

TANDO RESOURCES LIMITED

ABN 47 618 307 887

FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2017

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DIRECTORS' REPORT

The Directors of Tando Resources Limited ("TNO" or "the Company") present their report, together with the financial statements on the consolidated entity consisting of Tando Resources Limited and its controlled entities for the half-year ended 31 December 2017 ("the Period").

It is recommended that the Directors' Report be read in conjunction with the annual financial statements for the period 31 March to 30 June 2017 and considered together with any public announcement made by the Company during the Period and up to the date of this report.

1. DIRECTORS

The names of the Company's Directors who held office during the Period and until the date of this report are set out below. The Directors were in office for this entire Period unless otherwise stated.

Director	Position	Duration of Appointment
Mr William Oliver	Managing Director	Appointed 31 March 2017
Mr Jeremy King	Non-Executive Director	Appointed 31 March 2017
Mr Patrick Burke	Non-Executive Director	Appointed 28 June 2017

2. REVIEW OF OPERATIONS AND ACTIVITIES

On the 31st of March 2017, the Company was incorporated and appointed Mr William Oliver and Mr Jeremy King as directors.

The Company successfully completed a share capital raising amounting to \$4.5m and an entitlement issue raising \$76,250.

During the period the Company successfully completed the maiden drill programme at the Quartz Bore Project:

- Thick zones of sulphide minerals (up to 25m) were intersected in each of the four holes drilled with massive and semi-massive sulphides present.
- QBDD0001 intersected 7m at 6.44% Cu + 3.21 % Zn including 2m at 14.3% Cu + 6.33%Zn within a broader intersection of 17m at 2.95% Cu + 1.48 % Zn.
- Downhole surveys completed using DHEM and DHMMR techniques to detect potential extensions and off-hole targets. A strong, coincident, DHEM and DHMMR anomaly was detected in QBDD0002 interpreted to represent the extension of mineralisation intersected in historical drillhole BBD009 (which returned 15m at 5.92%Zn + 0.80% Cu)
- Review of all drilling underway based on both assay results and geological/geophysical logging, with focus on near surface mineralisation with the potential to delineate open pittable Mineral Resources

The Company also detected a substantial number of EM anomalies in a VTEM survey at Mt Sydney:

- Near surface anomalies similar to those detected at adjacent Braeside Project (owned by Rumble Resources). Key regional scale structures extend directly from Braeside Project into the Mt Sydney Project.
- Rumble's maiden drill programme at Braeside intersected mineralisation including a high grade zinc discovery. Clear analogy exists at Mt Sydney.

TANDO RESOURCES LIMITED

- In addition a compelling large scale target defined by broad coincident EM and magnetic anomaly, interpreted to represent a deeper intrusive body.
- Drill targets to be delineated by detailed geological mapping and geochemical surveys during 2018 field season.

Compilation of historical geochemical and geophysical surveys at Mt Vernon Project ongoing:

- Mt Vernon close to Galena Mining's Abra Deposit and hosted in similar geological setting.
- A number of targets defined in historical exploration, current compilation will enable these to be evaluated and ranked.

An Option was acquired over tenement prospective for conglomerate-hosted gold in the Pilbara region of Western Australia.

- E45/4621 contains outcropping Mt Roe Basalts with conglomerate units observed within the tenement area.
- Adds to the Company's existing portfolio which includes a substantial strike length of Hardey Formation
- underlying the Mt Sydney Project.

3. SIGNIFICANT CHANGES TO THE STATE OF AFFAIRS

On 21 August 2017, the Company lodged a capital raising of \$4.5m via the placement of 22.5m shares at 20 cents per share ("Issue Price"). This was completed on 29 September 2017.

Also announced on 14 November 2017 was an Entitlement Issue where eligible TNO shareholders were invited to take part in the issue of 1 option for every four shares held at the Record date at an issue price of \$0.01 per share to raises up to \$76,250. This was completed 1 December 2017.

The company completed the acquisition of 100% of the fully paid ordinary shares of VMS Resources Pty Ltd, comprising of the Quartz Bore Project. The consideration paid was \$50,000 cash and 1.25m shares at a deemed issue price of \$0.20 per share.

