



ABN 41 141 940 230

INTERIM REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

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CORPORATE DIRECTORY

DIRECTORS

John Jones (Chairman)
Mark Wilson (Non-Executive Director)
John Stockley (Non-Executive Director)

COMPANY SECRETARY

Graeme Smith

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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AUDITORS

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Website: www.securitytransfer.com.au

STOCK EXCHANGE LISTING

The Company is listed on the Australian Securities Exchange

Home Exchange: Perth
ASX Code: TRL
TRLOA

The Directors present their report on Tanga Resources Limited and its subsidiaries for the half-year ended 31 December 2015.

BOARD OF DIRECTORS

DIRECTORS

The names of Tanga Resources Limited ("Company") directors in office during the half-year and up to the date of this report are as follows:

John Jones
Mark Wilson
John Stockley

Directors were in office for the entire period unless otherwise stated.

REVIEW OF OPERATIONS

During the half-year, gold exploration work continued in Tanzania with a first pass Reverse Circulation (RC) Drilling Program at the Winston prospect completed. A total of five drill holes were put down for a total meterage of 807m.



Figure 1. Tanga Resources Limited project locations - Tanzania

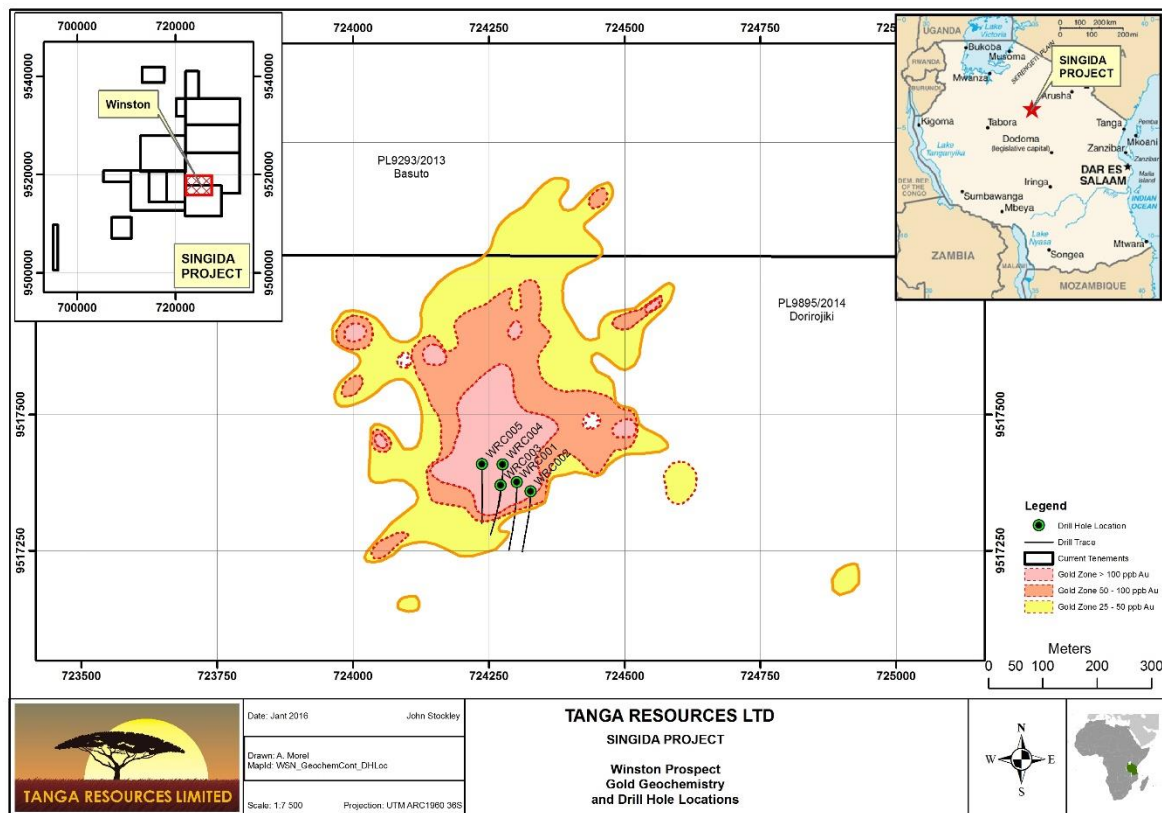


Figure 2. Winston Soil Geochemistry Map showing drill hole locations and traces.

