

## March 2019 Quarterly Activities Report

**Mount Peake advancing on multiple fronts | FEED process progressing with optimisation and equipment selection testwork, and design, underway | EIS for Darwin Processing Plant advanced | Titanium Pigment Offtake Agreement advanced | Funding process advanced | Board changes**

### HIGHLIGHTS

#### ***MOUNT PEAKE VANADIUM-TITANIUM-IRON PROJECT (NT) (TNG: 100%)***

##### **Project Permitting**

- The Environmental Impact Statement (“EIS”) for the Darwin Processing Plant is progressing well, with the EIS expected to be drafted and submitted in the June 2019 Quarter, subject to delays beyond the direct control of TNG.
- The Mine Management Plan (“MMP”) for the Mount Peake mine site, including an Integrated Waste Landform (“IWL”) detailed design, specialist ground water modelling, ground water dependent ecosystem and acid drainage monitoring and modelling, is scheduled to be submitted in the June 2019 Quarter, subject to delays beyond the direct control of TNG.

##### **Project Planning and Development**

- The Front End Engineering and Design (“FEED”) Study with the SMS group continued during the quarter. This is the step after the Definitive Feasibility Study and is completed prior to Engineering, Procurement and Construction (“EPC”).
- In parallel to the FEED process, other supporting Non-Processing Infrastructure (“NPI”) at both processing facilities is also being planned and considered. NPI includes but is not limited to the transportation of magnetite concentrate from the Beneficiation Plant to the Processing Plant, energy supply, water supply and accommodation facilities
- A Reverse Circulation drilling program commenced at Mount Peake to generate samples for equipment selection test work being undertaken by TNG’s engineering partner, SMS group, and to also sterilise key areas of the mine site for future infrastructure. The drilling program was completed subsequent to quarter end.

##### **Project Financing**

- The Company conducted two investor roadshows (one in February and one in March) in London to assess potential interest for a dual listing on the AIM market of the London Stock Exchange. The response from institutions was positive and is being reviewed by the Company. A dual listing on AIM has the potential to increase TNG’s international profile and improve access to key global investors as part of the Company’s overarching funding strategy.
- The Company’s exclusive senior debt advisor and arranger for project debt financing, Germany’s KfW IPEX-Bank, has progressed its structured finance planning and continues to update its internal financial model.
- Discussions were also advanced with other groups including major institutions and equity funds in London and Hong Kong.

##### **Titanium Dioxide Pigment**

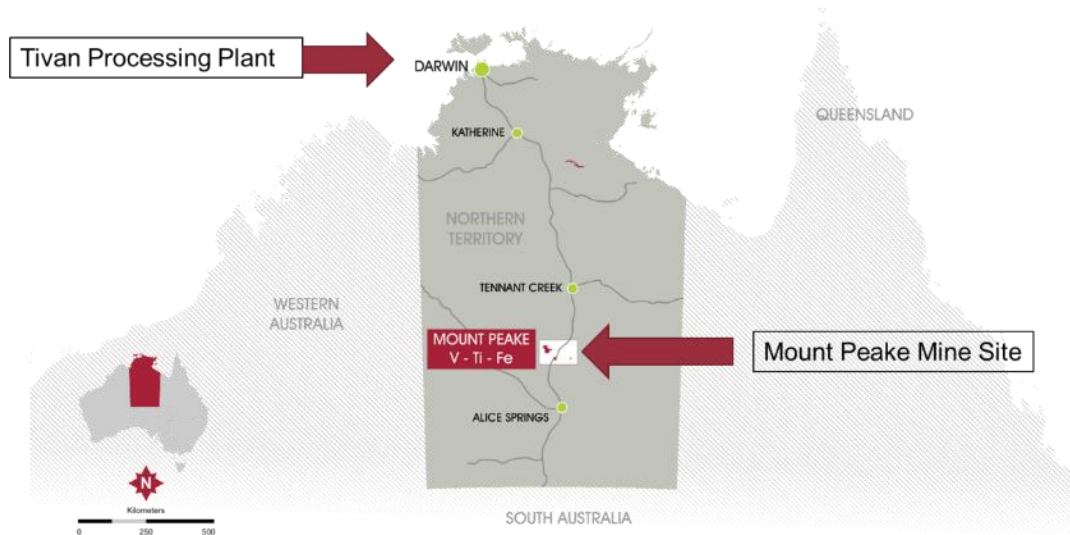
- During the quarter, the Company advanced negotiation of the binding life of mine offtake agreement with its proposed offtake partner DKSH.
- An application was filed to trade mark the name of TNG’s first titanium dioxide pigment as “TNG360”. The trade mark will be recognisable globally and will highlight the unique whiteness of the Company’s pigment due to the very low iron content of TNG’s feedstock.

