

SHAREHOLDER NEWSLETTER

APRIL 2019

FROM THE MD'S DESK

Dear TNG shareholder,

I am pleased to introduce our inaugural shareholder newsletter, a new initiative to enhance our engagement with our large – and growing – global investor and shareholder base.

This edition comes as TNG embarks on a pivotal period focused on advancing our flagship Mount Peake Vanadium-Titanium-Iron Project in the Northern Territory towards a Final Investment Decision. The fact that we are now at this critical stage is thanks to the achievement of significant milestones last year. To briefly recap, 2018 saw us:

- ▶ Complete permitting for the Mount Peake mine site after signing the all-important Mount Peake Native Title Agreement, and secure the grant of the Mount Peake Mining and Ancillary Leases – providing us with security of tenure and allowing us to proceed with the overall financing package;
- ▶ Sign a Binding Term Sheet with the leading market expansion services provider DKSH for the life-of-mine off-take of 100 per cent of the titanium dioxide pigment to be produced at Mount Peake, complementing the existing off-take arrangements already in place for our vanadium and iron products. Our subsequent discussions with DKSH have gone well and a full off-take agreement is nearing completion;
- ▶ Secure a cornerstone \$10m investment from the leading Indian mining conglomerate the Vimson Group. This significant diversified international mining group brings the balance sheet, capability, technical skills and operational experience to play a significant role in the funding and development strategy for Mount Peake. Discussions have already commenced with Vimson Group in relation to potential iron ore off-take;
- ▶ Confirm a US\$600m debt raise with Germany's State-owned KfW IPEX-Bank GmbH as our exclusive senior debt advisor and arranger for development and construction of the Mount Peake Project. We are progressing towards a comprehensive funding package.

As we move into Q2 2019, TNG is progressing engineering and design elements for the project together with strategic engineering and construction partner, SMS group. This is no small task, but

having engaged one of the world's best engineering groups we have broadened our technical skill base and competencies as we steadily plough through the work schedule.

It should not be underestimated that our close relationship with SMS group puts TNG in a very strong position, providing the opportunity for the Mount Peake Project to be entirely engineered, supplied and potentially constructed by one of the world's leading metallurgical engineering groups.

In addition to growing our senior leadership team in preparation to make the transition to development, the Company has also embarked on a board renewal process to bring the right mix of skills, experience and capability at the board level. As part of this process, we recently welcomed highly experienced mining executive John Elkington as our new Chairman and farewelled Rex Turkington, who stepped down at the end of March in line with his long-stated intention.

On other fronts, I am pleased to say that we are actively working on developing other exciting growth opportunities for TNG in the renewable energy sector, leveraging off our ownership of a large vanadium resource and our ability to produce a vanadium electrolyte product, used in the manufacture of Vanadium Redox Batteries.

This could evolve into an exciting new business opportunity for TNG, which along with our innovative TIVAN® process – considered to be the technology of choice for the exploitation of other titanomagnetite deposits globally – provides potential new revenue streams to deliver significant long-term value for shareholders. Watch this space!

Whether you're a recent or long-term shareholder, I would like to sincerely thank you for your continued support and I hope you enjoy this update on your company.



Paul Burton
Managing Director and CEO

UPDATE ON ACTIVITIES AT MOUNT PEAKE



With Front End Engineering and Design (FEED) for the Mount Peake Project underway, TNG's General Manager Processing, Tony Arena, provides an overview of what the FEED process entails:

"FEED is the step after the Feasibility Study and is completed prior to Engineering, Procurement and Construction (EPC). The FEED process reviews the process design in line with the principal requirements and the local Health, Safety, Environmental and Legislative regulations to ensure that it meets all the desired outcomes.

"The FEED process is focused on the processing facilities both at Mount Peake (a beneficiation plant) and at Darwin (the TIVAN® refinery). The two facilities are captured under a single FEED agreement, ensuring a smooth transition of the magnetite concentrate produced at Mount Peake into the three specialised products - vanadium pentoxide, titanium dioxide pigment and hematite or pig iron - that will be produced at the Darwin refinery.

"During the FEED process, other Non-Processing Infrastructure (NPI) items are also being considered, such as the transportation of the material to the refinery from the beneficiation plant, energy supply, water supply and accommodation facilities."

A number of other work programs are underway including:

- ▶ Further refinement and optimisation of the processing plant through various testing programs to determine the processing plant feed tolerances and equipment selection;
- ▶ Delivery of an energy supply strategy for the Mount Peake Mine Site and Concentrator, and the Darwin Processing Plant including negotiations with key utilities; and
- ▶ Ongoing development of proposed logistics channels and consumables requirements for the Project.