4. FINANCIAL RESULTS

The financial results of the Company for the half year ended 31 December 2017 are:

	31-Dec-17	30-Jun-17
Cash and cash equivalents (\$)	3,326,944	287,612
Net assets (\$)	4,354,431	(323,545)

	31-Dec-17
Net loss after tax (\$)	(570,701)
Loss per share (cents)	(4.99)

TANDO RESOURCES LIMITED

DIRECTORS' REPORT

5. EVENTS OCCURRING AFTER REPORTING DATE

There are no matters or circumstances which have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods.

6. AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under s 307C of the Corporations Act 2001 is set out on page 6 for the half-year ended 31 December 2017.

This report is signed in accordance with a resolution of the Board of Directors.



William Oliver
Managing Director

2 March 2018

RSM Australia Partners

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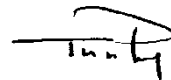
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Tando Resources Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 2 March 2018

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TANDO RESOURCES LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Note	31-Dec-17 \$
Other Income		2,336
Consulting and legal fees	3	(373,974)
Share and company registry fees		(77,666)
Other expenses		(40,560)
Share based payment expense	4	(80,837)
Loss before income tax for the period		(570,701)
Income tax expense		-
Loss after income tax for the period		(570,701)
Total comprehensive loss for the year attributable to members of Tando Resources Limited		(570,701)
Loss per share for the year attributable to the members of Tando Resources Limited:		
Basic and diluted loss per share	11	(4.99)

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

TANDO RESOURCES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	31-Dec-17 \$	30-Jun-17 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	3,326,944	287,612
Trade and other receivables	7	236,391	65,041
Total Current Assets		3,563,335	352,653
ASSETS			
Non-Current Assets			
Exploration and evaluation	8	1,121,177	-
Total Non-Current Assets		1,121,177	-
TOTAL ASSETS		4,684,512	352,653
LIABILITIES			
Current Liabilities			
Trade and other payables		313,081	29,108
Other payables		17,000	-
Total Current Liabilities		330,081	29,108
TOTAL LIABILITIES		330,081	29,108
NET ASSETS		4,354,431	323,545
EQUITY			
Issued capital	9	4,729,501	330,001
Reserves	5	202,087	-
Accumulated losses		(577,157)	(6,456)
TOTAL EQUITY		4,354,431	323,545

The Consolidated Statement of Financial Position should be read in conjunction with the notes to the financial statements.

TANDO RESOURCES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Issued Capital	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
At 1 July 2017	330,001	-	(6,456)	323,545
Loss for the period	-		(570,701)	(570,701)
Total comprehensive income/(loss) for the year after tax	-		(570,701)	(570,701)
Transactions with owners in their capacity as owners:				
Issue of Share Capital	4,750,000	-	-	4,750,000
Share Issue costs	(350,500)	-	-	(350,500)
Issue of listed options	-	121,250	-	121,250
Share-based payment transactions	-	80,837	-	80,837
Balance at 31 December 2017	4,729,501	202,087	(577,157)	4,354,431

The Consolidated Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	<u>31-Dec-17</u>
	\$
Cash flows used in operating activities	
Payments to suppliers and employees	(131,783)
Interest received	2,336
GST refund	<u>(113,244)</u>
Net cash flows used in operating activities	<u>(242,691)</u>
Cash flows from investing activities	
Payments for capitalised exploration and evaluation	(821,177)
Payments for costs related to acquisition of VMS Resources Pty Ltd	(50,000)
Cash acquired upon acquisition of subsidiaries	<u>1,200</u>
Net cash flows provided by investing activities	<u>(869,977)</u>
Cash flows from financing activities	
Proceeds from the issue of shares	4,500,000
Share issue costs	(350,500)
Proceeds from option entitlement issue	<u>2,500</u>
Net cash flows provided by financing activities	<u>4,152,000</u>
Net increase/(decrease) in cash and cash equivalents	3,039,332
Cash and cash equivalents at the beginning of the year	<u>287,612</u>
Cash and cash equivalents at the end of the year	<u>3,326,944</u>

The Consolidated Statement of Cash Flows should be read in conjunction with the notes to the financial statements.

TANDO RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transaction, events and conditions to which they apply. The financial statement and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standard Board ("IASB"). Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The consolidated financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The company was incorporated on 31 March 2017 and accordingly, the financial statements for the period ended 31 December 2017 have not disclosed comparatives for the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows.