The five RC holes shown above, drilled on azimuths 180°, were targeted on gold-in soil geochemical anomalies and strong ground magnetic anomalies. Surface geology at Winston consists of folded and sheared quartz-magnetite Banded Iron Formation (BIF), sheared and foliated mafic schist, amphibolite, and sheared fine grained felsic porphyry. Soil geochemical gold values exceed 100ppb Au over an area of about 300m east-west by 300m north-south.

Hole WRC 001 intersected shallow gold mineralisation hosted by mafic schist: 2m @ 1.18g/t Au from 4m depth.

Hole WRC 003, drilled 30m west of hole WRC 001, intersected gold mineralisation hosted by amphibolite and quartz-pyrite altered felsic porphyry: 16m @ 1.23g/t Au from 64m to 80m; including 2m @ 5.93g/t Au from 68m in the porphyry contact zone.

Hole WRC 004, which was a step back 40m north of hole WRC 003 (i.e. drilled underneath hole WRC 003), intersected a wide zone of significant gold mineralisation in intensely altered (actinolite-magnetite-pyrite-pyrrhotite-garnet) black skarn: 16m @ 55.23g/t Au from 116m to 132m including a high grade zone of 9m @ 92.78g/t Au from 117m to 126m. See Figure 3 below.

Abundant visible gold can be panned from the zone 117m to 126m: hosted in black sulphidic mafic skarn characterised by abundant red garnet.

Repeat fire and gravimetric assays carried out by ALS Minerals in Vancouver, on individual 1m re-splits from the original RC drill sample from the rig cyclone, confirmed the very high grade gold results in WRC 004: 13m @ 86.19g/t Au from 117m to 130m including the high grade zone of 10m @ 108.07g/t Au from 117m to 127m.

Further down hole a lower gold zone hosted by black chloritic sulphide bearing mafic schist assayed 4m @ 10.20g/t Au from 147m to 151m (EOH), which included 1m @ 22.40g/t Au at 148m.

The lower zone is open at depth below 151m (EOH).

Hole WRC 005, which was drilled 60m north-west of hole WRC 004, intersected similar black skarn to that seen in hole WRC 004. Assays returned an intersection of 3m @ 1.99g/t Au from 46m to 49m including 1m @ 5.29g/t Au at 48m.

