

TAWANA RESOURCES NL

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DANIEL ALLUVIAL DIAMOND PROJECT

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

INTERIM BULK SAMPLE REPORT

Highlights

- Results demonstrate that the Daniel paleochannel has captured diamonds from the heavily eroded Finsch Diamond Mine over many millions of years.
- Diamond(s) recovered from all sites so far tested.
- Ten diamonds recovered including 4 diamonds recovered from a large pothole interpreted by the FALCON™ technology.

The Directors of Tawana Resources NL (“the Company”) provide shareholders with an interim report of the 500 tonne bulk sampling program currently in progress at the Daniel Alluvial Diamond Project (“DAP”), Limeacre District, Kimberley Region, South Africa.

To date 257 tonnes of alluvial material, from 7 sites, has been collected by 250mm diameter percussion drilling and processed through the Company’s on-site Dense Media Separation and X-ray diamond extraction facility.

Results show extensive diamond mineralisation throughout the Daniel paleochannel.

Please refer to Table 1 for diamond recoveries and site details and Diagram 1 for diamond recovery locations and locations of those sites where bulk sampling will take place over the coming weeks in order to complete the 500 tonne program.

Comment – Wolf Marx, Managing Director.

“We have achieved, by drill testing alone, positive results in each of the seven sites tested so far. This has exceeded the Company’s expectations.

The interim result demonstrates that diamond distribution is extensive, both vertically and laterally within the DAP paleochannel. Diamonds are not only concentrated at the base of the channel, but are distributed vertically in the gravels from the shallow horizons through to the deeper sections. They are also distributed laterally from within 500 metres of the Finsch Diamond Mine to approximately 13 kilometres from the mine.

The recovery of diamonds from these drill hole samples has added importance as it shows that the river system that deposited these diamonds was active over a long period of time,

and was tapping diamonds from the kimberlite source continually over this time.

The significance of exploration results can sometimes be difficult for shareholders to assess. My experience with the discovery and early development of the Bow River Alluvial Diamond Mine in Western Australia maybe useful by providing a comparison between two projects in similar settings. Bow River is located 26km downstream from the Argyle Diamond Mine and was one of the highest grading alluvial diamond deposits in the world (30 carats per hundred tonne). The recovery of diamonds from every site tested so far at the DAP is highly encouraging when compared with the first drilling program of similar tonnage I undertook at the Bow River Diamond Mine during which no diamonds were recovered.

We are now at the halfway stage of this first drill testing/bulk sample program. The objective is to build up an overview of mineralisation of the Daniel Alluvial Project for the joint venture partners. At this stage insufficient data are available to estimate the tonnage and grade of the deposit.

I look forward to reporting the results of the completed sampling program by late March when plans for larger and more representative samples, aimed at establishing tonnage, grade and average stone size, will be undertaken.

In summary, I consider the following points important regarding the DAP paleochannel;

1. The prospectivity of the project has been substantially enhanced by the interim result and provides the utmost encouragement to proceed with evaluation of the deposit.
2. Diamond mineralisation over a large area has been established. The deposit has the potential to be strikingly large based on the interpretation of the FALCON™ gravity data, helimag survey data, drilling and interim sample results.
3. The Company is earning a 40% interest and is well placed to complete further work programs.
4. Diamonds have been recovered from a range of depths down to 160m demonstrating mineralisation is widespread throughout the DAP. This shows that the river system was active over a long period of time, and was tapping diamonds from the kimberlite source continually over this time.
5. Diamonds recovered are predominately gem quality.
6. FALCON™ technology has identified two very large potholes within the DAP; the first tested (site 10) has yielded 4 diamonds from a small sample.
7. The setting of the Main Channel in a potholed, irregular dolomite environment has formed ideal trap sites for the diamond bearing gravels.
8. The proximity (300m) of DAP to the Finsch Diamond Mine enhances the probability that it carries significant numbers of diamonds eroded from that world class diamond mine.”

Table 1 - showing diamond recoveries and site details

Site	Description of site - location of drill hole	Tonnes processed	Size of diamond Recovered (carats)	Quality*
1	Drill line - Feeder Channel	17.75	.07	Gem
6A	Plunge-pool - Main Channel	29.4	Micro-diamond	Non-commercial
8	Main Channel	38.9	.17	Gem
9	Western Gravels- Main Channel	37.92	.06	Gem
10	Pothole - Main Channel	32.76	.04	Brown fragment
10	Pothole - Main Channel		.02	Gem
10	Pothole - Main Channel		.02	Near-gem
10	Pothole - Main Channel		.05	Near-gem
11	Eastern Gravels – Main Channel	63.07	.03	Pale brown
12	Drill line—Central Main Channel	37.3	.36	Gem fragment
	Totals	257.1		

(* Diamond quality was assessed by independent diamond expert, H. Tyler of Kimberley, South Africa)

Further Results

Processing of the remaining 250 tonnes continues and is expected to be completed by late March. Shareholders will be advised of the results as soon as they become available.

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 has earned 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. The Company is currently the operator of the joint venture.

Prepared by: Wolf Marx
Managing Director

Information in this report that relates to a statement of exploration results is based on information compiled by Wolfgang T Marx BSc, BA, FAusIMM, CPGeo. Wolfgang Marx is Managing Director of Tawana Resources NL and has sufficient experience relevant to the style of mineralisation and type of deposits under consideration and to the activity undertaken. He is qualified as a competent person as defined in the 1999 Edition of the "Australasian Code for reporting of Mineral Resources and/or Reserves".

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Diagram 1 - Landsat Image; red diamond shows approximate locations of bulk sample sites and number of diamonds recovered per site. Green diamond shows sites yet to be tested, planned in the following order; site 5, 4, 6b, 2, 3, 13, 14

