



Quarterly Activities Report

For the quarter to 30 September 2014

ASX ANNOUNCEMENT

21st October 2014



Quarterly Activities Report

For the quarter to 30 September 2014

Highlights

ASX: TAW

CORPORATE DIRECTORY

Exec. Chair Wayne Richards
Managing Director Len Kolff
Non-Exec. Dir Matthew Bowles
Co. Sec Winton Willesee

Mofe Creek Iron Ore Project -
Liberia, West Africa

LIBERIA: Proven Iron Ore Country

LOCATION: Project located 20km from coast, adjacent to historic rail alignment, 85km to Port of Monrovia

LITHOLOGY: High grade +33% Fe friable itabirite resource of 61.9Mt with ability to produce a +64 to 68% Fe product

LOGISTICS: Road transport (and/or Rail optionality) Barging, Transhipment, Direct ship loading

LEADERSHIP: Proven Executive Team with 'In-Country' Iron Ore expertise

Rakana JV (6.7%), South Africa
Meletse Iron Ore and Avontuur Manganese JV managed by Baosteel Iron and Steel Group

Project Milestones:

- Scoping Study completion✓
- Maiden Resource Estimate announced✓
- Pre-Feasibility study commenced✓
- Mineral Development Application commenced ✓
- PFS Drilling Program and Resource Extension Upgrade commenced✓
- Environmental and Social Impact Assessment (ESIA) awarded ✓

CONTACT DETAILS

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Mofe Creek Iron Ore Project

Studies

- The Mofe Creek Iron Ore Project Scoping Study¹ was completed in July and a **Preliminary Feasibility Study ('PFS')** commenced in August.
- The Scoping Study confirmed the technical and financial robustness of the Mofe Creek Project with a **very low OPEX cost of US \$40.60/t, low-capital start-up cost of <US\$53M and the production of a premium +65% Fe product.**
- The PFS will focus on the design and construction of a modular processing plant(s) and associated logistics for the transportation and export of **2.5 million tonnes per annum ('Mtpa')**.
- Tenova Mining and Minerals and Engenium were appointed joint Study Managers for the PFS; Coffey Mining will undertake the mining-related scope; and Earth Systems the environmental assessments.

Mine, Logistics, Infrastructure and Approvals

- Formal notification was received from the Environmental Protection Agency ('EPA') of Liberia for Tawana to **proceed to conduct the Environmental and Social Impact Assessment ('ESIA')** for the Project. Meetings with community stakeholders are currently in progress.
- Tawana received formal acknowledgment and approval from the Ministry of Lands, Mines and Energy ('MLME') to **commence the Company's Mineral Development Agreement** for the Mofe Creek Project.
- A **definitive application for a pilot mining and bulk sampling extraction permit** was submitted to the MLME.

Exploration

- **New exploration licence** encompassing high-potential itabirite mineralisation directly south and adjoining the Company's 100%-owned Mofe Creek tenement, was **granted** during the Quarter.
- Exciting **new itabirite discovery** made at Zaway North-West target.
- 1,100m of diamond drilling was completed at Gofolo Main and Zaway, targeting resource growth. Results are currently pending.

Corporate

- As at 30 September 2014, Tawana Resources held **\$3.3 million in cash.**
- Aaron Finlay retired as Joint Company Secretary.
- A Health, Safety, Environmental and Community (HSEC) Management plan for future pilot scale operations is being developed, along with a Risk and Event Management plan, including an Ebola Management program.



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Mofe Creek Iron Ore Project

Studies

Mofe Creek Preliminary Feasibility Study

Following the delivery of a robust technical and economically viable Scoping Study for the Mofe Creek Project ('the Project') in July, the company authorised the immediate start of a Preliminary Feasibility Study in August. The PFS will provide a +/- 20% cost estimate for the project and in particular will focus on the mine development, processing plant design and the logistics components of the Project to effect the transportation of 2.5 Mtpa of product to the proposed new coastal port site location (refer Figure 1).

The key findings¹ of the Project from the Scoping Study were as follows:

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"

The Company appointed joint Study Managers for the Project, constituted by Tenova Mining and Minerals ("Tenova") and Engenium. Both companies will manage and coordinate the major design and logistics components of the PFS.

Tenova has a strong track record in delivering projects similar in design and capacity to the Mofe Creek project and recently completed the Company's Scoping Study. Engenium is a leading project and study management delivery company servicing the mining and resource sectors with a specific focus on mine, port and rail projects, linked to iron ore development companies.

