

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 quarter to 31 March 2014

### Highlights

(PLEASE NOTE: ALL GRAPHICS AS WELL AS APPENDIX 1 AND APPENDIX 2 HAVE BEEN REMOVED FOR SENS PURPOSES. PLEASE REFER TO TAWANA'S WEBSITE FOR THE COMPLETE ANNOUNCEMENT)

#### **Mofe Creek Iron Ore Project**

##### *Scoping Study*

- Scoping study to consider a potential low capital cost, early start-up operational scenario for 1-2Mtpa of final product as well as a potential longer-term 5-10Mtpa final product project. Study is well advanced with completion targeted for July 2014.
- Detailed metallurgical test-work on 3,000kg of full HQ diamond core on schedule with programme finalisation expected by the end of April. Heavy Liquid Separation ("HLS") i.e. spirals equivalent, and sizing results have confirmed that a high-grade +62% Fe to 68% Fe 'premium' product with low impurities can be produced from 1.0mm crushed material.
- The metallurgical results support the potential for the design and development of a low capital intensity processing plant with simple gravity beneficiation equipment.
- A Baseline environmental and social mapping document for the Mofe Creek Project ("the Project") has been completed along with the Pre-Feasibility Study ("PFS") requirements for the Project's Environmental and Social Impact Study ("ESIA")
- Consultation with Liberian ministries, government agencies and other key stakeholders for early start up options progressing well.
- Discussions with potential strategic partners for mine or port gate sales for the early start-up option have commenced.

##### *Exploration*

- Maiden Mineral Resource estimate for the Mofe Creek Project of 61.9Mt at 33% Fe, includes an Indicated Mineral Resource of 16.2Mt at 35.4% Fe.
- Only 8km of a potential total 65km interpreted prospective strike drilled to date.

#### **Corporate**

- As at 31 March 2014, Tawana Resources held \$1.1 million in cash. In April 2014, a placement to investment funds and sophisticated investors to raise \$5.0 million was completed. In addition, a Share Purchase Plan ("SPP") was announced to raise up to an additional \$2.0 million, which is expected to close on 6 May 2014.
- Funds will be used for the advancement of the design, engineering, environmental and logistics studies for the Mofe Creek Project and to fast track the Mineral Development Agreement.

#### **Mofe Creek Iron Ore Project**

##### **Background**

The Mofe Creek Project (the "Project") is located 80km northwest of the operating deep-water port of Monrovia, the capital city of Liberia, West Africa. The project is well serviced by a sealed bitumen road from Monrovia through the licence area which is located within 20 km of the Liberia coastline. The Company through its wholly owned Liberia subsidiary Tawana Liberia Inc was granted mineral exploration license MEL12029 in December 2012 for a period of 3 years and renewable for an additional 2 years. The Company has a 100% beneficial interest in the tenement.

The Mofe Creek deposits consist of a series of approximately 1 to 2km strike length semi-contiguous hills with coincident magnetic anomalies within an approximate 65km strike length of prospective magnetic anomalies. The hills tested to date and included within the Maiden Mineral Resource estimate (refer below) are the Gofolo Main, Zaway and Koehnko deposits, with additional hills yet to be tested.

The Company has only drilled 8km of a total 65km of potential interpreted prospective strike within its 100% owned Mofe Creek licence area, with the potential for resource expansion remaining extremely viable.

### Scoping Study

The Scoping Study is well advanced and forecast to be completed in July 2014. All consultant groups have advanced their respective disciplines and the principles of the Scoping Study are to consider the design and implementation of a two-stage development program for the Mofe Creek Project. The proposed first stage is aimed at a low capital cost start-up to produce 1 to 2 Mtpa of final product with an envisaged Stage 2 expansion for the production of 5 to 10 Mtpa.

#### *Metallurgical Testwork*

Approximately 3,000kg of full HQ diamond drill core was airfreighted to ALS Iron Ore Technical Centre in Perth. Follow-up metallurgical test work in support of the Scoping Study commenced on the 10 composites generated, representative of material types at the Gofolo and Zaway prospects.

The test work program is designed to optimise the processing parameters required to beneficiate the medium and high-grade friable itabirite mineralisation present at the Mofe Creek prospects to produce the optimal quality iron ore product at the most viable particle sizing and Fe grade, with the minimal amount of plant and equipment.

The program is structured to confirm the design criteria necessary for the Mofe Creek Scoping Study, including a preliminary plant design for the early start-up options being scoped, and the longer-term, larger-scale processing facility.

