

December 2015 Quarterly Activities Report

Further strong progress at Mount Peake with permitting well advanced and new agreements secured for project finance and development

HIGHLIGHTS

MOUNT PEAKE VANADIUM-TITANIUM-IRON PROJECT (NT)

- Discussions continued on multiple fronts during the Quarter with several leading financial groups and major construction and mining groups to secure an appropriate funding and development package for Mount Peake.
- Notice of Intent for TNG's Darwin refinery submitted to the Northern Territory Government, marking another key step in the overall permitting process for the Mount Peake Vanadium-Titanium-Iron Project.
- Draft Environmental Impact Statement (EIS) for the Mount Peake mining operation submitted to the Northern Territory Environment Protection Authority and is now under review.
- Once environmental approvals for the mining operation are obtained, the Company expects approvals for the refinery will then follow, paving the way for a decision to proceed with refinery construction.
- Memorandum of Understanding (MOU) signed with Caterpillar Financial Australia for the provision of project finance and/or equipment finance for Mount Peake. The MOU provides scope for Cat Financial to participate in a project funding package in conjunction with other relevant financiers.
- Highly experienced industrial and construction group McMahon Services appointed as interim Mount Peake Project Manager subsequent to the end of the Quarter to coordinate pre-development activities on behalf of TNG until a final construction commitment and project finance is secured.
- Subject to all approvals, permitting and financing being secured, construction of Mount Peake may commence in 2016 with first production scheduled for early 2018.

CORPORATE

- Receipt of Research & Development (R&D) refund claim totalling \$1,889,346 before costs.
- Settlement with the Commonwealth on costs on Davis Samuel.
- Proposed plan to demerge base metal assets via an in-specie distribution of shares in Todd River Resources placed on hold pending an improvement in equity market conditions.
- Cash reserves of \$6.3M at Quarter-end, providing a strong foundation for ongoing pre-development activities.

SUMMARY

The December 2015 Quarter saw continued strong progress for TNG on a number of fronts, with the Company continuing to advance the development of its flagship Mount Peake Vanadium-Titanium-Iron Project in the Northern Territory despite the headwinds generated by the challenging global economic environment.

Since completing the Definitive Feasibility Study (DFS) in July 2015, the Company has focused on progressing the project on a number of fronts in parallel. Discussions are continuing with several potential financial groups and major construction and mining groups, all of whom have expressed a strong desire to be involved in the development of this world-class project. The Mount Peake development also stands to benefit from the improving cost environment in Australia and the falling Australian/US Dollar exchange rate.

During the Quarter, TNG signed a Memorandum of Understanding (MOU) with Caterpillar Financial Australia Limited ("Cat Financial") to consider the provision of project and/or equipment finance for the development of the Mount Peake Project, subject to due diligence, approvals, agreed terms and documentation.

It is envisaged that the MOU with Cat Financial, once converted into a binding agreement, will form part of the proposed diversified project finance consortium to fund the Mount Peake Project. The supply of mobile mining and power equipment by Cat Financial represents a significant component of the overall capital cost for development of the project.

In addition, TNG appointed McMahon Services as Interim Project Manager to coordinate the pre-development activities at Mount Peake. McMahon Services ("MCM") is an industry-leading, privately-owned industrial, construction and environmental service provider that has delivered some of Australia's most ambitious and significant construction services projects.

MCM was closely involved with the Mount Peake DFS and contributed significantly to the outstanding outcomes it delivered. It also has a well-established record of facilitating and developing projects both in the Northern Territory and Australia-wide. As Interim Project Manager, MCM will play an integral role in managing and finalising the Mount Peake Project pre-development work.

Environmental approval documentation was significantly advanced during the Quarter, with the Notice of Intent (NOI) for the Mount Peake Project's proposed downstream refinery site in Darwin submitted to the Northern Territory Government. This document provides formal notification of TNG's intention to develop the refinery, and includes an overview of the proposed activities, the environmental and social considerations, and the proposed management strategies to be adopted by TNG as part of the development.

In addition, the Mount Peake Environmental Impact Statement (EIS) has been submitted to the NT Environment Protection Authority and is now under review prior to public consideration. Subject to receipt of all approvals, permitting and financing, construction of Mount Peake may commence in 2016 with the aim of potential first production in early 2018, when independent commodity forecasts indicate that the price of V₂O₅ is expected to be substantially higher than current prices.