#### ***CORPORATE***

- During the quarter, experienced Australian mining executive Mr John Elkington was appointed to the TNG board as an independent non-executive Director and non-executive Chairman. Non-executive Director Mr Rex Turkington stepped down on 31 March 2019 to focus on his other directorships and business interests.

## MOUNT PEAKE VANADIUM-TITANIUM-IRON PROJECT (TNG: 100%)

The Mount Peake Project is a potential world-scale strategic metals project located 235km north-west of Alice Springs in the Northern Territory, close to existing key power and transport infrastructure including the Alice Springs-Darwin Railway and the Stuart Highway. With a JORC Measured, Indicated and Inferred Resource totalling 160Mt (118Mt Measured, 20Mt Indicated, 22Mt Inferred), grading 0.28% V<sub>2</sub>O<sub>5</sub>, 5.3% TiO<sub>2</sub> and 23% Fe (refer to Table 1 on page 11 of this report for a full statement of the Mineral Resource), Mount Peake is one of the largest undeveloped vanadium-titanium-iron projects in the world.



**Figure 1. Mount Peake Project location plan in the Northern Territory.**

### Mount Peake Project Planning and Development

Activities progressed on a number of fronts during the quarter as part of pre-development planning for the Mount Peake Project. Major work programs included:

- Further refinement and optimisation of the Processing Plant through various testing programs to determine plant feed tolerances and support 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
- On-going development of proposed logistics channels and consumables requirements for the Project.

### Front-End Engineering and Design (“FEED”)

Leading German-based metallurgical engineering company, SMS group, is continuing to progress the FEED process for the Mount Peake Project. This work is being undertaken under an expanded scope (see ASX Announcement 2 November 2018) which includes all project components.

The FEED process is the step after the Definitive Feasibility Study and is completed prior to Engineering, Procurement and Construction (“EPC”). The FEED process reviews and confirms the final process design in line with the principal requirements of the Company 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 at both the Mount Peake mine site (Beneficiation Plant) and Darwin (Processing Plant), providing a sufficient level of engineering upon completion to progress into the EPC (development) phase. The two facilities are captured under a single FEED agreement, ensuring the optimal transition of the magnetite concentrate into the three specialised products, vanadium pentoxide, titanium dioxide pigment and iron oxide.

As part of the FEED study, optimisation of the mining schedule, concentrate specifications and all outputs are being reviewed.

The FEED process represents a major commitment for the Company. TNG remains focused on keeping overheads and non-essential costs to a minimum while progressing this process as expeditiously as possible.

## Mount Peake Beneficiation Plant

The Beneficiation Plant at the Mount Peake mine site will use conventional technology with a proven background in performance and reliability. The facility is designed to maximise recovery and produce a magnetite concentrate with reduced moisture to minimise transport costs.

Design of the integrated waste landform for the mine site has been completed which will encapsulate the tailings produced. Utilising an IWL will reduce the amount of water used, reducing the impact on the environment and ground water supplies for the surrounding pastoralists.

## TIVAN® Processing Facility

The Processing Plant FEED is continuing, with equipment selection testing to determine the most efficient plant design. Technical due diligence of the process includes considering the environmental regulations, as well as health and safety legislation. Testwork programs will also support the development of production and product quality guarantees by SMS for the plant.

## Drilling Program

Subsequent to the end of the quarter, TNG commenced and completed a drilling program at Mount Peake, which is designed to achieve the following outcomes:

- Generate samples for equipment selection testwork being coordinated by SMS group as part of the FEED study being undertaken for Mount Peake;
- Complete sterilisation of the proposed sites for the concentrator, ore stockpile and IWL at the mine site; and
- Provide additional groundwater monitoring stations in the vicinity of the mining pit.

The Company completed approximately 1,800m of Reverse Circulation drilling for the program during April 2019. Four holes for 480m were drilled in the initial mining area of the planned open pit to generate several tonnes of samples of ore material. The program was completed under budget.