Composite 2 and Composite 5 were representative R/C samples from drilling completed at Gofolo Main and Koehnko within 'high-grade' friable itabirite, that were part of the first phase metallurgical testwork programme reported in 2013.

Composite	Hole_ID	Depth_From	Depth_To	Interval	Fe	SiO2	AL2O3	P	S	TiO2	LOI 1000
Comp 2	GMRC001	22	36	14	41.30	34.41	1.91	0.089	0.01	0.033	3.32
	GMR0003	12	26	14	49.88	18.62	1.50	0.090	0.04	0.043	7.28
	GMR0006	8	30	22	54.90	11.50	1.84	0.089	0.04	0.045	8.23
	KRC001	22	28	6	29.59	47.10	7.00	0.016	0.12	0.050	2.57
	KRC002	6	36	30	36.71	39.13	5.08	0.017	0.06	0.045	2.61
Comp 5	KRC003	2	10	8	42.45	29.38	6.48	0.046	0.12	0.034	3.48
	KRC004	4	24	20	35.35	34.63	9.38	0.045	0.22	0.039	4.52
	KRC006	8	24	16	40.41	36.69	2.62	0.014	0.05	0.024	1.98
	KRC0012	4	34	30	43.09	28.74	5.64	0.017	0.06	0.042	2.92
	KRC0014	10	12	2	36.07	37.30	5.99	0.038	0.10	0.030	4.35
	KRC0021	22	38	16	28.76	48.60	6.40	0.009	0.05	0.052	3.42

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**Table 1** | Meterage and RC assays for holes and intervals used to generate composites 2 and 5 (Refer ASX release on 25 June 2013)<sup>1</sup>

The testwork was designed to explore beneficiation options by 'assay, by size' fractioning and heavy liquid separation (HLS) at a 1.0mm crush size. First phase metallurgical testwork reported in June 2013 was completed at a 3.35mm crush to define the 'minimum' amount of work required to generate a +60% Fe product. Follow-up testwork was designed to assess what potential product grades could be achieved at a 1.0mm crush (i.e. no particulate grinding). In-situ R/C head grades for both composites are shown in Table 2.

Composite	Fe%	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %
Comp 2	50.4	19.49	1.87
Comp 5	36.5	38.16	6.07

**Table 2** | Composite head grades for Comp 2 (Gofolo Main) and Comp 5 (Koehnko)

A representative portion of the crushed -1.0mm material was de-slimed at 0.045mm and the -1.0 +0.045mm fraction was submitted for HLS at various specific gravities to test for the amenability to beneficiate by gravity process.

The HLS results indicated excellent upgradability for both composites with Fe grades continuing to increase up to 63.2% and 67.7% Fe respectively, as the specific gravity increased to 3.6, whilst the levels of contaminants decreased to approximately 2.0% SiO<sub>2</sub> and 1.0% Al<sub>2</sub>O<sub>3</sub>.

Composite	SG (µm)	Mass Recovery %	Feed Mass Recovery %	Fe%	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %
Comp 2	+3.6	67.6	50.3	63.2	1.9	0.92
Comp 5	+3.6	57.5	40.7	67.7	2.0	0.64

**Table 3** | Mass recovery and product grade of the -1.0+0.045mm using heavy liquid separation

HLS and sizing results confirmed that a high-grade +62% Fe to 68% Fe 'premium' product with low impurities can be produced at a 58% to 68% (de-slimed) mass recovery rate, from 1.0mm crushed material. Material was derived from +37% Fe to 50% Fe head grade, friable itabirite from the Gofolo Main and Koehnko deposits.

Total plant feed mass recoveries for Composites 2 and 5 were between 40% to 50% when retaining material deemed to be ultrafines, i.e. -45µm material. Final mass recoveries for the Mofe Creek Project will optimally occur within the range of 40% to 68% (of the processing plant feed) due to the inferred increase in material/particle coarseness, from diamond core or bulk samples, i.e. in-situ samples. (Refer ASX release on 15 January 2014)<sup>2</sup>.

The results confirm the potential for the design and development of a low capital intensity process plant with simple gravity beneficiation equipment. Visual drill core observations at the Zaway prospect suggest similar material is present at this deposit and should upgrade/beneficiate in a similar manner to the Gofolo Main deposit samples.

Results also demonstrate that an exceptional product grade can be achieved from low-grade feed (36% Fe) at a 1.0mm crush. This is a significant result as it confirms the favourable physical characteristics of the mineralisation; coarse grained and friable, allows for simple upgrade to a premium product. Coarseness of the mineralisation could also potentially lead to the development of a simple beneficiation process for the 'hard' below base of oxidation 'fresh' material - as its current coarseness leads to a 'weaker' therefore softer, rock mass. The planned metallurgical testwork programme will assess the upgradeability of the 'fresh' below base of oxidation mineralisation in the coming months.