The PFS will build on the results of the Scoping Study, which confirmed the very positive economic potential of the Project at a production rate of 2.5 Mtpa. Key aspects associated with the development of the PFS will include:

- Marine infrastructure and logistics studies and design, including barging solutions for transshipment and direct ship-loading facilities
- Landside logistics including the design of an independent heavy-haul road from mine to port, and final product storage and export facilities



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- Logistics permitting - including mine, road and port construction, transportation and port operating licenses and leases
- Hydrology and water management studies and design
- Process engineering and modular design of the beneficiation plant(s)
- Mining engineering, mining schedules and preliminary pit design
- Tailings engineering and storage facility design
- Geotechnical and geophysical investigations - for mine development
- Power demand and operational studies
- Environmental and social impact assessments

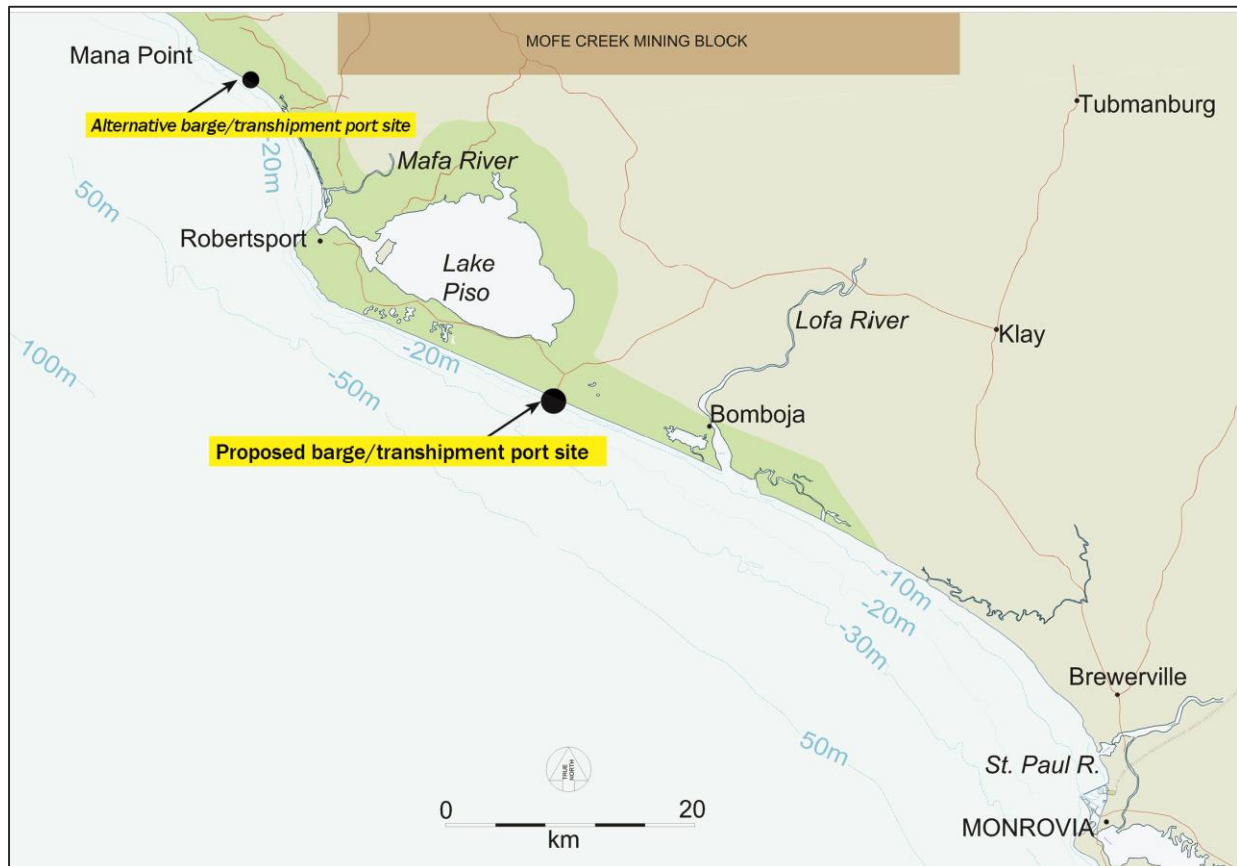


Figure 1 | Proposed Port Location Map (Preferred and alternate coastal port site locations)

Modelling of the sea-conditions at this proposed location has commenced and this information will be correlated into a detailed barging/transshipment study. This study will be undertaken by CSL Transshipment Group, who have well-established transshipment operations around the world and have country-specific experience in Liberia at the southern port of Buchanan.

Preliminary design of a port receipt, storage and discharge system has commenced, with the aim of developing a simple, but efficient port facility, capable of managing in excess of 2.5 Mtpa.

The concept will be to receive 150-220t payload trucks, which will side-tip into a conveyor system for storage. The product will be reclaimed by front-end loaders at a nominal rate of 4000-5000 t/hr, depending upon the final design of the “outflow” system and barge loading/transshipment facility.



