



ABN 41 141 940 230

INTERIM REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

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CORPORATE DIRECTORY

DIRECTORS

Allen Lafferty (Non-exexutive Chairman)
John Stockley (Technical Director)
John Jones (Non- Executive Director)
Matthew Bowles (Alternate for J Stockley)

CEO

Matthew Bowles

COMPANY SECRETARY

Graeme Smith

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

Ground Floor, 63 Hay Street
Subiaco, Western Australia 6008

Telephone: +618 9381 5686

Email: info@tangaresources.com.au
Website: www.tangaresources.com.au

AUDITORS

Greenwich & Co Audit Pty Ltd
Level 2
35 Outram Street
West Perth WA 6005

SHARE REGISTRY

Security Transfer Registrars
Suite 913, Exchange Tower
530 Little Collins Street
Melbourne VIC 3000

Telephone: 1300 992 9163
Facsimile: +618 9315 2233
Email: registrar@securitytransfer.com.au
Website: www.securitytransfer.com.au

STOCK EXCHANGE LISTING

The Company is listed on the Australian Securities Exchange
Home Exchange: Perth
ASX Code: TRL

The Directors present their report on Tanga Resources Limited and its subsidiaries ("the Group") for the half-year ended 31 December 2017.

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:

Allen Lafferty
John Jones
John Stockley
Matthew Bowles (Alternate for J Stockley from 28 February 2018)

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

REVIEW OF OPERATIONS

Joubira Zinc Project, Namibia

During the half year, the Company announced that it has entered into binding option agreement ("**Agreement**") to acquire 100% of the issued shares of Coldstone Investments (Pty) Ltd ("**Coldstone**"), a Namibian registered company, which has a joint venture agreement with Namibian government owned, Epangelo Mining Company (Pty) Ltd ("**Epangelo**") to earn in up to 80% (with the ability to increase to 90%) of the highly prospective Joubira Zinc Project ("**Joubira**" or "**the Project**") in Namibia.

Joubira is located in central Namibia, approx.. 190km by sealed road from the capital, Windhoek and 400km



from the port of Walvis Bay. The Project has excellent infrastructure with the major service town Otjiwarongoro located 50km to the north with existing grid power and the national railway line is in close proximity.

The zinc-lead-silver mineralisation at Joubira is thought to be skarn hosted within neoproterozoic Damaran calc-silicate sedimentary rocks intruded by Cambrian aged felsic stocks.

Massive sulphide replacement mineralisation occurs distal to the felsic intrusives, and the Project has had little modern exploration carried out since 2002.

Figure 1: Location of the Joubira Zinc Project, Namibia.

Joumbira occurs within a major metallogenic belt (defined by regional magnetic data) stretching for over 300km southwest to Navachab (27Mt @ 2g/t Au) and northeast to Otjikoto (29Mt @ 1.5g/t Au) and the Kombat district (16Mt @ 2.6% Cu & 1.5% Pb) near Tsumeb (74Mt @ 4%Cu & 10%Pb).

