

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 September 2013

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

### Highlights

#### Mofe Creek Iron Ore Project

- Receipt of Environmental Permit from the Environmental Protection Agency (EPA) of Liberia for the exploration drill program currently being undertaken
- Assessment of Project Development and Engineering firms to assist Tawana with the preparation of the Mofe Creek Scoping Study have commenced
- High-grade +45% Fe mineralisation discovered in outcrops with exceptionally coarse grained itabirite and +65% Fe DSO magnetite boulder float at the new Zaway prospect within the Mofe Creek project
- Drill access to the high-grade "Zaway" target area within the Mofe Creek Project Area completed
- Additional high-grade itabirite mineralisation defined over a 2km strike in hand auger with average 32-35% Fe confirmed over 1km strike at the Gofolo North-East (NE) target - drilling within this targeted area scheduled for late October
- Resource drilling commenced at Mofe Creek late in the quarter
- Review of transport and logistics infrastructure arrangements and opportunities within Liberia and the Mofe Creek Project Area were undertaken by the Managing Director and Executive Chairman during a site visit in September

#### Corporate

- Underwriting of 50 million options with a strike price of \$0.01 and an expiry date of 30 July 2013 completed
- The appointment of Mr Wayne Richards as Executive Chairman and resignation of Non-Executive Director Mr Julian Babarczy
- Cash at the end of the quarter was \$955,000. Subsequent to the quarter the

Company successfully completed an AU\$2.9m capital raising to existing shareholders, institutions and professional investors, during October

### Divestment of Non-Core Assets

- Divestment of non-core diamond assets in South Africa and South Australia

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

## Executive Summary

The Company was pleased to announce the discovery of additional high-grade itabirite and DSO boulder float at the Zaway prospect and itabirite over a 2km strike in hand auger at Gofolo North-East within the project area during the 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.

Furthermore, the Company announced the receipt of its Environmental Permit from the Liberian Environmental Protection Authority (“EPA”) for the exploration phase of its 100% owned Mofe Creek Iron Ore Project in Liberia. A total of 1,600m of diamond core and 5,100m to 7,200m of reverse circulation drilling is planned for the programme and is designed to deliver a maiden JORC compliant resource at the Gofolo and Koehnko prospects in addition to exploration drilling at Zaway. Pending initial results at Zaway, it too may be included within the resource model for the Mofe Creek Project. A weather station has likewise been installed at the village to commence baseline environmental monitoring during the subsequent quarter. This data will be utilised in the future Minerals Development Application (“MDA”) for the development and Operation of the Mofe Creek Project.

The Company welcomed Mr Wayne Richards to the Board as Executive Chairman concurrent with the resignation of Non-Executive Director Mr Julian Babarczy. The Company completed the sale of non-core assets including the Kareevlei diamond project in South Africa and Flinders project in South Australia during the quarter.

Meetings with the Ministry of Lands, Mines and Energy, and the Ministry of Transport were undertaken during a visit to Liberia by the Executive Chairman and Managing Director, and proposals for road, rail and port access/developments will be progressed in the upcoming months. An extensive inspection of the Freeport of Monrovia was conducted and a fly-over of the entire Project site including potential mine(s) and transport corridors to the coast and/or the Port of Monrovia was conducted.

An informative meeting with KBI, Tawana’s Joint Venture partner for the surrounding tenement (shown in green in Figure 5 below) was recently held whilst the Executives were in Liberia during September. An initial discussion on the process of preparing and presenting

a Mining Development Agreement (“MDA”) to the Liberian regulatory authorities for the Mofe Creek Project was undertaken.

Liberia continues to reinstate itself as a global iron ore producer and exporter with the construction of China Union’s Bong mine iron ore handling facilities at the Freeport of Monrovia in addition to expansions of Arcelor Mittal’s 4mtpa Nimba/Buchanan mine are well underway. The Freeport of Monrovia is located within 80km of the Mofe Creek project along a sealed bitumen road.

### **Corporate, Strategic and Financials**

The Company completed the strategic review of potential funding proposals and Joint Venture partners, coordinated by Euroz Securities Limited during the quarter. The process was undertaken to assess the interest by other resource and investment groups to assist with future Project funding requirements for the Mofe Creek Project including the associated study phases of Project development.

A number of significant and highly regarded global resource, mining and investment companies confirmed their interest in the potential development and funding of the Project Studies which led to several earn-in agreements and/or potential JV structures, both at a Corporate and Project (asset) level being generated.

However, whilst the Board of Tawana deemed the process a Business success, the Company decided to retain a 100% interest in the Mofe Creek Project, whilst the drilling and Scoping Study are executed. The Board of Tawana believe that with continuing exploration and development of the project, significant value can be generated for its’ shareholders before potentially re-engaging with the preferred parties to discuss future project financing opportunities. The Company will continue discussions with the preferred parties whilst work continues on the project. The Company announced the appointment of Mr Wayne Richards as its Executive Chairman during the quarter. Mr Richards has a career spanning almost 30 years in the design, development and commissioning/expansion of several major iron ore and nickel projects (greenfield and brownfield). Mr Richards has an extensive mining background at a senior executive and management level, with in-depth experience in mineral processing and project management.

