

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 and Quarterly Cash Flow Report (Appendix 5B) for the quarter to 30 June 2014

PLEASE NOTE: ALL GRAPHICS HAVE BEEN REMOVED FOR SENS PURPOSES
PLEASE REFER TO TAWANA WEBSITE FOR THE COMPLETE ANNOUNCEMENT

Highlights

Scoping Study

- Scoping study for the Mofe Creek Iron Ore Project demonstrated the potential for a low capex, low cost, high margin operation with strong Net Present Value (NPV) and Internal Rate of Return (IRR)
- Key results for the first Stage of development of the Mofe Creek Project confirmed that at a production rate of 1.2 - 1.5 Mtpa could be sustained for a minimal start-up Capital (US\$53M), with a globally competitive, bottom quartile operating cost of US\$43/tonne - Free on Board ("FOB")
- Key financials and economic parameters for the Project at a 1.2 and 2.5 Mtpa production rate are presented in the body of this report
- Tawana Resources has commenced a Pre-Feasibility Study on the Mofe Creek Project in July
- The Company is in discussions with potential strategic partners, product off-takers, debt providers and financiers, to facilitate the development of the Project

Corporate

- In April 2014, a placement to investment funds and sophisticated investors to raise \$5.0 million (pre-fees) was completed. In addition, the Company raised a further \$346,783 by way of a Share Purchase Plan
- As at 30 June 2014, Tawana Resources held \$4.2 million in cash

Mofe Creek Project

Mine, Logistics and Infrastructure

- An application for a pilot mining and bulk sample extraction licence has been submitted to the Ministry of Land, Mines, and Energy (MLME)
- Meetings have been undertaken with the respective Ministers, Ministries and Governmental Officers, Senators and the National Investment Committee – to commence the Approval process for a Mineral Development Agreement (MDA) for the Mofe Creek Project
- A third resource and exploration drilling program designed to expand and improve the current classification of the Maiden Resource has commenced at the Project site in July

- Discussions with the National Port Authority (NPA) of Liberia, on the optimal location for a transshipment and/or direct ship-loading wharf, near the Project site have commenced
- Discussions with operating and developing iron ore companies within Liberia, on potential co-sharing arrangements for the utilisation of existing or proposed infrastructure have been initiated

Health, Safety, Environmental and Community

- The formulation of the Environmental and Social Impact Assessment (ESIA) for the Mofe Creek Project has been awarded to Earth Systems and EarthCons (refer to the ASX release dated 22 July 2014)
- Site Induction, Fitness for Work (FFW), Light Vehicle and Personal Protective Equipment (PPE) policies have been developed and rolled-out across the organisation
- An additional 30 contract employees (locals) have been employed to assist with the current drilling program

Human Resources

- A General Manager, Operations within Liberia (Mr. Frederic Van Haute) has been appointed and commenced his role in-country on 3 June 2014
- A Community Liaison Officer (Mr Boakai A. Kromah) for the local community within the Project area has been employed
- The appointment of a full-time Project Director for the Project is pending – the incumbent will lead and direct the Pre-Feasibility Study for the Project
- Four additional full-time employees within Liberia were recruited during the quarter

Exploration

- 7,500m diamond drilling programme commenced. Drilling to target 100-120Mt total resource upgrade inclusive of 20-30Mt of Indicated material
- Ongoing rock chip sampling and mapping defining new drill targets at Gofolo West, Zaway North-West and Koehnko South to be included in current drill programme

CAUTIONARY STATEMENT

Full details of the Scoping Study referred to in this announcement were initially released to the ASX in an announcement dated 3 July 2014, and should be read in conjunction with this announcement. All material assumptions underpinning the Scoping Study, production targets and forecast financial information derived from the production targets as well as any cautionary statements and disclosures as required under the ASX Listing Rules and 2012 JORC Code are set out in the announcement dated 3 July 2014 and continue to apply and have not materially changed.

The Scoping Study referred to in this announcement is preliminary in nature as its conclusions are drawn on inferred (74%) and indicated mineral resources (26%). The Scoping Study is based on lower-level technical and economic assessments, and are insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised.

