TAWANA RESOURCES NL

ABN 69 085 166 721

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

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CORPORATE DIRECTORY

Directors

Mr Robert Benussi	Non-Executive Chairman
Mr Michael Naylor	Executive Director
Mr Mark Calderwood	Managing Director

Joint Company Secretaries

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

ABN: 69 085 166 721

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

Primary listing:
Australian Securities Exchange
ASX Code: TAW

Secondary listing:
JSE Limited
JSE Code: TAW

Dear Shareholders,

It gives me great pleasure to present the Tawana Resources NL Annual Report for the year ended 31 December 2016. The past year has seen a vast transformation in the goals and objectives of our Company, as well as changes in our leadership team. However, we are now in a very exciting stage of developing one of Australia's next lithium projects and aiming to become a low-cost lithium producer during the second half of 2017.

Following our decision to pursue new opportunities in 2016 which included the acquisition of several other lithium projects, in October we announced entering an option agreement to acquire Lithco No.2. Lithco had the rights to earn a 50% interest in the lithium rights at Bald Hill Mine in Western Australia, owned by Singapore-listed Alliance Mineral Assets Limited ("AMAL"), and with additional expenditure, the right to earn 50% interest in all minerals and the processing plant and infrastructure at the mine. Tawana saw this as an exciting opportunity.

Bald Hill is one of few known West Australian mines to have produced a high-grade spodumene concentrate. Its location in the Kambalda region surrounds the Cowan Project, which Tawana acquired earlier in 2016, giving the Company a strong foothold and possible production pipeline. Bald Hill hosts several spodumene-rich pegmatites, spodumene being a source of lithium, and the pegmatites have been previously mined for tantalum. With the spodumene market expected to be strong in the next few years, Tawana hopes to take advantage of that demand. Bald Hill has the potential to commence production quickly, at a modest cost as infrastructure including an operating tantalum plant, camp and machinery, is already in place. Mining Leases are granted and most permits are in hand.

Since the acquisition, Tawana has undertaken further exploration at Bald Hill, intercepting significant spodumene mineralisation. Metallurgical testwork on material from various locations and grade ranges across the project confirmed consistent and unusually high gravity recoveries up to 93.4 per cent and high concentrate grades of up to 7.1 per cent.

A Feasibility Study for lithium production at Bald Hill is due by the end of March, with construction to commence in the June 2017 Quarter and Tawana aiming to commence commissioning the spodumene concentrator in October 2017. The highly favourable, simple metallurgy requirements of Bald Hill mineralisation compiled to date has increased confidence that Tawana and AMAL will commence commissioning a dense media separation ("DMS") circuit later this year.

While its focus for now is on Bald Hill, Tawana has further exploration planned for the adjacent Cowan Project, which could potentially provide feed for Bald Hill or support a standalone spodumene concentrator, depending on exploration success. The Company's acquisition of the Uis Project in Namibia, where exploration has confirmed the large stockpile contains significant lithium and tin mineralisation, adds extra value to Tawana's project portfolio. We are undertaking metallurgical testwork on samples from Uis, and a Resource Estimate for the project is due very soon.

Changes to our Board and Management Team during the year saw the addition of experienced WA mining professional Mark Calderwood as our Managing Director and CEO. Mark is a great fit to lead the team; he is well-skilled in both leadership roles and working with pegmatites, having co-authored the title Guidebook to the Pegmatites of Western Australia a decade ago, and we are pleased to have him at the helm.

After the resignation of Michael Bohm as Chairman during the year, I have taken on the role after serving as a Non-Executive Director. Michael played a hands-on role with the Company, particularly regarding the change of focus from iron ore in Liberia to lithium and we thank him for that input. We now have a small but skilled and very committed Board which has the experience to take Tawana through development into production, and we are all keen to make sure this is achieved.

I take this opportunity to thank our Management and Staff for their work over the past year, which has been so important in helping Tawana transform to a near-term lithium producer. I also thank our Shareholders, who have been supportive of this change which has allowed us to provide value back to them. I am pleased with the strength of our register, with a number of top financial firm's holdings a stake of more than five per cent, and the Top 20 shareholders holding more than 63 per cent of the Company.

The year ahead looks to be very exciting for our Company in which we become Australia's next lithium producer, and given our progress to date, I am confident that we can achieve this. I look forward to sharing our accomplishments during the coming months.

Robert Benussi
Non-Executive Chairman
Tawana Resources NL

Your directors submit their report for the year ended 31 December 2016 for Tawana Resources NL ("the "Company") and its controlled entities (the "Consolidated Entity" or "Group").

Directors

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Mr Robert Benussi – Non-Executive Chairman *MIPA*
Appointed 4 December 2015, Appointed Non-Executive Chairman 21 October 2016

Mr Benussi was the founding shareholder and director of Bligh Resources Limited holding the positions of Managing Director / Chief Financial Officer. Prior to this role he held various positions at Jupiter Mines Limited as Chief Financial Officer, Company Secretary and General Manager, Corporate and was a Non-Executive Director of Resource Star Limited.

Mr Benussi brings extensive experience in finance, corporate advisory, stockbroking and business development to the Tawana Board.

Over the past three years, Mr Benussi has also held directorships with the following listed companies:

Former directorships in the last 3 years	***Commenced***	***Ceased***
Bligh Resources Limited	1 July 2011	8 October 2015
Resource Star Limited	9 July 2009	31 March 2013

Mr Mark Calderwood – Managing Director
Appointed 21 October 2016

Mr Calderwood was appointed Chief Executive Officer ("CEO") of the Company effective 11 July 2016 and Managing Director on 21 October 2016. He has extensive experience in mineral exploration and production management. Mr Calderwood retired as managing director of Perseus Mining Limited in January 2013 and was instrumental in the transition from an explorer to producer and a period which saw the junior explorer mature to an ASX100 company. He is also an authority on pegmatites and was a co-author of the book 'Pegmatites of Western Australia".

Over the past three years, Mr Calderwood has also held directorships with the following listed companies:

Other current directorships	***Commenced***	***Ceased***
Manas Resources Limited	17 October 2017	-
Amani Gold Limited (previously known as Burey Gold Limited)	12 August 2014	-
Former directorships in the last 3 years		
Perseus Mining Limited	23 January 2004	31 January 2013
Explaurum Limited	7 August 2013	8 August 2016

Mr Michael Naylor – Executive Director, Chief Financial Officer and Company Secretary *BComm, CA AGIA*
Appointed 1 January 2015

Michael has 21 years' experience in corporate advisory and public company management since commencing his career and qualifying as a chartered accountant with Ernst & Young. Michael has been involved in the financial management of mineral and resource focused public company's serving on the board and in the executive management team focusing on advancing and developing mineral resource assets and business development. He has previously worked as the Financial Controller of ASX listed Resolute Mining Limited, Finance Director and Company Secretary of ASX listed Dragon Mining Limited, the Chief Executive Officer and Managing Director of dual ASX/TSX-V listed Coventry Resources Inc where he oversaw the completion of the Preliminary Economic Assessment of the

Cameron Gold Project and the listing on the TSX-V and most recently as the Chief Financial Officer of Gryphon Minerals Limited until it was acquired by TSX listed Teranga Gold Corporation.

Over the past three years, Mr Naylor has also held directorships with the following listed companies:

Other current directorships	***Commenced***	***Ceased***
Helix Resources Limited	28 November 2016	-
Former directorships in the last 3 years		
Equator Resources Limited	15 February 2016	15 February 2017
Coventry Resources Inc.	2 July 2012	29 April 2013

Mr Michael Bohm – Non-Executive Chairman
Appointed 1 August 2015, Resigned 21 October 2016

Mr Bohm is an experienced mining professional with extensive corporate, project and operational management experience in the minerals industry in Australia, South East Asia, Africa, Chile, Canada and Europe/UK. A graduate of the WA School of Mines, Mr Bohm has worked as a mining engineer, mine manager, study manager, project manager, project director and managing director. He has been directly involved in a number of project developments in the resources sector both in Australia and offshore.

Over the past three years, Mr Bohm has also held directorships with the following listed companies:

Other current directorships	***Commenced***	***Ceased***
Perseus Mining Limited	15 October 2009	-
Ramelius Resources Limited	29 November 2012	-
Mincor Resources Limted	1 January 2017	-
Berkut Minerals Limited	1 July 2016	-
Former directorships in the last 3 years		
Herencia Resources plc	14 June 2006	31 August 2013

Interests in the shares and options of the Company

As at the date of this report, the interests of the directors in the shares and options of Tawana Resources NL were:

Name	**Number of ordinary shares**	**Number of options over ordinary shares**
Mr R Benussi	2,471,000	1,000,000
Mr M Calderwood	21,880,000	3,000,000
Mr M Naylor	2,080,000	1,150,000

Company Secretary

Melanie Li was appointed joint company secretary on 1 April 2016. Ms Li is a Chartered Accountant. Ms Li has over seven years' experience in the mining industry. She commenced her career at ASX-listed Tanami Gold NL where she qualified as a Chartered Accountant. She is currently the Financial Controller and Company Secretary of Berkut Minerals Limited and also the Financial Controller of Equator Resources Limited.

Michael Naylor was appointed company secretary on 30 November 2014.

Operating results

The loss of the Consolidated Entity for the year ended 31 December 2016 after providing for income tax amounted to $1,759,935 (2015: $9,402,364).

Review of Financial position

The net assets of the Consolidated Entity are $18,573,613 as at 31 December 2016 (2015: $592,617).

Principal activities

Tawana Resources NL's principal activities consisted of:

- mineral exploration and development of lithium and tantalum tenements in Western Australia and Namibia; and
- mineral exploration of iron ore in Liberia.

The Company is committed to developing the Bald Hill Lithium and Tantalum Mine in 2017.

Review of Operations

Bald Hill Mine, Western Australia (TAW earning 50%)

Late December 2016, Tawana acquired 100% of Lithco No.2 Pty Ltd (Lithco), which has rights to earn into the Bald Hill Mine. The Bald Hill Project area is located 50km southeast of Kambalda in the Eastern Goldfields, 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 totaling 791.3km^2.

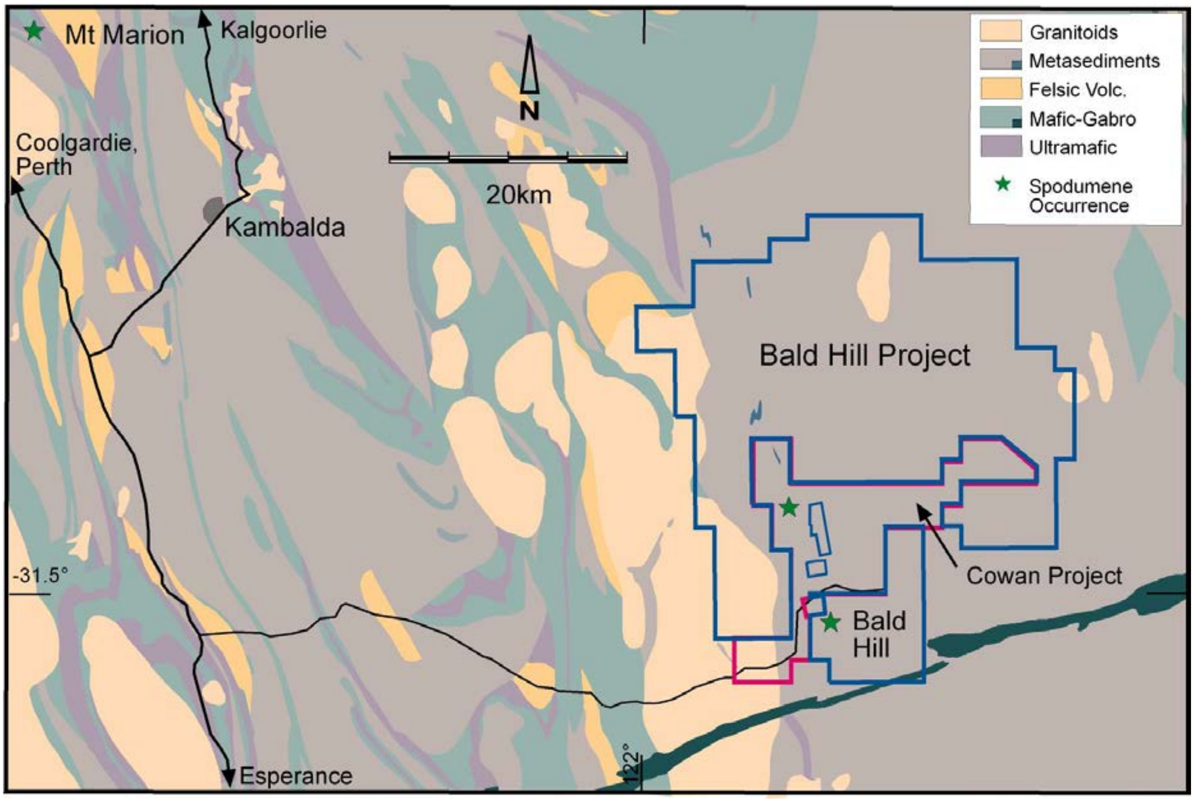


Figure 1 | Project Location

The Project is owned by Australian-incorporated, Singapore Exchange-listed Alliance Mineral Assets Limited (AMAL). Lithco entered a Farm-In and Joint Venture arrangement with AMAL to jointly explore lithium and other minerals at the Project.

Exploration

A total of 310 exploration, resource, metallurgical and sterilisation drill holes were completed totaling 28,080m RC and 1,114.3m of core up to 20 February 2017. Drilling has intercepted significant spodumene mineralisation south of the largest pit (South Pit) within pegmatites that are interpreted as those previously mined and newly discovered larger pegmatite/s located in the footwall (Refer ASX Announcement dated 17 November 2016 for full details).

In addition, numerous high grade lithium and tantalum intercepts were received (Refer ASX Announcement dated 3 March 2017 for full details). Best results include:

- 21m at 1.44% Li_2O and 319ppm Ta_2O_5 from 61m in LRC0146;
- 20m at 1.38% Li_2O from 59m in LRC0148;
- 6m at 1.11% Li_2O from 71m and 16m at 1.44% Li_2O from 99m in LRC209;
- 12m at 2.38% Li_2O from 136m in LRC077; and
- 12m at 2.09% Li_2O from 54m in LRC0257.

