

March 2020 Quarterly Activities Report

Development of the Mount Peake Project continued despite global disruptions arising from the COVID-19 pandemic, which saw a swift and proactive company-wide response from TNG

SUMMARY

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

- Front-End Engineering and Design (“FEED”) study continued to progress during the quarter.
- Key FEED work streams related to design and engineering experienced relatively limited disruption during the quarter due to COVID-19.
- Design and tendering for the supporting non-process infrastructure has also advanced.
- Draft Environmental Impact Statement (“Draft EIS”) for the Darwin Processing Facility (“DPF”) was available for public comment from 30 November 2019 to 21 February 2020.
- The Company is awaiting comments from the Northern Territory Government agencies on the Draft EIS in order to proceed to the next stage of the EIS process.
- Application for the direct sale of the Crown Land for the proposed TIVAN® DPF land site currently being assessed by the Northern Territory Government.

CORPORATE

- Appointment of leading global titanium industry expert Simon Morten as a non-executive Director.
- The TNG Board resolved to postpone the proposed dual listing on the Main Market of the London Stock Exchange until the FEED study has been finalised.
- Rapid response to the escalating COVID-19 pandemic, with the Board and senior management agreeing to reduce their hours or salaries by between 20% to 40% during the crisis in order to reduce costs.
- The Company’s cash position was \$12.3 million at 31 March 2020.

COVID-19

During the quarter, the Company acted quickly to ensure the safety of its staff as the COVID-19 crisis developed into the pandemic.

As a result of these swift measures, all of the Company's personnel in Australia and overseas were able to return to home bases safely and all remain in good health.

In Australia, the Company has adhered to all of the Federal and State recommendations for the health and safety of its staff and has adopted work-from-home protocols in order to comply with social distancing guidelines, with the exception of payroll – where the software concerned cannot be operated remotely.

In addition, the Company has reduced its senior management hours and, consequently, salaries by 40% and the Board of Directors' fees by 20% – to be reviewed monthly during the crisis period. The Board of Directors have agreed to take TNG shares in lieu of payment subject to shareholder approval at the Company's next General Meeting. This will help to preserve the Company's strong cash position while still allowing the business to continue operating as efficiently as possible to keep all important Project workstreams in place.

The Company has also secured rate reductions from a number of its key suppliers and contractors.

As announced on 31 March 2020, a number of contractors linked to development planning for the Mount Peake Project have been impacted by the COVID-19 situation, which may affect their ability to deliver agreed scopes of work within planned timeframes.

The key FEED work streams related to design and engineering have experienced relatively limited disruption to date, and will continue to be progressed. However, a range of other supporting FEED work streams have been impacted by temporary shutdowns of business units in heavily affected locations and travel restrictions, and will therefore be deferred for the time being.

As a result, the timing of the FEED study completion is likely to be impacted. While the Company is not at this stage expecting any major delays, this is subject to further developments with the rapidly changing COVID-19 global situation.

The Company is continuing to monitor the situation closely to assess if any further impacts to project delivery will occur.

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

Project Summary and Details

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 corridors including the Alice Springs-Darwin Railway and the Stuart Highway. With a JORC Measured, Indicated and Inferred Resource totalling 160 million tonnes (118 million tonnes Measured, 20 million tonnes Indicated, 22 million tonnes Inferred) grading 0.28% V₂O₅, 5.3% TiO₂ and 23% Fe (refer to Appendix A 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 and one of the most advanced in pre-development activities.

Mount Peake Project Progress, Planning and Development

Front-End Engineering and Design ("FEED") Study

During the quarter, TNG's strategic engineering and development partner, the German-based metallurgical engineering firm SMS group ("SMS"), continued to advance the comprehensive FEED study for the Project.

The areas covered include all the process plant equipment required for the mine site Beneficiation Plant and all processing equipment for the DPF, including all associated plant and equipment.

On 28 January 2020, SMS's FEED team provided a detailed briefing to TNG's Management and FEED team at TNG's office in Perth.

The team also visited the DPF site and had meetings with the NT Government.

Representatives of SMS conducted further meetings with reagent suppliers and construction companies during their visit to Australia.

Non-Process Infrastructure (“NPI”)

In parallel with the FEED study, the Company continued to advance the planning and design for the NPI required at both the DPF and mine site. This included tendering for:

- Mining and tailings operations; and
- Haul roads, bore field, accommodation camp, logistics infrastructure and power supply.

The tender packages were submitted to selected companies and the results are being reviewed by the senior management team ahead of selecting successful tenders for contract negotiations.

Land Site – Darwin TIVAN® Processing Facility

The Company continued to advance discussions with the NT Government while awaiting a formal response to its proposal for acquisition.

The land offered to TNG for the DPF is currently Crown Land and is a large disturbed site of approximately 150 acres in Darwin.