There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised. There is also no certainty that the forecast financial information derived from the production targets will be realised.

Corporate

Cash Balance and Movements

As at 30 June 2014, Tawana Resources held \$4.2 million in cash. Refer to the Appendix 5B (ASX website) for principal movements in cash for the quarter.

Placement and Share Purchase Plan

In April 2014, the Company successfully completed a placement to institutions, investment funds and sophisticated investors to raise \$5.0 million (before costs). A total of 200 million fully paid ordinary shares in the capital of the Company were issued to investors at an issue price of \$0.025 per share.

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

In addition, the Company undertook a Share Purchase Plan (SPP) with existing shareholders at the same issue price as the placement of \$0.025. The SPP raised \$346,783.

JSE Classification

The Company has successfully changed its classification on the Johannesburg Stock Exchange (JSE). The Company is now classified under the new ICB sub-section – General Mining.

Scoping Study

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 20km of the Liberia coastline. The Company through its wholly owned Liberian subsidiary, Tawana Liberia Inc. was granted a mineral exploration licence MEL12029 in December 2012 for a period of three years and renewable for an additional two years. The Company has a 100% beneficial interest in the tenement.

The Mofe Creek deposits consist of a series of approximately 1km to 3 km 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 61.9Mt at 33% Fe Maiden Mineral Resource estimate (*refer to the ASX release dated 31 March 2014*) are the Gofolo Main, Zaway and Koehnko deposits, with additional targets 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.

Key Findings from Scoping Study

Executive Chairman Wayne Richards said, “This study validates the opinion of the Executive Management team that the Mofe Creek Project ticks all the investment and development ‘boxes’ with low Capex, low operating costs, significant operating margins, a premium +65% iron product and a lifespan of at least 14 years. We are positioned to become a globally

competitive, highly profitable producer with a long-term logistics plan that will ensure the timely and economic development of the Mofe Creek Project.”

“It has strategically positioned the Project as a potential bottom quartile operating cost producer, with long-term logistics solutions designed to be implemented sequentially, from forecast cash flows and/or strategic funding.”

Mr Richards said, “The Company would utilise the Scoping Study to further advance discussions with potential strategic partners, off-takers, debt providers and financiers, in order to fast track the development of the Project.”

Key results from the Scoping Study for a start-up Project capable of producing 1.0 to 1.2 Mtpa is presented below:

Key results – First Stage of development – 1.2 Mtpa project	
Initial Product Target	1.0 to 1.2 Mtpa
Capital Cost to Initial Production (incl. 20% Contingency)	US\$52.9M
Pricing Assumptions (FOB price/dmt – Pre-Tax)	US\$87.00/t
Initial Operating Costs (Cash Costs - FOB)	US\$42.30/t
Product Quality	64 – 68% Fe “Mofe Creek Premium Fines”

The expansion of the initial start-up plant plus a long-term logistics solution (capable of sustaining greater than 2.5 Mtpa) is presented in the table below:

Initial Mine Life	14 years
Production Target Profile	2.5 Mtpa
Capital Cost to Initial Production (incl 20% Contingency)	US\$52.9M
Revenue (@FOB price of US\$87/Dmt – Pre-Tax)	US\$2.5B
Operating Costs (LOM avg. Cash Costs - FOB)	US\$40.60 per tonne
Net Present Value (NPV @8% DCF, post Royalties @ 4.5%)	US\$435M
Internal Rate of Return (IRR) – Pre-Tax	55.8%
Total Project Capital cost (mine, logistics and port incl. 20% Contingency)	US\$280M – Staged across 4 years of prod’n
Timeline to initial production	15 months from approval of Mining Licence
Product Quality	64 – 68% Fe “Mofe Creek Premium Fines”

In conjunction with the publication of a Maiden Mineral Resources Estimate for the Mofe Creek Project (refer to the ASX release dated 31 March 2014), Tawana completed the required engineering, mining, metallurgical and environmental studies, along with the logistics design and costings, to finalise the Mofe Creek Project Scoping Study during the quarter.