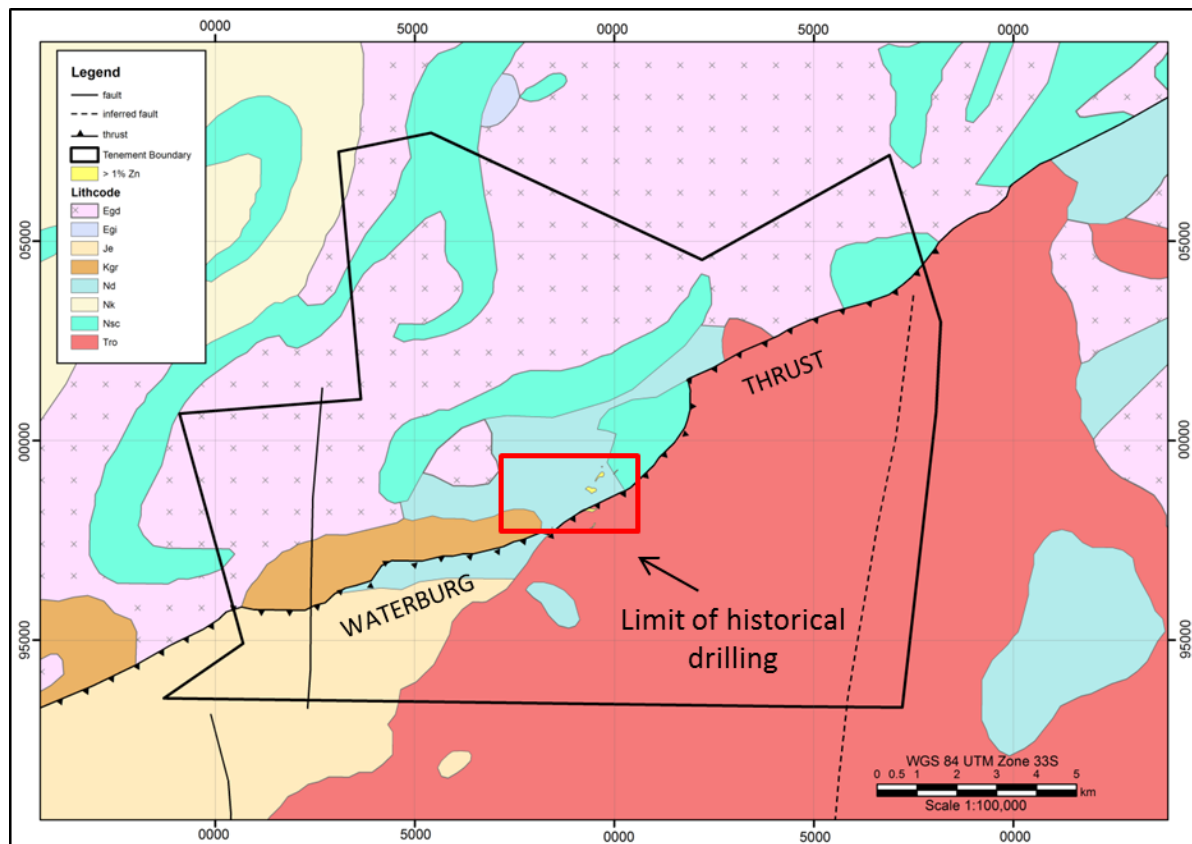


Figure 2: Geological map of the Joumbira Zinc Project (210km²), showing the limitation of historical drilling.

Significant thicknesses of younger, post-Damara cover occur within this metallogenic belt, principally Karoo-aged sandstones thrust over the Damara rocks with recent Kalahari calcareous sands, clays, and gravels partially covering the area.

No modern geochemical exploration has been carried out at Joumbira e.g. calcrete sampling, and this will be part of the Company's initial exploration approach, together with detailed geophysics.

Historical exploration undertaken by Messina Transvaal and ISCOR, has generated datasets of geological mapping, soil sampling, gravity data and diamond drilling, which returned many significant results (Refer to ASX announcement 5 December 2017 for further details).

None of the historic drilling samples were assayed for elements such as gold, tin, tungsten, copper or cobalt; which commonly occur in felsic intrusive related exo-skarns such as Joumbira.

Key Terms of the Agreement

Upon exercise of the option to acquire all of the issued shares in Tanga, Tanga shall provide the following consideration:

- Issue 44,000,000 fully paid shares in Tanga, upon completion; plus
- A deferred consideration payment of A\$250,000 upon announcement to the ASX of a maiden JORC Indicated Mineral Resource Estimate at Joumbira; plus
- A deferred consideration payment of A\$150,000 upon granting of a valid Mining Licence; plus
- A deferred consideration payment of A\$350,000 upon a decision to mine.

Deferred consideration payments are payable in cash and/or shares at Tanga's election.