A portion of this ore material will be dispatched to be crushed and pulverised, and then run through a magnetic separation stage, consistent with the finalised mine site Beneficiation Plant design. The resulting vanadiferous titanomagnetite concentrate will be provided to SMS group to undertake final equipment selection testwork as part of the FEED Study currently being undertaken.

A total of 17 holes, to depths of between 50m and 100m, were also drilled in and around the planned locations of the concentrator, ore stockpile and IWL to complete sterilisation activities ahead of future development activities. The location of the IWL has been moved slightly south and west of the planned mining pit to better accommodate the storage of both mining waste rock and dewatered processing tailings.

The new drill holes will be incorporated into the on-going ground water monitoring program being undertaken in the vicinity of the proposed mining operation, which includes regular water sampling and laboratory analysis and testing. The water monitoring program is a requirement under the mine site environmental approvals received by the Company in 2018 for Mount Peake.

## Project Approvals

### Environmental Impact Study ("EIS")

The EIS for the Darwin Processing Plant is being progressed separately to the environmental approvals for the Mount Peake Mine Site and Beneficiation Plant, which were completed in 2017. It was important that the mine site approvals were secured before the finalisation of the processing facility EIS to avoid any potential changes to the downstream processing site, and consequently, the terms of the EIS.

The Darwin Processing Plant EIS is being completed by TNG’s principal environmental consultant, Animal Plant Mineral Pty Ltd (“APM”), under Terms of Reference (“TOR”) received from the Northern Territory Government Environment Protection Authority (“NTEPA”).

The TOR refers to land that has been allocated to TNG exclusively for the purpose of assessing the suitability of locating its TIVAN® Processing Plant and associated plants (see Figure 2).

The TIVAN® plant and associated plant and equipment will form part of a large chemical processing facility requiring a footprint of approximately 100 acres. The Company plans to produce three high quality products at the facility – vanadium pentoxide flake, iron oxide pellets and titanium pigment – utilising the TIVAN® process and the downstream refinery plant prior to packaging and shipping product to its off-take partners via the Darwin Port (see Figure 3).



**Figure 2: Proposed Darwin Processing Facility location.**

The land offered to TNG is a large disturbed site of approximately 150 acres, having been used previously for building material extraction, and is zoned for heavy industry. It is ideally located being next to the railway line, Amadeus Gas pipeline hub, Darwin power plant, and approximately 10km from the Darwin Port. Prior to the commencement of the EIS, the Company looked at several potential sites in the NT to consider the most appropriate site for the facility.



**Figure 3: Darwin Port, East Arm Wharf.**

APM has completed pre-wet season and post-wet season flora, vegetation and fauna surveys and three seasonal ‘threatened and migratory bird’ surveys at the project site. These were required to be carried out over both dry and wet seasons. No



unexpected findings were reported. These surveys will also inform the assessment of potential project environmental impacts and support the Draft EIS.

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

The studies to be undertaken by the sub-consultants will assess specific potential project impacts of the large facility on various environmental factors, feeding into the Draft EIS. A competitive tendering process was undertaken to select consultants capable of delivering the best value outcomes for TNG.

The contracted consultants, and their respective studies, are listed below:

- Elton Consulting Group Pty Ltd: Economic and Social Impact Assessment;
- Vipac Engineers & Scientists Limited: Noise and Vibration Impact Modelling;
- Vipac Engineers & Scientists Limited: Air Quality Impact Modelling;
- Golder Associates: Site Soil Assessment
- Golder Associates: Hydrogeology;
- Advisian: Terrestrial Hydrology;
- Baird: Hydrodynamic Modelling;
- O2 Marine: Marine Ecological Surveys and Near-shore Environmental Quality;
- Aurora Environmental Service: Climate Study; and
- Tonkin Consulting: Traffic Impact Assessment.

As lead consultant for delivery of the Draft EIS for the Darwin Processing Plant, APM continues to assess the environmental factors specific to the proposed processing plant location and engage with the NTEPA. The EIS is expected to be drafted and submitted in the June 2019 Quarter subject to delays beyond the direct control of TNG.

### Mine Management Plan (“MMP”)

The Mount Peake Project mine site, north of Alice Springs, secured key environmental and project development approvals last year, with the receipt of State and Federal environmental approvals, the execution of a formal Native Title Mining Agreement and the award of the Mount Peake Mineral Leases for the Mount Peake Mine Site and Concentrator (see ASX announcements dated 11 October 2018 and 21 November 2018).

