

ASX ANNOUNCEMENT

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MOUNT PEAKE FEASIBILITY STUDY PROGRESS UPDATE

Key critical path items including metallurgical test work progressing and delivering positive results: Potential CAPEX, OPEX reductions

TNG Limited (ASX: TNG) is pleased to provide an update on recent progress with the ongoing Feasibility Study and metallurgical test work program on its flagship 100%-owned Mount Peake Vanadium-Titanium-Iron Project Feasibility study and Metallurgical test work.

Importantly, the work completed to date has delivered encouraging results at a number of levels, including the potential for material reductions in both capital and operating costs. These savings, which should enhance project economics, will be further quantified and announced to the market in the coming months.

The work completed to date, and scheduled, is summarised in detail below to provide a progress report on current activities.

Metallurgical Test Work

The Company remains of the view that completion of the detailed metallurgical pilot test work programme is critical before the completion of mining plans, engineering and environmental impact studies.

There are six areas of metallurgical test work currently underway or scheduled that form part of the projects critical path, as follows:

- 1. Final optimisation of the HPGR (high pressure grinding rolls) circuit design.*
- 2. Final optimisation of magnetic separation test work.*
- 3. Final continuous crushing, grinding and magnetic separation at ALS Metallurgy of the bulk sample for the CSIRO pilot plant.*
- 4. Final optimisation of bench leach and SX (solvent-extraction) work at ALS Metallurgy.*
- 5. On completion of 1 to 4, a continuous bulk leaching and solvent extraction (CSIRO) run.*
- 6. On completion of 5, continuous bulk acid regeneration pilot plant run in Europe.*

The Company is pleased to report that Stages 1 and 2 have been completed and Stage 3 is nearing completion.

The results from Stages 1 and 2 have provided better than expected parameters which will lead to a reduction in grinding power requirements, equipment size, and are expected to lead to reductions in both capital costs (CAPEX) and operating costs (OPEX).

Optimisation Work

Final optimisation test work has been completed on crushing, grinding, and magnetic separation of the 15 tonnes of material from the Mount Peake deposit prior to processing the final bulk sample Master Composite. This has included roll speed & pressure selection and recycling tests using industrial-scale HPGR at ALS Metallurgy, Perth. Further test work was then performed on the optimum magnetic separation parameters (grind size and magnetic flux).

Once the optimum HPGR grind and fine grind size and magnetic separation parameters were reviewed and determined, production of the bulk sample Master Composite for the leach/solvent extraction pilot plant at CSIRO commenced.

This is currently nearing completion.

The HPGR tests carried out on the material from Mount Peake confirmed that it performs very well in high pressure comminution conditions. The specific material response was:

- A high specific pressing force of 3,500 kN/m² proved to be most suitable for this ore;
- A high specific throughput at moderate energy consumption was recorded; and
- A high production of fines and excellent reduction ratio was also measured.

Detailed Plant Equipment and Design

Once the bulk sample has been completely processed and the data captured, this will enable delivery of a final mass balance and process & engineering design criteria document, which would allow the engineering for the Mount Peake Beneficiation Plant to commence.

The data captured from the bulk sample work will also allow correct sizing for the full-scale crushing, grinding and magnetic separation equipment and will allow the mine tailings characterisation work to commence on the non-magnetic tailings stream for the tailings storage facility design and incorporation in the environmental impact assessment statement (EIS).

Definitive Pilot Plant Test Work (CSIRO)

The Company's metallurgical consultants, METS Pty Ltd, have advised that, by end of the first Quarter of 2014, the magnetic concentrate from the bulk sample is scheduled for delivery to the CSIRO for the final downstream Leaching and Solvent Extraction (SX) pilot test work required to complete commercialisation of TNG's 100%-owned TIVAN[®] process.

Final leaching, solvent extraction and reduction parameters will be optimised and confirmed prior to commencement of the pilot plant run at CSIRO. Previous test work undertaken as part of the Company's Pre-Feasibility Study (PFS) pilot plant work confirmed that the TIVAN[®] SX process was successful, and now detailed "definitive" conditions for a full-scale industrial flow sheet will be met through the CSIRO test work.

