TANGA RESOURCES LIMITED

2019 ANNUAL REPORT

ABN 41 141 940 230

Corporate Directory

Nigel Lafferty	Chairman
John Stockley	Technical Director
John Jones	Non-Executive Director
Matthew Bowles	CEO

Company Secretary

Graeme Smith

Registered Office & Principal Place of Business

Ground Floor
63 Hay Street
SUBIACO WA 6008
Telephone: +61 8 9 381 5686

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

Auditors

Greenwich & Co Audit Pty Ltd

Level 2, 267 St Georges Terrace

PERTH WA 6000

Bankers

National Australia Bank
1232 Hay Street
WEST PERTH WA 6005

Share Registry

Security Transfer Registrars Pty Limited
PO Box 52
Collins Street West VIC 8007
Telephone: 1300 992 916
Facsimile: +61 8 9 315 2233

Securities Exchange Listing

The Company is listed on the Australian Securities Exchange Limited ("ASX")
Home Exchange: Perth, Western Australia
ASX Code: TRL

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TARGETING COPPER AND GOLD IN THE DAMARA BELT NAMIBIA

30 September 2019

Dear Shareholder

On behalf of your Directors, I am pleased to present **Tanga Resources Limited's Annual Report and Financial Statements** for the period 1 July 2018 to 30 June 2019.

The past 12 months has been busy for the Company following the acquisition of the Hagenhof Copper Project and exploration work leading up to commencing our maiden drill program.

We are excited by the results from the first few drill holes at Main Gossan target which confirms the potential for a new copper discovery to be made at Hagenhof. We believe Namibia's Damara Belt remains underexplored, which is why we have focused our efforts on securing a large land holding on the belt.

Drilling at Hagenhof is now complete, with several targets identified along an east west trending +8km stratigraphic horizon tested, all of which have never previously been drilled. This is an exciting time for the Company as we continue to unlock the potential of Hagenhof."

We also announced a major joint venture with Epangelo Mining Limited, a private mining investment company with the Government of the Republic of Namibia as the sole shareholder.

This has significantly increased our overall ground position on the Damara Belt and we look forward to continuing to working with our joint venture partner to advance the Katerina Gold Project.

Tanga has now secured a major ground position of over 1,700km^2 on the highly prospective Damara Belt in Namibia - which hosts a number of world class deposits.

We look forward to welcoming Capital Drilling as a major shareholder, with who we have a long standing working relationship and which will enable us to rapidly advance Hagenhof and our other projects in Namibia.

Namibia continues to be a safe, low risk, politically stable, mining friendly jurisdiction and we have received a warm welcome to the country since our arrival. We have been working closely with the local land holders in the area in which we are operating and continuing to enjoy good working relationship.

Finally, I would like to thank our shareholders who have continued to support us during the year and I look forward to the next 12 months as we focus on making a significant discovery in Namibia.

Yours sincerely

Nigel Lafferty
Chairman

Namibia Projects - Damaran Belt

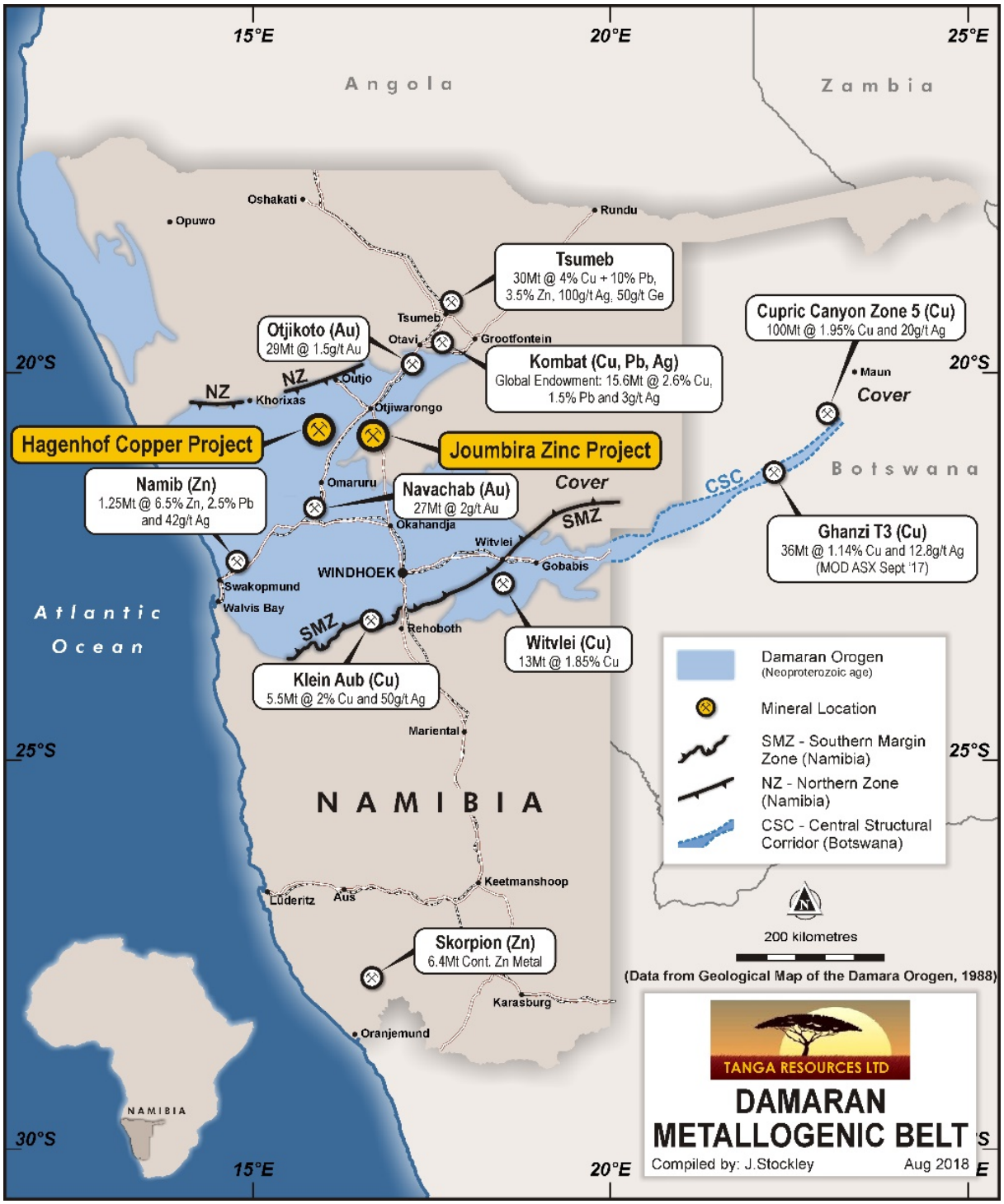

Figure 1. Location of the Hagenhof, Katerina and Joumbira Projects, Namibia.

Hagenhof Copper-Cobalt Project

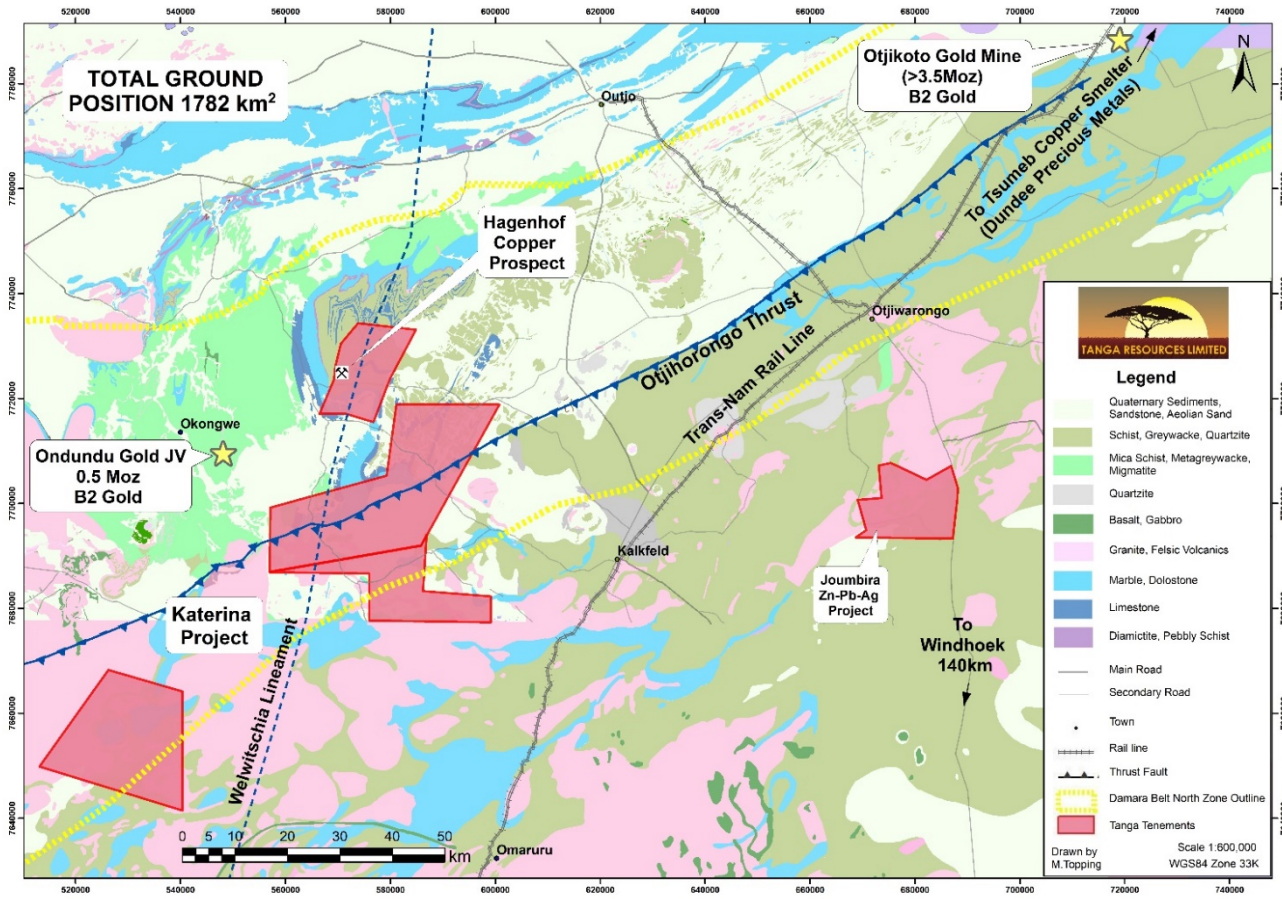

Figure 2. Tanga's total tenement position on the Damaran Belt

The highly prospective Hagenhof Copper Project ("Hagenhof") is hosted in the north central zone of the Damaran Metallogenic Belt of Namibia.

Hagenhof is a granted exploration permit covering 197.26km^2 in central northern Namibia, approximately 200km northwest of the capital, Windhoek, and approximately 80km west of the Joumbira Zinc Project.

The copper mineralisation at Hagenhof is hosted by the Okonguarri Formation turbidite sequence in the NeoProterozoic Swakop Group of the north central zone of the Damaran Metallogenic Belt, which runs through central Namibia.

The host rock is folded into tight, asymmetric folds which can be seen in the regional satellite imagery over the Hagenhof Project, with the regional aeromagnetic data showing a major north-south trending structure with north-east trending cross faults.

Structural mapping at Hagenhof shows the copper mineralisation to be hosted within the axial planes of steep, overturned east-north-east striking anticlines, refolded by later north-north-east trending cross folds.

Project location and surrounding infrastructure

Hagenhof is well located with excellent surrounding infrastructure including high voltage grid power running through the property and sealed roads and a rail line to the Tsumeb Copper Smelter, all in close proximity.

Hagenhof Maiden Drill Program

During the year Tanga acquired the Hagenhof Project and, following the receipt of all required approvals, recently completed a maiden Diamond and RC drilling program. This program comprised 575 metres of Diamond and 2,260 metres of Reverse Circulation (RC) drilling to test copper mineralisation at several targets at Hagenhof. Assay results received for the first four holes diamond holes drilled at Main Gossan were announced to the ASX on 21 August 2019. This drilling targeted a prominent ground magnetic anomaly and has returned copper mineralisation consisting of a coarse grained pyrrhotite-chalcopyrite within quartz-carbonate breccia, hosted in Neoproterozoic turbiditic and calcareous meta-sedimentary rocks. Results included:

- 17m @ 0.82% Cu from 111m downhole (HDD004), incl.

  9m @ 1.1% Cu from 119m (incl. 1m @ 2.44% Cu from 127m)
- 24m @ 0.54% Cu from 86m downhole (HDD002), incl.

