	-	(50,000)	-
Unlisted options	\$0.178	26 May 18	11,000,000	(10,450,000)	-	-	550,000
Unlisted options	\$0.008	7 Jul 18	2,000,000	(1,900,000)	-	(100,000)	-
Unlisted options	\$0.035	14 Jun 18	-	-	2,500,000	-	2,500,000
			<u>25,500,000</u>	<u>(24,225,000)</u>	<u>2,500,000</u>	<u>(150,000)</u>	<u>3,625,000</u>

The valuation inputs used in determining the fair value of the options granted (using the Black-Scholes model) during the half-year were as follows:

Quantity	2,500,000
Grant date	16 Jun 16
Expiry date	14 Jun 18
Grant date share price	\$0.026
Exercise price	\$0.035
Expected volatility	100%
Option life (years)	2
Expected dividend yield	0%
Risk free rate at grant date	1.55%

7. Segment information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Group only has one segment being, mineral exploration in Liberia. Accordingly, all significant operating disclosures are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

8. Contingent assets and liabilities and commitments

There has been no significant change to contingent liabilities and commitments since 31 December 2015.

9. Related party transactions

There have been no other significant transactions with related parties that were entered into during the period.

10. Financial instruments

The fair value of financial assets and financial liabilities of the Group approximated their carrying amount.

Notes to the Financial Statements
For the half-year ended 30 June 2016

11. Loss per share

	30 June 2016	30 June 2015
Loss from continuing and discontinuing operations used in the calculation of basic EPS	(561,730)	(875,536)
Loss from continuing operations used in the calculation of basic EPS	(561,730)	(843,336)
Loss from discontinued operations used in the calculation of basic EPS	-	(32,200)
Weighted average number of ordinary shares used in the calculation of basic and diluted loss per share (share consolidation 20:1 in 2016)	<u>83,249,707</u>	<u>81,859,315</u>

The loss per share calculation as disclosed on the Consolidated 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.

The comparative weighted average number of share on issue has been adjusted for the share consolidation and rights issue completed during the 6 months to 30 June 2016.

Headline loss per share disclosed as required by the JSE Limited is detailed below:

	30 June 2016	30 June 2015
Headline loss	(561,730)	(875,536)
Headline loss per share (cents)	0.67	1.40

12. Subsequent events

Placement

Subsequent to 30 June 2016, the Company raised \$1,750,000 by issue of shares at a price of \$0.025 per share as follows:

- In July, Tranche 1 of the capital raising was completed and 19,620,000 ordinary shares at an issue price \$0.025 per share were issued to sophisticated investors.
- Tranche 2 of 50,400,000 shares at an issue price of \$0.025 per share was approved by shareholders at the General Meeting held on 23 August 2016. The Directors participated in the placement and were issued 2,000,000 shares each at \$0.025 per shares.

Appointment of Chief Executive Officer

Mark Calderwood was appointed Chief Executive Officer ("CEO") of the Company effective 11 July 2016. He has extensive experience in mineral exploration and production management, he is an authority on pegmatites and was a co-author of the 'Pegmatites of Western Australia'. Mr Calderwood was CEO of Perseus Mining Limited for 9 years and is currently non-executive director of three junior gold explorers. Mr Calderwood has the requisite 5 years' experience for reporting on the results of rare metal pegmatite exploration.

Completion of Acquisition of Mt Belches Pty Ltd

On 23 August 2016, the shareholders of Tawana approved the purchase of Mt Belches Pty Ltd. The Company subsequently issued 40,000,000 shares to the owners of My Belches Pty Ltd, which has one tenement application and rights (via an option agreement) to acquire 100% of three exploration licences and one exploration licence application, all of which are highly prospective for lithium and

Notes to the Financial Statements

For the half-year ended 30 June 2016

located in the Goldfields region of Western Australia. The acquisition of Mt Belches Pty Ltd has been treated as an acquisition of an exploration asset.

Issue of Options

In July 2016, the Company issued 3,000,000 options to the Chief Executive Officer at an exercise price of \$0.06 per option and an expiry date of 30 June 2019.

At the General Meeting held on 23 August 2016, shareholders approved the issue of 1,000,000 options to each of the Directors at an exercise price of \$0.06 per option and an expiry date of 30 June 2019.

13. Restatement of comparative information

The opening equity balance at 1 January 2015 in these financial statements has been restated to adjust for the reclassification of the R&D tax rebate of \$218,380 from the profit or loss to capitalised exploration expenditure in the statement of financial position during the financial year ended 31 December 2014.

This restatement did not impact financial position of the Group as at 30 June 2015 and for the half-year then ended.

Directors' Declaration

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

In the opinion of the Directors:

1. The interim 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 2016 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 Michael Naylor
Executive Director

Dated this 12th day of September 2016

Independent Auditor's Report

To the members of Tawana Resource NL

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 2016, 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 of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 controls as the directors determine are 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 consolidated entity's financial position as at 30 June 2016 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 and the entities it controlled during the half-year, 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*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

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 2016 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

R J Curtin
Partner

Perth
12 September 2016