

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")

Quarterly Activities Report For the period ending 30 June 2013

(PLEASE NOTE: ALL GRAPHICS AND APPENDICES HAVE BEEN REMOVED FOR SENS PURPOSES.
PLEASE REFER TO TAWANA'S WEBSITE FOR THE COMPLETE ANNOUNCEMENT)

Highlights

Mofe Creek Iron Ore Project

- **Excellent metallurgical results** received from testing mineralization at the Gofolo and Koehnko Prospects
- Results deliver weight recoveries from 44-57% and **confirm a +60% Fe concentrate with low impurities**
- Mineralization is up to 40m thick, **from surface and friable suggesting low mining costs**
- Processing flow sheet anticipated to be a **low cost and simple crushing and gravity separation circuit**
- Friable Itabirite exploration target of up to 95Mt within a **Global exploration target of >500Mt¹**
- Tawana is **aiming to develop an open cut mining operation** with a production period of at least 10 years
- Preliminary Assessment outcomes indicate potential total **operating costs could range between US\$30-35/t FOB**
- **Significant potential upside for blind, high grade DSO magnetite** in similar geological settings to the +50Mt DSO Bomi Hills mine with DSO boulder float observed at Zaway target and not included in exploration target size potential

Corporate

- Strategic review of potential financing and strategic partnership options to advance the development of the Mofe Creek Iron Ore Project
- David Frances resigned from Executive Chairman role
- Flinders Island legacy diamond JV terminated

Introduction

During the quarter ending June 30 Tawana Resources NL (ASX: TAW) announced the results for the maiden metallurgical test-work programme on the Gofolo and Koehnko prospects at the Company's flagship Mofe Creek Iron Ore Project in Liberia. The results of the test work confirm the potential to produce a +60% Fe product with low impurities at 44-57% weight recovery from friable, weathered itabirite. Significant scope remains to optimize the process to higher grade product.

Subsequent to the quarter the Company completed a Preliminary Assessment on Mofe Creek which indicated potential total FOB (Free On Board) operating costs that could range between US\$30-35/t and given the promising metallurgical test results, a simple gravity processing plant with the Company aiming for a low capital intensity project.

Furthermore the Company was pleased to announce the discovery of additional high-grade itabirite and DSO boulder float at the Zaway prospect within the project area during the subsequent quarter. This represents a significant milestone for the company and re-affirms Mofe Creek as an exciting new iron ore discovery in Liberia with proven upgradeability, scale potential and DSO upside within 20km from the coast.

At the Sinoe Gold Project a 400 hole hand auger programme was completed to follow up high priority soil anomalies and trench intersections. No significant results were reported and the company terminated the Option Agreement to acquire the project outright whilst it focuses on the Mofe Creek Iron Ore project.

About the Mofe Creek Iron Ore Project

The Mofe Creek Project is located within one of Liberia's historic premier iron ore mining districts. The project is 10km along strike from the abandoned Bomi Hills mine (>50Mt DSO @ 65% Fe plus SF), 80km along strike from the historic Bong Mine (>275Mt @ 38% Fe), 45km from the Mano River mine (100Mt @ 52% Fe) and 20km from the Bea Mountain resource (>100Mt @ 45% Fe).

The Project is exceptionally well located being approximately 20km from the coast for potential haul-road trucking or conveyor of product to the coast and transshipment via barge to deeper water for on shipment. Other possible infrastructure solutions exist; road or rail to the deep water port of Monrovia via a 100km sealed road from the central licence area or a 65km decommissioned standard-gauge iron ore railway alignment² from the Bomi Hills mine to the port of Monrovia; 17km east from the easternmost magnetic anomaly.

Activities during the Quarter

Mofe Creek Iron Ore Project

Metallurgical Test-Work Program

All metallurgical test work results have been received for the first phase reconnaissance programme on soft, friable weathered surface mineralisation and hard, fresh below base of weathering mineralisation at the Gofolo and Koehnko prospects.

