

TNG Confirms Demerger Proposal of NT Base Metal Assets

General Meeting of shareholders convened for 20 May to approve spin-off of Todd River Resources which will host a highly prospective portfolio of zinc, copper and base metal assets

Australian strategic metals company TNG Limited (ASX: TNG) is pleased to advise that it has convened a shareholder meeting to approve previously announced plans to demerge its non-core portfolio of zinc, copper and base metal assets in the Northern Territory.

The proposed spin-off, via its subsidiary company Todd River Resources, will see TNG emerge with a 20 per cent cornerstone stake in the new company with TNG shareholders to hold 80 per cent of the shares via an in-specie distribution.

Upon completion of the de-merger Todd River Resources will have one of the largest base metal exploration footprints in the Northern Territory with ownership of a number of advanced assets including the large Manbarrum Zinc Project.

The demerger is consistent with TNG's focus on the development of its world-class Mount Peake Vanadium-Titanium-Iron Project in the Northern Territory, for which a Feasibility Study is at an advanced stage and due for completion by mid-year.

Notice of Meeting

TNG will today send a Notice of General Meeting to Shareholders (**Notice**) for a meeting to be held on 20 May 2015 (**Meeting**).

The primary purpose of the Meeting is to seek approval for the proposed demerger of the Company's base metal assets in the Northern Territory (**NT Base Metal Assets**) via its subsidiary company Todd River Resources Limited (**Todd River**) (**Spin-out**), as announced on 27 November 2014.

The proposed demerger is consistent with TNG's recent focus, which has been on the evaluation and development of the world-class Mount Peake Project. This has resulted in the Company becoming recognised as an emerging vanadium and strategic metals producer.

This success has overshadowed the significant potential and value that the Directors believe is in the NT Base Metals Assets, which include the Petermans, Sandover, Mount Hardy, Walabanba, Rover, Goddards, McArthur River, Melville Island, Croker Island and Manbarrum Projects.

The Company's primary objective in undertaking the Spin-out is to separate the NT Base Metal Assets from its other assets and to achieve the following commercial objectives:

- to allow TNG to concentrate on the development of its flagship asset, the world-class Mount Peake Vanadium-Titanium-Iron Project;
- to create a separate entity to focus on the future development of the NT Base Metal Assets;

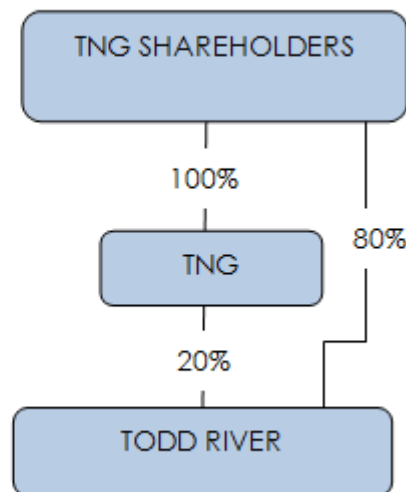
- to provide separate funding channels for Todd River and the NT Base Metal Assets, thereby allowing the Company to conserve its cash resources for undertaking activities connected with its flagship asset and also enabling each entity to achieve a funding profile more attuned to the stage of development of its respective assets; and
- to make it easier to raise equity to fund the NT Base Metal Assets.

The Spin-out is also considered to be an opportunity for shareholders to realise maximum value from the NT Base Metal Assets as it will allow the Company to divest these assets, which it considers to be non-core to its strategic objectives, while focusing on its flagship Mount Peake Project. Both TNG and its shareholders will retain a significant exposure to the future upside from these assets.

The Board considers that the value of the NT Base Metal Assets is not recognised in TNG’s share price and believes that the time has come to separate and transfer these quality projects into an independent company with specific commodity and management focus.

The Notice sets out details for the process under which the Spin-out will be conducted if approval is obtained from Shareholders at the Meeting and the Company proceeds with the proposal. This includes details of how the Shares to be issued to TNG in Todd River as consideration for the NT Base Metal Assets will be distributed to TNG Shareholders, resulting in the following structure being achieved:

STRUCTURE
POST
IN-SPECIE
DISTRIBUTION



The Notice also provides information about the NT Base Metal Assets and Todd River, the prospects for Todd River following the restructure, the advantages and disadvantages of the proposal and key risk factors facing Todd River.

Shareholders are encouraged to carefully consider the contents of Notice of Meeting and to attend the Meeting in person or appoint a proxy to vote on your behalf.

Paul E Burton
Managing Director

16 April 2015

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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 20-year plus project producing a suite of high-quality, high-purity strategic metals products for global markets including vanadium pentoxide, iron oxide and titanium dioxide. The project, which will be a top-10 global producer, has received Major Project Facilitation status from the NT Government.

The Mount Peake Feasibility Study is well advanced and due for completion by mid-2015, paving the way for project financing and development to proceed. An integral part of TNG's emerging strategic metals business is its 100% ownership of the unique and patented TIVAN® hydrometallurgical process, which offers significantly lower capital and operating costs, lowers risk and successfully extracts two other valuable metals from the resource in addition to vanadium – titanium dioxide and high-purity iron oxide.

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

This announcement has been prepared by TNG Ltd. This announcement 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.

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