The MMP is a requirement following the environmental approvals for the Mount Peake mine site and details how the Company will operate the mine under the environmental guidelines and its plans for rehabilitation. The MMP includes IWL detailed design, specialist ground water modelling and ground water dependent ecosystem, acid drainage monitoring and modelling.

The Company has maintained a close liaison with the NT Department of Primary Industry and Resources on progress and the MMP is scheduled to be submitted in the June 2019 Quarter subject to delays beyond the direct control of TNG. The MMP is a living document and is updated continuously through the life of the project and then post production rehabilitation.

### Non Process Infrastructure (“NPI”)

In parallel to the FEED process, supporting NPI at both processing facilities is also being planned and considered. NPI includes but is not limited to the transportation of magnetite concentrate from the Beneficiation Plant to the Processing Plant, energy supply, water supply and accommodation facilities.

The Company is considering proposals for the commencement of this work.

### Northern Territory Government Major Projects Group

The Company has continued to meet and liaise with the NT Government’s Major Projects Group (“MPG”) regarding the progress of the environmental work and mine site MMP. Meetings are scheduled to take place each month with a Project Control Group (“PCG”), a group arranged by the MPG for assistance with progressing all aspects of the project including logistics, operational matters and permitting.

The land site allocated to TNG for the Darwin Processing Plant Facility is currently Crown Land and the Company continues to have discussions with the NT Government on suitable terms of acquisition.

## Project Finance

During the quarter, senior Company representatives met with major financial institutions and equity funds both in Australia and overseas, principally in Hong Kong and London. These companies included a selection of both debt and equity providers.

The leading German Government-backed bank, KfW IPEX-Bank, has been mandated by TNG to put together a debt facility for the Company (see ASX announcement 13 December 2018, "TNG Mandates KfW Bank for Debt Finance for Mount Peake"). Following the announcement of KfW-IPEX's appointment, the Company has been approached by other major institutions and funds to express their interest in participating.

In Hong Kong, the Company is in discussions with a leading group with the potential for an offer of mezzanine finance.

The Company expects KfW-IPEX to provide an update on the finance structure and expected timeline, and notify the Company of the full debt facility in the September Quarter.

During the quarter, TNG also completed two non-deal investor roadshows in London with mid-tier and major institutions and funds as part of its consideration of a potential listing on the AIM market of the London Stock Exchange. Feedback was positive and the Company is now evaluating and considering the results. No decision has been made at this time as to whether TNG will apply for admission to trading on AIM, or whether the Company will seek to raise funds via the issue of new ordinary shares at the time of any such admission. If the Company does decide to proceed, it is likely that any listing would not occur until the second half of 2019.

TNG's objective in undertaking a potential dual listing would be to enhance liquidity for the Company's shareholders and provide direct access to investors in the London market. After investigating a number of overseas markets, the Company believes that a dual listing on AIM could provide it with enhanced access to a larger pool of knowledgeable investors to support development funding of its flagship Mount Peake Project.

## Offtake Agreements

### Titanium Dioxide Pigment

During the quarter, the Company advanced negotiations for the proposed Binding Life of Mine offtake and distribution agreement with its proposed offtake partner DKSH. Binding terms were agreed between the parties in 2018 (see ASX announcement 30 October 2018, "TNG Executes Binding Offtake terms for its Titanium Pigment").

### Vanadium Pentoxide

During the quarter, the Company received confirmation from its offtake partner Woojin that the existing Life of Mine offtake agreement remained in force. TNG has received and is reviewing offtake proposals from other parties for the remaining 40% of proposed production.

### Iron Oxide

Initial discussions have been held with the Company's major shareholder, leading iron ore producer the Vimson Group, to consider terms for a potential iron ore off-take agreement of the Company's high-grade iron oxide.

## Commodity Pricing Development

During the quarter, vanadium pentoxide prices fell by 10% from US\$15/lb at the start of the quarter to US\$14.5/lb; however, prices are still strong and well above the historical average.

Titanium dioxide pigment prices were down about 6.25% for the quarter, from US\$3,200/t to US\$3,000/t at the end of the quarter. 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 at the end of the quarter, following a strong recovery across the board for iron products.