On corporate matters, the continued uncertainty and volatility in global financial and commodity markets has led TNG to defer the planned spin-out of its non-core base metals assets into a new corporate entity. Management and Directors believe that greater value can be created for shareholders by retaining the assets within TNG at present and considering the spin-out when market conditions improve. Any future spin-out proposal involving a capital reduction and in-specie distribution will be subject to further shareholder approvals.

During the Quarter, the Company settled the long-running legal matter between the Commonwealth and Davis Samuel, with an agreement on costs marking the end of a lengthy chapter in the Company's history.

TNG remains in a relatively strong financial position, with a cash balance of \$6.3 million at the end of the reporting period.

PROJECTS

VANADIUM-TITANIUM-IRON

Mount Peake Project: TNG 100%

The Mount Peake Project is a 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% V₂O₅, 5.3% TiO₂ and 23% Fe, Mount Peake is one of the largest undeveloped vanadium-titanium-iron projects in the world. The area under licence covers a highly prospective, but poorly explored part of the Western Arunta geological province which offers significant exploration upside for TNG within an extensive 100%-owned ground-holding. TNG completed a Feasibility Study on the Mount Peake Project in July 2015, paving the way for project financing and development to proceed. Results of the DFS were provided in full in the Company's June 2015 Quarterly Report.

Notice of Intent for the Darwin refinery site submitted to the NT Government

During the Quarter, TNG submitted the Notice of Intent (NOI) for the proposed downstream refinery site in Darwin for its flagship Mount Peake Project to the Northern Territory Government, representing a significant milestone in the overall Environmental Impact Study (EIS) assessment process.

The NOI provided formal notification to the Northern Territory Government and other interested parties of TNG's intention to develop the refinery, which will be located within the Middle Arm industrial area 16km to the south-east of Darwin CBD, and includes an overview of the proposed activities, the environmental and social considerations, and the proposed management strategies to be adopted by TNG as part of the development.

The NOI was prepared by GHD, one of the world's leading environmental and resources consulting groups, which was engaged by TNG to complete all environmental permitting requirements for the integrated Mount Peake mine and refining

operation (see ASX Announcement – 17 February 2015). GHD has been closely involved with TNG at Mount Peake since the 2012 Pre-Feasibility Study.

The NOI was delivered to the Northern Territory Environment Protection Authority (NT EPA). Assessment by the NT EPA of the NOI document will determine the Terms of Reference against which the Refinery will be assessed.

GHD has also submitted, on TNG's behalf, a referral to the Commonwealth Department of the Environment for determination under the Environment Protection and Biodiversity Conservation Act.

During 2015, TNG elected to split the EIS approvals for the mine and refinery development, due to the physical distance and the differing proposed activities being conducted at the two parts of the operation. The mine and refinery are located over 1,000 km from each other, with the only connection being the railway line that will deliver the magnetite concentrate from the mine to the refinery, which is under the control of the rail operator.

The decision to locate the refinery in Darwin was made after considering several options (see ASX Announcement – 18 March 2014), and was based on the Northern Territory Government being able to provide suitable land and TNG's desire to maximise the positive economic benefits flowing from the project's development for the Northern Territory economy.

The original concept for development for the Mount Peake mine site, magnetite processing plant, camp and transport/rail load-out is covered under an existing NOI which was submitted to the NT EPA in July 2013 (see ASX Announcement – 4 July 2013). Terms of Reference for this NOI were received later in 2014, allowing all field/site studies to be completed over the last two years. The draft EIS for the mining operation was submitted to the NT EPA during the December 2015 Quarter (see below).

The completion of the Darwin Refinery NOI marks a major milestone for the planned integrated Mount Peake mine and refinery, and follows the completion of the Feasibility Study and Financial Assessment of the Mount Peake Project (see ASX Announcement - 31 July 2015) and continuing progress in securing product off-take agreements (see ASX Announcement – 7 September 2015).

The approvals process will continue over the next few months, as dictated by the NT EPA procedure.

Environmental Impact Statement

The draft Mount Peake Mine EIS has been submitted to the NT EPA by GHD on TNG's behalf and is now under review.