The key findings of the Project were released to the market on 3 July, 2014 (Refer to the ASX release dated 3 July 2014).

The Project Development Plan envisages a staged production ramp up commencing at 1.2 Mtpa (Stage 1A) then increasing production to 2.5 Mtpa (Stage 1B).

The Study identified the opportunity to fast-track the initial 1.2 Mtpa production scenario, utilising the existing infrastructure within Liberia, including an all-weather sealed bitumen road from the Gofolo mine to the port of Monrovia, along with the existing deep-water port at Freeport-Monrovia. The initial production for the first three years acknowledged these current infrastructure facilities, however in anticipation of expansive growth beyond the capacity of the port of Monrovia -Freeport, the study assumed that an alternate transshipment and/or direct ship-loading facility on the coast of Liberia will be required.

The Tawana Project management team focused on the opportunity to accelerate initial production timelines whilst minimising initial capital expenditure. Consequently, work focused on Stage 1A and Stage 1B of the Development Plan with production based upon the near surface, friable itabirite mineralisation.

The key considerations in the Study were a preliminary assessment of the preferred mining and processing design; the development and expandability of a staged development plan, reflective of the outstanding approvals and currently installed infrastructure; the simple transition from a smaller-scale to a larger-scale development, operational and transport efficiencies for shipping of the ore; and the diligent consideration of community and environmental impacts the Project may have on Tawana’s stakeholders.

The initial capital expenditure required for first production is estimated at US\$52.9 million (inclusive of a 20% contingency on CAPEX). The total capital cost required to achieve and sustain 2.5 Mtpa (including an independent haul road and transshipment facility at the coast of Liberia) is estimated at US\$280 million in total (inclusive of a 20% Contingency on CAPEX). The Study highlighted the possibility to reduce the total capital cost through leasing arrangements on trucks, plant and/or the new port facility, the use of Build, Own, Operate and Transfer “BOOT” agreements for key infrastructure such as power, diesel and port facilities. The PFS will further consider optimisation of water and tailings storage management and co-development of infrastructure facilities with other developers and producers within Country.

The Company plans to produce a “Premium Fines” iron ore product grading 64-68% Fe from the Project. Based on the Maiden Resource, the operating life of mine is initially estimated at 14 years. The first 4 years of mining are based on the indicated mineral resource at the Gofolo Main deposit (representing 16.5% of the total mineral resource inventory), with the remainder being 9.7% indicated at Zaway, and 73.8% inferred mineralisation for Gofolo, Zaway and Koehnko.

The key assumptions underpinning the Scoping Study are set out in the tables below:

Production Profile	
Stage 1A (Year 1&2)	1.2 Mtpa
Stage 1B (Year 3)	2.0 Mtpa
Stage 1B (Year 4-14 incl)	2.5 Mtpa
Life of Mine (LOM):	14 years including 10 years of steady state operation at 2.5 Mtpa
Strip Ratio:	0.73:1 (waste to ore) average LOM
Final product grade:	64-68% Fe - Premium Fines Product

Table 1 | Key Parameters for the complete Stage 1 development of the Mofe Creek Project

Operating cash costs – FOB Liberia Coast - average over Life of Mine (US\$)	
Mining	\$13.44/t
Processing	\$13.19/t
Road Transport	\$ 3.82/t
Port Logistics	\$9.19/t
G&A	\$ 0.96/t
TOTAL OPEX	\$40.60¢/t

Table 2 | Operating Cost Summary - Life of Mine Average

Capital Costs (US\$)	
Mine & Associated Infrastructure	\$ 5 M (assumes contract mining)
Processing Facilities (Stages 1A &1B)	\$ 76 M
Dedicated Haul Road	\$ 40 M
Port Development	\$ 73 M
Support infrastructure	\$ 44 M
Total Direct Costs	\$238 M (including 14% EPCM)
Contingency (20% of Direct Costs)	\$ 42 M
TOTAL CAPEX	\$280 M

Table 3 | Capital Cost Summary for Complete Stage 1 Development

The capital cost estimates have been prepared in US dollars with a base date of June 2014, and have an accuracy range of +30% /-15%, including a Project Contingency of 20% of the CAPEX.

