

ASX ANNOUNCEMENT

26th August 2013



TAWANA
RESOURCES NL

Divestment of Non-Core Assets

CORPORATE DIRECTORY

Wayne Richards
Executive Chairman

Len Kolff
Managing Director

Matthew Bowles
Non-Executive Director

Winton Willesee /Aaron Finlay
Joint Company Secretary

FAST FACTS

Issued Shares: 967m
Market Cap: \$13m
Cash : -\$0.8m

ASX CODE: TAW

COMPANY HIGHLIGHTS

- New Iron ore Discovery – Liberia, West Africa
- +95Mt high-grade friable itabirite target within >500Mt Global Exploration target
- Experienced Board and Management

Mofe Creek Iron Ore Project, Liberia

- High grade +40% Fe friable itabirite and potential for +60% Fe DSO
- 20km to coast, adjacent to rail alignment 65km to port
- 65 km prospective strike, only 3km strike drill tested
- Premier Iron Ore District; 25km along strike from +50 Mt historic Bomi Hills DSO mine

Rakana JV (6.7%), South Africa

- Meletse Iron Ore and Avontuur Manganese JV managed by Aquila Resources

CONTACT DETAILS

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HIGHLIGHTS:

- Sale of Kareevlei Diamond Project (South Africa) to BlueRock Diamonds PLC (ISDX: BR) for R4 million (approximately AU\$430,000) in two tranches
- Termination of Flinders Island Agreement with Orogenic Exploration Pty Ltd
- Sale of Flinders Island Diamond Project (Australia) to Orogenic Exploration Pty Ltd and Kalyan Resources Pty Ltd
- Execution of Asset Sale Agreement with Kalyan Resources Pty Ltd in relation to Flinders Island Diamond Project
- Tawana to fast track its flagship Mofe Creek Iron Ore Project in Liberia

Tawana Resources (ASX: TAW, the 'Company') is pleased to announce the disposal of its interests in the Kareevlei Diamond Project (South Africa) and the Flinders Island Diamond Project (Australia) in its ongoing strategy to reduce overheads, divest non-core assets and fast-track the development of the Mofe Creek Iron Ore Project, Liberia.

Len Kolff, Managing Director Tawana Resources said "The ongoing divestment of non-core legacy assets will enable Tawana to affect considerable cost and administrative savings and help fast-track its flagship Mofe Creek Iron Ore Project in Liberia. This represents a positive outcome, providing the Company approximately AU\$430,000 in working capital in two tranches in the near future."

"With the disposal of these assets, the Company will streamline its portfolio of assets whilst reducing overheads and providing additional working capital. The Company further wishes the Purchasers of its diamond interests every success in their future endeavours" he said.



www.tawana.com.au



Kareevlei Diamond Project Divestment:

Diamond Resources Pty Ltd, the 100% owned South African subsidiary of Tawana Resources NL entered into an Option Agreement with BlueRock Diamonds (ISDX: BR) on 23rd April 2013 and a Supplementary Agreement on 3rd August 2013. Under the terms of the agreement, BlueRock Diamonds has the option to purchase outright the Kareevlei Diamond Project Mining Right and associated equipment for a total of R4 million (approximately AU\$430,000).

Key terms of the agreement:

Under the terms of the agreement and pending successful transfer of the Mining Right, BlueRock Diamonds will:

- Pay the Company R3 million (approximately AU\$320,000) within 10 business days of successful admission to AIM.
- On receipt of payment BlueRock takes ownership of all project related equipment and infrastructure including a 25tph DMS plant and X-ray FlowSort machine in addition to all project related overheads including but not limited to landholder, security, insurance and lease payments.
- BlueRock has the right to conduct trial mining on contractor basis by way of bulk sampling whilst the Mining Right transfer is underway. Tawana shall be entitled to a 1% Royalty on Gross Revenue after payment of Government Royalty on all sales of diamonds recovered in this period.
- At successful transfer of the Mining Right to BlueRock Diamonds, an additional R1 million (approximately AU\$108,000) will be paid to the Company and the whole project then owned by BlueRock Diamonds henceforth.

Flinders Island Diamond Project Divestment:

Subsequent to the announcement of the termination of the Flinders Island Agreement between Flinders Mines (ASX: FMS) and Tawana Resources (ASX: TAW) and Orogenic Exploration Pty Ltd on 29th July 2013, the Company is pleased to announce that it has entered into an Asset Sale Agreement with Kalyan Resources Pty Ltd and terminated the Flinders Island Agreement with Orogenic Exploration Pty Ltd.

Concurrent with the termination of the Flinders Island Agreement, the Company is pleased to announce the sale of its 80% holding in the Flinders Island Diamond Project to Kalyan Resources Pty Ltd for AU\$1 (one dollar) plus a 2.5% Gross Revenue Royalty on Kalyan's 80% holding in the event of discovery and commercial production.

The Company continues to rationalise its legacy assets in an ongoing effort to reduce overheads and management time related to non-core assets. The Company's principle focus will be the development of the Mofe Creek Iron Ore Project in Liberia



Mofe Creek Iron Ore Project, Liberia:

The Mofe Creek Project is a new iron ore discovery located 20km from the coastline and within an historic premier iron ore mining district of Liberia, West Africa.

The project hosts a 95Mt high-grade +45% Fe friable itabirite exploration target within a global exploration target of >500Mt of friable itabirite and intermixed itabirite/amphibolite. Initial metallurgical test-work completed on representative samples from the maiden 2,500m reverse circulation drill programme have confirmed the potential to beneficiate through crushing to 3.35mm only, a +60% Fe product with low contaminants and 44-57% mass recovery within the itabirite.

Proximity to the coast and positive initial metallurgical test-work results suggests the potential for a low capital intensity project at low operating costs.

Detailed information on all aspects of Tawana's projects can be found on the Company's website www.tawana.com.au. For further information please contact:

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Competent Persons Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Lennard Kolff van Oosterwijk, who is a Member of the Australian Institute of Geoscientists included in a list promulgated by the ASX from time to time. Lennard Kolff van Oosterwijk 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Lennard Kolff van Oosterwijk consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Forward Looking Statement

Statements regarding plans with respect to the Company's mineral properties, including statements, assumptions and targets relating to the Preliminary Assessment are forward looking statements. There can be no assurance that the Company's plans for development of its mineral properties will proceed as currently expected, nor in accordance with the Preliminary Assessment. There can also be no assurance that the Company will be able to confirm the presence of a mineral deposit, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of the Company's mineral properties, either in accordance with the Preliminary Assessment or otherwise.