A total of 9 composites of mineralised Reverse Circulation (RC) drill chips were shipped to ALS Iron Ore Technical Centre, Perth, Western Australia for comprehensive test-work of both magnetic and non-magnetic material including sizing, Heavy Liquid Separation (HLS), Davis Tube Recovery (DTR), optical mineralogy and XRD analysis.

The 9 composites were carefully selected on the basis of mineralisation, lithology, weathering, down-hole assay and by prospect.

Metallurgical Test-Work Results

Average grade and weight recoveries for the Gofolo and Koehnko prospects alone are summarised in Table 1 below. Results are reported for >3.3SG and >3.6SG densities and using the exploration target size tonnage potentials announced on 18th March 2013. Detailed results by composite and material type are shown in Appendix 1.

Table 1 | Average grade and weight recoveries for the Gofolo and Koehnko prospects

| >3.6SG (inc -45 µm) | Rec Wt% | Fe% | SiO2% | Al2O3% | P% | S% | TiO2% | LOI1000% |
|---------------------|-----------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| ITABIRITE | 44 | 59.58 | 8.84 | 1.73 | 0.05 | 0.04 | 0.09 | 2.81 |
| MIXED ITAB & AMPHI | 27 | 61.21 | 7.18 | 1.78 | 0.04 | 0.03 | 0.10 | 2.31 |

| >3.6SG (excl -45 µm) | Rec Wt% | Fe% | SiO2% | Al2O3% | P% | S% | TiO2% | LOI1000% |
|----------------------|-----------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| ITABIRITE | 57 | 59.80 | 9.02 | 1.61 | 0.05 | 0.04 | 0.08 | 2.76 |
| MIXED ITAB & AMPHI | 40 | 61.27 | 7.23 | 1.80 | 0.04 | 0.03 | 0.10 | 2.35 |

Note 1: Weighted average recoveries and product grades for combined Gofolo and Koehnko prospects at >3.3SG density including & excluding -45µm size fraction.

Note 2: Assumes a 50% itabirite: mixed itabirite/amphibolite conversion rate and is inclusive of Koehnko South prospect.

Optical reflected light microscopy and XRD analysis completed by ALS Metallurgy on all 9 composite head samples shows that the dominant mineralogy in the 'Friable Itabirites' is hematite, +/-goethite, minor remnant magnetite and quartz that is generally well liberated (bar goethite) and contains between 30% to >70% total iron oxides by visual estimation (see Appendix 3).

Discussion

The -45 µm size fraction may have been artificially increased due to the action of the RC percussion hammer grinding the sample. Accordingly results have been reviewed both with and without the -45 µm size fraction due to the significant improvement in weight recovery (44% to 57%) and grade improvement when removing the -45 micron size fraction.

It is recognised that the second phase of metallurgical test-work should be completed using diamond drill core to minimise these effects; see a smaller proportion of the -45 µm size fraction in the sample and accordingly higher weight recovery at higher grade. However, this represents a first pass reconnaissance programme for proof of concept and results have successfully demonstrated that a high-grade product is easily achievable using simple gravity separation only.

All results above are reported for soft, friable mineralisation from surface only. In addition to the HLS test-work completed on friable 'weathered' mineralisation, DTR test-work was also completed on 'fresh' below base of weathering 'magnetite' mineralisation. Results demonstrate that a high-grade +70% Fe magnetite concentrate at >38% weight recovery.

95Mt Gofolo & Koehnko Exploration Target Within Global >500Mt1 Target

A global exploration target size potential of between 360Mt to 670Mt of friable mineralisation has been estimated for the Mofe Creek project area. This estimate includes both friable itabirite and friable intermixed itabirite/amphibolite mineralisation. Within this global target, a 90Mt-230Mt exploration target range has been estimated for friable +45% Fe itabirite. The estimate does not include hard itabirite, potential blind DSO or additional mineralisation associated with the target footprints highlighted in yellow which have not had sufficient field work to date to justify inclusion.

A 95Mt (62Mt - 126Mt) exploration target was announced during the quarter and is based on latest test work targeting friable itabirite at the Gofolo and Koehnko Prospects (including Koehnko South) ONLY and forms part of the total 90Mt-230Mt friable itabirite exploration target, within the Global Exploration Target. Refer to ASX Announcement 18 March 2013 for further details.

