



ASX RELEASE
20 August 2018
ASX:TAW

CORPORATE DIRECTORY

Non-Executive Chairman
Robert Benussi

Managing Director
Mark Calderwood

Non-Executive Directors
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30 April 2018 Interim Condensed Financial Statements

Please find attached a copy of the interim condensed financial statements for Tawana Resources NL (Tawana) and its subsidiaries for the four month period ended 30 April 2018 (Statements).

The Statements have been prepared for the purposes of disclosure in the Scheme Booklet released on ASX today in relation to the proposed merger of Tawana and Alliance Mineral Assets Limited.

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TAWANA
RESOURCES NL

ABN 69 085 166 721

**INTERIM FINANCIAL REPORT
FOR THE FOUR MONTH PERIOD ENDED
30 APRIL 2018**

INTERIM CONDENSED FINANCIAL STATEMENTS

For the four month period ended 30 April 2018

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The financial report covers the consolidated entity consisting of Tawana Resources NL and its subsidiaries.
The financial report is presented in Australian dollars.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

For the four month period ended 30 April 2018

	Notes	1 January 2018 to 30 April 2018 \$'000
Revenue		
Revenue from continuing operations		-
Other income		61
Expenses		
Administration expense		627
Employee benefits expense		519
Share based payment expense		448
Compliance and regulatory expense		233
Depreciation expense		23
Rehabilitation provision interest expense		6
Impairment of exploration and evaluation asset	6	4,059
		5,915
Loss before income tax		5,854
Income tax benefit/(expense)		-
Loss after income tax for the year		5,854
Other comprehensive loss		
<i>Items that will be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations		(9)
Total comprehensive loss for the year		5,845
Loss per share for the year attributable to the members of Tawana Resources NL:		
Basic/diluted loss per share (cents)	21	1.16

The above consolidated statement of profit or loss & other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April 2018

	Notes	30 April 2018 \$'000	31 December 2017 \$'000
Assets			
Current assets			
Cash and cash equivalents	4	27,451	16,375
Trade and other receivables	5	8,765	5,190
Prepayments and deposits		110	1,116
Disposal group held for distribution	6	4,225	-
Inventory	7	815	27
Total current assets		41,366	22,708
Non-current assets			
Mine properties	8	32,310	18,045
Exploration and evaluation expenditure	9	282	7,660
Property, plant and equipment	15	32,689	23,833
Deposits		75	73
Total non-current assets		65,356	49,611
Total assets		106,722	72,319
Liabilities			
Current liabilities			
Trade and other payables	10	22,841	9,373
Deferred revenue	11	11,500	9,595
Provisions		259	160
Total current liabilities		34,600	19,128
Non-current liabilities			
Interest bearing loans	13	5,000	-
Deferred revenue	11	1,000	2,905
Provision for rehabilitation	12	2,710	706
Total non-current liabilities		8,710	3,611
Total liabilities		43,310	22,739
Net assets		63,412	49,580
Equity			
Contributed equity	16	127,253	108,024
Reserves		5,859	6,990
Accumulated losses		(71,288)	(65,434)
Amounts recognised in equity relating to the disposal group		1,588	-
Total equity		63,412	49,580

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the four month period ended 30 April 2018

	Contributed equity \$'000	Share based payments Reserve \$'000	Foreign currency reserve \$'000	Asset revaluation reserve \$'000	Equity relating to disposal group \$'000	Accumulated losses \$'000	Total equity \$'000
At 1 January 2018	108,024	5,428	1,539	23	-	(65,434)	49,580
Comprehensive loss							
Loss for the year	-	-	-	-	-	(5,854)	(5,854)
Exchange differences on foreign operations	-	-	9	-	-	-	9
Total comprehensive loss for the year	-	-	9	-	-	(5,854)	(5,845)
<i>Transactions with owners in their capacity as owners:</i>							
Shares issued, net of costs	19,229	-	-	-	-	-	19,229
Share based payment transactions	-	448	-	-	-	-	448
Transfer for equity relating to disposal group	-	-	(1,588)	-	1,588	-	-
	19,229	448	(1,588)	-	1,588	-	19,677
At 30 April 2018	127,253	5,876	(40)	23	1,588	(71,288)	63,412