Drilling clearly defined near-surface spodumene pegmatites located 800m from the process plant site and within the current fully permitted pit limit. Shallow intercepts included:

- 13m at 1.74% Li_2O and 318ppm Ta_2O_5 from 19m in LRC0253;
- 7m at 1.21% Li_2O and 683ppm Ta_2O_5 from 25m in LRC135;
- 11m at 1.62% Li_2O from 29m including 8m at 2.05% Li_2O in LRC0265; and
- 11m at 1.02% Li_2O and 247ppm Ta_2O_5 from 14m in LRC0132

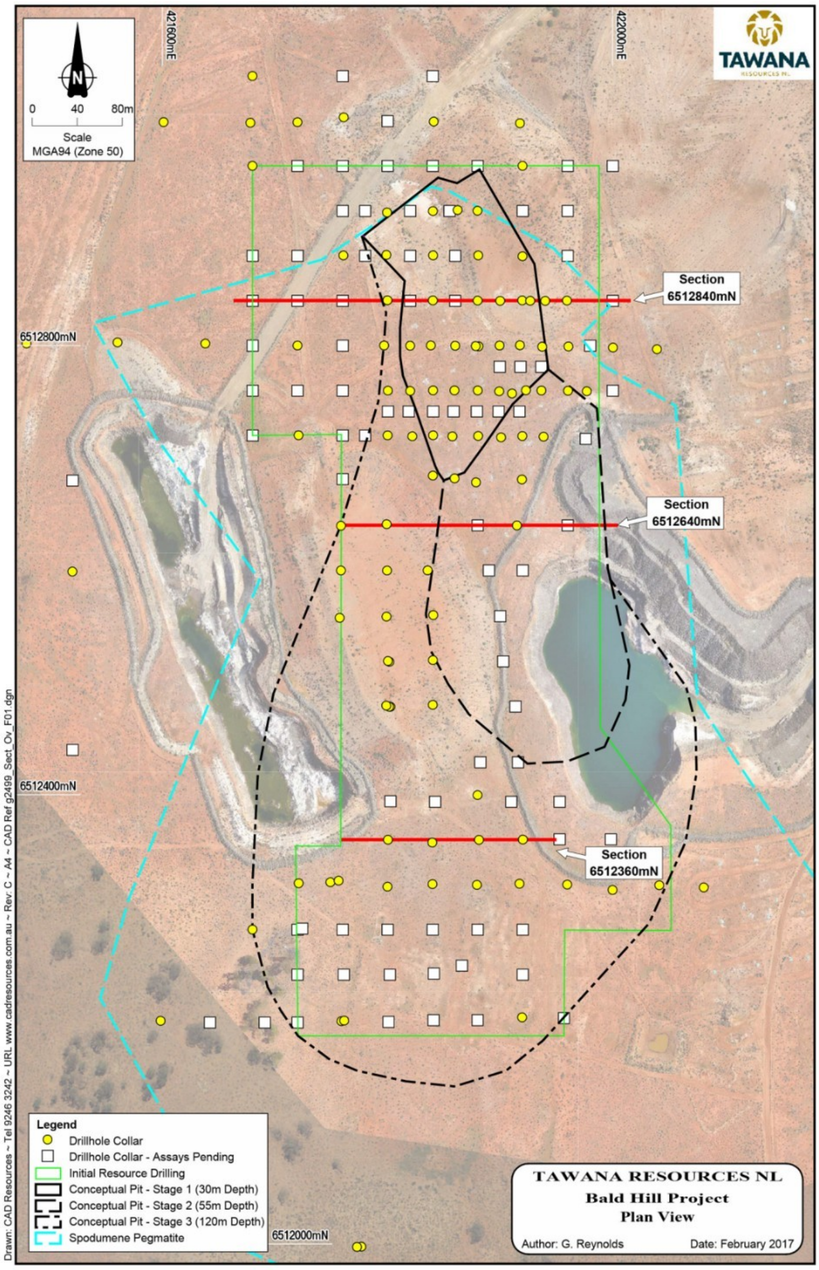


Figure 2 | Bald Hill Project Plan View

Metallurgical Testwork and Flowsheet

Metallurgical test work results announced in October showed potential to produce high grade DMS concentrates. Subsequently sighter flotation test-work on combined <1mm Reflux Classifier and low grade >1mm DMS gravity concentrates (middlings) was undertaken. The resulting floatation recovery was favourable, returning a recovery of 74.7% at a grind size of P_{80} 0.18mm, with a combined concentrate grade of 6.42% Li_2O.

The combined DMS and Flotation concentrates accounted for 83% of the calculated contained lithium at an average grade of 6.1% Li_2O with very low mica content. Further work will be undertaken to optimise recovery and concentrate grade. With further metallurgical testwork to be completed, it is proposed to approach the project in two phases to reduce time and cost to initial production. This will also allow a fast track approach from study to detailed design, construction, commissioning and lithium concentrate production.

The very coarse spodumene at Bald Hill is noted for its unusually high recovery in DMS testwork and the ability to produce high grade spodumene concentrates.

The Phase 1 flowsheet will consist of a 1Mtpa spodumene concentrator circuit using dense medium separation (DMS) with fines (representing 20-30% of the feed) either temporarily stockpiled or passed through the existing spiral circuit to remove tantalum and potentially produce a rougher spodumene concentrate.

The Phase 2 flowsheet, which may not be required, takes fines, spiral concentrates and the DMS mid-floats product and re-processes by flotation after milling to produce a high grade fine lithium product.

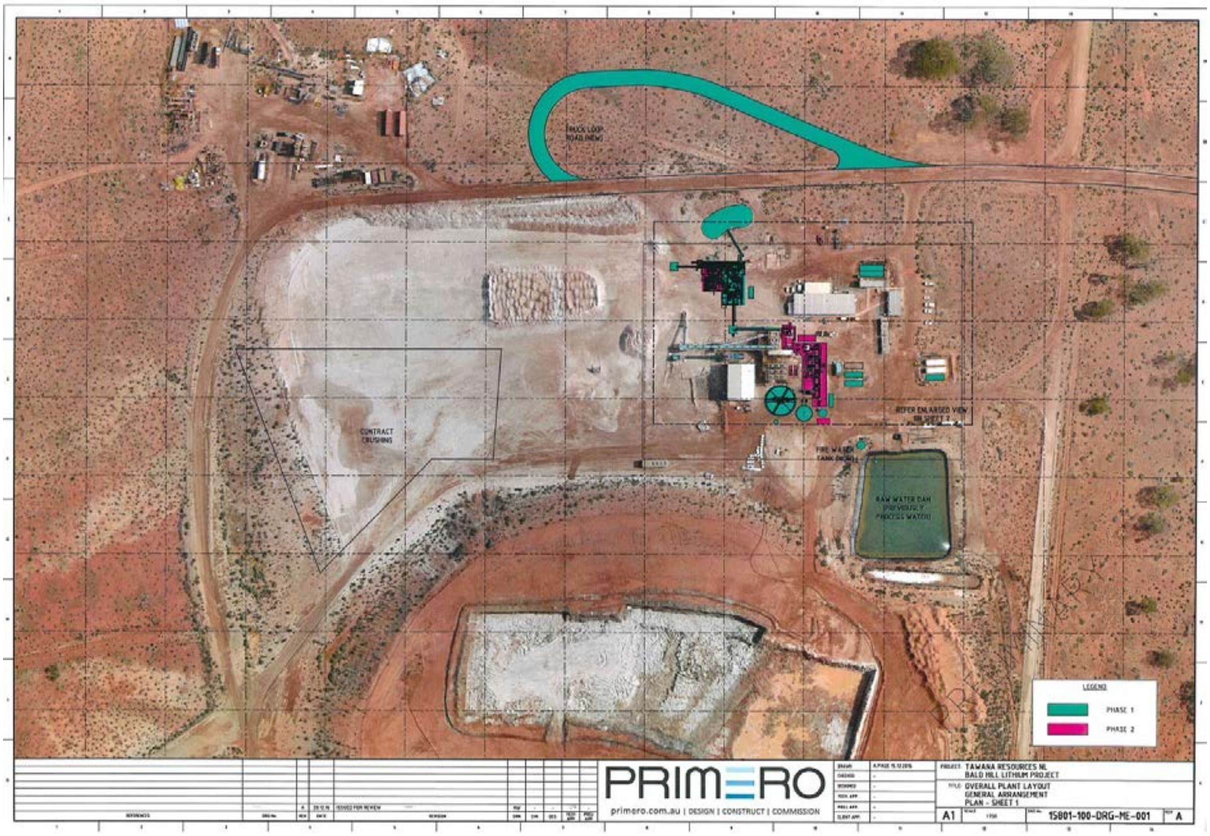


Figure 3 | Initial Proposed Overall Plant Layout (Phase 1 and 2) with Surrounding Existing Infrastructure

Results from further metallurgical testwork were received in February 2017. This work focused on laboratory scale heavy liquid separation (HLS) variability test work on samples from a number of locations using material at varying grade ranges. The results showed remarkably consistent and high recoveries from the different grade ranges with high recovery at the low-grade end of the spectrum.

Tables 1a to 1d | Summary of Variability Test Work (refer ASX Announcement dated 13 February 2017 for full details)

Table 1a | High Grade Samples

ROM-HG		SG:+2.9 (*main concentrate*)				SG: 2.9-2.7 (*middlings*)			SG: -2.7 (*lights*)		
Sample	**Head Grade % Li_2O**	**Mass Yield %**	**Grade % Li_2O**	**Grade % Fe_2O_3**	**Li Rec. %**	**Mass Yield %**	**Grade % Li_2O**	**Li Rec. %**	**Mass Yield %**	**Grade % Li_2O**	**Li Unrec. %**
1-100	1.07	14.1	7.07	0.48	93.4	5.0	0.73	3.4	80.8	0.04	3.2
6-177	1.05	15.1	5.90	0.45	84.8	5.6	1.88	10.1	94.8	0.07	5.1
42-120	1.25	13.6	7.34	0.54	79.7	7.0	1.94	10.8	79.7	0.15	9.5
42-134	1.64	19.2	7.41	0.40	87.1	5.1	2.22	6.9	87.1	0.13	6.0
Average	**1.25**	**15.5**	**6.95**	**0.44**	**86.1**	**5.7**	**1.72**	**7.8**	**78.9**	**0.10**	**6.1**

Table 1b | Low Grade Samples

ROM-LG		SG:+2.9 (*main concentrate*)				SG: 2.9-2.7 (*middlings*)			SG: -2.7 (*lights*)		
Sample	**Head Grade % Li_2O**	**Mass Yield %**	**Grade % Li_2O**	**Grade % Fe_2O_3**	**Li Rec. %**	**Mass Yield %**	**Grade % Li_2O**	**Li Rec. %**	**Mass Yield %**	**Grade % Li_2O**	**Li Unrec. %**
2-33	0.64	8.3	6.20	0.31	80.7	8.3	1.07	13.8	83.4	0.04	5.5
42-148	0.87	9.9	6.71	0.45	76.6	6.8	1.72	13.5	83.2	0.10	9.9
43-117	0.63	7.6	6.66	1.25	79.3	7.8	1.23	7.8	84.6	0.04	12.9
43-131	0.84	12.6	5.93	1.00	88.7	15.6	0.38	7.0	71.8	0.05	4.3
43-166	0.76	9.1	6.42	0.74	77.3	6.1	1.30	10.5	84.8	0.11	12.2
Average	**0.75**	**9.5**	**6.36**	**0.77**	**80.6**	**8.9**	**0.99**	**10.5**	**81.6**	**0.07**	**8.9**

Table 1c| Very Low Grade Samples

VLG		SG:+2.9 (*main concentrate*)				SG: 2.9-2.7 (*middlings*)			SG: -2.7 (*lights*)		
Sample	**Head Grade % Li_2O**	**Mass Yield %**	**Grade % Li_2O**	**Grade % Fe_2O_3**	**Li Rec. %**	**Mass Yield %**	**Grade % Li_2O**	**Li Rec. %**	**Mass Yield %**	**Grade % Li_2O**	**Li Unrec. %**
1-146	0.31	3.5	5.45	1.03	61.7	13.3	0.58	24.9	83.2	0.05	13.4
39-116	0.30	2.7	5.60	0.65	51.2	4.9	1.60	26.5	92.3	0.07	22.3
43-117	0.36	7.6	5.63	0.92	79.3	7.8	0.92	15.1	84.6	0.14	5.6
Average	**0.32**	**4.6**	**5.58**	**0.72**	**65.0**	**8.7**	**0.88**	**21.8**	**86.7**	**0.09**	**13.2**

Table 1d| Sub-Grade Samples

Sub-grade		SG:+2.9 (*main concentrate*)				SG: 2.9-2.7 (*middlings*)			SG: -2.7 (*lights*)		
Sample	**Head Grade % Li_2O**	**Mass Yield %**	**Grade % Li_2O**	**Grade % Fe_2O_3**	**Li Rec. %**	**Mass Yield %**	**Grade % Li_2O**	**Li Rec. %**	**Mass Yield %**	**Grade % Li_2O**	**Li Unrec. %**
3-68	0.12	1.4	5.89	0.45	67.2	3.5	0.34	9.6	95.1	0.03	23.2
4-34[7]	0.13	0.1	2.15	3.64	1.6	0.1	0.34	25.0	95.1	0.11	73.4

Note

Dense Media Separation (DMS) test work undertaken at P100 10mm +1mm returned significant primary concentrate grades of up to 7.1% Li_2O and high overall recovery of 90.4%. To reduce the amount of spodumene reporting to the middlings the likely initial crush size will be 6.3mm.

Feasibility Study

A conceptual engineering study at the Bald Hill Mine highlighted a potentially highly profitable operation, rapid payback and a low capital cost by retrofitting a spodumene circuit.

Tawana has commenced a Feasibility Study for the Bald Hill Lithium and Tantalum Mine which will include capital costs to an accuracy of +/- 15% and operating costs to an accuracy of +/-25%.

The study, which is expected to be completed by the end of March 2017 is being conducted by lithium plant engineering company Primero Group who was the project manager for the final stages of construction, commissioning and ramp-up of Galaxy Resource Limited's Mt Cattlin Lithium Project.

Detailed Design

Tawana has received a proposal and a scope of work including deliverables from Primero which should allow a seamless flow on from the Study to detailed design. This is important to allow long lead items to be procured during the early stages of detailed design to meet construction completion in late October 2017.

Marketing and Off-Take

Tawana and AMAL have been approached by several significant entities within the lithium supply chain with strong demand to obtain near-term spodumene concentrate and received written proposals. There appears to be a significant shortage of uncommitted spodumene in 2017-2018 to feed new Chinese convertors, which thereby places Tawana in an enviable position.

Table 2| 2017 Milestones

Bald Hill Project Commissioning Timeline	Q1	Q2	Q3	Q4
Conceptual Engineering Study	✓			
Resource	Q1			
Completion of metallurgical test work with optimised flow sheet	Q1			
Conditional offtake agreement	Q1			
Feasibility study	Q1			
Place orders for long lead items	Q1			
Place orders for other capital requirements		Q2		
EPC process plant contract award	Q1			
Construction commence		Q2		
Commissioning commence				Q4

Terms of the Acquisition and the Earn-In and Joint Venture with AMAL

Tawana entered an option agreement (exercised in December 2016) to acquire all the shares in Lithco for an option fee of $25,000. The Company acquired Lithco for 50,000,000 Tawana shares.

Lithco entered into a Farm-In Agreement on with Alliance Mineral Assets Limited ("AMAL") with respect to AMAL's Bald Hill project in Western Australia for the purpose of joint exploration and exploitation of lithium and other minerals.

The commercial terms require Lithco:

i. to spend, by 31 December 2017 (or such later date as may be agreed between the parties), a minimum of $7.5 million on exploration, evaluation and feasibility (including administrative and other overhead costs in relation thereto) ("Expenditure Commitment"); and

ii. to spend, $12.5 million in capital expenditure required for upgrading and converting the plant 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 Expenditure Commitment, Tawana shall be entitled to 50% of all rights to lithium minerals from the tenements comprising the Project ("Tenements").

Upon completion of the Expenditure Commitment and Capital Expenditure, Tawana 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).

Cowan Lithium Project, Western Australia (Option to Purchase 100%)

The Cowan Lithium Project is located 50km south-east of Kambalda in the Eastern Goldfields of Western Australia. It is 75km south-east of the Mt Marion Lithium project and is adjacent to the more advanced Bald Hill Mine Project (see Figure 1).

The Cowan Project comprises three granted exploration licences totalling 159km2 located 55km south-east of Kambalda.

The Cowan Project covers about 10km strike of the 15-25km long Mt Belches-Bald Hill pegmatite belt that hosts the Bald Hill Mine and numerous other LCT pegmatites. The Project also covers a significant portion of the Claypan Dam- Madoonia pegmatite belt that extends for at least 22km (refer to ASX announcement on 11 July 2016 for further details).

From September to December the Company undertook scout drilling on several target areas. A total of 189 wide spaced RC holes were completed for 14,419m. Results from the Mt Belches prospect indicated widespread pegmatites containing spodumene, tantalum and tin over an area 1.9km by 0.8km and is open in all directions (refer ASX announcement on 31 January 2017 for full results). The pegmatites appear to show increasing fraction towards the north where increasing soil cover has prevented mapping.

