



TAWANA RESOURCES NL

ABN 69 085 166 721

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

30 JUNE 2017

This information should be read in conjunction with the
31 December 2016 Annual Report

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Corporate Directory

Directors

| | |
|--------------------|------------------------|
| Mr Rob Benussi | Non-Executive Chairman |
| Mr Mark Calderwood | Managing Director |
| Mr Michael Naylor | Executive Director |
| Mr Robert Vassie | Non-Executive Director |
| Mr Mark Turner | Non-Executive Director |

Company Secretaries

Mr Michael Naylor
Mr Craig Hasson

Principal Place of Business and Registered Office

Level 3, 20 Parkland Road
Osborne Park WA 6017

Contact Details

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

Solicitors to the Company

King & Wood Mallesons
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250 St Georges Terrace
Perth WA 6000

Share Registry

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GPO Box 2975
Melbourne VIC 3001

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Auditor

Ernst & Young
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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 2017.

Directors

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

Mr Robert Benussi – Non-Executive Chairman
Mr Mark Calderwood – Managing Director
Mr Michael Naylor – Executive Director
Mr Robert Vassie – Non-Executive Director (Appointed 1 August 2017)
Mr Mark Turner – Non-Executive Director (Appointed 1 August 2017)

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 2017 after providing for income tax amounted to \$5,077,885 (to 30 June 2016: \$561,730).

No dividends were declared or paid during the half-year ended 30 June 2017.

Review of operations

Bald Hill Lithium and Tantalum Mine (TAW 50% of lithium, earning 50% of Project)^B

The Bald Hill Lithium and Tantalum Project ("Project") is located 50km south east of Kambalda in the Eastern Goldfields. It is located approximately 75km south east of the Mt Marion Lithium project and is adjacent to the Company's Cowan Lithium Project. The Project comprises four mining leases, eight exploration licences, eight prospecting licences and five tenement applications totalling 791.3km².

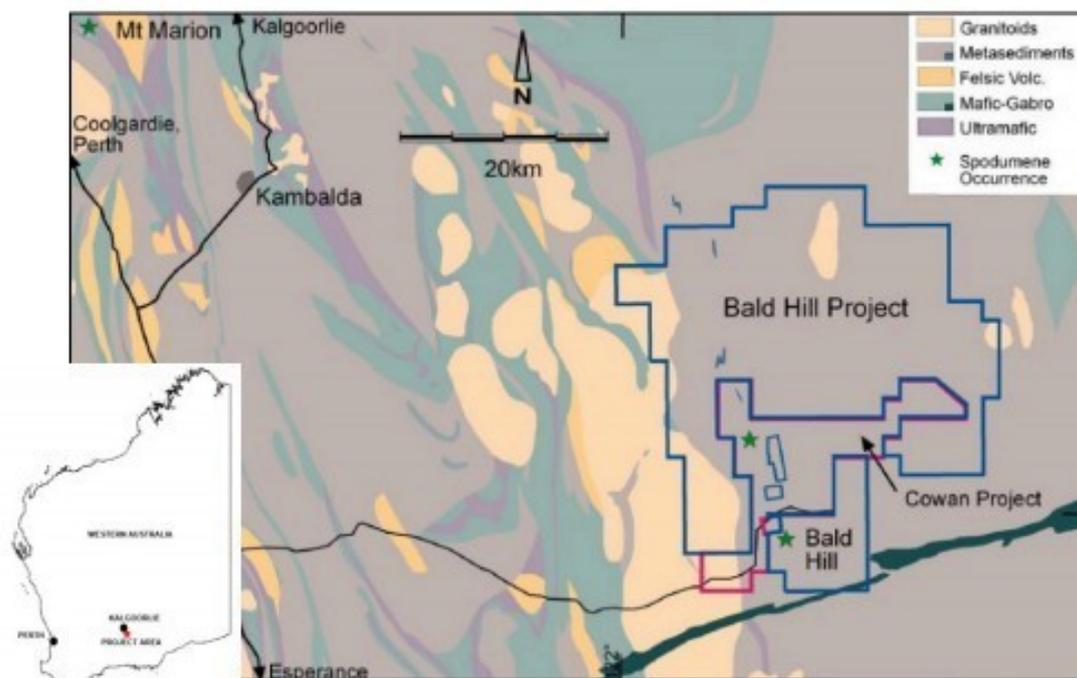


Figure 1: Project Location

Pre-Feasibility Study^{1 and A}

The Bald Hill Mine is set to become a low-cost producer of quality spodumene (lithium) concentrate in early 2018 following the results from a Pre-Feasibility Study (PFS) on the Bald Hill Lithium and Tantalum project (**Bald Hill** or **Project**)^{1 and A}. Highlights include:

- Technical and financial viability of a 1.2Mtpa lithium Dense Media Separation circuit (DMS) adjacent to the existing tantalum processing facility (TPF).
- Forecast average annual production of approximately 155,000tpa of spodumene concentrate and 260,000lb/pa of tantalum pentoxide.
- Lowest capital-cost lithium project in Australia at A\$42M (excluding pre-production operating costs). A\$37.5M already committed to the Project with Tawana earn-in (\$12.5m) and off-take contractual pre-payments (\$25m).
- Maiden Lithium Ore Reserve of 4.3Mt at 1.18% Li₂O and 208ppm Ta₂O₅ representing approximately 90% conversion of existing Indicated Resources. Additional tantalum Ore Reserve of 1.4Mt at 317ppm Ta₂O₅.
- Ore Reserve underpins “starter pit” life of 3.6 years. Inferred Resources outside the scope of the PFS are an additional 8.2Mt at 1.14% Li₂O.

¹ All figures throughout this announcement regarding the Project and the PFS are, unless expressly stated otherwise, presented on a 100% of Project basis. Tawana, through its 100% owned subsidiary Lithco No. 2 Pty Ltd, has earned a right to 50% of all lithium minerals from the tenements comprising the Project - refer to announcements of 28 June 2017. Tawana is required to spend \$12.5 million in capital expenditure for upgrading and converting the existing plant on the Bald Hill tenements for processing ore derived from the Project, infrastructure costs, pre-stripping activities and other expenditures including operating costs by 31 December 2019. Upon completion of such capital expenditure commitment, Tawana (through Lithco No.2 Pty Ltd) will be entitled to a 50% interest in the Project comprising the Bald Hill tenements, the processing plant and infrastructure at Bald Hill, and all minerals from the Bald Hill tenements under the terms of the Bald Hill Joint Venture Agreement (which will only take effect upon satisfaction of the capital expenditure obligation). Refer to announcements of 24 February 2017.

Maiden Lithium Resource^D and Reserves^C

Tawana commissioned CSA Global Pty Ltd (**CSA Global**) to compile a maiden lithium Mineral Resource estimate for the Bald Hill Project and update the tantalum Resource and announced a Maiden Indicated and Inferred lithium Mineral Resource of:

- **12.8 million tonnes at 1.18% Li₂O and 158ppm Ta₂O₅** at a 0.5% Li₂O cut-off (high grade).