Mr Richards was recently Managing Director of Brockman Resources Ltd and previously worked with BHP Billiton Iron Ore, Anaconda Nickel and QNI-Billiton. Mr Richards has extensive experience and knowledge in the transformation of early-stage companies into producers, strong corporate governance and fiduciary knowledge, as well as vast public company directorship experience.

Concurrent to the appointment of Mr Richards was the resignation of Non-executive Director, Mr Julian Babarczy. The Board and the Company would like to express its sincere appreciation and gratitude to Mr Babarczy’s for his contribution as a director during his appointment and wish him all the best in his future endeavours.

The Company presented at the Africa Down Under conference, Perth during the quarter and presented to a number of institutional investors.

The Company executed an Underwriting Agreement with Canaccord Genuity (Australia) Limited (Canaccord) for 50 million options with a strike price of \$0.01 and an expiry date of 30 July 2013 generating approximately \$500,000 to the Company during the quarter.

Cash at the end of the September quarter was approximately \$995,000. Subsequent to the quarter the Company successfully completed a capital raise for AU\$2.92m. Funds raised will be used primarily for ongoing drilling at the Company's Mofe Creek Iron Ore project in Liberia, metallurgical test work, working capital and the initiation of a Scoping Study for the project.

The Placement was strongly supported by both existing and new investors and reflects the quality of the Company's Mofe Creek Iron Ore Project.

## **Mofe Creek Iron Ore Project | Zaway & Gofolo North-East Prospects**

### **Zaway Prospect - New High-Grade Outcropping Mineralisation Discovered**

Additional high-grade outcropping itabirite mineralisation and DSO magnetite boulder float was discovered during 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 with 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.

At Zaway 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. Similar geology has been observed at Mofe Creek, thereby confirming the potential for a blind DSO discovery at the project.

### **Gofolo North-East Prospect - New High-Grade Outcropping Mineralisation Discovered**

A total of 259 auger holes were drilled along the Gofolo North-East (NE) target during the quarter with 62 holes intersecting iron formation; 30 results received to date, 32 results pending in the north-east and augering ongoing. A friable itabirite footprint over a 2km strike was defined at Gofolo NE in addition to high-grade outcropping coarse grained itabirite similar to the drilled Gofolo main target. Surface auger holes average 32-35% Fe with individual results up to 41.4% Fe over the south western half of the anomaly. Assay results are pending for the north-eastern half.

The Gofolo NE target is within 2.5km of the Gofolo Main prospect and within <5km from the Zaway target. These projects all fall within a 4km radius of each other and completely within the Company's 100% owned Mofe Creek license.

The Gofolo NE prospect falls within the Company's previously reported Global exploration target size potential of 500Mt of which 90-230Mt is estimated to be potential friable itabirite (refer to announcement of 18<sup>th</sup> March 2013).

### **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 characterised by exceptionally coarse grained and high-grade itabirite that has the potential to deliver a high-grade product at a coarse crush only, with low strip ratio and potential free-dig material.

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 alignment<sup>2</sup> from the Bomi Hills mine to the port of Monrovia; 17km east from the easternmost magnetic anomaly.

## 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 iron ore deposits located in Liberia and historically it was the 5<sup>th</sup> largest producer in the world for a number of years. 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 Tawana Resources NL Assets

The Company continues to rationalise its non-core assets and announced the divestment of its interests within the Kareevlei Diamond Project and Flinders Diamond project in South Africa and South Australia respectively during the quarter.

## South Africa

The Company announced the sale of Kareevlei Diamond Project (South Africa) to BlueRock Diamonds PLC (ISDX: BR) for R4 million (approximately AU\$430,000) in two tranches on 26<sup>th</sup> August 2013.

Diamond Resources Pty Ltd, the 100% owned South African subsidiary of Tawana Resources NL entered into an Option Agreement with BlueRock Diamonds (ISDX: BR) on 23<sup>rd</sup> April 2013 and a Supplementary Agreement on 3<sup>rd</sup> August 2013. Under the terms of the agreement, BlueRock Diamonds has the option to purchase outright the Kareevlei Diamond Project Mining Right and associated equipment for a total of R4 million (approximately AU\$430,000).

Under the terms of the agreement and pending successful transfer of the Mining Right, BlueRock Diamonds will:

- Pay the Company R3 million (approximately AU\$320,000) within 10 business days of successful admission to AIM. These funds have been received into the Company's South African entity's account.
- On receipt of payment BlueRock takes ownership of all project related equipment and infrastructure including a 25tph DMS plant and X-ray FlowSort machine in addition to all project related overheads including but not limited to landholder, security, insurance and lease payments.

