

Tawana Resources NL
(Incorporated in Australia)
(Registration number ACN 085 166 721)
Share code on the JSE Limited: TAW
ISIN: AU000000TAW7
Share code on the Australian Stock Exchange Limited: TAW
ISIN: AU000000TAW7
("Tawana" or "the Company")

4th August 2014

Shareholder Update

Dear fellow Tawana shareholder,

Following the release of our June 2014 quarterly report, and on behalf of the Board, I would like to provide you with an update on our recent achievements, strategic and current initiatives, as well as the advancements made at the Mofe Creek Project in Grand Cape Mount County, in the heart of Liberia's historic iron ore district.

The Company, over the past year, has transformed its business from an explorer to developer with the goal of becoming an ASX-200, mid-tier iron ore producer. The executives and staff have diligently advanced the development of Mofe Creek to fast-track the project into production.

We recently delivered, on schedule, a robust Scoping Study which demonstrated the potential for a low-capex, low-cost, high-margin operation with a strong Net Present Value (NPV) and Internal Rate of Return (IRR). Likewise, a Maiden Resource and extensive metallurgical testwork program confirmed the simple, efficient processing route required to produce a superior +65% Fe final product.

Following the Scoping Study, we immediately embarked on a Pre-Feasibility Study (PFS) which will be complete by April, 2015. PFS drilling is currently underway. Other key milestones include:

- A metallurgical testwork program confirming plant design capability to generate a premium grade 65% to 68% Fe final product concentrate with a 43% to 48% mass yield
- An application for a pilot mining and bulk sample extraction licence to the Ministry of Land, Mines, and Energy (MLME)
- Meetings with ministers, ministries, governmental officers, senators and the National Investment Committee to commence the approval process for a Mineral Development Agreement (MDA) for Mofe Creek
- Discussions with potential strategic partners, product off-takers, debt providers and financiers to develop the project
- Market capitalisation increase of A\$8M to A\$48M in less than a year
- Commencement of the project's Environmental and Social Impact Assessment (ESIA) process, and development of our local camp facility with community assistance
- Recruitment of essential staff and contractors in Liberia and Australia to advance the project's approval programs along with the design and engineering of the mine, processing plant and associated infrastructure components

We have a dedicated Board, executive team, and officers within Liberia to ensure the timely, and economic development of this exceptional iron ore project. The support and commitment from the Government of Liberia has been forthright and we hope to utilise these strong relationships to fast-track development, aiming for commercial production in 2016.

In the interim, a pilot-scale bulk mining and pilot-plant operation, for the purpose of obtaining strategic data for detailed design criteria, materials handleability testing and mine designs, could be operational by the start of 2015. This provides a great opportunity for vocational training and skill development, along with employment opportunities.

The final product from the project has the potential to attract a premium sale price to the current 62% Fe index (CFR into Tainjin), and be sold into Europe, the Middle East, as well as China. With the recent stabilisation of the iron ore sale price at US \$90-US\$100/tonne, the project has the potential for high profit margins and a product grade that will displace inferior products.

In another exciting development, a new outcropping itabirite iron ore formation was incidentally discovered during a road cutting development program. The potential deposit is approximately 750m north of the existing resource at Zaway Main and has a potential strike of 3.5km. Drilling will commence later this quarter with the new target being named Zaway North-West. The overall PFS drilling program is aimed at increasing the existing 62Mt Maiden JORC resource as well as upgrading a significant portion of the existing resource to Indicated.

We're continuing to advance our community initiatives in Grand Mt Cape County and will pursue social projects which have a positive and lasting effect for the communities. The appointment of Mr Boakai A. Kromah as Community Liaison Officer supports our commitment to our social, community and sustainability requisites.

We have been very fortunate to have a supportive and stable share registry with limited movement in the top 20-50 shareholders over the past year. This demonstrates our investors' longer-term commitment to our vision. The next phase of registry development will be the introduction of strategic investors and international funds to further strengthen the credentials of the Mofe Creek project and its viability.

I believe the upcoming year will be both an exciting and fulfilling year, for the Company, its shareholders and stakeholders.

As shareholders of our Company, your ongoing support and commitment to our Business Development Strategy is gratefully recognised and appreciated and I look forward to it continuing in our future development.

Yours sincerely,

Wayne Richards
Executive Chairman

The Company confirms that it is not aware of any new information or data that materially affects the information included in the ASX announcements referred to in this letter. All material assumptions and technical parameters underpinning the estimates in those announcements continue to apply and have not materially changed.

Sponsor
PricewaterhouseCoopers Corporate Finance (Pty) Ltd