Mineralisation from both composites is representative of the 'central' portion of a typical high-grade friable itabirite profile where the surface crust of weathering related material has been removed as it has the transitional hematitic to magnetic itabirite at the base. It typically represents the 'higher-grade' portion of the friable itabirite profile. A representative 1kg split of material was used for each composite. Testwork samples for this metallurgical programme were derived from RC drill chips that are not representative of the in-situ physical rock properties. Testwork in support of the Scoping Study derived from full HQ diamond drill core has been initiated to address this.

#### *Geology*

Coffey Mining of Perth are currently reviewing geotechnical and hydrological mine design criteria, mine and tailing storage facility design in support of the Scoping Study. Prestedge Retief Dresner Wijnberg (Pty) Ltd of South Africa (PRDW) have completed a desk top review of barging and transshipment options in support of the Stage 2 – 5 to 10Mtpa production scenario and Tenova Bateman are advancing the processing and infrastructure engineering design and costings for all production stages.

#### *Environmental Baseline Studies*

Earth Systems in conjunction with EarthCons of Liberia have completed the baseline Environmental and Social report site visit in support of the Scoping Study and for the mapping of a baseline environmental monitoring programme for the PFS, scheduled to commence immediately after the release of the Scoping Study report.

#### *Trucking*

Potential trucking companies familiar with operating in West Africa have been contacted to seek initial trucking proposals and costings in support of the early start-up scenario.

#### *Infrastructure and Logistics*

The first shipment of iron ore by WISCO (formerly China Union Group) from their nearby development port handling and export facility at Freeport of Monrovia, was completed in mid-February, marking a milestone in re-instating a second Liberian iron ore export and multi-user port. The Mofe Creek project is located 80km from the port of Monrovia via a sealed bitumen road.

The Company is engaging with the Ministry of Transport, the National Port Authority of Liberia, the Ministry of Lands Mines and Energy and the Environmental Protection Agency to assess the potential for a 1-2 Mtpa early start-up scenario being considered as one option for the Scoping Study.

The Company has engaged with potential strategic partners for either port gate or rail siding sales as one of its options under consideration for the potential early start-up scenario.

## **Exploration**

#### *Resource3,4*

A Maiden Mineral Resource of 61.9Mt with an in-situ iron grade of 33% ("Maiden Mineral Resource") was calculated for the Mofe Creek Project and comprises the Gofolo Main, Zaway and Koehnko deposits (refer to ASX announcement of 31 March 2014).

Coffey Mining Pty Ltd (Coffey) was retained by Tawana to undertake the Maiden Resource estimates for the above mentioned three prospects at the Mofe Creek Project.

The Maiden Mineral Resource includes Indicated Mineral Resources of 16.2Mt at 35.4% Fe, with the balance of the Mineral Resource classified as Inferred (45.7Mt at 32.1% Fe –refer summary Table 3 overleaf.

Classification	Tonnes (Mt)	Fe (%)	SiO2 (%)	Al2O3 (%)	P (%)	LOI	MnO (%)	S (%)	TiO2 (%)
Total Indicated Zaway	6	33.4	43.3	4.4	0.03	1.7	0	0	0.2
Total Indicated Gofolo Main	10.2	36.5	38.8	3.4	0.05	2.9	0.1	0.1	0.1
Total Indicated	16.2	35.4	40.5	3.8	0.04	2.5	0.1	0.1	0.1

Total Inferred Koehnko	16	31	42.5	7.9	0.04	3.4	0	0	0.2
Total Inferred Zaway	6.3	33.7	40.9	5.7	0.03	3.3	0	0	0.3
Total Inferred Gofolo Main	23.4	32.5	36.3	8.4	0.04	5.8	0.1	0.1	0.3
Total Inferred	45.7	32.1	39.1	7.9	0.04	4.6	0.1	0.1	0.3
TOTAL Indicated +Inferred	61.9	33.0	39.5	6.8	0.04	4.0	0.1	0.1	0.2

**Table 4** | Summary Grade-Tonnage for Mofe Creek (20 % Fe lower cut-off is applied)<sup>3,4</sup>

The Maiden Mineral Resource was a major milestone for Tawana in our transition from an explorer to a potential developer. It provides additional confidence in the geological robustness of the Mofe Creek Project and is a critical step in allowing the Company to assess the technical and economic viability of a proposed 1 to 2Mtpa early start-up operation (Stage 1 scenario) and a later stage (Stage 2 scenario), 5 to 10 Mtpa.

