TNG LIMITED

19 August 2019

UPDATE ON FRONT-END ENGINEERING AND DESIGN FOR THE MOUNT PEAKE PROJECT

Australian strategic metals company TNG Limited (ASX: TNG) ("TNG" or the "Company") is pleased to provide an update on the ongoing Front-End Engineering and Design ("FEED") work for the **Mount Peake Vanadium-Titanium-Iron Project** being coordinated by its strategic engineering and development partner, the German-based metallurgical engineering firm SMS group.

HIGHLIGHTS

MINE SCHEDULE FOCUSED ON TWO HIGHER GRADE VANADIUM PITS

- A revised mine schedule has been completed by Snowden Mining Industry Consultants ("Snowden") as part of FEED optimisation activities.
- The revised mine schedule has established that a focus on two higher grade vanadium pits within the Resource during the first 10 years of mining operations could result in a reduced ore mining and processing rate, and fewer tailings produced, while delivering the same targeted magnetite concentrate quality and volumes.

PREMIUM IRON ORE STRATEGY CONFIRMED

- FEED work has confirmed TNG's premium iron ore strategy for the Mount Peake Project.
- The Company is targeting production of a high grade iron oxide product grading over 64% Fe with low impurities, which is expected to command a premium to the 62% Fe benchmark price.

MINE SITE BENEFICIATION PLANT FLOWSHEET FINALISED

- The Beneficiation Plant flowsheet has been finalised by Como Engineers as part of the FEED process, with the design being overseen by SMS group.
- The Beneficiation Plant has been designed with a focus on sustainability and automation, using proven technologies to ensure magnetite concentrate production and quality targets are achieved to deliver a consistent feedstock to the TIVAN® Processing Plant in Darwin within accepted tolerances.

COMMENCEMENT OF DIAMOND DRILLING FOR OPTIMISATION WORK

- A short diamond drilling program is underway at Mount Peake to deliver samples for pre-development engineering and optimisation work under the FEED study.
- The information provided from this drilling program will consolidate the mine schedule regressions developed by Snowden and support the Beneficiation Plant design, ensuring it can withstand variability in the ore delivered. The homogeneous nature of the ore body, which is unique in itself, suggests that this work should not result in the need for any further changes but is expected to validate the current design.

FEED EQUIPMENT SELECTION TEST WORK IN PROGRESS

- A consignment of magnetite concentrate, produced from ore composite samples generated from the Reverse Circulation drilling program completed in April, was delivered in July to SMS group in Germany for equipment selection test work, which is progressing.

MINE SCHEDULE

The completion of a revised mine schedule by Snowden, undertaken as part of FEED process optimisation activities, has identified the potential benefits of focusing on two higher grade vanadium pits within the Resource (see Figure 1) for at least the first 10 years of operations.

Mining these high grade vanadium pits from commencement of operations has the potential to reduce the proposed annual ore mining and processing rates, while at the same meeting targeted magnetite concentrate quality and volumes, and deliver a consistently higher grade magnetite concentrate to the proposed TIVAN® Processing Facility in Darwin.

Reductions in the proposed ore mining and processing rates could potentially reduce mining costs and the costs associated with waste haulage of tailings to the Integrated Waste Landform ("IWL").

Ongoing FEED work will verify the potential operational and financial impact of the revised mine schedule, including the impact of reductions in ore mining and processing rates on plant equipment sizing, supporting the refinement of the financial model incorporating any resulting revisions in OPEX and CAPEX.

