

Tawana Resources NL
(Incorporated in Australia)
(Registration number ACN 085 166 721)
Share code on the JSE Limited: TAW
JSE ISIN: AU0000TAWDA9
Share code on the Australian Stock Exchange Limited: TAW
ASX ISIN: AU000000TAW7
("the Company" or "Tawana")

Quarterly Activities Report For the quarter to 31 March 2016

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

Highlights

Mofe Creek Iron Ore Project

Project Studies - Mine, Logistics, Infrastructure and Approvals

- The Mineral Development Agreement (MDA) for Tawana Resources NL's ('Tawana' or 'the Company') 100% owned Mofe Creek project (the Project), incorporating both the northern and southern tenements and a potential early start-up project for Direct Shipping Ore (DSO), continues to be under review by Liberia's Inter-Ministerial Concessions Committee (IMCC) and a response is anticipated in the June 2016 quarter.

Exploration

- Results received from the diamond drill program, consisting of six holes for 376.5m, have confirmed the presence of high grade Direct Shipping Ore (DSO) style mineralisation and high grade friable iron formation from the newly discovered Goehn Prospect.
- Excellent results from XRF analysis included:
 - GSEDD04; 14m @ 61.1% Fe from 28m
 - GSEDD01; 11m @ 60.2% Fe from 1m
 - GSED03; 28m @ 51.5% Fe from 1m including 4m @ 63.3% Fe from 1m
 - GSED05; 22m @ 54.5% Fe from surface including 12m @ 62.1% Fe from 3m
- Drilling results and rock chip samples have identified a DSO zone over 500m of strike, a width of 100m and an average thickness of 15m.
- Striking similarities between lithologies and mineralisation styles intersected at Goehn and typical Bomi Hills cross sections.
- These results in conjunction with the MOU port services agreement with Wisco/CAD¹ (refer ASX Announcement on 18 May 2015) support the potential for a low cost DSO mining operation.

- The Company is considering a range of potential options to unlock value for shareholders, including joint venture or outright sale options.

Corporate

- As at 31 March 2016, Tawana Resources had A\$0.35 million in cash.
- In January 2016, BlueRock Diamonds purchased the Company's total shareholding and loan account in Diamond Resources (a 100% owned subsidiary of Tawana Resources NL) for ZAR 700,000 (A\$60,300).
- On 8 March 2016, the Company announced that it would undertake a one-for-twenty consolidation of its issued capital. This was approved by shareholders on 8 April 2016.

Mofe Creek Iron Ore Project

Mineral Development Agreement (MDA)

The Company is awaiting a formal response from Liberia's IMCC with regard to the first pass submission of Tawana Liberia Inc.'s Mineral Development Agreement. A response is anticipated in the June 2016 quarter.

The MDA is an agreement outlining the technical, commercial and social/environmental commitments to be undertaken to build, operate and sustain a project within Liberia, and is a legislative document passed as a bill in parliament for a term of 25 years.

Infrastructure & Logistics

On 18 May 2015, Tawana and WISCO CAD (Hong Kong) Mining Company Limited (WISCO) signed a non-binding memorandum of understanding (MoU)¹ to negotiate in good faith, a potential definitive Cooperation Agreement between the parties in relation to access and use of WISCO CAD's port facilities in the port of Freeport, Monrovia.

Negotiations are ongoing.

Exploration

Drilling

In February 2016, the Company announced that diamond drilling had confirmed the presence of high grade DSO style hematite mineralisation, with iron grades up to 66% Fe, located a short trucking distance to the operating port of Freeport, Monrovia.

Six diamond drill holes (376.5m) were drilled over the north east section of the Goehn Prospect where there was a concentration of high grade Magnetite/Hematite mineralisation mapped and samples reported an average grade of 66% Fe (Refer to ASX Announcement of 8 July 2015)².

The six holes were drilled across two lines 200m apart on nominal 50m drill spacing. The program was designed to test at depth the identified DSO and high grade friable iron formation from previous field work. The program was successful as all the holes intersected either DSO or high grade friable iron formation or a combination of both, see Figure 4.

The core was processed on site with assays taken every meter by a hand held XRF machine with appropriate QAQC procedures followed. Table 2 lists all significant assay results from the six drilled holes.