  1m @ 1.38% from 89m and 1m @ 1.73% Cu from 95m and 1m @ 1.84% Cu from 105m

A further eight holes (RC) for 843 metres has been drilled at Main Gossan testing the up dip and down plunge, mineralisation. Assays for these holes are pending with visible copper mineralisation observed in a number of the RC chips from both up dip and down plunge drilling.

Figure 3. Massive sulphide-quartz-carbonate breccia in HDD004 from 122m to 128m

Hagenhof Regional Exploration

An initial ground magnetic survey was completed during the period, over prospective areas of Hagenhof. The results highlighted the **prominent positive magnetic anomaly at Main Gossan and a larger, prominent circular magnetic anomaly, coinciding with a large interpreted structural dome feature at Liv's Hill.** The results of this data have assisted in refining targets for drilling.

The overall drill program at Hagenhof is testing **new targets with extensive copper and minor gold mineralisation along a +8km Katangan-style, stratigraphic mineralised horizon**, from the original Main Gossan trending eastwards through Jette's Hill, to Copper Cap and Liv's Hill, which **remains open along strike to the east**.

A total of 1,100 assays from a total of 2,260 metres are currently pending.

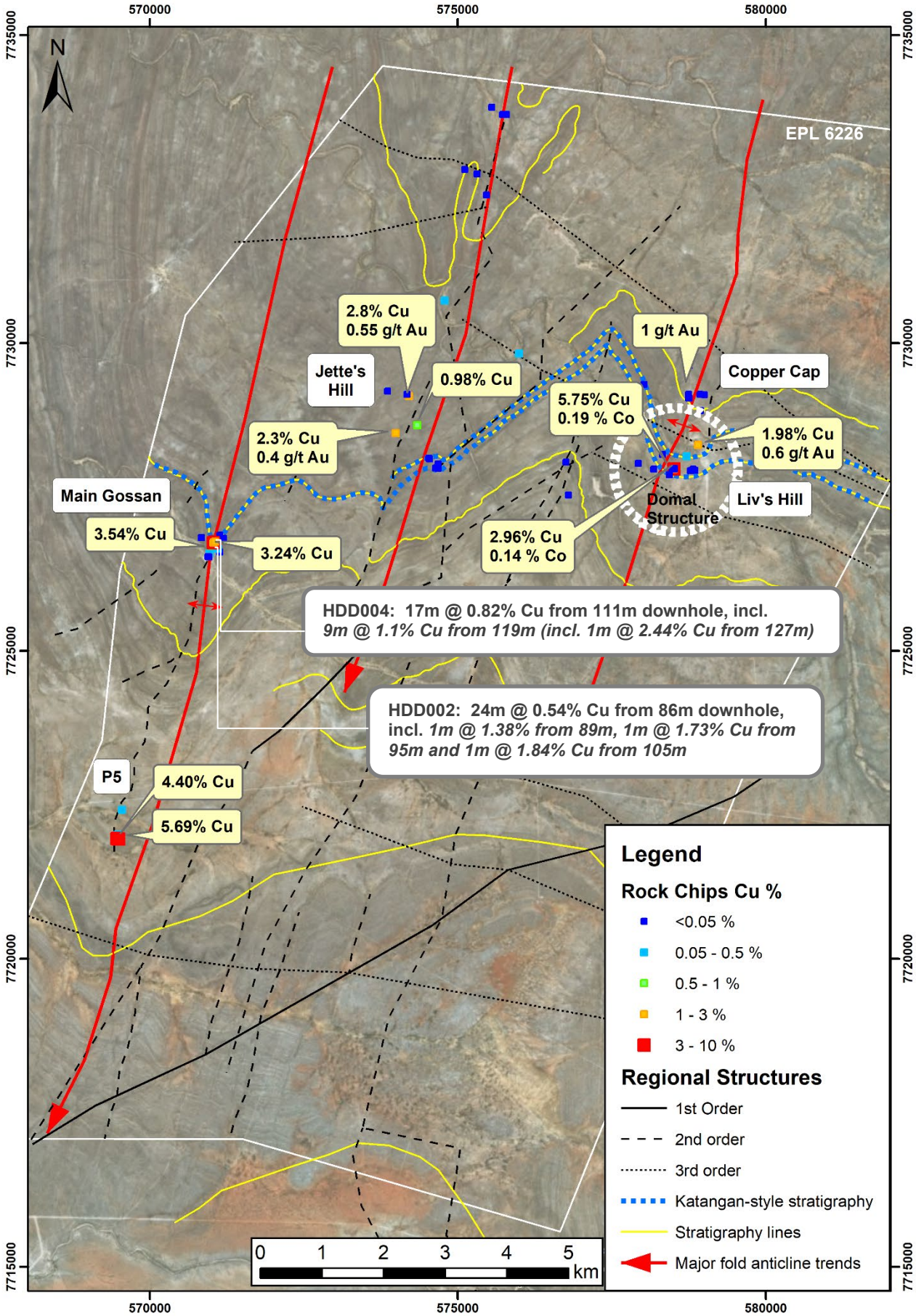

Figure 4. Multiple copper targets at Hagenhof (EPL6226) over a +8km stratigraphic copper bearing 'Katangan style' horizon.

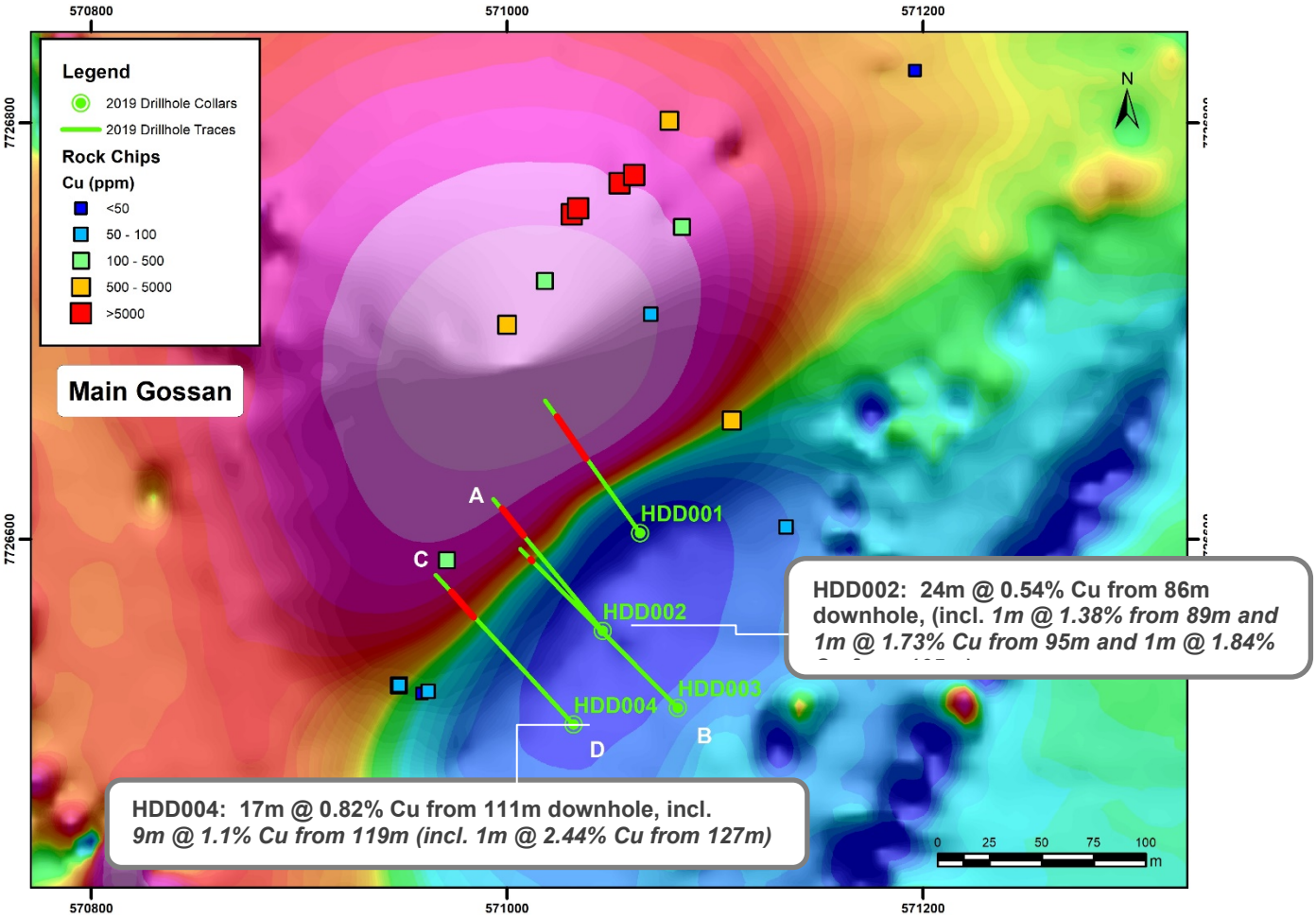

Figure 5. Ground magnetic data at Main Gossan showing the prominent anomaly with completed drill holes testing plunge and grade of historical reported copper mineralisation. Mineralised intersections shown >0.1% Cu

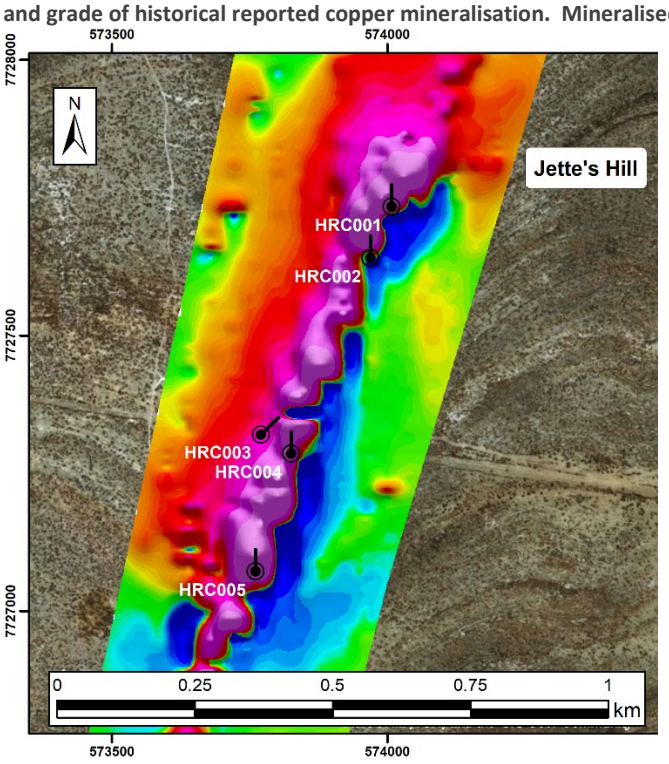

Figure 6 (Above). Ground magnetic data over Jette's Hill target with planned RC drill holes over + 1km

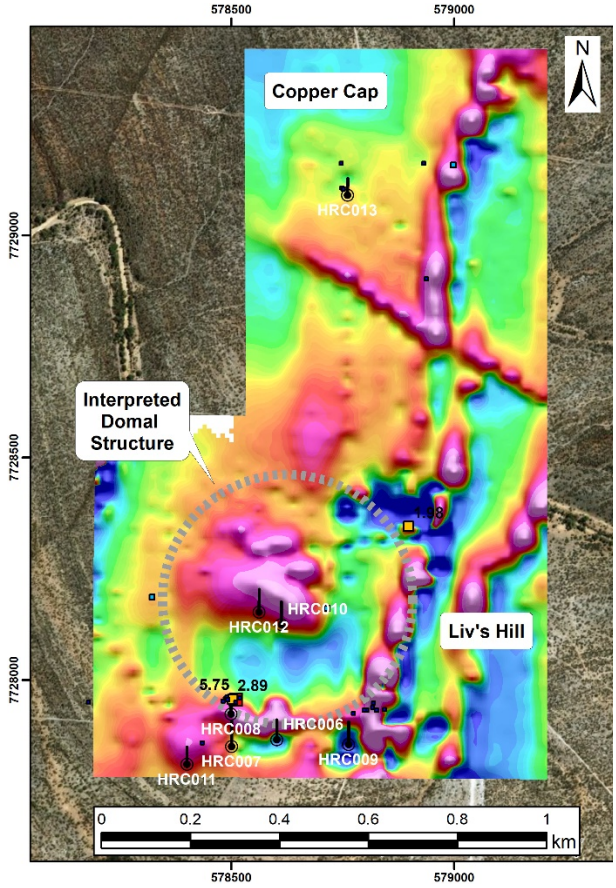

Figure 7 (Right). Ground magnetic data showing a large, prominent magnetic anomaly surrounded by an interpreted domal feature at Liv's Hill target and Copper Cap Target to the North.