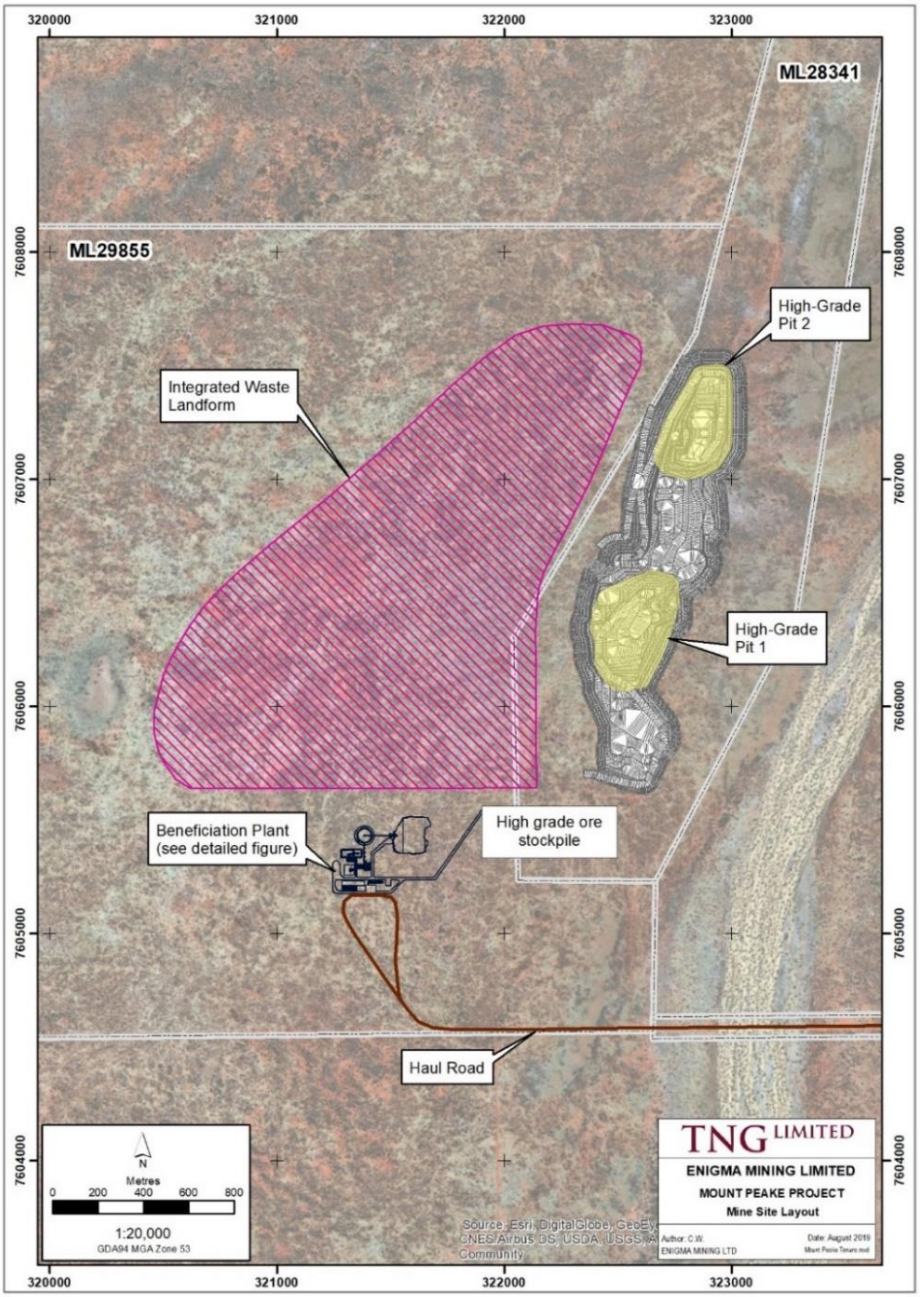

Figure 1: Proposed Mount Peake Project mine site layout including two higher grade vanadium pits

PREMIUM IRON ORE STRATEGY

FEED work has confirmed the expected production of a high-value, high-grade iron oxide (Fe_2O_3) product for the Mount Peake Project.

The Company plans to produce three high-value product streams from the Mount Peake magnetite deposit – namely high-grade iron oxide, high-purity vanadium pentoxide and titanium dioxide pigment, using the patented and 100% TNG-owned TIVAN® process.

TNG is targeting the production of a high grade iron oxide product grading over 64% Fe with low impurities, which is expected to command a premium to the 62% Fe benchmark price.

Technical due diligence undertaken during the FEED process – including evaluation of a number of processing variables and market conditions – has confirmed TNG's iron oxide product strategy and the targeting of a high-grade Fe content product. The final product route, including a decision on the production of fines or pellets versus the potential benefits of producing pig-iron, will be confirmed during the FEED study in consultation with the Company's off-take partners.