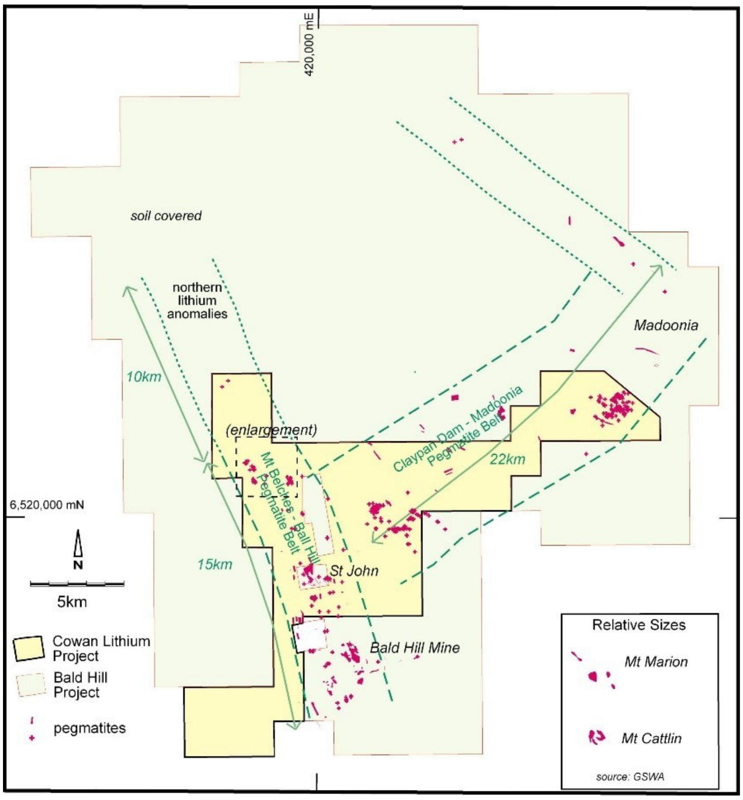


Figure 4 | The Cowan Lithium Project Area

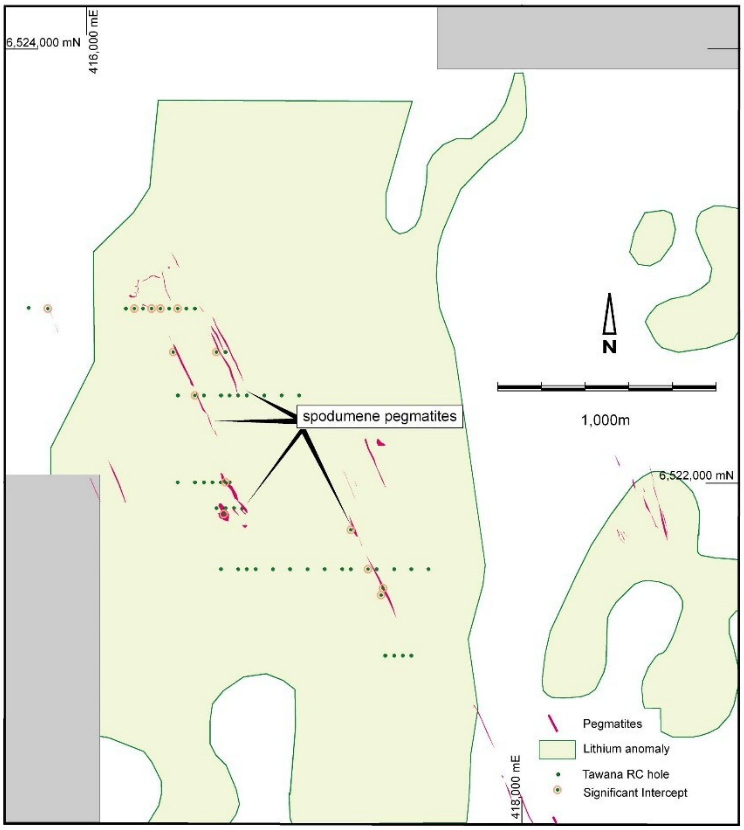


Figure 5 | Mt Belches Spodumene Pegmatites, Cowan Lithium Project

Yallari Project, Western Australia (Option to Purchase 100%)

The Yallari Project comprises one granted exploration licence and one exploration licence application totalling 110km2 located 5-15km west of the Mt Marion lithium mine. Numerous pegmatites have been mapped by nickel and base metal explorers however there is no records of rare element content of the pegmatites. In addition, the proximity to the Mt Marion and Londonderry lithium bearing pegmatite fields is encouraging. The exploration licence application E15/1401 totalling 41.2 km2 forms part of the package of four tenements is particularly prospective due to its close proximity to the Depot Hill granodiorite, the likely source of the Mt Marion pegmatites. The application area covers part of a timber reserve and consent will be required from the Department of Parks and Wildlife, prior to granting.

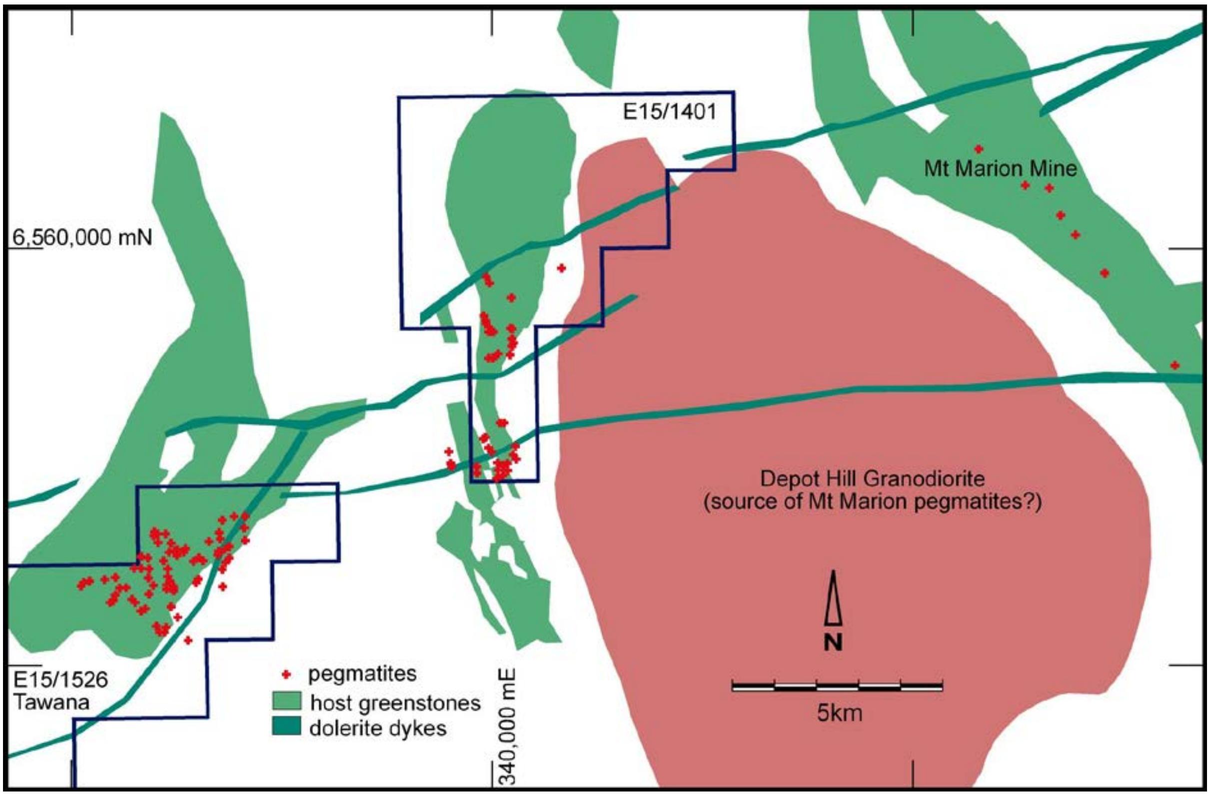


Figure 6 | Yallari Project Location

Uis Lithium Project, Namibia (100%)

In September 2016, Tawana entered an agreement to acquire mining rights to the giant Uis pegmatite tailings stockpile in Namibia. The Uis Project located in Namibia comprises large coarse and fine tailings stockpiles from the Uis tin mine which operated between 1924 and 1990. The Project is located close to the former mining town of Uis some 165km NNE of the coast city of Swakopmund, 270km NW of the capital Windhoek.

Figure 7 | Uis Project Location

The stockpile hosts an estimated 20Mt of tailings stockpile derived from one of the largest pegmatite tin mines in the world and limited sampling to date has indicated potentially attractive lithium grades present. The stockpiles comprise unweathered pegmatite material that was mined by open cut and hauled to a processing plant where cassiterite (tin concentrate) was extracted by gravity, operating between 1953 and 1990 with total ore processed estimated to be between 20Mt and 30Mt.

Exploration

Tawana completed its initial resource drilling of the stockpile at Uis during the December quarter using an air core rig. A 1,531m program consisting of 20 deeper holes and 43 shallow holes was completed and results consist of significant lithium and tin grades. A total of 23 intercepts within the sands up to 72m deep ranged in grade from 0.35% Li_2O in the northern dumps to 0.41% Li_2O in the southern dumps with 473ppm and 431ppm SnO_2 respectively.

Though intercepts were more extensive, the shallower fines dumps averaged 0.57% Li_20 and 762ppm SnO_2. Tantalum grades were consistent with Uis cassiterite which is known to contain up to 9% Tantalum. The grade range of 0.35-0.57% Li_2O in the large dumps is considered potentially economic subject to metallurgical recoveries.

Based on end of 2016 market indicator concentrate pricing, the contained lithium value per tonne of stockpile is in the range of US$50-US$90/t before tin credits and potential concentrate penalties and recoveries.

Tawana plans to complete metallurgical testwork and a resource estimate by the end of June 2017.

Consideration for the purchase of Lithium Africa No 1

Tawana purchased all the shares in Lithium Africa No 1 ("LA1"), which has an option to mine the Uis pegmatite tailings stockpile in Namibia. The consideration for LA1 was as follows:

- 5,000,000 Tawana shares and $75,000 in cash; (this was paid in September 2016)
- Deferred consideration as follows:
  - a) 5,000,000 Tawana shares on successful completion of drilling, analysing and metallurgical test work (to Tawana's satisfaction) by 30 June 2017; and
  - b) 5,000,000 Tawana shares on a decision to mine on or before 31 December 2018.

Terms of the Option Agreement to Acquire the Uis Pegmatite Tailings Stockpile

Under the terms of the existing agreement between LA1 and Namibia Silica CC (being the current owner of the Uis pegmatite tailings stockpile) (Namibia Silica), LA1 is required to pay US$1,375,000 together with a (5%) net profit interest royalty.

The cash payments are to be made on a staged basis as follows:

- US$275,000 upon completion of drilling, analysing and metallurgical test work;
- US$250,000 upon completion of an environmental impact study and associated clearance;
- US$350,000 upon completion of a DFS and receipt of key approvals; and
- US$500,000 upon commencement of commercial production.

Tawana has assumed these payment obligations.

In addition, there is another party which indirectly owns 5% of the Uis pegmatite tailings stockpile which can be purchased by LA1 for US$500,000. This person is a local Namibian and not a related party of the Company.

Mofe Creek Iron Ore Project, Liberia

Tawana's 100% owned Mofe Creek Iron ore Project ("Mofe Creek" or the "Project") lies in the heart of Liberia's historic iron ore district, located 20km from the coast and 85km from the country's capital city and major port, Monrovia.

The Mofe Creek project covers 475km^2 of highly prospective tenements in Grand Cape Mount County, with all options open to consideration including potential joint venture or royalty positions with third parties. The Project hosts DSO and high-grade friable itabirite mineralisation which can be upgraded to a superior quality iron ore product in the 64-68% Fe grade range.

The Project's proximity to existing infrastructure, recently commissioned mines and an operational deep-water iron ore port in Monrovia, along with the confirmation that the mineralisation is coarse-grained, friable itabirite with exceptionally low contaminants, sets the Project apart from other West African iron ore projects.

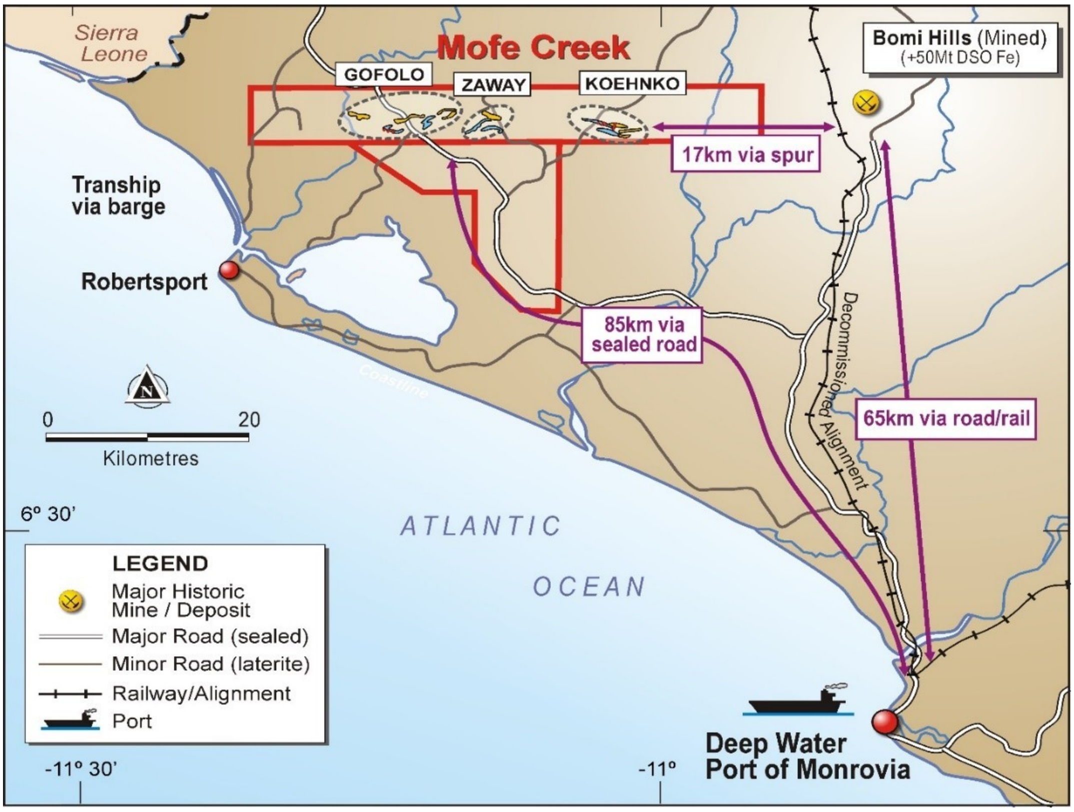


Figure 8 | Mofe Creek Project Location

Mineral Development Agreement (MDA)

The Company has commenced negotiations with Liberia's IMCC regarding Liberia Inc.'s Mineral Development Agreement. The Government of Liberia has indicated that they are prepared to conclude discussions on the MDA as soon as possible.

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 & Logistics

On 18 May 2015, Tawana and WISCO CAD (Hong Kong) Mining Company Limited (WISCO) signed a non-binding memorandum of understanding (MoU) 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.

Drilling

In February 2016, diamond drilling 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 (Refer ASX Announcement on 18 February 2016 for full details).

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.

Initial geological observations from drilling at the Goehn Prospect highlights the similarities in lithology and mineralisation setting as reported at the Bomi Hills mine.

The Goehn Prospect is along strike from the abandoned Bomi Hills iron ore mine which was in production from 1951 to 1977. Historic production at Bomi Hills is poorly documented; however estimated historic production by the Government of Liberia is 50Mt of high-grade DSO lump magnetite in addition to high-grade beneficiated sinter feed concentrate. DSO magnetite averaged 64.5% Fe, 4.5% SiO_2, 1.5% Al_2O_3 and 0.13% P, of which 53% formed lump material (average 11-37mm) and 47% formed fines (<11mm). Friable iron formation was beneficiated through Humphrey Spirals and a magnetic separator to produce sinter feed concentrate averaging 64% Fe, 6% S_iO_2 and 0.04-0.05% P (Gruss, 1973).

The Bomi Hills cross section at figure 9 has striking similarities between the lithologies intersected at Goehn. Drilling at Goehn has intersected a similar package of friable iron formation transitioning into hard iron formation from surface, through mafic schist and into footwall gneiss basement. DSO has been intersected within and directly below the mafic schists over variable widths and to a current average of 15m.

