

TAWANA RESOURCES NL

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PROJECT UPDATE - SOUTH AFRICA

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HIGHLIGHTS

- ❖ 1.72carat diamond recovered from Eastern Gravels surface material.
- ❖ A grade of 2.27carats per hundred cubic meters reported from the surface material
- ❖ Processing upgrade reaches 350 tonnes per day.
- ❖ Drilling program on Falcon® kimberlite targets commenced.

TAWANA ALLUVIAL DIAMOND PROJECT

(Tawana 100% and operator - BHP Billiton 2.5% gross revenue royalty)

Diamond Recovery

Directors are pleased to advise that a 1.72 carat diamond was recovered from an 82 cubic meter sample of surface gravels in the Eastern Gravels section of the Tawana Alluvials. This diamond, described as pale yellow in colour and displaying no inclusions, was one of 2 diamonds weighing 1.87 carats in total. This equates to 2.27 carats per hundred cubic meters for this sample.

It is highly significant that diamonds have been found in surface gravels. Diamonds tend to concentrate towards the base of conventional alluvial deposits, which tends to increase the cost of mining due to the need to remove lower grade overburden. In the Eastern Gravels, however, it appears that the diamonds are present near surface as well as at depth.

This is the first sample of surface gravels processed from the Tawana Alluvials. The Bauer Drill sampling gives an indication of grade and diamond distribution only, while conventional pit or trench bulk sampling is needed to ascertain the real grade of the deposit. Dependent on continuing good results, it is now likely that that company will undertake some bulk sampling of the surface material to compare the real grade of this material to the Bauer Drill indicated grade

Statistical analysis of the diamonds recovered to date shows that larger diamonds (over 5 carat) should exist in the deposit but that due to the relative rarity of such bigger diamonds the Bauer Drilling has not yet enabled the recovery of these diamonds.

Plant operation

To accelerate the analysis of the alluvial material, plant capacity is being upgraded from 100 tonnes to 400 tonnes per day. The upgrade is progressing well, with diamond recovery being closely monitored, as 350 tonnes per day throughput is being consistently achieved.

DANIEL KIMBERLITE PROJECT (BHP Billiton 70% /Tawana 30% and operator)

As indicated last week, a contractor has commenced the drilling program on the BHP Billiton defined Falcon® Gravity Gradiometer kimberlites targets identified in the joint venture tenements, where access has been granted. For logistical reasons it has been decided to commence drilling on the A65 target, located in the feeder channel. (See diagram 1) First results of the drilling program are expected by the end of April.

**Note; The Company considers that any tonnage and grade estimates in this report do not satisfy the definition of a Mineral Resource as set out in the JORC Code as insufficient work has been conducted to be able to determine the grade and tonnage of the deposit with greater accuracy. Further work may or may not establish a Mineral Resource on the property. Accordingly, the estimate of grade is released as provided by paragraph 18 of the JORC Code of 2004 in relation to an exploration target or exploration potential.*

The diamonds were recovered from the minus 19mm plus 1.5mm fractions of gravels sampled by 2.5m diameter Bauer drill holes. The gravels were processed in the Company's Dense Media Separation plant with diamond recovery by a Flowsort x-ray plant and a grease table.

This release was prepared by:

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Diagram 1
Landsat image showing locations of: Finsch Diamond Mine, Northern Feeder Channel, Southern Feeder Channel, Main Channel, Eastern Gravels and Anomaly A65