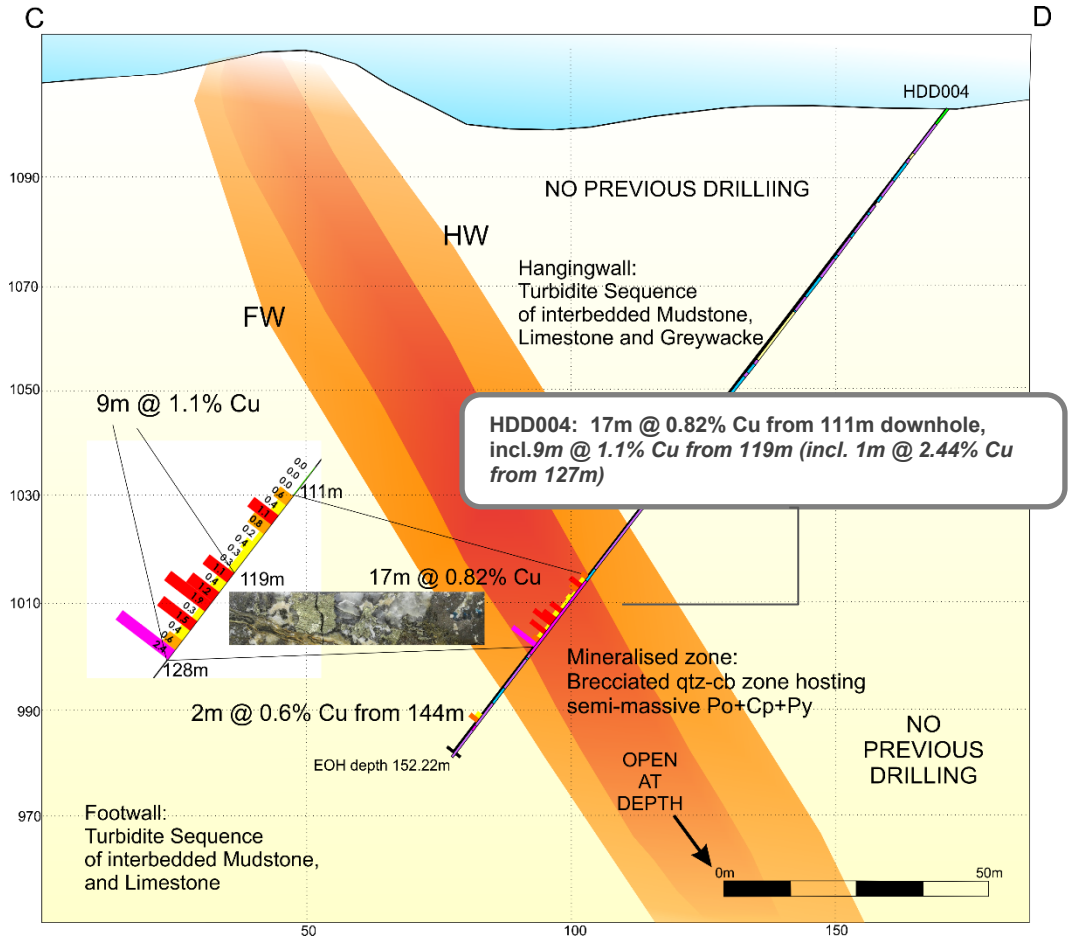

Figure 8. Cross section C-D looking north east at Main Gossan.

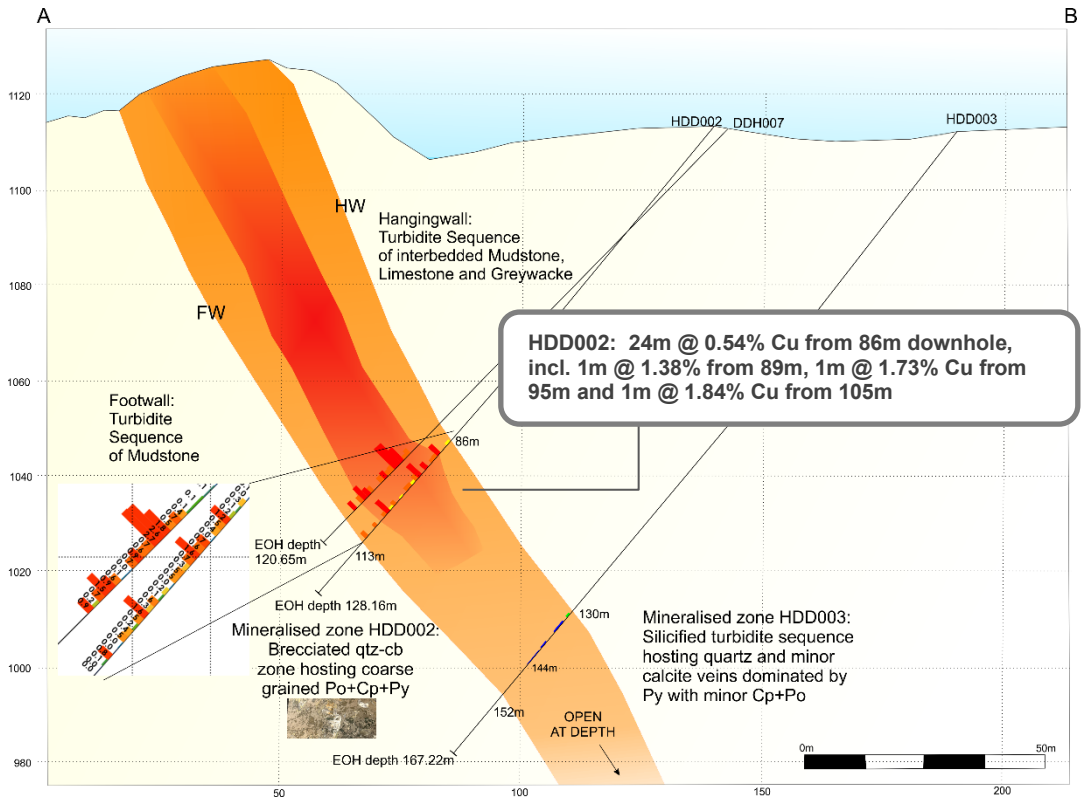

Figure 9. Cross section A-B looking north east at Main Gossan

Figures 10-13: NQ diamond drill core samples from HDD001 (47.6mm diameter) from Main Gossan, Hagenhof.

Figure 10: Coarse grained chalcopyrite and pyrrhotite in NQ core HDD001

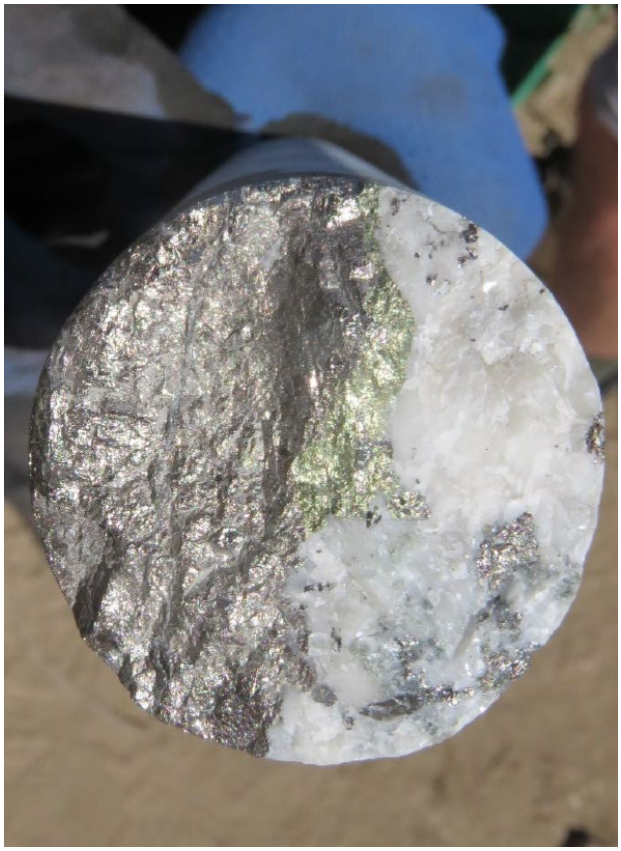

Figure 11: End shot of NQ core HDD001 shown in Figure 4

Figure 12: NQ core from HDD002 Semi-massive pyrrhotite chalcopyrite breccia with strong pervasive late carbonate fill.

Figure 13: NQ core from HDD001 showing coarse grained sulphide wall rock breccia

Epangelo Earn In and Joint Venture, Katerina Gold Project (earn-in 80%)

The Katerina Gold Project, hosted within the Damara Metallogenic Belt in central northern Namibia, is located immediately south of the Company's Hagenhof Project. Several historic regional copper and gold occurrences are reported on the Licences, however there has been very little modern exploration. EPL 4833 is located on the major Otjihorongo Thrust with aeromagnetic data showing it is intersected by a NNE/SSW basement structure that continues north into the Hagenhof Project. B2 Gold's Ondundu Gold JV Project is ~10km north west of Katerina, its Otjikoto Gold Mine (>3.5Moz) is ~200km to the north east and QKR's Navachab Gold Mine (>5Moz) ~100km to the south

The Katerina Gold Project is under an earn-in and joint venture agreement with Epangelo Mining Limited, a private mining investment company with the Government of the Republic of Namibia as the sole shareholder.

A maiden drilling campaign is planned to be undertaken at Katerina targeting orogenic gold under thick calcrete cover, subject to the renewal of the licence by the Ministry of Mines.

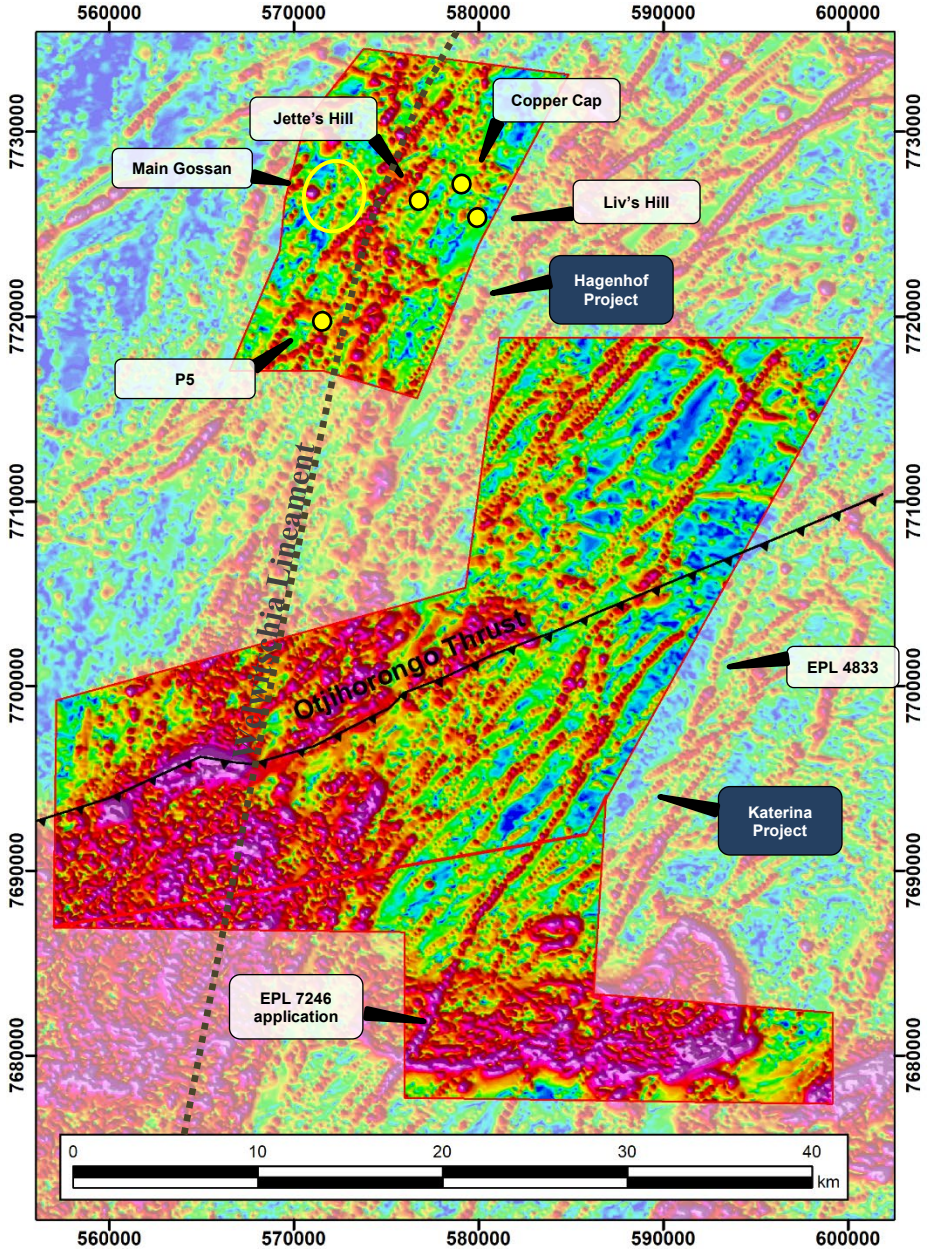

Figure 14. Regional aeromagnetic data over(EPL 4833 and EPL application 7246) Katerina Project showing the major Otjihorongo Thrust intersected by the proximal NNE/SSW Welwitchia Lineament that continues north into the Hagenhof Project (EPL 6226).