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Several marine engineering firms are currently conceptualising the design of a “fit for purpose” wharf, that will minimise start-up capital and is readily constructed, with minimal piling and structural complexity. An example of an ‘A’-frame wharf design being considered is presented in Figures 2 and 3 below:

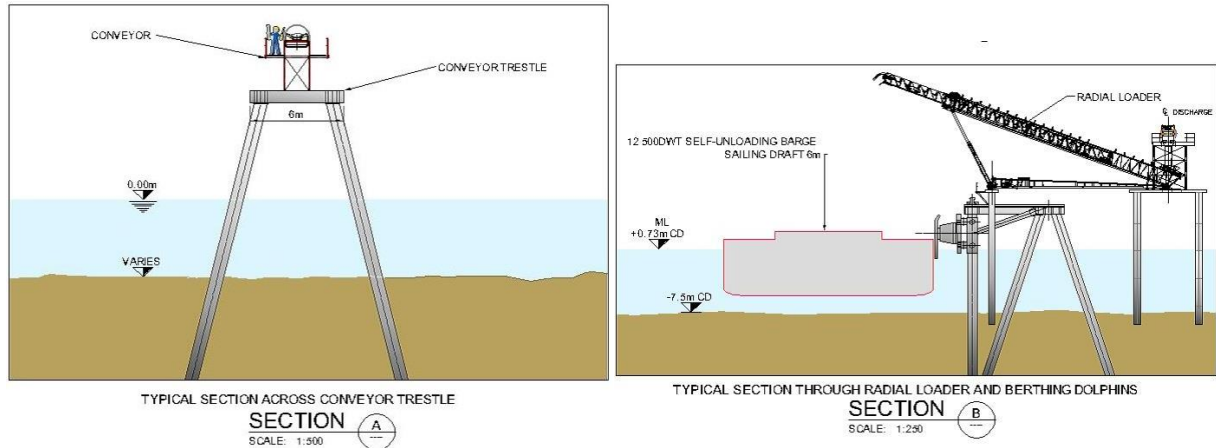


Figure 2 | Cross section of an ‘A’ frame wharf and ship loading equipment

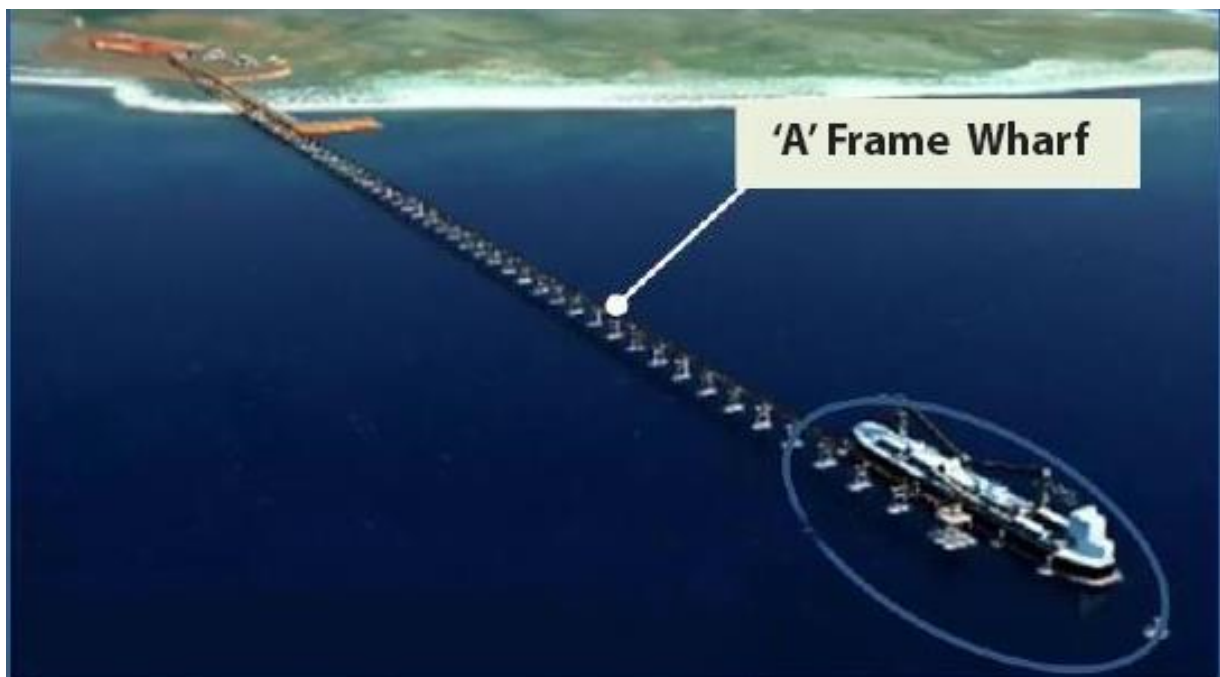


Figure 3 | Aerial view of an ‘A’ Frame wharf to awaiting barge or ship

The length of the wharf will be confirmed via local bathymetric surveys, to be conducted next year. The final sea-side point for loading the barges or ships, will be contingent on the water depth required to load varying draft vessels.

Further studies on the most practical and cost-effective design of the transshipment barges will also be undertaken by CSL. The level of sophistication and design of self-loading barges directly into the hull of the ocean going vessels (‘OGV’), has advanced significantly over the past years, and is generating very cost-effective OPEX costs for such activities, along with faster ship loading rates, hence decreased demurrage costs.



