

TAWANA RESOURCES NL

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Update – Daniel Alluvial Project

The Directors of Tawana Resources NL (the "Company") advise that drilling at the Daniel Alluvial Project ("DAP") has commenced.

It is expected that during September a total of seventy 10 inch percussion drill holes will be completed, in ten selected locations, for the recovery of 500 tonnes of ancient alluvial gravel from DAP.

During October and November the gravels will be processed through a dense media separation plant on site. The separated heavy mineral concentrate will be transported a short distance to an x-ray diamond recovery unit. Completion of all processing is expected by late November.

Shareholders will be advised of meaningful results as and when they become available.

DAP summary

The discovery of DAP, by the FALCON™ technology, in April, 2003 is considered highly significant for shareholders.

The following points are considered important for an understanding of the DAP discovery;

- The potential for an enormous gravel resource based on interpretation of the FALCON™ gravity anomaly, existing drill results and recently completed helimag survey of the paleochannel.
- The proximity (6kms) of DAP to the Finsch Diamond Mine, hence a high probability that it carries diamonds.
- Its' setting in a potholed, irregular dolomite environment similar to the Lichtenburg diamond field where the potholes within the dolomite formed ideal trap sites for the diamond bearing gravels.
- The recovery of kimberlitic garnets from small gravel samples taken from within DAP.
- Visual inspection of the gravels recovered in the first drilling program gives confidence in the classification of the DAP gravels as "ancient" and in their having been deposited after the emplacement of the Finsch kimberlite.
- The type of gravels identified – demonstrating that a once vibrant river system existed, ideal for the transportation and accumulation of diamonds.
- The substantial Bow River Diamond Mine, Western Australia, which operated from 1983 to 1996, is in a similar setting to that of the DAP. A palaeochannel situated 26km from the Argyle Diamond Mine and carrying diamonds shed from that mine. Wolf Marx, the Managing Director of Tawana, was principally responsible for the discovery and early development of the Bow River Diamond Mine.

Interest in Project

The DAP discovery is located within the Daniel Project area, a BHP Billiton World Exploration Inc ("BHP Billiton") and Tawana Resources joint venture.

The Company is earning a 30% interest in the DAP discovery; however upon completion of this 500 tonne bulk sample the Company will earn a further 10% interest. The Company is currently the operator of the joint venture.

W Marx

MANAGING DIRECTOR