Production Timeline

The Study considered an initial two- stage development plan:

- Stage 1A: Initial production of up to 1.2 Mtpa for the first 24 months using the existing sealed road and port facilities at Freeport- Monrovia; and
- Stage 1B: Ramp up of production to 2.5 Mtpa by Year 4, following the completion of the plant expansion in addition to the construction of a dedicated haul road from the mine to the new coastal port along with a barging/transshipment facility.

The ramp-up to 2.5 Mtpa can be achieved by doubling key items of equipment at the original Gofolo Main beneficiation plant. It was assumed that trucking and/or barging of up to 2.5 Mtpa to the port of Monrovia could be sustained for a finite period, whilst the new haul road and port facility at the coastal location is approved, developed and commissioned.

As soon as practical, after the new port (barging/transshipment facility) has been developed, the transport logistics processes will transition from road haulage to Monrovia, to dedicated road-train movements from the mine to the new port location. This process will be determined by the earliest completion of the port facility and/or the road, and is not subject to a tonnage constraint (i.e. the Company will migrate to this modus operandi as soon as the preferred, longer-term logistics solution(s) is/are in place).

The processing plant design will utilise a modular approach to minimize site construction time and to facilitate the sequential development and installation of additional plant and equipment to expand production throughput. The location of the initial beneficiation plant will be at the Gofolo Main deposit, or so-called “Gofolo hub”.

Area	Stage 1A (US\$ M)	Stage 1B (US\$ M)
Mine & Associated Infrastructure	\$2.2	\$2.2
Processing Facilities Stage 1A	\$32.2	\$34.6
Haul Road	\$0.8	\$34.3
Port Development	\$0.0	\$64.1
Support Infrastructure	\$4.3	\$34.0
Total Direct Costs	\$39.5	\$169.2
EPCM @ 14% of Direct Costs	\$5.5	\$23.7
Contingency (20% of Direct Costs)	\$7.9	\$33.9
Total Indirect Costs	\$13.4	\$57.6
Total Estimated Cost	\$52.9	\$226.8

Table 4| CAPEX Summary for Stages 1A and 1B

Operating costs – average over Life of Mine	Stage 1A (US\$ M)	Stage 1B (US\$ M)
Mining	\$5.4/t	\$14.0/t
Processing	\$20.0/t	\$12.7/t
Road Transport	\$10.2/t	\$3.4/t
Port	\$4.8/t	\$9.5/t
G&A	\$1.9/t	\$0.9/t
TOTAL OPEX	\$42.30/t	\$40.50/t

Table 5| OPEX Summary for Stages 1A and 1B

The Company has completed its Baseline Environmental review, and has commenced the Environmental, Social Impact Assessment (“ESIA”) programme. Likewise, the process of defining the principles of a Mineral Development Agreement (“MDA”) with the Key Stakeholders within the Liberian Government has commenced. In the forthcoming quarters, the MDA, ESIA and Mining Licence will be advanced, along with relevant local and state legislative approvals, including the confirmation of the new preferred port location on the Liberian Coast.

Metallurgical Test-Work

An extensive metallurgical test work program was undertaken at the ALS Laboratories in Perth, over a duration of approximately 10 weeks, from March to May 2014.

The test work program was undertaken to support the design of the process flow sheet, develop the mass balance parameters for the plant, provide physical data for equipment selection and future power draw demands, and to provide technical and metallurgical confidence in the performance of the mineralisation under various operating scenarios.

Metallurgical test work utilised full HQ diamond drill core from the maiden resource drilling campaign and demonstrated the potential to generate a premium quality concentrate product grading 65% to 68% Fe with low SiO₂ and Al₂O₃ levels (*refer to the ASX release dated 15 May 2014*). It also confirmed the expectations from earlier testing using “RC chip” samples.

Approximately 3,000 kg of full HQ drill core was utilised for the program. Ten (10) representative composites of the mineralisation lithologies from the Gofolo Main and Zaway Main prospects were subjected to numerous tests, designed to provide technical and metallurgical information to progress the Process Plant design, for the Project.