High grade tantalum Resources increased 250% to 8.9 million tonnes at 304ppm Ta₂O₅ containing 6 million pounds of tantalum pentoxide, including 5.7 million tonnes at 311ppm Ta₂O₅ not included in the +0.5% Li₂O lithium resource.

Approximately 80% of the lithium and tantalum resources above 0.5% Li₂O occurs in a 100m deep interval commencing from about 30m below the lowest surface level.

The Maiden Resource covers only 20% of the known southern swarm of lithium pegmatites. Ongoing drilling continues to expand the resource footprint.

The Bald Hill Pegmatite Mineral Resource comprises one large, main, sub horizontal pegmatite body, striking north-south, with a strike length of 1,070 metres, and a width at its widest point of 775 metres.

This main body is surrounded by several smaller discrete pegmatite bodies, sub-parallel to the main, which result in a total strike length for the whole resource of 1,245 metres, and a total width of 990 metres. The Mineral Resource has a total vertical depth of 195 metres, beginning 20 metres below the natural surface and plunging gently to the south along its entire strike length.

The Mineral Resource was classified as Indicated and Inferred in accordance with the JORC Code, 2012 Edition on a qualitative basis; taking into consideration numerous factors including drillhole spacing, estimation quality statistics (kriging slope of regression), number of informing samples, average distance to informing samples in comparison to the semivariogram model ranges, and overall coherence and continuity of the modelled mineralisation wireframes.

Directors' Report

Table 1 | Bald Hill Project, Resources above 0.5% Li₂O cut-off

| Resource Category | Tonnes (Mt) | Grade Li ₂ O % | Contained Li ₂ O Tonnes | Grade Ta ₂ O ₅ ppm | Contained Ta ₂ O ₅ (,000) Lbs |
|-------------------|-------------|---------------------------|------------------------------------|--|---|
| Indicated | 4.6 | 1.25 | 57,100 | 207 | 2,200 |
| Inferred | 8.2 | 1.14 | 94,300 | 130 | 2,500 |
| Total | 12.8 | 1.18 | 151,400 | 158 | 4,700 |

Table 2 | Bald Hill Project, Resources above 0.5% Li₂O and 200ppm Ta₂O₅ cut-offs

| Resource Category | Tonnes (Mt) | Grade Li ₂ O % | Contained Li ₂ O Tonnes | Grade Ta ₂ O ₅ ppm | Contained Ta ₂ O ₅ (,000) Lbs |
|-------------------|-------------|---------------------------|------------------------------------|--|---|
| Indicated | 1.9 | 1.26 | 23,700 | 312 | 1,300 |
| Inferred | 1.4 | 1.10 | 15,000 | 291 | 900 |
| Total | 3.3 | 1.19 | 38,700 | 303 | 2,200 |

Note

- 1) The tantalum resources form part of the lithium/tantalum resources reported in Table 1.

Table 3 | Bald Hill Project, Resources below 0.5% Li₂O and above 200ppm Ta₂O₅ cut-offs

| Resource Category | Tonnes (Mt) | Grade Ta ₂ O ₅ ppm | Contained Ta ₂ O ₅ (,000) Lbs |
|-------------------|-------------|--|---|
| Indicated | 2.8 | 325 | 2,000 |
| Inferred | 2.9 | 297 | 1,900 |
| Total | 5.7 | 311 | 3,900 |

Note

- 1) The tantalum resources reported in Table 3 are additional to those reported in Table 1 and 2.

In July 2017, the Company also announced its maiden lithium Reserve. Refer Tables 4 and 5.

Table 4: Bald Hill Project, Reserves above 0.39% Li₂O

| Reserve Category | Tonnes (Mt) | Grade Li ₂ O % | Contained Li ₂ O Tonnes | Grade Ta ₂ O ₅ ppm | Contained Ta ₂ O ₅ (,000) Lbs |
|------------------|-------------|---------------------------|------------------------------------|--|---|
| Proven | - | - | - | - | - |
| Probable | 4.3 | 1.18 | 50,800 | 208 | 2,000 |
| Total | 4.3 | 1.18 | 50,800 | 208 | 2,000 |

Note

- 1) Allows for mining ore loss of 5% and dilution of 5%

Table 5: Bald Hill Project, Reserves below 0.39% Li₂O and above 200ppm Ta₂O₅ cut-offs

| Reserve Category | Tonnes (Mt) | Grade Li ₂ O % | Contained Li ₂ O Tonnes | Grade Ta ₂ O ₅ ppm | Contained Ta ₂ O ₅ (,000) Lbs |
|------------------|-------------|---------------------------|------------------------------------|--|---|
| Proven | - | - | - | - | - |
| Probable | 1.4 | 0.21 | 3,000 | 317 | 1,000 |
| Total | 1.4 | 0.21 | 3,000 | 317 | 1,000 |

Notes

- 1) Allows for mining ore loss of 5% and dilution of 5%
 2) Reserves contained in Table 5 are additional to those reported in Table 4.

Early works

Tawana commenced early works, including the ordering of long lead capital items for the development of Bald Hill.

Work on critical path items also commenced to ensure that appropriate infrastructure, permits, access and logistics support are also in place.

In addition, Tawana has conducted site clearing on existing disturbed areas ready for construction and early operations, including mobilisation of key construction personnel to site.

The Company secured the use of the 150-room Lanfranchi camp from Panoramic Resources Limited under a six-month rental agreement to 1 December 2017 with a further six-month option, to house the construction team during commissioning.

The camp is 40km from the Bald Hill Mine and significantly reduces the Company's upfront capital costs. The Company will assess the merits of expanding the 40-room camp at Bald Hill after production has commenced.

Engineering, Procurement and Construction Contract

In August 2017, Tawana and its joint venture partner Alliance Mineral Assets Limited (AMAL) executed an Engineering, Procurement and Construction (**EPC**) contract with Primero Group to build a 1.2 million tonne per annum Dense Media Separation (**DMS**) circuit at the Bald Hill Lithium and Tantalum Mine.

The EPC contract is a "lump sum, fixed price" contract valued at A\$30 million. A further A\$2 million was committed to a lithium fines circuit to increase process water and tantalum recovery. Primero was chosen for their expertise in lithium projects, having recently commissioned a DMS lithium plant in Western Australia and their involvement in several significant lithium projects globally.

Metallurgical Testwork

Following on from the excellent results obtained from the variability test work (refer ASX announcement on 13 February 2017), larger scale tests were done on a 160kg composite of core used in the variability tests (refer ASX release 7 April 2017).

The results highlighted two key characteristics of the Bald Hill mineralisation:

- The ability to produce grades in excess of 6% Li₂O at good mass yields with acceptably low iron content.
- The ability to reject 60-70% of the feed mass after a first pass DMS.

Exploration

Drilling aimed at extending the zone of mineralisation at Bald Hill was successful, trebling the size of the target area originally defined in January 2017. The extended area contained the most significant lithium results to date.

