

ASX RELEASE
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ASX:TAW

CORPORATE DIRECTORY

Non-Executive Chairman
Robert Benussi

Managing Director
Mark Calderwood

Executive Director, CFO & Co. Sec.
Michael Naylor

TAWANA COMPLETES DILIGENCE ON BALD HILL MINE

Tawana Resources NL (“Tawana” or the “Company”) is pleased to announce it has completed due diligence on Lithco No 2 Pty Ltd (“Lithco”) and, subject to approval by Tawana shareholders at a General Meeting to be held on 23 December 2016, the Board of Directors has unanimously decided to exercise the option to acquire Lithco. This will result in Tawana becoming the Joint Venture partner of Alliance Mineral Assets Limited (“AMAL”) in the Bald Hill Lithium and Tantalum Project.

Lithco entered into a Farm-In and Joint Venture arrangement with SGX-Listed 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. The acquisition of Lithco potentially allows Tawana to become an Australian spodumene producer in the second half of 2017.

Due Diligence Highlights

- Extensive spodumene pegmatites intercepted in wide-spaced drilling indicating significant tonnage potential, over and above existing tantalum reserves.
- High spodumene recoveries and high concentrate grades from initial metallurgical test-work.
- Early indications of a highly profitable operation and rapid payback period at the Bald Hill Mine outlined in a conceptual engineering study including a low capital cost by retrofitting a spodumene circuit.
- Existing mine licences and permits considered to significantly reduce timeline to recommence production.
- Tawana in an enviable position to take advantage of the strong market demand for spodumene and indications of high market pricing in 2017.
- Tawana moving towards being construction-ready with the following being completed by the end of the first quarter 2017.
 - i. Maiden Lithium Resource estimate;
 - ii. Completion of metallurgy test-work with optimised flow sheet;
 - iii. PFS including detailed design and placing orders for key capital components;
 - iv. Award EPC contract; and
 - v. Narrow down potential off-takers, reviewing prepayment and other financing opportunities.

Managing Director Mark Calderwood stated: *“The Bald Hill Mine represents a unique opportunity for the company to quickly enter the spodumene supply chain with modest capital expenditure at a time when demand is strongly outpacing uncommitted supply. Engineering in the new year will focus on fast-tracking completion of the feasibility focused on installation of a DMS circuit and rescheduling of the mine plan after a revised reserve estimate covering both lithium and tantalum.”*

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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.

Lithco No 2 Pty Ltd has entered into a Farm-In and Joint Venture arrangement with AMAL for the purpose of joint exploration and exploitation of lithium and other minerals. Subject to approval by Tawana Shareholders at a General Meeting to be held on 23 December 2016, the Board of Directors has unanimously decided to exercise the option to acquire Lithco. This will result in Tawana becoming the Joint Venture partner of AMAL in the Bald Hill Lithium and Tantalum Project.

Due Diligence

Drilling

Approximately 60 RC and Core holes totalling 6,800m have been completed to date, resulting in pegmatite intercepts over a strike length of 2km at depths from 30m to 200m. The area returning the most significant visual spodumene covers an area 900m by 500m and is open to the west and south. Assay results have only been received for a limited number of holes within this zone and a comprehensive update should be available in January. Drilling is expected to recommence in late December with continued infill resource drilling the initial focus.

Metallurgy

As previously announced, metallurgical test results to date have been highly favourable at a primary 6.3mm crush size. Test work is currently underway at a 10mm crush size and 5 drill core sample intervals are being prepared for variability test work and an additional 3 drill core sample intervals are en route to Perth.

Engineering

The Company has received a draft conceptual study report and has been provided estimates for detailed engineering and construction management. It is expected that in late December 2016 the Company will have awarded key components of the detailed (+/- 15%) engineering study which is expected to start in early January 2017.

It is likely that a staged approach will be adopted to reduce time and cost to initial production, the first stage is the installation of the simple coarse fraction DMS circuit 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. Fines material or rougher spiral concentrates will be treated through a retrofitted gravity and/or flotation circuit.

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 directly or indirectly off-take agreements with potential project finance or prepayments.



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 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, tortuous, statutory or otherwise, in respect of, the accuracy or completeness of the information or for any of the opinions contained in this announcement or for any errors, omissions or misstatements or for any loss, howsoever arising, from the use of this announcement.

