

## ASX ANNOUNCEMENT

28 November 2014

ASX CODE: TNG

### REGISTERED OFFICE

TNG Limited  
Level 1, 282 Rokeby Road  
Subiaco, Western Australia 6008

T +61 8 9327 0900

F +61 8 9327 0901

W [www.tngltd.com.au](http://www.tngltd.com.au)

E [corporate@tngltd.com.au](mailto:corporate@tngltd.com.au)

ABN 12 000 817 023

### DIRECTORS

Michael Evans  
Jianrong Xu  
Paul Burton  
Stuart Crow  
Rex Turkington  
Wang Zhigang

### COMPANY SECRETARY

Simon Robertson

### PROJECTS

Mount Peake: Fe-V-Ti  
Black Range Iron  
Manbarrum: Zn-Pb-Ag  
East Rover: Cu-Au  
McArthur: Cu-Zn-Pb-Ag  
Mount Hardy: Cu-Au-Zn-Pb  
Sandover: Cu-Au  
Walabanba: Fe-V-Ti-Cu-Au

### CONTACT DETAILS

Paul Burton | +61 8 9327 0900  
Nicholas Read | +61 419 929 046  
Simon Robertson | +61 8 9327 0900

## COMMODITY GIANT GUNVOR GROUP BACKS MOUNT PEAKE DEVELOPMENT WITH STRATEGIC OFF-TAKE AGREEMENT

*Letter of Intent encompasses off-take, marketing, distribution and financing for high-purity Mount Peake iron product*

### HIGHLIGHTS

- TNG signs Letter of Intent with multi-billion dollar global commodity trading house Gunvor Group confirming the intention to negotiate binding agreements for the sale and marketing of Mount Peake's high-purity iron oxide product.
- This converts the broad Memorandum of Understanding announced in June 2014, cementing the strong relationship developed between the two groups and focusing specifically on the high purity Iron-oxide product to be produced at Mount Peake.
- Under the terms of the proposed agreement, and subject to all regulatory and other approvals Gunvor Group will:
  - *have the exclusive right to distribute and market TNG's Mount Peake product, and also commits not to market other similar high-purity iron products from other sources without TNG's prior approval.*
  - *provide market intelligence and market and distribute the product globally on a commission basis to be calculated as a percentage of the final sales price. This structure will align Gunvor's and TNG's interests to maximize the value of the product in the market; and*
  - *assist TNG to optimize its iron oxide production to customer's needs as well as to maximize its final sales price and profit for TNG.*
- The proposed agreements will also be structured to assist TNG directly or indirectly in securing future financing for Mount Peake and to advance the project towards development.

TNG Limited (ASX: TNG) is pleased to announce a significant development in its strategic relationship with leasing commodity trading company **Gunvor** ("GNV"), with the signing of a Letter of Intent (LOI) between the companies which crystallises the MOU announced in June.

This marks another key milestone in TNG's funding and development strategy for its flagship Mount Peake Vanadium-Titanium-Iron Project in the Northern Territory, formalising a strategic alliance with a major global commodity trading group, and complements previously announced LOI's with Global Pacific Partners and Korea's WOOJIN.

The Letter of Intent (LOI) executed between TNG and Gunvor Group records the parties' discussions regarding long-term strategic cooperation with respect to specific focus on:

- the exclusive distribution of TNG's high purity iron product by Gunvor on a global basis;
- the commitment of Gunvor to maximize TNG's product's value through market research, promotion and percentage commission remuneration; and
- other mutually beneficial arrangements.

On signing of this LOI the companies will commence negotiations over a 180 negotiating period with the aim to develop a binding offtake agreement for TNG's iron-oxide product under the agreed terms above.

TNG is currently at an advanced stage of completing the Definitive Feasibility Study on the Mount Peake development, which will be a world-class, long-life strategic metals project producing three highly valuable products: high-purity vanadium pentoxide ( $V_2O_5$ ), iron oxide ( $Fe_2O_3$ ) and titanium dioxide ( $TiO_2$ ). Funding to complete DFS was secured earlier this month, putting the Company in a strong position to advance the project towards funding and development.

TNG estimates it will produce approximately 900,000Tonnes of 99.9% purity iron oxide ( $Fe_2O_3$ ) per annum over an initial 20 year mine life. Gunvor have commenced studies identifying suitable markets and pricing for this specialised product.

The Gunvor Group forms part of an impressive portfolio of strategic agreements, off-take arrangements and partnerships with a Tier-1 group of commodity houses, engineering groups and off-take and funding partners established by TNG over the past two years.

Founded in 2000, the Gunvor Group has grown from being a European niche player in oil trading to one of the world's largest independent commodity trading companies by turnover (US\$93 billion in 2012), providing integrated trading products and logistics services for participants in the worldwide resources markets.

Building on the company's global reach, Gunvor has become a leading trader in Metals and Bulk Materials through off-takes, purchases and marketing arrangements with producers worldwide. Gunvor's commercial supply and marketing expertise is complemented by its ability to provide its partners with access to pre-financing solutions across all deal types. Gunvor's established risk management capabilities further ensures timely and creative solutions to meet customers' needs.

TNG's Managing Director, Mr Paul Burton, said the signing of a Letter of Intent with Gunvor Group marked another step in the right direction for the Mount Peake Project.

"We are pleased to have formalised our relationship with the Gunvor Group, which is one of the world's most powerful commodity trading houses, crystallising the MOU which we first entered into in June this year," he said.

"Gunvor Group bring an outstanding global network, an impressive depth of strategic market intelligence and advice and access to funding sources which will prove to be incredibly valuable as we complete the Definitive Feasibility Study and advance Mount Peake towards development. We welcome this agreement and I look forward to working closely with Gunvor".

**Paul E Burton**  
**Managing Director**

**28 November 2014**

**Inquiries:**

Paul E Burton,  
Managing Director + 61 (0) 8 9327 0900

Nicholas Read  
Read Corporate + 61 (0) 8 9388 1474