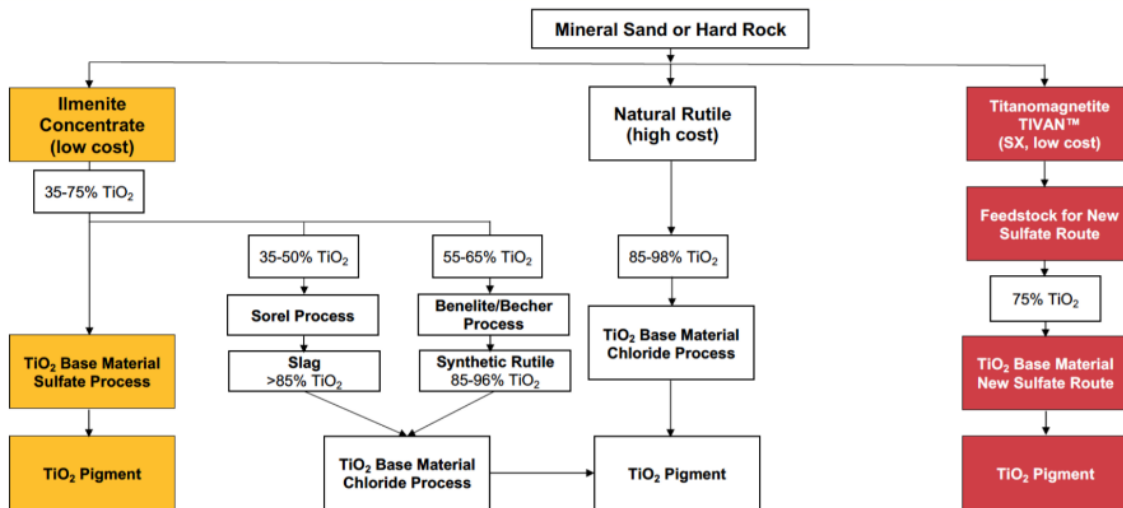
**Trade Mark Application for Titanium Dioxide Pigment**

During the quarter, TNG filed an application to trademark the name of its first titanium dioxide pigment as “TNG360”.

A trademark is an efficient mechanism to make TNG’s unique process, product and services easily identifiable globally. It also provides protection to both the Company and its customers for its intellectual property, an important component of running a successful global company.

Existing sulfate and chloride processes for titanium dioxide pigment production have respectively used ilmenite and rutile as feedstock for more than a century. Such resources are limited and key producing mines are close to depletion.

TNG uses a new source of feedstock, titanomagnetite, processed by using its proprietary TIVAN® hydrometallurgical processing technology (see Figure 4).



**Figure 4: Comparison of the TiO<sub>2</sub> feedstocks – TNG’s new sulfate route shown in red.**

TNG360 will highlight the uniqueness of TNG’s TiO<sub>2</sub> pigment, which uses a feedstock with the lowest iron content globally. This will result in a neutral colour tone (see Figure 5).

Oxide	Ilmenite 44%	TiO <sub>2</sub> Slag 80%	Tivan
TiO <sub>2</sub>	44.0	79.4	74.20
Fe <sub>Total</sub>	35.5	9.40	2.34
SiO <sub>2</sub>	3.3	4.30	18.39
Cr <sub>2</sub> O <sub>3</sub>	0.09	0.13	0.03
Al <sub>2</sub> O <sub>3</sub>	0.7	1.80	2.43
MgO	4.5	5.70	0.42
CaO	0.35	0.66	0.91
V <sub>2</sub> O <sub>5</sub>	0.20	0.35	0.24

**Figure 5: TIVAN® feedstock has fewer residual impurities (e.g. Fe<sub>Total</sub> and Cr<sub>2</sub>O<sub>3</sub>)**

TNG’s finished product, TiO<sub>2</sub> pigment, will have similar properties and command a similar premium to chloride produced pigment. The Company expects that its new process for the production of titanium dioxide pigment will yield very high physical and optical properties compared to other TiO<sub>2</sub> pigments (Figure 6).

	Sulfate	Chloride	TNG
Brightness	Less bright	More bright	More bright
Undertone	More yellow	Less yellow	Neutral
Dispersibility	More	Less	More
Abrasiveness	Less	More	Less

**Figure 6: Comparison of the TiO<sub>2</sub> process products.**

The low iron content of the feedstock will also minimize the environmental impact compared to traditional titanium pigment production processes. This represents an important competitive advantage for TNG as this is a key issue for customers in meeting their sustainable development targets.