(a) Adoption of new and revised accounting standards

In the half year ended 31 December 2017, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2017. It has been determined by the Group that, there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to the Group accounting policies.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the consolidated entity.

Significant accounting judgments and key estimates

The preparation of the interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1 (b).

TANDO RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(b) Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumption on historical experience and various other factors, including the expectation of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

Share-based payment transactions

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

(iii) Principles of consolidation

The consolidation financial statements incorporate the assets, liabilities and results of entities controlled by TNO at the end of the reporting period. A controlled entity is any entity over which TNO has the ability and right to govern the financial reporting and operating policies to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled.

In preparing the consolidated financial statements, all intragroup balances and transactions between the entities in the consolidated Group have been eliminated in full on consolidation.

(c) Revenue Recognition

Interest income is recognised on a time proportion basis using the effective interest method.

(d) Income Tax

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted 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.

TANDO RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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

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.

(e) Impairment of Assets

At each reporting date, the Group reviews the carrying value of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount the asset being the higher of the assets fair value less costs to sell and value in use, is compared to the assets carrying value.

Any excess of the assets carrying value over its recoverable amount is expenses to the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

(f) Cash and Cash Equivalents

For the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Trade and Other payables

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

(h) Exploration and Evaluation

Exploration and evaluation assets acquired

Exploration and evaluation assets comprise of acquisition of mineral rights and fair value (at acquisition date) of exploration and expenditure assets from other entities. As the assets are not yet ready for use they are not depreciated. Exploration and evaluation assets are assessed for impairment if facts or circumstances suggest that the carrying amount exceeds the recoverable amount.

Exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

TANDO RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(i) Issued Capital

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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(j) Share Based Payments

Equity-settled and cash-settled share-based compensation benefits are provided to Key Management Personnel and employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using an appropriate valuation model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying an appropriate valuation model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- During the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- From the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

TANDO RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

(k) Earnings per share

Basic earnings per share

Basic earnings per share are 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.

(l) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of associated GST, unless the GST 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 receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the statement of financial position.

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

(m) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors.

(n) Asset Acquisition not constituting a Business

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for the deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset.

TANDO RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NOTE 2: OPERATING SEGMENTS

The directors have considered the requirements of AASB 8 – Operating Segments and the internal reports that are reviewed by the Chief Operating Decision Maker (the Board) in allocating resources and have concluded that at this time there are no separately identifiable operating segments.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The information presented in the financial report is the same information that is viewed by the Directors.

The Group is currently operating in one business segment being an administrative entity in the exploration sector and one geographic segment being Australia.

TANDO RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 3: CONSULTING AND LEGAL FEES

The following consulting and legal expense items are relevant in explaining the financial performance for the interim period:

	31-Dec-17
	\$
(a) Consulting and Legal Fees	
Consulting Fees	204,825
Legal Fees	169,149
	<u>373,974</u>

NOTE 4: SHARE BASED PAYMENT EXPENSE

The Company issued 5,000,000 unlisted options to Directors of the Company, to provide a performance linked incentive component in the remuneration package to motivate and reward the performance in their respective roles as Directors.

The Company has internally measured the fair value of the unlisted options granted by adapting a Black-Scholes option pricing model using the inputs below:

Grant date share price	\$0.290
Exercise price	\$0.250
Expected volatility	100%
Grant date	30 November 2017
Expiry date	19 December 2020
Dividend yield	0.00%
Interest rate	1.89%

	31-Dec-17
	\$
Options issued to Directors	80,837
	<u>80,837</u>

TANDO RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 5: RESERVES

During the period the Company issued 7,625,001 listed options as part of an entitlement issue of one option for every four shares held by those Shareholders registered at the Record Date at an issue price of \$0.01 per Share to raising \$76,250.

The Company also issued 4,500,000 listed options to Xcel Capital Pty Ltd, in consideration for services provided as lead manager to the entitlement issue at an issue price of \$0.01 per share to the value of \$45,000.