The transaction is subject to the following conditions precedent including:

- Completing of due diligence enquiries, including a work programme (estimated at A\$100,000), to Tanga's satisfaction within three months. The due diligence period may be extended for a further month, or other such period that shall not be unreasonably withheld, if Tanga is unable to complete its due diligence and work programme within the initial period (on 21 February 2018, the option period was extended for a further two months to 31 May 2018, due to various factors outside of Tanga's control); and
- Tanga and Coldstone obtaining all shareholder, joint venture partner, regulatory and government approvals necessary to complete the transaction.

Hanang Gold Project, Tanzania

The Hanang Gold Project is a regional gold project of over 800 km², located in Tanzania. The project is owned 99.95% by Tanga Resources and is located on a highly prospective and unexplored Archaean greenstone belt on the eastern margin of the +70 Moz gold endowed Lake Victoria Gold Field, host to world class deposits such as Geita (30 Moz) and Bulyanhulu (10.5 Moz). Further to the west of the project, on the same structural corridor, was Resolute's Golden Pride Mine which produced over 2.2 Moz of gold.

Regionally, within the +700 km² Hanang Gold Project, there are numerous high priority gold targets that remain untested.

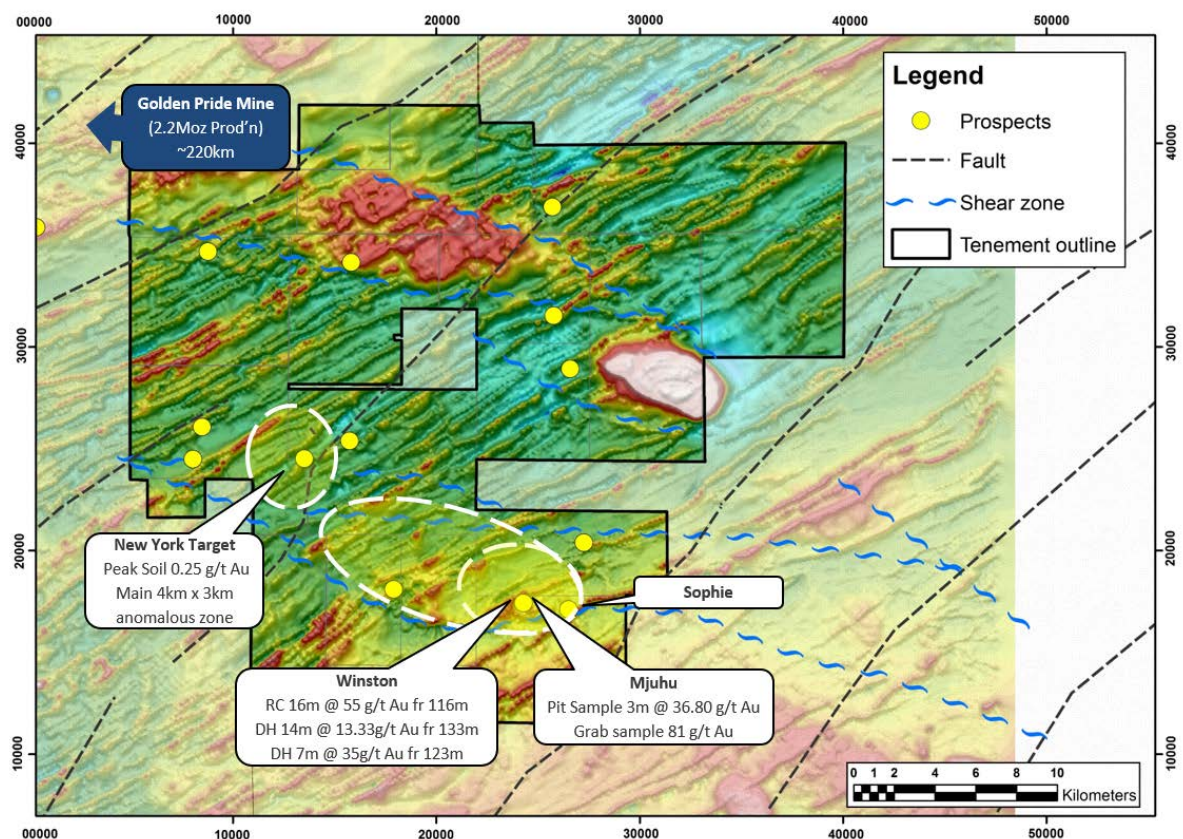


Figure 3. Hanang Gold Project location plan and regional targets.

