

Demerger and IPO Proposal for TNG's Non-Core Base and Precious Metal Assets, NT

Shareholder approval to be re-sought for spin-off of non-core assets via Todd River Resources Limited

Australian strategic metals company TNG Limited (ASX: TNG) (**TNG** or the **Company**) is pleased to advise that it will shortly convene a shareholder meeting to re-approve the demerger of its non-core portfolio of zinc, copper and base metal assets in the Northern Territory (see Figure 1).

The Company originally received approval for the spin-off at a general meeting of shareholders held on 20 May 2015, however the process was deferred due to prevailing market conditions. The approval received was valid for approximately six months.

In light of the improvement in market conditions for the junior resource and exploration sector seen this year, the Company has decided to seek re-approval for the spin-off via its subsidiary, Todd River Resources, at a general meeting of shareholders.

It is intended that Todd River Resources will undertake an Initial Public Offer and seek an ASX listing in conjunction with the spin-off. Upon completion of the demerger, 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.

Notice of Meeting

TNG is currently preparing a notice of general meeting to shareholders (**Notice**) which will be sent shortly.

The primary purpose of the meeting will be 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**). The proposed Spin-out will involve Todd River acquiring the NT Base Metal Assets from TNG and existing eligible TNG shareholders who remain on the TNG share register on the record date (to be confirmed) receiving shares in Todd River via an in-specie distribution.

In order to fund the ongoing exploration and development of the NT Base Metal Assets, and in conjunction with the Spin-out, it is proposed that Todd River will undertake a capital raising by way of an Initial Public Offer as part of its ASX listing process (**IPO**).

The proposed demerger is consistent with TNG's core corporate focus, which is the development of its world-class Mount Peake Vanadium-Titanium-Iron Project in the Northern Territory. This has resulted in the Company becoming recognised as an emerging vanadium and strategic metals producer.

In light of this strategic focus, the Directors of TNG believe that the Spin-out and IPO provides the best avenue to realise value from the Company's NT Base Metals Assets, which include the Petermans, Sandover, Mount Hardy, Walabanba, Rover, Goddards, McArthur River, Melville Island, Croker Island and Manbarrum Projects.

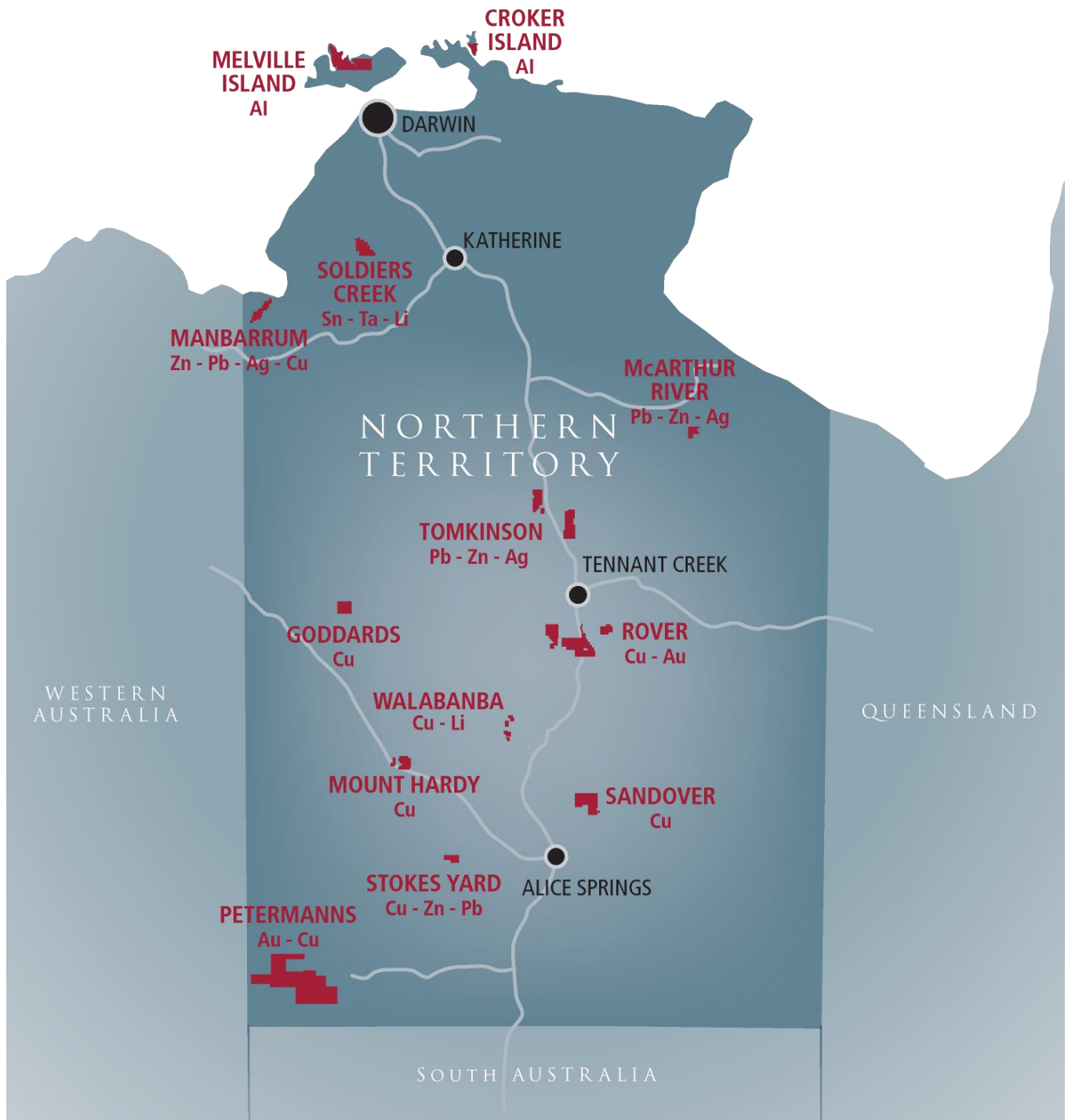


Figure 1: Zinc, copper and base metal projects to be included in the Todd River Resources spin-off

TNG's primary objective in undertaking the Spin-out and IPO 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 listed 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.

It is intended that both TNG and its shareholders will retain a significant exposure to the potential future upside from these assets. It is the Company's current intention that the IPO would likely include a form of priority offer to existing TNG shareholders, whilst also providing an opportunity for new investors to invest in a company solely focused on the NT Base Metal Assets.

The proposed Spin-out and IPO are subject to final Board approval once the proposed transaction terms are finalised. Todd River has appointed Sanlam Private Wealth (www.sanlamprivatewealth.com.au) as lead manager in respect of the IPO. Further updates in respect of the IPO and an indicative timetable for the transaction will be provided as appropriate.

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 will set out further details of 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 shares to be issued to TNG in Todd River as consideration for the NT Base Metal Assets will be distributed to TNG Shareholders.

The Notice will also provide information about the NT Base Metal Assets and Todd River, the advantages and disadvantages of the proposal and key risk factors facing Todd River.

Shareholders are encouraged to carefully consider the contents of the Notice when it is received and to attend the meeting in person or appoint a proxy to vote on your behalf.

Paul E Burton
Managing Director

25 July 2016.

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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

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