MINE SITE BENEFICIATION PLANT

The mine site Beneficiation Plant flowsheet (see Figure 3) has been finalised by Como Engineers with the design being overseen by SMS group. The Beneficiation Plant will produce a consistent high-quality magnetite concentrate using conventional technology based on extensive metallurgical testing. The current design involves:

- Crushing;
- Grinding and classification;
- Magnetic separation;
- Dewatering of magnetite concentrate; and
- Dewatering of tailings.

The magnetite concentrate proposed to be produced by the Beneficiation Plant will be treated through the planned TIVAN® Processing Facility in Darwin (see Figure 2). The first stage of the process requires pre-treatment of the magnetite concentrate in preparation for the phase in which iron slurry is then processed to produce high-quality haematite powder.

The specific location of the Beneficiation Plant at the Mount Peake mine site has been selected by TNG in consultation with Como Engineers, Snowden and other key consultants, to ensure its placement considered all aspects of mining and processing operations in order to optimise project outcomes over the life of mine (see Figure 4). The location decision was supported by the previous sterilisation drilling program conducted in April 2019 (see ASX Announcement dated 4 April 2019).

In addition, tailings dry stacking test work has been completed and final designs on the IWL are nearing completion, which will ensure that water usage for the production of magnetite concentrate is optimised.