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A picture of a more recently constructed self-unloading barge, direct to an OGV is presented in Figure 4 below:



Figure 4 | Self-unloading barge, directly into an OGV

The Company is now in the process of confirming the precise coordinates of the proposed port site, in order that detailed surveys and land acquisition/leases can be instigated. This scope of work will dovetail into the final design of the haul road at the discharge end of the road.

WorldView satellite imagery was acquired for the project, inclusive of the proposed mine locations, logistics corridor(s) and port handling and despatch areas.

The acquisition of high resolution DTM satellite imagery of sufficient quality and resolution to allow PFS mining and engineering studies to be completed is currently being assessed.

Road Transport, Haul Road Design and Approvals

As part of the PFS, the Company is considering a three-stage road development and transportation program to capitalise on existing roads in the immediate vicinity of the Project, with a view to then migrating to an independent haul-road, as tonnages, efficiencies, capital and OPEX savings dictate.

Applications to the relevant Liberian Government agencies for interim and long-term trucking solutions for the Project, including the construction of a dedicated 32km haul road from the mine to a new coastal barge/transshipment port location and a port lease and operating licence for the new port facility are being progressed.



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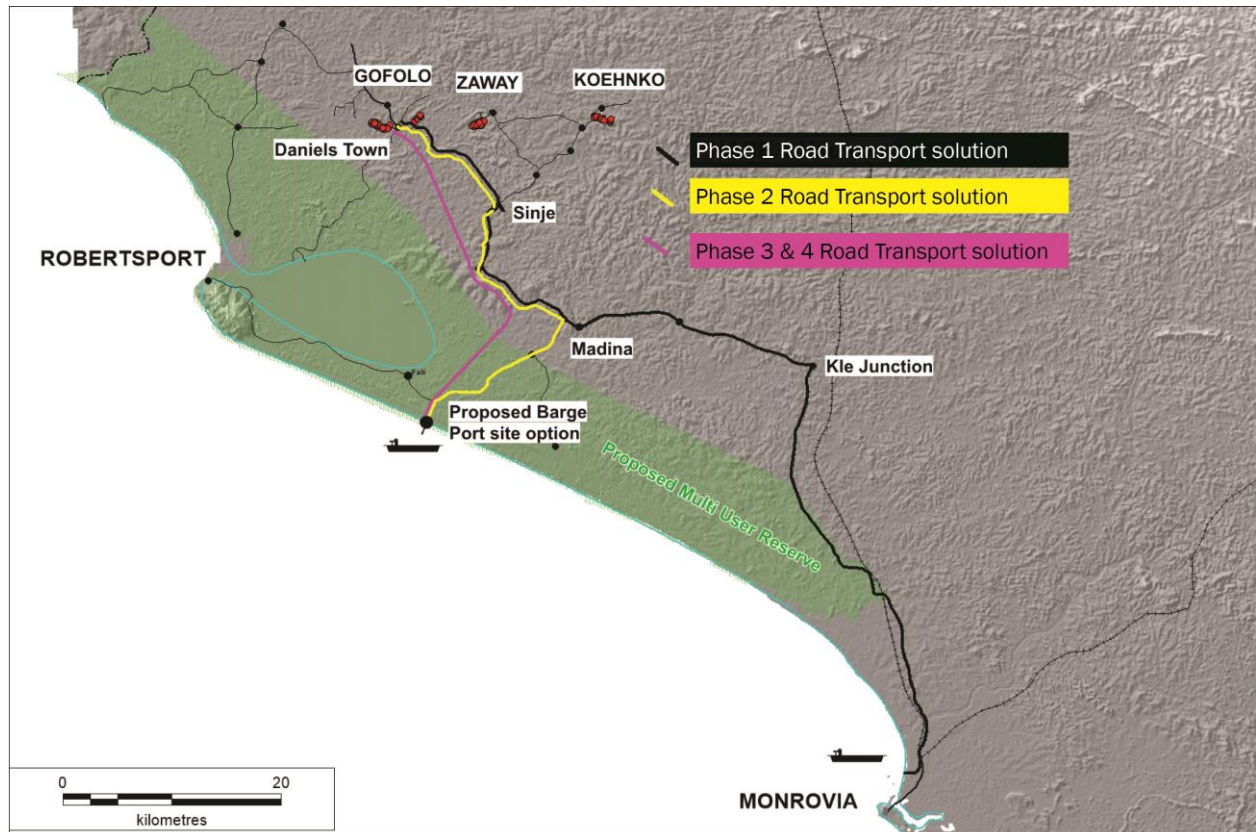


Figure 5 | Proposed Road transport solutions for the Mofe Creek Project

As the production throughput of the Project increases, and the truck sizes consequentially increase, there will be an economic justification to haul the ore on a private haul-road, thereby increasing pay-loads/vehicles, improving safety, and decreasing the unit rate/tonne of product transported. This will be modelled in the coming months, as and when expressions of interest are received from mining/haulage companies, and vehicle capacities and availabilities are confirmed.