Significant results from the eastern high-grade extension included (refer ASX Announcement dated 25 May 2017)^E:

- 57m at 1.62% Li₂O from 161m, including 47m at 1.77% Li₂O in LRC0348;
- 38m at 1.48% Li₂O from 134m in LRC0456;
- 28m at 1.49% Li₂O from 129m including 25m at 1.63% Li₂O in LRC0454;
- 10m at 2.58% Li₂O from 83m including 7m at 3.46% Li₂O in LRC0347;

This mineralised zone remains open to the east and south.

Significant results from the south-western extension included:

- 24m at 1.29% Li₂O and 239ppm Ta₂O₅ from 135m in LRC0405;
- 7m at 1.33% Li₂O from 107m and 15m at 1.42% Li₂O from 155m in LRC0407;
- 12m at 1.31% Li₂O and 306ppm Ta₂O₅ from 126m in LRC0411;
- 6m at 1.75% Li₂O and 448ppm Ta₂O₅ from 99m and 10m at 1.28% from 137m in LRC0425;

Directors' Report

- 14m at 1.52% Li₂O and 268ppm Ta₂O₅ from 106m and 15m at 0.73% Li₂O and 402ppm Ta₂O₅ from 141m in LRC0426;
- 12m at 0.96% Li₂O and 325ppm Ta₂O₅ from 113m and 10m at 1.76% Li₂O and 338ppm Ta₂O₅ from 164m in LRC0427;
- 15m at 1.21% Li₂O from 113m, 4m at 1.86% from 144m and 8m at 0.81% Li₂O and 322ppm Ta₂O₅ from 159m in LRC0404.

This mineralised zone remains open to the west and south.

Other significant results included (Refer ASX Announcement dated 19 April 2017)^E:

- 35m at 1.35% Li₂O from 71m, including 10m at 1.62% Li₂O, 6m at 1.61% Li₂O and 6m at 1.75% Li₂O in LRC0247;
- 28m at 1.34% Li₂O and 343ppm Ta₂O₅ from 92m including 12m at 2.06% Li₂O and 464ppm Ta₂O₅ in LRC0226;
- 12m at 1.16% Li₂O from 95m and 11m at 1.96% Li₂O from 131m including 5m at 3.14% Li₂O in LRC0237 (also see tantalum intercepts below)
- 26m at 1.13% Li₂O and 309ppm Ta₂O₅ from 17m including 5m at 1.99% Li₂O in LRC0187; and
- 12m at 1.64% Li₂O and 219ppm Ta₂O₅ from 85m in LRC0229.

Significant tantalum pentoxide intercepts included:

- 4m at 14,782ppm (14.78kg/t) Ta₂O₅ and 9,974ppm Nb₂O₅ from 78m in LRC0237;
- 8m at 2,468ppm Ta₂O₅ from 27m including 2m 7,022ppm (7.02kg/t) Ta₂O₅ and 0.82% Li₂O in LRC0317;
- 4m at 1,246ppm Ta₂O₅ from 47m including 1m at 4,211ppm Ta₂O₅ in LRC0318;
- 11m at 729ppm Ta₂O₅ and 1.72% Li₂O from 134m in LRC0222; and
- 6m at 976ppm Ta₂O₅ and 1.63% Li₂O from 154m in LRC0224.

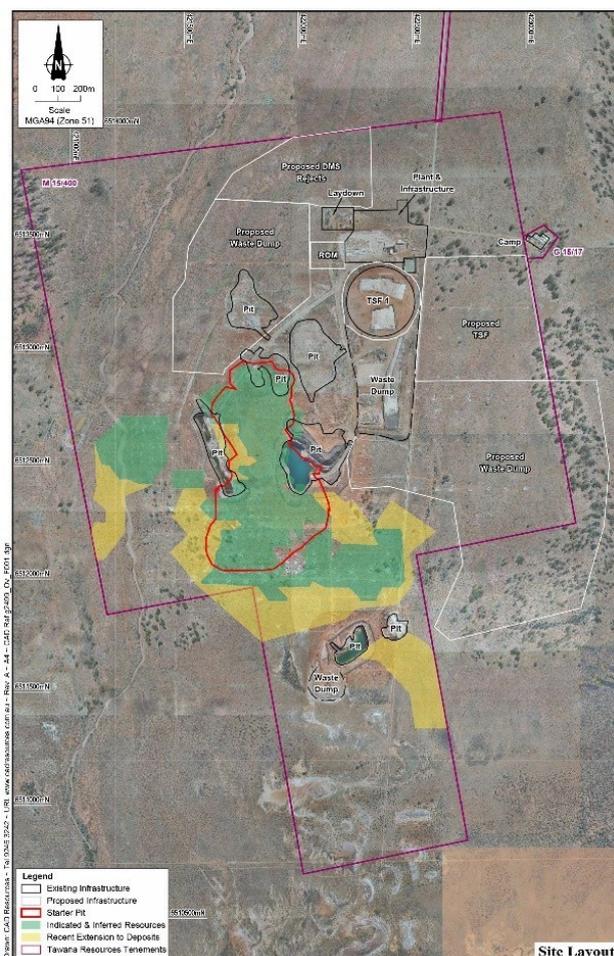


Figure 2 | Bald Hill Project Layout Plan

Cowan Lithium Project (TAW 100%)

The Cowan Lithium Project is located 50km south-east of Kambalda in the Goldfields region of Western Australia, approximately 75km south-east of the Mt Marion lithium project and comprises three tenements totalling 159km². The tenements are adjacent and surrounded by the Bald Hill Mine (Tawana earning 50%), at which the Company is expected to commence lithium production in 2018. The Cowan Project contains many LCT pegmatites some of which are proven to contain significant spodumene.

In March 2017, Tawana exercised its option to acquire 100% of the four tenements which comprise the Cowan Lithium Project, all which are highly prospective for lithium. The Company paid the vendors of the Cowan and Yallari Lithium Projects (refer ASX announcement 27 March 2017) \$1,000,000 in cash and \$1,000,000 in Tawana shares (50% escrowed for 12 months).

Yallari Project (TAW 100%)

Tawana exercised its option (refer above) to acquire the Yallari project located 6km west of the Mt Marion lithium mine (75km northwest of the Cowan Project). The tenement contains numerous pegmatites in the same host-rock sequence as Mt Marion and located close to the Depot Hill granodiorite.

No exploration for lithium has been undertaken to date, however the project is considered highly prospective.

Mofe Creek Iron Ore Project (TAW 100%)

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.

The Company is continuing with the negotiation Tawana's Mineral Development Agreement ("MDA") with the Government of the Republic of Liberia.

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.

Corporate

Lithium Joint Venture Earn In

In May 2017, Tawana spent the required \$7,500,000 to earn a 50% interest in all lithium rights at the Bald Hill Mine tenements. Accordingly, the Bald Hill Lithium Rights Joint Venture Agreement (Lithium Rights JVA) entered into on 10 April 2017 over the lithium rights at the Bald Hill tenements, came into effect on 31 May 2017 as determined by an independent auditor on 23 June 2017.