The land, which is located just 10km from the Darwin Port, had previously been used for building material extraction, is zoned for heavy industry, and is ideally located next to the railway line, the Amadeus Gas pipeline hub and the Darwin power plants.

Project Permitting

During the quarter, the Company held meetings with the Project Control Group and various government departments.

Darwin Process Facility Environmental Impact Statement

During the quarter, the Draft EIS for the Company’s proposed TIVAN® Processing Facility in Darwin (“DPF”) was available for a period of public comment, which ended on 21 February 2020.

Subsequent to the end of the public comment period, the NT EPA advised the Company that a Supplement to the EIS will be required as part of the next stage of the Environmental Impact Assessment (“EIA”) process. This a normal and expected process.

The NT EPA has advised that comments about the information required in the Supplement, from the Northern Territory Government, will be provided to the Company following review and consolidation of all agency comments.

The Company has followed this up with the relevant agencies but at the date of this report no formal comments or requirements from the NTEPA had been received.

The specific additional requirements and approval timelines for the completion of any supplement are therefore unknown, and may be further impacted by the COVID-19 situation.

Off-Take Agreements

Vanadium Pentoxide

TNG and GUNVOR have continued negotiations and discussions for the completion of a formal agreement for potential off-take of 40% of the forecast 6,000 tonnes per annum of high-purity vanadium pentoxide intended to be produced by the Mount Peake Project, following the execution of the Binding Term Sheet in December 2019.

A draft agreement has been prepared and is currently under review by both parties.

The Company already has a binding life-of-mine off-take agreement in place with Woojin (Korea) for 60% of TNG’s forecast vanadium pentoxide production.

Iron Ore

The Company has progressed negotiations with V.M. Salgaocar & Bro. (Singapore) Pte. Ltd. in order to finalise a binding life-of-mine off-take of the high-purity iron ore products intended to be produced by the Mount Peake Project based on the Binding Term Sheet signed in December 2019.

A draft agreement has been prepared and is currently under review by both parties.

Titanium Dioxide Pigment

The Company has a binding life-of-mine off-take and marketing agreement in place with market expansion provider DKSH (Switzerland) for a minimum of 75,000 tonnes and up to 100% of TNG's titanium dioxide production on an FOB basis.

Project Finance

Debt

During the quarter, the Company continued to progress work and assist with due diligence with its exclusive senior debt advisor and arranger, KfW IPEX-Bank GmbH ("KfW IPEX-Bank"). Due to the COVID-19 impact in Germany, it is likely that the completion of any required due diligence will be delayed.

The Company has submitted a detailed proposal to NAIF and continued discussions regarding potential funding for the Project. The Company awaits a formal response from NAIF.

Equity

The Company continued to progress and evaluate a number of different options for equity financing. The final equity requirement will be determined following completion of the FEED study and confirmation of the level of debt funding available.

During the quarter, senior representatives of TNG met with major financial institutions and equity funds both in Australia and overseas, principally in Cape Town and Singapore.

In light of the COVID-19 impact in Europe, it is likely that the completion of any due diligence activities will be delayed.

OTHER PROJECTS

Cause Extended Mine Project: Nickel-Cobalt

(80%: Mesmeric/20%: TNG)

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

CORPORATE

Deferral of Dual Listing on the Main Market of the London Stock Exchange

During the quarter, the TNG Board of Directors resolved to postpone the proposed dual listing on the Main Market of the London Stock Exchange ("LSE") (the "LSE Listing") announced in October 2019.

The proposed dual listing was deferred until the FEED study for the Mount Peake Project is finalised by SMS.

The decision was made following careful assessment of the timing of the LSE Listing and the expected timing of the delivery of the FEED study results, as well as extensive engagement by TNG's directors with corporate advisers, brokers and investors in the London and European markets.

Board of Directors Update

On 7 February 2020, John Davidson resigned as a non-executive Director. Mr Davidson agreed to step down to focus on spearheading the development of TNG's growth plans in the emerging Vanadium Redox Battery ("VRB") industry, subject to agreement between both parties, together with his own business enterprise in alternative energy solutions. The development of this has subsequently been deferred until the COVID-19 crisis is over.

On 17 February 2020, the Company announced that highly experienced former Cristal senior executive Mr Simon Morten was going to transition to the Company's Board as a Non-Executive Director. Mr Morten previously served as General Manager – Titanium Production and will continue to advise in a consulting capacity.

Mr Morten's appointment brings 30 years of experience in the titanium pigment industry to the TNG Board, including extensive expertise in pigment manufacture and processing. Mr Morten has spent most of his career with Cristal, which was recently acquired by Tronox, one of the world's leading vertically integrated producers of high-quality titanium products and zircon, with a diverse global footprint.

Investor and Market Engagement

During the quarter, TNG representatives continued to engage with several investors focused in both debt and equity in Australia, Europe, South Africa and Asia in order to expand the Company's profile in domestic and international markets.