Magnetite concentrate after the first step in the TIVAN® process

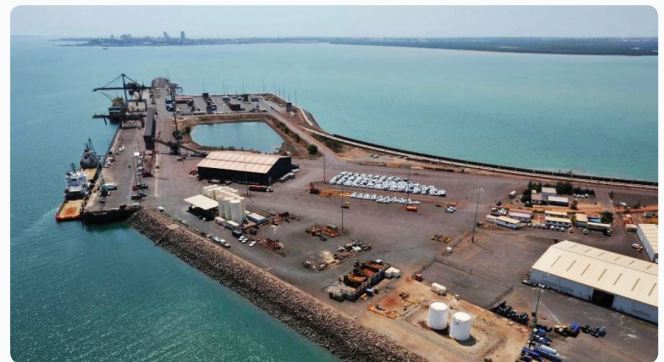
PROGRESS WITH DARWIN EIS & MINE SITE MMP

TNG is now close to finalising its two remaining milestone permits for the Mount Peake Project, with a recent update highlighting strong progress with final environmental and permitting processes for both the mine site and the proposed TIVAN® downstream Processing Plant Facility in Darwin.

The EIS for the Darwin Facility is being progressed separately to the environmental approvals for the Mount Peake Mine Site and Concentrator, which were completed last year. It was important that the mine site approvals were secured before finalising the processing facility EIS to avoid any potential changes to the downstream processing site and the terms of the EIS.

The Darwin Processing Plant EIS is being managed by TNG's principal environmental consultant, Animal Plant Mineral Pty Ltd (APM) under Terms of Reference received from the NT Government. This relates to land that has been allocated to TNG exclusively for the purpose of assessing the suitability of locating the TIVAN™ processing plant and associated plants.

The land offered to TNG is a large disturbed site of approximately 150 acres that was previously used for building material extraction, and is zoned for heavy industry. It is located next to the railway line and approximately 10km from Darwin Port.



Darwin Port - East Arm Wharf

As part of the final stages of the Darwin EIS, TNG has recently engaged several key consultants to undertake specialist technical studies which will inform the assessment of the potential environmental impacts of the Darwin Processing Facility. These consultants will be managed by APM.

The EIS is expected to be drafted and submitted next quarter, subject to delays beyond the direct control of TNG.

The Company also continues to liaise closely with the NT Department of Primary Industry and Resources on the progress of its Mine Management Plan (MMP) for the Mount Peake mine site, north of Alice Springs, with the MMP scheduled to be submitted next quarter subject to delays beyond TNG's control. TNG also continues to liaise with the NT Government's Major Projects Group (MPG) regarding the progress of the environmental work and mine site MMP.



COMMODITY MOVES



- ▶ Vanadium pentoxide prices went down 12.5% from US\$16/lb to US\$14/lb in the first quarter of 2019. Low product availability and strong demand are still keeping prices significantly higher than historical average.
- ▶ Titanium dioxide pigment prices went down 6.25% from US\$3,200/lb to US\$3,000/t in the first quarter of 2019. The low demand season (winter in the northern hemisphere) will soon be over and demand is expected to increase in the next quarter.
- ▶ Pig iron prices were up 5.5% from US\$370/t to US\$390/t in the first quarter of 2019 following good recovery across the board for iron products.

SHAREHOLDER Q&A

Q: How are the project approvals progressing?

We recently overheard an analyst at a mining conference say: "Getting permits for mining projects in Australia can be mind-bogglingly difficult". While there's no doubt it has been a lengthy and somewhat arduous approvals process for TNG, we are making strong and consistent progress. Over the past 12 months the Company has completed permitting for the Mount Peake mine site, signed the Native Title Agreement, and secured the Mount Peake Mining and Ancillary Leases.

While some of these approvals have taken longer than expected, this has largely been the result of longer-than-expected turnaround times by the relevant statutory bodies. This should not encourage criticism – either of the approvals' pathway or of the Company. The Mount Peake Project, incorporating both the mine site and the refinery site, is a large and complex project, and the successful completion of each relevant approval should be recognised for what it is – a critical milestone on the road to development.

We are working closely and collaboratively with the relevant government agencies, and we are very pleased with how the approvals process is progressing. The next important steps in the approvals process will be the lodgement of the Mine Management Plan (MMP) for the mine site and the Environmental Impact Statement (EIS) for the refinery site. Both of these documents are expected to be lodged in the June Quarter of 2019, subject to delays beyond the direct control of TNG.

Q: Is it possible to somehow fast-track the project development?