The Project's proximity to existing infrastructure, recently commissioned mines and an operational deep-water iron ore port in Monrovia, along with the confirmation that the mineralisation is coarse-grained, friable itabirite with exceptionally low contaminants, sets the Mofe Creek Project apart from other West African iron ore projects.

These dynamic attributes of the Resource and Project, coupled with the mineralisation being at or near surface, with low strip-ratio potential for future mine developments and potential simple upgradability of the iron formation to a 62-68% Fe premium grade product, places Tawana in an optimal position to potentially fast-track the development of its Mofe Creek Project and provides sound prospects for the potential economic extraction of the resources.

#### *Zaway Drilling Results*

Assay results were received for all RC drilling completed (32 RC holes for 2,572m) at the Zaway prospect. Significant drilling intersections are reported in the table overleaf.

Prospect	Hole_ID	From	To	Interval	Fe	SiO2	Al2O3	P	S	Tio2	LOI1000
Zaway	ZRC001	6	32	26	39.50	39.10	2.21	0.027	0.019	0.13	1.80
Zaway	ZRC004	0	34	34	37.09	37.86	4.87	0.023	0.024	0.22	3.19
Zaway	ZRC006	0	40	40	34.58	35.95	8.30	0.024	0.034	0.26	5.30
Zaway	Incl.	12	34	22	40.59	33.10	4.97	0.030	0.010	0.12	3.65
Zaway	ZRC0011	0	100	100	29.38	49.76	4.61	0.021	0.039	0.23	0.82
Zaway	ZRC0018	0	46	46	36.22	38.46	4.88	0.027	0.022	0.31	3.03
Zaway	ZRC0022	0	4	4	41.76	17.68	11.94	0.046	0.022	0.47	7.97
Zaway	ZRC0022	16	26	10	37.22	41.02	2.00	0.030	0.002	0.18	1.28
Zaway	ZRC0022	36	64	28	30.55	47.95	2.85	0.041	0.062	0.17	BD

**Table 5** | Significant intersections from maiden RC resource drilling at the Zaway prospect.

Drilling results have defined a 2km strike length high-grade, coarse grained itabirite deposit along the northern and southern flank of the Zaway Hill. Mineralisation is open to the east along the northern flank and has been observed in road cuttings to the east of hole ZRC008.

#### *Koehnko Drilling Results*

A total of 10 RC holes for 536m were completed at the Koehnko prospect and all assays received. Significant drilling intersections are reported in the table below.

Hole_ID	From	To	Interval		Fe	SiO2	Al2O3	P	TiO2	S	LOI1000
KRC017	0	8	8		39.61	30.58	8.04	0.025	0.15	0.042	4.24
KRC017	58	66	8	EOH	32.76	47.52	2.78	0.051	0.02	0.001	-0.73
KRC018	0	32	32		29.61	45.88	7.93	0.043	0.14	0.020	3.09
KRC019	0	50	50		29.88	47.03	6.17	0.043	0.13	0.025	2.13

KRC020	0	8	8		38.52	26.02	11.04	0.034	0.30	0.078	6.64
KRC020	32	54	22		37.66	43.17	1.29	0.044	0.04	0.005	0.38
KRC021	16	20	4		40.17	39.09	3.34	0.037	0.02	0.010	1.20
KRC022	0	50	50		37.87	34.19	7.38	0.047	0.24	0.029	4.25
KRC023	50	54	4	EOH	28.66	46.98	5.33	0.023	0.07	0.174	1.18
KRC024	0	34	34		36.50	40.35	3.69	0.025	0.14	0.173	3.16

**Table 6** | Significant intersections from maiden RC resource drilling at the Koehnko prospect.

Drilling results have defined a 1.2km strike length, low contaminant level itabirite deposit along the Koehnko hill. Mineralisation is open to the west and east along the main Koehnko hill, with additional target footprints yet untested by drilling to the north, east and south.

## Corporate

### *Cash Balance and Movements*

As at 31 March 2014, Tawana Resources held \$1.1 million in cash. Refer to the Appendix 5B for principle movements in cash for the quarter.

Subsequent to the end of the quarter the Company successfully completed a placement to institutions, funds and professional investors to raise approximately \$5.0 million. A total of 200 million shares were placed to investors at an issue price of \$0.025 per share.

The Company has also announced it will undertake a Share Purchase Plan (SPP) with existing shareholders. The SPP will seek to raise up to a maximum of \$2.0 million and is expected to close on 6 May 2014.