- BlueRock has the right to conduct trial mining on contractor basis by way of bulk sampling whilst the Mining Right transfer is underway. Tawana shall be entitled to a 1% Royalty on Gross Revenue after payment of Government Royalty on all sales of diamonds recovered in this period.
- At successful transfer of the Mining Right to BlueRock Diamonds, an additional R1 million (approximately AU\$108,000) will be paid to the Company and the whole project then owned by BlueRock Diamonds henceforth.

Footnote <sup>2</sup>: the railway alignment falls under the Western Cluster project currently managed by Western Cluster Ltd; a subsidiary of Sesa Goa and Vedanta; India's largest producer and exporter of iron ore in the private sector.

### **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.

Refer to Aquila's announcement of 20<sup>th</sup> September 2013 regarding an alleged overlapping prospecting right to the Avontuur project area, for further details.

### **Australia**

Subsequent to the announcement of the termination of the Flinders Island Agreement between Flinders Mines (ASX: FMS) and Tawana Resources (ASX: TAW) and Orogenic Exploration Pty Ltd on 29<sup>th</sup> July 2013, the Company announced that it entered into an Asset Sale Agreement with Kalyan Resources Pty Ltd and terminated the Flinders Island Agreement with Orogenic Exploration Pty Ltd during the quarter on 26<sup>th</sup> August 2013.

Concurrent with the termination of the Flinders Island Agreement, the Company announced the sale of its 80% holding in the Flinders Island Diamond Project to Kalyan Resources Pty Ltd for AU\$1 (one dollar) plus a 2.5% Gross Revenue Royalty on Kalyan's 80% holding in the event of discovery and commercial production.

The Company continues to rationalise and review its current non-core iron ore assets in an ongoing effort to reduce overheads and management time related to these assets. The Company's principle focus will be the development of the Mofe Creek Iron Ore Project in Liberia.

### **Forward Work Plan**

Resource drilling commenced at the project late in the quarter in addition to commencement of baseline environmental data monitoring. A 500m to 700m RC resource drilling programme will be completed during the subsequent quarter and is designed to deliver a maiden JORC compliant resource for early to mid-2014.

Resource drilling will include a component of HQ diamond core drilling for metallurgical test work and twinning of RC drill holes for quality control purposes. The metallurgical test-work programme will look at optimisation of the crush size to produce the nominal grade Fe product at the optimal plant recovery.

Ongoing weather, ground and surface water monitoring will continue through the subsequent quarters.

Engineering and consulting groups will be engaged on the project to commence resource modelling, mine design criteria, engineering, infrastructure and logistics and barging studies to deliver a Scoping Study by mid-2014. The study will consider a low capital start-up option at 1-2mtpa rate and subsequent ramp-up options at 3, 5 and 10Mtpa.

For further information please contact:



Lennard Kolff van Oosterwijk

**Managing Director**

Work Phone: +61 424942589

#### 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.*

## Appendix 5B

### Mining exploration entity quarterly report



1.13	Total operating and investing cash flows (brought forward)	(222)	(1,725)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	500	1,000
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – share issue costs	(25)	(25)
	<b>Net financing cash flows</b>	475	975
	<b>Net increase (decrease) in cash held</b>	253	(750)
1.20	Cash at beginning of quarter/year to date	703	1,679
1.21	Exchange rate adjustments to item 1.20	(1)	26
1.22	<b>Cash at end of quarter</b>	955	955

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	80
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors' fees

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

## Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	800
4.2 Development	-
4.3 Production	-
4.4 Administration	300
<b>Total</b>	<b>1,100</b>

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	935	683
5.2 Deposits at call	20	20
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>955</b>	<b>703</b>

## Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

## Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b>	-	-		
7.2 Changes during quarter	N/A	N/A		
7.3 <b>+Ordinary securities</b>	976,629,043	976,629,043		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	50,000,000	50,000,000	\$0.01	\$0.01
7.5 <b>+Convertible debt securities</b>	-	-		
7.6 Changes during quarter	N/A	N/A		
7.7 <b>Options</b>			<i>Exercise price</i>	<i>Expiry date</i>
Unlisted options	6,750,000	-	\$0.10	17 Jan 2014
Unlisted options	5,000,000	-	\$0.05	9 Sep 2014
Unlisted options	25,000,000	-	\$0.01	8 Mar 2014
Unlisted options	1,250,000	-	\$0.03	10 Nov 2013
Unlisted options	1,250,000	-	\$0.05	10 Nov 2015
Unlisted options	28,500,000	-	\$0.036	30 April 2015
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	50,000,000	-	\$0.01	30 Jul 2013
7.10 Expired during quarter	-	-	-	-
7.11 <b>Debentures</b>	-	-		
7.12 <b>Unsecured notes</b>	-	-		

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: [Signed] ..... Date: 30 October 2013  
Company secretary

Print name: Aaron Finlay

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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30 October 2013

Sponsor

PricewaterhouseCoopers Corporate Finance (Pty) Ltd