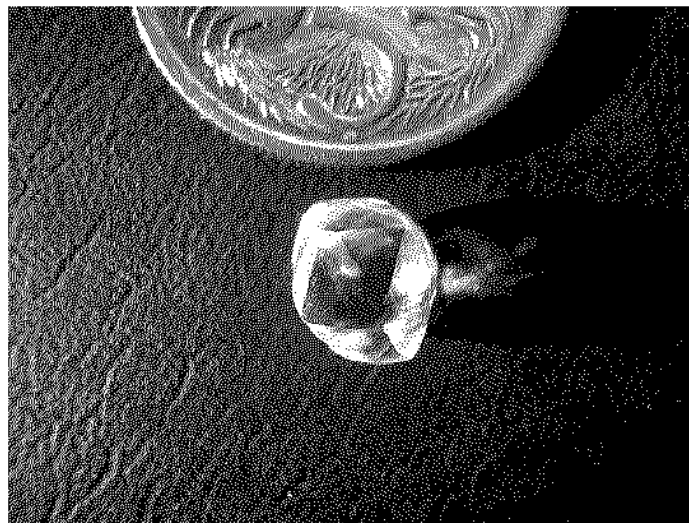
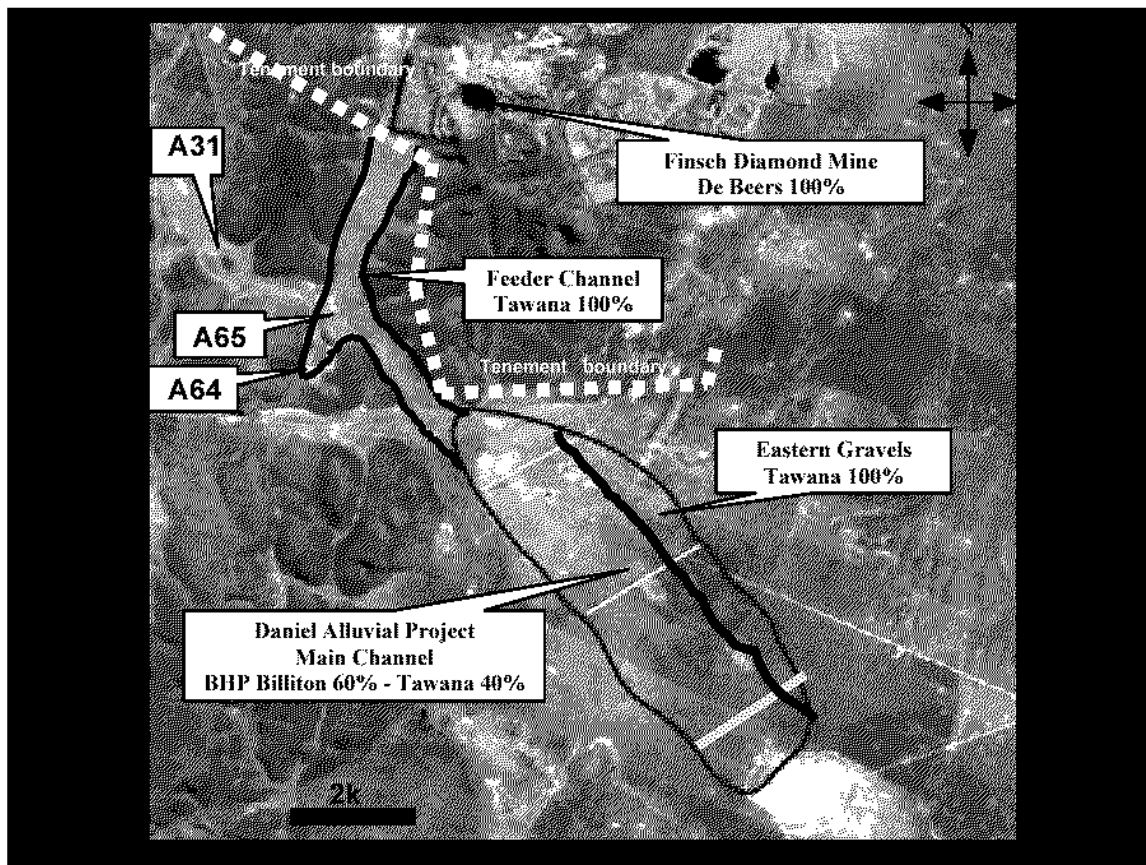


Photo of 1.72 carat diamond with Australian 5cent coin.