

7 September 2015

TNG SIGNS BINDING LIFE-OF-MINE AGREEMENTS FOR VANADIUM PRODUCTS WITH MAJOR KOREAN GROUP

- *Off-take agreement secured for a minimum 60% of Mount Peake's vanadium output*
- *Technology Transfer agreement to produce an additional high value ferro-vanadium product*



Key Points

- Binding Life-of-Mine (LOM) Offtake Agreement signed with major Korean ferro-vanadium group, WOOJIN IND. CO. Ltd, for all vanadium products from the Mount Peake Vanadium-Titanium-Iron Project in the NT.
- Under the agreement a minimum of 60% of all vanadium products produced from Mount Peake will be purchased by WOOJIN, underpinning part of the project's revenue forecast of \$27.3 billion over its initial 15-year life (see ASX announcement dated 31 July 2015 " definitive feasibility study (DFS)").
- WOOJIN will buy from TNG at an annually agreed market price, under a LOM take or pay agreement
- Agreement incorporates a guaranteed minimum price above TNG's cost of production estimate.
- TNG has also signed a binding Life-of-Mine (LOM) Technology Transfer agreement with WOOJIN (WJN) for the use by TNG of WJN's proprietary technology for the production of ferro-vanadium at the TIVAN refinery site. WOOJIN's proprietary technology currently has the world's highest vanadium recovery rate and is expected to allow TNG significant additional profitability over the project's life.
- This technology provides TNG the flexibility to diversify its product portfolio with a product directly saleable to major steel mills on a global basis and to potentially profit from the price advantage over the life of the project.
- The signing of these landmark agreements marks the first key milestone since the completion of the Feasibility Study in July 2015 and opens the door to potential investment from Korean and other international companies towards partnership, financing and development.

Emerging strategic metals company TNG Limited (ASX: TNG) is very pleased to announce that it has signed the company's **first binding off-take agreement** for its flagship 100%-owned **Mount Peake Vanadium-Titanium-Iron Project** in the Northern Territory, along with a **technology transfer agreement** for the TIVAN refinery.

These landmark agreements, with the major Korean-based ferro-vanadium group WOOJIN IND., CO., LTD., (WJN), were signed last week by TNG's Managing Director, Mr Paul Burton, and WOOJIN's CEO, Mr Ki, at a formal ceremony held at WOOJIN's headquarters in Seoul, Korea .



Plate 1: WOOJIN CEO and Chairman Mr Ki (left) with TNG's Managing Director Mr Burton.

The life-of-mine off-take agreement encompasses binding commitments for WJN to take or pay a minimum of 60 per cent of the vanadium pentoxide (V_2O_5) and other vanadium products from Mount Peake with a minimum guaranteed price which is, based on the cost of production estimates determined under the DFS, 20% above TNG's forecast cost of production. This off-take agreement will allow more accurate forecasts of project's revenue and profitability and creates a strong foundation for the projects financing and development.

TNG also entered into a binding agreement for the transfer of ferro-vanadium (FeV) production technology from WJN. The FeV conversion plant will be installed at TNG's TIVAN[®] refinery site. This technology will allow TNG to further diversify the product portfolio assumed in the DFS, move up the vanadium value chain with a product that is directly saleable to major steel mills on a global basis and take advantage from any price advantage of one product over the other (V_2O_5 vs FeV).

WJN's proprietary technology has the world's highest vanadium recovery rate and TNG expects this to significantly benefit the company with additional profitability over the project's life.

The signing of these binding agreements cements TNG's strategic plan to become a major player in the global supply chain of vanadium, securing a long-term partnership with one of the world's leading high quality ferro-vanadium producers.

Both agreements are governed by Singapore law and require the parties to obtain any relevant approvals regulatory and governmental approvals in Australia and Korea for implementation when production commences which is assumed to be in 2018 subject to finance and all regulatory approvals.

The signing of these two binding agreements marks a significant milestone for the Mount Peake Project following the completion of the DFS and will assist in the Company's financing and commercial plans to deliver on its project development schedule. Subject to receipt of all approvals, permitting and financing, construction of

Mount Peake could commence in 2016 with potential first production in early 2018, when independent commodity forecasts indicate that the price of V_2O_5 is expected to be substantially higher than current prices.

In parallel, the company confirms that it is moving forward with discussions on off-take agreements for the remainder of its vanadium production, which includes, but is not limited to, vanadium redox battery grade products, and for its Titanium Pigment and Pig-Iron products, and on a number of key aspects of the Mount Peake project, including the process for mine and development permitting and approvals.

TNG is also currently in initial discussions with parties interested in providing financing for the Mount Peake Project. WOOJIN and other Korean and international groups are currently reviewing both pre-production finance to and investment in, TNG or the Mount Peake Project.

TNG recently 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 (V_2O_5), 236,000tpa of titanium dioxide (TiO_2) 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 signing of TNG's first-ever off-take agreement represented a huge milestone for the Company and for the Mount Peake Project.

"The significance of this historic agreement should not be underestimated, with WJN's commitment to purchase at least 60 per cent of our vanadium production, on a take-or pay basis with a guaranteed minimum price and opening the way to securing investment from Korean and other international companies towards financing and development".

"In addition the technology that TNG will access via the technology transfer agreement from WJN provides TNG with an additional competitive advantage to produce a high value product with proven highest vanadium recoveries in the world, which is in line with our corporate aim to be the lowest cost producer of the highest purity products".

"These agreements crystallise a very close and strong relationship developed over the past year from a non-binding Memorandum of Understanding to a commercial agreement for the life of the project. WJN are one of the world's leaders in ferro-vanadium production, with a strong Research and Development capability and a considerable depth of marketing expertise in the global vanadium industry and as a result a tier one partner for TNG. This will spearhead TNG to become a potentially world leader in the vanadium sector" he said.

"This is a great achievement by our marketing team and sets TNG up with significant momentum as we now move ahead with our project financing discussions," .

"We continue to achieve our goals in very challenging international market and I am committed for this to continue and build TNG into a substantial resources company" he added.

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 unique and patented TIVAN® hydrometallurgical process, which offers significantly lower capital and operating costs, lowers risk and 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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