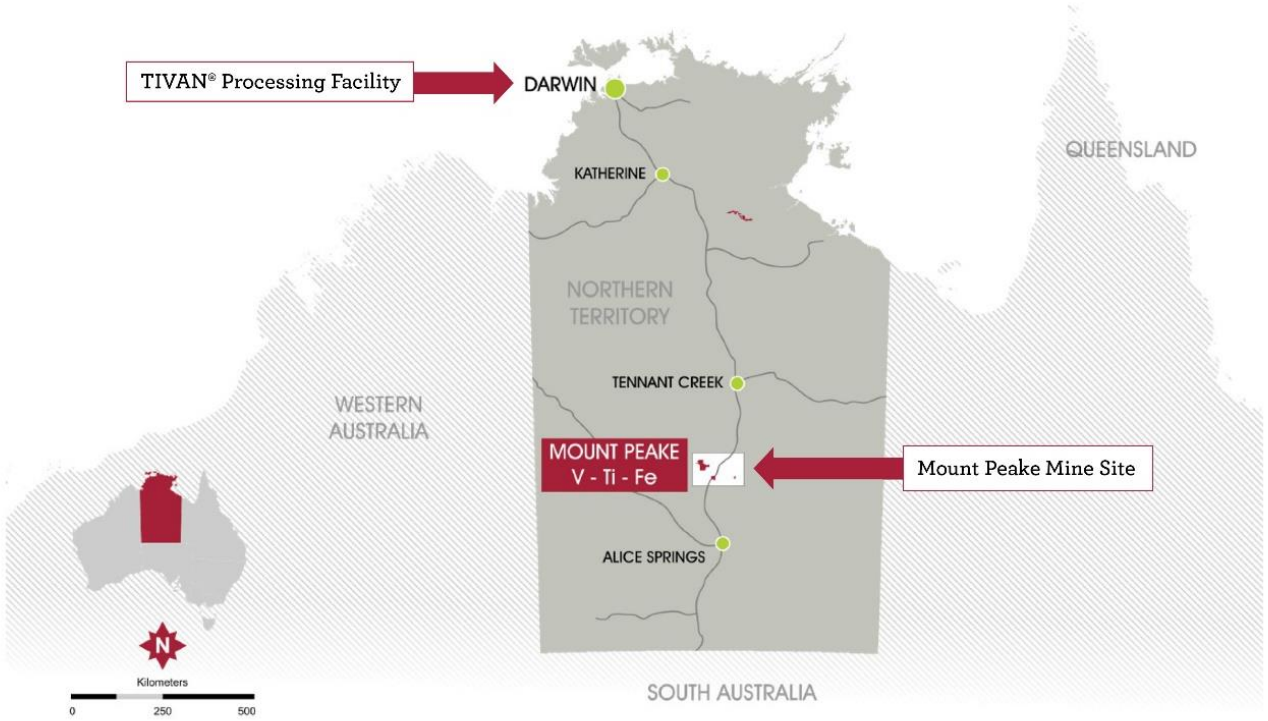

Figure 2: Proposed Mount Peake Project location plan in the Northern Territory

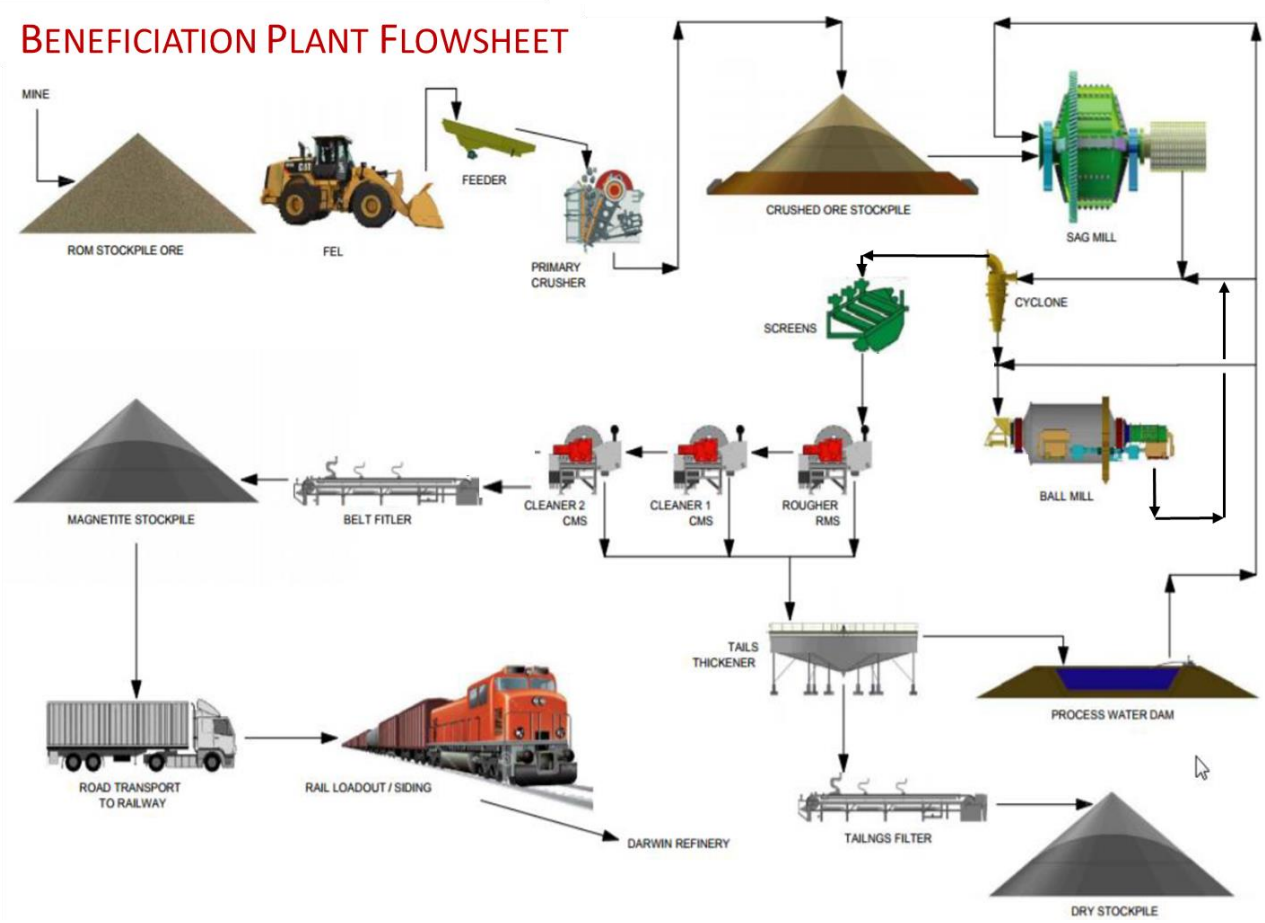

Figure 3: Mount Peake mine site Beneficiation Plant flowsheet

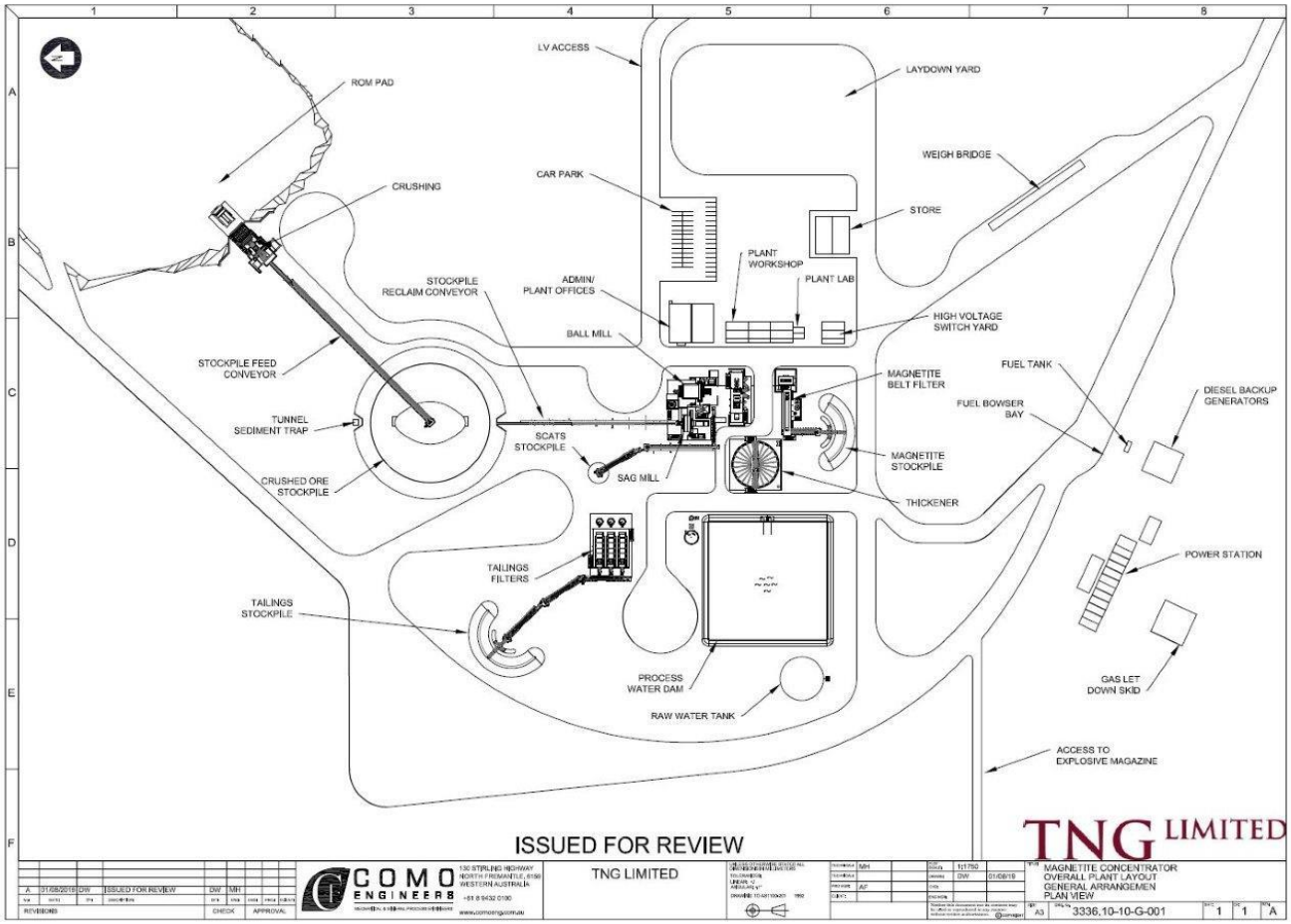

Figure 4: Detailed Beneficiation Plant Design Layout

DIAMOND DRILLING PROGRAM AT MOUNT PEAKE

The Company has commenced a short diamond drilling program at Mount Peake as part of ongoing pre-development engineering and optimisation work.