Funds raised will be used primarily to the engineering/design and resource upgrades for the Company's Mofe Creek Iron Ore project in Liberia, including both an early start-up operational option, and a larger long-term production project as well as to fast track the Mineral Development Agreement.

Canaccord Genuity (Australia) Limited acted as Lead Manager to the Placement.

### *Divestment of Non-Core Assets*

The Company continues to divest its legacy diamond portfolio and announced the sale of Kareevlei Diamond Project to BlueRock Diamonds PLC (AIM: BRD) for ZAR 4 million in two tranches on 26 August 2013.

Diamond Resources Pty Ltd, the 100% owned South African subsidiary of Tawana Resources entered into an Option Agreement with BlueRock Diamonds on 23 April 2013 and a Supplementary Agreement on 3 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 ZAR 4 million (approximately AU\$430,000).

The Company received the first tranche payment of ZAR 3 million (approximately AU\$320,000) in September 2013 and the second tranche payment of ZAR 1 million (approximately AU\$108,000) was placed into escrow pending successful transfer of the Mining Right, expected during 2014.

### *Personnel*

A part-time Study Manager was appointed to Tawana, to champion the co-ordination and timely completion of the Mofe Creek Project Scoping Study. The study remains on-track for completion in early July 2014. Additionally, a part-time Chief Financial Officer has been employed to structure the Company's corporate financial systems to effect the timely and accurate migration of the Company financial systems from an explorer to a future developer. The appointee will also be accountable for managing the financial model for the Scoping Study and assist with future financial analyses of various operating scenarios and varying ownership and development scenarios.

The development of a Financial Model for the Scoping Study (and ongoing studies) will commence on or around the beginning of the June quarter, to assist with the economic modelling of the two operational strategies being considered.

#### *Other*

Work will commence on the development of a PFS drilling program during the following quarter. The PFS drilling program could commence as early as May.

The Executive Chairman presented at the GMP Mining Jamboree event in South Africa, during late January. The Executive Chairman and Managing Director attended the Mining Indaba conference in South Africa, during early February. The Company presented to a significant number of very interested funds and institutional investors during these events. The Executive Chairman presented to existing shareholders, interested funds and institutional investors on the east coast of Australia and in London, during mid-March.

#### **Notes**

1: For full details of these results refer to ASX announcement dated 25 June 2013. Tawana Resources is not aware of any new information or data that materially affects the information included in the said announcement.

2: For full details of these results refer to ASX announcement dated 15 January 2014. Tawana Resources is not aware of any new information or data that materially affects the information included in the said announcement.

3: Refer to how the mineral resource estimates were derived in the Company's ASX announcement dated 31 March 2014. Tawana Resources is not aware of any new information or data that materially affects the information included in said announcement.

4: All material assumptions and technical parameters underpinning the mineral resource estimates in the ASX announcement dated 31 March 2014 continue to apply and have not materially changed since it was last reported.

#### **Competent Persons Statement**

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Len Kolff and Iain Macfarlane, who are members of the Australian Institute of Geoscientists. Len Kolff 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Iain Macfarlane is a full-time employee of Coffey Mining Ltd 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Len Kolff and Iain Macfarlane consent to the inclusion in the report of the matters based on his information in the form and context in which it appears. Relevant CP initials are presented under the competent person column in the attached JORC code 2012 Table 1.*

17 April 2014

Sponsor

PricewaterhouseCoopers Corporate Finance (Proprietary) Limited

#### **Forward Looking Statement**

This report may contain certain forward looking statements and projections regarding estimated, resources and reserves; planned production and operating costs profiles; planned capital requirements; and planned strategies and corporate objectives. Such forward looking

statements/projections are estimates for discussion purposes only and should not be relied upon. They are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors many of which are beyond the control of Tawana Resources NL. The forward looking statements/projections are inherently uncertain and may therefore differ materially from results ultimately achieved.

Tawana Resources NL does not make any representations and provides no warranties concerning the accuracy of the projections, and disclaims any obligation to update or revise any forward looking statements/projects based on new information, future events or otherwise except to the extent required by applicable laws. While the information contained in this report has been prepared in good faith, neither TAW or any of its directors, officers, agents, employees or advisors give any representation or warranty, express or implied, as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. Accordingly, to the maximum extent permitted by law, none of TAW, its directors, employees or agents, advisers, nor any other person accepts any liability whether direct or indirect, express or limited, contractual, tortious, statutory or otherwise, in respect of, the accuracy or completeness of the information or for any of the opinions contained in this presentation or for any errors, omissions or misstatements or for any loss, howsoever arising, from the use of this presentation.