TNG360 will be the first grade of titanium dioxide pigment produced by TNG targeting the paint and coatings market. The Company subsequently intends to develop a larger product portfolio to target the plastics, cosmetics and pharmaceutical industries.

## Strategic Development

### BBI Group and Balla Balla Deposit

Test work has been performed on concentrate from the Balla Balla Vanadium Project under a Heads of Agreement between TNG and BBI Group (see ASX announcement dated 12 June 2018). Test work has been completed and results are very positive with exceptional recoveries and high-grades similar to Mount Peake.

Initial commercial meetings have been held with executives from BBI Group and its parent company, Todd Corporation, to evaluate certain commercial options. Discussions are on-going and the Company will provide an update on any progress.

TNG's focus remains on the development of Mount Peake and any such discussions would only be progressed on this basis.

### Vimson Group

Initial discussions have been held with the Company's major shareholder, leading iron ore producer the Vimson Group, with potential involvement in the company's future operations which may include being part of the project finance structure.

## OTHER PROJECTS

### Cawse Extended Mine Project: Nickel-Cobalt (80%: Mesmeric/20%: TNG)

The Company has a 20% free-carried interest in the Cawse Extended Mining Lease. No further information was supplied by Mesmeric Enterprises during the reporting period. The Company continues to request updates.

## CORPORATE

### Appointment of Chairman

During the quarter, TNG appointed experienced Australian mining executive Mr John Elkington to its board as an independent non-executive Director and non-executive Chairman, effective 1 February 2019.

Mr Elkington is a highly experienced Australian mining executive and company director. His other roles include operating as an independent mining consultant providing company management, strategic cash-flow modelling and financial analysis, as well



as project and risk management advice for consulting, mining and development companies in the mining industry. He is also currently Chair of the Mid West Ports Authority, which operates the busy regional port of Geraldton in Western Australia.

Mr Elkington has consulted on a wide range of mining projects and metal types in many of the world's mineral provinces with his experience including the management of feasibility, due diligence, valuation and project implementation studies.

Mr Elkington holds a Master of Science degree (Mineral Economics) from the Western Australian School of Mines, Curtin University. He is a Fellow of the Australian Institute of Company Directors (FAICD) and a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM).

### Resignation of Non-Executive Director

Non-executive Director Mr Rex Turkington stepped down from the Company's board on 31 March 2019 to focus on his other directorships and business interests.

The change is consistent with the Company's strategy of board renewal as it prepares to make the transition from explorer to developer at Mount Peake. It was also in line with Mr Turkington's long-stated intentions.

Mr Turkington made a significant contribution to TNG over a period of more than seven years and the Company would like to sincerely thank him for his efforts.

### TNG Employee and Non-Executive Director and Consultant Share Plans

The Company provides the following update on the TNG Employee Share Plan and Non-Executive Director and Consultant Share Plan (the "Share Plans"), which were approved by shareholders at the Company's AGM held on 21 November 2012.

Under the Share Plans, certain Directors, consultants and employees were issued TNG shares ("Plan Shares") by way of an arrangement whereby the Company effectively funded the acquisition cost, with repayment of the funded amount by the holder to TNG deferred to a future date.

The amounts outstanding on Plan Shares issued in November 2012, December 2012 and November 2013, became payable by the holders at the end of 2018. The amounts outstanding on the November 2013 Plan Shares have been paid in full to the Company, generating proceeds of \$302,000. The Company advises that the Managing Director, Paul Burton, paid for his full allocation of 2,000,000 November 2013 Plan Shares. Former Director, Rex Turkington, also took up his full allocation of 2,000,000 November 2013 Plan Shares.

The amounts outstanding on the November and December 2012 Plan Shares were not paid and, under the rules of the Share Plans, the Plan Shares may be sold, either on the ASX or to an investor who falls within an exemption under Section 708 of the *Corporations Act 2001*, with the proceeds of sale to satisfy repayment of the amount owing in full.

The Company decided to coordinate the sale of the November and December 2012 Plan Shares in an orderly fashion to avoid any potential market overhang. TNG engaged Sanlam Private Wealth to manage the sale process for these Plan Shares, including part of an additional parcel of Plan Shares issued in November 2014 that are required to be sold pursuant to the rules of the TNG Non-Executive Director and Consultant Share Plan (owing to cessation of the holder's consultancy arrangement with TNG).