The program will deliver samples for analysis to assist with the completion of FEED programs currently in progress, providing information on:

- Blastability: Detailed mining costs for ore and waste lithologies
- Material handling testing: Strength, hardness and abrasiveness testing
- Variability test work: Confirm magnetite concentrate variability will be minimal with the current Beneficiation Plant design and provide validation to the mine schedule regressions
- Acid mine drainage studies: Additional material to supplement the existing acid mine drainage testwork program
- Groundwater monitoring: Holes to be included in the ongoing groundwater monitoring program

Blastability refers to the rock properties that relate to the ease and cost of blasting and fragmentation of rock material, with rock strength and density being two measurable characteristics that allow it to be determined. Samples from the current drilling program will undergo several tests to better inform the drill and blast contractors and confirm mining costs.

Material handling test work will be performed to support the targeted availability and utilisation of the Beneficiation Plant. These tests will review the strength, hardness and abrasiveness of the material, assisting with determining materials for construction, projected maintenance OPEX and preventative maintenance tactics.

These and other previous samples will then be used to define ore variability over the deposit, in order to optimise the mining schedule producing consistent quality and production of magnetite concentrate with the current Beneficiation Plant design.

Additionally, the ore samples from throughout the deposit (spatially as well as taking into consideration grade variation), will then be used to further define variability of the ore material, focusing specifically on the starter pit area and production for the initial years (around holes 19R, 19S and 19T in Figure 5). The selection of this starter pit is expected to reduce costs associated with haulage of both ore to the Beneficiation Plant and filtered tailings to the IWL.

Sample material will allow for an expanded acid mine drainage ("AMD") testwork program as part of the requirements of the mine site EIS approval obtained in 2018 (see ASX Announcement dated 15 May 2018). The completed diamond drill holes will be used for ongoing groundwater monitoring purposes. Both acid mine drainage and groundwater monitoring are requirements of the EIS approval and form part of the Mine Management Plan, which is currently in progress (see ASX Announcement date 17 July 2019).

In total approximately 900 metres of PQ-sized diamond core will be drilled, to generate over 500 metres of mineralised core and approximately eight tonnes of ore material. The new diamond drilling program is expected to be completed within a month, with all samples dispatched for testing by mid-September.

