

23 February 2016

TNG SIGNS MOU WITH DOWNER FOR MOUNT PEAKE DEVELOPMENT AND CONSTRUCTION

Secures involvement of major global services group as a potential development partner

Key Points

- Multi-pronged MOU signed with leading global services provider Downer EDI Limited (“Downer”), paving the way to secure Downer’s involvement as a key development partner at Mount Peake.
- Key components of the MOU include: potential EPCM of the processing plant at the mine site; construction of the refinery at the Port of Darwin; construction of the mine-site and associated infrastructure, drilling, blasting, loading and haulage of ore and waste; operation and maintenance of the processing plant; and building, owning and operating non-process infrastructure.

Emerging strategic metals company TNG Limited (ASX: TNG) is pleased to announce that it has signed a wide ranging non-binding Memorandum of Understanding with global engineering and services provider **Downer EDI Limited** (ASX: DOW) to participate in the development, construction and operation of its 100%-owned **Mount Peake Vanadium-Titanium-Iron Project** in the Northern Territory.

Under the terms of the MOU, TNG and Downer will work together in a number of areas to identify opportunities and secure Downer’s involvement as a key development partner involved in the construction and operation of the Mount Peake Project. These include:

- Engineering, Procurement and Construction (EPC) of the Mount Peake processing plant at the mine site;
- Drilling, blasting, loading and haulage of minerals and waste materials at the mine site for the life-of-mine;
- Operation and maintenance of the processing plant at the mine site;
- Building, owning and operating all non-process infrastructure at the mine site; and
- Interfacing project infrastructure with existing rail facilities and the design, manufacture and maintenance of rolling stock and locomotives for use by the project.

Leveraging off the capabilities within the various Downer Group companies, Downer Mining has agreed to undertake preliminary analysis on the potential to be engaged to provide some of these activities and services.

Downer is a leading provider of services to customers in markets including mining, minerals and metals processing, transport services, technology and communication services, utilities services, engineering, construction and maintenance (EC&M) and rail. Downer is listed on the Australian Securities Exchange (ASX: DOW) and employs around 20,000 people worldwide, operating primarily in Australia and New Zealand as well as the Asia-Pacific, South America and Southern Africa.

The signing of the MOU with Downer follows other significant milestones for the Mount Peake Project including the signing of a binding life-of-mine off-take agreement with Korea’s WOOJIN for the off-take of vanadium products from the project (see *ASX Announcement – 7 September 2015*) and the recent signing of a binding Heads of Agreement with global engineering giant SMS Group for the design, engineering and tendering for construction of the TIVAN® downstream refinery (see *ASX Announcement – 2 February 2016*).

Last year TNG completed a Definitive Feasibility Study (DFS) for Mount Peake, confirming a potential world-class project capable of generating outstanding returns. Key findings of the DFS included life-of-mine net cash flow of \$11.6 billion, a pre-tax IRR of 41% and an NPV₈ of \$4.9 billion (*see ASX Announcement – 31 July 2015*).

The DFS forecasts Mount Peake's nameplate capacity at 17,560tpa of high-purity vanadium pentoxide (V₂O₅), 236,000tpa of titanium dioxide (TiO₂) and 637,000tpa of pig iron.

TNG's ASX Announcement regarding the DFS (dated 31 July 2015) contains a Competent Person's statement. TNG confirms that it is not aware of any new information or data that materially affects the information included in the 31 July 2015 announcement and that all the material assumptions and technical parameters underpinning the estimates in the 31 July 2015 announcement continue to apply and have not materially changed.

Management Comment

TNG's Managing Director, Mr Paul Burton, said the Company was delighted to have secured the involvement of one of the world's leading global engineering, construction, mining and services groups as part of its development and funding consortium for the Mount Peake Project.

"The MOU with Downer further expands the outstanding list of high-quality global companies who have either already agreed or are currently exploring the potential to participate in the funding and development of the Mount Peake Project," he said.

"We are very much looking forward to working with Downer over the coming months to progress towards potentially binding agreements on some of the key areas outlined in this MOU," Mr Burton said.

Paul E Burton
Managing Director

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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 long-life project producing a suite of high-quality, high-purity strategic metals products for global markets including vanadium pentoxide, titanium dioxide and pig iron. 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 was completed in July 2015, demonstrating that the Mount Peake Project will generate outstanding returns and paving the way for final approvals, project financing and development to proceed. An integral part of TNG's emerging strategic metals business is its 100% ownership of the TIVAN® hydrometallurgical process, which successfully extracts all three valuable metals from the Mount Peake resource.

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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