Kito Moto Prospect and the New York Target Area¹

The New York target area was identified earlier in the year and is located approximately 15 km to the west of, and along strike from the high grade Winston gold discovery. New York displays extensive alteration, quartz veining, sulphide development and strong structural deformation in Archaean rocks, extending over 16 km² area

The Company has generated a number of priority drill targets at New York from exploration results returning a **peak value of 284 ppb Au (0.28 g/t gold)** from rock chips, correlating with a **1,200 m long, 600 m wide soil anomaly (+100 ppb Au with a peak of 246 ppb Au)**, named the **Kito Moto Ridge Prospect**. These results are within a much larger 4km x 3km anomalous zone.

These latest results are very encouraging as they reinforce the potential of the entire New York target area of the Hanang Gold Project. Kito Moto Ridge Prospect displays **strong similarities to early first pass exploration results at Winston**.

Low cost exploration work and further targeting continues to be completed over Kito Moto and the broader New York target area

The New York target was **generated from the Company's regional exploration activities** and is **the first of several high priority targets** at the Hanang Gold Project.

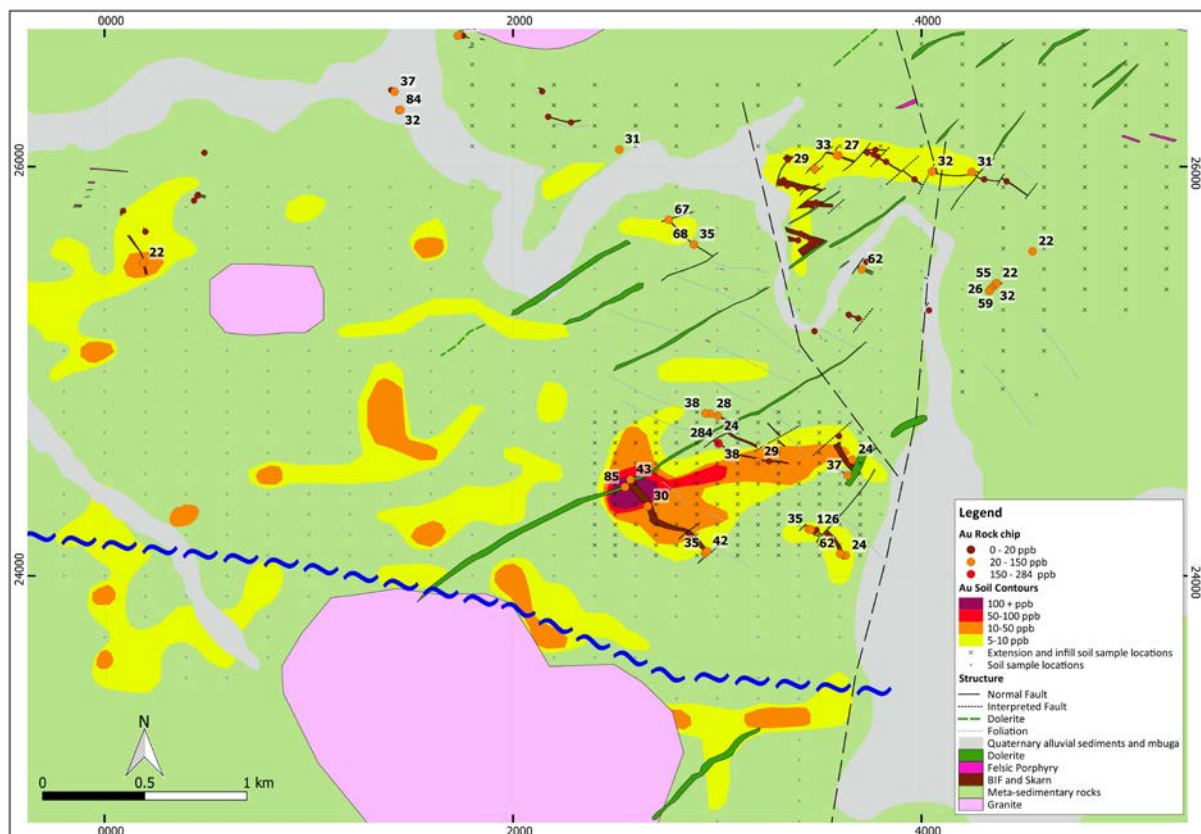


Figure 4. New York target area, Hanang Gold Project: Rock chip results.

1. Refer to ASX announcements 24 July 2017, 12 September 2017 and 12 October 2017 for further details.

Tanzanian Legislative Changes

The Mining (Mineral Rights) Regulations, 2018 of the United Republic of Tanzania (the Regulations) were released to the public on 16 January 2018. The release of the Regulations follows the passing of legislation by the National Assembly (NA) in July 2017 (New Legislation).

The Company notes the Regulations include a provision, that was not contemplated in the New Legislation, that all retention licences issued prior to the date of publication of the Regulations are cancelled and cease to have legal effect.

All of Tanga's tenure is held under granted Prospecting Licences and is **therefore not impacted by this provision**. The Company is obtaining professional legal advice following the release of the Regulations.

Tanga understands that only a limited number of retention licences have been previously granted.