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the four month period ended 30 April 2018

	Notes	1 January 2018 to 30 April 2018 \$'000
Cash flows from operating activities		
Payments to administration suppliers and employees		(1,294)
Interest received		52
Interest paid		(66)
Dividends received		10
Deposits paid		(50)
Net cash provided by/(used in) operating activities		(1,348)
Cash flows from investing activities		
Payments for mine properties		(4,456)
Payments for exploration and evaluation net of rebates		76
Payments for property, plant and equipment		(11,364)
Spare purchases for mine development		(848)
Cash calls received from Joint Operation Partner not expended		5,538
Net cash used in investing activities		(11,054)
Cash flows from financing activities		
Proceeds from issue of shares		20,254
Capital raising costs		(1,025)
Receipt of loan funds		5,000
Net cash received from financing activities		24,229
Net increase in cash and cash equivalents		11,827
Cash and cash equivalents at the beginning of the period		16,375
Cash and cash equivalents at the end of the period	4	28,202

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the four month period ended 30 April 2018

1. Corporate information

The interim condensed financial statements of Tawana Resources NL ("Tawana", "the Parent" or the "Company") and its subsidiaries (collectively, the "Group") for the four month period ended 30 April 2018 were authorised for issue in accordance with a resolution of the Directors on 14 August 2018.

Tawana Resources NL is a for profit company incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange (ASX).

2. Basis of preparation and changes to the Group's accounting policies

These interim condensed financial statements for the four month period ended 30 April 2018 have been prepared in accordance with the requirements of *AASB 134: Interim Financial Reporting* except for the non-disclosure of comparative information in the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows and related notes. The interim condensed financial statements for the four months period ended 30 April 2018 have been prepared for the purposes of disclosure in the Scheme Booklet in relation to the proposed merger of Tawana with Alliance Mineral Assets Limited announced by the Company on 5th April 2018.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2017 and any public announcements made by Tawana Resources NL during the interim period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*. The annual report of the Group as at and for the year ended 31 December 2017 is available on request from the Company's registered office or at www.tawana.com.au.

A. Adoption of new policies

The accounting policies adopted are consistent with those applied by the Group in the preparation of the annual consolidated financial statements for the year ended 31 December 2017, other than the adoption of additional accounting policies set out below:

Inventories

Stores and consumables are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs.

Stores and consumables expected to be processed or sold within twelve months after the balance date are classified as current assets.

Disposal group held for distribution

The Group classifies non-current assets and disposal groups as held for distribution if their carrying amounts will be recovered principally through a distribution to shareholders rather than through continuing use. Such non-current assets and disposal groups classified as held for distribution are measured at the lower of their carrying amount and fair value less costs to distribute. Costs to distribute are the incremental costs directly attributable to the distribution, excluding finance costs and income tax expense.

The criteria for held for distribution classification is regarded as met only when the distribution is highly probable, the asset or disposal group is available for immediate distribution in its present condition and management is committed to the distribution which is expected within one year from the date of classification.

Property, plant and equipment is not depreciated or amortised once classified as held for distribution.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the four month period ended 30 April 2018

Disposal groups classified as held for distribution are presented separately as current items in the statement of financial position.

Trade and other receivables (new policy applied from 1 January 2018 due to adoption of AASB 9 – see 2B below for further details)

Trade receivables are initially recognised at their transaction price and other receivables at fair value. Receivables that are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest are classified and subsequently measured at amortised cost. Receivables that do not meet the criteria for amortised cost are measured at fair value through profit or loss.

The group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises the lifetime expected credit loss for trade receivables carried at amortised cost. The expected credit losses on these financial assets are estimated based on the Group's historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as forecast conditions at the reporting date.

For all other receivables measured at amortised cost, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to expected credit losses within the next 12 months.