	31-Dec-17	30-Jun-17
	\$	\$
Options issued to Directors (refer to note 5)	80,837	-
Listed Options issued to Xcel Capital	45,000	-
Entitlement Issue	76,250	-
	202,087	-

NOTE 6: CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	31-Dec-17	30 Jun-17
	\$	\$
Cash at Bank	3,326,944	287,612
	3,326,944	287,612

NOTE 7: CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	31-Dec-17	30 Jun-17
	\$	\$
Other Receivables	4,400	65,041
Entitlement Issue Receivable	118,750	-
GST Paid	113,241	-
	236,391	65,041

TANDO RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 8: EXPLORATION & EVALUATION EXPENDITURE

	31-Dec-17 \$	30 Jun-17 \$
Opening Balance	-	-
Acquisition of VMS Resources Pty Ltd	356,747	-
Capitalised during period	764,430	-
	1,121,177	-

NOTE 9: ISSUED CAPITAL

	31-Dec-17 \$	30 Jun-17 \$
Issued and paid up Capital		
a) 30,500,001 Ordinary Shares Fully Paid (2017: 6,750,001)	5,080,001	330,001
Share Issue Costs written off against share capital	(350,500)	-
	4,729,501	330,001

	31 December 2017		30 June 2017	
	No. of Shares	\$	No. of Shares	\$
Movement in ordinary shares on issue				
2017				
Balance at the beginning of the period	6,750,001	330,001	1	1
Issue of shares (\$0.01 placement)	-	-	3,000,000	30,000
Issue of shares (\$0.08 placement)	-	-	3,750,000	300,000
Public offer shares (\$0.20)	22,500,000	4,500,000	-	-
Consideration shares for acquisition of VMS Metals Pty Ltd	1,250,000	250,000	-	-
Cost of issue of shares	-	(350,500)	-	-
	30,500,001	4,729,501	6,750,001	330,001

TANDO RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 10: CONTINGENCIES AND COMMITMENTS

There are no known contingent liabilities or contingent assets at reporting date.

The Group must meet the following tenement expenditure commitments to maintain them in good standing until they are joint ventured, sold, reduced, relinquished, exceptions from expenditure are applied or are otherwise disposed of. These commitments, are not provided for in the financial statements and are:

	31-Dec-17 \$	30 Jun-17
Not later than one year	<u>163,000</u>	-
	<u>163,000</u>	-

NOTE 11: EARNINGS PER SHARE

	31-Dec-17 \$
Loss after income tax attributable to owners of Tando Resources Limited	<u>(570,701)</u>
Weighted average number of ordinary shares used in calculated basic earnings per share	<u>11,434,932</u>
Basic earnings per share	<u>(4.99)</u>

NOTE 12: ACQUISITION

On the 1 November 2017 the Group announced the completion of the acquisition of 100% of the issued capital of VMS Resources Pty Ltd. As the Company held the Quartz Bore Project, with no inputs or outputs were acquired, the acquisition was assessed as an asset acquisition rather than a business combination.

The deemed consideration was the issue of 1,250,000 shares and is deemed to have a value of \$250,000 and cash consideration of \$50,000.

On initial recognition, the fair value of shares issued has been determined by reference to the initial public offer price of \$0.20 as the acquisition was contingent on the completion of the capital raising.

TANDO RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 12: ACQUISITION (CONTINUED)

Purchase consideration paid during the 2017 period was as follows:

	31-Dec-17
	\$
Value of Share Consideration issued	250,000
Cash Consideration	50,000
	300,000

Net assets acquired are as follows:

	31-Dec-17
	\$
Cash at Bank	1,200
Exploration and Evaluation Expenditure	356,747
Trade and other payables	(57,947)
	300,000

NOTE 14: CONTROLLED ENTITIES

Name of entity	Country of incorporation	Class of Share	Equity Holding 31-Dec-17	Equity Holding 30-Jun-17
VMS Resources Pty Ltd	Australia	Ordinary	100%	0%

NOTE 15: DIVIDENDS

No dividends were paid or proposed to be paid to members during the half year ended 31 December 2017.

NOTE 16: EVENTS AFTER THE END OF THE INTERIM PERIOD

There has not been any matter, or circumstance, that has arisen since the half-year ended 31 December 2017, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity.

TANDO RESOURCES LIMITED
DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



William Oliver
Managing Director
2 March 2018



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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
TANDO RESOURCES LIMITED**

We have reviewed the accompanying half-year financial report of Tando Resources Limited which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Tando Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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Independence

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

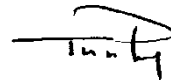
Conclusion

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

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

RSM

RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 2 March 2018