Whilst the legislative changes created some level of temporary uncertainty for investor sentiment in Tanzania, the New Legislation provides greater fiscal clarity for the exploration and development of resource projects and assurances from the Ministry demonstrate that Tanzania is, and remains, investor friendly.

Community & Social Investment

The water bore, named Jack's Bore, completed during the period is fully operational and has been received well by both the Dorirojiki and surrounding communities. Previously, there was no fresh or safe drinking water easily available locally and the construction Jack's Bore, which taps into a fresh water aquifer with a water flow of 2,000 l/hr, provides for the local communities, as well as the Winston camp.



Figure 5. Tanga employee Aziz meeting with locals at the water bore.

Competent Person Statement

The information in this report relates to Exploration Results based on information compiled by John Stockley who is a Competent Person and member of the Australian Institute of Geoscientists (AIG). John Stockley is a Director of Tanga Resources Ltd.

John Stockley has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity they have undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves". John Stockley consents to the inclusion in the report of the matters based on his information in the form and context which it appears.

Tenement Directory

Project	Tenement Number	Name	Beneficial Interest	Area (km2)
Hanang	PL7246/2011	Wandela West	99.95%	12.79
Hanang	PL7344/2011	South Garauja	99.95%	31.74
Hanang	PL7389/2011	North Garauja	99.95%	29.66
Hanang	PL7405/2011	West Garauja	99.95%	6.82
Hanang	PL7644/2011	Haidom	99.95%	14.95
Hanang	PL8208/2012	Wandela Renewal	99.95%	42.21
Hanang	PL9293/2013	Basuto	99.95%	39.59
Hanang	PL9895/2014	Dorirojiki	99.95%	46.14
Hanang	PL10570/2015	Singa Kubwa	99.95%	65.53
Hanang	PL10620/2015	Wandela Central	99.95%	23.74
Hanang	PL10865/2016	Iramba West	99.95%	47.49
Hanang	PL10940/2016	Getanyambu	99.95%	61.2
Hanang	PL10939/2016	Wandela East	99.95%	23.74
Hanang	PL11414/2016 (application)	Haidom Northwest	99.95%	41.8
Hanang	PL11073/2017	Haidom West	99.95%	26.49
Hanang	PL11057/2017	Mbulu West	99.95%	64.98
Hanang	PL11058/2017	Mahaha	99.95%	42.25
Hanang	PL11059/2017	Haidom Farwest	99.95%	46.65
Hanang	PL11060/2017	Singa North	99.95%	48.97
Hanang	PL12069/2017 (application)	Mwanga West	99.95%	5.21