Mr Paul Burton, TNG's Managing Director & CEO, presented at the 121 Mining Investment Conference in Cape Town in early February 2020.

Mr Philippe Guillemaille, GM Sales and Marketing, attended conferences and presented in Singapore, Shanghai and Berlin.

All international meetings occurred prior to the Company cancelling travel for all employees and contractors due to the onset and rapid escalation of the COVID-19 pandemic.

Financial Position

TNG had total cash reserves of \$12.3 million as at 31 March 2020.

During the quarter, payments for engineering, exploration and evaluation activities for the Company's flagship Mount Peake Project totalled \$3.27m as detailed in the enclosed Quarterly Cash Flow Report.

Authorised by:

Paul E Burton

Managing Director & CEO

9 April 2020

APPENDIX A

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 dated 15 July 2013).

Table 1 – Mount Peake Mineral Resource estimate

Category	Tonnes (Mt)	V ₂ O ₅ %	TiO ₂ %	Fe%	Al ₂ O ₃ %	SiO ₂ %
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
TOTAL	160	0.28	5.3	23	8.6	34

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% V₂O₅ cut-off. TNG is not aware of any new information or data that materially affects the mineral resource estimate included in the ASX Announcement dated 26 March 2013 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 Results").

Table 2 – Mount Peake Ore Reserve estimate

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

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 ASX Announcement dated 31 July 2015 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 2020:

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% (Enigma is a wholly owned subsidiary of TNG Limited)
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 ASX Announcement dated 26 March 2013, (see ASX Announcement – 26 March 2013, "Additional Information on the Mount Peake Resource", www.tngltd.com.au and 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 Announcement dated 31 July 2015, ("Mount Peake Feasibility Results", www.tngltd.com.au and 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 Mount Peake production targets and financial information included in this report is extracted from an ASX Announcement dated 11 September 2019 called "Optimised Delivery Strategy for Mount Peake" available on the Company's website on www.tngltd.com.au. The Company confirms that all material assumptions underpinning the production target and financial information set out in the announcement released on 11 September 2019 continue to apply and have not materially changed.

Forward-Looking Statements

This report has been prepared by TNG Limited. This report is in summary form and does not purport to be all inclusive or complete. Recipients should conduct their own investigations and perform their own analysis in order to satisfy themselves as to the accuracy and completeness of the information, statements and opinions contained.

This report is for information purposes only. Neither this nor the information contained in it constitutes an offer, invitation, solicitation or recommendation in relation to the purchase or sale of TNG Limited shares in any jurisdiction. This report does not constitute investment advice and has been prepared without taking into account the recipient's investment objectives, financial circumstances or particular needs and the opinions and recommendations in this announcement are not intended to represent recommendations of particular investments to particular persons. Recipients should seek professional advice when deciding if an investment is appropriate. All securities transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments.

To the fullest extent permitted by law, TNG Limited, its officers, employees, agents and advisers do not make any representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of any information, statements, opinions, estimates, forecasts or other representations contained in this report. No responsibility for any errors or omissions from this arising out of negligence or otherwise is accepted.

This report may include forward looking statements. Forward looking statements are only predictions and are subject to risks, uncertainties and assumptions which are outside the control of TNG Limited. Actual values, results or events may be materially different to those expressed or implied.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

TNG Limited

ABN

12 000 817 023

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation (if expensed)		
(b) development		
(c) production		
(d) staff costs	(389)	(1,050)
(e) administration and corporate costs	(469)	(1,861)
1.3 Dividends received (see note 3)		
1.4 Interest received	66	208
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(792)	(2,703)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment	-	(22)
	(d) engineering, exploration & evaluation (if capitalised)	(3,270)	(11,892)
	(e) investments		
	(f) other non-current assets-Security Deposit	-	(3)
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets-Security deposit		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (Research & Development Refund)	-	2,185
2.6	Net cash from / (used in) investing activities	(3,270)	(9,732)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	4,980
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(259)
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	Repayments of lease liability	(27)	(104)
3.10	Net cash from / (used in) financing activities	(27)	4,617

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	16,385	20,114
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(792)	(2,703)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,270)	(9,732)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(27)	4,617
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	12,296	12,296

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	1,296	385
5.2	Call deposits	11,000	16,000
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	12,296	16,385

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1 <i>Includes director salaries, fees and superannuation</i>	278
6.2	Aggregate amount of payments to related parties and their associates included in item 2 <i>Includes fees for additional services</i>	4

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities		
7.5 Unused financing facilities available at quarter end		
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(792)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(3,270)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(4,062)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	12,296
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	12,296
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	3.03
8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	
3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	

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.

Date: 9 April 2020

Authorised by: Paul E Burton
Managing Director & CEO

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.