Bald Hill Lithium Rights Joint Venture Agreement

In April 2017, Lithco no. 2 Pty Ltd, a 100% owned subsidiary of Tawana Resources NL, and AMAL finalised the Bald Hill Lithium Rights Joint Venture Agreement with respect to the Bald Hill Lithium and Tantalum Project in Western Australia for the purpose of joint exploration and exploitation of lithium.

Lithium Concentrate Offtake Agreement

In April 2017, the Company signed a binding long-term exclusive lithium concentrate offtake agreement (Agreement) with a 100% owned subsidiary of Burwill Holdings Ltd (**Burwill**), a company listed on the main Board of The Stock Exchange of Hong Kong Limited (stock code 0024).

The Agreement is for the supply of lithium concentrate from the Bald Hill Project in Western Australia over an approximate initial five year term.

Directors' Report

Tawana and AMAL have sold their 2018 and 2019 lithium ore concentrate that comes from the planned Bald Hill Lithium and Tantalum Project. The key terms of the offtake are as follows:

- A fixed price for all production for 2018 and 2019 of US\$880/t (FOB Esperance) for 6% Li₂O with price adjustment increment/decrement of US\$/15t based on grade variation of 0.1%. The minimum accepted grade is 5.5%.
- From 2020 to 2023, the sales price and volumes are to be negotiated and will be agreed based upon prevailing market conditions at the time.
- The parties may extend the agreement beyond 31 December 2022 each year provided a price and quantity can be agreed by both parties.

A condition precedent to the offtake agreement is that Tawana must have earned its 50% interest in the Bald Hill Project as outlined in the Farm-in Agreement between Lithco No 2 Pty Ltd and AMAL.

Prepayment

Burwill also agreed to advance Tawana and AMAL a combined amount of A\$25,000,000 in total ("Advance Payment Amount") in the amounts and on the dates set below:

- A\$3,750,000 (to each Tawana and AMAL) was received on signing the Agreement;
- On 15 July 2017, A\$4,375,000 to each of Tawana and AMAL (this has also been received); and
- On 15 September 2017, A\$4,375,000 to each of Tawana and AMAL.

The Advance Payments shall be used for the development and operational costs of the Bald Hill Project.

No interest is payable in respect of the Advance Payment Amount. The Parties shall repay the outstanding Advance Payment Amount through 20% of the value of each shipment of lithium concentrate until such time as Burwill has been reimbursed in full for the aggregate amount of the Advance Payments.

Capital Raising

In April, the Company raised A\$15 million (before costs) via the issue of 60 million new fully paid ordinary shares at an issue price of A\$0.25 per share. The shares were issued on 8 May 2017.

Prepayment to Primero Group

In May 2017, Tawana made a prepayment of \$3,038,180 (exclusive of GST) to Primero Group for the early works program.

Change of Company Secretary

Craig Hasson was appointed as Joint Company Secretary of the Company effective 24 May 2017. He was appointed the Commercial Manager of the Company in March 2017. Craig Hasson is a Chartered Accountant with over 15 years of accounting and finance experience with a number of ASX listed companies in company secretary and senior finance roles.

Melanie Li has resigned as Joint Company Secretary and remains as Financial Controller of the Company.

Options

During the half year ended 30 June 2017, 16,375,000 options were issued to employees, directors, consultants and advisors.

Directors' Report

Events occurring after the reporting period

Disposal of Lithium Africa no. 1 Pty Ltd (LA1)

On 5 July 2017, Tawana and the former shareholders of Lithium Africa no. 1 Pty Ltd signed an agreement whereby Tawana sold the holding company that held the rights to the Uis stockpiles back to the original vendors for \$1.

Operating Lease

As from 1 July 2017, Tawana Resources NL's principal place of business and registered address was changed to Level 3, 20 Parkland Road, Osborne Park WA 6017. The lease for the office is for a 3-year term, with an option to extend for a further 2 years.

Offtake Prepayment

On 17 July 2017, Tawana Resources NL received a second payment of \$4,375,000, which forms part of the lithium concentrate offtake agreement from a subsidiary of Burwill Holdings Ltd, a company listed on the main Board of The Stock Exchange of Hong Kong Limited, which was signed in April 2017.

Appointment of Non-Executive Directors

Robert Vassie and Mark Turner were appointed Non-Executive Directors of the Company effective 1 August 2017.

Robert (Bob) Vassie is a Mining Engineer with 30 years' international mining industry experience and 18 years' experience in a range of senior management roles with Rio Tinto. He is currently the Managing Director & CEO of St Barbara Limited and has particular experience in operations management, resource development strategy, mine planning, feasibility studies, business improvement, corporate restructuring and strategic procurement.

Mark Turner is a Mining Engineer with more than 30 years of experience in the resources sector. He has been responsible for the start-up and operation of mines in Australia, Africa and Asia. He was previously General Manager Operations of Resolute Mining Ltd, one of Australia's largest gold producers and Chief Operating Officer ("COO") of CGA Mining, before its takeover by B2 Gold for C\$1.1 billion in 2010. He is currently the Chief Operating Officer of RTG Mining Inc.

Execution of Engineering, Procurement and Construction (EPC) agreement

The Engineering, Procurement and Construction (EPC) contract was executed with Primero Group, enabling construction to commence at the 1.2 million tonne per annum Dense Media Separation circuit at the Bald Hill Lithium and Tantalum Mine in August 2017.

Issue of Options

The Company issued 750,000 options at an exercise price of \$0.20, \$0.22 and \$0.24 per option and an expiry date of 21 August 2020.

Auditor's independence declaration

The lead auditor's independence declaration for the half-year ended 30 June 2017 has been received and is attached to this Directors' Report.

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



Mr Mark Calderwood
Managing Director

Dated this 13 day of September 2017

Notes

A: All figures throughout this announcement regarding the Project and the PFS are, unless expressly stated otherwise, presented on a 100% of Project basis. Tawana, through its 100% owned subsidiary Lithco No. 2 Pty Ltd, has earned a right to 50% of all lithium minerals from the tenements comprising the Project – refer to announcements of 28 June 2017. Tawana is required to spend \$12.5 million in capital expenditure for upgrading and converting the existing plant on the Bald Hill tenements for processing ore derived from the Project, infrastructure costs, pre-stripping activities and other expenditures including operating costs by 31 December 2019. Upon completion of such capital expenditure commitment, Tawana (through Lithco No.2 Pty Ltd) will be entitled to a 50% interest in the Project comprising the Bald Hill tenements, the processing plant and infrastructure at Bald Hill, and all minerals from the Bald Hill tenements under the terms of the Bald Hill Joint Venture Agreement (which will only take effect upon satisfaction of the capital expenditure obligation). Refer to announcements of 24 February 2017.