Table 1. Drill program for Goehn prospect³

Hole ID	Hole Type	East	North	RL	Dip	Azimuth	Hole depth (m)
GSEDD01	NQ core	269,303	755,744	107	-50	330	40
GSEDD02	NQ core	269,337	755,694	96	-50	330	66
GSEDD03	NQ core	269,431	755,856	93	-50	305	53.4
GSEDD03A	NQ core	269,431	755,847	92	-60	305	77.4
GSEDD04	NQ core	269,397	755,879	110	-50	305	68.4
GSEDD05	NQ core	269,361	755,910	112	-50	125	71.3

Co-ordinate system: UTM WGS84 Zone 29N

Table 2. Significant assay results³

Hole ID	Depth From (m)	Depth To (m)	Intersection (m)	Fe %	Si %	Al %	P %	S %
GSEDD001	1	12	11	60.2	1.8	6.3	0.03	0.04
	20	36	16	45.0	4.4	5.7	0.03	BDL
GSEDD002	3	14	11	50.9	2.1	4.7	0.01	BDL
	27	45	18	44.9	5.2	5.2	0.02	BDL
	51	66	15	44.5	3.2	1.6	0.02	0.08
GSEDD003	1	29	28	51.5	1.1	1.4	BDL	BDL
<i>including</i>	1	5	4	63.3	0.6	0.8	BDL	BDL
GSEDD003A	surface	11	11	52.9	1.7	2.2	BDL	BDL
<i>including</i>	1	5	4	60.9	1.4	1.7	BDL	BDL
GSEDD004	2	20	18	51.2	1.3	1.9	BDL	BDL
<i>including</i>	4	9	5	59.0	0.8	1.3	BDL	BDL
	28	42	14	61.1	0.9	1.3	BDL	BDL
	49	62	13	51.7	1.0	0.7	BDL	BDL
GSEDD005	surface	22	22	54.5	1.6	2.0	BDL	BDL
<i>including</i>	3	15	12	62.1	1.4	1.8	BDL	BDL
	26	35	9	52.1	1.9	3.1	BDL	BDL
<i>including</i>	31	34	3	62.1	1.8	3.2	BDL	BDL
	41	48	7	55.0	2.0	2.3	BDL	BDL
<i>including</i>	45	48	3	63.6	1.8	2.1	BDL	BDL
	50	66	16	49.8	1.2	1.4	BDL	BDL

Note: All results reported using a handheld XRF machine and are considered semi-quantative in nature. BDL = Below detection limit.

Bomi Hills Analogue and Significance of Drilling Program

Initial geological observations from drilling at the Goehn Prospect highlights the similarities in lithology and mineralisation setting as reported at the Bomi Hills mine.

The Goehn Prospect is along strike from the abandoned Bomi Hills iron ore mine which was in production from 1951 to 1977. Historic production at Bomi Hills is poorly documented; however estimated historic production by the Government of Liberia is 50Mt of high-grade DSO lump magnetite in addition to high-grade beneficiated sinter feed concentrate. DSO magnetite averaged 64.5% Fe, 4.5% SiO₂, 1.5% Al₂O₃ and 0.13% P, of which 53% formed lump material (average 11-37mm) and 47% formed fines (<11mm). Friable iron formation was beneficiated through Humphrey Spirals and a magnetic separator to produce sinter feed concentrate averaging 64% Fe, 6% SiO₂ and 0.04-0.05% P (Gruss, 1973).

The genesis of the Bomi Hills magnetite deposit is not clearly understood, however, general consensus is that it is hypogene and represents an itabirite that has come into direct contact with rising gneissic fronts causing enrichment to coarse massive magnetite by metamorphic differentiation (Gruss, 1973). Magnetite mineralisation is in direct contact with gneissic basement and is partially blind.

The Bomi Hills cross section at figure 5 has striking similarities between the lithologies intersected at Goehn (Refer Figure 4).

Drilling at Goehn has intersected a similar package of friable iron formation transitioning into hard iron formation from surface, through mafic schist and into footwall gneiss basement. DSO has been intersected within and directly below the mafic schists over variable widths and to a current average of 15m.

Potential DSO Start Up

The DSO mineralisation defined within the Goehn Prospect falls within 6km of the bitumen road between the Mofe Creek Project area and the operational port of Monrovia; only 85km away (Refer Figure 1). This new discovery represents a strategic opportunity to structure an early-start-up operation with minimal capital intensity, using the existing highway and a working port within Monrovia. The mineralisation is readily accessible and presents from surface.

The Goehn Prospect also supports the opportunity for a potential early start-up, low-capital intensity mining and trucking operation within the initial years of production and project life cycle. Due to the hematite DSO style mineralisation discovered, a beneficiation process may not be required at start-up and will only be introduced as the mineralisation transitions from DSO into friable itabirite mineralization. This mining methodology ensures the delayed capital requirements of a processing facility and allows the wet plant to be potentially funded from cashflow and/or strategic debt, once the Company is operational and generating an income.

This potential development is further enhanced by the infrastructure sharing MoU executed between the Company and WISCO-CAD; the owner-operator of the Monrovia port iron ore handling facilities (refer ASX announcement of 18 May 2015).

Corporate

Cash and Fiscal Management

As at 31 March 2016, Tawana Resources held \$0.35 million in cash as a number of redundancy and residual termination payments were made during the quarter. Refer to the Appendix 5B (ASX website) for principal movements in cash for the quarter which included PAYG on termination payments that were made.

The Company has diligently continued to reduce corporate and Liberian expenditure while advancing the Project's principal activities.

