

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 2017

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

Highlights

Bald Hill Lithium Project (TAW 50%)¹

- **Construction commenced on lithium plant at Bald Hill**
 - Engineering, Procurement and Construction (EPC) contract awarded to Primero Group.
 - Project construction on track, commissioning expected to begin in Q1 2018.
 - Bulk earthworks completed; additional administration buildings placed; and communications towers installed and commissioned.
 - Significant operational tenders received and under review. Tenders expected to be awarded in the coming month are mining, crushing, haulage, fuel and power.
 - Senior operations and development personnel appointed.
- **Mineral Resource² for Bald Hill updated, increasing the Indicated and Inferred lithium Mineral Resource:**
 - High-grade lithium resources of 18.9Mt at 1.18% Li₂O and 149ppm Ta₂O₅ at a 0.5% Li₂O cut-off; and
 - Additional tantalum resources of 6.4Mt at 330ppm Ta₂O₅ at a 200ppm Ta₂O₅ cut-off.
 - The Resource update represents a **47% increase** in total contained lithium.
 - The **66% increase** in contained lithium within Indicated resources is expected to result in a Reserve upgrade later in the year.
 - The updated Resource covers only 25% of the known southern swarm of lithium pegmatites.
- **Metallurgical test work on ore fines delivered excellent results from both fine Dense Media Separation (DMS) and flotation, highlighting the potential to increase proposed lithium production during 2018.**
 - Phase 2 DMS concentrate production would have a relatively low incremental unit cost given most costs are carried by Phase 1 operating costs, including mining, primary crushing and the bulk of the labour and general and administration costs.
 - Results highlighted the potential to increase proposed lithium production by 25% in 2018.
- Wide-spaced deep drilling confirmed that the interpreted large SE pegmatite continues below the starter pit and contains high-grade lithium and tantalum.

Corporate

- **Tawana fully funded after securing \$25m for Bald Hill Lithium Mine**
 - \$20 million equity investment at a premium to 10-day VWAP at favourable terms from new strategic lithium industry specialist involved in the production of lithium battery cathode materials and electric vehicles, and \$5 million loan at favourable terms from its nominee; and
 - Amendments to offtake agreement with Burwill Commodity Limited (Burwill), including a reduction in the repayment of prepayment to a rate of 15% from the value of each lithium concentrate shipment (down from 20%).
- **Tawana has completed earn-in to Bald Hill**
 - Tawana spent the required \$12,500,000 to earn a 50% interest in the Bald Hill Project (being all minerals from the tenements and the processing plant and infrastructure at Bald Hill).
 - Tawana, via Lithco No. 2 Pty Ltd (Lithco) and AMAL each now have an equal 50:50 legal and beneficial interest in the Bald Hill Project
- As at 30 September 2017 the Company held \$12m in cash.
- Third and final offtake prepayment of \$4.375m received with full amount of \$12.5m from Burwill received during the quarter.
- Experienced mining professionals, Robert (Bob) Vassie and Mark Turner appointed to Tawana Board.

Bald Hill Project (TAW 50%, AMAL 50%)¹

The Bald Hill Lithium and Tantalum Mine (Bald Hill Mine or the Project) area is located 50km south east of Kambalda in the Eastern Goldfields. It is located approximately 75km south east of the Mt Marion Lithium project and is adjacent to the Company's Cowan Lithium Project. The Project comprises four mining leases, eight exploration licences, eight prospecting licences and five tenement applications totalling 791.3km².

Construction and Development

In August, Tawana announced that construction of the lithium plant at the Bald Hill Mine had commenced following the Company awarding an Engineering, Procurement and Construction (EPC) contract to Primero Group to build a 1.2Mtpa Dense Media Separation (DMS) circuit.

Tawana awarded the contract to Primero due to the contractor's expertise in lithium projects, having commissioned a DMS lithium plant in WA as well as being involved in several significant lithium projects internationally.

EPC Update

- Engineering is well-advanced with design more than 70% complete.
- Concrete works well-advanced.
- Buried services (electrical/piping) progressing with conduits & pits being positioned/installed and HDPE pipes being welded ready for installation.
- Steelwork is progressively being detailed and progressing through fabrication and painting. First package of structural steel has arrived on site and is being erected.
- Procurement of major equipment is progressing with critical orders on track.