Joumbira Zinc Project, Namibia

Joumbira Zinc Project ("Joumbira") is an advanced, zinc-lead-silver project covering approximately 210km^2 and located in the highly prospective Damaran Belt, Namibia. Joumbira is located in central Namibia, approximately 190km by sealed road from the capital, Windhoek and 400km from the port of Walvis Bay. Joumbira has excellent infrastructure with the major service town Otjiwarongo located 50km to the north with existing grid power and the national railway line is in close proximity.

The Company continues to review historical exploration data on Joumbira in conjunction with the more recent results, to determine follow up exploration work..

Hanang Gold Project, Tanzania

The Hanang Gold Project ("Hanang") is a regional gold project located in Tanzania. The Company undertook a review of operational and holding costs in Tanzania which has resulted in a number of costs reductions, including the relinquishment of non core tenements at Hanang Gold Project.

The Company commenced a strategic review of the Hanang Gold Project to assess various alternatives for the project and continues to monitor the situation in Tanzania.

Corporate

Post the end of the financial year, on the 26 August, 2019 the Company announced an equity placement to raise A$1.8 million (before costs) through the issue of approximately 600 million shares in the Company at an issue price of 0.3 cents per share. The Placement is to accelerate drilling and exploration at Hagenhof and regional exploration. As part of the Placement, Capital Drilling will become a substantial cornerstone investor holding approximately 14% in Tanga (subject to shareholder approval)

ROTATING
EQUIPMENT

Local employment and community investment

Tanga is committed to local employment and establishing good relations with the communities in which it operates.

With activities primarly focusing on drilling and exploration at and around Hagenhof, where possible Tanga has sought to employ workers from the local farms to assist with field work. The Company regularly engages with local farm and land holders, with access goverened under land access agreements and enables access to the heavy equipement used to clear drill pads, to clear tracks and reinforce dams.

The directors present their report on Tanga Resources Limited for the year ended 30 June 2019.

Directors

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

Mr Nigel Lafferty, BBus, CA - Non-Executive Director (Chairman)

Mr Nigel Lafferty holds a Bachelor of Business and is a member of Chartered Accountants Australia & New Zealand. He has over 25 years experience in advising on accounting, finance, corporate governance and planning matters. Mr Lafferty is Director of SLS Accounting, as well as holding Board positions on a number of client private companies.

Other current directorships:	None
Former directorships in last 3 years:	None
Committees:	Remuneration

Mr John Jones – Non-Executive Director

Mr Jones is a well known and respected mining identity who has been associated with a number of successful mining corporations in his 45 years of business. He is currently Chairman of Altan Nevada Minerals Limited (TSX), Altan Rio Minerals Limited (RSX), Anglo Australian Resources NL, is a Director of Troy Resources Limited and has previously been Chairman of North Kalgurli Mines, Jones Mining and Troy Resources Limited.

Other current directorships:	Altan Nevada Minerals Limited (TSX) Altan Rio Minerals Limited (RSX) Anglo Australian Resources NL (ASX) Troy Resources Limited (ASX) Image Resources NL (ASX)
Former directorships in last 3 years:	None
Committees:	Audit, Remuneration

Mr John Louis Stockley, BSc (Hons), M.A.I.G. – Executive Director

Mr Stockley is an Honours graduate in Geology of the University of Tasmania and has over 40 years' experience in gold-base metal exploration and mining throughout the world. He has been involved in the exploration and development of gold projects in Africa, Australia, the Pacific Islands, North Asia, South America and Europe.

Mr Stockley has been involved in mining and mineral exploration in Africa since 1975 where in 2005-2006 he was directly responsible for the identification of +950,000oz of gold (measured resource) at the New Luika discovery near Chunya and over 850,000oz of gold (indicated and measured resources) at Londoni near Singida in Tanzania (both discoveries are held by Shanta Gold plc). He has worked for a number of major of mining companies including Anglo American, Peko Wallsend, Renison Goldfields, Freeport Macmoran, Dominion Mining Ltd, and Troy Resources. Mr Stockley is a Member of the Australian Institute of Geoscientists.

Other current directorships:	None
Former directorships in last 3 years:	None
Committees:	Audit

Mr Ian Stuart – Non Executive Director – resigned 26 November 2018

Mr Allen Lafferty – Chairman / Non-Executive Director – resigned 17 December 2018

Chief Executive Officer

Mr Matthew Bowles, B Bus, CPA, FFin

Mr Bowles is a senior corporate finance executive with extensive corporate advisory, private equity and capital markets experience within the resources sector. He has a depth of experience in domestic and cross border financing, joint venture and M&A transactions in Africa, the Americas and Australia.

Mr Bowles was previously the Chief Development Officer for a West African focused gold company. He commenced his career with Rio Tinto where he worked for nine years in various corporate and commercial roles, before moving to London to work in resources banking and finance. Since his return to Australia he has held senior roles with global advisory firms focused on the resources sector.

Company Secretary

Graeme Smith, BEc, MBA, MComLaw, FCPA, FCIS, FGIA

Mr Smith is a finance professional with over 25 years' experience in accounting, corporate governance and company administration. He is the principal of Wembley Corporate Services Pty Ltd which provide corporate secretarial, CFO and governance services.

Mr Smith is a non-executive director of Anglo Australian Resources NL.

Directors' Interests in the Shares and Options of the Company

As at the date of this report, the interests of each director in the shares and options of Tanga Resources Limited is:

Director	Shares	Options
N Lafferty	100,605,242	12,039,735
J Jones	7,906,483	8,648,570
J Stockley	21,982,992	18,000,000

Directors' Meetings

The number of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2019, and the numbers of meetings attended by each director were as follows:

Director	Directors' Meetings		Committee Meetings
	A	B	
N Lafferty	3	3	-
J Jones	5	6	-
J Stockley	6	6	-
I Stuart	3	3	-
A Lafferty	3	3	-

A = Number of meetings attended
B = Number of meetings held during the time the director held office.

Principal Activities

The principal activities of the Group during the financial period were the identification of suitable gold, and base metals exploration and production opportunities in Namibia and raising capital to fund those opportunities.

Operating Results and Financial Position

The operating loss of the consolidated group after providing for income tax was $8,100,029 (2018: $1,771,340).

Significant Changes in the State of Affairs

In the opinion of the directors there were no significant changes in the state of affairs of the Group other than those referred to in this financial report.

Significant Events After Balance Date

On 4 September 2019, the Company issued 308.2 million ordinary shares pursuant to a Placement.

Other than noted above, there has been no matter or event that has occurred subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Group in future years.

Likely Developments and Expected Results

The Group will continue to pursue and further the exploration of its projects in Namibia. Further comments on likely developments in the operations of the Group are included in this report under "Review and Results of Operations". Disclosure of any further information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Accordingly, this information has not been disclosed in this report.

Environmental Regulation and Performance

The Group's environmental obligations are regulated under Tanzanian & Namibian legislation. Performance with respect to environmental obligations is monitored by the board of directors and may be subject to government agency audits and site inspections. No environmental breaches have been notified by any government agency during the year ended 30 June 2019.

Dividends

No dividends have been paid or declared since the start of the financial year. No recommendation for the payment of a dividend has been made.

Proceedings on Behalf of the Consolidated Entity

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Options

At the date of this report, the unissued ordinary shares of Tanga Resources Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
25 October 2016	30 September 2019	$0.12	5,500,000
29 October 2016	30 September 2019	$0.12	9,000,000
7 June 2017	07 June 2021	$0.04	10,000,000
7 June 2017	07 June 2021	$0.05	10,000,000
7 December 2017	26 November 2021	$0.0125	50,500,000
24 October 2018	24 October 2020	$0.01	283,355,561
			368,355,561

Option holders do not have any rights to participate in any issue of shares or other interests of the company or any other entity.

There have been no options granted over unissued shares or interests of any controlled entity within the Group during or since the end of the reporting period.

For details of options issued to directors and executives as remuneration, refer to the remuneration report.

During the year ended 30 June 2019, no ordinary shares of Tanga Resources Limited were issued for the exercise of options granted for remuneration. No further shares have been issued since year-end. No amounts are unpaid on any of the shares.

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

Indemnification and Insurance of Directors and Officers

During the year ended 30 June 2019, the Company paid a premium to insure the directors and officers of the Company against any liability incurred as a director or officer to the extent permitted by the Corporations Act 2001.

The liabilities insured include the costs that may be incurred in defending proceedings that may be brought against the directors and officers but does not include liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position, or of information, to gain advantage for themselves or someone else or to cause detriment to the company.

The Company has not entered into any agreement with its current auditors indemnifying them against claims by a third party arising from their position as auditor.

Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or Group are important.

Details of the amounts paid or payable to the auditor (Greenwich & Co) for the audit and non-audit services provided during the year are set out in note 17.

The board of directors has considered the position and, in accordance with the advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the board to ensure they do not impact the independence and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

Auditor's Independence Declaration

The copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 22.

Remuneration Report (Audited)

This remuneration report, which forms part of the directors' report, sets out remuneration information for Tanga Resources Limited's non-executive directors, executive directors and key management personnel for the year ended 30 June 2019. The information in the remuneration report has been audited as required by Section 308(3C) of the Corporations Act.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, including directors of the Company and other executives. Key management personnel comprise the directors of the Company and senior executives for the group who have the ability to influence the financial and operating decisions.

The key management personnel of the Company for 2019 were:

Nigel Lafferty	Chairman/Non Executive Director - appointed 17 December 2018
John Stockley	Technical Director
John Jones	Non Executive Director
Allen Lafferty	Chairman/Non Executive Director – resigned 17 December 2018
Ian Stuart	Non-Executive Director – resigned 26 November 2018

Compensation levels for directors and key management personnel of the Company are competitively set to attract and retain appropriately qualified and experienced directors and executives. The board is responsible for compensation policies and practices. The board, where appropriate, seeks independent advice on remuneration policies and practices, including compensation packages and terms of employment.

There is no direct link between remuneration paid to any non-executive and executive directors and corporate performance. The board has considered the stage of Company's exploration activity and the financial performance of the Company does not reflect the geological results of the exploration activities.

There are no termination or retirement benefits for non-executive directors (other than statutory superannuation).

The Group did not employ the services of remuneration consultants during the financial year ended 30 June 2019.

Non-Executive Directors

The non-executive directors are entitled to receive a fixed fee for their services of $36,000 per annum (plus statutory superannuation). All directors are entitled to have premiums on indemnity insurance paid by the Company.

Remuneration levels for directors, secretaries, senior managers of the Company are competitively set to attract and retain appropriately qualified and experienced directors and senior executives.

The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The remuneration structures take into account:

- the capability and experience of the directors and senior executives;
- the directors and senior executives ability to control the relevant segment's performance;
- the group's performance including:
    - the group's operational and financial performance
    - the scale and complexity of operations
    - the growth in share price and returns on shareholder wealth; and
    - the amount of incentives within each directors and senior executives remuneration

Remuneration packages may include a mix of fixed and variable remuneration, short and long-term performance-based incentives and are reviewed on an annual basis. No incentive based remuneration was paid during the current financial year (2018: NIL).