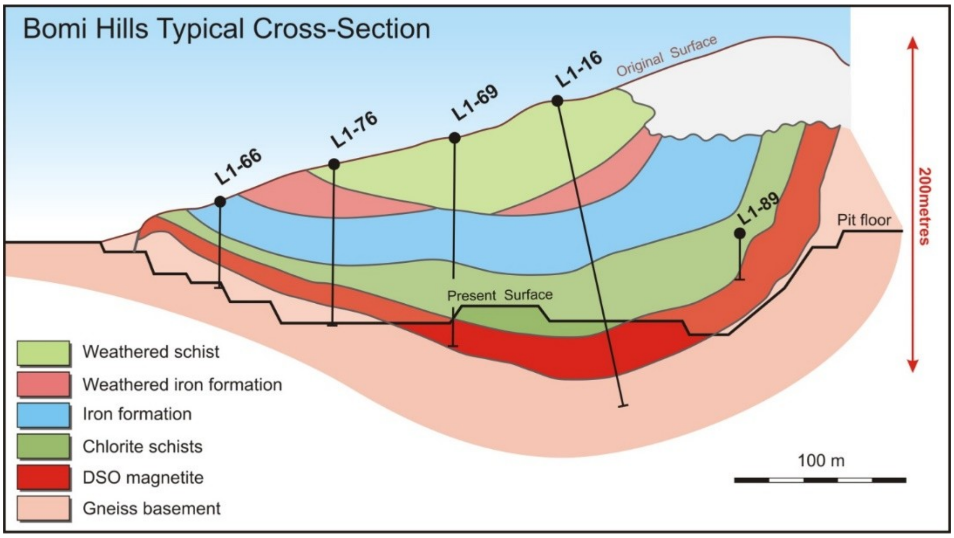


Figure 9 | Typical Bomi Hills cross-section after Gruss (1973) looking East

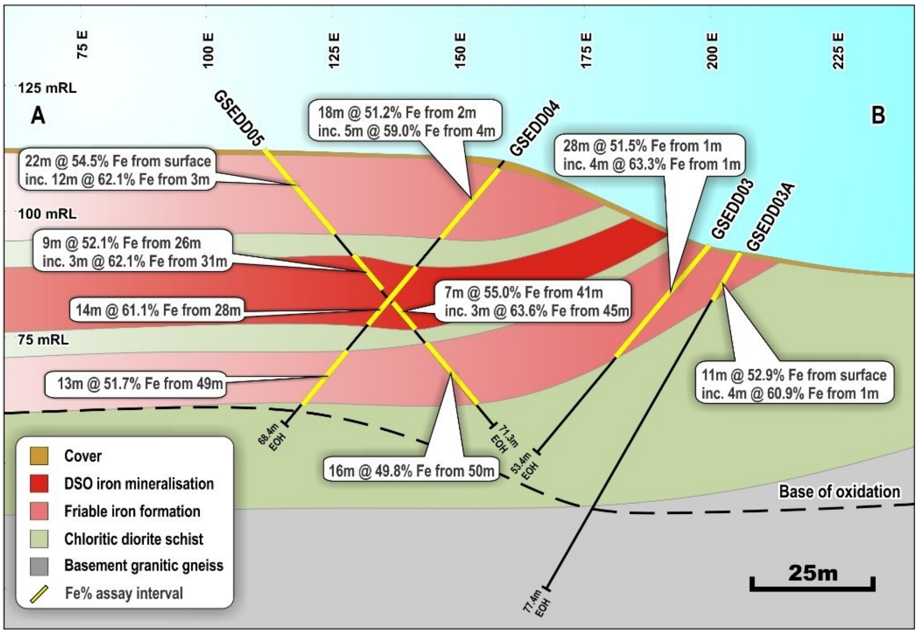


Figure 10 | Goehn prospect cross-section looking northeast

Potential DSO Start Up

The DSO mineralisation defined within the Goehn Prospect falls within 6km of the bitumen road between the Mofe Creek Project area and the operational port of Monrovia; only 85km away.

This new discovery represents a strategic opportunity to structure an early-start-up operation with minimal capital intensity, using the existing highway and a working port within Monrovia. The mineralisation is readily accessible and presents from surface. The Goehn Prospect also supports the opportunity for a potential early start-up, low capital intensity mining and trucking operation within the initial years of production and project life cycle. Due to the hematite DSO style mineralisation discovered, a beneficiation process may not be required at start-up and will only be introduced as the mineralisation transitions from DSO into friable itabirite mineralization. This mining methodology ensures the delayed capital requirements of a processing facility and allows the wet plant to be potentially funded from cashflow and/or strategic debt, once the Company is operational and generating an income.

This potential development is further enhanced by the infrastructure sharing MoU executed between the Company and WISCO-CAD; the owner-operator of the Monrovia port iron ore handling facilities.

CORPORATE

Board Changes

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, and is an authority on pegmatites, having co-authored 'Guidebook to the Pegmatites of Western Australia' in 2007. Mr Calderwood was subsequently appointed Managing Director on 21 October 2016.

Michael Bohm stepped down on 21 October 2016 as a Director due to increased other work commitments. Mr Bohm was replaced in the role of Chairman by Rob Benussi, an existing Non-Executive Director of the Company.

Share Consolidation

In April 2016, the Company undertook a one-for-twenty consolidation of its issued capital resulting in a more efficient and streamlined capital structure. All outstanding options were also consolidated on the same ratio.

Sale of Diamond Resources

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$60,300).

Rights Issue

The Company completed a 1 for 1 pro rata non-renounceable rights issue at an issue price of $0.015 raising $1,106,441 before costs, with shortfall shares issued on 16 June 2016. In addition, the Company issued 2,500,000 options at an exercise price of $0.035 (133% premium to the rights issue price) to the mandated manager who assisted with placement of the Shortfall Shares. No cash fees were paid as part of this engagement.

Placements

Mid-year, the Company received commitments to raise $1,750,000 by issue of shares at a price of $0.025 per share to fund exploration. Tranche 1 of the capital raising was completed in July 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 subject to shareholder approval which was received on 23 August 2016.

In October 2016, Tawana announced it had received commitments for a placement to raise $7.2 million before costs via the issue of 60 million shares at an issue price of $0.12 per share. The Company issued 29,628,825 shares under its 15% placement capacity (Tranche 1) and 30,371,175 shares after receiving shareholder approval in December (Tranche 2). A total of 3,171,000 shares were issued after 31 December 2016.

Subsequent Events

Placements
With regard to Tranche 2 of the $7.2m placement referred to above, a total of 3,171,000 shares were issued on 5 January representing the final amount of $380,520.

Incentive Options
On 6 January 2017, 2,625,000 Class J Incentive Options with an exercise price of $0.13 and expiry date of 7 January 2020 were issued to employees under the Company's Employee Option Incentive Plan.

Exercise of Cowan Option
On 3 March 2017, Tawana exercised its option to acquire 100% of four tenements (includes the Cowan and Yallari Lithium Projects) which are all highly prospective for lithium. The vendors of the Cowan lithium tenements have been notified that Tawana has exercised the option and they were paid $1,000,000 in cash and issued 7,092,198 shares (50% are in escrow).

Employee Options
On 27 March 2017, the Company issued 3,250,000 employee options at exercise prices between $0.16 and $0.23 per share and expiring dates between 1 March 2019 and 8 May 2020.

Dividends paid or recommended

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

Likely Developments and Expected Results

The Group is committed to to developing and commissioning the Bald Hill Lithium and Tantalum Mine in 2017. The Company has set the following milestones in 2017:

Bald Hill Project Commissioning Timeline	Q1	Q2	Q3	Q4
Resource	Q1			
Completion of metallurgical test work with optimised flow sheet	Q1			
Conditional offtake agreement	Q1			
Feasibility study	Q1			
Place orders for long lead items	Q1			
Place orders for other capital requirements		Q2		
EPC process plant contract award	Q1			
Construction commence		Q2		
Commissioning commence				Q4

The Company is also committed to adding value to its other assets including:

- Mofe Creek project - all options are being taken into consideration including potential joint venture or royalty positions with third parties; and
- Uis Stockpiles Project - metallurgical test work to confirm acceptable recoverable grades has commenced and if favourable, there is potential for a low capital and operating expenditure operation.

The Company is also continuing to examine other prospective investment opportunities.

Environmental issues

The consolidated entity is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work. The Directors have considered the National Greenhouse and Energy Reporting Act 2007 ('the NGER Act') and at the current stage of development and based on the locations of the Company's operations, the Directors have determined that the NGER Act will have no effect on the Group for the current or subsequent financial year. The Directors will reassess this position as and when the need arises. No environmental breaches have occurred or have been notified by any Government agencies during the year ended 31 December 2016.

Significant Changes in the State of Affairs

There have been no changes in the state of affairs of the Company other than those outlined in the Review of Operations.

REMUNERATION REPORT (audited)

This remuneration report for the year ended 31 December 2016 outlines the remuneration arrangements of the Consolidated Entity in accordance with the requirements of the Corporations Act 2001(Cth), as amended (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for Key Management Personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Consolidated Entity, directly or indirectly including any director (whether executive or otherwise) of the parent.

The table below outlines the KMP of the Consolidated Entity during the financial year ended 31 December 2016. Unless otherwise indicated, the individuals were KMP for the entire financial year.

For the purposes of this report, the term "executive" includes the executive directors and senior executives of the Consolidated Entity.

Executive directors	
M Calderwood	Managing Director (appointed Managing Director on 21 October 2016 and Chief Executive Officer on 11 July 2016)
M Naylor	Executive Director (appointed 1 January 2015)
Non-executive directors	
R Benussi	Non-executive Chairman (appointed Non-executive Chairman 21 October 2016 and appointed Non-Executive Director on 5 December 2015)
M Bohm	Non-executive Chairman (resigned 21 October 2016)

There were no other changes to KMP after reporting date and before the date the financial report was authorised for issue.

Remuneration Governance

The Board has decided there are no efficiencies to be gained from forming a separate remuneration committee and hence the current board members carry out the roles that would otherwise be undertaken by a remuneration committee with each director excluding themselves from matters in which they have a personal interest.

The Board considers and recommends compensation arrangements for the directors and senior executives; remuneration policies and practices; retirement termination policies and practices; Company share schemes and other incentive schemes; Company superannuation arrangements and remuneration arrangements for members of the Board.

The Board obtains professional advice where necessary to ensure that the Company attracts and retains talented and motivated directors, executives and employees who can enhance Company performance through their contributions and leadership.

Remuneration Framework

The Board recognises that the Company's performance and ultimate success in project delivery depends very much on its ability to attract and retain highly skilled, qualified and motivated people in an increasingly competitive remuneration market. At the same time, remuneration practices must be transparent to shareholders and be fair and competitive taking into account the nature and size of the organisation and its current stage of development.

The approach to remuneration has been structured with the following objectives:

- to attract and retain a highly skilled executive team at a critical stage in the Company's development of the Bald Hill Lithium and Tantalum Mine and other exploration projects;
- to link remuneration with performance, based on long-term objectives and shareholder return, as well as critical short-term objectives which are aligned with the Company's business strategy;
- to set clear goals and reward performance for successful project development in a way which is sustainable, including in respect of health and safety, environment and community based objectives;
- to be fair and competitive against the market;
- to preserve cash where necessary for exploration and project development, by having the flexibility to attract, reward or remunerate executives with an appropriate mix of equity based incentives;
- to reward individual performance and Company performance thus promoting a balance of individual performance and teamwork across the executive management team and the organisation; and
- to have flexibility in the mix of remuneration, including offering a balance of conservative long term incentive instruments such as options to ensure executives are rewarded for their efforts, but also share in the upside of the Company's growth and are not adversely affected by tax consequences.

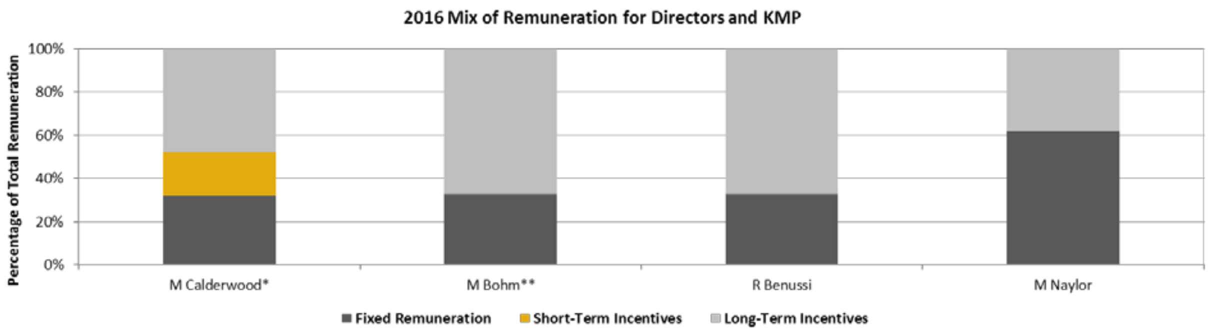
The remuneration framework provides a mix of fixed and variable "at risk" remuneration and a blend of short and long-term incentives.

The remuneration for executives has three components:

- Fixed remuneration, inclusive of superannuation and allowances;
- Short Term Incentives ("STI") under a performance based cash bonus incentive plan; and
- Long Term Incentives ("LTI") through participation in the Company's shareholder approved equity incentive plans.

These three components comprise each executive's total annual remuneration.

To link executive remuneration with the Company's performance, the Company's policy is to endeavour to provide an appropriate portion of each executive's total remuneration as "at risk". The following graph sets out the mix of remuneration for all KMP between fixed, short-term incentives and long-term incentives for the 2016 financial year.



* Mr Calderwood was appointed 11 July 2016.
** Mr Bohm resigned 21 October 2016.

Executive Director Remuneration

Fixed Remuneration
Executives receive a fixed base cash salary and other associated benefits. Executives also receive a superannuation guarantee contribution required by Australian legislation which was 9.5% at 31 December 2016. No executives receive any other retirement benefits.

Fixed remuneration of executives will be set by the Board each year and is based on market relativity and individual performance. In setting fixed remuneration for executives, individual performance, skills, expertise and experience are also taken into account to determine where the executive's remuneration should sit within the market range. Where appropriate, external remuneration consultants will be engaged to assist the Board to ensure that fixed remuneration is set to be consistent with market practices for similar roles.

Fixed remuneration for executives will be reviewed annually to ensure each executive's remuneration remains fair and competitive. However, there is no guarantee that fixed remuneration will be increased in any service contracts for executives.

Short Term Incentives

The executive directors and other executives were eligible to earn short-term cash bonuses upon achievement of significant performance based outcomes aligned with the Company's strategic objectives at that time. These performance based outcomes are considered to be an appropriate link between executive remuneration and the potential for creation of shareholder wealth.

Under the Company's remuneration policy, the Managing Director and other executives were eligible to earn short-term cash bonuses upon achievement of significant performance based outcomes aligned with the Company's strategic objectives at that time. These performance based outcomes are considered to be an appropriate link between executive remuneration and the potential for creation of shareholder wealth.

The objective of the STI Plan is to provide the opportunity to earn a cash bonus by rewarding those executives who successfully achieve in the opinion of the Board the critical short-term objectives of the Company over a 12 month period. Those short-term objectives for each executive are pre-determined and recommended by the Board each year and approved by the Board as being aligned with the Company's stated strategy to derive shareholder return.

STI's will generally consist of annual cash bonuses paid on the following basis:

(i) Performance will be measured over a 12 month period each year.
(ii) A maximum threshold will apply for each executive expressed as a % of their fixed remuneration depending on their role and seniority in the executive management team.
(iii) STIs will be paid at the discretion of the Board, but must be demonstrably linked to performance against critical pre-determined short-term goals of the Company.
(iv) A combination of group and individual goals may apply for each executive with weightings for each goal recommended by the Board and approved by the Board - the number of short-term goals per participant will take into account the executive's role, responsibility and seniority - greater weighting is placed on more important goals.

If an executive resigns or is terminated for cause before the end of the financial year, no STI is awarded for that year. Similarly if any deferred STI awards are forfeited, unless otherwise determined by the Board.

If an executive ceases employment during the performance period by reason of redundancy, ill health, death, or other circumstances approved by the Board, the executive will be entitled to a pro-rata cash payment based on assessment of performance up to the date of ceasing employment for that year and any deferred STI awards will be retained (subject to Board discretion).

The treatment of vested and unexercised awards will be determined by the Board with reference to the circumstances of cessation.

The table below sets out the STI amounts awarded and earned during the year.

Executive	STI Amount	Performance Hurdle
Mr M Calderwood	$30,000	Acquiring an additional lithium value add project. The performance hurdle was set in line of the Company's goals to become a significant lithium company and aligned with investor's interests.

No other STI payments were made to executives.