MOU with Caterpillar Financial for Project and Equipment Finance for Mount Peake

During the Quarter, TNG signed a Memorandum of Understanding (MOU) with Caterpillar Financial Australia Limited ("Cat Financial") to consider the provision of project and/or equipment finance, for the development of the Mount Peake Project, subject to due diligence, approvals, agreed terms and documentation.

The MOU marks another important step in TNG's multi-pronged strategy to establish a diversified funding consortium for the Mount Peake Project and follows the completion of the Mount Peake Definitive Feasibility Study (DFS) in July, and the recent signing of the Company's first-ever binding off-take agreement for vanadium products.

The key terms of the non-binding MOU with Cat Financial are as follows:

- Cat Financial has agreed to consider the provision of project finance and/or equipment finance for the Mount Peake Vanadium-Titanium-Iron Project for the purpose of funding the development of the project in conjunction with other relevant project financiers;
- TNG has agreed to consider the procurement of Cat® mobile mining equipment for the Project and awarding the supply contract to Caterpillar's dealership in the Northern Territory, Hastings Deering (Australia) Ltd,;
- TNG has also agreed to consider the procurement of Cat power equipment for the project and awarding the supply contract to Caterpillar's equipment dealership in the Northern Territory, Energy Power Systems Australia.

It is envisaged that the MOU with Cat Financial, once converted into a binding agreement, will form part of the diversified project finance consortium being assembled to fund the Mount Peake Project. The supply of mobile mining and power equipment represents a significant component of the overall capital cost for development of the project.

McMahon Services appointed Project Manager for Mount Peake

TNG has appointed McMahon Services as Interim Project Manager to coordinate the pre-development activities at Mount Peake. McMahon Services ("MCM") is an industry-leading, privately-owned industrial, construction and environmental service provider that has delivered some of Australia's most ambitious and significant construction services projects.

MCM was closely involved with the Mount Peake Definitive Feasibility Study (DFS) and contributed significantly to the outstanding outcomes delivered in the DFS (*see ASX Announcement – 31 July 2015*). It also has a well-established record of facilitating and developing projects both in the Northern Territory and Australia-wide.

As Interim Project Manager, MCM will play an integral role in managing and finalising the Mount Peake Project pre-development work, enabling TNG to focus on securing project finance and final permitting.

The scope of the appointment is intended to cover the following key areas:

- Mount Peake mine site and camp facilities design and preparation;
- Selection of refinery site location in consultation with the NT Government;
- Liaison with Government departments to finalise preliminary plans for the Mount Peake rail siding, road access, gas pipeline, electricity powerlines, water pipeline, location of processing plant and ancillary facilities, waste storage and site rehabilitation;
- Coordination and completion of land clearance and refinery licences as required;
- Liaison with the NT Government and Shire Council to obtain approvals and potential financial assistance for the expansion of the planned Ti-Tree Airport;
- Liaison with Darwin Ports Corporation and their nominated providers to obtain the necessary permitting for handling, storage and loading of products;
- Finalisation of rail access conditions and rail-port logistics with rail services provider, GWA;
- Completion of submissions required to access the Federal Government's \$5 billion development funding for Northern Australia Supplier Access to Major Project Funds (SAMP) / tariff concession;
- Coordination of community and stakeholder liaison and indigenous training and development; and
- Establishment of a Darwin office for TNG and provision of administrative support.

The outsourcing of this role to one of Australia's most highly regarded service providers is in keeping with TNG's strategy to bring the Mount Peake Project on line as quickly and professionally as possible.

TIVAN® Process

TIVAN® pilot plant testwork completed with exceptional results

As outlined in the June 2015 Quarterly Report, the pilot metallurgical testwork program for the TIVAN® downstream refinery of the Mount Peake Project has been successfully completed, delivering excellent results which have either met or exceeded expectations in all areas.

The TIVAN® testwork program was carried out at the world-class Commonwealth Scientific and Industrial Research Organisation (CSIRO) hydrometallurgical research facilities in Perth, with the appointed team of CSIRO experts providing significant input and improvements to the process before and during the trial.

The program confirmed the ability to achieve commercial vanadium recoveries of >93% and produce high-purity vanadium pentoxide (V₂O₅) of >99% purity, with high-purity iron oxide and titanium dioxide also recovered as valuable by-products. The programme also outlined several areas of future potential improvements which are being reviewed prior to final design.