All material assumptions underpinning the Production Targets detailed in this report (including all financial information derived from those production targets) are detailed in the ASX announcement dated 11 July 2017 and Tawana confirms those assumptions continue to apply and have not materially changed.

B: Through Tawana's 100% owned subsidiary Lithco No. 2 Pty Ltd (Lithco), Tawana entered into a Farm-In Agreement on 23 February 2017 with AMAL with respect to the Bald Hill Project for the purpose of joint exploration and exploitation of lithium and other minerals. In May 2017, Tawana earned its 50% rights to all lithium minerals from the tenements comprising the Project, and Tawana and AMAL are now governed by the Lithium Rights Joint Venture Agreement which was entered into on 10 April 2017.

Tawana is required to spend \$12.5 million in capital expenditure for upgrading and converting the existing plant on the Bald Hill tenements for processing ore derived from the Project, infrastructure costs, pre-stripping activities and other expenditures including operating costs (Capital Expenditure) by 31 December 2019.

Upon completion of the Capital Expenditure, Tawana (through Lithco) will be entitled to a 50% interest in the Project (being all minerals from the tenements and the processing plant and infrastructure at Bald Hill). The portfolio of mineral tenements, comprising mining leases, exploration licences, prospecting licences, miscellaneous licences, a general-purpose lease, and a retention lease are in good standing.

AMAL and Lithco entered into the Bald Hill Joint Venture Agreement ("Bald Hill JVA") on 18 April 2017. The Bald Hill JVA has not come into effect as at the date of this announcement, but will take effect upon completion of the Capital Expenditure.

C: Refer to how the Ore Reserve estimates were derived in Section 4 of the Company's ASX announcement dated 11 July 2017. Tawana is not aware of any new information or data that materially affects the information included in said announcement.

D: All material assumptions and technical parameters underpinning the Mineral Resource estimates in the ASX announcement dated 14 June 2017 continue to apply and have not materially changed since it was last reported.

E: For full details of these Exploration Results refer to ASX announcement. Tawana is not aware of any new information or data that materially affects the information included in the said announcement.

Competent Persons Statement

The information in this news release that relates to Exploration Results is based on and fairly represents information and supporting documentation compiled by Mr Mark Calderwood and Mr Gareth Reynolds, both employees of Tawana Resources NL ("Tawana"). Mr Calderwood is a member of The Australasian Institute of Mining and Metallurgy and Mr Reynolds is a member of the Australian Institute of Geoscientists. Mr Calderwood and Mr Reynolds have sufficient experience relevant to the style of mineralisation under consideration and to the activity which they are 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 and Mr Reynolds consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

Metallurgy

Noel O'Brien, FAusIMM, MBA, B. Met Eng. Mr O'Brien is not an employee of Tawana, but is employed as a contract consultant. Mr O'Brien is a Fellow of the Australasian Institute of Mining and Metallurgy, and he has sufficient experience with the style of processing response and type of deposit under consideration, and to the activities undertaken, to qualify as a competent person as defined in the 2012 edition of the "Australian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves" (The JORC Code). Mr O'Brien consents to the inclusion in this report of the contained technical information in the form and context as it appears.

Forward Looking Statement

This report may contain certain forward looking statements and projections regarding estimated, resources and reserves; planned production and operating costs profiles; planned capital requirements; and planned strategies and corporate objectives. Such forward looking statements/projections are estimates for discussion purposes only and should not be relied upon. They are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors many of which are beyond the control of Tawana Resources NL. The forward looking statements/projections are inherently uncertain and may therefore differ materially from results ultimately achieved.

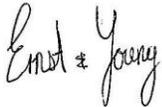
Tawana Resources NL does not make any representations and provides no warranties concerning the accuracy of the projections, and disclaims any obligation to update or revise any forward looking statements/projects based on new information, future events or otherwise except to the extent required by applicable laws. While the information contained in this report has been prepared in good faith, neither TAW or any of its directors, officers, agents, employees or advisors give any representation or warranty, express or implied, as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. Accordingly, to the maximum extent permitted by law, none of TAW, its directors, employees or agents, advisers, nor any other person accepts any liability whether direct or indirect, express or limited, contractual, tortious, statutory or otherwise, in respect of, the accuracy or completeness of the information or for any of the opinions contained in this presentation or for any errors, omissions or misstatements or for any loss, howsoever arising, from the use of this presentation.

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

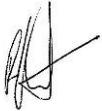
As lead auditor for the review of Tawana Resources NL for the half-year ended 30 June 2017, I declare to the best of my knowledge and belief, there have been:

- 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
13 September 2017

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 principal place of business is:

Level 3, 20 Parkland Road
Osborne Park WA 6017
Telephone: +61 8 9489 2600
Website: www.tawana.com.au

A description of the nature of the consolidated entity's operations and its principal 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 13 September 2017.

Consolidated Statement of Comprehensive Income
For the half-year ended 30 June 2017

| | Note | 30 June 2017 \$ | 30 June 2016 \$ |
|---|-------|--------------------|--------------------|
| Continuing operations | | | |
| Income | 3 | 29,774 | 6,274 |
| Corporate costs | 3 | (556,594) | (313,356) |
| Depreciation | | (31,750) | (13,243) |
| Employee benefits expense | 3 | (354,668) | (107,479) |
| Share-based payments | 11(b) | (2,393,075) | - |
| Exploration expenses written off | 8 | (1,668,060) | (132,974) |
| Foreign exchange gain | | (7) | 638 |
| Other expenses | | (103,505) | (1,590) |
| Loss before income tax expense | | (5,077,885) | (561,730) |
| Income tax expense | | - | - |
| Net loss for the period attributable to the members of Tawana Resources NL | | (5,077,885) | (561,730) |
| Other comprehensive income/(loss) | | | |
| Items that may be reclassified to profit or loss | | | |
| Gain/(loss) on translation of foreign operations | | 24,023 | (1,821) |
| Total comprehensive loss for the period attributable to the members of Tawana Resources NL | | (5,053,862) | (563,551) |
| | | | |
| Basic and diluted loss per share from operations (cents) | 16 | (2.78) | (0.67) |