The Group considers an event of default has occurred when a financial asset is more than 90 days past due or external sources indicate that the debtor is unlikely to pay its creditors, including the Group. A financial asset is credit impaired when there is evidence that the counterparty is in significant financial difficulty or a breach of contract, such as a default or past due event has occurred. The Group writes off a financial asset when there is information indicating the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

Significant accounting judgements, estimates and assumptions

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the interim financial statements for the four months ended 30 April 2018, significant judgments made by management in applying the Group's accounting policies and the key causes of estimation uncertainty were consistent with those applied to the annual consolidated financial statements as at and for the year ended 31 December 2017, except for the additional significant accounting judgments, estimates and assumptions detailed below:

Production start date

The Company assesses the stage of each mine under development to determine when a mine transitions into the production phase, being when the mine is substantially complete and ready for its intended use. The criteria used to assess the mine start date are determined based on the unique nature of each mine development project, such as the complexity of the project and its location. The Company considers various relevant criteria to assess when the production phase is considered to have commenced. At this point, all related amounts are reclassified from mine development to producing mines. Some of the criteria used to identify the production start date include, but are not limited to:

- Level of capital expenditure incurred compared with the original construction cost estimate
- Completion of a reasonable period of testing of the mine plant and equipment for its designed capacity
- Ability to produce ore in a saleable form (within specifications)
- Ability to sustain ongoing production of ores

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the four month period ended 30 April 2018

When a mine development project moves into the production phase, the capitalisation of certain mine development costs ceases and costs are either regarded as forming part of the cost of inventory, expensed, or continue to be capitalised for costs that qualify for capitalisation relating to mining asset additions or improvements, mine development or mineable reserve development. It is also at this point that depreciation/amortisation commences.

The Company has determined that as at 30 April 2018 the Bald Hill Mine has not yet transitioned into the production phase.

B. New Accounting Standards and Interpretations adopted by the Group

The Group applied all new and amended Accounting Standards and Interpretations that were effective as at 1 January 2018, including:

AASB 9 Financial Instruments ("AASB 9")

The Group has adopted AASB 9 as issued in July 2014 with the date of initial application being 1 January 2018. In accordance with the transitional provisions in AASB 9, comparative figures have not been restated. AASB 9 replaces AASB 39 *Financial Instruments: Recognition and Measurement* ("AASB 39"), bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The accounting policies have been updated to reflect the application of AASB 9 for the period from 1 January 2018 (see note 2A for details of the new accounting policy for receivables).

Measurement and classification

Under AASB 9, debt instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion'). The SPPI test is applied to the entire financial asset, even if it contains an embedded derivative. Consequently, a derivative embedded in a debt instrument is not accounted for separately.

At the date of initial application, existing financial assets and liabilities of the Group were assessed in terms of the requirements of AASB 9. The assessment was conducted on instruments that had not been derecognised as at 1 January 2018. In this regard, the Group has determined that the adoption of AASB 9 has impacted the classification of financial instruments at 1 January 2018 as follows:

Class of financial instrument presented in the statement of financial position	Original measurement category under AASB 9 (i.e. prior to 1 January 2018)	New measurement category under AASB 9 (i.e. from 1 January 2018)
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost
Trade and other receivables	Loans and receivables	Financial assets at amortised cost
Deposits	Loans and receivables	Financial assets at amortised cost
Trade and other payables	Financial liability at amortised cost	Financial liability at amortised cost
Interest bearing loans and borrowings	Financial liability at amortised cost	Financial liability at amortised cost

The change in classification has not resulted in any re-measurement adjustments at 1 January 2018.

Impairment of financial assets

In relation to the financial assets carried at amortised cost, AASB 9 requires an expected credit loss model to be applied as opposed to an incurred credit loss model under AASB 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the four month period ended 30 April 2018

changes in credit risk since initial recognition of the financial asset. In particular, AASB 9 requires the Group to measure the loss allowance at an amount equal to lifetime expected credit loss ("ECL") if the credit risk on the instrument has increased significantly since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group is required to measure the loss allowance for that financial instrument at an amount equal to the ECL within the next 12 months.