Remuneration of Key Management Personnel

2019	Short-term Benefits			Post-employment benefits	Share-based Payment		% of Shares to Total Remuneration
Name	Salary and Fees $	Cash Bonus $	Non-Monetary Benefit $	Super-annuation $	Shares $	**Total $**	Shares %
Directors							
A Lafferty	18,000			-		**18,000**	-
N Lafferty	16,438			1,562		**18,000**	-
J Jones	36,000			3,644		**39,644**	-
J Stockley	116,136					**116,136**	-
I Stuart	15,000					**15,000**	-
	201,574			5,206		**206,780**	-
CEO							
M Bowles	240,000			22,800		**262,800**	-
	240,000			**22,800**		**262,800**	-
Totals	**441,574**			**28,006**		**469,580**	-
2018							
Directors							
A Lafferty	18,000				32,400	**50,400**	64%
J Jones	18,000			1,140	21,600	**40,740**	53%
J Stockley	143,650				108,000	**251,650**	43%
I Stuart							-
	179,650			**1,140**	**162,000**	**342,790**	**47%**
CEO							
M Bowles	240,000			22,800	144,000	**406,800**	35%
	240,000			**22,800**	**144,000**	**406,800**	
Totals	**419,650**			**23,940**	**306,000**	**749,590**	**40%**

	KMP Options issued as Remuneration									
	2019	**Balance at beginning of the year**	**Granted as remuneration[1]**			**Options Exercised**	**Net change other**	**Balance at the end of the year**	**Vested and exercisable**	**Unvested**
			Issue Date	**No.**	**Value**					
	Direct Interest									
	Directors									
	N Lafferty[2]	-					12,039,735	12,039,735	12,039,735	-
	J Jones	8,000,000					648,570	8,648,570	8,648,570	-
	J Stockley	18,000,000						18,000,000	18,000,000	-
	I Stuart[4]	-						-	-	-
	A Lafferty[3]	4,500,000					(4,500,000)	-	-	-
		30,500,000				**-**	**8,188,305**	**38,688,305**	**38,688,305**	-
	CEO									
	M Bowles	40,000,000				-	-	40,000,000	40,000,000	-
		40,000,000				**-**	**-**	**40,000,000**	**40,000,000**	**-**
		70,500,000					**8,188,305**	**78,688,305**	**78,688,305**	**-**
	2018									
	Direct Interest									
	Directors									
	A Lafferty	-	07/12/17	4,500,000	$32,400	-	-	4,500,000	4,500,000	-
	J Jones	5,000,000	07/12/17	3,000,000	$21,600	-	-	8,000,000	6,333,333	1,666,667
	J Stockley	3,000,000	07/12/17	15,000,000	$108,000			18,000,000	17,000,000	1,000,000
	I Stuart[4]	-				-	-	-	-	-
	M Wilson[5]	3,000,000					(3,000,000)	-	-	-
		11,000,000		**22,500,000**	**$162,000**	**-**	**(3,000,000)**	**30,500,000**	**27,833,333**	**2,666,667**
	CEO									
	M Bowles	20,000,000	07/12/17	20,000,000	$144,000	-	-	40,000,000	40,000,000	-
		20,000,000		**20,000,000**	**$144,000**	**-**	**-**	**40,000,000**	**40,000,000**	**-**
		31,000,000		**42,500,000**	**$306,000**		**(3,000,000)**	**70,500,000**	**67,833,333**	**2,666,667**

[1] The fair value of options granted as remuneration as shown in the above table has been determined in accordance with Australian Accounting Standards and will be recognised as an expense over the relevant vesting period to the extent that conditions for vesting are satisfied.

[2]Appointed 17 December 2018.

[3]Resigned 17 December 2018.

[4]Resigned 26 November 2018.

[5] Resigned 12 July 2017.

Description of Options Issued as Remuneration

Details of options granted as remuneration to those KMP listed in the previous table are as follows:

Grant Date	Issuer	Entitlement on Exercise	Date Exercisable	Exercise Price	Value per Option at Grant Date	Amount Paid/Payable by Recipient
27/11/2017	Tanga Resources Limited	1:1 Ordinary Shares in Tanga Resources Limited	From vesting date to 26/11/20	$0.0125	$0.0072	-
29/11/2016	Tanga Resources Limited	1:1 Ordinary Shares in Tanga Resources Limited	From vesting date to 30/09/19	$0.12	$0.0358	-

Option values at grant date were determined using the Black-Scholes method. Refer to note 23.

Shareholdings

2019	Balance 1 July 2018	Granted as remuneration	Options exercised	Net change other	Balance 30 June 2019
Directors					
N Lafferty[1]	-	-	-	100,605,242	100,605,242
J Jones	6,609,344	-	-	1,297,139	7,906,483
J Stockley	16,507,992	-	-	1,575,000	18,082,992
A Lafferty[2]	11,881,766	-	-	(11,881,766)	-
I Stuart[3]	40,600,000			(40,600,000)	-
	75,599,102	-	-	50,995,615	126,594,717

[1] Appointed 17 December 2018

[2]Resigned 17 December 2018

[3]Resigned 26 November 2018

End of Remuneration Report

Signed in accordance with a resolution of the Directors

Nigel Lafferty
Chairman
Perth, 30 September 2019

Greenwich & Co

Greenwich & Co Audit Pty Ltd | ABN 51 609 542 458
Level 2, 267 St Georges Terrace, Perth WA 6000
PO Box 983, West Perth WA 6872
T 08 6555 9500 | F 08 6555 9555
www.greenwichco.com

Auditor's Independence Declaration

To those charged with governance of Tanga Resources Limited

As auditor for the audit of Tanga Resources Limited for the year ended 30 June 2019, 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 audit; and

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

Greenwich & Co Audit Pty Ltd

Greenwich & Co Audit Pty Ltd

Rafay

Rafay Nabeel
Audit Director

Perth
30 September 2019

Corporate Governance Statement

The Board of Directors of Tanga Resources Limited is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Tanga on behalf of the shareholders by whom they are elected and to whom they are accountable.

Tanga Resources Limited's corporate governance practices were in place throughout the year ended 30 June 2019 and were compliant with the ASX Governing Council's best practice recommendations, unless otherwise stated.

Honesty and integrity must be the overriding and guiding principle in all things- substance must prevail over form and lip service. Adhering to the following policies is a condition of each contract of employment or service.

Tanga Resources Limited has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("Principles & Recommendations"), the Company has followed each recommendation where the board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the board has offered full disclosure and reason for the adoption of its own practice.

Website Disclosures

Further information about the Company's charters, policies and procedures may be found at the Company's website (www.tangaresources.com.au) under the section marked Corporate Governance.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.		Information about the respective roles and responsibilities of our Board and management (including those matters expressly reserved to the Board and those delegated to management) is found under the Board Charter.
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.		The appointment of directors is undertaken under the purveyance of the Nomination committee. The function of the Nomination Committee is to identify and recommend candidates to fill vacancies and to determine the appropriateness of director nominees for election to the Board as well as undertake appropriate checks before appointing a person to the Board. The Board recognises the benefits arising from diversity and aims to promote an environment conducive to the appointment of well qualified Board candidates so that there is appropriate diversity to maximise the achievement of corporate goals. As required under the ASX Listing Rules and the Corporations Act, election or re-election of directors is a resolution put to members at each Annual General Meeting. The notice of meeting contains all material information relevant to a decision on whether or not to elect or re-elect a director.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.		Letters of appointment for each director and senior executive have been entered into by the Company.
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.		The company secretary reports directly to the Board through the Chairman and is accessible to all directors. The function performed by the company secretary is noted in the letter of appointment of the company secretary

1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.		The Company has a Diversity policy which can be found on its website under the Corporate Governance section. The Company's Diversity policy does not include requirements for the board to set measurable objectives for achieving gender diversity and given the size and nature of the Company at this stage, the Board considers this course of action reasonable. The Company recognises that a diverse and talented workforce is a competitive advantage and that the Company's success is the result of the quality and skills of our people. Our policy is to recruit and manage on the basis of qualification for the position and performance, regardless of gender, age, nationality, race, religious beliefs, cultural background, sexuality or physical ability. It is essential that the Company employs the appropriate person for each job and that each person strives for a high level of performance. The Company has not set measurable objectives for achieving gender diversity during the reporting period of 2018 – 2019. There are no women on the Board.
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.		Process for Evaluating Board Performance is detailed in the Board Charter. Information on Performance Evaluations is included in the remuneration report section of the Annual Report.
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.		The Company does not have any executives and therefore does not have a process for evaluating the performance of senior executives. Given the size and nature of the Company, the board considers this to be reasonable in the circumstances. However, the board will re-evaluate senior executive performance evaluation measures should the Company's circumstances change.

PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE

2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.		The Board does not have a Nomination Committee. The Board considers it has an appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. Board succession issues are discussed by the whole Board when required.
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.		The Board has identified that the appropriate mix of skills and diversity required of its members on the Board to operate effectively and efficiently is achieved by directors having substantial skills and experience in operational management, exploration and geology, corporate law, finance, listed resource companies, equity markets.
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.		The Company considers that Nigel Lafferty and John Jones are independent directors. John Stockley has been a director since 30 Dec 2013. Nigel Lafferty has been a director since 17 December 2018. John Jones has been a director since 20 June 2014.
2.4	A majority of the board of a listed entity should be independent directors.		The majority of the board are independent directors.
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.		The Chairman is an independent director and is not the CEO.

2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.		The Company will provide induction material for any new directors and, depending on specific requirements, will provide appropriate professional development opportunities for directors.

PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.		Code of Conduct sets out the principles and standards which the Board, management and employees of the Company are encouraged to strive to abide by when dealing with each other, shareholders and the broad community

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.		The Company's Audit committee comprises all directors and is Chaired by John Jones. The Audit Committee charter is disclosed on the Company's website under the Corporate Governance link Qualifications and experience of members of the Audit Committee are found under the directors profile in both the Annual report and on the Company's website at Directors and Management Details of meetings of the audit committee are to be found in the Annual report of the company.

4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.		The Company does not have a CEO but the Audit committee receives from it's CFO (Graeme Smith), declarations in relation to full year and half year statutory financial reports during the reporting period in accordance with section 295A of the Corporations Act.
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.		The audit engagement partner attends the AGM and is available to answer shareholder questions from shareholders relevant to the audit.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.		The Company's continuous Disclosure Policy can be found under the Corporate Governance section of the Company's website

PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

6.1	A listed entity should provide information about itself and its governance to investors via its website.		The Company's website provides information on the Company including its background, objectives, projects and contact details. The Corporate Governance page provides access to key policies, procedures and charters of the Company, such as the Board and Committee charters, securities trading policy, diversity policy and the latest Corporate Governance Statement. ASX announcements, Company reports and presentations are uploaded to the website following release to the ASX and editorial content is updated on a regular basis.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.		A Shareholder Communication Policy can be found on the Company's website
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.		The Company encourages shareholders to attend all general meetings of the Company and sets the time and place of each meeting to promote maximum attendance by Shareholders. The Company encourages Shareholders to submit questions in advance of a general meeting, and for the responses to these questions to addressed through disclosure relating to that meeting. The Company's Shareholder Communication Policy is disclosed on the Company's website.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.		It is the Company's desire that shareholders receive communications electronically in the interests of the environment and constraining costs. In an endeavour to drive this objective the Company has a policy of providing hard materials at least cost (which will generally involve a black & white presentation even where the electronic version is full colour).

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.		The Board has not established a Risk committee however it does have a Risk Policy which can be found on the company's website. Risk management is specifically discussed at the Company's board meetings during the year.
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.		The Company reviews its risk management framework annually and this information is disclosed in the Annual Report.
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.		The Company currently does not have any staff with bookkeeping and accounting skills so these tasks are undertaken by external consultants. The external consultant discusses with its external auditor each end of year and half year whether there are any issues with internal control and improvements which could be undertaken to improve them.
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.		The Company is subject to, and responsible for, existing environmental liabilities associated with its tenements. The Company will continually monitor its ongoing environmental obligations and risks, and implement rehabilitation and corrective actions as appropriate to remain compliant. These risks may be impacted by change in Government policy. The Company does not believe it has any significant exposure to economic and social sustainability risks.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.		The Company's Remuneration committee comprises Allen Lafferty and John Jones and is Chaired by Allen Lafferty. The Remuneration Committee charter is disclosed on the Company's website under the Corporate Governance link Qualifications and experience of members of the Remuneration Committee are found under the directors profile in both the Annual report and on the Company's website at Directors and Management There were no meetings of the remuneration committee during the year.
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.		Non-executive directors are paid amounts equivalent to the remuneration received by other non-executive directors working in similarly sized exploration companies. The Company does not have any staff and no need for a policy on remuneration of executives.
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.		The Company does have an equity based remuneration scheme. No securities were issued under the scheme in 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2019

	Notes	Consolidated 2019 $	Consolidated 2018 $
Continuing operations:			
Finance income		3,702	2,178
Foreign currency exchange gains / (loss)		(3,060)	(4,146)
Corporate expenses		(445,792)	(219,778)
Employee expenses		(467,869)	(455,300)
Exploration expenses not capitalised		(189,293)	-
Exploration write off	8	(6,596,482)	(448,144)
Share based payment expenses	14	-	(297,600)
Depreciation expense	3	(96,211)	(72,164)
Administration expenses		(305,024)	(276,386)
Loss before income tax		**(8,100,029)**	**(1,771,340)**
Income tax expense	5	-	-
Total loss for the year		**(8,100,029)**	**(1,771,340)**
Other comprehensive income			
Items that may be reclassified through profit or loss in future:			
Movement in currency translation of foreign operations	14	164,656	160,471
Other comprehensive income for the year, net of tax		**164,656**	**160,471**
Total comprehensive loss for the year		**(7,935,373)**	**(1,610,869)**
Earnings per share			
- basic and diluted loss per share	16	(0.74)	(0.31)
- basic and diluted loss per share	16	(0.74)	(0.28)