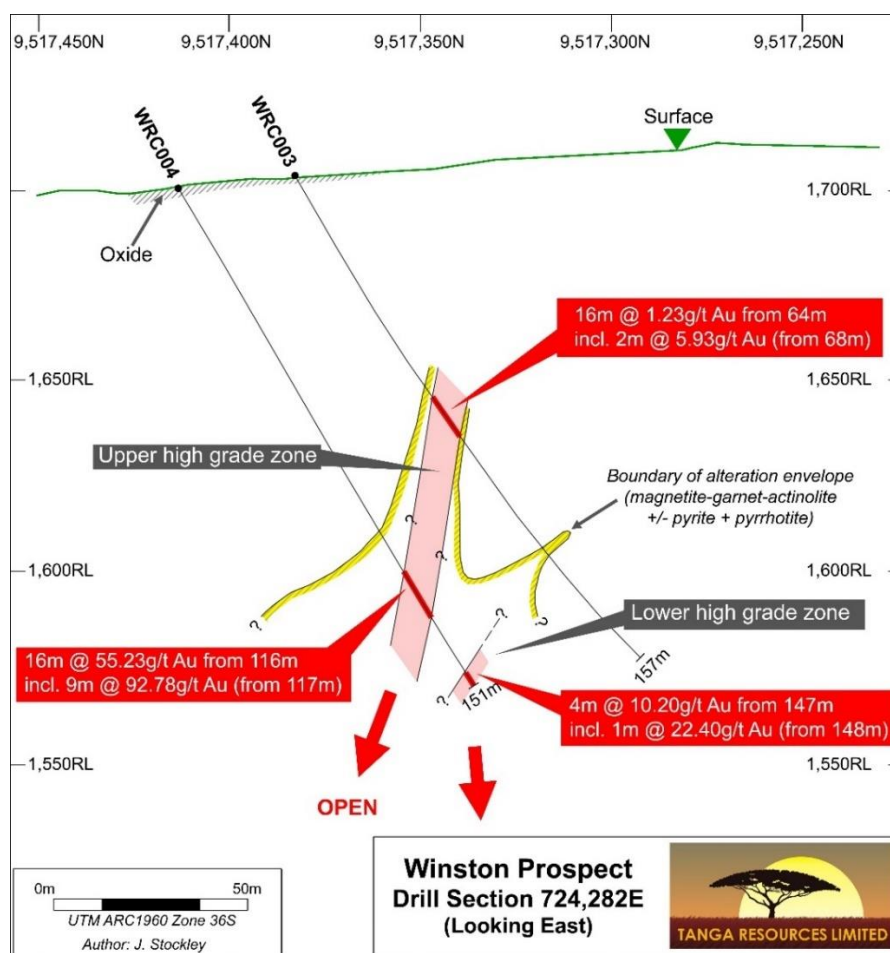


Figure 3. Drill section on 724282E: WRC 003 & WRC 004 at Winston

The results of the Winston drilling program were released to the ASX on 19th January 2016.

CORPORATE

Capital Raising

During the reporting period, \$342,500 was raised through the issue of shares to sophisticated and professional investors.

On 12 February 2016, the Company announced a share placement of 40 million shares to raise \$2 million had been made.

On 15 February 2016, an Offer document for a 1 for 11 entitlements issue was lodged with the ASX. The entitlement issue is expected to raise approximately \$1.5 million dollars.

On 1 February 2016 586,250 options were exercised which raised \$29,813.

On 1 March 2016 11,633,544 options were exercised which raised \$581,677.

Pursuant to shareholder approval at the 2015 AGM, directors were issued a total of 8,550,000 fully paid shares in consideration for forgoing directors fees.

RESULTS OF OPERATIONS

The operating loss after income tax of the Company for the half-year ended 31 December 2015 was \$322,659 (2014: \$273,981).

The Company's basic loss per share for the period was 0.12 cents (2014: 0.11 cents).

SUBSEQUENT EVENTS

Other than noted elsewhere in this report, no matters or circumstances have arisen since the end of the half year, that have significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Competent Person Statement

The information in this report relating to Exploration Results and Inferred Resources is based on information compiled by Mr John Stockley, a Fellow of the Australasian Institute of Mining and Metallurgy, and a Director of Tanga Resources Ltd.

Mr Stockley has sufficient experience relevant to the style of mineralisation and type of deposits under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Stockley consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 immediately follows the Directors' Report.

This report has been made in accordance with a resolution of the Board of Directors.



John Jones
Chairman

Perth, 15 March 2016

Auditor's Independence Declaration

To those charged with the governance of Tanga Resources Limited

As auditor for the review of Tanga Resources Limited for the half year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

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

Somes Cooke

SOMES COOKE

Nicholas Hollens

NICHOLAS HOLLENS
PARTNER

Perth

15 March 2016

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
COMPREHENSIVE INCOME**
For the Half-Year Ended 31 December 2015

	Note	31 Dec 2015	31 Dec 2014
		\$	\$
Finance income		820	(2,450)
Corporate expense		(68,999)	(115,790)
Employee expense		(29,627)	(45,553)
Administration expense		(116,853)	(65,188)
Share based payment expenses	7	(108,000)	(45,000)
Loss before income tax expense		(322,659)	(273,981)
Income tax expense		-	-
Loss for the half year		(322,659)	(273,981)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Movement in currency translation of foreign operations		91,326	112,903
Other comprehensive income for the period, net of tax		(231,333)	(161,078)
Total comprehensive loss for the period		(231,333)	(161,078)
Basic loss per share (cents per share)		(0.12)	(0.11)
Diluted loss per share (cents per share)		(0.12)	(0.11)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

