

TAWANA RESOURCES NL

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DIAMOND RECOVERED FROM DANIEL ALLUVIAL DIAMOND PROJECT.

(BHP Billiton/Tawana Joint Venture; Tawana earning 40%)

The Directors of Tawana Resources NL ("the Company") advise shareholders of the recovery of a 0.36 carat ("ct") gem quality diamond from the Daniel Alluvial Diamond Project ("DAP"), Kimberley Region, South Africa.

Details

- The diamond was found during the processing of a 4.5 tonne gravel sample recovered from a 6.5 inch percussion drill hole located in a central position of the DAP Main Channel. This sample was processed through the Dense Media Separation Plant ("DMS") as part of a testing phase and final commissioning of the DMS and does not form part of the 500 tonne bulk sample designed to test the DAP palaeochannel for diamonds. A bottom cut-off of 1.5mm is being used to exclude all non-commercial sized diamonds.
- The diamond has been appraised by Mrs H Tyler, an experienced diamond dealer in Kimberley, South Africa as a gem quality white diamond of 0.36cts.

The Company considers it appropriate to make this announcement at this time as the diamond recovery confirms the DAP palaeochannel to be diamondiferous. Based on the interpretation of the FALCON TM gravity anomaly, drill results and the recently completed helimag survey, the DAP has the potential to be a highly significant diamond discovery. Also significant is the fact that the deposit is in close proximity (300m) to the world class Finsch Diamond Mine and that a diamond and several kimberlitic garnets have been recovered at this early stage of exploration. The geological setting of the DAP is considered ideal for the entrapment of diamond bearing gravels.

In order to confirm the overall quality and grade of diamonds contained within the DAP larger quantities of gravel will need to be taken and tested for diamond content. Completion of the 1st stage, the current 500 tonne bulk sample, is expected by late February, 2004.

Future Results

Shareholders will be provided with a further update prior to Christmas.

SUMMARY

The discovery in April 2003 of DAP, during follow up drilling of targets identified by FALCON™ technology, was considered a significant event for shareholders.

The DAP palaeochannel has been confirmed to be running from within 300m of the Finsch Diamond Mine area for a total length of 13km. The Finsch Mine is currently producing 2 million carats a year and has been operated by De Beers since the mid 1960's.

It is well documented that significant erosion has taken place from the Finsch kimberlite since its emplacement some 135 million years ago and that many millions of carats would have been eroded away into the local catchment over that time.

Key points.

- Excellent potential for a strikingly large diamondiferous gravel resource based on interpretation of the FALCON™ gravity anomaly, drill results and the recently completed helimag survey of the palaeochannel.
- The proximity (300m) of DAP to the Finsch Diamond Mine.
- The setting of the Main Channel 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 a diamond and kimberlitic garnets from small gravel samples taken from within DAP Main channel.
- Visual inspection of the gravels recovered in the 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.
- Between the Daniel Feeder Channel (Diagram A) and Main Channel (Diagram B) a geological contact point (fault line) has been identified; this is where the bedrock rock changes from a harder banded iron formation into softer dolomite bedrock. This contact point has created very deep channels, in excess of 140m depth, forming within the Main Channel and in the process creating ancient waterfalls (potholes), which have filled with gravels over the millions of years.
- Experience with an Australian alluvial project is assisting in the interpretation of the DAP. The substantial Bow River Diamond Mine, Western Australia, which operated from 1983 to 1996, is in a similar setting to that of the DAP. It is 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.

Current Drilling

The 70 hole drill program to recover 500 tonnes of alluvial material for bulk sampling is underway with 60 holes completed to date.

500 tonne bulk sample

During the remainder of the current quarter and early into 2004 the gravels will be processed through the Company's Dense Media Separation ("DMS") plant located on site. The separated heavy mineral concentrate from the DMS plant will be transported a short distance to the Company's X-Ray Diamond Recovery Unit. It is expected that 200 tonnes of gravel will be processed before Christmas with the remaining 300 tonnes by late February 2004.

Interest in Project

The DAP 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 the current 500 tonne bulk sample the Company will earn a further 10% interest.