As at 1 January 2018, the Group reviewed and assessed the existing financial assets for impairment using reasonable and supportable information. In accordance with AASB 9, where the Group concluded that it would require undue cost and effort to determine the credit risk of a financial asset on initial recognition, the Group recognises lifetime ECL. The result of the assessment is as follows:

Items existing as at 1 January 2018 that are subject to the impairment provisions of AASB 9	Credit risk attributes	Cumulative additional loss allowance recognised on 1 January 2018 \$'000:
Cash and cash equivalents and deposits	All bank balances are assessed to have low credit risk at each reporting date as they are held with reputable institutions.	-
Trade receivables	The Group applied the simplified approach and concluded that the lifetime ECL for these assets would be negligible and therefore no loss allowance was required at 1 January 2018.	-
Receivable from joint operator	These instruments are on demand and were assessed to attract negligible ECL.	-

Hedge accounting

The Group has not applied not applied hedge accounting.

AASB 15 Revenue from Contracts with Customers ("AASB 15")

The Group has adopted AASB 15 as issued in May 2014 with the date of initial application being 1 January 2018. In accordance with the transitional provisions in AASB 15 the standard has been applied using the full retrospective approach. In this regard, the Group applied a practical expedient and did not restate any contracts that were completed at the beginning of the earliest period presented.

AASB 15 supersedes AASB 18 *Revenue*, AASB 111 *Construction Contracts* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

At 1 January 2017 and 1 January 2018, all enforceable offtake agreements were assessed and it was determined that the adoption of AASB 15 had no significant impact on the Group. In this regard, the Group considered whether the deferred revenue received under the Bald Hill Lithium Concentrate Offtake agreement (see note 11) contained a significant financing component. The Group concluded that any discount in the arrangement was provided to secure a foundation customer and was therefore provided for reasons other than financing. Accordingly, no discounting has been inputted into the transaction.

AASB Interpretation 22: Foreign Currency Transactions and Advance Consideration

The Interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the four month period ended 30 April 2018

advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

Adoption of Interpretation 22 did not have a significant impact on the Group.

C. Going concern

The Group recorded a loss of \$5,854,000 and had cash outflows from operating and investing activities of \$12,203,112 for the four months period ended 30 April 2018. The Group had cash and cash equivalents at 30 April 2018 and 10 August 2018 of \$28,202,000 (including restricted cash and cash held for distribution of 11,828,000 (note 4)) and \$21,738,000 (including restricted cash and cash held for distribution of \$13,930,000) respectively.

During the past 12 months prior to the date of these interim financial statements, Tawana has worked with its partner, Alliance Mineral Assets Limited, to bring the Bald Hill Lithium Project ("the Project") into production, with the first spodumene (lithium) concentrate production announced on 14 March 2018. During the initial phase of the Project (being the next 6 to 12 months), the Group will be exposed to a higher level of cash outflows due to pre-strip activities and repayment of the Burwill prepayment (note 11). Further, during the early stages of the Project and similar to other companies whose performance is dependent upon newly-constructed assets and start-up operations, the Group will also be exposed to normal risks and uncertainties, such as the Bald Hill mine failing to perform as expected, having higher than expected operating costs, having lower than expected customer revenues, key additional infrastructure not coming on stream when required or within budget, potential equipment breakdown or failures and operational errors.

The Directors recognise that the Group will need to raise additional funds via equity raisings or financing facilities to fund ongoing operating and capital expenditure (in particular, where actual cash flows differ from budgeted cash flows in light of the above-mentioned risks and uncertainties associated with newly-constructed assets and start-up operations) during the initial phase of the Project.

Subsequent to 30 April 2018, the Group raised \$4,878,000 in equity before costs and \$1,840,750 in proceeds from options exercised. In addition, the Group is currently negotiating the terms of a proposed \$15 million debt facility, and progressing other financing arrangements with a view to reducing Tawana's exposure to cash flow risks during the initial phase of the Project. The Directors are satisfied that they will be able to raise additional funds as required and accordingly, it is appropriate to prepare the interim financial statements on a going concern basis.