Other prospects at Mount Peake

The Company has identified significant other mineralisation potential in the Mount Peake area.

Graphite

The graphite potential of the Mount Peake Project is also continuing to emerge. This work is still at an early stage, however the graphite prospectivity at Mount Peake represents an exciting emerging opportunity for TNG, which will be further tested during 2016.

OTHER PROJECTS

TNG has numerous projects outside of Mount Peake, all of which offer outstanding prospectivity. TNG has announced plans to de-merge these projects into a new listed entity, to be named Todd River Resources (*see ASX Announcement dated 16 April 2015*). The proposed spin-off would 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.

This proposed demerger was placed on hold during the Quarter in light of current market conditions (see below), and no work was conducted on these projects during the Quarter.

CORPORATE

\$1.8M Research and Development Rebate

During the Quarter, TNG received the full amount of its Research & Development (R&D) refund claim totalling \$1,889,346 before costs. The claim covers eligible test work for the 2014/15 financial year under the Federal Government's R&D tax incentive scheme. TNG's research and development relates to the commercial extraction of high purity vanadium, titanium and iron from vanadiferous-titanomagnetite using its TIVAN® hydrometallurgical process (patent pending).

Davis Samuel Matter Settled with the Commonwealth with Agreement on Costs

Further to previous announcements on 24 November 2014 and 14 January 2015 relating to the long-running legal matter between the Commonwealth and Davis Samuel, TNG reached agreement with the Commonwealth during the Quarter to settle any claim the Commonwealth may have against TNG in relation to costs.

The judgement in favour of TNG handed down on 21 November 2014 included charges in favour of TNG over property owned by certain other defendants with a total value of \$261,059.01. TNG had also recovered \$68,655.36 from one of the other defendants, who did not appeal the findings in the case.

TNG has now agreed with the Commonwealth that it will satisfy the Commonwealth's costs of the trial by assigning the charges it holds over the property to the Commonwealth and paying to the Commonwealth the sum of \$68,655.36 received. In return, the Commonwealth completely discharges and releases TNG from any claims in respect to costs.

Under the agreement with the Commonwealth, TNG retains ownership of the shares in ASX-listed company Kanowna Lights Limited (now Peninsula Energy Ltd – ASX: PEN). These shares have a current market value of approximately \$99,000. TNG has also agreed to withdraw its appeal against the Commonwealth.

An appeal against the judgement handed down on 21 November 2014 has been lodged by a number of the other defendants. Although TNG may take part in that appeal, it does not envisage that any significant cost will be involved in doing so. Apart from in very limited circumstances, the Commonwealth has agreed to indemnify TNG against any decision in the appeal involving the repayment of monies recovered by the Commonwealth from the charges assigned to it by TNG. In any case, TNG's contingent liability is capped at \$261,059.01 under its agreement with the Commonwealth.

Update on Proposed Demerger of Base Metal Assets

Due to the current weak market conditions in the resource sector, the Company has decided to defer the demerger of its portfolio of base metals assets in the Northern Territory ("Spin-out"), which was planned to be undertaken via an in-specie distribution of shares in its wholly-owned subsidiary, Todd River Resources Limited ("Todd River").

TNG shareholders approved the Spin-out at a General Meeting held on 20 May 2015. In accordance with this approval, the record date for the in-specie distribution was to occur no later than 20 November 2015. At the time of the meeting, it was envisaged that Todd River would examine all funding options open to it (including, but not limited to, a possible capital raising and listing on the Australian Securities Exchange (ASX), subject to the prevailing global economic and equity market conditions being sufficiently receptive). The Company noted at the time that there was no guarantee it would proceed with the Spin-out, or the in-specie distribution, or that Todd River would seek a listing on the ASX or any other securities exchange.

Since the General Meeting the Company has been exploring the optimum funding structure for Todd River including funding for an unlisted structure and the potential for a listing on ASX. The Board has decided that it is in the best interests of TNG shareholders to defer the Spin-out until market conditions improve. The Directors believe that greater value can be created for shareholders by retaining the assets within TNG at present and considering the Spin-out when market conditions

improve, when it will be in a stronger position to capture the benefits originally identified in the demerger proposal. Any future Spin-out proposal involving a capital reduction and in-specie distribution will be subject to further shareholder approvals.