These conditions will include final optimum reduction kinetics, extraction and stripping kinetics, solvent extraction strip and extraction isotherms varying reagent concentration, titanium removal, and TiO₂ upgrade test work – all of which may have significant bearing on the final process product and consequently on the Project's future cash flow.

For example, if the TiO₂ can be upgraded to +55% a significant additional premium can be expected in its sale price. With industry forecasts showing a significant increase in demand for TiO₂, the Company recognises that this is an important step to complete.

The data captured from the continuous pilot run will also allow correct sizing of the full-industrial scale leach and solvent extraction equipment.

Acid Regeneration/Recycling Test Work (Europe)

The work carried out by the Company's European supplier has been focused on three important sections of the proposed plant for the TIVAN[®] Process. The acid regeneration plant is an integral part of the TIVAN[®] process. The outcomes from this work are summarised below:

- **Heat and Power:** The energy requirements for heating are lower than expectations;
- **Mass Balance:** The mass and energy balance for this section of the plant were originally defined using the magnetic concentrate sample provided to the European manufacturer in Q3 2013 from the PFS pilot plant. This study effectively confirms the overall mass balance; and
- **Oxygen Consumption:** Consumption has been confirmed to be at levels that were anticipated.

The next stages of work for this supplier are to determine the final CAPEX for their acid regeneration plant, to be incorporated into the overall DFS.

Scheduled Work Summary

Continuous Bulk Leaching and Solvent Extraction at CSIRO

Following the processing of the bulk sample Master Composite to generate a magnetite concentrate, the CSIRO pilot plant test run will commence.

Once the CSIRO pilot plant run is complete, the results obtained will deliver final mass and energy balance and engineering and process design criteria information which would allow the final engineering design for the TIVAN[®] Hydrometallurgical Process Plant to commence.

The data captured from the continuous pilot run will also facilitate the tailings characterisation work on the TiO₂ plant residue stream for Titanium Tailings Storage Facility (TSF) design and lead into the environmental impact assessment (EIS) study.

Continuous Bulk Acid Regeneration (Europe)

Once the CSIRO pilot plant trial is completed, the solvent extraction liquor samples can be sent to the leading European engineering firm for their continuous pilot plant completion and to produce the Iron Oxide (Fe₂O₃) component. At the end of this campaign, a final CAPEX of ±15% and OPEX ±10% for the Acid Regeneration Plant can be determined for inclusion in the DFS.

Once the CAPEX and OPEX data have been compiled, they will be provided to the Feasibility Study managers to incorporate into the Definitive Feasibility Study to allow it to be completed by December 2014. The completion of the DFS within this timeline remains subject to factors beyond TNG's control including availability of third-party equipment, resources and personnel which have had a determinative effect on progress to date.

TIVAN[®] Plant Location and Engineering

Once the definitive flow sheets for the front end Beneficiation and the TIVAN[®] Hydrometallurgical Plants are confirmed, the Company will be in a position to define and

confirm a suitable location for the processing plant as the final key inputs of power and water will be known. At that time, the Company will re-tender for the DFS engineering contractor.

The company is evaluating all options for the TIVAN[®] plant location.

Environmental Impact Study

An extensive amount of work has been completed to date as part of the EIS process by the Company's environmental consultants, GHD, including:

- Baseline flora and fauna surveys of the Mount Peake Project Area from the mine site to the proposed Adnera Loadout Facility on the Alice Springs to Darwin rail line;
- Initial appraisal of surface water in the Project Area;
- Review of existing groundwater information in the Project Area and scoping of an investigation program for water supply;
- Preparation and submission of a Notice of Intent to the NT Department of Mines and Energy to advise the NT Government of the Mount Peake Project;
- Preparation and submission of a referral to the Commonwealth Department of the Environment to advise them of the Project and seek a determination whether the Project is a controlled action under the *Environment Protection and Biodiversity Conservation Act 1999*;
- Confirmation from the NT Environment Protection Authority that the Project requires assessment under the NT *Environmental Assessment Act 1982* at the level of Environmental Impact Statement;
- Preparation of draft Terms of Reference for the preparation of an Environmental Impact Statement by the NT Environment Protection Authority.