In the event that the Group is unable to obtain sufficient funding for ongoing operating and capital requirements, there is a material uncertainty whether it will continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the interim financial statements.

The interim financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that may be necessary should the consolidated entity not be able to continue as a going concern.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the four month period ended 30 April 2018

3. Segment information

Description of segments

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions. For the purposes of segment reporting the chief operating decision maker has been determined as the Board of Directors.

Based upon the current operations of the Group, the Board has identified three operating segments; being Bald Hill, exploration within the Cowan tenement package and regional exploration in Liberia and South Africa. Assets are allocated to a segment based on the operations of the segment and the physical location of the asset.

Segment information provided to the Board of Directors

The segment information provided to the Board of Directors for the reportable segments is as follows:

	Bald Hill	Cowan	Regional	Total segment	Unallocated & corporate	Elimination	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment assets							
30 April 2018							
Cash & cash equivalents	11,557	-	14	11,571	15,880	-	27,451
Property, plant & equipment	32,559	-	-	32,559	130	-	32,689
Mine properties	32,310	-	-	32,310	-	-	32,310
Exploration & evaluation expenditure	282	-	-	282	-	-	282
Inventory	787	-	28	815	-	-	815
Assets held for distribution	-	2,492	982	3,474	751	-	4,225
Other assets	8,283	-	82	8,365	32,593	(32,008)	8,950
Total	85,778	2,492	1,106	89,376	49,354	(32,008)	106,722
31 December 2017							
Cash & cash equivalents	-	-	5	5	16,370	-	16,375
Property, plant & equipment	23,673	-	21	23,694	139	-	23,833
Mine properties	18,045	-	-	18,045	-	-	18,045
Exploration & evaluation expenditure	194	7,466	-	7,660	-	-	7,660
Other assets	5,572	191	107	5,870	13,401	(12,865)	6,406
Total	47,484	7,657	133	55,274	29,910	(12,865)	72,319
Total segment liabilities							
30 April 2018	72,056	1,342	20,487	93,885	1,766	(52,341)	43,310
31 December 2017	32,657	1,486	18,996	53,139	1,315	(31,715)	22,739
Segment result - Loss before tax							
30 April 2018	163	-	3,865	4,028	1,634	192	5,854
Other income							
30 April 2018	17	-	12	29	32	-	61

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the four month period ended 30 April 2018

Measurement of segment information

All information presented above is measured in a matter consistent with that in the financial statements.

Segment revenue

No inter-segment sales occurred during the current or previous financial year. The parent entity is domiciled in Australia. No revenue was derived from external customers in countries other than the country of domicile. Interest revenues of \$52,000 were derived from one Australian and one foreign financial institution during the year. These revenues are attributable to the corporate function.

4. Cash & cash equivalents

	30 April 2018 \$'000	31 December 2017 \$'000
Current		
Cash & cash equivalents	16,374	16,375
Restricted cash & cash equivalents ⁽ⁱ⁾	11,077	-
Total cash & cash equivalents as per statement of financial position	27,451	16,375
Cash & cash equivalents relating to disposal group (note 6)	751	-
Total cash & cash equivalents as per cash flow statement	28,202	16,375

- (i) The Group has \$11,077,000 in cash at bank in relation to the Bald Hill Joint Venture. These funds can only be used by Tawana for expenditure associated with the Bald Hill Joint Venture in accordance with the Bald Hill Joint Venture Agreement.

5. Trade & other receivables

	30 April 2018 \$'000	31 December 2017 \$'000
Current		
Trade receivables	18	194
GST receivable	1,079	1,429
Receivable from Joint Operator	7,668	3,016
Other receivables	-	551
Total current trade and other receivables	8,765	5,190

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the four month period ended 30 April 2018

6. Non-current assets held for distribution

On 22 March 2018, the Group announced the decision of its Board of Directors to demerge the Group's non-core assets. The demerger involves a capital reduction and distribution by way of an in-specie distribution of 85% of the shares in Cowan Lithium Limited (Cowan Lithium). The demerger was approved at a General Meeting of shareholders on 6 July 2018.