		31 Dec 2015	30 June 2015
	Note	\$	\$
Current Assets			
Cash and cash equivalents	5	121,440	228,305
Trade and other receivables		11,497	9,667
Total Current Assets		132,937	237,972
Non-Current Assets			
Property, plant and equipment		63,677	74,394
Financial assets		1,845	1,845
Exploration and evaluation expenditure	6	2,639,251	2,344,382
Total Non-Current Assets		2,704,773	2,420,621
TOTAL ASSETS		2,837,710	2,658,593
Current Liabilities			
Trade and other payables		58,783	161,833
Total Current Liabilities		58,783	161,833
TOTAL LIABILITIES		58,783	161,833
NET ASSETS		2,778,927	2,496,760
Equity			
Contributed equity	7	13,200,720	12,687,220
Reserves		366,714	275,388
Accumulated losses		(10,788,507)	(10,465,848)
TOTAL EQUITY		2,778,927	2,496,760

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Half-Year Ended 31 December 2015

	Issued Capital	Accumulated losses	Foreign currency translation reserve	Share base payment reserve	Total equity
	\$	\$	\$	\$	\$
Balance at 1 July 2014	12,062,026	(9,876,534)	(91,727)	163,176	2,256,941
Loss for the period	-	(273,981)	-	-	(273,981)
Other comprehensive profit for the period	-	-	112,903	-	112,904
Total comprehensive loss for the period	-	(273,981)	112,903	-	(161,077)
Transactions with owners in their capacity as owners:					
Share based payment	45,000	-	-	-	45,000
Issue of shares	315,694	-	-	-	315,694
Balance at 31 December 2014	12,422,720	(10,150,515)	21,176	163,176	2,456,558
Balance at 1 July 2015	12,687,220	(10,465,848)	112,212	163,176	2,496,760
Loss for the period	-	(322,659)	-	-	(322,659)
Other comprehensive profit for the period	-	-	91,326	-	91,326
Total comprehensive loss for the period	-	(322,659)	91,326	-	(231,333)
Transactions with owners in their capacity as owners:					
Share based payment	171,000	-	-	-	171,000
Issue of shares	342,500	-	-	-	342,500
Balance at 31 December 2015	13,200,720	(10,788,507)	203,538	163,176	2,778,927

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the Half-Year Ended 31 December 2015

	31 Dec 2015	31 Dec 2014
	\$	\$
Cash Flows from Operating Activities		
Payments to suppliers, contractors and employees	(175,859)	(233,238)
Interest received	518	-
Net cash used in operating activities	(175,341)	(233,238)
Cash Flows from Investing Activities		
Payments for purchase of property, plant and equipment	-	(13,449)
Payments for exploration and evaluation expenditure	(303,809)	(231,506)
Net cash used in investing activities	(303,809)	(244,955)
Cash Flows from Financing Activities		
Proceeds from issue of shares	342,500	315,294
Net cash flows from financing activities	342,500	315,294
Net (decrease) / increase in cash and cash equivalents	(136,650)	(162,899)
Effect of foreign currency translation	29,785	116,480
Cash and cash equivalents at the beginning of the half-year	228,305	322,805
Cash and cash equivalents at the end of the half-year	121,440	276,386

The above condensed consolidated cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

For The Half-Year Ended 31 December 2015

1. CORPORATE INFORMATION

Tanga Resources Limited is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

The financial report of Tanga Resources Limited for the half-year ended 31 December 2015 was authorised for issue in accordance with a resolution of the directors on 15 March 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all of the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of Tanga Resources Limited for the year ended 30 June 2015.

It is also recommended that the half-year financial report be considered together with any public announcements made by Tanga Resources Limited and its controlled entities during the half-year ended 31 December 2015 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and the Australian Securities Exchange Listing Rules.

(a) Statement of Compliance

The half-year financial report is a general purpose financial report, which has been prepared in accordance with the requirement of the Corporations Act 2001, applicable Accounting Standards, including AASB 134 "Interim Financial Reporting", and other mandatory professional reporting requirements.

(b) Basis of Preparation

The half-year financial report has been prepared on a historical cost basis, except where stated. The accounting policies and method of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2015 annual financial report for the year ended 30 June 2015, except for the impact of the Standard and Interpretation described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(c) Going Concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Consolidated Entity has incurred net losses after tax of \$322,659 (31 December 2014: \$273,981) and experienced net cash outflows from operating and investing activities of \$479,150 (31 December 2014: \$478,193) for the half-year ended 31 December 2015. As at 31 December 2015 the Consolidated Entity had cash assets of \$121,440 and net current assets of \$74,154.