Major Contracts

- Mining tender closed; unit pricing equal to the Pre-feasibility study (PFS). Three contractors shortlisted, with the preferred contractor to be notified imminently.
- Fuel and Power tenders closed; unit pricing consistent with PFS.
- Crushing tenders closed, currently under review.
- Non-Processing Infrastructure tenders closed; review underway.
- Haul road upgrade tender closed, currently under review.

Key Personnel

A number of key recent appointments to enhance the development and operational skills of Tawana and the joint venture were made. These included:

- Steve Zaninovich – Project Director
- Rob Broad – Project Manager
- Darren Buchholz – Operations Manager

Accommodation Camp

In addition to the 40-room existing camp, personnel are also now being housed at the leased 150-person Lanfranchi camp. Tawana is currently assessing the merits of expanding the current 40-room camp at Bald Hill.

Mineral Resource update²

Subsequent to quarter-end, Tawana released an updated lithium and tantalum Mineral Resource estimate for the Bald Hill Project which was completed by CSA Global Pty Ltd.

The Bald Hill Pegmatite Mineral Resource comprises one large, main, sub-horizontal pegmatite body, striking north-south, with a strike length of 1,230m, and a width at its widest point of 1,080m. This main body is surrounded by several smaller discrete pegmatite bodies, sub-parallel to the main, which result in a total strike length for the whole resource of 2,045m, and a total width of 1,800m. The Mineral Resource has a total vertical depth of 245m, beginning 20m below the natural surface and plunging gently to the south along its entire strike length.

The Mineral Resource was classified as Indicated and Inferred in accordance with the JORC Code, 2012 Edition on a qualitative basis; taking into consideration numerous factors including drill holes spacing, estimation quality statistics (kriging slope of regression), number of informing samples, average distance to informing samples in comparison to the semi-variogram model ranges, and overall coherence and continuity of the modelled mineralisation wireframes.

Table 1 | Bald Hill Project, Resources above 0.5% Li₂O cut-off

Resource Category	Tonnes (Mt)	Grade Li ₂ O %	Contained Li ₂ O Tonnes	Grade Ta ₂ O ₅ ppm	Contained Ta ₂ O ₅ (,000) Lbs
Indicated	8.0	1.18	95,000	190	2,800
Inferred	10.9	1.18	128,300	118	2,300
Total	18.9	1.18	223,300	149	5,100

Table 2 | Bald Hill Project, Resources above 0.5% Li₂O and 200ppm Ta₂O₅ cut-offs

Resource Category	Tonnes (Mt)	Grade Li ₂ O %	Contained Li ₂ O Tonnes	Grade Ta ₂ O ₅ ppm	Contained Ta ₂ O ₅ (,000) Lbs
Indicated	2.5	1.20	33,300	315	1,900
Inferred	1.2	1.18	14,500	296	800
Total	4.0	1.20	47,800	309	2,700

Note: The tantalum resources form part of the lithium/tantalum resources reported in Table 1.

Previous Indicated and Inferred lithium Mineral Resources were 12.8 million tonnes at 1.18% Li₂O, and 158ppm Ta₂O₅ at a 0.5% Li₂O cut-off for the Project.

Reserves³ currently stand at 4.3Mt at 1.18% Li₂O and 208ppm Ta₂O₅, representing a 94% conversion of the June 2017 Indicated Resources above 0.5% Li₂O cut-off. The Project remains significantly underexplored as highlighted by significant exploration drill results post the June resource statement.

More detail of the Mineral Resource update can be found in the ASX Announcement dated 11 October 2017.

Metallurgical Test Work

Test work completed on ore fines delivered excellent results from both fine Dense Media Separation (DMS) and flotation during the quarter, highlighting the potential to increase proposed lithium production during 2018.

Highlights of the test work included:

- Three-stage sifter flotation test work returned a recovery to concentrate of 83% at a concentrate grade of 4.7% Li₂O from feed at P80 passing 0.212mm.
- DMS test work on 0.3-1mm Fines indicates a range of 71% to 91% recovery of lithium with a concentrate grades of up to 5.3% Li₂O
- Preliminary assessment indicated the fine DMS option would be a significantly lower cost Phase 2 option for the bulk of the combined fines and middlings.