Long Term Incentives
The objective of the LTI plan is to reward executives and directors in a manner which aligns this element of remuneration with the creation of shareholder wealth. As such LTIs are made to executives and directors who are able to influence the generation of shareholder wealth and thus have an impact on the Company's performance.

LTI grants to executives and directors are delivered in the form of share options. Two types are options are issued to directors and executives being:
1. Those with an exercise price at a premium to the average of the Company's ordinary share price at the date issued; and
2. those issued with predetermined conservative performance hurdles with a low exercise price.

The Company prohibits directors or executives from entering into arrangements to protect the value of any Tawana Resources shares or options that the director or executive has become entitled to as part of his/her remuneration package. This includes entering into contracts to hedge their exposure.

The table below sets out the number of LTI options granted during the year:

	Options Issued
Mr R Benussi(1)	1,000,000
Mr M Bohm(1)	1,000,000
Mr M Calderwood(2)	3,000,000
Mr M Naylor(1)	1,000,000

(1) No vesting conditions are present as this related to compensation of past service.
(2) Mr M Calderwood's options vest upon continued employment until 11 January 2017.

Non-Executive Director Remuneration

Non-executive directors' fees are paid within an aggregate limit which is approved by the shareholders from time to time. Retirement payments, if any, are determined in accordance with the rules set out in the Company's Constitution and the Corporations Act at the time of the director's retirement or termination. Non-executive directors' remuneration may include an incentive portion consisting of bonuses and/or options, as considered appropriate by the Board, which is subject to shareholder approval in accordance with the ASX Listing Rules.

The aggregate remuneration, and the manner in which it is apportioned amongst non-executive directors, is reviewed annually. The Board considers the amount of director fees being paid by comparable companies with similar responsibilities and levels of experience of the non-executive directors when undertaking the annual review process.

The current maximum amount of non-executive directors' fees payable is fixed at $300,000 in total, for each 12 month period commencing 1 January each year, until varied by ordinary resolution of shareholders.

Non-executive directors are not entitled to any termination payments.

Use of Remuneration Consultants

During the year ended 31 December 2016 the Board did not engage the services of remuneration consultants.

Voting and Comments Made at the Company's Last Annual General Meeting

Tawana received more than 98% approval of its remuneration report. No other feedback was received regarding the 2016 Remuneration Report.

The Company believes it has worked hard to improve transparency of the Remuneration Report and ensure that remuneration reflects the challenging conditions impacting entities involved in mineral exploration and evaluation.

Consequences of Performance on Shareholder Wealth

In considering the Consolidated Entity's performance and benefits for shareholder wealth, the Board has regard to the following indices in respect of the current financial year and the previous four financial years:

Item	2012	2013	2014	2015	2016
Revenue	98,526	22,377	68,576	38,217	25,545
Net loss	6,473,524	3,315,988	2,299,246	9,402,364	1,759,934
Share Price	0.017	0.033	0.007	0.002	0.12

Details of Remuneration for Year Ended 31 December 2016

Details of the remuneration of the Directors of Tawana Resources NL and its controlled entities, are set out in the following tables.

	Short-term benefits			Post employment	Share-based payments	Total	Performance related
	Salary and fees	Cash bonus	Termination payment	Superannuation			
2016	$	$	$	$	$	$	%
Directors							
Mr M Calderwood (1)	94,620	30,000	-	-	71,926	196,546	51.86
Mr M Bohm (2)	55,500	-	-	3,563	84,643	143,706	61.38
Mr R Benussi (3)	41,248	-	-	-	84,643	125,891	67.24
Mr M Naylor	136,526	-	-	-	84,643	221,169	38.27
	327,894	30,000	-	3,563	325,855	687,312	

(1) Appointed as CEO on 11 July 2016 and Managing Director on 21 October 2016.
(2) Resigned as Non-Executive Chairman on 21 October 2016.
(3) Appointed as Non-Executive Chairman on 21 October 2016.

	Short-term benefits			Post employment	Share-based payments	Total	Performance related
	Salary and fees	Cash bonus	Termination payment	Super-annuation			
2015	$	$	$	$	$	$	%
Directors							
Mr M Bohm (1)	18,750	-	-	1,781	-	20,531	-
Mr R Benussi (2)	3,285	-	-	-	-	3,285	-
Mr W Richards (3)	287,671	36,530	283,723	58,699	-	666,623	4.5
Mr L Kolff (4)	89,875	-	-	13,935	-	103,810	-
Mr M Naylor (5)	123,996	-	-	-	9,951	133,947	7.4
	523,577	36,530	283,723	74,415	9,951	928,196	

(1) Appointed as Non-Executive Director on 1 August 2015 and Non-Executive Chairman on 4 December 2015.
(2) Appointed as Non-Executive Director on 4 December 2015.
(3) Resigned 4 December 2015 and CEO role terminated on 4 December 2015.
(4) Resigned 1 August 2015.
(5) Appointed as Executive Director on 1 January 2015.

Shares Issues on Exercise of Options
There were no share issues on exercise of options in 2016 or 2015.

Value of Options Awarded, Exercised and Lapsed During the Year

31 December 2016

Name	Financial Year	Value of Options Granted During the Year $	Grant Date	Fair Value Per Option	Exercise Price	Expiry Date	Number of Options Vested During the Year	Value of Options Exercised During the Year $
Mr M Calderwood	2016	76,664	18 Jul 16	$0.0256	$0.060	30 Jun 19	-	-
Mr M Bohm	2016	84,643	24 Aug 16	$0.0846	$0.060	30 Jun 19	1,000,000	-
Mr R Benussi	2016	84,643	24 Aug 16	$0.0846	$0.060	30 Jun 19	1,000,000	-
Mr M Naylor	2016	84,643	24 Aug 16	$0.0846	$0.060	30 Jun 19	1,000,000	-
	2015	9,951	12 Jun 15	$0.0663	$0.178	26 May 18		-

Grant of Long Term Incentives

At 31 December 2016, 3,000,000 options were issued to Mr M Calderwood and 1,000,000 options were issued to Mr R Benussi, Mr M Naylor and Mr M Bohm.

All options issued to directors and KMP are issued for nil consideration.

All options issued carry no dividend or voting rights. When exercised, each option is converted into one ordinary share pari passu with existing ordinary shares.

Shares Held by Directors and Key Management Personnel

The number of shares in the Company held during the financial year by each director of Tawana Resources NL and other KMP, including their personally related parties, is set out below.

31 December 2016

Name	Balance at start of the year[(1)]	Balance at date of appointment	Received during the year on exercise of options	Other acquisition/ disposal of shares during the year	Balance at date of resignation [(2)]	Balance at end of the year
	Number	Number	Number	Number	Number	Number
Directors						
Mr M Calderwood	-	3,800,000	-	18,080,000	-	21,880,000
Mr R Benussi	22,500	-	-	2,448,500	-	2,471,000
Mr M Bohm	-	-	-	2,000,000	(2,000,000)	-
Mr M Naylor	40,000	-	-	2,040,000	-	2,080,000
	62,500	3,800,000	-	24,568,500	(2,000,000)	26,431,000

[(1)] This has been changed to reflect the 1:20 consolidation in April 2016.
[(2)] Mr M Bohm ceased to be a KMP on 21 October 2016.

Options Held by Directors and Key Management Personnel

The number of options over ordinary shares in the Company held during the financial year by each director of Tawana Resources NL and other KMP of the Company, including their personally related parties, are set out below.

31 December 2016

Name	Balance at start of the year	Granted during year as remuneration	Exercised during year	Options disposed / cancelled / lapsed during year	Balance at date of resignation	Balance at end of year	Options vested and exercisable at end of year
	Number	Number	Number	Number		Number	Number
Directors							
Mr M Calderwood	-	3,000,000	-	-	-	3,000,000	-*
Mr M Bohm	-	1,000,000	-	-	1,000,000	-	-
Mr R Benussi	-	1,000,000	-	-	-	1,000,000	1,000,000
Mr M Naylor	150,000	1,000,000	-	-	-	1,150,000	1,150,000
	150,000	6,000,000	-	-	1,000,000	5,150,000	2,150,000

* : These vested on 6 January 2017.

Employment contracts of directors and senior executives

On 11 July 2016, the Company has entered into a standard appointment agreement with Mr Calderwood which provides for an initial appointment term of one year, $200,000 annual salary and an issue of incentive options and short term incentives. Mr Calderwood is required to give the Company six weeks' notice to terminate the agreement and the Company is required to give Mr Calderwood three months' notice to terminate the contract or payment in lieu.

The Company entered into an agreement with Mr Naylor commencing from 1 January 2015 for the provision of chief financial officer, financial controller, accounts payable and company secretarial services. Mr Naylor is required to give the Company three months' notice to terminate the contract and the Company is required to give Mr Naylor three months' notice to terminate the contract or payment in lieu.

Loans to key management personnel

There were no loans to key management personnel of the Consolidated Entity, including their personally related parties, as at 31 December 2016 or 31 December 2015.

Other transactions with key management personnel

Mr M Naylor, an Executive Director of the Company, holds a senior position with Teranga Gold (Australia) Pty Ltd, which received $38,783 in fees for the provision of administration services. Payments were based on commercial terms and conditions.

END OF REMUNERATION REPORT

Meetings of directors

During the financial year, 12 meetings of directors were held. Attendances by each director during the year were as follows:

	Board meetings	
	Number attended	**Number eligible to attend**
Mr M Calderwood	2	2
Mr M Bohm	11	11
Mr R Benussi	12	12
Mr M Naylor	12	12

Given the size of the Board the Company has decided that there are no efficiencies to be gained from forming separate committees.

Share Options

Unissued Options
At the date of this report, the unissued ordinary shares of Tawana Resources NL under option are as follows:

Grant date	Date of expiry	Exercise price	Number under option
12 Jun 2015	26 May 2018	$0.178	550,000
16 Jun 2016	14 Jun 2018	$0.035	2,500,000
18 Jul 2016	30 Jun 2019	$0.060	3,000,000
24 Aug 2016	30 Jun 2019	$0.060	2,000,000
			8,050,000

No person entitled to exercise an option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Refer to the remuneration report for further details of the options outstanding for Key Management Personnel.

Shares issued as a result of the exercise of options
During the financial year, 1,000,000 options were exercised at an exercise price of $0.060 per share.

Indemnifying officers
In accordance with the constitution, except as may be prohibited by the *Corporations Act 2001,* every officer of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as officer or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal. The terms of the policy prevent disclosure of the amount of the premium payable and the level of indemnification under the insurance contract.

Indemnifying of Auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of these proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit services

The Company did not engage its external auditor to provide any non-audit services during the financial year.

Subsequent to year end, Ernst & Young were engaged to provide income tax services, stamp duty and tax consolidated group advice. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporation Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young Australia are due to receive the following amounts for the provision of non-audit services:

	$
Tax compliance services	26,000

Auditor's independence declaration

The lead auditor's independence declaration for the year ended 31 December 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
Director

Dated at Perth this 28th day of March 2017

Notes

[1](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) the obligation to negotiate in good faith comes to an end on the earlier of execution of a definitive cooperation agreement or 31 December 2015; and

(iii) there is no certainty or assurance that parties will reach a final agreement on the terms of the cooperation agreement.

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

[2] For full details of exploration results refer to ASX announcement. Tawana Resources 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, tortuous, 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.

Tawana reviews all of its corporate governance practices and policies on an annual basis to ensure they are appropriate for the Company's current stage of development. This year, the review was made against the new ASX Corporate Governance Council's Principles and Recommendations (third edition) which became effective for financial years beginning on or after 1 July 2014.

The Company's Corporate Governance Statement for the year ended 31 December 2016 was approved by the Board on 28 March 2017 and is available on the Company's website at www.tawana.com.au

The directors of Tawana Resources NL believe that effective corporate governance improves company performance, enhances corporate social responsibility and benefits all stakeholders. Changes and improvements are made in a substance over form manner, which appropriately reflect the changing circumstances of the company as it grows and evolves. Accordingly, the Board has established a number of practices and policies to ensure that these intentions are met and that all shareholders are fully informed about the affairs of the Company.

The Company has a corporate governance section on the website at www.tawana.com.au. The section includes details on the company's governance arrangements and copies of relevant policies and charters.

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

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

As lead auditor for the audit of Tawana Resources NL for the financial year ended 31 December 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 audit; and

b) no contraventions of any applicable code of professional code of professional conduct in relation to the audit.

This declaration is in respect of Tawana Resources NL and the entities it controlled during the year.

Ernst & Young

Ernst and Young

R J Curtin
Partner
28 March 2017

RC:KW:TAWANA:020

	Note	Consolidated 2016 $	Consolidated 2015 $
Continuing operations			
Revenue	4	25,545	38,217
Corporate costs	5	(793,908)	(755,869)
Depreciation		(25,226)	(52,333)
Employee benefits expense	5	(398,552)	(926,671)
Share-based payments		(325,855)	(45,435)
Exploration expenses written off	9	(238,802)	(7,728,558)
Foreign exchange gain		213	97,562
Loss on disposal of subsidiary		(937)	(27,775)
Other expenses		(2,412)	(1,502)
Loss before income tax expense		(1,759,934)	(9,402,364)
Income tax benefit	6	-	-
Net loss for the year attributable to members of Tawana Resources NL		(1,759,934)	(9,402,364)
Other comprehensive income that may be subsequently reclassified to profit or loss			
Cumulative translation difference on foreign operations disposed during the period transferred to profit or loss		-	27,775
Gain on translation of foreign operations		(15,726)	641,994
Other comprehensive income for the period, net of tax		(15,726)	669,769
Total comprehensive loss for the period attributable to members of Tawana Resources NL		(1,775,660)	(8,732,595)
Basic and diluted loss per share (cents)	19	(1.04)	(14.88)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

	Note	Consolidated 2016 $	2015 $
Current assets			
Cash and cash equivalents	17(a)	6,959,711	808,342
Trade receivables and other assets	7	321,768	82,549
Total current assets		7,281,479	890,891
Non-current assets			
Plant and equipment	8	60,975	60,416
Exploration expenditure	9	12,462,891	-
Total non-current assets		12,523,866	60,416
Total assets		19,805,345	951,307
Current liabilities			
Trade and other payables	10	1,017,097	339,088
Subscription proceeds received in advance	11	195,120	-
Provisions		1,767	4,161
Total current liabilities		1,213,984	343,249
Non-current liabilities			
Provisions		17,748	15,441
Total non-current liabilities		17,748	15,441
Total liabilities		1,231,732	358,690
Net assets		18,573,613	592,617
Equity			
Contributed equity	12	73,033,489	54,419,776
Reserves	13	2,834,389	2,166,972
Accumulated losses		(57,294,265)	(55,994,131)
Total equity		18,573,613	592,617

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

	Consolidated					
	Issued capital	**Options reserve**	**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	-	-	-	-	(1,759,934)	(1,759,934)
Other comprehensive income for the year	-	-	(15,726)	-	-	(15,726)
Total comprehensive (loss)/income for the year	-	-	(15,726)	-	(1,759,934)	(1,775,660)
Transactions with owners in their capacity as owners						
Shares issued, net of costs	18,613,713	-	-	-	-	18,613,713
Share options expired	-	(459,800)	-	-	459,800	-
Share options issued and vested	-	355,443	-	-	-	355,443
Deferred consideration on acquisition	-	787,500	-	-	-	787,500
Total transactions with owners in their capacity as owners	18,613,713	683,143	-	-	459,800	19,756,656
Balance at 31 December 2016	73,033,489	1,094,788	1,716,717	22,884	(57,294,265)	18,573,613

	Consolidated					
	Issued capital	**Options reserve**	**Foreign currency reserve**	**Other reserves**	**Accumulated 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	-	-	-	-	(9,402,364)	(9,402,364)
Other comprehensive income for the year	-	-	669,769	-	-	669,769
Total comprehensive (loss)/income for the year	-	-	669,769	-	(9,402,364)	(8,732,595)
Transactions with owners in their capacity as owners						
Share options expired	-	(1,563,509)	-	-	1,563,509	-
Share options issued and vested	-	45,435	-	-	-	45,435
Total transactions with owners in their capacity as owners	-	(1,518,074)	-	-	1,563,509	45,435
Balance at 31 December 2015	54,419,776	411,645	1,732,443	22,884	(55,994,131)	592,617

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

	Note	Consolidated 2016 $	Consolidated 2015 $
Cash flows from operating activities			
Other receipts		4,633	2,874
Payments to suppliers and employees		(1,097,284)	(1,625,850)
Interest received		11,766	34,224
Net cash flows used in operating activities	17(b)	(1,080,885)	(1,588,752)
Cash flows from investing activities			
Purchase of plant and equipment		(25,953)	-
Proceeds from sale of plant and equipment		9,413	-
Proceeds from sale of exploration assets		70,813	-
Payments for exploration		(11,575,575)	(928,516)
Proceeds from R&D refund		-	417,876
Proceeds from deposits and bonds		-	29,193
Net cash flows used in investing activities		(11,521,302)	(481,447)
Cash flows from financing activities			
Proceeds from issue of shares		19,047,145	-
Capital raising costs		(489,763)	-
Proceeds received in advance		195,120	
Net cash from financing activities		18,752,502	-
Net (decrease)/increase in cash and cash equivalents		6,150,315	(2,070,199)
Cash and cash equivalents at beginning of the year		808,342	2,802,978
Effects of exchange rates on cash holdings in foreign currencies		1,054	75,563
Cash and cash equivalents at end of the year	17(a)	6,959,711	808,342

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

1. Summary of significant accounting policies

Financial Reporting Framework
The financial report is a general-purpose financial report that has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and complies with other requirements of the law. The financial report includes financial statements for Tawana Resources NL as the Consolidated Entity ("Group") consisting of Tawana Resources NL and its controlled entities. The Group is a for-profit entity for financial reporting purposes.