Prior to completion of the demerger of Cowan Lithium, ownership of the Cowan Lithium Project, the Yallari Lithium Project, the Mofe Creek Iron Ore Project and Avontuur Manganese Project will be transferred from Tawana to Cowan Lithium. The assets held for distribution comprise the Cowan segment and select assets from the Regional segment.

The major categories of assets and liabilities within the disposal group held for distribution as at 30 April 2018 are as follows:

	30 April 2018 \$'000
Cash and cash equivalents	751
Other receivables	2
Prepayments	4
Property, plant and equipment	19
Exploration and evaluation expenditure	3,451
Accruals	(2)
Assets held for distribution	4,225

Write-down of exploration and evaluation expenditure

The decision to demerge the non-core assets of the Group led the Group to make an assessment of the fair value less costs to distribute (FVLCD) of the Cowan Lithium Project, the Mofe Creek Iron Ore Project and the Avontuur Manganese Project in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*. The FVLCD of exploration and evaluation expenditure has been determined based on comparable market transactions. The fair value methodology adopted is categorised as Level 3 in the fair value hierarchy. In determining the FVLCD, estimates were made in relation to the underlying resources and the valuation multiple. As a result, a write-down of \$4,059,000 was recognised to reduce the carrying amount of the assets to their FVLCD.

7. Inventories

	30 April 2018 \$'000	31 December 2017 \$'000
Inventories		
Consumables (at cost)	815	-
Total inventories	815	-

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the four month period ended 30 April 2018

8. Mine properties

	30 April 2018 \$'000	31 December 2017 \$'000
Mine under construction		
Opening balance	18,045	-
Reclassification from exploration expenditure (note 9)	-	12,533
Increase in rehabilitation liability	1,993	123
Expenditure incurred during the period	12,272	5,389
Total non-current mine properties	32,310	18,045

9. Exploration & evaluation expenditure

	30 April 2018 \$'000	31 December 2017 \$'000
Non-current		
Opening balance	7,660	12,463
Capitalised acquisition expenditure at cost	-	2,541
Amounts capitalised during the period	132	6,748
Reclassified to disposal group held for distribution	(3,451)	-
Impairment of exploration and evaluation asset (note 6)	(4,059)	(1,559)
Reclassification to mine properties (note 8)	-	(12,533)
Total non-current exploration & evaluation expenditure	282	7,660

The ongoing carrying value of the Group's interest in exploration and evaluation expenditure is dependent upon the continuance of the Group's rights to tenure of the areas of interest and the results of future exploration and the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

10. Trade & other payables

	30 April 2018 \$'000	31 December 2017 \$'000
Current		
Trade payables	10,950	544
Accrued employee benefits	54	46
Accrued expenditure	10,512	6,195
Other payables	1,325	2,588
Total current trade and other payables	22,841	9,373

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11. Deferred revenue

	30 April 2018 \$'000	31 December 2017 \$'000
Deferred revenue expected to be recognised within one year	11,500	9,595
Deferred revenue expected to be recognised after one year but before 5 years	1,000	2,905
Total deferred revenue	12,500	12,500

12. Provisions for rehabilitation

	30 April 2018 \$'000	31 December 2017 \$'000
Rehabilitation liability		
Opening balance	706	583
Increase in rehabilitation provision during the period	1,993	123
Interest accretion for the period	11	-
Total provisions for rehabilitation	2,710	706

13. Interest bearing liabilities

	30 April 2018 \$'000	31 December 2017 \$'000
Non-current		
Loan	5,000	-
Total interest-bearing liabilities	5,000	-

The loan facility expires on 31 December 2019 and has a facility limit of \$5,000,000. Security for the loan is by way of a registered security over the Group's interest in the Plant facility at the Bald Hill Mine. Interest of 11% per annum is payable on a quarterly basis.

