

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 Securities Exchange Limited: TAW
ASX ISIN: AU000000TAW7
("the Company" or "Tawana")

Quarterly Activities Report For the quarter to 30 September 2016

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

Highlights

Highlights

Mt Belches Lithium Projects

- Phase 1 reverse circulation (RC) drilling commenced at the Cowan Lithium Project to test:
 - Areas containing outcropping pegmatites including spodumene-rich pegmatites previously reported;
 - Areas without outcrops but anomalous bottom-of-hole lithium geochemical anomalies from prior shallow rotary air blast (RAB) drilling; and
 - Areas of gravity anomalies from a recent closed-spaced gravity survey.
- Phase 1 expected to be complete in the December quarter.

Acquisition of Second Lithium Project

- Tawana entered into an agreement to acquire the giant Uis pegmatite tailings project in Namibia.
- The tailings stockpile is estimated to be about 20 million tonnes and sampling to date has indicated potentially attractive lithium grades.
- Initial drilling will commence in late October and assay results are expected in December.
- Initial drilling and metallurgical test work is expected to cost less than A\$200,000.

Mofe Creek Iron Ore Project

- The Company received formal response from Liberia's IMCC with regard to its submission of the Mineral Development Agreement. The Company will provide comments to the IMCC in the coming quarter.
- Low cost exploration has recommenced with mapping over known extensions of current iron ore deposits.

Corporate

- As at 30 September 2016, Tawana held \$2.2 million in cash.

- Mark Calderwood appointed Chief Executive Officer who has significant corporate credentials and relevant exploration experience.
- In July 2016, the Company completed a placement to raise \$1.75 million.

Mt Belches Lithium Projects

Tawana commenced drilling on the Cowan Lithium Project, located in the Goldfields region of Western Australia, in mid-September. The Cowan project is located 50km south-east of Kambalda, approximately 75km south-east of the Mt Marion lithium project.

Phase 1 of the drilling program commenced on 15 September. As at 30 September, 38 holes for 3,120m had been completed. The program is designed to test:

- Areas containing outcropping LCT pegmatites, including spodumene-rich pegmatites previously reported.
- Areas without outcrops but anomalous bottom of hole lithium geochemical anomalies from prior shallow RAB drilling.
- Areas of gravity anomalies from a recent close spaced trial gravity survey with the aim of calibrating sub-surface geology.

Tawana is expected to complete approximately 140 holes on wide-spaced drill traverses. The angled holes are expected to average 80m depth and spaced at between 40 and 80m along the traverses.

The program is expected to be completed in the December quarter with initial results due in November.

Exploration in August included outcrop and scree mapping, rock-chip and spot soil sampling and a close spaced trial gravity survey.

Results of mapping broadly confirmed previous results with several additional LCT pegmatites identified including an apparent extension of 3.3km to the known extent of the western LCT pegmatite belt. Gravity images are showing fabric which appears to align with limited outcropping pegmatites, drilling will assist in final interpretation of the gravity surveys.

A further 90 hole locations have been marked as part of a planned Phase 2, however final locations will vary dependent on the geology encountered in initial drilling.

Uis Project, Namibia

In September 2016, Tawana entered an agreement to acquire mining rights to the giant Uis pegmatite tailings stockpile in Namibia. The Uis Project located in Namibia comprises large coarse and fine tailings stockpiles from the Uis tin mine which operated between 1924 and 1990. The Project is located close to the former mining town of Uis some 165km NNE of the coast city of Swakopmund, 270km NW of the capital Windhoek.

The stockpile hosts an estimated 20Mt of tailings stockpile derived from one of the largest pegmatite tin mines in the world and limited sampling to date has indicated potentially attractive lithium grades present.

The stockpiles comprise unweathered pegmatite material that was mined by open cut and hauled to a processing plant where cassiterite (tin concentrate) was extracted by gravity, operating between 1953 and 1990 with total ore processed estimated to be between 20Mt and 30Mt.

