

ASX ANNOUNCEMENT

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REGISTERED OFFICE

TNG Limited
Level 1, 282 Rokeby Road
Subiaco, Western Australia 6008

T +61 8 9327 0900

F +61 8 9327 0901

W www.tngltd.com.au

E corporate@tngltd.com.au

ABN 12 000 817 023

DIRECTORS

Jianrong Xu Chairman
Paul Burton MD
Neil Biddle
Stuart Crow
Rex Turkington
Wang Zhigang

COMPANY SECRETARY

Simon Robertson

PROJECTS

Mount Peake: Fe-V-Ti
Manbarrum: Zn-Pb-Ag
East Rover: Cu-Au
McArthur: Cu
Mount Hardy Cu-Au
Sandover Cu-Au

CONTACT DETAILS

Paul Burton | +61 8 9327 0900
Nicholas Read | +61 419 929 046
Simon Robertson | +61 8 9327 0900

TNG ENGAGES CSIRO FOR NEXT PHASE OF METALLURGICAL TESTWORK

Key Points

- **Agreement signed with CSIRO to progress next phase of metallurgical testwork for Mount Peake Vanadium-Titanium-Iron Project in NT.**
- **Testwork to comprise a large scale pilot plant trial to provide key information for accurate scale-up to an industrial-sized plant.**
- **Program expected to complete in Q4 of 2013 as part of DFS.**

Australian resources company TNG Limited (ASX: TNG) is pleased to announce that it has signed a formal agreement with the Commonwealth Scientific & Industrial Research Organisation (CSIRO) for the completion of a definitive pilot plant trial, representing the next phase in the Company's metallurgical testwork program for its flagship **Mount Peake Vanadium-Titanium-Iron Project** in the Northern Territory.

Under the agreement, the CSIRO has been engaged to undertake the design, construction and operation of a pilot plant, which will run continuously for up to 15 days to provide critical information for the scale-up to an industrial-sized plant for the Mount Peake mining operation. The Scope of Work is attached in the Appendix.

The testwork results will provide key inputs to the Mount Peake Definitive Feasibility Study (DFS), and will be completed at CSIRO's extensive facilities in Western Australia.

The pilot plant will use the patented TIVAN[®] Hydrometallurgical Process, which was jointly developed in 2010 by TNG in conjunction with its metallurgical consultants, Perth-based Mineral Engineering Technical Services Pty Ltd ("METS"). The process was developed to extract commercial grades of vanadium, titanium and iron from the Mount Peake ore.

Prior to the commencement of the pilot plant program, the CSIRO will work with METS to complete optimisation testing on critical process parameters in each of the unit processes. This will include grinding, magnetic separation, leaching, solvent extraction and acid regeneration.

The bench-scale testing will commence immediately, and it is expected that the pilot plant trial will be completed in Q4 of 2013.

TNG's Managing Director, Mr Paul Burton, said the commencement of the next phase of the Mount Peake metallurgical testwork program represented another important step towards final commercialisation of the TIVAN[®] process and development of the Mount Peake Project.

“We are progressively ticking each of the boxes to move Mount Peake towards development, and this pilot plant trial represents yet another significant step to further de-risk the project,” he said. “It’s advantageous to be working with the CSIRO on this phase of the program, gaining access to their considerable resources, skills and experience in metallurgical testwork.”

TNG completed a detailed pilot plant testwork program in 2012 as part of the Mount Peake Pre-Feasibility Study, providing a definitive test of the commercial potential of the TIVAN[®] Process for the Mount Peake Project and successfully producing high-purity aqueous solutions which primarily lead to the production of high-purity vanadium-pentoxide, iron-oxide and titanium-dioxide.

Consequently, TNG and METS are satisfied that TIVAN[®] will provide a commercial process for the Mount Peake operation and have proceeded to this next phase of testwork with the CSIRO.

The Mount Peake PFS, announced in July 2012, outlined a robust project capable of generating Life of Mine revenues of A\$12 billion and operating cash flows of over A\$5 billion from its initial 20-year life. Key highlights of the PFS included forecast pre-tax net annual cash flow of A\$294 million and an Internal Rate of Return of 31.8%. The Mount Peake Project will commence operations at 2.5Mtpa, expanding to 5Mtpa after years.

TNG has also this week signed a Memorandum of Understanding (MoU) with a leading European-based international metallurgical technology company and plant supplier, for the ongoing development of the TIVAN[®] hydrometallurgical process for processing vanadium ores.

The MoU contemplates the involvement of the group in the future commercialisation of TIVAN[®], including the potential award of an Engineering, Procurement and Construction (EPC) contract for a TIVAN[®] processing plant.

The group concerned is globally recognised as a leading provider of metallurgical plants and equipment, with billions of Euro’s in sales revenue globally.

Paul E Burton
Managing Director

Enquiries:

Paul E Burton,
Managing Director + 61 (0) 8 9327 0900

Nicholas Read
Read Corporate + 61 (0) 8 9388 1474

Competent Person Statement

Mr Damian Connelly, FAusIMM, Chartered Professional (MET), MICA, MSME, MSAIMM was responsible for the preparation of the metallurgical test work results reported herein. Mr Connelly has sufficient experience to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of the 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. Mr Connelly is also qualified to sign NI43101 Documents.

The information in this report that relates to Mineral Resources is based on information compiled by Jeremy Peters who is a Member of The Australasian Institute of Mining and Metallurgy and a full time employee of Snowden Mining Industry Consultants Pty Ltd. Jeremy Peters 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 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Jeremy Peters 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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APPENDIX: SCOPE OF WORK

Phase 1 – Design of Pilot Plant

Phase 2 – Construction of Pilot Plant

Phase 3 – Operation of Pilot Plant

The Pilot Plant will operate continuously during the treatment phase. It is anticipated that the Pilot Plant will run 24 hours a day for up to 15 days. CSIRO anticipates running 3 shifts of 4 persons per day. CSIRO will also provide personnel to manage and supervise the plant during the day shift. CSIRO will train staff to operate the Pilot Plant which will include:

- A) Leach
- B) Solid/Liquid separation
- C) SX Feed preparation
- D) Vanadium recovery
- E) V₂O₅ product formation
- F) Data Collection and sampling

MATERIALS

For Phase 3 of the Services, TNG will supply between 10 to 15 tons of appropriately prepared magnetic concentrate in bags/drums appropriate for handling and feeding into a continuous leach process. The magnetic concentrate must be within the required physical characteristics