Work Plan Going Forward

Whilst the Strategic Review continues and the wet season commences in Liberia, field work will focus on low-cost mapping and hand auger drilling to delineate follow-up targets during the following quarter. A weather station will be installed on the project site to commence base line meteorological data collection. Drilling plans to deliver a JORC compliant resource on the Mofe Creek project will be finalised during the quarter and a desk top review of potential infrastructure scenarios commenced.

Mofe Creek Iron Ore Project | Preliminary Assessment

A Preliminary Assessment was completed on the Mofe Creek Iron Ore project subsequent to the quarter using the following parameters, which are aspirational in nature:

| | |
|------------------------|---|
| Aimed Life of Mine | +10 years |
| Weight Recovery | 44% - 57% |
| Product Grade | 60% Fe grade concentrate |
| Average Operating Cost | US\$30-35 per tonne FOB (US\$50-55 per tonne cfr) |

Table 2 | Key Preliminary Assessment parameters

The Company has based its Preliminary Assessment on a review of comparable iron ore peers, including West Africa, and typical mining operations for the style of mineralisation identified (refer to ASX announcement released on 25th June 2013), with the results of the Preliminary Assessment being aspirational and conceptual in nature. The Preliminary Assessment is not a "scoping study" (as that term is used in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves').

Investors are advised that the Mofe Creek Iron Ore Project is not sufficiently advanced to be currently supported by Mineral Resources, and accordingly results of the Preliminary Assessment undertaken by the Company cannot and do not provide any assurance of economic development or economic viability of the project, nor that the aspirations contemplated by the Preliminary Assessment will be realised. Investors should note that for the Company to establish the economic viability of the Mofe Creek Iron Ore Project, the Company will need to establish sufficient Mineral Resources and sufficiently consider other factors including

but not limited to mining, processing, metallurgical, infrastructure, marketing, environmental, social and Government matters before the Company's aspirations for the Mofe Creek Iron Project can be realised. Given the early stage of the project and the nature of the assumptions and targets contemplated in the Preliminary Assessment, investors are cautioned not to place undue reliance on the results of the Preliminary Assessment.

Details of the Preliminary Assessment

The Preliminary Assessment focused on the proposed mining and processing method, transport and infrastructure and the initial metallurgical test results. The Preliminary Assessment was prepared internally by the Company, with the assistance of external consultants and estimates are to a (+/-50%) level of confidence. In preparing the Preliminary Assessment comparable peer companies with similar types of operations aimed for by the Company were taken into consideration.

The Preliminary Assessment is based on an open cut contract mining operation producing a high grade +60% Fe grade concentrate through simple crushing and gravity separation. The product is anticipated to be hauled approximately 20kms to the coast where it will be trans-shipped via barge to deeper water.

Mining

The mining concept in the Preliminary Assessment is based on shallow (<50m depth) open cut pits using conventional ripper, excavator, haul truck and front end loaders, on a contract mining basis.

Metallurgical Test-Work & Processing

As part of the Preliminary Assessment, the Company applied the results from the recent metallurgical test work to the proposed open pit mining schedule. The test work was based on the first phase reconnaissance programme on soft, friable weathered surface mineralisation and hard, fresh below base of weathering mineralisation at the Gofolo and Koehnko prospects (refer to ASX announcement dated 25 June 2013).

Metallurgical results of the test work are highly encouraging and demonstrate:

- mineralisation amenable to simple gravity separation
- a high-grade 60%+ Fe product from the soft friable itabirite
- excellent weight recoveries of 57% (based on >3.3SG excluding -45 µm)
- very low sulphur, alumina and phosphorous impurities

The test work results successfully demonstrated that the mineralisation at Mofe Creek exhibits simple metallurgical characteristics and is amenable to simple gravity separation only to produce a high-grade concentrate product.

