

ASX ANNOUNCEMENT

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ASX CODE: TNG

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PROJECTS

MountPeake: Fe-V-Ti
Black Range Iron
Manbarrum: Zn-Pb-Ag
EastRover: Cu-Au
McArthur: Cu-Zn-Pb-Ag
MountHardy: Cu-Au-Zn-Pb
Sandover: Cu-Au
Walabanba: Fe-V-Ti-Cu-Au

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TNG SIGNS STRATEGIC AGREEMENT WITH CHINA'S SINOMETAL FOR MOUNT PEAKE STAGE 1 DEVELOPMENT

Binding Agreement encompasses off-take for magnetite concentrate, direct sales, marketing and potential assistance with financing

HIGHLIGHTS

- **Binding Heads of Agreement** signed with major Chinese raw material distributor for the steel industry, **Sinometal (Shanghai) Co., Ltd.**, for magnetite to be produced by the Stage 1 Mount Peake Vanadium-Titanium-Iron Project development in the NT.
- **Sinometal** is one of the China's leading suppliers of steel-related raw materials, with the agreement giving TNG exposure to the rapidly growing market for steel products in China.
- The binding HoA is primarily focused on the sale of 500,000tpa – 1Mtpa of magnetite concentrate from Mount Peake to Chinese customers, including the Chengde Iron and Steel Group.
- The agreement with Sinometal supports TNG's strategy for a potential 2-stage development of Mount Peake with production of magnetite generating an early revenue stream prior to the construction of a downstream TIVAN® refinery.
- **Sinometal** will also provide market expertise to assist TNG in developing its sales and marketing strategy for its magnetite concentrate sales into China, as well as consider pre-production financing of up to A\$5M for the subsequent delivery of cargo.

TNG Limited (ASX: TNG) is pleased to announce that it has signed a binding agreement with one of the China's leading suppliers of steel-related raw materials, **Sinometal (Shanghai) Co., Ltd.**, encompassing off-take, financing and strategic assistance for the development of the magnetite from its 100%-owned **Mount Peake Vanadium-Titanium-Iron Project** in the Northern Territory.

The landmark agreement gives TNG access to the expertise, contacts and financial strength of one of China's leading suppliers of steel-related raw materials, significantly enhancing its existing network of global relationships and strategic alliances with key end-users and global commodity groups.

The binding Heads of Agreement (HoA) encompasses off-take, delivery and marketing for the magnetite concentrate which is proposed to be produced in the first phase of operations at Mount Peake.

This completes TNG's planned two-stage development for Mount Peake, enhancing the potential to generate early cash-flow from the project.

TNG is currently at an advanced stage of a Definitive Feasibility Study on the Mount Peake development, which will be a world-class, long-life strategic metals project. As part of this Feasibility Study, it has considered a two-stage development approach where magnetite concentrate is produced and sold prior to refining to produce an early cash flow for the Company.

As previously advised, TNG has been in discussions with several parties on this matter and has now reached agreement with Sinometal, a major supplier of concentrate into China to customers including Chengde Iron and Steel, one of the country's largest steel producers, and also other Asian markets including to Korea's POSCO and Hyundai Steel..

The significant advantage of the alliance and agreement with Sinometal is that it allows TNG's product the flexibility to be sold into a variety markets and producers, while also securing a strong strategic foothold in China, the world's largest and fastest growing market for steel and steel-related products.

Subject to a satisfactory completion of due diligence the parties will enter into commercial relationship for the sale of magnetite concentrate to China. The proceeds of such early magnetite concentrate sales have the potential to deliver early cash flow to TNG which will assist at a critical stage of its development.

