

## SMS GROUP INVESTS IN TNG AS PART OF \$4M SHARE PLACEMENT TO ADVANCE MOUNT PEAKE PROJECT

*Global engineering giant demonstrates its continued strong support of TNG's development strategy via a direct equity investment*

### Key Points

- SMS group GmbH, one of the world's largest metallurgical engineering companies, agrees to participate as a cornerstone investor in TNG in a \$4M share placement to advance the Mount Peake Vanadium-Titanium Iron Project in the NT.
- SMS group, via its subsidiary SMS Investments, will subscribe for \$1.5M or 14M shares, while overseas institutions will subscribe for the balance.
- The investment by SMS group follows the MOU signed with TNG last month (see ASX Release – 5 May 2016) for the joint commercial exploitation of the technology underpinning the TIVAN™ downstream refinery and further strengthens the relationship between the two groups.
- SMS group has already undertaken to provide assistance with obtaining funding to construct the TIVAN™ refinery through an Export Credit Agency or other structured finance option.
- The proceeds of the capital raising will further strengthen TNG's balance sheet and working capital position as it progresses project financing discussions for Mount Peake and advances engineering work being undertaken as part of a number of pre-development activities currently underway.

Australian strategic metals company TNG Limited (ASX: TNG) is pleased to advise that it has secured a cornerstone investment from global engineering company SMS group GmbH as part of a wider \$4 million institutional share placement ("the Placement") to provide ongoing working capital for the Company's Mount Peake development in the Northern Territory.

The unconditional Placement, comprising approximately 36.36 million shares at an issue price of 11 cents per share, is expected to be settled by 22 June 2016.

SMS group, via its subsidiary SMS Investments, has agreed to subscribe for 14 million shares or \$1.5 million as part of the Placement. In addition, TNG has received a firm commitment from an overseas institution to subscribe for approximately 22.36 million shares, amounting to \$2.5 million. The Placement is being undertaken within the Company's existing placement capacity.

TNG's Directors welcome the investment by SMS group, which will see them emerge with a stake of approximately 2% in the Company. This represents a significant vote of confidence in the future of TNG, the Mount Peake Project and the Company's financing and development strategy.

The proceeds will strengthen the Company's balance sheet as it progresses financing discussions and advances pre-development activities at Mount Peake, including completing final permitting and off-take arrangements.

Following settlement of the Placement, TNG's cash reserves will stand at approximately \$7.5 million before costs.

The direct equity investment by SMS group in TNG marks another significant step in the strong long-term relationship which has been established between the groups over the past few years.

SMS group GmbH is one of the leading global system suppliers of plants, machines and services along the entire metallurgical value chain, with a global workforce of approximately 13,000 employees. It has assisted with many aspects of the Mount Peake DFS including metallurgical test work, flowsheet verification, financial modelling and with the final compilation of the DFS report.

Last month, TNG signed a crucial MOU with SMS group which will see the parties join forces to commercialise the technology underpinning the TIVAN™ downstream refinery and investigate opportunities to grant each other access to their respective intellectual property. Earlier this year, the two groups signed a binding Heads of Agreement for the engineering, design and construction of the TIVAN™ refinery in Darwin.

### **Management Comment**

TNG's Managing Director Paul Burton said he was delighted to have secured a cornerstone investment by SMS group as part of a broader successful capital raising, the proceeds of which would further strengthen the Company's financial position at an important time as it prepares to finalise its project funding arrangements for Mount Peake ahead of the start of construction.

"This is a great vote of confidence in our future and the financing and development of our world-scale Mount Peake project by one of the world's largest metallurgical engineering and construction companies," he said.

"We are looking forward to continuing to work closely with SMS group as part of our financing and development consortium, and we welcome them to our share register at this pivotal time in the Company's evolution," he added.

"We are also pleased with the continued interest and support from a number of Hong Kong-based and offshore institutional investors who also participated in this capital raising."

Paul E Burton  
**Managing Director**

20 June 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.

### **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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