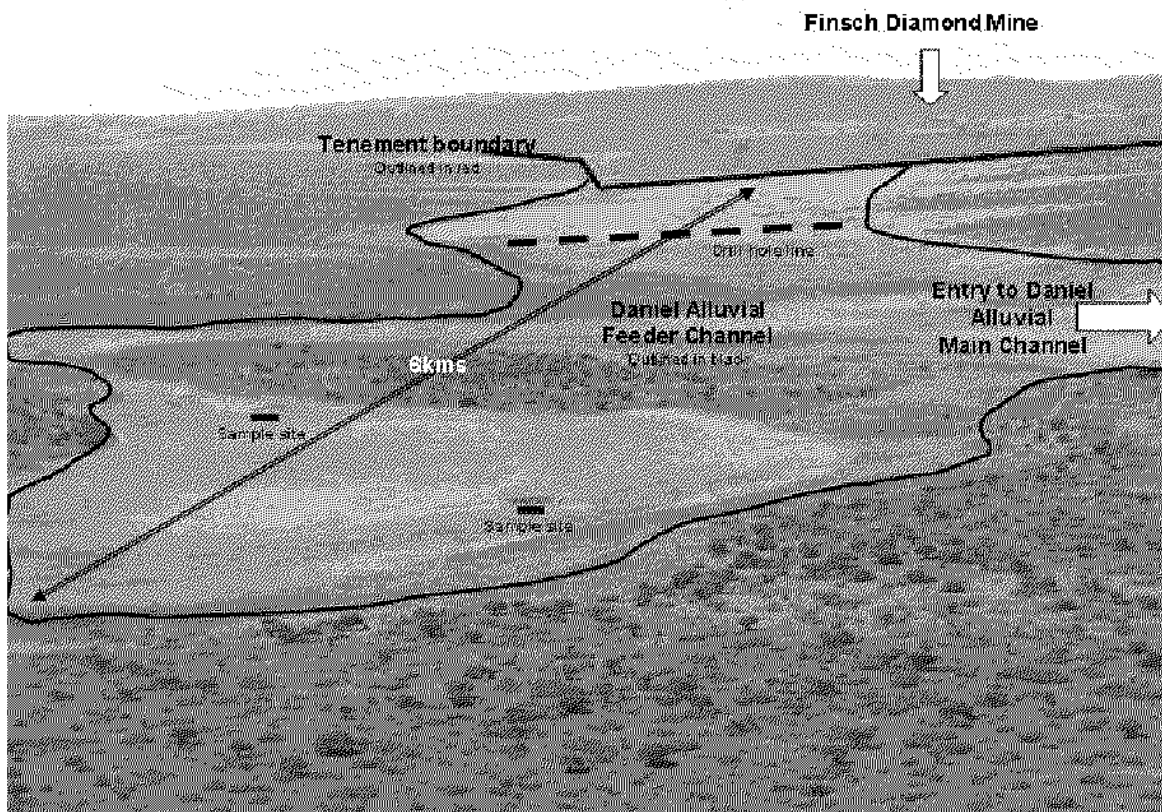


Diagram A – Daniel Alluvial Feeder Channel

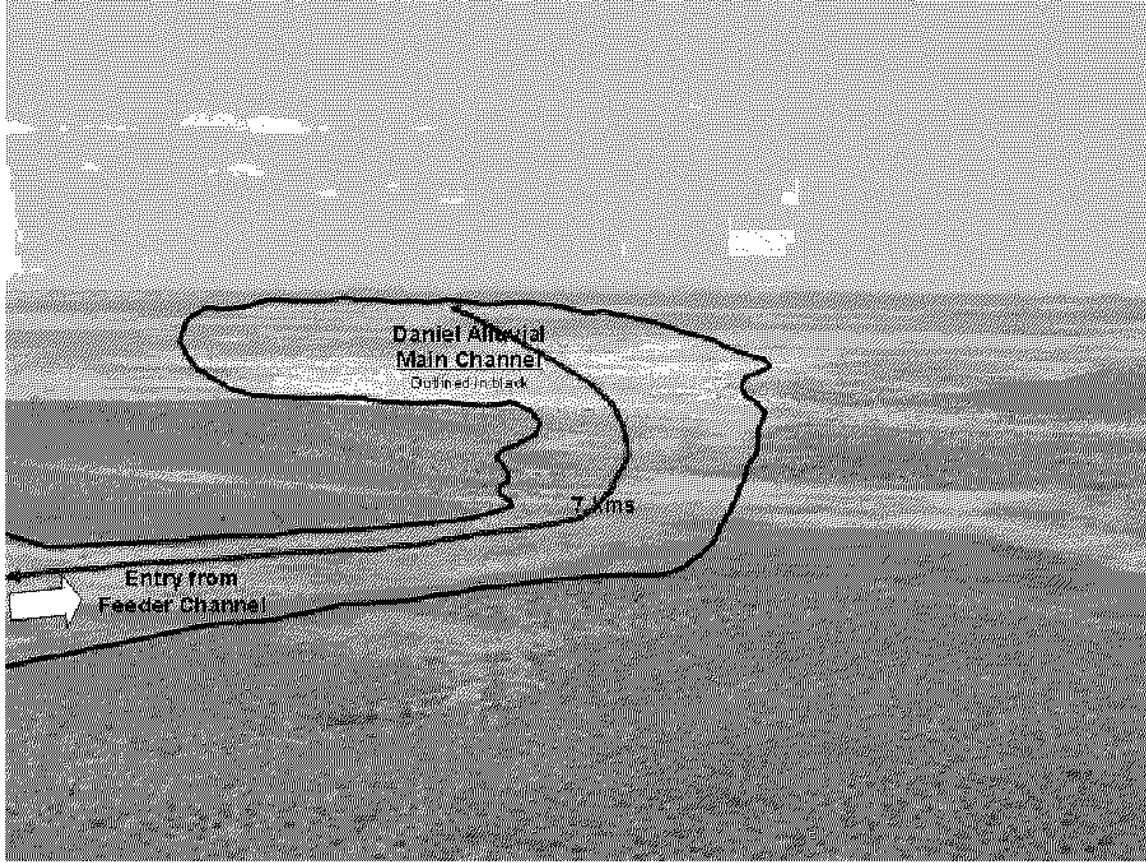


Diagram B – Daniel Alluvial Main Channel

Website – photo gallery

Shareholders are invited to view photos of the Daniel Alluvial Project now available on the Company's website – www.tawana.com.au

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