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

Consolidated Statement of Financial Position

At 30 June 2019

	Notes	Consolidated 2019 $	Consolidated 2018 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	658,111	731,987
Trade and other receivables	7	25,505	25,178
Total Current Assets		**683,616**	**757,165**
Non-Current Assets			
Exploration and evaluation	8	1,576,694	7,290,889
Financial assets	9	2,250	2,250
Property, plant and equipment	10	20,757	84,981
Total Non-Current Assets		**1,599,701**	**7,378,120**
TOTAL ASSETS		**2,283,317**	**8,135,285**
LIABILITIES			
Current Liabilities			
Trade and other payables	12	217,536	140,041
Financial liabilities	13	-	-
Total Current Liabilities		**217,536**	**140,041**
TOTAL LIABILITIES		**217,536**	**140,041**
NET ASSETS		**2.065,781**	**7,995,244**
EQUITY			
Contributed equity	13	24,031,206	22,056,296
Reserves	14	1,540,965	1,345,309
Accumulated losses	15	(23,506,390)	(15,406,361)
TOTAL EQUITY		**2,065,781**	**7,995,244**

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

/

Consolidated Statement of Changes in Equity

For the year ended 30 June 2019

	Note	Attributable to equity holders of the parent entity				
		Issued Capital	Share based payment reserve	Foreign currency translation reserve	Accumulated losses	Total equity
		$	$	$	$	$
At 30 June 2017		**19,158,427**	**794,276**	**26,962**	**(13,635,021)**	**6,344,644**
Total comprehensive loss for the period						
Loss for the year		-	-	-	(1,771,340)	(1,771,340)
Other comprehensive loss for the year		-	-	160,471	-	160,471
Total comprehensive loss for the year		-	-	160,471	(1,771,340)	(1,610,869)
Transactions with owners, recorded directly in equity						
Issue of shares		2,970,600	-	-	-	2,970,600
Share based payments		-	363,600	-	-	363,600
Transaction costs of share issue		(72,731)	-	-	-	(72,731)
Total transaction with equity holders		**22,056,296**	**1,157,876**	**187,433**	**(15,406,361)**	**7,995,244**
At 30 June 2018		**22,056,296**	**1,157,876**	**187,433**	**(15,406,361)**	**7,995,244**
Total comprehensive loss for the period						
Loss for the year		-	-	-	(8,100,029)	(8,100,029)
Other comprehensive loss for the year		-	-	164,656	-	164,656
Total comprehensive loss for the year		-	-	164,656	(8,100,029)	(7,935,373)
Transactions with owners, recorded directly in equity						
Issue of shares		2,184,844	-	-	-	2,184,844
Share based payments		-	31,000	-	-	31,000
Transaction costs of share issue		(209,934)	-	-	-	(209,935)
Total transaction with equity holders		-	-	-	-	2,005,909
At 30 June 2019		**24,031,206**	**1,188,876**	**352,089**	**(23,506,390)**	**2,065,781**

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2019

	Notes	Consolidated 2019 $	Consolidated 2018 $
Cash flows from operating activities			
Payments to suppliers and employees		(1,141,518)	(827,588)
Interest income		3,702	2,178
Net cash flows used in operating activities	24	**(1,137,816)**	**(825,410)**
Cash flows from investing activities			
Payment for property, plant and equipment		(29,300)	(20,544)
Exploration expenditure		(813,447)	(1,181,922)
Net cash flows used in investing activities		**(842,747)**	**(1,202,466)**
Cash flows from financing activities			
Proceeds from issue of shares		2,184,844	2,530,600
Borrowings		-	-
Payments for capital raising		(178,935)	(72,731)
Net cash flows provided by financing activities		**2,005,909**	**2,457,869**
Net (decrease) / increase in cash and cash equivalents		25,346	429,993
Cash and cash equivalents at beginning of year		731,988	306,545
Effect of foreign currency translation		(99,223)	(4,551)
Cash and cash equivalents at end of year	6	**658,111**	**731,987**

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

1. Corporate Information

The financial report of Tanga Resources Limited ("**Company**") and its controlled entities ("**Group**") for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the directors on 30 September 2019.

Tanga Resources Limited is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange. The principal activities of the Group during the financial period were the identification of suitable gold, copper, and base metals exploration and production opportunities in Namibia.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below and have been applied consistently to all periods presented in the consolidated financial statements and by all entities in the consolidated entity.

2. Statement of Compliance

These are for-profit general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

The consolidated financial statements of Tanga Resources Limited also comply with International Financial Reporting Standards (IFRS) (including Interpretations) issued by the International Accounting Standards Board (IASB).

Adoption of new and revised standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current year.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 9 Financial Instruments

The Group has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity.

New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

2. Statement of Compliance (continued)

AASB 15 Revenue from Contracts with Customers

The Group has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

Impact of adoption

AASB 9 and AASB 15 were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact of adoption on opening retained profits as at 1 July 2018.

Standards and interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Company does not have any long term lease agreements (of over one year) therefore, the adoption of the new leases standard will not have a material impact.

(a) Basis of preparation

Historical Cost Convention

These consolidated financial statements have been prepared under the historical cost convention, except where stated.

Going Concern basis

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.

2. Statement of Compliance (continued)

The Consolidated Entity has incurred net losses after tax of $8,100,029 (30 June 2018: $1,771,340) and experienced net cash outflows from operating and investing activities of $1,980,563 (30 June 2018: $2,027,876) for the year ended 30 June 2019. As at 30 June 2019 the Consolidated Entity had cash assets of $658,111 and net current assets of $466,260.

These 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 Company and the Consolidated Entity be unable to continue as going concerns.

The directors recognise the ability to of the Group 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 Group to secure additional funding through either the issue of 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 Group 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.

Critical Accounting Judgements and Estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

Financial statement area	Judgements and estimates made
Carrying amount of exploration and evaluation asset	The group assesses impairment at each reporting date by evaluating conditions specific to each area of interest. Where these assessments indicate existence of an impairment trigger, an impairment testing is performed on each such area of interest. The management considers various factors in assessing existing of impairment indicators including currency of exploration rights, historical results of exploration and evaluation activities, technical estimates and commercial feasibility.

Financial statement area	Judgements and estimates made
Share based payments	The values of amounts recognised in respect of share based payments have been estimated based on the fair value of the equity instruments at the date of which they are granted. The fair value of options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions set out within note 24.
Deferred tax asset	An estimate of the probability of Group's ability to recoup deferred tax asset from future taxable profits are made as at each reporting date. Deferred tax asset (in excess of deferred tax liability) on tax losses and temporary deductible differences are recognised to the extent that sufficient future taxable profits are probable in the same tax jurisdiction in which those tax losses and deductible temporary differences arise.

2. Statement of Compliance (continued)

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2018 and the results of all subsidiaries for the year then ended. The Company and its subsidiaries together are referred to in this financial report as the group or the consolidated entity.

Subsidiaries are entities controlled by the Company. Consolidation accounting is applied for all of the Company's wholly owned subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstance indicate that there changes to one or more of the three elements of control listed above.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases

The acquisition method of accounting is used to account for business combinations by the group.
Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(c) Functional and presentation of currency

The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency. The functional currency of the subsidiaries are Tanzanian Shillings, Namibian Dollars and United States dollars.

The assets and liabilities of the Company's foreign operations are expressed in Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the

exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation, all of the accumulated exchange differences in respect of that operation attributable to the Company are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

(d) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

2. Statement of Compliance (continued)

Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(e) Revenue recognition

Interest income is recognised as it accrues applying the effective interest rate.

(f) Income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income taxes are recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, except where it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(g) Leases

Leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the

2. Statement of Compliance (continued)

asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(h) Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(i) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(j) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. A provision for doubtful receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the profit or loss.

(k) Exploration and evaluation expenditure

Exploration and evaluation expenditure, including the costs of acquiring licences and permits are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the group has obtained the legal rights to explore an area are recognised in profit or loss.

2. Statement of Compliance (continued)

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

(i) the expenditures are expected to be recouped through successful development and exploitation or from sale of the area of interest; or

(ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of minerals in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mineral property and development assets within property, plant and equipment.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made.

(l) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, or in the case of certain leased plant and equipment, the shorter lease term as follows:

- Motor vehicles 3 – 5 years
- Office and computer equipment 3 – 5 years
- Furniture, fittings and equipment 3 – 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(m) Trade and other payables

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

Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

2. Statement of Compliance (continued)

(n) Employee benefits

Short –term Obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable. All other short-term employee benefit obligations are presented as payables.

Other Long-term Obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

(o) Equity

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

(p) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(q) Goods and Services Tax (GST) / Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of associated GST/VAT, unless the GST/VAT incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST/VAT receivable or payable. The net amount of GST/VAT recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

2. Statement of Compliance (continued)

Cash flows are presented on a gross basis. The GST/VAT components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(r) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

Financial assets

Financial assets are subsequently measured at:

— amortised cost;

— fair value through other comprehensive income; or

— fair value through profit or loss

On the basis of the two primary criteria:

— the contractual cash flow characteristics of the financial asset; and

— the business model for managing the financial assets

A financial asset is subsequently measured at amortised cost when it meets the following conditions:

— the financial asset is managed solely to collect contractual cash flows; and

— the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset is subsequently measured at fair value through other comprehensive income when it meets the following conditions:

— the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and

— the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

Financial liabilities

Financial liabilities are subsequently measured at:

— amortised cost; or

— fair value through profit or loss

A financial liability is measured at fair value through profit and loss if the financial liability is:

2. Statement of Compliance (continued)

— a contingent consideration of an acquirer in a business combination to which AASB 3 applies

— held for trading; or

— initially designated as at fair value through profit or loss

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense over in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

— incurred for the purpose of repurchasing or repaying in the near term;

— part of a portfolio where there is an actual pattern of short-term profit taking; or

2. Statement of Compliance (continued)

— a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship)

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for derecognition of a financial asset:

— the right to receive cash flows from the asset has been expired or been transferred;

— all risk and rewards of ownership of the asset have been substantially transferred; and

— the entity no longer controls the asset (i.e. it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

2. Statement of Compliance (continued)

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment of financial assets

An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both. The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort. The expected credit loss is a probability-weighted amount determined from a range of outcomes and takes into account the time value of money.

For trade receivables, material expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the aging of the receivable. The risk of a default occurring always takes into consideration all possible default events over the expected life of those receivables ("the lifetime expected

credit losses"). Different provision rates and periods are used based on groupings of historic credit loss experience by product type, customer type and location.

For intercompany loans that are repayable on demand, expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. If the subsidiary does not have sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date, an expected credit loss is calculated. This is calculated based on the expected cash flows arising from the subsidiary, and weighted for probability likelihood variations in cash flows.

(s) Share based payments

The cost of equity-settled transactions with employees / consultants / suppliers is measured by reference to the fair value at the date at which they are granted. The fair value is determined using the Binomial Tree and Black –Scholes models, taking into account the terms and conditions upon which options were granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees / consultants / suppliers become fully entitled to the equity instrument ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the number of equity instrument that, in the opinion of the directors of the group, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for equity instrument that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the equity instrument is recognised immediately. However, if a new equity

2. Statement of Compliance (continued)

instrument is substituted for the cancelled equity instrument and designated as a replacement equity instrument on the date that it is granted, the cancelled and new equity instrument are treated as if they were a modification of the original equity instrument, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(t) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquire and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date.

	Consolidated 2019 $	Consolidated 2018 $
3. Revenue and Expenses		
Included in the loss for the period are:		
Depreciation expense	96,211	72,164
Exploration write off	6,596,482	448,144
Occupancy costs	70,980	47,768

4. Segment information

During the year ended 30 June 2019, the Company operated in one business segment being mineral exploration in Africa.

	Consolidated 2019 $	Consolidated 2018 $
5. Income Tax Expense		
Major components of income tax expense are as follows:		
Income statement		
Current income tax		
- Current income tax charge	-	-
- Adjustments in respect of current income tax of previous years	-	-
Deferred income tax		
- Relating to origination and reversal of temporary differences	-	-
Income tax expense reported in income statement	-	-

	Consolidated 2019 $	Consolidated 2018 $
5. Income Tax Expense (continued)		
A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the years ended 30 June 2019 and 30 June 2018 is as follows:		
Accounting loss from continuing operations before income tax	**(8,100,029)**	**(1,771,340)**
At the statutory income tax rate of 27.5% (2018: 27.5%)	**(2,227,508)**	**(487,118)**
Add		
- Non-deductible expenses	1,660,919	192,399
- Tax loss not brought to account as a deferred tax asset	566,589	295,369
- Adjustments in respect of previous deferred income tax	-	-
- Deductible expenses	-	(650)
Income tax benefit reported in income statement	-	-
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
- Current tax	198,387	159,460
- Accumulated tax losses	1,059,102	899,642
Potential unrecognised tax benefit at 27.5% (2018:27.5%)	**1,257,489**	**1,059,102**

The tax losses do not expire under current legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise benefits.