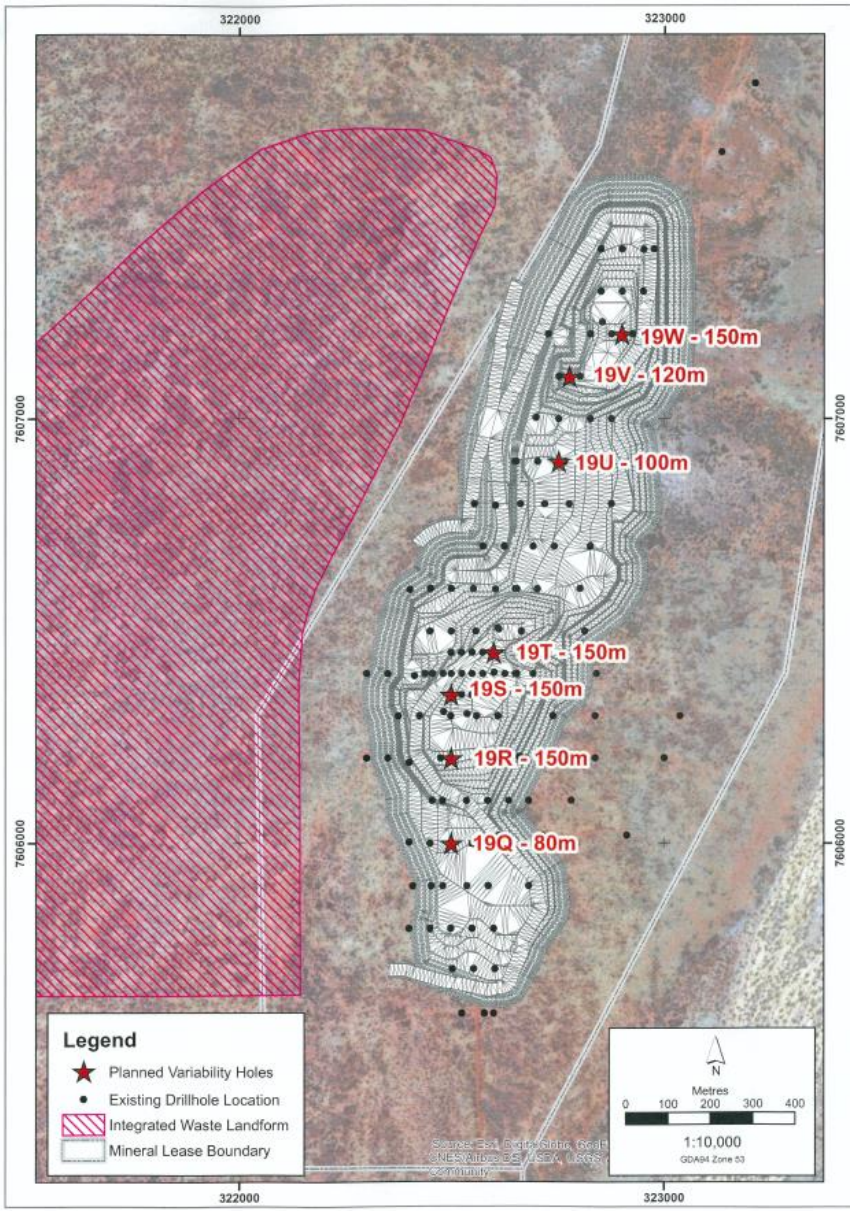

Figure 5. Drilling location plan and hole depths, showing the planned pit outline.

FEED EQUIPMENT SELECTION TESTWORK

Following the Reverse Circulation drilling program completed in April this year (see ASX Announcement dated 4 April 2019), eight bulk ore composite samples (approximately 800kg each) were dispatched to a metallurgical testwork facility to produce magnetite concentrate. This process is nearing completion, generating over 1.5 tonnes of magnetite concentrate which can be used by TNG and SMS group for FEED-related test work over the coming months.

An initial consignment of magnetite concentrate was delivered in July to SMS group in Germany for equipment selection test work. Proven technology suppliers have been engaged to undertake this test work, which is being overseen by SMS group in consultation with TNG's technical team.

Management Comment

TNG's Managing Director & CEO, Mr Paul Burton, said the ongoing FEED work had generated a number of very positive and significant outcomes for the Company and its shareholders:

> *"We are delighted that the optimisation work completed so far has demonstrated the potential benefits of a project focused on higher-grade vanadium zones within the Resource over the first 10 years. The proposed revised mine schedule may represent a technically and logistically simpler and more streamlined mining operation, potentially making the Project simpler to finance. We are looking forward to receiving the results of the financial impact analysis being undertaken on the revised mine schedule.*
>
> *"We are also very pleased with the confirmation of TNG's premium iron ore product strategy as it will enable the Company to capitalise on the recent growing focus on premium quality magnetite concentrate driven by the Chinese steel industry.*
>
> *"Mount Peake is a world-class magnetite deposit which is ideally placed to capitalise on these trends. This is why we are working hard to optimise the project and our final product mix. We have already optimised our vanadium and titanium products, and we are now working to optimise what we will produce from an iron perspective.*
>
> *"We look forward to receiving the results of this work as the FEED process progresses in readiness for a potential Final Investment Decision."*

Paul E Burton
Managing Director & CEO

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About TNG

TNG is building a world-scale strategic metals business based on its flagship 100%-owned Mount Peake Vanadium-Titanium-Iron Project in the Northern Territory. Located 235km north of Alice Springs, Mount Peake will be a long-life project producing a suite of high-quality, high-purity strategic metals products for global markets including vanadium pentoxide, titanium dioxide and iron oxide. The project, which will be a top-10 global producer, has received Major Project Facilitation status from the NT Government.

Vanadium is a highly strategic metal which is used as an alloy in steel. It is also in strong demand for use in energy storage, with vanadium redox batteries used to store electricity generated by solar and wind power, and lithium-vanadium ion batteries used to power hybrid cars.

Forward-Looking Statements

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