Accounting policies
Material accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Historical cost convention
These financial statements have been prepared under the historical cost convention. A summary of the Group's significant accounting policies is set out below.

Critical accounting estimates
The preparation of financial statements in conformity with AASBs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Compliance with International Financial Reporting Standards
This financial report complies with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

(a) Going Concern

The Group recorded a loss of $1,759,934 (2015: loss $9,402,364) and had cash outflows from operating and investing activities of $12,602,187 (2015: $2,070,199) for the year ended 31 December 2016. The Group had cash and cash equivalents at 31 December 2016 and 28 March 2017 of $6,959,711 and $3,140,860 respectively.

The Group's cash flow forecast reflects that the Group will need to raise funds during the quarter ending 30 June 2017 to enable it to meet its working capital requirements and planned exploration expenditure, in particular for the Group's flagship Bald Hill Project. 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 adjustments relating 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.

1. Summary of significant accounting policies (continued)

(b) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant
- activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss

Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

1. Summary of significant accounting policies (continued)

(c) Foreign currency translation

The presentation currency of Tawana Resources NL and its controlled entities is Australian Dollars ("A$"). The functional currency of Tawana Resources NL is Australian Dollars and the functional currency of the overseas subsidiaries is South African Rand (Tawana Resources SA (Pty) Ltd) and US Dollars (Tawana Liberia Inc).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are revalued at the rate of exchange prevailing at the end of the reporting period. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at financial year end exchange rates are recognised in the profit and loss.

As at the end of the reporting period the assets and liabilities of foreign operations are translated into the presentation currency of Tawana Resources NL at the rate of exchange prevailing at the end of the reporting period and the Statement of Profit and Loss and Other Comprehensive Income is translated at the weighted average exchange rates for the period, where this rate approximates the spot rate prevailing at the date of transaction, otherwise specific spot rates are used for each transaction. All translation differences are recognised in the foreign currency translation reserve.

On disposal of a foreign entity, the deferred cumulative amount recognised in other comprehensive income relating to that particular foreign entity is recognised in the Statement of Profit and Loss and Other Comprehensive Income.

(d) Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the consolidated entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Interest
Interest is recognised as it accrues using the effective interest method.

(e) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities with the carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to realise those temporary differences and losses.

1. Summary of significant accounting policies (continued)

(e) Income tax (continued)

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and the tax base of investments in controlled entities where the parent entity is able to control the timing of the reversal of temporary differences and it is probable that the differences will not be reversed in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities, and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group is entitled to claim special tax deductions and rebates on qualifying expenditure under Research and Development Tax Incentive Scheme in Australia.

(f) Impairment of assets

Assets, except for exploration and evaluation (refer to Note 1(g)) are reviewed for impairment on an annual basis and tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets, other than goodwill that suffered an impairment, are reviewed for possible indicators for reversal of the impairment at each subsequent reporting date.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

(g) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. The costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable resources and further work is intended to be performed.

Accumulated costs in relation to an abandoned area will be written off in full against the profit and loss in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest will be amortised over the life of the area according to the rate of depletion of the economically recoverable resources.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

1. Summary of significant accounting policies (continued)

(h) Property, plant and equipment

Plant and equipment and buildings are stated at cost less accumulated depreciation and any impairment losses. Depreciation is calculated on a straight line basis over the estimated useful life of the Group's assets which are set at between 4 and 10 years.

The carrying values of all assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable in accordance with Note 1(f).

The residual value, useful lives and depreciation methods are reviewed and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of Profit and Loss and Other Comprehensive Income.

(i) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Consolidated Entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial realisation, and default or delinquency in payments, are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the Statement of Profit and Loss and Other Comprehensive Income within other expenses.

When a trade receivable, for which an impairment allowance had been recognised, becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Statement of Profit and Loss and Other Comprehensive Income.

(j) Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with a maturity of three months or less that are readily converted into known amounts of cash which are subject to insignificant risk of changes in value. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

1. Summary of significant accounting policies (continued)

(k) Employee entitlements

Wages, salaries and leave
Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be wholly settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. All other amounts are considered other long term benefits for measurement purposes and are measured at the present value of expected future payments to be made in respect of services provided by employees.

Share-based payments
Share-based compensation benefits are provided to employees in accordance with the Tawana Resources Employee Option Plan, an employee share scheme.

The fair value of options granted under the Tawana Resources Employee Option Plan is recognised as an employee benefit expense over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period) with a corresponding increase in equity. The fair value is measured at grant date. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Long Service Leave
Liabilities for long service leave are recognised, and are measured as the present value of expected future payments to be made in respect of services provided by employees.

(l) Provisions

Provisions are recognised when the Consolidated Entity has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(m) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to the Statement of Profit and Loss and Other Comprehensive Income on a straight-line basis over the period of the lease.

1. Summary of significant accounting policies (continued)

(n) Provision for rehabilitation

Environmental obligations associated with the retirement or disposal of long lived assets will be recognised when the disturbance occurs and is based on the extent of damage incurred. The provision is measured at the present value of the future expenditure, and a corresponding debit is recognised to the related mining asset. On an ongoing basis, the rehabilitation liability will be unwound in line with the changes in the time value of money which is recognised as an expense in the Statement of Profit and Loss and an increase in the provision), and additional disturbances will be recognised as additions to a corresponding asset and rehabilitation liability. These provisions have been created based on the Group's internal estimates, however, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the exploration activities cease.

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Other taxes

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST) or Value Added Tax (VAT) except:

- where the GST / VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST / VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST / VAT included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST / VAT component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST / VAT recoverable from, or payable to, the taxation authority.

(q) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(r) Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

1. Summary of significant accounting policies (continued)

(s) Government grants

The Group is entitled to claim special tax deductions and rebates on qualifying expenditure under Research and Development Tax Incentive Scheme in Australia.

(t) New, revised or amended Accounting Standards or Interpretations adopted

In the year ended 31 December 2016, the Directors have reviewed all of the new and reviewed Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to the Group and effective for the current annual reporting period.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to the Group's policies.

(u) New standards and interpretations not yet adopted

The following standards and interpretations have been issues or amended but are not yet effective. These standards have not been adopted by the Group for the period ended 31 December 2016 and the Group has not yet determined the impact on the financial statements:

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 15	Revenue from Contracts with Customers	AASB 15 *Revenue from Contracts with Customers* replaces the existing revenue recognition standards AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related Interpretations (Interpretation *13 Customer Loyalty Programmes*, Interpretation 15 *Agreements for the Construction of Real Estate,* Interpretation 18 *Transfers of Assets from Customers*, Interpretation 131 *Revenue—Barter Transactions Involving Advertising Services* and Interpretation 1042 *Subscriber Acquisition Costs in the Telecommunications Industry*). AASB 15 incorporates the requirements of IFRS 15 *Revenue from Contracts with Customers* issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB). AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments).The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price	1 January 2018	1 January 2018

		(d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation AASB 2015-8 amended the AASB 15 effective date so it is now effective for annual reporting periods commencing on or after 1 January 2018. Early application is permitted. AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.		
AASB 16	Leases	The key features of IFRS 16 are as follows: Lessee accounting (a) Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. (b) A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. (c) Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. (d) IFRS 16 contains disclosure requirements for lessees. Lessor accounting (a) IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. (b) FRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. IFRS 16 supersedes: (a) IAS 17 Leases; (b) IFRIC 4 Determining whether an	1 January 2019	1 January 2019

		Arrangement contains a Lease; (c) SIC-15 Operating Leases—Incentives; and (d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, IFRS 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as IFRS 16.		
AASB 9	Financial Instruments	AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments. Classification and measurement AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities. The main changes are described below. Financial assets a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets	1 January 2018	1 January 2018

		or liabilities, or recognising the gains and losses on them, on different bases. Financial liabilities Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option. Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows: ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount. Impairment The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. Hedge accounting Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E. AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014. AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.		
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets	AASB 2014-10 amends AASB 10 Consolidated Financial Statements and AASB 128 to address an inconsistency between the requirements in AASB 10	1 January 2018	1 January 2018

	between an Investor and its Associate or Joint Venture	and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require: A full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not) A partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. AASB 2014-10 also makes an editorial correction to AASB 10. AASB 2015-10 defers the mandatory effective date (application date) of AASB 2014-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2018** instead of 1 January 2016.		
AASB 2016-1	Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]	This Standard amends AASB 112 Income Taxes (July 2004) and AASB 112 Income Taxes (August 2015) to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.	1 January 2017	1 January 2017
AASB 2016-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	This Standard amends AASB 107 Statement of Cash Flows (August 2015) to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.	1 January 2017	1 January 2017
AASB 2016-5	Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions [AASB 2]]	This standard amends AASB 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments Share-based payment transactions with a net settlement feature for withholding tax obligations A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled	1 January 2018	1 January 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle^	Annual Improvements to IFRS Standards 2014–2016 Cycle	This amending standard addresses the following: IFRS 12 Disclosure of Interests in Other Entities Clarification of the scope of the Standard (effective date 1 January 2017) IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters (effective date 1 January 2018) IAS 28 Investments in Associates and Joint Ventures - Measuring an associate or joint venture at fair value. (effective date 1 January 2018)	1 January 2017	1 January 2017
IFRIC Interpretation	IFRIC Interpretation 22 Foreign Currency	IFRIC Interpretation 22 Foreign Currency Transactions and Advance	1 January 2018	1 January 2018

22^	Transactions and Advance Consideration	Consideration, which addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency, is effective 1 January 2018.		

Any new, revised or amending Accounting Standards that are not yet mandatory have not been early adopted. The Group is yet to determine the impact of the new and revised accounting standards.

2. Financial Instruments, Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and short-term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Group. The Group also holds other financial instruments such as trade debtors and trade creditors which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate, foreign currency, credit and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below:

Market risk
Foreign currency risk
The Group is exposed to fluctuations in foreign currencies arising from expenditure in currencies other than the Group's measurement currency.

The Consolidated Entity has foreign operations with functional currencies in the South African Rand and the United States Dollar. The Group has not formalised a foreign currency risk management policy, however it monitors its foreign currency expenditure in light of exchange rate movements, and retains the right to withdraw from the foreign exploration commitments after the minimum expenditure targets have been met.

The Group has no significant exposure to foreign currency risk at the end of the reporting period.

Interest rate risk
The Group's main interest rate risk arises from cash held on deposit by Australian financial institutions. Cash held in term deposits is subject to prevailing variable interest rates and expose the Group to cash flow interest rate risk. As at the end of the reporting period, the Group had $2,040,000 (2015: $40,000) on deposit in interest bearing accounts earning a weighted average interest rate of 2.35%.

Sensitivity
The Group's results are not materially exposed to interest rate risks.

Credit risk
Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of primarily dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings. The maximum exposure to credit risk comprises the carrying value of cash and cash equivalents and trade and other receivables as stated on the statement of financial position.

2. Financial Instruments, Risk Management Objectives and Policies (continued)

Liquidity risk and capital management

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration and development, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the Consolidated Statement of Financial Position. All trade and other payables are non-interest bearing and due within 3 months of balance date.

Fair value measurement

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximate their respective fair values. There have been no changes or transfers of financial assets or liabilities between levels 1, 2 or 3 by the Group during the current financial year.

3. Critical accounting estimates and judgements

The preparation of the financial statements requires that the Group make judgements, estimates and assumptions that affect the reported amounts in the financial statements. The Group continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. The Group bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, believed to be reasonable under current circumstances.

The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Exploration and evaluation expenditure

Exploration and evaluation expenditure is capitalised on the basis that the Group will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Black-Scholes option pricing model or another appropriate valuation methodology, using the assumptions detailed in note 20, and taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

3. Critical accounting estimates and judgements (continued)

Functional currency
The functional currency for the parent entity, each of its subsidiaries, is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgements to determine the primary economic environment and the parent entity reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Taxation
Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of Directors pending an assessment by the Australian Taxation Office. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation and the Directors understanding thereof. No adjustment has been made for pending or future taxation legislation.

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Refer to note 6 for further details.

4. Revenue and other income

	Note	Consolidated 2016 $	Consolidated 2015 $
Revenue from continuing operations			
Interest received		19,037	35,343
Other		6,508	2,874
		25,545	38,217

5. Expenses

	Note	2016 $	2015 $
Corporate expenses includes:			
Auditors' remuneration	18	72,042	96,292
Business development		164,807	12,800
Compliance and regulatory fees		191,858	115,918
Consultancy and legal fees		150,754	250,042
Travel expenses		44,291	65,730
Occupancy expenses		82,108	101,481
Other expenses		88,048	113,606
		793,908	755,869
Employee benefits expense includes:			
Salaries and wages		66,235	522,020
Termination payment		162,477	283,723
Superannuation		6,431	72,337
Directors' fees		136,742	112,259
Other employee expenses including (decrease)/increase in provision for annual leave and long service leave		26,667	(63,668)
		398,552	926,671

6. Income tax

Tax losses
The Group has unused tax losses for which no benefit has been recognised. Unused tax losses carried forwarded in the parent entity as at 31 December 2016 is estimated to be $29,424,509 (2015: $28,824,498).

The future income tax benefit attributable to these losses has not been brought to account because the benefit is not probable of realisation. The potential future income tax benefits which may arise from these losses will only be realised if:

- the Consolidated Entity derives future assessable income of a nature and sufficient amount to enable the benefit of losses to be realised;
- the Consolidated Entity continues to comply with the conditions of deductibility imposed in each legislative environment, and
- no changes in tax legislation adversely affect the Consolidated Entity in realising the benefit from the deduction for the losses.

Income tax recognised in profit or loss

The income tax expense for the year can be reconciled to the accounting profit as follows:

	2016 $	2015 $
Loss before tax for the year	(1,759,934)	(9,402,364)
Income tax benefit calculated at 28.5% (2015: 30%)	(501,581)	(2,817,595)
Tax effect of permanent differences	187,691	539,032
Effect of unused tax losses not recognised as deferred tax assets	313,890	2,278,563
Total income tax benefit recognised in the current year relating to continuing operations	-	-

Deferred tax balances

Accruals	73,319	6,219
Impairment of loan balance	76,282	-
Provision – employee entitlements	503	1,248
Provision – unpaid superannuation	669	834
De-recognition of tax balances	(150,773)	(8,301)
Deferred income tax assets	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 28.5% (2015: 30%) payable by Australian corporate entities with a turnover of less than $2,000,000 on taxable profits under Australian tax law.