The binding HoA covers:

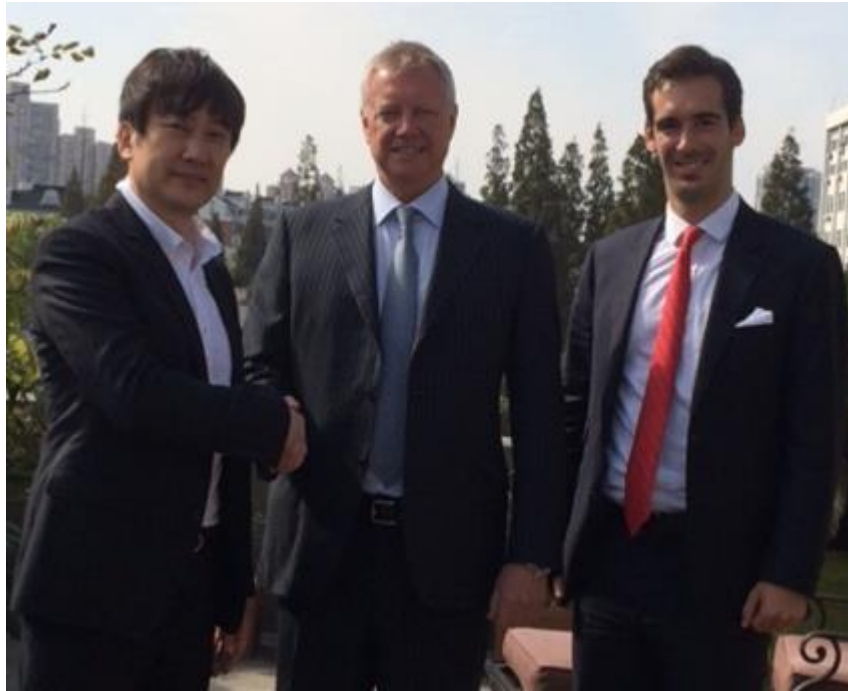
- The off-take of 500,000tpa to 1Mtpa of Mount Peake's magnetite concentrate;
- The marketing and sales development of Mount Peake's magnetite concentrate with a focus toward Chengde Iron and Steel Group;
- Pre-production financing of up to A\$5 million in return for the subsequent delivery of cargo on favorable terms.

Based on this agreement, TNG will focus on bringing magnetite concentrate to market as competitively and early as possible in order to realize any potential early cash flow, while completing the Definitive Feasibility Study on the Mount Peake Project and constructing a TIVAN® refinery.

Based in Shanghai, China, Sinometal was established in 2009 as a Sino-foreign joint venture established on a basis of integrating partial businesses of Shanghai Zhuodai Industrial and Trading Co., Ltd. and Hunan Huitianran metallurgy Co., Ltd. The Company is share-controlled by Shanghai Zhuodai Industrial and Trading Co., Ltd. More information can be obtained from the company's website www.sinometal.asia

Since then it has grown significantly into various operating businesses such as iron and steel raw materials, manganese-based iron alloys, steel materials, and other iron and steel furnace materials. Sinometal supplies a broad range of customers in China and overseas, including POSCO Steel and Hyundai Steel of Korea. The group now has a turnover of about US\$900 million.

Sinometal's Executive Director, Mr Kim Changil, commented, "I am very happy to support TNG's promising business into the Chinese market. TNG's magnetite concentrate is very pure and I am very confident that we will be successful selling this product to end-users in China."



From left to right: Mr Kim Changil, Executive Director of Sinometal, Mr Paul Burton, Managing Director of TNG, and Mr Paul Vollant, Business Development Manager of TNG, following completion of discussions and signing of Heads of Agreement at TNG's Shanghai office.

TNG's Managing Director, Mr Paul Burton, said the agreement represented a further major milestone for the Company in its quest to secure globally significant strategic and commodity partners to work alongside it in financing and developing the world-class Mount Peake Vanadium Project.

"While there has been a short-term slowdown in the steel market in China, the fundamentals of the steel industry overall in that country remain extremely strong and the long-term demand outlook remains firm," Mr Burton said.

"We remain confident that we will be able to sell our magnetite concentrate and that we will be well placed to maximise the value of this agreement with Sinometal, creating substantial additional value for the Mount Peake Project and TNG shareholders."

Paul E Burton
Managing Director

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