Composite identification, mineralisation type and in-situ head grades of the representative friable oxidised and friable transitional itabirite material from the Gofolo and Zaway Main deposits, are presented in the following table:

Description		In-situ Head Grades		
Composite	Location/ Mineralisation	Fe%	SiO ₂ %	Al ₂ O ₃ %
Comp 3	Gofolo Main – Transitional Friable Itabirite	37.36	44.4	0.70
Comp 9	Zaway – Transitional Itabirite	38.57	43.3	1.09
Comp 2	Gofolo Main – Oxidised Friable Itabirite	47.14	20.1	3.68
Comp 8	Zaway – Oxidised Friable Itabirite	38.26	41.1	1.66

Table 6 | Composite identification, mineralisation type and in-situ head grades

Test work results confirmed the potential for the design and construction of a low capital intensity processing plant with simple gravity beneficiation equipment. These results have likewise demonstrated that Zaway mineralisation is equally as amenable to beneficiation and upgrade as the Gofolo mineralisation. Koehnko metallurgical results from RC drill chips announced previously (*refer to the ASX release dated 21 January 2014*) also demonstrated that the Koehnko mineralisation generated an excellent 'premium grade' product.

The generation of these results for Gofolo and Zaway were a significant achievement for both the Company and the Mofe Creek Project as they demonstrated that a 'Premium' (+68% Fe) grade quality product could be achieved at a 1 to 0.5mm comminution (crush), utilising a simple gravity beneficiation process. The 0.5mm crush and screen test work results provide a high degree of confidence that a highly marketable final product with very low combined SiO₂ and Al₂O₃ at high mass yield (43% to 48%) can be produced. *Presently the iron ore market pays a sales price premium for +65% Fe grade products – currently US\$9-10/tonne above the benchmark 62% Fe Index (CFR pricing into Tainjin).*

These tables replicate the potential operation and performance of gravity spirals and are used as a laboratory scale test for gravity spiral beneficiation test work.

These core samples also confirmed the soft, friable nature of the coarse-grained mineralisation and the highly favourable low contaminant mineralogy, making it ideal for beneficiation, with the added benefit of the mineralisation being located at or near to surface, and potentially "free-dig".

Mineralogy and petrology studies were also completed as part of the metallurgical test work program. The micrograph images below indicated that optimal liberation of the iron oxide particles occurred at a ~0.5mm crush size, demonstrating the coarse grained nature of the mineralisation. Refer Figures 4 and 5 overleaf.

Mine, Logistics and Infrastructure

An application for a pilot mining and bulk sample extraction licence has been submitted to the Ministry of Land, Mines, and Energy (MLME).

Meetings have been undertaken with the respective Ministers, Ministries and Governmental Officers, Senators and the National Investment Committee – to commence the Approval process for a Mineral Development Agreement (MDA) for the Mofe Creek Project.

A third resource and exploration drilling program designed to expand and improve the current classification of the Maiden Resource commenced at the Project site in July. The first drill rig is currently operating at the Gofolo Main deposit and over 300m drilled has been drilled to date. Recovery has been very good. The second drill rig has commenced drilling on the Zaway Main deposit. A total of 450m of drilling (diamond core) had been completed at the time of writing this report.

Discussions with the National Port Authority (NPA) of Liberia, on the optimal location for a transshipment and/or direct ship-loading wharf, near the Project site have commenced and are ongoing. Discussions with operating and developing iron ore companies within Liberia, on potential co-sharing arrangements for the utilisation of existing or proposed infrastructure have also been initiated. Senior Tawana executives are currently In Country to further progress discussions on these logistics and infrastructure fronts.

Health, Safety, Environmental and Social

Health & Safety

Tawana is committed to safety as its highest priority on site and continues to take action to reinforce this. Safety initiatives and policies developed and implemented in this recent quarter include a Site Induction presentation, a Fitness for Work (FFW) policy and Light Vehicle and Personal Protective Equipment (PPE) policies.