During the half-year ended 31 December 2015 and periods subsequent to that date, the directors have undertaken several key measures to maintain the going concern status of the Consolidated Entity, including:

- (i) The Consolidated Entity has raised capital of \$2.3 million through the issue of equity shares;
- (ii) The Consolidated Entity announced an Entitlements Issue to raise an additional \$1.5 million; and
- (iii) The ongoing management of all operating expenses in line with the cash resources available to the Consolidated entity.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification

NOTES TO THE FINANCIAL STATEMENTS

For The Half-Year Ended 31 December 2015

of liabilities that might be necessary should the Consolidated Entity be unable to continue as a going concern.

(d) Changes in Accounting Policies and Disclosures

In the half year ended 31 December 2015, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2015.

As a result of this review the Directors have determined that there is no impact material, or otherwise, of the new and revised standards and interpretations on its business and therefore, no change is necessary to Group accounting policies.

(e) Basis of consolidation

The half-year consolidated financial statements comprise the financial statements of Tanga Resources Limited and its controlled subsidiary ('the Group').

3. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial statements for the year ended 30 June 2015.

4. SEGMENT INFORMATION

The Company has one operating segment that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors.

The Company operates in one operating and geographic segment being mineral exploration, and evaluation in Tanzania for the half-year periods ended 31 December 2015 and 31 December 2014.

5. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents are comprised of the following:

	31 Dec 2015	30 June 2015
	\$	\$
Cash at bank and in hand	20,338	223,040
Short term deposits	101,102	5,265
	<u>121,440</u>	<u>228,305</u>

The material non-cash investment and financing activity during the half year were:

(a) Share based remuneration granted during the year for \$108,000.

6. EXPLORATION AND EVALUATION EXPENDITURE

	31 Dec 2015	30 June 2015
	\$	\$
Balance at beginning of the period	2,344,382	1,931,502
Exploration expenditure capitalised during the period	277,759	229,562
Effect of exchange rate movements	57,937	183,318
Exploration expenditure written off during the period	<u>(40,827)</u>	<u>-</u>
Balance at end of the period	<u>2,639,251</u>	<u>2,344,382</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Half-Year Ended 31 December 2015

7. CONTRIBUTED EQUITY

	31 Dec 2015	30 June 2015
	\$	\$
a) Issued and fully paid ordinary shares 293,256,019 (June 2015: 267,581,319)	13,200,720	12,687,220
b) Movement in issue and fully paid shares		
	Number of shares	\$
Balance at 1 July 2015	267,581,319	12,687,220
Issued pursuant to approval received at 2015 AGM (share based payments)	8,550,000	171,000
Issued for cash consideration at \$0.02 each	17,125,000	342,500
Balance at 31 December 2015	293,256,319	13,200,720
	Number of options	
c) Unexpired options at reporting date:		
\$0.05 cent options expiring 24 December 2016	20,717,696	
\$0.05 cent options expiring 31 December 2016	6,112,500	
\$0.05 cent options expiring 30 April 2017	13,797,146	
	40,627,342	

8. COMMITMENTS

In order to maintain an interest in the exploration tenements in which the Company is involved, the Company is committed to meet the conditions under which the tenements were granted under the Minerals Act of the United Republic of Tanzania.

At the date of this report, the Company's only commitment to the tenements is to make annual rental payments of USD66,000 per annum.

9. CONTINGENCIES

The Company does not have any contingent assets or contingent liabilities as at 31 December 2015.

10. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

On 12 February 2016, the Company announced a share placement of 40 million shares to raise \$2 million had been made.

On 15 February 2016, an Offer document for a 1 for 11 entitlements issue was lodged with the ASX. The entitlement issue is expected to raise approximately \$1.5 million dollars.

On 1 February 2016 586,250 options were exercised which raised \$29,813.

On 1 March 2016 11,633,544 options were exercised which raised \$581,677.

Other than the above, no matters or circumstances have arisen since the end of the half year, that have significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

DIRECTORS' DECLARATION

The Directors of the company declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



John Jones
Chairman

Perth, 15 March 2016

Independent Auditor's Review Report

To the members of Tanga Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Tanga Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2015, 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 half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors' determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of Tanga Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Tanga Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Tanga Resources Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the company's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

Somes Cooke

SOMES COOKE

Nicholas Hollens

NICHOLAS HOLLENS
PARTNER

15 March 2016

Perth
Western Australia