Tawana's Pre-Feasibility Study¹ (PFS) Design Mass Balance had 17.8% of lithium ore feed reporting to fines and 10.3% of ore feed reporting to middling concentrates (middlings). This represents 28.1% of feed containing 29.6% of the contained lithium which is not contained in the PFS production profile, highlighting the significance of the potential production increase.

¹ All figures throughout this announcement regarding the Project and the PFS are, unless expressly stated otherwise, presented on a 100% of Project basis. Tawana, through its 100% owned subsidiary Lithco No. 2 Pty Ltd has earned a 50% interest in the Project comprising the Bald Hill tenements, the processing plant and infrastructure at Bald Hill, and all minerals from the Bald Hill tenements under the terms of the Bald Hill Joint Venture Agreement. Refer to announcements of 24 February 2017.

All material assumptions underpinning the Production Targets detailed in this report (including all financial information derived from those production targets) are detailed in the ASX announcement dated 11 July 2017 and Tawana confirms those assumptions continue to apply and have not materially changed.

Conceptually, the middlings would be crushed with +1mm material and passed through a small middlings DMS while the 0.3-1mm passes through a small fine DMS (Both Phase 2 DMS). These two fractions are likely to represent about 20% of total plant feed and 24% of contained Lithium.

The average production rate in the PFS is approximately 150,000tpa of spodumene concentrate. Based on 70% recovery the Phase 2 DMS has the potential to increase spodumene production by 25% with a combined Phase 1 and Phase 2 DMS recovery of about 82.5%.

Phase 2 DMS concentrate production would have a relatively low incremental unit cost given most costs are carried by Phase 1 operating costs, including mining, primary crushing and the bulk of the labour and general and administration costs.

Extensional and Infill Drilling⁴

Tawana announced results from drilling undertaken from May to July 2017. The Company completed 96 exploration reverse circulation (RC) and diamond drill holes totalling 14,819m. Assays were received for 123 holes since the May drilling update.

A new zone of high-grade pegmatites was discovered south of Bore Line pits, starting close to surface. The mineralised pegmatites remain open to the south east. Significant results included:

- 6m at 1.79% Li₂O from 31m, in water monitoring RC hole GMB03;
- 8m at 1.29% Li₂O from 54m, 5m at 1.34% Li₂O from 114m and 5m at 1.71% Li₂O from 138m in LRC0594;
- 13m at 1.24% Li₂O from 56m in LRC0609;
- 12m at 1.55% Li₂O from 70m incl. 7m at 2.05% Li₂O in LRC0611; and
- 15m at 1.52% Li₂O from 87m incl. 8m at 1.79% Li₂O in LRC0612.

Extensional drilling expanded the existing Resource footprint. Significant intercepts included:

- 35m at 0.9% Li₂O from 97m including 22m at 1.09% Li₂O in LRC0663;
- 21m at 1.12% Li₂O from 109m incl. 8m at 1.72% Li₂O in LRC0464;
- 20m at 1.27% Li₂O from 93m incl. 1m at 3.00% Li₂O and 6m at 1.99% Li₂O in LRC0465;
- 6m at 1.99% Li₂O and from 34m incl. 1m at 5.05% Li₂O in LRC0520; -
- 10m at 0.93% Li₂O from 135m and 15m at 1.35% Li₂O from 153m incl. 11m at 1.64% Li₂O in LRC0432; and
- 3m at 1,295ppm Ta₂O₅ from 110m, 15m at 1.11% Li₂O from 114m incl. 7m at 1.56% Li₂O in LRC0441.

Infill drilling returned significant intercepts as expected, including:

- 14m at 1.37% Li₂O from 76m in water bore exploration RC hole KCBPB01;
- 6m at 1.50% Li₂O from 39m in water bore exploration RC hole KCBPB02;
- 6m at 1.57% Li₂O from 57m in water bore exploration RC hole KCBPB03;
- 14m at 1.19% Li₂O from 132m in LRC0463;
- 23m at 1.00% Li₂O from 140m incl. 8m at 1.36% Li₂O in LRC0435;
- 16m at 1.35% Li₂O and 212ppm Ta₂O₅ from 118m in LRC0619; and
- 17m at 2.04% Li₂O and 406ppm Ta₂O₅ from 95m incl. 2m at 5.64% Li₂O, and 4m at 1.48% Li₂O from 141m in LRC0620.