7. Trade receivables and other assets

	Consolidated 2016 $	Consolidated 2015 $
Current		
Trade debtors	-	9,592
GST and VAT receivable	245,146	6,685
Prepayments	11,860	6,718
Refundable deposits	56,734	59,325
Other	8,028	229
	321,768	82,549

8. Property, plant and equipment

	Consolidated 2016 $	Consolidated 2015 $
Gross carrying amount		
Balance at beginning of the year	292,285	1,210,415
Additions	25,953	-
Disposals	(13,324)	(926,237)
Foreign currency translation	(101,154)	8,107
Balance at end of the year	203,760	292,285
Accumulated depreciation		
Balance at beginning of the year	231,869	1,105,682
Depreciation	25,226	52,327
Depreciation reversal on disposal	(12,898)	(926,237)
Foreign currency translation	(101,412)	97
Balance at end of the year	142,785	231,869
Net book value	60,975	60,416

9. Exploration expenditure

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

Movement in carrying values

	Consolidated 2016 $	Consolidated 2015 $
Balance at beginning of year	-	6,650,425
Acquisition of assets	9,450,000	-
Expenditure during the year	2,464,194	486,123
Deferred consideration on acquisition	787,500	-
Expenditure written off during the year	(238,802)	(7,728,558)
Foreign currency translation	-	592,010
Balance at end of year	12,462,892	-

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 its carrying value was written down to nil as at 31 December 2015. The company continued to write off exploration expenditure as incurred at Mofe Creek.

9. Exploration expenditure (continued)

During the year ended 31 December 2016 the Company acquired a number of lithium projects in Western Australia and Namibia. The summary of these acquisitions and future milestone payments are as follows:

Mount Belches Pty Ltd
On 24 August 2016, the Company acquired 100% of Mount Belches Pty Ltd (Mt Belches), a Company related to Mark Calderwood. The consideration for Mt Belches was the issue of 40,000,000 Tawana shares to the shareholders of Mt Belches at an issue price of $0.095 per share, being the share price on the date acquisition was settled. Of the 40,000,000 Tawana shares that were issued, 7,620,000 were issued to Mark Calderwood.

Mount Belches, at the time of acquisition, Mount Belches had one tenement application and rights (via an option agreement) to acquire 100% of three exploration licences and one exploration licence application.

The terms of the option agreement for Mt Belches to acquire 100% of the Tenements are as follows:

- Option payment of $100,000 which was paid by Tawana on 6 July 2016;
- $2,000,000 in cash or Tawana shares (based on the 30 day VWAP) any time up to 4 March 2017. The choice of cash or shares or a combination of the two is at the election of the grantor of the Option; and
- 2% gross revenue royalty on any production.

The option was exercised on 3 March 2017 (Refer subsequent events note).

Lithium Africa No 1 Pty Ltd
On 23 September 2016, the Company acquired 100% of Lithium Africa No 1 Pty Ltd (LA1), a Company related to Mark Calderwood. The consideration for LA1 was $75,000 in cash and the issue of 5,000,000 Tawana shares to the shareholders of LA1 at an issue price of $0.105 per share, being the share price on the date acquisition was settled.

The deferred consideration for the acquisition of LA1 is as follows:

- 5,000,000 Tawana shares on successful completion of drilling, analysing and metallurgical test work (to Tawana's satisfaction) by 30 June 2017; and
- 5,000,000 Tawana shares on a decision to mine on or before 31 December 2018.

The deferred consideration has been fair valued based on the number of shares issued multiplied by the share price, on the date acquisition was settled, adjusted for the probability of the vesting conditions being met.

Under the terms of the existing agreement between LA1 and Namibia Silica CC (being the current owner of the Uis pegmatite tailings stockpile) (Namibia Silica), LA1 is required to pay US$1,375,000 together with a (5%) net profit interest royalty.

The cash payments are to be made on a staged basis as follows:

- US$275,000 (A$382,098) upon completion of drilling, analysing and metallurgical test work;
- US$250,000 (A$347,362) upon completion of an environmental impact study and associated clearance;
- US$350,000 (A$486,307) upon completion of a definitive feasibility study and receipt of key approvals; and
- US$500,000 (A$694,724) upon commencement of commercial production.

Tawana has assumed these payment obligations.

In addition, there is another party which indirectly owns 5% of the Uis pegmatite tailings stockpile which can be purchased by LA1 for US$500,000.

9. Exploration expenditure (continued)

Lithco No 2 Pty Ltd

On 24 October 2016, the Company entered into an option agreement to acquire 100% of Lithco No.2 Pty Ltd (Lithco) for $25,000, a Company related to Mark Calderwood. Lithco has the rights to earn into the Bald Hill Lithium and Tantalum Project ("Bald Hill" or "The Project").

On 29 December 2016 the Company exercised the option and issued 50,000,000 Tawana shares to the shareholders of Mt Belches at an issue price of $0.099 per share, being the share price on the date acquisition was settled. Of the 50,000,000 Tawana shares that were issued, 10,460,000 were issued to Mark Calderwood.

Lithco has entered into a farm-in agreement ("Farm-in Agreement") with Singapore Exchange Listed Alliance Mineral Assets Limited with respect to the Project for the purpose of joint exploration and exploitation of lithium and other minerals.

The Farm-in Agreement is in line with the Binding Terms Sheet which requires Lithco:

- to spend, by 31 December 2017 (or such later date as may be agreed between the parties), a minimum of $7.5 million on exploration, evaluation and feasibility (including administrative and other overhead costs in relation thereto) ("Expenditure Commitment"); and
- to spend, by 31 December 2019 (which is a new commitment by Tawana from the Binding Term Sheet), $12.5 million in capital expenditure required for upgrading and converting the plant for processing ore derived from the Project, infrastructure costs, pre-stripping activities and other expenditures including operating costs ("Capital Expenditure").

Upon completion of the Expenditure Commitment, Tawana shall be entitled to 50% of all rights to lithium minerals from the tenements comprising the Project ("Tenements").

Upon completion of the Expenditure Commitment and Capital Expenditure, Tawana 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).

10. Trade and other payables

	Consolidated 2016 $	Consolidated 2015 $
Current		
Trade creditors	730,177	100,511
Other creditors and accruals	286,920	238,577
	1,017,097	339,088

11. Subscription proceeds received in advance

At the end of December 2016, the Group received $195,120, which was part of the proceeds for shares issued on 5 January 2017.

12. Contributed equity

(a) Issued capital

	Consolidated 2016 $	Consolidated 2015 $
Ordinary shares, fully paid	73,033,489	54,419,776

(b) Movements in share capital

	2016 Number	2015 Number	2016 $	2015 $
Balance at beginning of year	73,762,751	73,762,751[1]	54,419,776	54,419,776
Shares issued during year	297,091,751	-	18,988,421	-
Options exercised during year	1,000,000	-	144,643	-
Transaction costs relating to share issues	-	-	(519,351)	-
Balance at end of year	371,854,502	73,762,751	73,033,489	54,419,776

[1]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 1,475,250,387 to 73,762,751 (before any subsequent capital raising).

(c) Terms and conditions of contributed equity

Ordinary shares
Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held. At shareholder meetings each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands. Shares have no par value.

Equity Incentives
Information relating to equity incentives including details of equity incentives exercised and lapsed during the financial year and equity incentives outstanding at the end of the financial year, is set out in note 20.

Capital Management
The Group’s objectives when managing capital are to ensure that the Group can continue as a going concern in order to provide benefits for shareholders and other stakeholders. Due to the nature of the Group’s activities being mineral exploration, the primary source of funding to the activities is equity raisings. The focus for the Group’s capital risk management is the current working capital position against the Group’s requirements to meet exploration programmes and corporate overheads. The Group’s strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements with a view to raise capital when required.

13. Reserves

	Note	Consolidated 2016 $	Consolidated 2015 $
Foreign currency translation	(a)	1,716,717	1,732,443
Options	(b)	1,094,788	411,645
Asset revaluation	(c)	22,884	22,884
		2,834,389	2,166,972

(a) Foreign currency translation reserve

Exchange differences arising from the translation of foreign controlled entities are taken to the foreign currency translation reserve, as described in Note 1(c).

(b) Options reserve

The options reserve is used to recognise the fair value of options on issue at reporting date.
The movement in the option reserve during the period was as follows.

		Consolidated 2016 $	Consolidated 2015 $
Balance at beginning of year		411,645	1,929,719
Options expense for year charged to profit or loss	20	325,855	45,435
Options expense charged to the cost of equity		29,588	-
Options exercised and expired during year		(459,800)	(1,563,509)
Deferred consideration on acquisition		787,500	-
Balance at end of year		1,094,788	411,645

(c) Asset revaluation reserve

The asset revaluation reserve records revaluations of non-current assets. This is a historical reserve and there have been no movements in the years ended 31 December 2016 and 2015.

Balance at end of year	22,884	22,884

14. Key management personnel compensation

(a) Directors and other key management personnel

The following persons were directors of Tawana Resources NL during the financial year:

Mark Calderwood (appointed as Managing Director on 21 October 2016 and Chief Executive Officer on 11 July 2016)
Robert Benussi (appointed as Non-executive Chairman 21 October 2016 and appointed Non-Executive Director on 5 December 2015)
Michael Naylor (appointed as Executive Director on 1 January 2015)
Michael Bohm (resigned on 21 October 2016)

(b) Compensation of key management personnel

	2016 $	2015 $
Short-term employee benefits	357,894	560,107
Termination payment	-	283,723
Post-employment benefits	3,563	74,415
Share-based payments	325,855	9,951
	687,312	928,196

Detailed remuneration disclosures are provided within the audited remuneration report which can be found on pages 24 to 31 of the Directors Report.

(c) Loans to key management personnel

There were no loans to key management personnel of the consolidated entity, including their related parties, as at 31 December 2016 or 31 December 2015.

(d) Other transactions with key management personnel

Mr M Naylor, an Executive Director of the Company, holds a senior position with Teranga Gold Corporation, which received $38,783 in fees for the provision of administration services. Payments were based on commercial terms and conditions.

15. Details of controlled entities

Name	Country of incorporation	Interest held by the consolidated entity 2016 %	2015 %
Parent			
Tawana Resources NL	Australia		
Controlled entities			
Mount Belches Pty Ltd	Australia	100	0
Lithco No 2 Pty Ltd	Australia	100	0
Lithium Africa no 1 Pty Ltd	Australia	100	0
Tawana Resources SA (Pty) Ltd	South Africa	100	100
Diamond Resources (Pty) Ltd[1]	South Africa	0	100
Kenema-Man Holdings Liberia Pty Ltd	Australia	100	100
Waba Holdings Pty Ltd	Australia	100	100
Tawana Gold (Pty) Ltd	Australia	100	100
Tawana Liberia Inc	Liberia	100	100
Archean Holdings Inc	Liberia	100	100

[1] In January 2016, BlueRock Diamonds purchased the Company's total shareholding and loan account in Diamond Resources (Pty) Ltd (a 100% owned subsidiary of Tawana Resources NL) for ZAR700,000 ($A60,300).

16. Segment information

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	
	2016	2015	2016	2015	2016	2015
	$	$	$	$	$	$
Non-current assets	11,010,124	12,547	35,729	47,869	1,478,013	-

17. Notes to the Statement of Cash Flows

(a) Reconciliation of cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at call in deposits with banks. Cash at the end of the year is shown in the Consolidated Statement of Financial Position as:

	Consolidated	
	2016	2015
	$	$
Cash on hand and at bank	4,959,711	788,342
Cash on deposit	2,000,000	20,000
	6,959,711	808,342

17. Notes to the Statement of Cash Flows (continued)

(b) Reconciliation of net loss after tax to net cash flows from operations

	Consolidated 2016 $	Consolidated 2015 $
Net loss	(1,759,935)	(9,402,364)
Adjustments for:		
Depreciation	25,226	52,333
Impairment and write off of non-current assets	238,802	7,728,558
Share-based payments	325,855	45,435
Net foreign exchange differences	(213)	(97,562)
Gain on disposal of property, plant and equipment	(426)	(9,592)
Loss on disposal of subsidiary	937	27,775
Changes in assets and liabilities		
(Increase) / decrease in:		
Trade and other receivables	(272,032)	(375)
Increase / (decrease) in:		
Trade and other payables	357,308	146,278
Provisions	3,593	(79,238)
Net cash used in operating activities	(1,080,885)	(1,588,752)

18. Auditors' remuneration

	Consolidated 2016 $	Consolidated 2015 $
Ernst & Young		
Audit services	32,444	30,000
Non-audit services	-	41,314
	32,444	71,314
Auditor of subsidiaries		
Pricewaterhouse Coopers		
Audit services	39,598	66,292
	39,598	66,292

There was a change in auditors in 2015.

19. Loss per share

	2016	2015
Loss from continuing and discontinuing operations used in the calculation of basic EPS	(1,759,935)	(9,402,364)
Loss from continuing operations used in the calculation of basic EPS	(1,759,935)	(9,402,364)
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	169,816,555	63,187,930

19. Loss per share (continued)

The loss per share calculation as disclosed on the Consolidated Statement of Profit and Loss and Other 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.

8,050,000 (2015: 1,275,000) options have been excluded from the loss per share calculation as they were not considered dilutive.

Basic and diluted loss per share for all periods prior to the rights issue on 16 June 2016 have been restated by an adjustment factor of 1.17 to account for the bonus element.

20. Share-based payments

Summary of options on issue

The Company makes share based payments to executives and employees, as well as selected consultants and contractors in the form of unlisted share options to subscriber for ordinary shares in the Company.

Set out below is a summary of unlisted options movements:

	2016		**2015**	
	Weighted average exercise price per Option	Number of Options	Weighted average exercise price per Option	Number of Options
As at 1 January	$0.240	1,275,000	$0.540	3,937,500
Granted during the year	$0.060	8,500,000	$0.880	2,150,000
Exercised during the year	$0.060	(1,000,000)	-	-
Lapsed during the year	$0.344	(725,000)	$0.520	(4,812,500)
As at 31 December	$0.081	8,050,000	$0.240	1,275,000
Vested and exercisable at 31 December	$0.081	8,050,000	$0.240	1,275,000

20. Share-based payments (continued)

Outstanding unlisted options at the end of the year have the following expiry date and exercise prices:

Grant date	Date of expiry	Exercise price	Number under option
12 Jun 2015	26 May 2018	$0.178	150,000
12 Jun 2015	26 May 2018	$0.178	150,000
12 Jun 2015	26 May 2018	$0.178	250,000
16 Jun 2016	14 Jun 2018	$0.035	2,500,000
18 Jul 2016	30 Jun 2019	$0.060	3,000,000
24 Aug 2016	30 Jun 2019	$0.060	1,000,000
24 Aug 2016	30 Jun 2019	$0.060	1,000,000
			8,050,000

The weighted average remaining contractual life of the unlisted options outstanding is 3 years.

Fair value of options granted during the year

The assessed fair value at grant date of options granted to individuals is allocated equally over the period from grant date to vesting date. Fair values at grant date are determined using a Black Scholes option pricing model that takes into account the exercise price, term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The following options were issued during the year ended 31 December 2016:

Issue date	*Quantity*	*Grant date*	*Expiry date*	*Exercise price*	*Fair value per option*	*Total fair value*
16 Jun 2016	2,500,000	16 Jun 2016	14 Jun 2018	$0.0350	$0.0260	$29,588
18 Jul 2016	3,000,000	18 Jul 2016	30 Jun 2019	$0.0600	$0.1238	$76,664
24 Aug 2016	1,000,000	24 Aug 2016	30 Jun 2019	$0.0600	$0.0894	$84,643
24 Aug 2016	1,000,000	24 Aug 2016	30 Jun 2019	$0.0600	$0.0894	$84,643
24 Aug 2016	1,000,000	24 Aug 2016	30 Jun 2019	$0.0600	$0.0894	$84,643

The model inputs for the options granted during the year were as follows:

Quantity	2,500,000	3,000,000	3,000,000
Grant date	16 Jun 2016	18 Jul 2016	24 Aug 2016
Expiry date	14 Jun 2018	30 Jun 2019	30 Jun 2019
Grant date share price	$0.026	$0.031	$0.095
Exercise price	$0.035	$0.060	$0.060
Expected volatility	100%	176%	174%
Option life (years)	2	3	3
Expected dividend yield	0%	0%	0%
Risk free rate at grant date	1.55%	1.55%	1.38%

20. Share-based payments (continued)

The cost of the issue of options was recorded in the financial statements as follows:

- options which vested in the financial year for consulting work with a cost of $29,588 (2015: nil) were charged to the cost of equity.
- options which vested in the financial year for consulting work, employee benefits and directors' fees with a cost of $325,855 (2015: $115,671) were charged to the profit or loss; of which
  - $71,926 (2015: $70,236), relates to options that were issued and expensed over the vesting period in 2016; and
  - $253,929 (2015: $45,435) relates to options issued in 2016 which vested immediately.