Environmental work currently being undertaken by GHD includes:

- Flora and fauna baseline survey reporting;
- Groundwater investigations (including drilling) of the Mount Peake deposit to determine aquifer properties and the likely volume and quality of groundwater encountered;
- Pump testing of bores to indicate availability of water supply for the project; and
- Finalisation of the Terms of Reference from the NOI.

Future work scheduled to run in parallel with finalising the DFS:

- Completion of studies and impact assessment covering flora and fauna, heritage, groundwater, surface water, air quality, noise, traffic, social impacts and economics;
- Implementation of a community consultation program to advise stakeholders of the Project and to seek their input; and
- Preparation and submission of the draft Environmental Impact Statement (EIS).

Mining, Geology and Geotechnical Studies

Proposals have been obtained to conduct the mining, geology and geotechnical studies required to complete CAPEX and OPEX for the DFS. The Company expects that this work will commence in March 2014 and be completed by September 2014. Financial modelling is scheduled to take place over the last month of the DFS once the CAPEX estimate is completed.

Tailings Storage Facility (TSF) Design

Proposals have been obtained to conduct the Tailings Storage Facility (TSF) design and to complete CAPEX and OPEX estimated for the TSF as part of the DFS process.

The tailings characterisation work is divided into two components and will initially start once a representative sample of the non-magnetic tailings stream is generated from the ALS pilot campaign in February and when representative samples of leach and salt residues are generated from the CSIRO pilot campaign.

Aquifer Search

Proposals have been obtained to search for an aquifer capable of supporting Life of Mine activities, as well as to carry out bore field and pipeline design and determine mine dewatering requirements and the associated CAPEX and OPEX for all of these components as part of the DFS.

A comprehensive desktop study has been completed which has highlighted a number of high probability targets in close proximity to the Mount Peake mine site. These have been included in the forthcoming drilling campaign at Mount Peake.

Power Requirements

A significant factor in the location of the TIVAN[®] processing and beneficiation plant will be availability of sufficient gas. This will ultimately determine the location of the plant and the Company therefore considers completion of the metallurgical test work critical before appointing a DFS engineering contractor for completion of the DFS.

Project Finance

The Company remains of the view that the most suitable development path for Mount Peake is to engage a major partner, Company or corporate conglomerate to provide development finance, engineering, procurement, design and construction in exchange for Project equity and or off-take agreements.

As previously advised, the Company is in discussions with a number of parties in this regard and continues to evaluate all opportunities.

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Competent Person Statement

The information in this report that relates to Metallurgical testwork results for the Mount Peake project is based on and fairly represents, information and supporting documentation compiled by Mr Damian Connelly, MAAusIMM, Chartered Professional (MET), tMMICA, MSME, MSAIMM, and a full time employee of Mineral Engineering Technical Services Pty Ltd. Mr Connelly 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 Connelly consents to the inclusion in the report of the matters based on his information in the form and context in which it appears

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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About TNG:

TNG Ltd is a junior exploration company with a focus on exploration and development of projects in the Northern Territory of Australia.

The company is currently developing its 100% owned world class Mount Peake Vanadium – Titanium – Iron project which is currently in the Definitive Feasibility Stage. In addition it is also actively exploring its copper projects including its 100% owned Mt Hardy project which is emerging as a potential major Copper/Gold and polymetallic project.

The company has joint ventures on its other projects with Rio Tinto, Norilsk, and Western Desert Resources and strategic investment from Ao-Zhong Ltd., a 100% owned subsidiary of China's ECE Ltd.

For more information please see the company's website at www.tngltd.com.au