CORPORATE

Capital Raising

During the reporting period, \$1,729,600 was raised through the placement of shares to sophisticated and professional investors.

Pursuant to shareholder approval at the 2017 AGM, directors were issued a total of 22.5 million options exercisable at \$0.0125 each and expiring on 26 November 2020.

RESULTS OF OPERATIONS

The operating loss after income tax of the Company for the half-year ended 31 December 2017 was \$4,068,890 (2016: \$1,219,134).

The carrying value of the Company's Tanzanian tenements was impaired by \$3.25 million during the half year.

The Company's basic loss per share for the period was 0.88 cents (2016: 0.32 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.

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.

A handwritten signature in black ink, appearing to read 'Allen Lafferty', with a long horizontal stroke extending to the right.

Allen Lafferty
Chairman

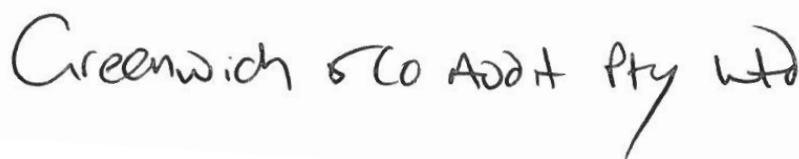
Perth, 16 March 2018

Auditor's Independence Declaration

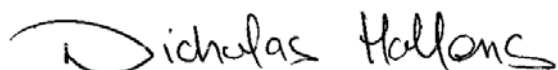
To those charged with the governance of Tanga Resources Limited

As auditor for the review of Tanga Resources Limited for the half-year ended 31 December 2017, 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.



Greenwich & Co Audit Pty Ltd



Nicholas Hollens

Managing Director

16 March 2018
Perth

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the Half-Year Ended 31 December 2017

	Note	31 Dec 2017	31 Dec 2016
		\$	\$
Finance income		740	14,916
Foreign currency exchange gains		(1,391)	20
Corporate expense		(130,234)	(128,074)
Employee expense		(232,627)	(248,454)
Impairment of exploration assets		(3,250,000)	-
Administration expense		(111,176)	(333,139)
Depreciation expense		(34,602)	(34,000)
Share based payment expenses	7	(309,600)	(490,403)
Loss before income tax expense		(4,068,890)	(1,219,134)
Income tax expense		-	-
Loss for the half year		(4,068,890)	(1,219,134)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Movement in currency translation of foreign operations		27,470	102,724
Other comprehensive income for the period, net of tax		27,470	102,724
Total comprehensive loss for the period		(4,041,420)	(1,116,410)
Basic loss per share (cents per share)		(0.88)	(0.32)
Diluted loss per share (cents per share)		(0.88)	(0.32)

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 2017

		31 Dec 2017	30 June 2017
	Note	\$	\$
Current Assets			
Cash and cash equivalents	5	1,042,746	319,203
Trade and other receivables		34,392	20,067
Total Current Assets		1,077,138	339,270
Non-Current Assets			
Exploration and evaluation expenditure	6	3,289,452	6,088,271
Financial assets		1,845	1,845
Property, plant and equipment		116,940	135,106
Total Non-Current Assets		3,408,237	6,225,222
TOTAL ASSETS		4,485,375	6,564,492
Current Liabilities			
Trade and other payables		161,683	207,190
Financial liabilities		-	12,658
Total Current Liabilities		161,683	219,848
TOTAL LIABILITIES		161,683	219,848
NET ASSETS		4,323,692	6,344,644
Equity			
Contributed equity	7	20,815,296	19,158,427
Reserves		1,212,308	821,238
Accumulated losses		(17,703,912)	(13,635,021)
TOTAL EQUITY		4,323,692	6,344,644