Wide-spaced deep drilling confirmed the interpreted large SE pegmatite continues below the starter pit and contains high-grade lithium and tantalum. Significant results included:

- 6.7m at 2.38% Li₂O and 346ppm Ta₂O₅ from 136.2m in LRCD308;
- 19.9m at 1.28% Li₂O from 194m incl. 13m at 1.67% Li₂O in LRCD0557;
- 10m at 1.74% Li₂O and 356ppm Ta₂O₅ from 240m incl. 1m at 4.66% Li₂O and 2,043ppm Ta₂O₅ in LRC651; and
- 5.7m at 1.66% Li₂O from 258m incl. 4m at 1.97% Li₂O in LRCD0096.

A highly anomalous lithium intercept in water bore RC drilling 3.6km to the north of the resource area highlighted the broader exploration potential, with:

- 4m at 0.71% Li₂O from 91m incl. 1m at 1.76% Li₂O and 6m at 0.96% Li₂O from 121m including 2m at 1.84% Li₂O in KCBPB05.

These results were incorporated into the Mineral Resource update announced on 11 October 2017.

Cowan Lithium Project

The Cowan Lithium Project is located 50km south-east of Kambalda in the Goldfields region of Western Australia, approximately 75km south-east of the Mt Marion lithium project and comprises three tenements totalling 159km². The tenements are adjacent and surrounded by the Bald Hill Mine (Tawana earning 50%), at which the Company is expected to commence lithium production in 2017. The Cowan Project contains many LCT pegmatites some of which are proven to contain significant spodumene. No significant exploration was conducted on Cowan during the quarter.

Yallari Project

The Company's Yallari project is located 6km west of the Mt Marion lithium mine (75km NW of the Cowan Project). The tenement contains numerous pegmatites in the same host-rock sequence as Mt Marion and located close to the Depot Hill granodiorite.

Limited exploration for lithium has been undertaken to date, however the project is considered highly prospective.

Corporate

Funding

After the end of the quarter, Tawana completed a \$25m funding package to develop the Bald Hill Lithium and Tantalum Mine which included a \$20m placement and \$5m loan facility from German company Weier Antriebe und Energietechnik GmbH (Weier) which is a 100% owned subsidiary of lithium industry specialist Jiangte Special Electric Motor Co. Ltd (JSMC), a company listed on the Shenzhen Stock Exchange.

The placement to Weier will be completed in two tranches:

- The first tranche will consist of 14,285,714 shares at an issue price of \$0.35, to be settled on 25 October 2017 (this has been completed); and
- The second tranche will consist of 42,857,143 shares at an issue price of \$0.35, to be settled on 15 November 2017.

The placement is all within the Company's 15% placement capacity and Weier will hold approximately 11.5% of the issued capital of Tawana. Weier also has the right to appoint a nominee to the Board of Directors of Tawana.

The debt will be A\$5 million with the following material terms:

- Interest of 11% per annum payable quarterly in arrears;
- Maturity date of 31 December 2019;
- Tawana may repay the debt at any time before maturity without penalty; and
- Security over the DMS plant only.

Refer to ASX announcement on 20 October 2017 for more details

Earn in

In October, Tawana announced that Lithco, a 100% owned subsidiary of Tawana, had spent the required \$12,500,000 to earn a 50% interest in the Bald Hill Project (being all minerals from the tenements and the processing plant and infrastructure at Bald Hill, located in the Eastern Goldfields, Western Australia).

As the conditions in the farm-in agreement entered into between Lithco and AMAL on 23 February 2017 have now been satisfied, the Bald Hill Joint Venture Agreement has come into effect, as verified by independent auditor, Ernst & Young on 20 October 2017. Consequentially, the Bald Hill Joint Venture Agreement supersedes the Lithium Rights Joint Venture Agreement and Tawana (via Lithco) and AMAL each have an equal 50:50 legal and beneficial interest in the Bald Hill Project.

Refer to ASX announcement on 24 October 2017 for more details.

Cash Position and Movements

As at 30 September 2017 Tawana Resources held \$12m in cash (June 2017: \$11.2m).

A total of \$5.2m was paid towards the construction of the lithium plant and development at the Bald Hill Mine and Tawana also received the third and final offtake prepayment of \$4.375m during the quarter.

For further movements in cash during the quarter, refer to the Appendix 5B.