A review of the trucking arrangements currently operational in Liberian mines, and those operating in Sierra Leone (African Minerals - 20 Mtpa and London Mining - 8 Mtpa) will likewise be completed as a deliverable of the PFS.

A potential haul-truck with a combined pay load of 180 tonnes - is presented in the below figure.



Figure 6 | Potential Haul Truck configuration



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Pilot Plant Study

The purpose of this study is to establish the economics of building a pilot plant scale mining, bulk-sampling and processing operation to achieve an early start-up scenario.

The benefits of such a program are compelling:

- It facilitates the recruitment and training of key operating and maintenance personnel earlier than would otherwise be possible;
- It provides an opportunity to test mine development parameters and processing characteristics at a meaningful scale;
- It allows for the production of sufficient quantities of product for testing the logistics chain and for customer trials and acceptance, including sintering tests and value-in-use analyses;
- It will provide technical and metallurgical data and performance criteria essential for the final beneficiation plant design;
- It will provide crucial pit, mine and geotechnical data necessary for the safe and optimal design of the future pits; and
- It will provide employment for local staff and in-country contractors, along with payroll taxes and community engagement

Pilot plant design proposals have been received by a selection of Australian and African engineering firms, and will be assessed for the practicability, capital cost, operability and whether the engineering firms will participate in specialised funding proposals such as turn-keys, and build, own, operate and transfer (“BOOT”) agreements.

Mineral Development Agreement - MDA

The Company received formal acknowledgment and approval from the Ministry of Lands, Mines and Energy to commence the Company’s Mineral Development Agreement for the Mofe Creek Project during the quarter (refer ASX release 24 September 2014).

The approval to proceed with formal negotiations associated with this agreement coincides with the successful completion of the Project’s sustainable and robust Scoping Study in July this year. Detailed meetings with representatives of the Ministry, and members of the Inter-Ministerial Technical Committee, along with subsequent field visits in July, confirmed the commitment by both parties (the Government of Liberia and Tawana), to progress this essential and key agreement.

The MDA is a legally binding 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.

The MDA negotiation process is scheduled to proceed for a period of six to nine months, and is optimally being coordinated to align with the completion of the Project’s PFS.

Extensive work on the final design, construction and staging of the Project and the transitional logistics solutions associated therein, will be negotiated during the MDA process.



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Tawana presented the results of its Scoping Study on the Mofe Creek project to the MLME in Monrovia in July 2014 and also hosted a corresponding MLME delegation at the Mofe Creek project site. Both the presentation and the site visits were a necessary precursor to receiving support to proceed with MDA negotiations from the Ministry.

The Mineral Development Agreement process continues to be accelerated with the selection of a legal representative and the preparation of the extensive submission, for negotiation and ratification.

Figure 7 | Liberian MLME delegates study drill core samples during a recent Project site visit



Health, Safety, Environmental and Community

Tawana is committed to maintaining its social licence to operate within Liberia, building stakeholder relationships, and protecting the environment whilst providing a safe working place for our employees. As such, Tawana is currently developing a Health, Safety, Environmental and Community Management Plan for future pilot scale operations and full-scale operations, along with a Risk and Event Management Plan, which contains an Ebola Management Program.

This Risk and Event Management Plan complements the Company's Corporate Occupational Health and Safety and Corporate Risk Management Policies, and has been designed to assist the Business Risk Team and the Event Response Team in proactively managing risks and responding appropriately to Events (Incidents, Emergencies and Crisis).

Ebola Virus Disease Update

The Company temporarily suspended all non-essential field activities within Liberia, in response to the current health risk associated with the Ebola Virus Disease ('EVD') (refer ASX release 8 August 2014).

President Ellen Johnson Sirleaf declared a State of Emergency in Liberia on August 6th, in a pro-active, controlled process to mitigate the spread of EVD within Liberia and across international borders.

Whilst the current drilling program has been temporarily suspended, as outlined earlier, all other activities associated with the PFS not requiring sustained and direct field presence, are continuing both within Liberia and Australia.

Tawana's commitment to the health, safety and well-being of all its employees and contractors, has been at the forefront of many recent decisions with regard to the most suitable time to recommence operations and field work within Liberia and the Grand Cape County. Extensive work on the EVD procedures and "trigger-points" for operations suspension or re-commencement have been developed, in conjunction with



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discussions and reviews of other working companies and contractors procedures, and international health organisations and local Ebola task force liaison.

The Company has assisted, where practical (both financially and physically) to support the eradication of the Ebola virus within the wider Liberian community.

Environmental and Social Impact Assessment (ESIA)

The Company received formal notification from the Environmental Protection Agency of Liberia of its official right to proceed to conduct the Environmental and Social Impact Assessment for the project (refer ASX release 1 October 2014).

The EPA reviewed the “Project Brief” document that presented an overview of the Project and its environmental and social context, and subsequently authorised the Company to proceed on the basis of the document submitted.

The Notice of Intent was published in August in Monrovia newspapers and broadcast within the communities surrounding the Project (refer ASX release 26 August 2014). The Notice of Intent is an integral first step in the consultative process with the community.