While the Company will continue to seek opportunities to add value from the continued exploration of its Northern Territory base metal assets, and any other opportunities which may arise, its focus remains firmly on the financing and development of its world-class Mount Peake Vanadium-Titanium-Iron Project.

Board of Directors

During the Quarter, Mr Jianrong Xu, Mr Zhigang Wang and Mr Michael Evans resigned as Directors of the Company due to other commitments, and Mr Zhigang Wang retired by rotation according to the Company's constitution.

Mr Jianrong Xu and Mr Zhigang Wang were appointed to the TNG Board as Non-Executive Directors to represent major shareholders Ao-Zhong International Mineral Resources Pty Ltd and Aosu Investment and Development Co Pty Ltd respectively. Both Ao-Zhong and Aosu remain supportive of TNG. Mr Michael Evans had been a Director since 31 May 2013 and Acting Chairman of the Company since 27 February 2014.

The Company thanks each of these Directors for their contribution to TNG. The Company will consider the relevant composition and skill-set of its board in early 2016, including giving consideration to appointing a new Chairman.

Cash

TNG had total cash reserves of \$6.3 million at Quarter-end.

Paul Burton
Managing Director
21 January 2016

Tenement Schedule

The Group holds an interest in the following tenements or tenement applications at 31 December 2015:

Project	Tenements	Equity
	EL27069, EL27070, EL27941, EL29578, EL 30483, ELR29627, MLA28341, MLA29855, MLA29856, MLA30686	100%
McArthur River	EL27711, EL28503, EL30085	100%
Melville Island	ELA28617	100% (Farm in agreement)
Croker Island	ELA29164	100%
Black Range	EL30207, EL30208	100%
Mount Hardy	EL27892, EL29219, EL 28694	100%
Manbarrum JV	A24518, A26581, EL24395, EL25646, MLA27357	100%
Sandover	ELA29252, ELA29253	100%
Tomkinson	EL30348, EL30359	100%
Stokes Yard	EL30131	100%
Walabanba Hills	EL26848, EL27115	100% (Farm in agreement)
Warramunga/Rover JV	EL25581, ELA25582, ELA25587, MLC647	100% (Farm in agreement)
Peterman Ranges	ELA26383, ELA25564, ELA26384, ELA25562, ELA26382	100% (Farm in agreement)
Goddard's	ELA24260	100% (Farm in agreement)
Cawse Extended	M24/547, M24/548, M24/549, M24/550	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	P16/2370, P16/2371, P16/2372, P16/2373, P16/2374	2% gold return interest on production.

Competent Person's Statements

The information in this report that relates to Exploration Results is based on, and fairly represents, information and supporting documentation compiled by Exploration Manager Mr Kim Grey B.Sc. and M. Econ. Geol. Mr Grey is a member of the Australian Institute of Geoscientists, and a full time employee of TNG Limited. Mr Grey has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Grey consents to the inclusion in the report of the matters based on his information in the form and context in which it appear.

The information in this report that relates to Mineral Resources included in the 2012 PFS and is based is based on information compiled by Lynn Olssen who is a Member of The Australasian Institute of Mining and Metallurgy and a full time employee of Snowden Mining Industry Consultants Pty Ltd. Lynn Olssen has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Lynn Olssen consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to 2013 Mineral Resource Upgrade for the Mount Peake project is based on and fairly represents, information and supporting documentation compiled by Lynn Olssen who is a Member of The Australasian Institute of Mining and Metallurgy and a full time employee of Snowden Mining Industry Consultants Pty Ltd. Lynn Olssen has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Lynn Olssen consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Financial Analysis on Mount Peake is based on information compiled by Jeremy Peters who is a Member of The Australasian Institute of Mining and Metallurgy and a full time employee of Snowden Mining Industry Consultants Pty Ltd. Jeremy Peters has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Jeremy Peters consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Mr Damian Connelly, FAAusIMM, Chartered Processional (MET), tMMICA, MSME, MSAIMM was responsible for the preparation of the metallurgical test work results reported herein. Mr Connelly has sufficient experience to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of the Exploration Results, Mineral Resources and Ore Reserves. Mr Connelly consents to the inclusion in the report of the matters based on his information in the form and context in which is appears.