Third Off-Take Pre-Payment Received and Amendments to Offtake Agreement

In September, Tawana received the third payment of A\$4,375,000 in accordance with the original Lithium Concentrate Offtake agreement (refer to ASX announcement of 26 April 2017) from a subsidiary of Burwill Holdings Ltd (Burwill), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code 0024).

This third and final payment has resulted in Tawana having received the full A\$12.5m prepayment committed by Burwill.

In addition, amendments were made to the offtake agreement with Burwill, including a reduction of the repayment of prepayments to a rate of 15% from the value of each lithium concentrate shipment (down from 20%).

Board Appointments

Tawana appointed Robert (Bob) Vassie and Mark Turner to the Board as Non-Executive Directors.

Bob is a Mining Engineer with 30 years' international mining industry experience and 18 years' experience in a range of senior management roles with Rio Tinto. He is the Managing Director & CEO of St Barbara Limited and has particular experience in operations management, resource development strategy, mine planning, feasibility studies, business improvement, corporate restructuring and strategic procurement.

Mark is a Mining Engineer with more than 30 years' experience in the resources sector and is the Chief Operating Officer of RTG Mining Inc. He has led the start-up and operation of mines in Australia, Africa and Asia. He was previously General Manager Operations of Resolute Mining Ltd, one of Australia's largest gold producers and Chief Operating Officer ("COO") of CGA Mining, before its takeover by B2 Gold for C\$1.1 billion in 2010.

Tawana Resources NL Tenements (As at 30 September 2017)

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	Mt Belches Pty Ltd	100%
E15/1377	Western Australia	Mt Belches Pty Ltd	100%
E15/1446	Western Australia	Mt Belches Pty Ltd	100%
Yallari Project			
E15/1401	Western Australia	ABEH Pty Ltd	Pending, 100%
E15/1526	Western Australia	Mt Belches Pty Ltd	100%
Bald Hill Mine			
M15/400	Western Australia	Alliance Mineral Assets Limited	0%, Earning in 50%
M15/1470	Western Australia	Alliance Mineral Assets Limited	0%, Earning in 50%
M15/1811	Western Australia	Alliance Mineral Assets Limited	0%, Earning in 50%
M15/1305	Western Australia	Alliance Mineral Assets Limited	0%, Earning in 50%
M15/1308	Western Australia	Alliance Mineral Assets Limited	0%, Earning in 50%
G15/28	Western Australia	Alliance Mineral Assets Limited	0%, Earning in 50%
L15/265	Western Australia	Alliance Mineral Assets Limited	0%, Earning in 50%
L15/266	Western Australia	Alliance Mineral Assets Limited	0%, Earning in 50%
L15/267	Western Australia	Alliance Mineral Assets Limited	0%, Earning in 50%
L15/268	Western Australia	Alliance Mineral Assets Limited	0%, Earning in 50%
L15/269	Western Australia	Alliance Mineral Assets Limited	0%, Earning in 50%
L15/270	Western Australia	Alliance Mineral Assets Limited	0%, Earning in 50%
L15/365	Western Australia	Alliance Mineral Assets Limited	0%, Earning in 50%
L15/366	Western Australia	Alliance Mineral Assets Limited	0%, Earning in 50%
P15/5465	Western Australia	Alliance Mineral Assets Limited	0%, Earning in 50%
P15/5466	Western Australia	Alliance Mineral Assets Limited	0%, Earning in 50%
P15/5467	Western Australia	Alliance Mineral Assets Limited	0%, Earning in 50%

P15/5862	Western Australia	Alliance Mineral Assets Limited	0%, Earning in 50%
P15/5863	Western Australia	Alliance Mineral Assets Limited	0%, Earning in 50%
P15/5864	Western Australia	Alliance Mineral Assets Limited	0%, Earning in 50%
P15/5865	Western Australia	Alliance Mineral Assets Limited	0%, Earning in 50%
P15/5866	Western Australia	Alliance Mineral Assets Limited	0%, Earning in 50%
R15/1	Western Australia	Alliance Mineral Assets Limited	0%, Earning in 50%
E15/1058	Western Australia	Alliance Mineral Assets Limited	0%, Earning in 50%
E15/1212	Western Australia	Alliance Mineral Assets Limited	0%, Earning in 50%
E15/1161	Western Australia	Alliance Mineral Assets Limited	0%, Earning in 50%
E15/1162	Western Australia	Alliance Mineral Assets Limited	0%, Earning in 50%
E15/1166	Western Australia	Alliance Mineral Assets Limited	0%, Earning in 50%
E15/1353	Western Australia	Alliance Mineral Assets Limited	0%, Earning in 50%
E15/1066	Western Australia	Alliance Mineral Assets Limited	0%, Earning in 50%
E15/1067	Western Australia	Alliance Mineral Assets Limited	0%, Earning in 50%

Mining Tenements disposed: Nil

Mining Tenements acquired: Nil

Beneficial percentage interests held in farm in or farm-out agreements: Refer above.