Subsequent to this, the Company started conducting local community briefing meetings with stakeholders, whilst this report was being compiled. Photos from the local community meetings are presented below.



Figures 8 & 9 | Recent local community meetings in the Mofe Creek project area

Detailed imagery evaluation, mapping and analysis of existing information and resources for the ESIA studies are being progressed. The Project is well placed to make notable advances on these studies based on preliminary information collected by Earth Systems and their local partner Earth Environmental Consultancy. Planning for the first formal field work component has been completed, starting with a scoping exercise and stakeholder consultation, as outlined above.



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Exploration

The Company was awarded a new exploration licence (MEL 1223/14 - Refer Figure 3) to Tawana Liberia Inc.; a wholly owned subsidiary of Tawana Resources NL, during the quarter (refer ASX release 23 September 2014). Concurrently, the Konblo Bumi Inc. Option Agreement over the approximate same area was terminated. The new licence covers a 186.16km² area and is directly south, and adjoining the Company's 100%-owned MEL12029.

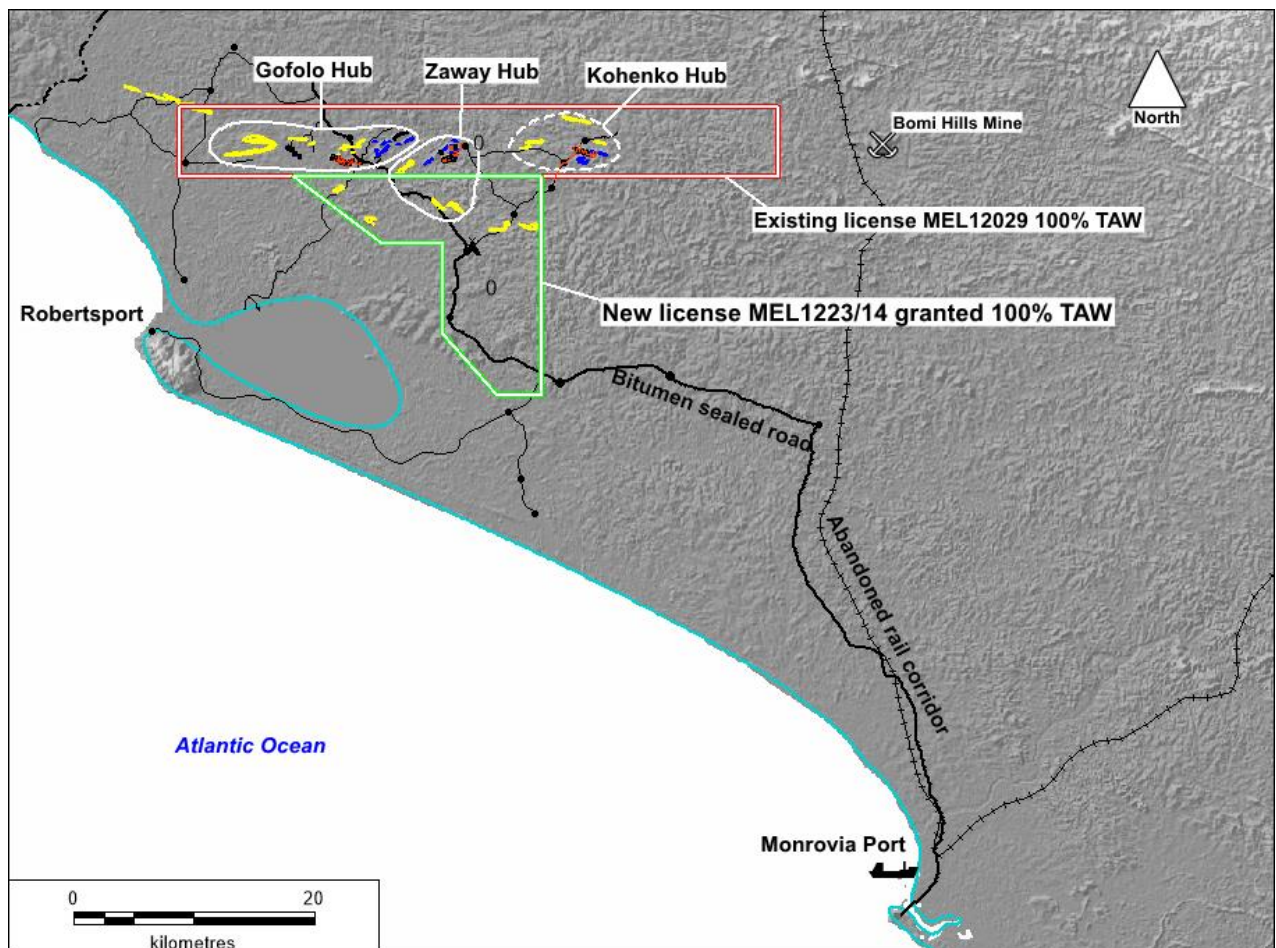


Figure 10 | New MEL 1223/14 location relative to MEL12029 and infrastructure. Main mineralisation hubs shown with exploration target areas yet to be tested in yellow, advanced targets in blue and drilled targets in red.