6. Cash and cash equivalents		
Cash at bank and on hand	36,820	10,427
Deposits at call	621,291	721,560
	658,111	**731,987**
The weighted average interest rate for the period was 2.75%		
Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of Cash Flows is reconciled to items in the Statement of financial position as follows:		
Cash and cash equivalents	658,111	731,987
	658,111	**731,987**

		Consolidated 2019 $	Consolidated 2018 $
7.	**Trade and other receivables**		
	Current		
	GST receivable (Australia)	13,731	24,558
	Other	11,774	620
		25,505	**25,178**

		Consolidated 2019 $	Consolidated 2018 $
8.	**Exploration and evaluation**		
	Opening balance	7,290,889	6,088,271
	Expenditure incurred during the year	554,009	1,051,787
	Acquisition of Investments	70,146	440,000
	Exploration write off (a)	(6,596,482)	(448,548)
	Effect of exchange rate movements	258,132	159,379
	Closing balance	**1,576,694**	**7,290,889**
	Comprised of:		
	Joumbira project	1,056,111	1,011,031
	Hagenhof project	455,666	**18,215**
	Katerina project	50,450	
	Other projects	14,467	
	Namibia	**1,576,694**	**1,029,246**
	Kudu project	**-**	6,261,643
	Tanzania	**-**	**6,261,643**
	Total	**1,576,694**	**7,290,889**

(a) Exploration written off during the period related to tenements in Tanzania.

(b) The recoverability of the carrying amount of deferred exploration and evaluation expenditure is dependent on the successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest.

		Consolidated 2019 $	Consolidated 2018 $
9.	**Financial assets at fair value through other comprehensive income**		
	Available for sale financial assets:		
	Shares in listed companies at fair value	2,250	2,250

		Consolidated 2019 $	Consolidated 2018 $
10.	**Property, plant and equipment**		
	Motor vehicle		
	- At cost	260,715	219,700
	- Accumulated depreciation	(239,958)	(181,675)
	Total motor vehicle	**20,757**	**38,025**
	Office equipment		
	- At cost	16,936	16,730
	- Accumulated depreciation	(16,936)	(16,730)
	Total office equipment	**-**	**-**
	Computer equipment		
	- At cost	38,691	38,045
	- Accumulated depreciation	(38,691)	(31,145)
	Total computer equipment	**-**	**6,900**
	Field equipment		
	- At cost	148,009	143,150
	- Accumulated depreciation	(148,009)	(103,094)
	Total field equipment	**-**	**40,056**
	Total property, plant and equipment	**20,757**	**84,981**

Movement in carrying amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current period:

	Motor Vehicles	Computer Equipment	Field Equipment	Total
Consolidated:				
Carrying amount at 30 June 2018	**38,025**	**6,900**	**40,056**	**84,981**
Acquisitions	29,300	-	-	29,300
Foreign currency translation	2,687	-	-	2,687
Depreciation expense	(49,255)	(6,900)	(40,056)	(96,211)
Carrying amount at 30 June 2019	**20,757**	**-**	**-**	**20,757**

10. Property, plant and equipment (continued)

	Motor Vehicles	Computer Equipment	Field Equipment	Total
Consolidated:				
Carrying amount at 30 June 2017	**79,836**	**8,439**	**46,831**	**135,106**
Acquisitions	-	3,793	16,751	20,544
Foreign currency translation	910	7	578	1,495
Depreciation expense	(42,721)	(5,339)	(24,104)	(72,164)
Carrying amount at 30 June 2018	**38,025**	**6,900**	**40,056**	**84,981**

11. Subsidiaries

Details of the Company's subsidiaries at 30 June 2019 are as follows:

Subsidiaries	Principal Activity	Country of Incorporation	Proportion of Ownership 2019	2018
Simba Minerals Limited	Exploration	Australia	100%	100%
Kudu Resources (TZ) Limited	Exploration	Tanzania	99.95%	99.95%
Damaran Exploration Namibia (Pty) Ltd	Exploration	Namibia	100%	100%
Coldstone Investments (Proprietary) Limited	Exploration	Namibia	100%	100%

	Consolidated 2019 $	Consolidated 2018 $
12. Trade and other payables		
Trade creditors and accruals	217,536	140,041
	217,536	**140,041**

Trade creditors are non-interest bearing and are normally settled on 30 day terms.

13. Issued capital

a) Share capital

Ordinary shares fully paid – 1,273,027,463 (2018: 726,316,410)	**24,031,206**	**22,056,296**

	Consolidated	
	Number	**$**
b) Movements in ordinary shares on issue		
Balance at 1 July 2018	**726,316,410**	**22,056,296**
Issued 24 October 2018 –Placement	546,711,053	2,184,844
Transaction costs of share issue	-	(209,934)
Balance at 30 June 2019	**1,273,027,463**	**24,031,206**
Balance at 1 July 2017	**425,391,410**	**425,391,410**
Issued 25 August 2017 –Placement	40,400,000	565,600
Issued 7 December 2017 – Placement	116,400,000	1,164,000
Issued 13 June 2018 - Placement	100,125,000	801,000
Issued 26 June 2018 – Acquisition of Company	44,000,000	440,000
Transaction costs of share issue	-	(72,731)
Balance at 30 June 2018	**726,316,410**	**22,056,296**

Ordinary shares have the right to receive dividends as declared, and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid upon on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company. Ordinary shares have no par value.

13. Issued capital (continued)

	5 cent options expiring 30 June 2019 Number	12 cent options expiring 30 Sept 2019 Number	4 cent options expiring 7 June 2021 Number	5 cent options expiring 7 June 2021 Number	1.25 cent options expiring 26 Nov 2020 Number	1.5 cent options expiring 30 Jun 2019	1 cent Quoted options expiring 24 Oct 2020
2019							
Balance at beginning of period	1,500,000	14,500,000	10,000,000	10,000,000	-	-	-
Options granted					50,500,000	50,062,500	283,355,561
Options converted	-	-	-	-	-		
Options lapsed	(1,500,000)	-	-	-	-	(50,062,500)	-
Balance at end of the period	**-**	**14,500,000**	**10,000,000**	**10,000,000**	**50,500,000**	**-**	**283,355,561**

	5 cent options expiring 30 June 2019 Number	12 cent options expiring 30 Sept 2019 Number	4 cent options expiring 7 June 2021 Number	5 cent options expiring 7 June 2021 Number	1.25 cent options expiring 26 Nov 2020 Number
2018					
Balance at beginning of period	1,500,000	16,500,000	10,000,000	10,000,000	-
Options granted					50,500,000
Options converted	-	-	-	-	-
Options lapsed	-	(2,000,000)	-	-	-
Balance at end of the period	**1,500,000**	**14,500,000**	**10,000,000**	**10,000,000**	**50,500,000**

		Consolidated 2019 $	Consolidated 2018 $
14.	**Reserves**		
	Foreign Currency Translation Reserve		
	Opening balance	187,433	26,962
	Movement during the period	164,656	160,471
	Balance at 30 June	**352,089**	**187,433**
	Share Based Payment Reserve		
	Opening balance	1,157,876	794,276
	Movement during the period	31,000	363,600
	Balance at 30 June	**1,188,8766**	**1,157,876**
	Total Reserves at 30 June	**1,540,965**	**1,345,309**
15.	**Accumulated losses**		
	Balance at the beginning of the financial period	(15,406,361)	(13,635,021)
	Net loss attributable to members	(8,100,029)	(1,771,340)
	Balance at the end of the financial period	**(23,506,390)**	**(15,406,361)**
16.	**Earnings per share**		
	Loss per shares from continuing operations		
	- basic loss per share (cents)	(0.74)	(0.31)
	- Diluted earnings per share (cents)	(0.74)	(0.28)
	The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
	Losses used in calculating basic and diluted earnings per share from total operations	**(8,100,029)**	**(1,771,340)**

	Consolidated 2019 Number	Consolidated 2018 Number
Weighted average number of ordinary shares used in calculating basic and diluted earnings per shares for continuing operations and total operations	**1,100,776,035**	**564,691,285**

		Consolidated 2019	Consolidated 2018
17.	**Auditor's remuneration**	**$**	**$**
	Audit services		
	Audit and review of the financial reports		
	Greenwich & Co Audit Pty Ltd	26,788	26,000
	Total remuneration	**26,788**	**26,000**

18. Contingent assets and liabilities

No assets or liabilities are carried in the subsidiary at 30 June 2019. The directors believe that all liabilities in relation to the subsidiary has been satisfied. There exists a nominal risk that certain liabilities might not have been identified at the reporting date or up to the date of this financial report.

There are no other material contingent assets or liabilities as at 30 June 2019.

19. Subsequent Events

Other than mentioned elsewhere in this report, there has been no matter or event that has occurred subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future years.

20. 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. There are no annual minimum spend requirements for Namibian tenements. The management of Tanga is considering a strategic review of its tenements in Tanzania and therefore no commitments has been disclosed in respect of these tenements.

Commitments in relation to the lease of premises are payable as follows:

	Consolidated 2019	Consolidated 2018
	$	**$**
Within 1 year	**22,884**	**50,344**
Later than one year but not later than five years	**-**	**-**
Later than five years	**-**	**-**
	22,884	**50,344**

21. Financial risk management objectives and policies

Financial Risk Management

Overview

The group has exposure to the following risks from their use of financial instruments:

- Interest rate risk
- Credit risk
- Foreign currency risk
- Liquidity risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The board of directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The group's principal financial instruments are cash, short-term deposits, receivables and payables.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument and cash flows associated with the instrument will fluctuate due to changes in market interest rates.

Interest bearing assets comprise cash and cash equivalents which are considered to be short-term liquid assets. It is the group's policy to settle trade payables within the credit terms allowed and therefore not incur interest on overdue balances.

The following tables set out the carrying amount, by maturity, of the financial instruments that are exposed to interest rate risk:

		Fixed interest rate maturing in				
Consolidated – 2019	**Floating interest rate**	**1 Year or less**	**Over 1 to 5 years**	**More than 5 years**	**Non interest bearing**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Financial assets						
Cash and cash equivalents	658,111	-	-	-	-	658,111
Trade and other receivables					25,505	25,505
	658,111	-	-	-	25,505	683,616
Weighted average interest rate						
Financial liabilities						
Trade and other payables	-	-	-	-	217,536	217,536
Financial liabilities	-	-	-	-	-	-
	-	-	-	-	217,536	217,536

21. Financial risk management objectives and policies (continued)

Consolidated – 2018	Floating interest rate	Fixed interest rate maturing in 1 Year or less	Over 1 to 5 years	More than 5 years	Non interest bearing	Total
	$	$	$	$	$	$
Financial assets						
Cash and cash equivalents	731,987	-	-	-	-	731,987
Trade and other receivables					25,178	25,178
	731,987	-	-	-	25,178	757,165
Weighted average interest rate						
Financial liabilities						
Trade and other payables	-	-	-	-	140,041	140,041
Financial liabilities	-	-	-	-	140,041	140,041

-

Fair value sensitivity analysis for fixed rate instruments

The group does not account for any fixed rate financial assets or liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below:

Consolidated - 2019	Carrying value at period end	Profit or loss 100 bp increase	Profit or loss 100 bp decrease	Equity 100 bp increase	Equity 100 bp decrease
	$	$	$	$	$
Financial assets					
Cash and cash equivalents	658,111	2	(2)	2	(2)
Cash flow sensitivity (net)		2	(2)	2	(2)

Consolidated - 2018	Carrying value at period end	Profit or loss 100 bp increase	Profit or loss 100 bp decrease	Equity 100 bp increase	Equity 100 bp decrease
	$	$	$	$	$
Financial assets					
Cash and cash equivalents	731,987	2	(2)	2	(2)
Cash flow sensitivity (net)		2	(2)	2	(2)

21. Financial risk management objectives and policies (continued)

Credit risk

The group has very limited credit risk exposure on account of receivables as these comprise primarily of GST / VAT receivable from taxation authorities.