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 2017

| | Note | 30 June 2017 \$ | 31 December 2016 \$ |
|---|-------|-----------------------|---------------------------|
| Current assets | | | |
| Cash and cash equivalents | 4 | 11,214,220 | 6,959,711 |
| Receivables | 5 | 1,184,056 | 253,174 |
| Prepayments | 6 | 3,168,320 | 11,860 |
| Other financial assets | | 301,804 | 56,734 |
| Total current assets | | <u>15,868,400</u> | <u>7,281,479</u> |
| Non-current assets | | | |
| Plant and equipment | 7 | 246,670 | 60,975 |
| Exploration expenditure | 8 | 19,917,670 | 12,462,891 |
| Mine properties | 9 | 511,057 | - |
| Total non-current assets | | <u>20,675,397</u> | <u>12,523,866</u> |
| Total assets | | <u>36,543,797</u> | <u>19,805,345</u> |
| Current liabilities | | | |
| Trade and other payables | | 1,075,926 | 1,017,097 |
| Subscription proceeds received in advance | | - | 195,120 |
| Unearned revenue | 10 | 3,750,000 | - |
| Provisions | | 54,015 | 19,515 |
| Total current liabilities | | <u>4,879,941</u> | <u>1,231,732</u> |
| Non-current liabilities | | | |
| Provisions | | 8,627 | - |
| Total non-current liabilities | | <u>8,627</u> | <u>-</u> |
| Total liabilities | | <u>4,888,568</u> | <u>1,231,732</u> |
| Net assets | | <u>31,655,229</u> | <u>18,573,613</u> |
| Equity | | | |
| Contributed equity | 11(a) | 88,775,892 | 73,033,489 |
| Reserves | | 5,251,487 | 2,834,389 |
| Accumulated losses | | (62,372,150) | (57,294,265) |
| Total equity | | <u>31,655,229</u> | <u>18,573,613</u> |

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 2017

| | Issued capital | Options Reserve | Reserves Foreign Currency Reserve | Other Reserves | Accumulated losses | Total |
|---|---------------------------|----------------------------|--|---------------------------|-------------------------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 January 2017 | 73,033,489 | 1,094,788 | 1,716,717 | 22,884 | (57,294,265) | 18,573,613 |
| Comprehen- sive income | | | | | | |
| Loss for the period | - | - | - | - | (5,077,885) | (5,077,885) |
| Other comprehensive loss for the period | - | - | 24,023 | - | - | 24,023 |
| Total comprehensive loss for the period | - | - | 24,023 | - | (5,077,885) | (5,053,862) |
| Transactions with owners in their capacity as owners | | | | | | |
| Shares issued, net of costs | 15,742,403 | - | - | - | - | 15,742,403 |
| Options issued | - | 2,393,075 | - | - | - | 2,393,075 |
| Total transactions with owners in their capacity as owners | 15,742,403 | 2,393,075 | - | - | - | 18,135,478 |
| Balance at 30 June 2017 | 88,775,892 | 3,487,863 | 1,740,740 | 22,884 | (62,372,150) | 31,655,229 |

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

Consolidated Statement of Changes in Equity
For the half-year ended 30 June 2017

| | 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 lapsed | - | (28,796) | - | - | 28,796 | - |
| Options issued | - | 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 |

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 2017

| | Note | 30 June 2017 \$ | 30 June 2016 \$ |
|--|------|---------------------|--------------------|
| Cash flows from operating activities | | | |
| Proceeds received in advance from Burwill Holdings Ltd | | 3,750,000 | - |
| Interest received | | 33,755 | 4,238 |
| Other income | | - | 1,400 |
| Payments to suppliers and employees | | (1,066,433) | (586,227) |
| Payments for deposits and bonds | | (195,346) | - |
| Net cash flows used in operating activities | | <u>2,521,976</u> | <u>(580,589)</u> |
| Cash flows from investing activities | | | |
| Proceeds from disposal of plant and equipment | | - | 9,540 |
| Payments for purchase of plant and equipment | | (214,121) | - |
| Payments for exploration and evaluation expenditure | | (7,619,157) | (128,744) |
| Payments for development | | (469,114) | - |
| Payments for acquisition of tenements | | (1,000,000) | - |
| Prepayments for construction of plant and equipment | | (3,341,998) | - |
| Proceeds received in advance for sale of subsidiary | | - | 70,813 |
| Net cash flows used in investing activities | | <u>(12,644,390)</u> | <u>(48,391)</u> |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | | 15,185,400 | 1,077,395 |
| Capital raising costs | | (808,330) | (44,415) |
| Net cash flows from financing activities | | <u>14,377,070</u> | <u>1,032,980</u> |
| Net increase in cash and cash equivalents | | 4,254,656 | 404,000 |
| Cash and cash equivalents at beginning of period | | 6,959,711 | 808,342 |
| Effects of exchange rates on cash holdings in foreign currencies | | (147) | 670 |
| Cash and cash equivalents at end of period | 4 | <u>11,214,220</u> | <u>1,213,012</u> |

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

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 2016 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 2016, with the exception of the following:

Mine Properties

Mine property and development assets are stated at historical cost less accumulated amortisation and any impairment losses recognised. Mine property and development assets include costs incurred in evaluating and accessing the ore body and costs to develop the mine to the production phase, once the commercial viability of an ore body has been established. Any ongoing costs associated with mining which are considered to benefit mining operations in future periods are capitalised.

Unearned Revenue

Revenue from long-term offtake agreements is a payment for future product to be delivered. Advance customer payments are unearned revenues at the time of receipt. When the product is delivered to the customer the unearned revenue will be released to the income statement on an undiscounted basis.

All new and amended Accounting Standards and Interpretations effective from 1 January 2017 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.

Going Concern

The Group recorded a loss of \$5,077,885 (2016 HY: loss \$561,730) and had net cash outflows from operating and investing activities of \$10,122,414 (2016 HY: loss \$628,980) for the half-year ended 30 June 2017. The Group had cash and cash equivalents at 30 June 2017 and 13 September 2017 of \$11,214,220 and \$10,208,666 respectively. In accordance with the lithium concentrate offtake agreement signed with Burwill Holdings Ltd in April 2017, the Group is due to receive the final instalment payment of \$4,375,000 on 15 September 2017.

The Group’s cash flow forecast reflects that in addition to the receipt of final instalment from Burwill Holdings Ltd of \$4,375,000 (as detailed above), the Group will need to raise additional funds during the quarter ending 31 December 2017 to enable it to meet its committed and planned capital expenditure, in particular for the Group’s flagship Bald Hill Project and for ongoing working capital requirements. The Directors are currently reviewing a range of financing options which may include the further issue of new equity. The Directors are satisfied they will be able to raise additional capital as required and thus it is appropriate to prepare the financial statements on a going concern basis.

The financial statements do not include any adjustment relation to the recoverability and classification of recorded asset amounts, nor to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

Notes to the Financial Statements
For the half-year ended 30 June 2017

2. Dividends

No dividend has been declared or paid during the half-year or the previous corresponding period (2016: Nil).