The most common lithium minerals reported from the unzoned albite-rich Uis pegmatites are:

- Amblygonite $(\text{Li,Na})\text{AlPO}_4(\text{F,OH})$, contains 7.3-10.0% Li_2O ;
- Petalite $\text{LiAlSi}_4\text{O}_{10}$, contains 3.4-4.9% Li_2O ; and
- Spodumene $\text{LiAl}(\text{SiO}_3)_2$, contains 8% Li_2O .

Initial drilling of the stockpile is due to commence in late October 2016, using an air core rig to start a 1,500m program consisting of 21 deeper holes and 45 shallow holes. Initial drilling and metallurgical testwork expected to cost less than A\$200,000.

The program is expected to be completed in November and assay results are expected in late December.

Consideration for the Purchase of Lithium Africa No 1

In September 2016, Tawana purchased all the shares in Lithium Africa No 1 (“LA1”), which has rights (via an option agreement) to acquire mining rights to the Uis pegmatite tailings stockpile in Namibia.

The consideration for LA1 was as follows:

- 5,000,000 Tawana shares and \$100,000 in cash; (this was paid in September 2016)
- Deferred consideration as follows:
 - a) 5,000,000 Tawana shares on successful completion of drilling, analysing and metallurgical test work (to Tawana’s satisfaction) by 30 June 2017; and
 - b) 5,000,000 Tawana shares on a decision to mine on or before 31 December 2018.

The deferred consideration will be subject to shareholder approval, and if Tawana’s shareholders do not approve the deferred consideration shares, cash consideration to the value of the shares at the date the milestone was achieved (based on a VWAP) will be paid.

Terms of the Option Agreement to Acquire the Uis Pegmatite Tailings Stockpile

Under the terms of the existing agreement between LA1 and Namibia Silica CC (being the current owner of the Uis pegmatite tailings stockpile) (Namibia Silica), LA1 is required to pay US\$1,375,000 together with a (5%) net profit interest royalty.

The cash payments are to be made on a staged basis as follows:

- US\$275,000 upon completion of drilling, analysing and metallurgical test work;
- US\$250,000 upon completion of an environmental impact study and associated clearance;
- US\$350,000 upon completion of a DFS and receipt of key approvals; and
- US\$500,000 upon commencement of commercial production.

Tawana has assumed these payment obligations.

In addition there is another party which indirectly owns 5% of the Uis pegmatite tailings stockpile which can be purchased by LA1 for US\$500,000. This person is a local Namibian and not a related party of the Company.

Mofe Creek Iron Ore Project

Mineral Development Agreement (MDA)

The Company received formal response from Liberia's IMCC with regard to its submission of Tawana Liberia Inc.'s Mineral Development Agreement. The Company is in the process of reviewing the revised MDA and will provide comments to the IMCC in the coming quarter.

The Government of Liberia has indicated that they are prepared to conclude discussions on the MDA as soon as possible.

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 remain ongoing.

Exploration

The Company recommenced exploration on its Liberian iron ore assets.

Mapping has commenced concentrating on the Zaway South prospects (refer label A in figure 5) and the Goehn SW and SE (refer label B in figure 5 below).

The initial mapping to be conducted is reconnaissance mapping which will be used to identify iron ore outcrops associated with elevated magnetic anomalies within the Mofe Creek South license. After the program high priority areas were identified.

Though sections of Goehn SW was drilled resulting in obtaining DSO, much of its extension needs to be identified with strike length and width confirmation. This will be used to plan future drilling program from this phase of mapping.

Corporate

Cash

As at 30 September 2016, Tawana Resources held \$2.2 million in cash.

The Company completed a placement raising \$1,750,000 by issue of shares at a price of \$0.025 per share. Refer to Appendix 5B (ASX website) for principle movements in cash for the quarter.