The Directors are currently reviewing a range of financing options which may include the further issue of new equity.

Share Consolidation

On 8 March 2016, the Company announced that it would undertake a one-for-twenty consolidation of its issued capital. The consolidation will create a more efficient and streamlined capital structure resulting in the shares on issue being reduced from approximately 1,475.3 million to 73.8 million.

All outstanding options will be consolidated on the same ratio which will result in a total of 1.12 million options on issue.

Shareholders approved the share consolidation on 8 April 2016. The Company is currently trading on a deferred settlement basis (ASX code: TAWDA) and expects to commence trading on a normal T+2 basis on 22 April 2016.

Share Consolidation

In January 2016, BlueRock Diamonds purchased the Company's total shareholding and loan account in Diamond Resources (a 100% owned subsidiary of Tawana Resources NL) for ZAR 700,000 (A\$60,300). The Company received its first installment of A\$25,000 in February 2016.

Corporate Opportunities

In conjunction with the strategic advancement of the Mofe Creek iron ore project, the company continued a process of reviewing Australian-based resource commodity opportunities.

About Tawana (ASX & JSE: TAW)

Tawana Resources NL is an ASX and JSE-listed Company with its principal project in Liberia, West Africa. Tawana's 100% owned Mofe Creek Iron ore Project lies 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 realising value from the Mofe Creek project, which covers 475km² of highly prospective tenements in Grand Cape Mount County, with all options open to consideration including potential joint venture or royalty positions with third parties. The Project hosts DSO and high-grade friable itabirite mineralisation which can be upgraded to a superior quality iron ore product in the 64-68% Fe grade range.

Michael Naylor
Executive Director
Tel +61 8 9489 2600

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

22 April 2016

Sponsor PricewaterhouseCoopers Corporate Finance (Pty) Ltd

Competent Persons Statement

The information in this report that relates to Exploration Results and Resources is based on information compiled by Shane Tomlinson, who is a member of the Australian Institute of Geoscientists. Shane Tomlinson 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'. Shane Tomlinson consents to the inclusion of the matters in this report based on his information in the form and context in which it appears.

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.

Notes

¹ **Disclaimer:**

- (i) the MOU represents a non binding intention of the parties to negotiate a formal cooperation agreement in good faith. The parties are yet to agree on any definitive operational, commercial and/or legal terms (including tonnage capacity or delivery schedules) for the cooperation agreement;
- (ii) the obligation to negotiate in good faith comes to an end on the earlier of execution of a definitive cooperation agreement or 31 December 2015; and
- (iii) there is no certainty or assurance that parties will reach a final agreement on the terms of the cooperation agreement.
- (iv) Refer to ASX announcement on 18 May 2015 for further information.

² Tawana is not aware of any new information or data that materially affects the information included in the said announcement.

³ Refer ASX ANnouncement on 18 February 2016. Tawana is not aware of any new information or data that materially affects the information included in the said announcement.

Appendix 1 | Tawana Resources NL Tenements

Tenement	Location	Structure
MEL-12029 Mofe Creek	Liberia	100% Tawana Resources through its 100% owned Liberian subsidiary
MEL-1223/14 Mofe Creek Sth	Liberia	100% Tawana Resources through its 100% owned Liberian subsidiary

Mining Tenements disposed: Nil

Beneficial percentage interests held in farm-in or farm-out agreements: Nil

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed: Nil

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")

31 March 2016

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(63)	(63)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(398)	(398)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	3	3
1.5	Interest and other costs of finance paid	-	-
1.6	R&D refund	-	-
1.7	Other	-	-
	Net Operating Cash Flows	(458)	(458)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	25	25
	(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	25	25
1.13	Total operating and investing cash flows (carried forward)	(433)	(433)

1.13	Total operating and investing cash flows (brought forward)	(433)	(433)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
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	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(433)	(433)
1.20	Cash at beginning of quarter/year to date	788	788
1.21	Exchange rate adjustments to item 1.20	2	2
1.22	Cash at end of quarter	357	357

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	189
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, termination payments (withholding tax paid for Wayne Richards termination payment of \$139,000), director 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	151
4.2 Development	-
4.3 Production	-
4.4 Administration	138
Total	289

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	357	788
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	357	788

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				
7.3 *Ordinary securities	1,475,250,387	1,475,250,387		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 *Convertible debt securities				
7.6 Changes during quarter				
7.7 Options			<i>Exercise price</i>	<i>Expiry date</i>
Unlisted options	1,500,000	-	\$0.015	12 December 2016
Unlisted options	10,000,000	-	\$0.018	12 December 2016
Unlisted options	11,000,000	-	\$0.0089	26 May 2018
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	1,000,000 2,000,000	- - -	\$0.039 \$0.004	20 January 2017 7 July 2018
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: 22 April 2016
Company secretary

Print name: Michael Naylor

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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