3. Revenue and expenses

| | 30 June 2017 | 30 June 2016 |
|--|-------------------------|-------------------------|
| | \$ | \$ |
| <u>Revenue</u> | | |
| Interest Received | 27,149 | 4,774 |
| Other Income | 2,625 | 1,500 |
| | <u>29,774</u> | <u>6,274</u> |
| <u>Expenses</u> | | |
| <i>Corporate expenses include:</i> | | |
| Auditors' remuneration | 32,183 | 53,198 |
| Compliance and regulatory fees | 160,632 | 62,988 |
| Consultancy and legal fees | 150,979 | 35,352 |
| Occupancy costs | 40,300 | 51,905 |
| Travel expenses | 50,334 | 6,941 |
| Other expenses | 122,166 | 102,972 |
| | <u>556,594</u> | <u>313,356</u> |
| <i>Employee benefits expenses include:</i> | | |
| Salaries and wages | 682,045 | 45,763 |
| Superannuation | 58,831 | 3,014 |
| Directors' fees | 72,611 | 62,208 |
| Other employee expenses (including movements in provision for annual leave and long service leave) | 153,091 | (3,506) |
| | <u>966,578</u> | <u>107,479</u> |

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 2017 | 31 December 2016 |
|---------------------------------|-------------------------|-----------------------------|
| | \$ | \$ |
| Cash at bank and in hand | 11,214,220 | 4,959,711 |
| Short term deposits | - | 2,000,000 |
| Total cash and cash equivalents | <u>11,214,220</u> | <u>6,959,711</u> |

5. Receivables

| | 30 June 2017 | 31 December 2016 |
|-------------------|-------------------------|-----------------------------|
| | \$ | \$ |
| GST receivable | 823,807 | 245,146 |
| Other receivables | 360,249 | 8,028 |
| Total receivables | <u>1,184,056</u> | <u>253,174</u> |

Notes to the Financial Statements
For the half-year ended 30 June 2017

6. Prepayments

| | 30 June 2017 | 31 December 2016 |
|--|-------------------------|-----------------------------|
| | \$ | \$ |
| Prepayment to Primero Group Pty Ltd ¹ | 3,038,180 | - |
| Other prepayments | 130,140 | 11,860 |
| Total prepayments | 3,168,320 | 11,860 |

¹ In May 2017, Tawana made a prepayment of \$3,038,180 (exclusive of GST) to Primero Group Pty Ltd for the early works program for the development of the Bald Hill Lithium and Tantalum Mine in Western Australia.

7. Property, plant and equipment

| | 30 June 2017 | 31 December 2016 |
|-----------------------------------|-------------------------|-----------------------------|
| | \$ | \$ |
| <i>Gross carrying amount</i> | | |
| Balance at beginning of the year | 203,760 | 292,285 |
| Additions | 214,121 | 25,953 |
| Disposals | (19,373) | (13,324) |
| Foreign currency translation | - | (101,154) |
| Balance at end of the year | 398,508 | 203,760 |
| <i>Accumulated depreciation</i> | | |
| Balance at beginning of the year | 142,785 | 231,869 |
| Depreciation | 28,426 | 25,226 |
| Depreciation reversal on disposal | (19,373) | (12,898) |
| Foreign currency translation | - | (101,412) |
| Balance at end of the year | 151,838 | 142,785 |
| Net book value | 246,670 | 60,975 |

8. Exploration expenditure

The exploration and evaluation expenditure relates to the Consolidated Entity's projects in Namibia, Liberia and Western Australia.

| | 30 June 2017 | 31 December 2016 |
|--|----------------------------|-----------------------------|
| | \$ | \$ |
| Balance at beginning of year | 12,462,891 | - |
| Acquisition of tenements/assets | 2,270,213 | 9,450,000 |
| Expenditure during the year | 6,852,626 | 2,464,193 |
| Deferred consideration on acquisition of tenements | - | 787,500 |
| Expenditure written off during the year | (1,668,060) ⁽ⁱ⁾ | (238,802) |
| Foreign currency translation | - | - |
| Balance at end of year | 19,917,670 | 12,462,891 |

Notes to the Financial Statements
For the half-year ended 30 June 2017

The recoverability of the carrying amount of exploration expenditure is dependent on the successful development and commercial exploitation, or alternatively through the sale of the respective area of interest.

Exploration and evaluation activities at the Mofe Creek iron ore project were placed on care and maintenance in 2015 and consequently the Company continues to write off exploration expenditure as incurred at Mofe Creek.

(i) As at 30 June 2017, the Company decided not to proceed with the Uis Project in Namibia, as initial metallurgical testwork were not sufficiently encouraging and due to the significant time commitments associated with developing the Bald Hill Lithium and Tantalum Mine. Consequently, the Company wrote off exploration expenditure on the Uis Project.

9. Mine properties

Mine properties relate to amount spent in capital expenditure for upgrading and converting the plant for processing ore derived from the Bald Hill Project, infrastructure costs, pre-stripping activities and other expenditures.

| | 30 June 2017 | 31 December 2016 |
|-----------------------|-------------------------|-----------------------------|
| | \$ | \$ |
| Mine properties | 511,057 | - |
| Total mine properties | <u>511,057</u> | <u>-</u> |

10. Unearned Revenue

Tawana signed a binding long-term exclusive lithium concentrate offtake agreement with a 100% owned subsidiary of Burwill Holdings Ltd ("Burwill").

The contract is for the supply of lithium concentrate from the Bald Hill Project in Western Australia over an approximate initial five-year term. As part of the terms of the lithium concentrate offtake agreement, Burwill also agreed to advance \$12,500,000 ("Advance Payment Amount") in the amounts and on the dates set below:

- \$3,750,000 was received on signing the Agreement;
- \$4,375,000 on 15 July 2017 (this has also been received); and
- \$4,375,000 on 15 September 2017.

The Advance Payments shall be used for the development and operational costs of the Bald Hill Project.

11. Contributed equity

(a) Movements in share capital

| | 30 June 2017 | 31 December 2016 |
|---|-------------------------|-----------------------------|
| | \$ | \$ |
| Ordinary shares, fully paid | <u>442,117,700</u> | <u>73,033,489</u> |
| <i>Movement in ordinary shares on issue</i> | | |
| | Number | \$ |
| Balance at 1 January 2017 | 371,854,502 | 73,033,489 |
| Shares issued | 70,263,198 | 16,550,733 |
| Share issue costs | - | (808,330) |
| Balance at 30 June 2017 | <u>442,117,700</u> | <u>88,775,892</u> |

Notes to the Financial Statements
For the half-year ended 30 June 2017

(b) Share options

| | Exercise price | Expiry date | Balance at beginning of period | Issued during the period | Expired or forfeited or lapsed during the period | Balance at end of period |
|------------------|----------------|-------------|--------------------------------|--------------------------|--|--------------------------|
| | | | Number | Number | Number | Number |
| Unlisted options | \$0.178 | 26 May 18 | 550,000 | - | - | 550,000 |
| Unlisted options | \$0.035 | 14 Jun 18 | 2,500,000 | - | - | 2,500,000 |
| Unlisted options | \$0.060 | 30 Jun 19 | 3,000,000 | - | - | 3,000,000 |
| Unlisted options | \$0.060 | 30 Jun 19 | 2,000,000 | - | - | 2,000,000 |
| Unlisted options | \$0.130 | 07 Jan 20 | - | 2,625,000 | - | 2,625,000 |
| Unlisted options | \$0.160 | 01 Mar 19 | - | 500,000 | - | 500,000 |
| Unlisted options | \$0.230 | 27 Mar 20 | - | 500,000 | - | 500,000 |
| Unlisted options | \$0.160 | 15 Mar 20 | - | 1,500,000 | - | 1,500,000 |
| Unlisted options | \$0.180 | 08 May 20 | - | 750,000 | - | 750,000 |
| Unlisted options | \$0.200 | 12 Apr 20 | - | 3,000,000 | - | 3,000,000 |
| Unlisted options | \$0.250 | 12 Apr 20 | - | 3,000,000 | - | 3,000,000 |
| Unlisted options | \$0.300 | 12 Apr 20 | - | 3,000,000 | - | 3,000,000 |
| Unlisted options | \$0.200 | 15 Jun 20 | - | 1,500,000 | - | 1,500,000 |
| | | | 8,050,000 | 16,375,000 | - | 24,425,000 |