Appointment of Chief Executive Officer

As reported last quarter, Tawana appointed Mark Calderwood as Chief Executive Officer on 13 July 2016. He has extensive experience in mineral exploration and production management, is an authority on pegmatites and was a co-author of the 'Pegmatites of Western Australia'. Mr

Calderwood was CEO of Perseus Mining Limited for nine years and is currently non-executive director of two junior gold explorers.

General Meeting

At a General Meeting of Tawana shareholders held in Perth on 23 August 2016, all resolutions as set out in the Notice of Meeting dated 21 July 2016 were unanimously passed on a show of hands.

Competent Persons Statement

The information in this announcement that relates to Exploration Results is based on and fairly represents information and supporting documentation compiled by Mr Mark Calderwood. Mr Calderwood is a member of The Australasian Institute of Mining and Metallurgy. Mr Calderwood has sufficient experience relevant to the style of mineralisation 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". Mr Calderwood consents to the inclusion in this report of the matters based on their 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.

20 October 2016

Sponsor

PricewaterhouseCoopers Corporate Finance (Pty) Ltd

Appendix 1 | Tawana Resources NL Tenements

Tenement	Location	Registered Owner	Structure and Ownership
Mofe Creek Iron Ore Project			
MEL-12029 Mofe Creek	Liberia	Tawana Liberia Inc	100%
MEL-1223/14 Mofe Creek Sth	Liberia	Tawana Liberia Inc	100%
Cowan Lithium Project			
E15/1205	Western Australia	Maxwell Peter Strindberg	0%, Option agreement
E15/1377	Western Australia	ABEH Pty Ltd	0%, Option agreement
E15/1446	Western Australia	Brooke Louise Strindberg	0%, Option agreement
Yallari Project			
E15/1401	Western Australia	ABEH Pty Ltd	Pending and 0%, Option agreement
E15/1525	Western Australia	Mt Belches Pty Ltd	Pending, 100%

Mining Tenements acquired:

Tenement	Location	Registered Owner	Structure and Ownership
Cowan Lithium Project			
E15/1205	Western Australia	Maxwell Peter Strindberg	0%, Option agreement
E15/1377	Western Australia	ABEH Pty Ltd	0%, Option agreement
E15/1446	Western Australia	Brooke Louise Strindberg	0%, Option agreement
Yallari Project			

E15/1401	Western Australia	ABEH Pty Ltd	Pending and 0%, Option agreement
E15/1525	Western Australia	Mt Belches Pty Ltd	Pending, 100%

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

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas 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, 01/05/13, 01/09/16

Name of entity

Tawana Resources NL

ABN

69 085 166 721

Quarter ended ("current quarter")

30 September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(283)	(370)
(b) development	-	-
(c) production	-	-
(d) staff costs	(261)	(610)
(e) administration and corporate costs	(221)	(440)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	4	9
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	761	1,411

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:	-	-
	(a) property, plant and equipment		
	(b) tenements (see item 10)	-	-
	(c) investments	-	71
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	71

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	1,750	2,827
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(13)	(57)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.1 Net cash from / (used in) financing activities	1,737	2,770

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,242	788
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(761)	(1,411)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	71
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,737	2,770
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	2,218	2,218
5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
5.1	Bank balances	2,218	1,242
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,218	1,242

6. Payments to directors of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	51
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Directors' salaries, directors' fees and superannuation

7. Payments to related entities of the entity and their associates		Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

N/A

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

N/A

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	935
9.2 Development	-
9.3 Production	-
9.4 Staff costs	106
9.5 Administration and corporate costs	85
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	1,126

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				

10.2	Interests in mining tenements and petroleum tenements acquired or increased	E15/1205	Option	0%	0%
		Western Australia	agreement		
		E15/1377	Option	0%	0%
		Western Australia	agreement		
		E15/1446	Option	0%	0%
		Western Australia	agreement		
		E15/1401	Option	0%	Pending,
		Western Australia	agreement		0%
		E15/1525	Pending	0%	100%
		Western Australia			

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here:

Date: 20 October 2016

(Director/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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.