With respect to credit risk arising from the other financial assets of the group, which comprise cash and cash equivalents, the group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

Exposure to credit risk

The carrying amount of the group's financial assets represents the maximum credit exposure. The group's maximum exposure to credit risk at the reporting date was:

	Consolidated 2019 $	Consolidated 2018 $
Cash and cash equivalents	658,111	731,987
Trade & other receivables	25,505	25,178
	683,616	**757,165**

Foreign currency risk

The group's exposure to foreign currency risk is significant due to the majority of its exploration related expenditure being in US dollars.

The group's exposure to foreign currency at reporting date were:

	Cash $	Receivables $	Payables $	Net exposure $
Tanzanian Shilling	-	-	-	-
Namibian Dollars	1,155	-	-	1,155
US Dollars	7,120	-	(75,268)	(68,148)
	8,275	**-**	**(75,268)**	**(66,993)**

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The group's objective is to maintain a balance between continuity of funding and flexibility. The following are the contractual maturities of financial liabilities:

Consolidated - 2019	Carrying amount $	Contractual cash flows $	6 months or less $
Trade and other payables	217,536	217,536	217,536
	217,536	**217,536**	**217,536**

21. Financial risk management objectives and policies (continued)

Consolidated - 2018	Carrying amount	Contractual cash flows	6 months or less
	$	$	$
Trade and other payables	140,041	140,041	140,041
	140,041	**140,041**	**140,041**

21. Financial risk management objectives and policies (continued)

Fair value of financial assets and liabilities

The fair value of cash and cash equivalents and non-interest bearing financial assets and financial liabilities of the group is equal to their carrying value.

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The management of the group's capital is performed by the Board.

The capital structure of the group consists of net debt (trade payables and provisions offset by cash and bank balances) and equity of the group (comprising issued capital, reserves, offset by accumulated losses).

The group is not subject to any externally imposed capital requirements. The management of the group's capital is performed by the Board. The Board is currently evaluating financing proposals to enable it to ensure that sufficient funds are available to meet its projected 18 months commitments. None of the group's entities are subject to externally imposed capital requirements.

22. Key management personnel disclosures

Refer to the remuneration report contained in the director's report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2018.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	2019	2018
	$	$
Short-term employee benefits	441,574	419,650
Post employment benefits	28,005	23,940
Share based payments	-	306,000
Total KMP compensation	**469,579**	**749,590**

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the current-year's estimated costs of providing for the Group's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

23. Share Based Payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options and shares granted on grant date.
Further information in relation to KMP remuneration can be found in the director's report.

Share option plan

No options were granted to key management personnel under the Plan during the financial year.

A summary of the movements of all options issued can be found at Note 13.

Grant Date	Vesting Date	Granted Number	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)
25/10/2016	30/09/2016	5,500,000	30/09/2019	12	3.79
29/11/2016	30/09/2016	9,000,000	30/09/2019	12	3.58
07/06/2017	07/06/2017	10,000,000	07/06/2021	4	2.01
07/06/2017	07/06/2017	10,000,000	07/06/2021	5	1.95
07/12/2017	30/09/2018	50,500,000	26/11/2020	1.25	0.72
24/10/2018	24/10/2018	283,355,561	24/10/2020	1	-
		368,355,561			

Summary of outstanding options is as follows:

		Consolidated 2019 $	Consolidated 2018 $
24.	**Cash and unused credit facilities**		
	Reconciliation of operating cashflows to loss for the period		
	Loss for the year	**(8,100,029)**	**(1,771,340)**
	Effect of non-cash items:		
	Depreciation expense	96,211	72,164
	Loss on disposal of assets	-	-
	Option based payment expense	-	297,600
	Exploration write-off	6,596,482	448,144
	Changes in operating assets and liabilities:		
	(Increase) / decrease in trade receivables and other receivables	(327)	(5,111)
	Increase/(decrease) in trade and other payables	77,496	62,987
	Increase/(decrease) in provisions	192,352	70,146
	Net cash used in operating activities	**(1,137,816)**	**(825,410)**

25. Related party transactions

Related parties

The Group's main related parties are as follows:
Entities exercising control over the Group:
The ultimate parent entity that exercises control over the Group is Tanga Resources Limited, which is incorporated in Australia.

25. Related party transactions (continued)

Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

Other related parties:

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

Anglo Australian Resources is a related party of which John Jones is a director.

Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

Related Parties	Transaction	Transactions value		Amount owing as at	
		30 June 2019	30 June 2018	30 June 2019	30 June 2018
		$	$	$	$
Anglo Australian Resource NL	Rent, Carpark & Outgoings	51,305	47,768	-	4,195

26. Parent entity disclosure

Financial Position	2019 $	2018 $
ASSETS		
Current assets	672,097	748,808
Non-current assets	3,897,275	6,055,494
Total assets	**4,569,372**	**6,804,302**
LIABILITIES		
Current liabilities	229,633	140,041
Total liabilities	**229,633**	**140,041**
NET ASSETS	**4,339,739**	**6,664,261**
EQUITY		
Issued capital	24,031,206	22,056,296
Reserves	1,579,653	1,241,550
Accumulated losses	(21,271,120)	(16,633,585)
TOTAL EQUITY	**4,339,739**	**6,664,261**

Financial Performance		
Loss for the year	**(4,637,532)**	**(4,695,900)**
Other comprehensive loss for the year		
Total comprehensive loss	**(4,637,532)**	**(4,695,900)**

Contingent liability of parent entity

The parent entity does not have any contingent liabilities at reporting date

Directors' Declaration

For the year ended 30 June 2019

The directors of Tanga Resources Limited declare that:

(a) in the directors' opinion the financial statements and notes and the Remuneration Report in the Directors Report set out on pages 13 to 62, are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of their performance, for the financial year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations).

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2; and

(c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* by the chief executive and chief financial officer for the year 1 July 2018 to 30 June 2019.

Signed in accordance with a resolution of the directors.

Nigel Lafferty
Chairman

Perth, Western Australia
30 September 2019

Greenwich & Co

Greenwich & Co Audit Pty Ltd | ABN 51 609 542 458
Level 2, 267 St Georges Terrace, Perth WA 6000
PO Box 983, West Perth WA 6872
T 08 6555 9500 | F 08 6555 9555
www.greenwichco.com

Independent Audit Report to the members of Tanga Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Tanga Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Emphasis of Matter

Inherent uncertainty regarding continuation as a going concern

Without modifying our opinion, we draw attention to Note 2(a) 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determine the matter described below to be a key audit matter to be communicated in our report

Capitalised Exploration and Evaluation Expenditure
Refer to Note 8, Capitalised Exploration and Evaluation Expenditure ($1.57 million) and accounting policy Notes 2(a) and 2(k)

Key Audit Matter	How our audit addressed the matter
Tanga Resources Limited has a significant amount of capitalised exploration and evaluation expenditure. As the carrying value of exploration and evaluation expenditure represents a significant asset of the Group, we considered it necessary to assess whether facts and circumstances existed to suggest the carrying amount of this asset may exceed its recoverable amount.	Our audit work included, but was not restricted to, the following: • We obtained evidence that the Group has valid rights to explore in the areas represented by the capitalised exploration by obtaining independent searches of a sample of the group's tenement holdings. • We enquired with management to ensure that substantive expenditure on further exploration for and evaluation of the mineral resources in the Group's areas of interest were planned. • We enquired with management, reviewed announcements made and reviewed minutes of directors' meetings to ensure that the Group had not decided to discontinue activities in any of its areas of interest. • We enquired with management to ensure that the Group had not decided to proceed with development of a specific area of interest, yet the carrying amount of the exploration and evaluation asset was unlikely to be recovered in full from successful development or sale.

Decentralised Operations
Refer to Note 4 Segment information where the company operated in one business segment being mineral exploration in Tanzania.

Key Audit Matter	How our audit addressed the matter
The Group has a subsidiary whose operations are based in Tanzania, Africa. The decentralised and varied nature of these operations require significant oversight by management to monitor the activities, review component financial reporting and undertake the Group consolidation. This was a key audit matter given the significance of the subsidiary.	Our audit work included, but was not restricted to, the following: • Tested the financial data used in the consolidation. • Documented an understanding of the controls surrounding operations incurred in Africa. • Reviewed expenditure incurred in Africa and agreed amounts to supporting invoices or other documentation.

Other Information

The directors are responsible for the other information. The other information obtained at the date if this auditor's report is included in the annual report, (but does not include the financial report and our auditor's report thereon).

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

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

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

Responsibilities of Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 17 to 21 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Tanga Resources Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Greenwich & Co Audit Pty Ltd

Greenwich & Co Audit Pty Ltd

Rafay Nabeel
Audit Director

30 September 2019
Perth

Shareholders Information

As at 27 September 2019

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 27 September 2019.

1. Distribution of Equity Securities

Analysis of number of equity security holders by size of holding:

Ordinary Shares

			Share Holders	Number of Shares
1	-	1,000	29	3,812
1,001	-	5,000	35	119,526
5,001	-	10,000	68	568,403
10,001	-	100,000	330	15,299,304
100,001	and over		518	1,565,293,283
Total			980	1,581,284,328

The number of holders of less than a marketable parcel of ordinary fully paid shares 606.

2. Substantial Shareholders

Substantial shareholders (ie. shareholders who hold 5% or more of the issued capital):

	Number of Shares	Percentage Held
Nil		

3. Voting Rights

(a) Ordinary Shares

Each shareholder is entitled to receive notice of and attend and vote at general meetings of the Company. At a general meeting, every shareholder present in person or by proxy, representative of attorney will have one vote on a show of hands and on a poll, one vote for each share held.

(b) Options have no voting rights

4. Quoted Securities on Issue

The Company has 1,581,284,328 quoted shares on issue.

Shareholders Information

As at 27 September 2019

5. Unquoted Equity Securities

The Company has 85,000,000 unquoted options on issue.

Grant Date	Date of Expiry	Exercise Price	Number under Option	No of Holders
25 October 2016	30 September 2019	$0.12	5,500,000	2
29 October 2016	30 September 2019	$0.12	9,000,000	3
7 June 2017	07 June 2021	$0.04	10,000,000	1
7 June 2017	07 June 2021	$0.05	10,000,000	1
7 December 2017	26 November 2021	$0.0125	50,500,000	7
			85,000,000	**14**

6. Top 20 Quoted Shareholders

		Number of shares	Percentage held
1	BPM CAPITAL LTD	78,000,000	4.93%
2	ST GEORGE CUSTODIANS PL	72,417,631	4.58%
3	BOYTON JAMIE PHILLIP	68,448,999	4.33%
4	CRESCENT LINK PL	66,671,000	4.22%
5	QUINTERO GROUP LTD	52,000,000	3.29%
6	COZ ADVANTAGE PL	50,000,000	3.16%
7	JOHNBILL PL	47,597,739	3.01%
8	RUDD JUDI MARIE	33,000,000	2.09%
9	PATCHING JANNET	27,500,000	1.74%
10	AJB AUS INVESTMENTS PL	25,993,016	1.64%
11	INDEPENDENCE GRP NL	25,295,392	1.60%
12	BELLARINE GOLD PL	24,934,615	1.58%
13	KHNEIGER BENJAMIN JAMAL	22,125,000	1.40%
14	SLS NOMINEES PL	20,433,333	1.29%
15	SCANNELL RICHARD ANTHONY	20,000,000	1.26%
16	SLS NOMINEES PL	19,126,089	1.21%
17	CYDAC PL	17,474,591	1.11%
18	WATERHOUSE DAVID + J A	17,175,000	1.09%
19	FORBERG PL	17,083,334	1.08%
20	LEJA INV PL	16,666,667	1.05%
		721,942,406	**45.66%**

Tenement Report

9. Tenements

I. Exploration Interests Held

Project	Tenement Number	Name	Status	Beneficial Interest	Area (km²)
Tanzania					
Hanang	PL8208/2012	Wandela	Pending Renewal	99.95%	21.05
Hanang	PL9293/2013	Basuto	Current	99.95%	39.59
Hanang	PL9895/2014	Dorirojiki	Under Renewal	99.95%	19.78
Hanang	PL10570/2015	Singa Kubwa	Pending Renewal	99.95%	62.53
Hanang	PL10620/2015	Wandela Central	Pending Renewal	99.95%	23.74
Hanang	PL10865/2016	Iramba West	Current	99.95%	47.49
Hanang	PL10939/2016	Wandela East	Current	99.95%	23.74
Hanang	PL11060/2017	Singa North	Pending Renewal	99.95%	48.97
Namibia					
Joumbira	EPL4782		Under Renewal	10% (80% earn in)	210.58
Hagenhof	EPL6226		Current	100%	197.26
Katerina	EPL4833		Pending Renewal	0% (80% earn in)	661.34
Katerina	EPL4818		Pending Renewal	0% (80% earn in)	467.23
Katerina	EPL7246		Application	0% (80% earn in)	245.68

Total area of current tenements granted and under application = 2,068.98km²

8. Competent Person's 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.