14. Financial assets and liabilities

The carrying amount of all financial assets and all financial liabilities, recognised in the balance sheet approximates their fair value.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the four month period ended 30 April 2018

15. Property, plant & equipment

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Land & buildings	Plant, furniture & equipment	Motor vehicles & mobile equipment	Computer equipment, software & communications	Assets under construction	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost						
Opening balance at 1 January 2018	1,090	1,190	109	194	22,887	25,470
Additions during the period	2	7	9	24	8,924	8,966
Reclassification to disposal group held for distribution	-	(65)	(43)	(6)	-	(114)
Balance at 30 April 2018	1,092	1,132	75	212	31,811	34,322
Accumulated depreciation						
Opening balance at 1 January 2018	269	536	94	20	718	1,637
Reclassification to assets held for distribution	-	(46)	(43)	(6)	-	(95)
Depreciation expensed during the period	-	3	-	20	-	23
Depreciation capitalised to mine properties	24	33	2	9	-	68
Balance at 30 April 2018	293	526	53	43	718	1,633
Net book value at 30 April 2018	799	606	22	169	31,093	32,689

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the four month period ended 30 April 2018

Reconciliations of the written down values at the beginning and end of the prior financial year are set out below:

	Land & buildings	Plant, furniture & equipment	Motor vehicles & mobile equipment	Computer equipment, software & communications	Assets under construction	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost						
Opening balance at 1 January 2017	-	149	46	9	-	204
Additions during the period	1,090	1,059	67	188	22,887	25,291
Disposals during the period	-	(12)	-	(2)	-	(14)
Foreign currency translation		(6)	(4)	(1)	-	(11)
Balance at 31 December 2017	1,090	1,190	109	194	22,887	25,470
Accumulated depreciation						
Opening balance at 1 January 2017	-	88	46	9	-	143
Additions during the period ¹	251	424	12	-	718	1,405
Disposals during the period	-	(12)	-	(2)	-	(14)
Depreciation expensed during the period	-	-	39	-	-	39
Depreciation capitalised to mine properties during the period	18	28	1	14	-	61
Foreign currency translation	-	8	(4)	(1)	-	3
Balance at 31 December 2017	269	536	94	20	718	1,637
Net book value at 31 December 2017	821	654	15	174	22,169	23,833

¹ Additions of accumulated depreciation relate to assets brought to account on a gross cost and accumulated depreciation basis upon commencement of Joint Operations.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the four month period ended 30 April 2018

16. Contributed equity

	30 April 2018 Shares	31 December 2017 Shares	30 April 2018 \$'000	31 December 2017 \$'000
Ordinary shares – fully paid	554,084,489	504,280,941	127,253	108,024

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.

	Number of Shares	\$'000
Opening balance 1 January 2017	371,854,502	73,034
Shares issued during the year	128,021,439	36,743
Options exercised during the year	4,405,000	634
Transaction costs relating to share issues during the year	-	(2,387)
Closing balance 31 December 2017	504,280,941	108,024
Shares issued during the year	48,780,488	20,000
Options exercised during the year	1,023,060	254
Transaction costs relating to share issues during the year	-	(1,025)
Closing balance 30 April 2018	554,084,489	127,253

17. Contingent liabilities

There were no changes to contingent liabilities requiring additional disclosure at the reporting date.

18. Commitments

There were no material changes to commitments from the prior reporting date.

19. Related parties

There were no material changes to related party transactions from the prior reporting date.

20. Events occurring after the reporting period

On 3 May 2018 the Group announced the Bald Hill Joint Operation had completed first shipment of spodumene (lithium) concentrate from the Bald Hill Lithium and Tantalum Mine of approximately 3,250 metric tonnes.

On 6 June 2018 the Group announced an increase to Bald Hill resources and reserves comprising the following:

- Total lithium Resources of 26.5Mt at 1.0% Li₂O (using 0.3% Li₂O cut off).
- Project lithium Indicated Resources of 14.4Mt at 1.02% Li₂O
- Lithium Ore Reserve of 11.3Mt at 1.0% Li₂O and 160 ppm Ta₂O₅
- Tantalum Ore Reserve of 2.0Mt at 313ppm Ta₂O₅.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the four month period ended 30 April 2018

On 6 July 2018 the Group announced that it had completed a placement to an institutional investor of 12,195,122 new fully paid ordinary shares in the Group at an issue price of A\$0.40 per Share to raise gross proceeds of approximately A\$4.878m.