The following options were issued during the year ended 31 December 2015:

Issue date	*Quantity*	*Grant date*	*Expiry date*	*Exercise price*	*Fair value per option*	*Total fair value*
23 Feb 2015	10,000,000	23 Feb 2015	30 Aug 2015	$0.0001	$0.008	$79,010
23 Feb 2015	10,000,000	23 Feb 2015	30 Aug 2016	$0.0001	$0.008	$79,034
23 Feb 2015	10,000,000	23 Feb 2015	30 Aug 2017	$0.0001	$0.008	$79,085
12 Jun 2015	11,000,000	12 Jun 2015	26 May 2018	$0.0089	$0.005	$36,488
9 Jul 2015	2,000,000	9 Jul 2015	7 Jul 2018	$0.004	$0.005	$7,796

The model inputs for the options granted in 2015 were as follows:

Quantity	10,000,000	10,000,000	10,000,000	11,000,000	2,000,000
Grant date	23 Feb 2015	23 Feb 2015	23 Feb 2015	12 Jun 2015	9 Jul 2015
Expiry date	30 Aug 2015	30 Aug 2016	30 Aug 2017	26 May 2018	7 Jul 2018
Grant date share price	$0.008	$0.008	$0.008	$0.005	$0.005
Exercise price	$0.0001	$0.0001	$0.0001	$0.0089	$0.004
Expected volatility	124%	124%	124%	130%	132%
Option life (years)	0.5	1.5	2.5	2.9	3
Expected dividend yield	0%	0%	0%	0%	0%
Risk free rate at grant date	1.96%	1.87%	1.87%	2.07%	1.86%

The Company acquired Lithium Africa No.1 Pty Ltd, Lithco No.2 Pty Ltd and Mt Belches Pty Ltd during the year ended 31 December 2016. These transactions are not deemed to be Business Combinations and have been accounted for as asset acquisitions. The consideration paid was settled via an issue of fully paid ordinary shares in the Company.

In accordance with AASB 2 Share Based Payments there is a rebuttable presumption that the fair value of the goods or services received can be estimated reliably for transactions with parties other than employees. The acquisition of Lithco No.2 Pty Ltd, the fair value of the shares issued has been determined based on underlying fair value of the Bald Hill Project (as determined by an external independent third party). The fair value was determined based on the underlying resources/reserves and a valuation multiple. In respect of the acquisition of Lithium Africa No.1 Pty Ltd and Mt Belches Pty Ltd, this presumption has been rebutted given that the fair value of the underlying asset (being exploration and evaluation asset) could not be reliably measured. Accordingly, the assets acquired have been recorded based on the fair value of the shares issued to the vendors of Lithium Africa No.1 Pty Ltd and Mt Belches Pty. Refer to note 9 for further details.

21. Commitments and contingent assets and liabilities

Leasing commitments

The Consolidated Entity has no material operating leases.

Exploration and Mining Leases

Due to the nature of the consolidated entity's operations in exploring and evaluating areas of interest, it is very difficult to accurately forecast the nature or amount of future expenditure, although it will be necessary to incur expenditure in order to retain present interests in mineral tenements. Expenditure commitments on mineral tenure for the consolidated entity can be reduced by selective relinquishment of exploration tenure or by the renegotiation of expenditure commitments.

Annual license fees on exploration licenses held by the Company are $114,394 (31 December 2015: $48,129) with a minimum exploration commitment of $528,955 (31 December 2015: $1,097,951) per annum.

Capital Commitments
The Company did not have any capital commitments at the current or prior reporting dates.

Other
Refer to the Exploration Expenditure at Note 9 for details on milestone payments.

22. Subsequent events

Placements
With regard to Tranche 2 of the $7.2m placement referred to above, a total of 3,171,000 shares were issued on 5 January representing the final amount of $380,520.

Incentive Options
On 6 January 2017, 2,625,000 Class J Incentive Options with an exercise price of $0.13 and expiry date of 7 January 2020 were issued to employees under the Company's Employee Option Incentive Plan.

Exercise of Cowan Option
On 3 March 2017, Tawana exercised its option to acquire 100% of four tenements (includes the Cowan and Yallari Lithium Projects) which are all highly prospective for lithium. The vendors of the Cowan lithium tenements have been notified that Tawana has exercised the option and they were paid $1,000,000 in cash and issued 7,092,198 shares (50% are in escrow).

Employee Options
On 27 March 2017, the Company issued 3,250,000 employee options at exercise prices between $0.16 and $0.23 per share and expiring dates between 1 March 2019 and 8 May 2020.

23. Supplementary information about the parent entity

	Parent	
	2016	**2015**
	$	**$**
Assets		
Current assets	7,006,534	820,498
Total assets	19,567,680	975,931
Liabilities		
Current liabilities	949,873	225,271
Total liabilities	949,873	225,271
Net assets	18,617,807	750,660
Equity		
Issued capital	73,004,443	54,419,776
Reserves	1,117,671	434,529
Retained earnings	(55,504,307)	(54,103,645)
Total equity	18,617,807	750,660
Profit and loss		
(Loss)	(1,850,820)	(13,368,304)
Comprehensive income		
Total comprehensive income	(1,850,820)	(13,438,540)

There were no contingent liabilities, guarantees or capital commitments of the parent entity not otherwise disclosed in these financial statements.

In accordance with a resolution of the directors of Tawana Resources NL, I state that:

1. In the opinion of the directors:

   (a) the financial statements and notes as set out on pages 28 to 60 of the Company and of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the Company's and the consolidated entity's financial position as at 31 December 2016 and of their performance for the year ended on that date; and

      (ii) complying with Accounting Standards and Corporations Regulations 2001; and

   (b) subject to the achievement of the matters set out in Note 1 (a), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements.

3. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 31 December 2016.

On behalf of the Board

Mr Michael Naylor
Director

Perth, 28 March 2017

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Independent auditor's report

To the shareholders of Tawana Resources NL

Report on the audit of the financial report

Opinion

We have audited the financial report of Tawana Resources NL ("the Company"), including its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

In our opinion the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's consolidated financial position as at 31 December 2016 and of its consolidated financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 *Code of Ethics for Professional* Accountants (the Code) that are relevant to our audit of the financial report in Australia; and we have fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

Without qualifying our opinion, we draw attention to Note 1(a) in the financial report. These conditions, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity'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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Carrying value of deferred exploration expenditure assets

Why significant	How our audit addressed the key audit matter
As disclosed in Note 9, the Group had deferred exploration expenditure of $12.4 million as at 31 December 2016. The carrying value of deferred exploration expenditure is subjective based on the Group's ability, and intention, to continue to explore the asset. The carrying value may also be impacted by the results of exploration work indicating that the mineral resources may not be commercially viable for extraction. This creates a risk that the amounts stated in the financial statements may not be recoverable. The Group acquired Lithco No.2 Pty Ltd, Lithium Africa No.1 Pty Ltd and Mt Belches Pty Ltd during the financial year as detailed in Note 9. The acquisition of these entities has been treated as an asset acquisition and the Group capitalised the consideration paid as deferred exploration expenditure.	We evaluated the Group's assessment of the carrying value of deferred exploration expenditure. We considered the Group's right to explore in the relevant exploration area which included obtaining and assessing supporting documentation such as license agreements. We considered the Group's intention to carry out significant exploration and evaluation activity in the relevant exploration areas which included assessment of the Group's cash-flow forecast models and enquired with senior management and Directors as to the intentions and strategy of the Group. We also assessed the treatment of the acquisition of Lithco No.2 Pty Ltd, Lithium Africa No.1 Pty Ltd and Mt Belches Pty Ltd being accounted for as asset acquisitions.

2. Share based payments

Why significant	How our audit addressed the key audit matter
Tawana Resources NL awarded share based payments, in the form of share options, in the current year to directors, management and employees as detailed in Note 20. The Group performed calculations to record the related share based payment expense in the consolidated statement of comprehensive income. Due to the complex and judgmental estimates used in determining the valuation of the share based payments, we consider the Group's calculation of the share based payment expense to be a key audit matter. The Group uses assumptions in respect of future market and economic conditions. In addition, during the financial year Tawana Resources NL acquired Lithco No.2 Pty Ltd, Lithium Africa No.1 Pty Ltd and Mt Belches Pty Ltd. The acquisition of these entities was principally settled through issue of shares as detailed in Note 20.	We considered whether the Group used an appropriate model in valuing the options issued to directors, management and employees during the year. We involved our valuation specialists to assess the assumptions used in the Group's calculation being the share price of the underlying equity, interest rate, volatility, dividend yield, time to maturity (expected life) and grant date. We also assessed the assumptions used to measure the share based payments relating to the acquisition of Lithco No.2 Pty Ltd, Lithium Africa No.1 Pty Ltd and Mt Belches Pty Ltd. We also assessed the adequacy of the disclosure in Note 9 and Note 20.

Information other than the financial statements and auditor's report

The Directors are responsible for the other information. The other information comprises the information in the Group's Annual Report for the year ended 31 December 2016, but does not include the financial report and the auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the financial report

The Directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 24 to 31 of the Directors' Report for the year ended 31 December 2016.

In our opinion, the Remuneration Report of Tawana Resources NL for the year ended 31 December 2016, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

R J Curtin
Engagement Partner
Perth
28 March 2017

Mining & Exploration tenements currently held by the consolidated entity are as follows:

Location	Title held by	% held by Tawana	Title
Mofe Creek Liberia	Tawana Liberia Inc	100%	MEL 12029
Mofe Creek Liberia	Tawana Liberia Inc	100%	MEL 1223/14
Western Australia	Mount Belches Pty Ltd	100%	E15/1205
Western Australia	Mount Belches Pty Ltd	100%	E15/1377
Western Australia	Mount Belches Pty Ltd	100%	E15/1446
Western Australia	Mount Belches Pty Ltd	100%	E15/1526
Western Australia	Alliance Mineral Assets Limited	Earning in 50%	M15/400
Western Australia	Alliance Mineral Assets Limited	Earning in 50%	M15/1470
Western Australia	Alliance Mineral Assets Limited	Earning in 50%	M15/1811
Western Australia	Alliance Mineral Assets Limited	Earning in 50%	M15/1305
Western Australia	Alliance Mineral Assets Limited	Earning in 50%	M15/1308
Western Australia	Alliance Mineral Assets Limited	Earning in 50%	M59/714
Western Australia	Alliance Mineral Assets Limited	Earning in 50%	G15/17
Western Australia	Alliance Mineral Assets Limited	Earning in 50%	L15/265
Western Australia	Alliance Mineral Assets Limited	Earning in 50%	L15/266
Western Australia	Alliance Mineral Assets Limited	Earning in 50%	L15/267
Western Australia	Alliance Mineral Assets Limited	Earning in 50%	L15/268
Western Australia	Alliance Mineral Assets Limited	Earning in 50%	L15/269
Western Australia	Alliance Mineral Assets Limited	Earning in 50%	L15/270
Western Australia	Alliance Mineral Assets Limited	Earning in 50%	P15/5465
Western Australia	Alliance Mineral Assets Limited	Earning in 50%	P15/5466
Western Australia	Alliance Mineral Assets Limited	Earning in 50%	P15/5467
Western Australia	Alliance Mineral Assets	Earning in 50%	P15/5862

	Limited		
Western Australia	Alliance Mineral Assets Limited	Earning in 50%	P15/5863
Western Australia	Alliance Mineral Assets Limited	Earning in 50%	P15/5864
Western Australia	Alliance Mineral Assets Limited	Earning in 50%	P15/5865
Western Australia	Alliance Mineral Assets Limited	Earning in 50%	P15/5866
Western Australia	Alliance Mineral Assets Limited	Earning in 50%	R15/1
Western Australia	Alliance Mineral Assets Limited	Earning in 50%	E15/1058
Western Australia	Alliance Mineral Assets Limited	Earning in 50%	E15/1212
Western Australia	Alliance Mineral Assets Limited	Earning in 50%	E15/1161
Western Australia	Alliance Mineral Assets Limited	Earning in 50%	E15/1162
Western Australia	Alliance Mineral Assets Limited	Earning in 50%	E15/1166
Western Australia	Alliance Mineral Assets Limited	Earning in 50%	E15/1353
Western Australia	Alliance Mineral Assets Limited	Earning in 50%	E15/1066
Western Australia	Alliance Mineral Assets Limited	Earning in 50%	E15/1067
Western Australia	Alliance Mineral Assets Limited	Earning in 50%	M15/1811

Additional information included in accordance with the Listing Rules of the Australian Securities Exchange Limited. The information is current as at 24 March 2017.

1. Substantial shareholders

The substantial holders in the Company are set out below:

Shareholder	*Number of shares*	*Percentage of issued capital*
Merriwee Pty Ltd	28,000,000	7.47%
J P Morgan Nominees Australia Limited	26,964,723	7.19%
Corporate & Resource Consultants Pty Ltd	25,000,000	6.67%
Chalmsbury Nominees Pty Ltd	18,750,000	5.00%

2. Statement of issued capital

(a) Distribution of fully paid ordinary shareholders

Size of holding	*Number of holders*	*Shares held*
1 – 1,000	960	325,511
1,001 – 5,000	429	1,193,059
5,001 – 10,000	245	1,968,009
10,001 – 100,000	663	340,674,922
100,001 and over	-	-
	2,545	369,458,465

(b) All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(c) At the date of this report there were 1,198 shareholders who held less than a marketable parcel of shares.

3. Options

	Exercise price	*Expiry date*	*Number of options*	*Number of holders*
Unlisted options	$0.178	26 May 2018	550,000	3
Unlisted options	$0.035	14 Jun 2018	2,500,000	1
Unlisted options	$0.060	30 Jun 2019	5,000,000	3

4. Quotation

Listed securities in Tawana Resources NL are quoted on the Australian Securities Exchange and the Johannesburg Stock Exchange.

5. Twenty largest shareholders

The twenty largest shareholders hold 63.09% of the issued capital of the Company as at 24 March 2017.

No	Shareholder	Number of shares	Percent-age of issued capital
1.	MERRIWEE PTY LTD <MERRIWEE SUPER FUND A/C>	28,000,000	7.47
2.	J P MORGAN NOMINEES AUSTRALIA LIMITED	26,964,723	7.19
3.	CORPORATE & RESOURCE CONSULTANTS PTY LTD	25,000,000	6.67
4.	CHALMSBURY NOMINEES PTY LTD <BLACK A/C>	18,750,000	5.00
5.	CORPORATE & RESOURCE CONSULTANTS PTY LTD	18,446,875	4.92
6.	CHALMSBURY NOMINEES PTY LTD <BLACK A/C>	16,875,000	4.50
7.	TERANGA GOLD CORPORATION	13,505,000	3.60
8.	CITICORP NOMINEES PTY LIMITED	13,257,798	3.54
9.	UBS NOMINEES PTY LTD	13,109,247	3.50
10.	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	9,360,094	2.50
11.	NATIONAL NOMINEES LIMITED	7,955,349	2.12
12.	BT PORTFOLIO SERVICES LIMITED <WARRELL HOLDINGS S/F A/C>	7,500,000	2.00
13.	MERRIWEE PTY LTD <MERRIWEE SUPER FUND A/C>	6,250,000	1.67
14.	JDAD PTY LTD	6,108,375	1.63
15.	EREBON PTY LTD	5,693,675	1.52
16.	COMPUTERSHARE COMPANY NOMINEES LIMITED <SAF REGISTER CONTROL A/C>	5,567,037	1.48
17.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,219,050	1.13
18.	INVESTMET LIMITED	4,000,000	1.07
19.	BNP PARIBAS NOMS PTY LTD <DRP>	3,029,476	0.81
20.	MR JOHN HENDERSON MANSON + MRS KAREN ANN-MARIE MANSON <MAYFLOWER A/C>	3,000,000	0.80
		236,591,699	**63.09**