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

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 and Mr Gareth Reynolds, both employees of Tawana Resources NL ("Tawana"). Mr Calderwood is a member of The Australasian Institute of Mining and Metallurgy and Mr Reynolds is a member of the Australian Institute of Geoscientists. Mr Calderwood and Mr Reynolds have 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 and Mr Reynolds consent to the inclusion in this announcement of the matters based on their information in the form and context in which it appears.

Mr Calderwood is a significant shareholder in Tawana. Mr Calderwood and Tawana do not consider these to constitute a potential conflict of interest to his role as Competent Person. Mr Calderwood is not aware of any other relationship with Tawana which could constitute a potential for a conflict of interest.

Mr Reynolds is an employee of Tawana. Mr Reynolds is not aware of any other relationship with Tawana which could constitute a potential for a conflict of interest.

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.

End Notes

1: All figures throughout this announcement regarding the Project and the PFS are, unless expressly stated otherwise, presented on a 100% of Project basis. Tawana, through its 100% owned subsidiary Lithco No. 2 Pty Ltd has earned a 50% interest in the Project comprising the Bald Hill tenements, the processing plant and infrastructure at Bald Hill, and all minerals from the Bald Hill tenements under the terms of the Bald Hill Joint Venture Agreement.

2: All material assumptions and technical parameters underpinning the Mineral Resource estimates in the ASX announcement dated 11 October 2017 continue to apply and have not materially changed since it was last reported. The Indicated Resource is 8.0Mt @ 1.18% and the Inferred Resource is 10.9Mt @1.18%.

3: Refer to how the Ore Reserve estimates were derived in Section 4 of the Company's ASX announcement dated 11 July 2017. Tawana is not aware of any new information or data that materially affects the information included in said announcement.

4: For full details of these Exploration Results refer to ASX announcement of 2 August 2017. Tawana is not aware of any new information or data that materially affects the information included in the said announcement.

31 October 2017

Sponsor

PricewaterhouseCoopers Corporate Finance (Pty) Ltd

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 2017

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	(667)	(7,632)
(b) development	(5,153)	(5,570)
(c) production	-	-
(d) staff costs	(1,067)	(2,009)
(e) administration and corporate costs	(321)	(1,153)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	17	51
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – security bond / restricted cash	(754)	(949)
1.8 Net cash from / (used in) operating activities	(7,945)	(17,262)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(36)	(250)
(b) tenements (see item 10)	-	(1,000)
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	4	4
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – prepayment to Primero Group	-	(3,342)
2.6	Net cash from / (used in) investing activities	(32)	(4,588)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	15,185
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	-	(808)
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 – prepayment from Burwill Holdings Ltd	8,750	12,500
3.10	Net cash from / (used in) financing activities	8,750	26,877

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	11,214	6,960
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(7,945)	(17,262)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(32)	(4,588)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	8,750	26,877
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	11,987	11,987

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
5.1 Bank balances	11,987	11,214
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)	11,987	11,214

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	214
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

Add notes as necessary for an understanding of the position

	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)	12,500	12,500
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.		

In April 2017, the Company signed a prepayment agreement with a 100% owned subsidiary of Burwill Holdings Ltd (Burwill), a company listed on the main Board of The Stock Exchange of Hong Kong Limited (stock code 0024).

No interest is payable in respect of the prepayment and it is unsecured. Tawana shall repay the outstanding prepayment through 15% of the value of each shipment of lithium concentrate until such time as Burwill has been reimbursed in full for the aggregate amount of the prepayment.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	505
9.2 Development	16,430
9.3 Production	-
9.4 Staff costs	975
9.5 Administration and corporate costs	347
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	18,257

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				

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 31 October 2017
(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.