Environmental and Social Impact Assessment

The development of the Environmental and Social Impact Assessment (ESIA) for the Mofe Creek Project has been awarded to Earth Systems and EarthCons. Executive Chairman Mr Wayne Richards said, “We are pleased to have awarded this key study deliverable to a company with proven expertise in the assessment of Liberian and West African iron ore projects”.

Work has already commenced on the ESIA which will assess potential environmental and social impacts of the Company’s proposed production activities associated with the development of the Project.

The commencement of the ESIA is a significant step forward for the Project and follows on from the Company’s recently completed positive Scoping Study Environmental review. The ESIA will be carried out over the forthcoming year with the final report to be presented to the Environmental Protection Authority (“EPA”), key stakeholders, the community and related parties by mid-2015.

Community Relations

As a result of Tawana’s expanding and developing activities, a Community Relations Officer, Mr Boakai A. Kromah, has been appointed in-country as the Company’s local representative in local community consultation and interaction. The Company values ongoing, consistent, open community liaison and dialogue to ensure active and harmonious participation with local communities and the recent engagement of Mr Kromah will serve to further enhance this.

Human Resources

Tawana appointed Mr. Frederic van Haute as General Manager, Operations – Liberia in early June. Mr van Haute was previously General Manager at Trafigura’s subsidiary - Luna Mining in the Democratic Republic of the Congo (DRC) and has previously held senior positions at Papillon Resources and Redback Mining. Mr van Haute has considerable West African experience and good local knowledge.

An additional 30 contract employees (locals) have been employed to assist with the current drilling program and four additional full-time employees within Liberia were also recruited during the quarter.

Exploration

Resource drilling has commenced for the Pre-Feasibility Study with a 7,500m diamond core programme targeting a resource upgrade to 100-120Mt in the inferred and indicated category inclusive of 20-30Mt of indicated material. Drilling will target additional exploration tonnes at the Gofolo West, Zaway North-West and Koehnko South targets as well as upgrades to the existing resource footprints at the Gofolo, Zaway and Koehnko Main deposits. The majority of indicated resource upgrade will be targeted at the Gofolo Main deposit as it is the initial mining area proposed for Stage 1 of the Development Plan.

Subsequent to the announcement of the Company’s Maiden Mineral Resource Estimate on 31 March 2014, the Company continued its ongoing regional exploration programme over its 100% owned Mofe Creek Exploration Licence (*refer to the ASX release dated 29 April 2014*).

Ongoing field work has delineated and refined several high priority satellite exploration targets within a 1 to 2 km range of the Zaway and Koehnko Main - maiden resource estimation footprints. Additional targets have been defined West of Gofolo Main.

Field work including mapping, structural measurements and rock-chip sampling by handheld XRF, in addition to historical rock chip and auger results (*refer ASX release dated 29 May 2013*) have been used to delineate and refine highly prospective iron formation targets within the broader magnetic and topographic trends previously defined.

A total of 4km of combined strike length over nine discrete anomalies has been defined at the Zaway prospect area, including 2km of discontinuous iron mineralisation along the 3.3km long Zaway North-West target ridge. Average iron grades for the Zaway area exploration targets of up to 21-57% Fe were characterised by discrete coarse-grained itabirite outcrops; very similar to mineralisation intersected in drilling at the Zaway Main deposit (*refer to the ASX release dated 3 February 2014*).

At the newly explored Koehnko targets, mineralisation is typically finer grained than Zaway targets, with finite and limited outcrops. A total of 3km combined strike length over 5 exploration targets has been delineated along the eastern and southern topographic and magnetic target zones.

About Tawana (ASX & JSE: TAW)

Tawana Resources NL is an iron ore focused ASX and JSE-listed Company with its principal project in Liberia, West Africa. Tawana’s 100% owned Mofe Creek Project (“the Project”) is a new discovery in the heart of Liberia’s historic iron ore district, located 20km from the coast and 85km from the country’s capital city and major port, Monrovia.

Tawana is committed to becoming a mid-tier iron ore producer through the development of the Mofe Creek Project, which covers 285km² of highly prospective tenements in Grand Cape Mount County. The Project hosts high-grade friable itabirite mineralisation which can be easily upgraded to a superior quality iron ore product in the 64-68% Fe grade range, for which there is consistent global demand, attracting significant price premiums.