Transport, Infrastructure & Access

The Mofe Creek Iron Ore Project is exceptionally well located being approximately 20kms from the coast and only 85km by sealed road to the deep water port of Monrovia.

The Preliminary Assessment is based on product being transported by haul road or conveyor 20kms to the coast and then transshipment via barge to deep water for loading on to Mini Cape-size or Panamax vessels for export.

Alternative options for transport include:

- trucked approximately 85kms by sealed road to the deep water Port of Monrovia, where it will be loaded on to Cape-size or Panamax vessels for export; or
- the use of nearby (<20km) 65km decommissioned standard-gauge iron ore rail corridor from the decommissioned Bomi Hills mine to the Port of Monrovia.

These options have not been considered as part of this Preliminary Assessment as insufficient data gathering, research or Government of Liberia liaison has been completed by the Company at this stage.

Operating Costs

The Preliminary Assessment assumes the average cash operating cost to be in the vicinity of US\$30-35/t FOB (US\$50-55/t cfr), based on the Company’s internal evaluation and comparable operations including West Africa. This cost estimate contemplates a contract mining and processing operation, including producing, transporting and shipping the high grade Fe concentrate over the assumed life-of-mine.

| Operating cost item | Assumed value |
|--|---------------------|
| Contract Mining | US\$8-10/t |
| Processing | US\$8-10/t |
| Road Haulage | US\$2-3/t |
| Trans-shipping | US\$12/t |
| Total Cash Operating Cost - FOB | US\$30-35/t |
| Shipping Transport | US\$20/t |
| Total Cash Operating Cost - cfr | US\$50 -55/t |

Table 3 | Summary of operating costs (excludes Government royalties and taxes)

The range of potential operating costs contemplated in the Preliminary Assessment are aspirational in nature, and not necessarily supported by analysis specific to the Mofe Creek Iron Ore Project, and should in no circumstances be treated as demonstrating the economic viability of the Mofe Creek Iron Ore Project nor as an assurance that (if the project were to be developed) these operating costs are achievable.

Mofe Creek Iron Ore Project | Zaway Prospect

Zaway Prospect - New High-Grade Outcropping Mineralisation Discovered

Additional high-grade outcropping itabirite mineralisation and DSO magnetite float was discovered subsequent to the quarter at the Zaway prospect, which is located between the Gofolo and Koehnko prospects. Zaway represents a high priority target with outcropping high-grade itabirite with DSO boulder float and the potential for blind magnetite DSO along the footwall contact.

Itabirite outcrops over a combined 1km strike were mapped and sampled at the main Zaway prospect with grades ranging between 44% to 62% Fe and low contaminants. On the main target, outcrops dip steeply to the south and occur along both flanks of a 1.35km x 280m hill. Additional itabirite outcrops were mapped along low ridges to the west and north of the main Zaway prospect hill over a combined strike length of >4.5km.

Outcrops are characterised by coarse grained itabirite with 1cm to 50cm scale magnetite accumulations. In some areas the itabirite is extremely coarse grained averaging >1cm grain size. DSO magnetite boulder float up to 1m in scale was mapped down slope from the itabirite outcrops.

The extremely coarse grained nature of the itabirite and presence of metre scale magnetite boulder float down slope of the outcrops is extremely encouraging and confirms the prospectivity of the project.

The structures mapped to date could be interpreted to represent a south dipping synformal fold structure with coarser and higher grade iron formation occurring along the footwall contact. This is the same structural and lithological setting hosting the historic Bomi Hills mine 35km along strike to the east, which produced 50Mt of DSO through the early 60's to late 70's.

Although smaller scale than the Bomi Hills pit (roughly 750x500m), Zaway represents a high priority target with outcropping high-grade itabirite with DSO boulder float and the potential for blind magnetite DSO along the footwall contact. All the same 'smoke' has been observed at Mofe Creek and still confirms the potential for potential blind DSO discovery at the project.

Sinoe Gold Project

Results were received for the 400 hole hand auger programme completed during the quarter. No significant intersections were reported and the Company terminated the Option Agreement to acquire the license outright.