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 2017

	Issued Capital	Share base payment reserve	Foreign currency translation reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$
Balance at 1 July 2016	17,379,725	163,176	146,942	(11,136,044)	6,553,799
Loss for the period	-	-	-	(1,219,134)	(1,219,134)
Other comprehensive profit for the period	-	-	102,724	-	102,724
Total comprehensive loss for the period	-	-	102,724	(1,219,134)	(1,116,410)
Transactions with owners in their capacity as owners:					
Share based payment	-	490,403	-	-	490,403
Issue of shares, net of costs	558,850	-	-	-	558,850
Balance at 31 December 2016	17,938,575	653,579	249,666	(12,355,178)	6,486,642
Balance at 1 July 2017	19,158,427	794,276	26,962	(13,635,021)	6,344,644
Loss for the period	-	-	-	(4,068,890)	(4,068,890)
Other comprehensive profit for the period	-	-	27,470	-	27,470
Total comprehensive loss for the period	-	-	27,470	(4,068,890)	(4,041,420)
Transactions with owners in their capacity as owners:					
Share based payment	-	363,600	-	-	363,600
Issue of shares, net of costs	1,656,869	-	-	-	1,656,869
Balance at 31 December 2017	20,815,296	1,157,876	54,432	(17,703,912)	4,323,692

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 2017

	31 Dec 2017	31 Dec 2016
	\$	\$
Cash Flows from Operating Activities		
Payments to suppliers, contractors and employees	(434,845)	(700,219)
Interest received	740	14,916
Net cash used in operating activities	<u>(434,105)</u>	<u>(685,303)</u>
Cash Flows from Investing Activities		
Payments for purchase of property, plant and equipment	(18,558)	(12,670)
Payments for exploration and evaluation expenditure	<u>(466,614)</u>	<u>(2,126,285)</u>
Net cash used in investing activities	<u>(485,172)</u>	<u>(2,138,955)</u>
Cash Flows from Financing Activities		
Proceeds from issue of shares	<u>1,656,869</u>	<u>308,850</u>
Net cash flows from financing activities	<u>1,656,869</u>	<u>308,850</u>
Net increase / (decrease) in cash and cash equivalents	737,592	(2,515,408)
Effect of foreign currency translation	<u>(1,391)</u>	<u>20</u>
Cash and cash equivalents at the beginning of the half-year	<u>306,545</u>	<u>2,922,801</u>
Cash and cash equivalents at the end of the half-year	<u><u>1,042,746</u></u>	<u><u>407,413</u></u>

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 2017

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 2017 was authorised for issue in accordance with a resolution of the directors on 16 March 2018.

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 2017.

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 2017 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 2017 annual financial report for the year ended 30 June 2017, 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 \$4,068,890 (31 December 2016: \$1,219,134) and experienced net cash outflows from operating and investing activities of \$919,277 (31 December 2016: \$2,824,258) for the half-year ended 31 December 2017. As at 31 December 2017 the Consolidated Entity had cash assets of \$1,042,746 and net current assets of \$915,455.

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

The directors recognise that the ability of the Company to continue as a going concern and to pay its debts as and when they fall due for the next 12 months is dependent on the ability of the Company to secure additional funding through either the issue of further shares and / or options.

The directors have reviewed the business outlook and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Company will achieve the matters set out above. The directors believe that they will continue to be successful in securing additional funds as and when the need to raise working capital arises.

NOTES TO THE FINANCIAL STATEMENTS

For The Half-Year Ended 31 December 2017

Should the Company be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report.

(d) Changes in Accounting Policies and Disclosures

In the half year ended 31 December 2017, 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 2017.

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 2016.