The Mount Peake Project has evolved into a three-product mine and processing facility – encompassing vanadium, titanium and iron products (hematite or pig iron, depending on final off-take scenarios) – which will effectively form three separate business units.

Project development has to follow a careful course, and we're aware that you generally only get one chance to get the development right. The industry has many tombstones of projects that were fast-tracked into development without the necessary testwork or mining studies completed to save costs. At TNG, we have been careful to use the right consultants and employees to carefully steer the project through the required development studies, and we are emerging with a solid, risk-reduced, bankable project.

Q: Can you please outline TNG's strategy for securing project finance for Mount Peake?

"Mount Peake is one of the biggest and most international projects around... it ticks all our requirements," – recent quote from a financier seeking to be involved in the overall project financing.

There are many ways to finance project developments, but generally only one solution that really works for each individual project. TNG's team is driving towards the right mix, identifying that an Export Credit Agency (ECA) will provide the cheapest form of debt globally, and recognising that project economics are maximised by reducing OPEX and paying back debt as soon as possible.

On the finance side – similar to the development pathway – you rarely get more than one chance to present the project to financiers for an investment decision. The Company's model remains to have the greatest amount of debt possible covered by the German Government, equity from our off-take partners and some form of intermediate mezzanine-style debt that will reduce the amount of equity required and thereby minimise any significant dilution of the capital structure.

Q: Why is the Company considering listing on the AIM market in London?

We believe that this presents a potential pathway for the Company to access some heavyweight global institutional investors to support our growth strategy and funding pathway. The London Stock Exchange is without question one of the world's largest and most liquid markets. It is a leading destination for vanadium companies and has a strong network of brokers, analysts and institutional investors with a deep knowledge of the global vanadium market and the exciting dynamics that are emerging for new global Tier-1 vanadium assets such as Mount Peake.

We believe that an AIM listing could help us to raise our profile globally and significantly improve access to European and UK-based institutional investors. However, we must stress that while we are studying this option carefully and engaging with potential investors, we will only proceed if it yields tangible benefits for all shareholders – and for our development strategy.

SHAREHOLDER QUESTIONS

If you have a question for TNG, we'd love to hear from you!

- ▶ [Click here to send your enquiry](#)

CEO INTERVIEWS

On 6 March, Paul Burton was a guest presenter on webcast, Board Room Media. Paul discussed TNG's decision to consider dual listing on the London Stock Exchange, explaining the decision is based purely on company and shareholder benefits.

- ▶ [Listen to what Paul had to say here](#)

MEET THE TEAM



TONY ARENA

GENERAL MANAGER PROCESSING

Joined September 2018

With over 20 years of global mining industry experience, Tony is leading the development and construction of the Mount Peake processing route. He spent four years as Metallurgical and Production Superintendent at the Roy Hill Iron Ore Operations, where he oversaw the successful commissioning of what is the largest individual iron ore processing plant in the Pilbara. He has also worked for Silver Lake Resources, Newcrest Mining, MMG and Straits Resources.



JASON GILTAY

GENERAL MANAGER, COMMERCIAL & COMPANY SECRETARY

Joined July 2018

Jason is responsible for commercial and contractual matters, strategic development and business planning at TNG. He has 17 years of experience in corporate finance and commercial management, including 13 years in the mining industry, where he has been involved in mine development, operations, plant construction, mine-to-port logistics and mineral drilling. He was previously Commercial Manager for Atlantic Ltd and Business Development Manager for Perth Airport.



PAULA RAFFO

INVESTOR RELATIONS MANAGER

Joining April 2019

Paula is one of the newest members of the TNG team, joining the company recently to manage our investor relations activities and enhance shareholder engagement. Paula has a thorough knowledge and understanding of the investor relations and corporate governance fields after having worked in these areas for the past 15 years.

RECENT AND UPCOMING EVENTS

- ▶ **March**
121 Mining Investment Hong Kong (20-21 March)
European Coatings Show 2019 (19-21 March)
- ▶ **April**
UK Investor Roadshow
- ▶ **May**
121 Mining Investment London (20-21 May)
- ▶ **June**
RRS Gold Coast Investor Conference (4-5 June)



TNG's attendance at global conferences including the 121 Mining Investment events provides it with a platform to engage with strategic and institutional investors, as well as industry and strategic business partners around the globe. This engagement has played a pivotal role in the impressive network of Tier-1 strategic funding and development partners it has already assembled.

TNG LIMITED

T: +61 8 9327 0900
E: corporate@tngltd.com.au
A: Suite 20, 22 Railway Road,
Subiaco WA 6008

ASX:TNG

Find out more at
www.tngltd.com.au