TNG has sought to conclude a sale to investors who fall within an exemption under Section 708 of the *Corporations Act 2001*, and not via a protracted on-market sale process on the ASX. The Company offered the shares to a number of its major shareholders and received interest which it has progressed with. The sale process is expected to be completed within the coming weeks.

On completion of the sale, the Company will provide a further update. An Appendix 3Y (Change of Director's Interest Notice) will be issued for directors for whom Plan Shares are sold.

### Investor and Market Engagement

During the quarter, TNG representatives attended the 121 Mining Investment Conferences in Cape Town and Hong Kong, and the European Coatings Show in Nuremberg, Germany.

These engagements form part of the Company's ongoing strategy to promote TNG and its products to a global audience ahead of finalising its project finance package.

In the June 2019 Quarter, the Company will be conducting other investor roadshows in Australia and the UK, and will also be presenting at the 121 Mining Investment Conference in London (20-21 May) and the Resources Rising Stars Conference on the Gold Coast (4-5 June).

### Newsletter

Subsequent to the end of the quarter, the Company released its inaugural Shareholder Newsletter. This was an initiative from TNG's Managing Director to provide an additional level of engagement with and news flow to the Company's valued shareholders. Both electronic and hard copy versions were distributed to TNG's approximately 5,000 shareholders.

### Investor Relations Executive

Subsequent to the end of the quarter, the Company appointed its own internal investor relations executive, Ms Paula Raffo. Ms Raffo will work closely with the TNG executive management and external public relations and engage with shareholders when required.

### Cash and Investments

TNG had total cash reserves of \$11.98 million at quarter-end.

TNG holds shares in the following listed entities:

- Peninsula Energy Ltd (ASX: PEN): 90,000 ordinary shares
- Todd River Resources Ltd (ASX: TRT): 7,000,000 ordinary shares

Paul Burton  
**Managing Director**

30 April 2019

## Mount Peake Mineral Resources and Ore Reserves

The Mount Peake Mineral Resource estimate set out below (Table 1) was released in an ASX Announcement dated 26 March 2013, “Additional Information on the Mount Peake Resource”, and was completed in accordance with the guidelines of the JORC Code (2012). Initial mining and financial assessment work, based on the Mineral Resource, followed (see ASX Announcement – 15 July 2013, “TNG Considers Two-Stage Development Option for Mount Peake Project, NT”).

**Table 1 – Mount Peake Mineral Resource estimate**

Category	Tonnes (Mt)	V <sub>2</sub> O <sub>5</sub> %	TiO <sub>2</sub> %	Fe%	Al <sub>2</sub> O <sub>3</sub> %	SiO <sub>2</sub> %
Measured	118	0.29	5.5	24	8.2	33
Indicated	20	0.28	5.3	22	9.1	34
Inferred	22	0.22	4.4	19	10.0	38
<b>TOTAL</b>	<b>160</b>	<b>0.28</b>	<b>5.3</b>	<b>23</b>	<b>8.6</b>	<b>34</b>

Note: Mineral Resource is inclusive of Ore Reserves. Tonnage and grade figures in tables have been rounded and small discrepancies in totals may occur. Ore Reserve is reported using a 0.1% V<sub>2</sub>O<sub>5</sub> cut-off. TNG is not aware of any new information or data that materially affects the mineral resource estimate included in the 26 March 2013 ASX Announcement and all material assumptions and technical parameters underpinning the assessment provided in that announcement continue to apply.

### Ore Reserve

The Mount Peake Ore Reserve estimate (Table 2) was reported in an ASX Announcement dated July 31 2015, (“Mount Peake Feasibility Study confirms a world – class project capable of delivering outstanding returns over long life”).

**Table 2 – Mount Peake Ore Reserve estimate**

Category	Tonnes (Mt)	V <sub>2</sub> O <sub>5</sub> %	TiO <sub>2</sub> %	Fe%
<b>Proven</b>	0	-	-	-
<b>Probable</b>	41.1	0.42	7.99	28.0
<b>TOTAL</b>	<b>41.1</b>	<b>0.42</b>	<b>7.99</b>	<b>28.0</b>

Note: Tonnage and grade figures in tables have been rounded to 2 or 3 significant figures and as a result small discrepancies may occur due to the effect of rounding. Ore Reserve is reported using a 15% Fe cut-off. TNG is not aware of any new information or data that materially affects the Ore Reserve estimate reported in the 31 July 2015 ASX Announcement and all material assumptions and technical parameters underpinning the assessment provided in that announcement continue to apply.