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 | 2,625,000 | 500,000 | 500,000 | 1,500,000 |
| Grant date | 6 Jan 17 | 1 Mar 17 | 27 Mar 17 | 15 Mar 17 |
| Expiry date | 7 Jan 20 | 1 Mar 19 | 27 Mar 20 | 15 Mar 20 |
| Grant date share price | \$0.115 | \$0.205 | \$0.205 | \$0.205 |
| Exercise price | \$0.130 | \$0.160 | \$0.230 | \$0.160 |
| Expected volatility | 133% | 134% | 134% | 134% |
| Option life (years) | 3 | 2 | 3 | 3 |
| Expected dividend yield | 0% | 0% | 0% | 0% |
| Risk free rate at grant date | 1.94% | 1.67% | 1.90% | 1.90% |
| Quantity | 750,000 | 3,000,000 | 3,000,000 | 3,000,000 |
| Grant date | 8 May 17 | 12 Apr 17 | 12 Apr 17 | 12 Apr 17 |
| Expiry date | 8 May 20 | 12 Apr 20 | 12 Apr 20 | 12 Apr 20 |
| Grant date share price | \$0.205 | \$0.265 | \$0.265 | \$0.265 |
| Exercise price | \$0.180 | \$0.200 | \$0.250 | \$0.300 |
| Expected volatility | 134% | 134% | 134% | 134% |
| Option life (years) | 3 | 3 | 3 | 3 |
| Expected dividend yield | 0% | 0% | 0% | 0% |
| Risk free rate at grant date | 1.90% | 1.77% | 1.77% | 1.77% |
| Quantity | 1,500,000 | | | |
| Grant date | 16 Jun 17 | | | |
| Expiry date | 15 Jun 20 | | | |
| Grant date share price | \$0.200 | | | |
| Exercise price | \$0.200 | | | |
| Expected volatility | 131% | | | |
| Option life (years) | 3 | | | |
| Expected dividend yield | 0% | | | |
| Risk free rate at grant date | 1.78% | | | |

Notes to the Financial Statements
For the half-year ended 30 June 2017

12. 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, Namibia and Western Australia. Accordingly, all significant operating disclosures are based upon analysis of the Group as one segment. The non-current assets at each geographical location are detailed below.

| | Western Australia | | Liberia | | Namibia | |
|--------------------|-------------------|------------|---------|--------|---------|-----------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Non-current assets | 20,651,338 | 11,010,124 | 24,059 | 35,729 | - | 1,478,013 |

13. Contingent assets and liabilities and commitments

There has been no significant changes to contingent liabilities and commitments since 31 December 2016.

14. Related party transactions

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

15. Financial instruments

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

16. Loss per share

| | 30 June 2017 | 30 June 2016 |
|--|-----------------|-----------------|
| Loss from continuing and discontinuing operations used in the calculation of basic EPS | (5,077,885) | (561,730) |
| Loss from continuing operations used in the calculation of basic EPS | (5,077,885) | (561,730) |
| Loss from discontinued operations used in the calculation of basic EPS | - | - |
| Weighted average number of ordinary shares used in the calculation of basic and diluted loss per share | 182,865,874 | 83,249,707 |

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.

Notes to the Financial Statements

For the half-year ended 30 June 2017

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

| | 30 June 2017 | 30 June 2016 |
|---------------------------------|-------------------------|-------------------------|
| Headline loss | (5,077,885) | (561,730) |
| Headline loss per share (cents) | 2.78 | 0.67 |

17. Subsequent events

Disposal of Lithium Africa no. 1 Pty Ltd (LA1)

On 5 July 2017, Tawana and the former shareholders of Lithium Africa no. 1 Pty Ltd signed an agreement whereby Tawana sold the holding company that held the rights to the Uis stockpiles back to the original vendors for \$1.

Operating Lease

As from 1 July 2017, Tawana Resources NL's principal place of business and registered address was changed to Level 3, 20 Parkland Road, Osborne Park WA 6017. The lease for the office is for a 3-year term, with an option to extend for a further 2 years.

Offtake Prepayment

On 17 July 2017, Tawana Resources NL received a second payment of \$4,375,000, which forms part of the lithium concentrate offtake agreement from a subsidiary of Burwill Holdings Ltd, a company listed on the main Board of The Stock Exchange of Hong Kong Limited, which was signed in April 2017.

Appointment of Non-Executive Directors

Robert Vassie and Mark Turner were appointed Non-Executive Directors of the Company effective 1 August 2017.

Robert Vassie is a Mining Engineer with 30 years' international mining industry experience and 18 years' experience in a range of senior management roles with Rio Tinto. He is currently the Managing Director & CEO of St Barbara Limited and has particular experience in operations management, resource development strategy, mine planning, feasibility studies, business improvement, corporate restructuring and strategic procurement.

Mark Turner is a Mining Engineer with more than 30 years of experience in the resources sector. He has been responsible for the start-up and operation of mines in Australia, Africa and Asia. He was previously General Manager Operations of Resolute Mining Ltd, one of Australia's largest gold producers and Chief Operating Officer ("COO") of CGA Mining, before its takeover by B2 Gold for C\$1.1 billion in 2010. He is currently the Chief Operating Officer of RTG Mining Inc.

Execution of Engineering, Procurement and Construction (EPC) agreement

The Engineering, Procurement and Construction (EPC) contract was executed with Primero Group, enabling construction to commence at the 1.2 million tonne per annum Dense Media Separation circuit at the Bald Hill Lithium and Tantalum Mine in August 2017.

Issue of Options

The Company issued 750,000 options at an exercise price of \$0.20, \$0.22 and \$0.24 per option and an expiry date of 21 August 2020.

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 2017 and of its performance for the half-year ended on that date.
2. Subject to achieving the matters set out in Note 1, 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 Mark Calderwood
Managing Director

Dated this 13th day of September 2017

Independent Auditor's Report to the Members of Tawana Resources NL

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Tawana Resources NL (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2017, 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.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2017 and of its consolidated financial 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*.

Emphasis of Matter - Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the financial report which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

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.

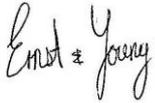
Auditor's Responsibility

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, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 30 June 2017 and its consolidated financial 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 the Group, 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*.



Ernst & Young



R J Curtin
Partner
Perth
13 September 2017