Wayne Richards
Executive Chairman
Tel +61 8 9287 4344

Detailed information on all aspects of Tawana's projects can be found on the Company's website www.tawana.com.au

30 July 2014

Sponsor
PricewaterhouseCoopers Corporate Finance (Pty) Ltd

Cautionary Statement

Full details of the Scoping Study referred to in this announcement were initially released to the ASX in an announcement dated 3 July 2014, and should be read in conjunction with this announcement. All material assumptions underpinning the Scoping Study, production targets and forecast financial information derived from the production targets as well as any cautionary statements and disclosures as required under the ASX Listing Rules and 2012 JORC Code are set out in the announcement dated 3 July 2014 and continue to apply and have not materially changed.

The Scoping Study referred to in this announcement is preliminary in nature as its conclusions are drawn on inferred (74%) and indicated mineral resources (26%). The Scoping Study is based on lower-level technical and economic assessments, and are insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised.

There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised. There is also no certainty that the forecast financial information derived from the production targets will be realised.

Competent Persons Statement

The information in this report that relates to 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 Pty 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.

Forward Looking Statement

This announcement contains certain forward looking statements. These forward-looking statements are not historical facts but rather are based on the Company's current expectations, estimates and projections about the industry in which Tawana Resources NL operates, and beliefs and assumptions regarding the Company's future performance. Words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates" "potential" and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors, some of which are beyond the control of the Company, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Tawana Resources NL cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the view of Tawana Resources NL only as of the date of this presentation. The forward-looking statements made in this release relate only to events as of the date on which the statements are made. Tawana Resources NL will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this presentation except as required by law or by any appropriate regulatory authority.

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Tawana Resources NL

ABN

69 085 166 721

Quarter ended ("current quarter")

30 June 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(1,396)	(1,955)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(613)	(1,195)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	28	32
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
Net Operating Cash Flows		(1,981)	(3,118)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(7)	(10)

1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(7)	(10)
1.13	Total operating and investing cash flows (carried forward)	(1,988)	(3,128)

1.13	Total operating and investing cash flows (brought forward)	(1,988)	(3,128)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	5,346	5,607
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	(296)	(296)
	Net financing cash flows	5,050	5,311
	Net increase (decrease) in cash held	3,062	2,183
1.20	Cash at beginning of quarter/year to date	1,113	2,045
1.21	Exchange rate adjustments to item 1.20	1	(52)
1.22	Cash at end of quarter	4,176	4,176

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	131
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 salaries, fees and superannuation

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	1,300
4.2 Development	-
4.3 Production	-
4.4 Administration	600
Total	1,900

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	1,621	1,093
5.2 Deposits at call	2,555	20
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	4,176	1,113

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 Preference securities	-	-		
7.2 Changes during quarter	N/A	N/A		
7.3 +Ordinary securities	1,465,250,387	1,465,250,387		
7.4 Changes during quarter				
(a) Increases through issues	213,871,344	213,871,344	\$0.025	\$0.025
(b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities	-	-		
7.6 Changes during quarter	N/A	N/A		
7.7 Options			<i>Exercise price</i>	<i>Expiry date</i>
Unlisted options	5,000,000	-	\$0.05	9 Sep 2014
Unlisted options	1,250,000	-	\$0.05	10 Nov 2015
Unlisted options	28,500,000	-	\$0.036	30 April 2015
Unlisted options	10,000,000	-	\$0.0001	31 August 2014
Unlisted options	10,000,000	-	\$0.0001	31 August 2015
Unlisted options	10,000,000	-	\$0.0001	31 August 2016
Unlisted options	30,750,000	-	\$0.015	12 December 2016
Unlisted options	10,000,000	-	\$0.046	12 December 2016
Unlisted options	10,000,000	-	\$0.018	12 December 2016
Unlisted options	1,000,000	-	\$0.039	20 January 2017
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 Debentures	-	-		
7.12 Unsecured notes	-	-		

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: Date: 30 July 2014
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.