The new area contains coincident magnetic anomalies, topographic highs and itabirite outcrops with exploration target areas defined within 3km to 8km of the main mineralisation hubs. Rock chip sampling of itabirite outcrops within the new area have returned Fe values between 20% and up to 64% Fe over five prospective areas. Studies of aeromagnetic data, together with the sampling results, have outlined several areas of potential itabirite enrichment, providing attractive targets for initial exploration.



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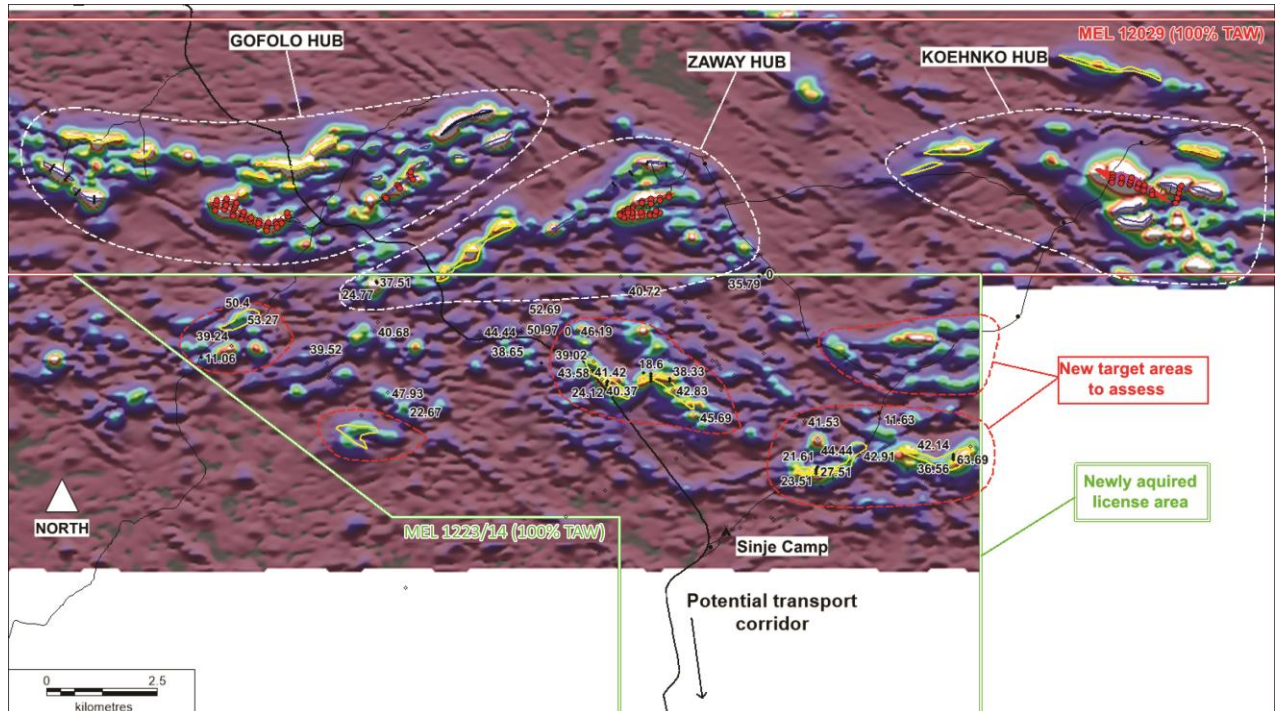


Figure 11 | New area showing magnetic anomalies and rock chip sampling results and location of exploration target areas relative to the current resource hubs.

Resource drilling commenced for the PFS during the quarter, with approximately 1,100m of a 7,500m diamond core programme being completed prior to the suspension of drilling due to the Ebola Virus Disease. The drilling campaign was designed to target a resource upgrade to 100-120Mt in the inferred and indicated category and inclusive 20-30Mt of indicated material.

The 7,500m PQ/HQ diamond core drilling programme was to consist of approximately 80 drill holes from 50m up to 180m deep and across both existing resource footprints and new exploration targets, utilising two track-mounted Atlas Copco CS1000 rigs on double shift. The drill programme is targeting an overall resource increase from the current 61.9Mt Maiden Resource Estimate across the Gofolo, Zaway and Koehnko mineralisation “hubs”.



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Figure 12 | Diamond drilling carried out at the project site in August.



Figure 13 | Diamond drill core recovered from the first drill hole of the PFS programme at the Gofolo Main deposit; high-grade hematite-goethite mineralisation, depth approximately 18-22m down-hole.

Ongoing field work and the recent opening of drill access tracks and drill pads defined exciting new exploration targets at Gofolo West, Zaway North-West and Koehnko South. All exploration targets follow the Company's strategy of qualifying the potential tonnages associated with the three operational "hubs" centered around the Gofolo, Zaway and Koehnko mineralisation deposits - Refer Figure 14.