About Liberia

Liberia is a democratic country run by Her Excellency President Ellen Johnson Sirleaf; Africa's first elected female head of state in 2005 and recently re-elected in November 2011 for her second term. The country is hugely prospective and hosts several world class iron ore deposits but yet is completely underexplored for gold and non-ferrous metals. Liberia has a modern and transparent mining code and the government is supportive of foreign investment especially in the exploration and mining industry to help unlock the value of its potential mineral wealth.

Liberia is located in West Africa dominantly within the Archean aged Kenema Man Domain and lesser Birimian sediments to the east. There are a large number of world class mineral deposits located in the Archean and Birimian rock types throughout West Africa including Obuasi (40Moz+) and Tasiast (18Moz+). West Africa is one of the fastest growing mineral provinces in the world and Liberia currently hosts several world class iron ore deposits and is underexplored for gold.

Other Assets

South Africa

The Company continues to rationalise its legacy diamond portfolio and has signed an Option Agreement with an ISDX listed entity to acquire the Kareevlei Project including the processing plant and ancillary equipment, and mining right. The commercial terms of the agreement remain confidential until due diligence is completed.

Rakana Consolidated Mining Pty Ltd (TAW 26%)

The Company holds a 26% equity stake in Rakana Consolidated Mining Pty Ltd (“Rakana”) the joint venture partner of Aquila Resources Ltd (“Aquila”) in the Thabazimbi Joint Venture (‘TJV’). The Avontuur Manganese project which includes the Gravenhage manganese resource and the Meletse iron ore resource are incorporated under the TJV.

Australia

In line with the Company’s ongoing diamond portfolio rationalisation, the Company has terminated the Flinders Island Joint Venture earn-in agreement with Flinders Mines Ltd and is currently negotiating with a private equity party to take over Tawana’s 80% interest in the Flinders Island Joint Venture with Orogenic Exploration Pty Ltd.

Corporate

At the end of the quarter the Company had over AU\$700,000. In light of the current economic conditions the Company reduced staff numbers in Liberia under ongoing efforts to minimise corporate overheads.

The Company announced on 6th May that it is undertaking a strategic review of potential financing and strategic partnership options to advance the development of the Mofe Creek Iron Ore Project on Liberia (Mofe Creek). The Company is undertaking this review as a result of approaches to the Company regarding its intentions for the funding and development of its Mofe Creek Project. The Board feels it is important to explore all potential funding and development scenarios with the aim of maximising shareholder returns.

The Company announced the resignation of its Chairman David Frances on 6th May. The Company believes the current structure of the Board is suitable for the current situation and does not propose to immediately appoint a replacement to the Board.

The Company recently presented at the LIMEP (Liberian Mining Energy and Petroleum) and Sydney Resources Round Up conferences during the quarter and presented to a number of institutional investors.

For further information please contact:

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Footnote 1: Exploration Target Size Potential is based on geological observation and interpretation from limited drilling, mapping, rock chip sampling and aeromagnetism. The tonnage potentials defined are not JORC compliant and are speculative at this stage.

Footnote 2: the railway alignment falls under the Western Cluster project currently joint ventured with Sesa Goa; India’s largest producer and exporter of iron ore in the private sector.

Competent Persons Statements

The information in this report in so far that it relates to Liberian Project Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Lennard Kolff van Oosterwijk, who is a Member of the Australian Institute of Geoscientists included in a list promulgated by the ASX from time to time. Lennard Kolff van Oosterwijk is a full time employee of the company and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the

'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Lennard Kolff van Oosterwijk consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Forward Looking Statement

Statements regarding plans with respect to the Company's mineral properties, including statements, assumptions and targets relating to the Preliminary Assessment are forward looking statements. There can be no assurance that the Company's plans for development of its mineral properties will proceed as currently expected, nor in accordance with the Preliminary Assessment. There can also be no assurance that the Company will be able to confirm the presence of a mineral deposit, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of the Company's mineral properties, either in accordance with the Preliminary Assessment or otherwise.

29 July 2013

Sponsor

PricewaterhouseCoopers Corporate Finance (Pty) Ltd