

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")

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

TAWANA COMMENCES FEASIBILITY STUDY AT THE BALD HILL MINE

Tawana Resources NL ("Tawana" or the "Company") is pleased to announce that, based on the outstanding results from the conceptual engineering study, the Board has approved the commencement of a Feasibility Study (Study) for the Bald Hill Lithium and Tantalum Project, located 50km from Kambalda, Western Australia.

Highlights

- A conceptual engineering study at the Bald Hill Mine highlighted a potentially highly profitable operation, rapid payback and a low capital cost by retrofitting a spodumene circuit.
- Feasibility Study commenced and expected to be completed by the end of March 2017.
- Engaged experienced lithium plant engineering company Primero Group to conduct the Study. Primero was involved with the later stages of construction and is currently involved with commissioning of Galaxy Resources Limited's Mt Cattlin Project.
- A staged flowsheet is anticipated to reduce time and cost to initial production allowing a fast track approach from the study to detailed design, construction, commissioning and lithium concentrate production.
- Phase 1 flowsheet will consist of a 1Mtpa (million tonnes per annum) spodumene concentrator circuit using dense medium separation (**DMS**).
- A proposal has also been received for the detailed design of the plant to allow a seamless flow from the Study to detailed design.
- Long lead items to be procured during the early stages of detailed design to meet target commissioning date of October 2017.
- Tawana continuing to move towards being construction-ready with the following being completed by the end of the first quarter 2017.
 - i. Maiden lithium Resource/Reserve estimate;
 - ii. Completion of metallurgy test-work with optimised flow sheet;
 - iii. Feasibility Study including detailed design and placing orders for key capital components;
 - iv. Award Engineering, Procurement Construction (**EPC**) contract; and
 - v. Shortlist potential off-takers, reviewing prepayment and other financing opportunities.

Managing Director Mark Calderwood stated: *"We are extremely pleased with the outcome of the conceptual study at the Bald Hill Mine. This has allowed us to*

move confidently into a Feasibility Study and engage an engineering group with experience in lithium engineering, construction and commissioning. The Company continues to be well positioned to become a spodumene producer in 2017. The Company is also fully funded to complete the Feasibility Study, detailed design, any deposits required for long lead capital items and the ongoing Resource and exploration drilling.”

Bald Hill Project

The Bald Hill Project (“Project”) area is located 50km south east of Kambalda in the Eastern Goldfields of Western Australia. It is located approximately 75km south east of the Mt Marion lithium project and is adjacent to and surrounds the Company’s Cowan Lithium Project. The Project, owned by AMAL, includes a permitted tantalum (pegmatite) mine, processing facility and associated infrastructure.

Tawana has entered into a Farm-In and Joint Venture arrangement (earning 50%) with SGX-Listed Alliance Mineral Assets Limited (AMAL) for the purpose of exploration and joint exploitation of lithium and other minerals at the Bald Hill Mine, which includes a processing plant, existing infrastructure and permitted mining licences.

| Bald Hill Project Commissioning Timeline | Q1 | Q2 | Q3 | Q4 |
|-----------------------------------------------------------------|-----------|-----------|-----------|-----------|
| Conceptual Engineering Study | ✓ | | | |
| Resource | Q1 | | | |
| Completion of metallurgical test work with optimised flow sheet | Q1 | | | |
| Conditional offtake agreement | Q1 | | | |
| Feasibility study | Q1 | | | |
| Place orders for long lead items | Q1 | | | |
| Place orders for other capital requirements | | Q2 | | |
| EPC process plant contract award | Q1 | | | |
| Construction commence | | Q2 | | |
| Commissioning commence | | | | Q4 |

Feasibility Study

Tawana Resources has commenced a Feasibility Study for the Bald Hill Lithium and Tantalum Mine which will include capital costs to an accuracy of +/- 15% and operating costs to an accuracy of +/-25%.

The study, which is expected to be completed by the end of March 2017 is being conducted by lithium plant engineering company Primero Group who was the project manager for the

final stages of construction, commissioning and ramp-up of Galaxy Resource Limited's Mt Cattlin Lithium Project.