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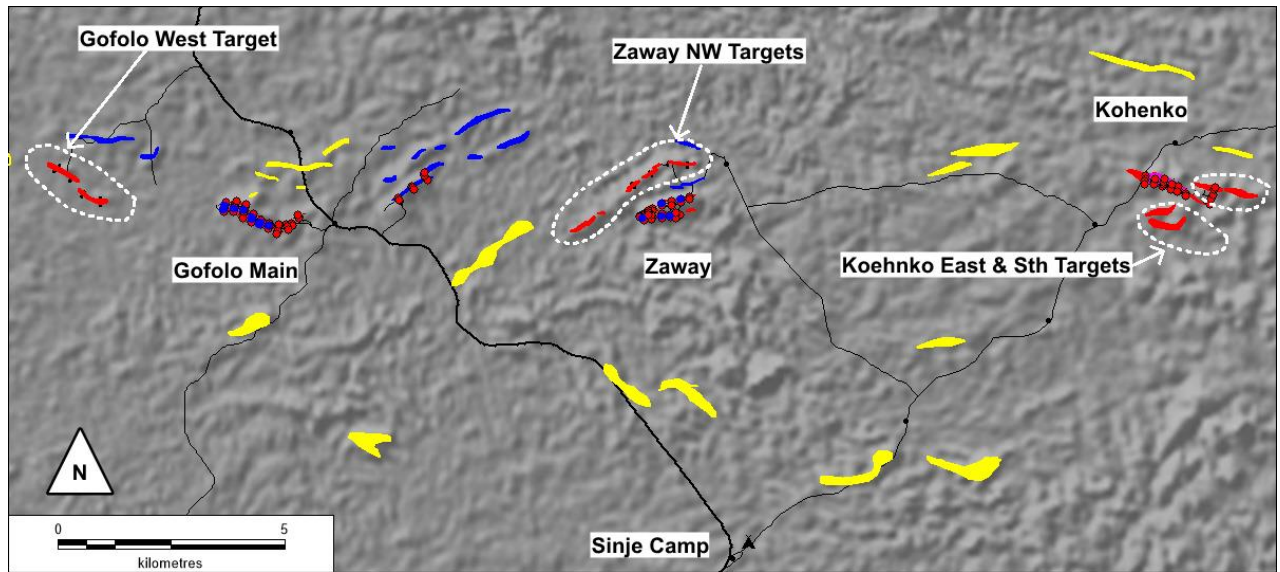


Figure 14 | PFS drill targets over topography image; previous drilling completed in red/blue dots, PFS drill targets in red and circled/named, targets defined by mapping in blue and targets requiring follow-up field work in yellow.

The Zaway North-West target is defined by a coincident 3.5km long ridge with an aeromagnetic anomaly and outcropping coarse, friable itabirite mineralisation similar to Gofolo and Zaway Main deposits. The target occurs approximately 750m north of Zaway Main and is characterised by shallow dipping itabirite outcrops along the ridge.



Figures 15 & 16 | Access road up onto Zaway North-West target (left) with mineralisation along road cutting from break in slope upwards, along flank of hill. Right, same road looking back towards Zaway Ridge in background.



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Figures 17 & 18 | Mineralisation in road cutting at Zaway North-West (left), showing shallow dip sub-parallel to surface and (right) high-grade iron mineralisation from cuttings.

Corporate

As at 30 September 2014, Tawana Resources held \$3.3 million in cash. Refer to the Appendix 5B (ASX website) for principal movements in cash for the quarter.

The Company is in a strong cash position to advance the PFS and is prudently managing the study and value-accretion activities of the staff and Liberian employees during this period in which field activities have been curtailed or suspended.

Appropriate fiscal management programs and policies have been implemented across the quarter, to minimise expenditure both at a Corporate and Project level, but with the strategy of maintaining key personnel and intellectual property to advance the study and prepare for an immediate re-start of Project-specific site activities, as and when the EVD has been effectively reduced or eliminated.

An international roadshow to Hong Kong, Singapore and China was conducted in late August, with the support of Canaccord Hong Kong and Canaccord Sydney executives.

The Executive Chairman presented at the Africa Down Under Conference in Perth in September and a booth promoting Tawana and the Project was managed.

Closure of the Botswana entity is ongoing with PWC preparing de-registration documents.

BlueRock Diamonds have expressed a desire to purchase the Company's total shareholding and loan account in Diamond Resources (a 100% -owned subsidiary of Tawana Resources NL).

Baosteel Iron and Steel Group acquired Aquila Resources during the quarter. Representatives of the newly formed entity have completed site visits to the Company's - Rakana RSA assets and are finalising a strategic review of their assets this month. Pending the outcome of the review, Tawana Company representatives will attend a meeting with Rakana-associated parties in November.



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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 471km² 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



Notes

¹Cautionary 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 Exploration Results, 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 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. Relevant CP initials are presented under the competent person column in the attached JORC code 2012 Table 1.

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.



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