## Tenement Schedule

The Group holds an interest in the following tenements as at 31 March 2019:

Project	Mineral and ancillary Titles	Holder and TNG Equity
Mount Peake	EL27069, EL27070, EL27941, EL29578, EL30483, EL31389, EL31850, ML28341, ML29855, ML29856, ML30686, AA31105, AA32037	Enigma Mining Limited 100%
Cawse Extended	M24/547, M24/548, M24/549, M24/550	TNG 20% free carried to production, or can be converted to a 2% net smelter return on ore mined. Unicorn Pit is now excised and a wet tonne royalty applies.
Kintore East	M16/545	Evolution Mining (Mungarri) Pty Ltd. TNG 2% gold return interest on production.

## Competent Person’s Statements

The information in this report that relates to the Mount Peake Mineral Resource estimates is extracted from an ASX Announcement dated 26 March 2013, (see ASX Announcement – 26 March 2013, “Additional Information on the Mount Peake Resource”, [www.tngltd.com.au](http://www.tngltd.com.au) and [www.asx.com.au](http://www.asx.com.au)), and was completed in accordance with the guidelines of the JORC Code (2012). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resource estimates in the relevant market announcement continue to apply and have not materially changed. The

Company confirms that the form and context in which the Competent Person's findings are represented have not been materially modified from the original market announcement.

The information in this report that relates to the Mount Peake Ore Reserve estimate is extracted from an ASX Announcement dated July 31 2015, ("Mount Peake Feasibility Study confirms a world – class project capable of delivering outstanding returns over long life", [www.tngltd.com.au](http://www.tngltd.com.au) and [www.asx.com.au](http://www.asx.com.au) ), and was completed in accordance with the guidelines of the JORC Code (2012). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Ore Reserve estimate in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are represented have not been materially modified from the original market announcement.

### **Production Targets and Financial Information**

Information in relation to the Mount Peake Definitive Feasibility Study, including production targets and financial information, included in this report is extracted from an ASX Announcement dated 20 November 2017, (see ASX Announcement – 20 November 2017, "Updated Feasibility Study Results", [www.tngltd.com.au](http://www.tngltd.com.au) and [www.asx.com.au](http://www.asx.com.au)). The Company confirms that all material assumptions underpinning the production target and financial information set out in the announcement released on 31 July 2015 continue to apply and have not materially changed.

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

**Name of entity**

TNG Limited

**ABN**

12 000 817 023

**Quarter ended ("current quarter")**

31 March 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) engineering, exploration & evaluation	(4,215)	(6,327)
(b) development		
(c) production		
(d) staff costs	(444)	(1,323)
(e) administration and corporate costs	(736)	(2,472)
1.3 Dividends received (see note 3)		
1.4 Interest received	126	193
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds	-	1,551
1.8 Other (TRT oncharge as per administrative services agreement)	280	615
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(4,989)</b>	<b>(7,763)</b>



<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(3)	(47)
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets-security deposits		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other – security deposit	-	(67)
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(3)</b>	<b>(114)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	224	14,207
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(82)
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
<b>3.10 Net cash from / (used in) financing activities</b>	<b>224</b>	<b>14,125</b>

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	16,745	5,729
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(4,989)	(7,763)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(3)	(114)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	224	14,125
4.5 Effect of movement in exchange rates on cash held		
<b>4.6 Cash and cash equivalents at end of period</b>	<b>11,977</b>	<b>11,977</b>

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,977	1,745
5.2 Call deposits	10,000	15,000
5.3 Bank overdrafts		
5.4 Other (provide details)		
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>11,977</b>	<b>16,745</b>

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	232
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Includes director fees, salaries and superannuation

7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Engineering, exploration and evaluation	(3,773)
9.2 Development	
9.3 Production	
9.4 Staff costs	(492)
9.5 Administration and corporate costs	(714)
9.6 Other (provide details if material)	
<b>9.7 Total estimated cash outflows</b>	<b>(4,979)</b>

## Mining exploration entity and oil and gas exploration entity quarterly report

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Date: 30 April 2019

Print name: Jason Giltay

(Company Secretary)

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.