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 2017 and 31 December 2016.

5. CASH AND CASH EQUIVALENTS

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

	31 Dec 2017	30 June 2017
	\$	\$
Cash at bank and in hand	39,298	319,203
Bank overdrafts	-	(12,658)
Short term deposits	1,003,448	-
	<u>1,042,746</u>	<u>306,545</u>

The material non-cash investment and financing activity during the half year was share based remuneration granted during the year of \$248,599.

6. EXPLORATION AND EVALUATION EXPENDITURE

	Half year ended	Year ended
	31 Dec 2017	30 June 2017
	\$	\$
Balance at beginning of the period	6,088,271	3,514,468
Exploration expenditure capitalised during the period	522,505	3,441,357
Value of tenements Impaired	(3,250,000)	-
Exploration write off	-	(795,982)
Effect of exchange rate movements	(71,324)	(71,572)
Balance at end of the period	<u>3,289,452</u>	<u>6,088,271</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Half-Year Ended 31 December 2017

7. CONTRIBUTED EQUITY

	31 Dec 2017	30 June 2017
	\$	\$
a) Issued and fully paid ordinary shares 582,191,410 (June 2017: 425,391,410)	17,938,575	17,379,725
b) Movement in issue and fully paid shares		
	Number of shares	\$
Balance at 1 July 2017	425,391,410	19,158,427
Placement 25 August 2017	40,400,000	565,600
Placement 25 August 2017	116,400,000	1,164,000
Costs of issue		(72,731)
Balance at 31 December 2017	582,191,410	20,815,296
	Number of options	
c) Unexpired options at reporting date:		
\$0.05 cent options expiring 30 Jun 2019	1,500,000	
\$0.12 cent options expiring 30 Sept 2019	14,500,000	
\$0.0125 cent options expiring 26 Nov 2020	50,500,000	
\$0.04 cent options expiring 7 Jun 2021	10,000,000	
\$0.05 cent options expiring 7 Jun 2021	10,000,000	
	86,500,000	

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 USD23,000 per annum.

9. CONTINGENCIES

The Company does not have any contingent assets or contingent liabilities as at 31 December 2017.

10. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

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

A handwritten signature in black ink, appearing to read 'Allen Lafferty', with a long horizontal flourish extending to the right.

Allen Lafferty
Chairman

Perth, 16 March 2018

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 condensed statement of financial position as at 31 December 2017, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and the condensed 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 Group 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 Group's financial position as at 31 December 2017 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*.

Conclusion

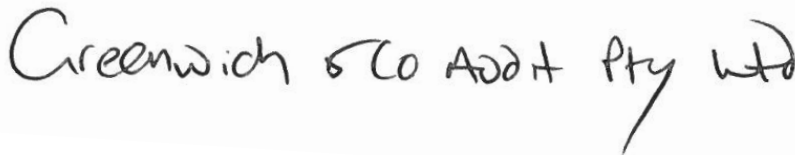
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Tanga Resources Limited is not in accordance with the *Corporations Act 2001* including:

- giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the half-year ended on that date;
- and complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

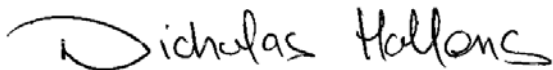
Emphasis of matter - Inherent uncertainty regarding continuation as a going concern

Without modifying our opinion, we draw attention to Note 2(c) to the financial statements which outlines that the ability of the Group to continue as a going concern is dependent on the Group securing additional funding through either the issue of further shares and/or options.

As a result there is material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

A handwritten signature in black ink that reads "Greenwich & Co Audit Pty Ltd". The script is cursive and somewhat stylized, with the letters "G" and "C" being particularly large and prominent.

Greenwich & Co Audit Pty Ltd

A handwritten signature in black ink that reads "Nicholas Hollens". The signature is written in a cursive style, with the first letter "N" being a large, sweeping capital.

Nicholas Hollens
Managing Director

16 March 2018