On 31 July 2018 the Group announced that commercial production had been achieved at the Bald Hill Lithium Mine.

No other matters or circumstances have arisen since 30 April 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

21. Earnings per share (EPS)

30 April 2018

Loss for the period

Loss used in the calculation of basic and diluted EPS (\$'000) \$5,854

Weighted average number of ordinary shares ('WANOS')

WANOS used in calculation of basic earnings per share 506,244,225

Basic & diluted loss per share (cents) 1.16

The Company has 11,650,000 (2017: 30,520,000) potential ordinary shares relating to incentives under the Company's Employee Incentive Option Plan which are not considered dilutive at the balance sheet date but may be dilutive in future periods.

22. Group Information

Information about subsidiaries

The consolidated financial statements of the Group include:

Name	Principal Activities	Country of incorporation	% equity interest	
			30 April 2018	31 December 2017
Mount Belches Pty Ltd	Mineral exploration	Australia	100	100
Lithco No.2 Pty Ltd	Mine development	Australia	100	100
Tawana Gold Pty Ltd	Dormant	Australia	100	100
Waba Holdings Pty Ltd	Holding company	Australia	100	100
Kenema-Man Holdings Liberia Pty Ltd	Holding company	Australia	100	100
Tawana Liberia Inc.	Mineral exploration	Liberia	100	100
Archean Liberia Inc.	Dormant	Liberia	100	100
Tawana Resources SA Pty Ltd	Mineral exploration	South Africa	100	100
Cowan Lithium Limited ¹	Mineral exploration	Australia	100	-

¹Cowan Lithium Limited was incorporated in the interim period as a 100% wholly owned subsidiary of Tawana Resources NL.

This is the end of the Financial Report.

DIRECTORS' DECLARATION

For the four month period ended 30 April 2018

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

1. In the opinion of the Directors:

- (a) the interim condensed financial statements and notes of Tawana Resources NL for the period ended 30 April 2018:
 - (i) presents fairly the consolidated entity's financial position as at 30 April 2018 and of its performance for the four month period ended on that date;
 - (ii) comply with Accounting Standard AASB 134 Interim Financial Reporting with the exception of the non-disclosure of comparative financial information as detailed in note 2; and
 - (iii) comply with International Accounting Standard IAS 34 'Interim Financial Reporting' to the extent disclosed in note 2.
- (b) subject to the achievement of the matters set out in note 2, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board



Mark Calderwood
Managing Director

15 August 2018

Independent auditor's review report to the members of Tawana Resources NL

Report on the interim financial report

Qualified conclusion

We have reviewed the accompanying interim financial report of Tawana Resources NL (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 April 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the four month period ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, except for the effect of the matter described in the Basis for Qualified Conclusion section of our report, nothing has come to our attention that causes us to believe that

(a) the accompanying interim financial report of Tawana Resources NL does not present fairly, in all material respects, the Group's financial position as at 30 April 2018 and its financial performance and its cash flows for the four months period ended on that date, in accordance with AASB 134 *Interim Financial Reporting*; and

b) The interim financial report does not comply with IAS 34 *Interim Financial Reporting*.

Basis for qualified conclusion

As detailed in note 2, the interim financial report does not include all the comparative financial information in respect of the preceding period which is not in accordance with the requirements under paragraph 20 of AASB 134 *Interim Financial Statements*.

Material uncertainty related to going concern

We draw attention to Note 2C in the interim financial report which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the interim financial report

The directors of the Company are responsible for the preparation and fair presentation of the interim financial report and for such internal controls as the directors determine are necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.



Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the accompanying interim financial report is not presented fairly, in all material respects, in accordance with AASB 134 *Interim Financial Reporting* and IAS 134 *Interim Financial Reporting*. As the auditor of the Group, ASRE 2410 also requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Australian professional accounting bodies.

A handwritten signature in black ink, appearing to read 'Ernst & Young', is located below the 'Independence' section header.

Ernst & Young
Perth
15 August 2018