

ASX ANNOUNCEMENT

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PROJECTS

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

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TNG APPOINTS ARCCON MINING SERVICES TO COMPLETE MOUNT PEAKE DFS

Construction targeted for 2014 and first production in 2015

Key Points

- **Perth-based engineering firm Arcon Mining Services appointed to complete the Definitive Feasibility Study (DFS) for Mount Peake Vanadium-Titanium-Iron Project in NT.**
- **DFS to commence with targeted completion in Q4 of 2013.**
- **Key elements of DFS have commenced, including environmental studies, metallurgical testwork and infrastructure negotiations.**
- **Arcon partnership brings development and financing potential**

Australian resources company TNG Limited (ASX: TNG) is pleased to announce that it has appointed leading Perth-based engineering firm Arcon Mining Services (Arcon) to complete the Definitive Feasibility Study (DFS) for its flagship 100%-owned **Mount Peake Vanadium-Titanium-Iron Project** in the Northern Territory.

The DFS will commence immediately, and will define key requirements for the Mount Peake Project development, including:

- Civil/structural, mechanical and electrical engineering;
- Project implementation, including a master schedule and project procurement, contracting and construction plans;
- Project infrastructure and logistics requirements; and
- Capital and operating cost estimates to $\pm 10\%$ accuracy.

TNG is targeting completion of the DFS during Q4 of 2013, and is aiming to commence construction of the Project in 2014, with production and exports proposed to commence in 2015.

Arcon has significant Australian and International experience in conducting engineering studies for a range of resource companies, including Marengo Mining Limited's Yandera copper/gold study for a \$2.0 billion concentrator and associated infrastructure development in Papua New Guinea, Rum Jungle Resources' Ammaroo Phosphate Project (Northern Territory) and Poseidon Nickel Ltd's Mt Windarra nickel project (Western Australia).

Arcon also has partnered with leading Chinese companies to provide greater opportunities for growth, including China Non-Ferrous Metal Industry Foreign Engineering Construction Co. Ltd (NFC). This alliance creates opportunities for EPC lump sum, turn-key contracts which potentially brings financing and development potential for the Mount Peake project.

TNG's Managing Director, Mr Paul Burton, said the commencement of a DFS represented an exciting step forward for the Company. "We had specific criteria when assessing companies for this important milestone and the experience and qualities that Arcon bring provided a strong alignment"

"The Mount Peake Project is a world-class asset, which offers an outstanding resource base and robust project economics," he said. "The completion of a DFS will represent the final stepping stone to move this project into development."

TNG has recently announced several key agreements to progress the Mount Peake DFS, including:

- Appointing leading global engineering and environmental consulting group, GHD, to complete the Environmental Impact Study (EIS);
- Signing a Memorandum of Understanding (MoU) with a leading Austrian/German-based international engineering, metallurgical, development, and technology company and plant supplier for discussions regarding the commercial development of the TIVAN® hydrometallurgical process;
- Signing 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; and
- Signing a Heads of Agreement (HoA) with the Darwin Port Corporation (DPC) to negotiate the use of Darwin's East Arm Wharf port facilities for the export of vanadium, iron and titanium products from the Mount Peake operation.

The Company yesterday announced updated financial parameters for Mount Peake leading to:

- an increase in life-of-mine (LOM) revenues from A\$11.8 billion to A\$13.6 billion;
- an increase in Net Present Value (NPV8%) from A\$1.884 billion to A\$2.646 billion; and
- an increase in pre-tax IRR from 31.8% to 38.7%.

Background on Arcon Mining Services

Arcon is a Perth-based mining services company with experience in project development, feasibilities, design, construction and operation of mine sites across Australia and internationally.

In 2011 Arcon became part of the ASX-listed Allmine Group of companies (ASX: AZG) with a strategic footprint of maintenance services and mobile service centres across WA and the NT, with particular focus on mineral resource companies. As part of the Allmine Group, Arcon is able to provide a complete mine life cycle service from feasibility through to design and construction, production, maintenance and mine expansion or greenfield development.

Paul E Burton
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COMPETENT PERSON STATEMENT

The information in this report that relates to Financial and Mining analysis is based on information compiled by Mr Jeremy Peters BSc, BEng, who is a Fellow and Chartered Professional Mining Engineer and Geologist 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.