Flowsheet

Although Tawana is still undertaking confirmatory metallurgical testwork, it is proposed to approach the project in two phases to reduce time and cost to initial production. This will also allow a fast track approach from study to detailed design, construction, commissioning and lithium concentrate production.

The very coarse spodumene at Bald Hill is noted for its unusually high recovery in DMS test work and the ability to produce high grade spodumene concentrates.

The Phase 1 flowsheet will consist of a 1Mtpa spodumene concentrator circuit using dense medium separation (DMS) with fines (representing 20-30% of the feed) either temporarily stockpiled or passed through the existing spiral circuit to remove tantalum and potentially produce a rougher spodumene concentrate.

The Phase 2 flowsheet, which may not be required, takes fines, spiral concentrates and the DMS mid-floats product and re-processes by flotation after milling to produce a high grade fine lithium product.

Detailed Design

A proposal and a scope of work including deliverables has also been received from Primero which should allow a seamless flow on from the Study to detailed design. This is important to allow long lead items to be procured during the early stages of detailed design to meet construction completion in late October 2017.

Marketing

The Company has continued to hold discussions with off-take parties. Market demand is high for spodumene and the Company will advance negotiations during the March Quarter of 2017 with the aim of linking off-take agreements directly or indirectly with potential project finance or prepayments.

About Tawana (ASX & JSE: TAW)

Tawana Resources NL, is focussed on becoming a spodumene producer in 2017 with its high-quality lithium projects in Western Australia and Namibia.

Tawana's principal projects are the Bald Hill Lithium and Tantalum Mine (earning a 50% interest) and the surrounding and adjacent Cowan Lithium Project. The projects have numerous high quality spodumene-rich pegmatites, some of which have been historically mined and processed for tantalum at the existing Bald Hill processing facility.

The Company also owns rights to the giant Uis pegmatite tailings stockpile in Namibia, estimated to be 20 million tonnes. Drilling has been completed and assays are pending. Metallurgical test work to confirm acceptable recoverable grades will likely commence in the first quarter of 2017 and if favourable, there is potential for a low capex/opex operation.

The Company also owns the Mofe Creek Iron Ore Project in coastal Liberia. The deposits are characterised by exceptionally coarse grained, high-grade free-dig, itabirite that have the potential to deliver a premium, low cost product. The Company is completing a Mineral Development Agreement (“MDA”) with the Government of Liberia and is considering initially collaborating with owners of the under-utilized port of Monrovia or others with a desire to develop a low capital cost DSO operation.

Terms of Bald Hill Mine Earn in and Joint Venture

Though Tawana’s 100% owned subsidiary, Tawana has entered into a Farm-In and Joint Venture arrangement with Alliance Mineral Assets Limited (“AMAL”) with respect to AMAL’s Bald Hill project in Western Australia for the purpose of joint exploration and exploitation of lithium and other minerals.

The commercial terms require Tawana:

1. to spend, by 31 December 2017 (or such later date as may be agreed between the parties), a minimum of \$7.5 million on exploration, evaluation and feasibility (including administrative and other overhead costs in relation thereto) (“Expenditure Commitment”); and
2. to spend, \$12.5 million in capital expenditure required for upgrading and converting the plant for processing ore derived from the Project, infrastructure costs, pre-stripping activities and other expenditures including operating costs (“Capital Expenditure”).

Upon completion of the Expenditure Commitment, Tawana shall be entitled to 50% of all rights to lithium minerals from the tenements comprising the Project (“Tenements”).

Upon completion of the Expenditure Commitment and Capital Expenditure, Tawana will be entitled to a 50% interest in the Project (being all minerals from the tenements and the processing plant and infrastructure at Bald Hill).

Competent Persons Statement

The information in this news release that relates to Exploration Results is based on and fairly represents information and supporting documentation compiled by Mr Mark Calderwood, an employee of the Company. 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 they are 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

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