



TOPTUNG LIMITED

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ASX ANNOUNCEMENT

23 March 2018

COMPANY UPDATE ON ACTIVITIES AND FUTURE STRATEGY

The Company yesterday announced its updated Mineral Resource estimates for the Torrington Project based on its comprehensive drilling programme completed in 2017. The drilling programme severely reduced the tungsten resources as outlined in the document and this will affect the Company's future strategy.

Although the quantum in resource reduction was not known prior to completion of the report, the Company did upon completion of the drilling on 13 August 2017 alert the market in three separate ASX Announcements to the expected negative resource outcome based on field observations during the drilling programme. These were on 18 August 2017; on 11 October 2017; and, on 6 February 2018.

SHARE PRICE

The Company's share price currently trades around its cash backing per share which is \$0.02483 [Cash of \$3,805,150 (as at 12 March 2018) divided by 153,247,653 shares]. This effectively means that the market has heeded the ASX precautionary announcements above and already discounted the project's value.

ACTIVITIES

Attention will be paid to finalising the Mining Lease application (MLA547) and associated Environmental Impact Statement (EIS) studies for submittal. On the 11th October 2017, the Company released an ASX announcement with the reasons for lodging an MLA at an early stage in the Project development. The most relevant point is: 'Given the importance to have access to mined product for the supply of topaz concentrate in the event the UNSW topaz research is successful in the short-term, the Company's Mining Lease application will be based on a staged development with an initial lower tonnage plant throughput'.

TopTung through its 100% owned subsidiary Topfibre Pty Ltd is conducting advanced research at the UNSW School of Materials Science and Engineering on the production of single mullite fibres by thermal decomposition of the topaz found at Torrington. The UNSW has been granted 3-year Federal Government ARC funding for this project with Topfibre as the industry partner.

Irrespective of its tungsten content, the silexite contains between 15% and 20% topaz which is an aluminosilicate mineral that contains about 20% fluorine (F) which is released during the thermal decomposition of the topaz. The F will be re-utilised completely in a closed system to generate sodium silicofluoride, which is a widely used fluoridiser for drinking water.

In the Mineral Resource estimation released to the market yesterday a Silexite Exploration Target of 2 to 4Mt at 15 to 20% topaz has been interpreted at Wild Kate based on the geological logging of the silexite from the drillholes by assuming a density of 2.7t/m³ with previously reported studies on the silexite used to provide an expected topaz grade. The potential quantity and grade of the Exploration Target is conceptual in nature and there is insufficient exploration to estimate a Mineral Resource and that it is uncertain if further exploration will result in the estimation of a Mineral Resource. The Company will revisit the drilling samples (laboratory pulps) to obtain a better measure of the topaz grade and distribution for both Wild Kate and Mt Everard by undertaking systematic chemical and XRD analyses

of the topaz content to allow this to be done. It is anticipated that simple modelling of the data would allow for the generation of resource estimates for topaz at both areas. The outcomes of the research work are also awaited to see what products from the silixite mining can be produced and sold.

Exploration potential for the topaz and tungsten mineralisation in the general area comprises testing of additional areas with outcropping silixite, of which only about 5% has been tested by drilling.

The Company will embark upon research into geophysical techniques that may locate the high-grade tungsten mineralised pipes.

The Company completed all the necessary REF studies to apply for two additional mineralised areas to be cleared for drilling.

There has been increasing interest in the potential use of the Torrington topaz concentrate as an abrasive in sand blasting and high pressure water cutting applications. Research is being conducted on methods to remove any residual silica from the concentrate for health reasons during abrasive applications. There are then also a range of tests required into the physical attributes of the topaz product to prove its suitability as an abrasive. If successful, this is a lower value bulk market application which would dictate the scale of a processing plant. The metallurgical studies completed indicate excellent recoveries of both tungsten and topaz concentrates from the same gravity separation processing plant.

This is why bulk industrial markets for the topaz are being sought, as it will allow processing of the silixite from which available tungsten will be recovered simultaneously. The production of both will have a profound effect on the project economics.

FUTURE COMPANY STRATEGY

Since completion of the drilling programme in August 2017 the Company has been assessing its immediate future given the long lead times associated with all facets of the Torrington Project while conserving funds.

The MLA process may take 18-months to approval with a risk of failure.

Success in breaking into the bulk industrial markets with topaz as a feedstock is an unknown, however it would mean that silixite can be processed for topaz and simultaneous production of tungsten. In this instance areas of better grade (tungsten) mineralisation outlined within the silixite could be mined to start with, thereby increasing revenue flow.

The research into the production of mullite fibre from topaz is an unknown, but with very lucrative potential if successful.

Based on its one project, two mineral focus and the delays above, the Company has decided to seek a worthy project in the interim. Given the Company's cash resources it has received a number of unsolicited approaches and offers of projects at various stages of development to get involved in. The Company has assessed a few of these under NDA. To date none have met the Company's acquisition criteria and it will keep the market informed of any progress in this regard.

For, and on behalf of, the Board of Directors of TopTung Limited,

Dr Leon Pretorius
Executive Chairman
TopTung Limited
9 January 2018

For any enquiries please contact

Martin Kavanagh on 0419 429 974, or Leon Pretorius on 0419 702 616

Competent Person

The data in this report that relates to Exploration Results for the Torrington Tungsten Project is based on information evaluated by Dr Leon Pretorius who is a Fellow of The Australasian Institute of Mining and Metallurgy (FAusIMM) and who has sufficient experience 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 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Dr Pretorius is the Executive Chairman of TopTung Ltd and he consents to the inclusion in the report of the Exploration Results in the form and context in which they appear. Dr Pretorius holds shares in TopTung Ltd