

RESOURCE UPGRADE DELIVERS STRONG MOMENTUM FOR MOUNT PEAKE DFS; DRILLING RESUMES AT MOUNT HARDY

TNG achieves excellent progress towards the delivery of a Definitive Feasibility Study for the Mount Peake Vanadium-Titanium-Iron Project, with a major resource upgrade and key contracts and agreements now in place...

MOUNT PEAKE VANADIUM-TITANIUM-IRON PROJECT (NT)

- Updated JORC Resource completed for Mount Peake Project based on 2012 drilling – 120M Tonnes or 74% of total Resource now classified as JORC Measured Resource status and 86% as Measured or Indicated.
- Arccon Mining Services appointed to complete Mount Peake Definitive Feasibility Study (DFS) – targeted for completion in Q4 of 2013.
- Internal technical review of July 2012 Mount Peake Pre-Feasibility Study identifies a significant underestimation of the value of iron ore mineralisation. A corresponding revision to the financial model leads to:
 - » 15% increase in life-of-mine (LOM) revenues from A\$11.8 billion to A\$13.6 billion;
 - » 40% increase in Net Present Value (NPV8%) from A\$1.884 billion to A\$2.646 billion; and
 - » 22% increase in pre-tax IRR from 31.8% to 38.7%.
- Global firm GHD appointed to complete Mount Peake Environmental Impact Statement (EIS), with Notice of Intent to be submitted during the June Quarter and final EIS expected to be completed by Q1 2014.
- Heads of Agreement signed with Darwin Ports Corporation to negotiate the use of land and port facilities by TNG at East Arm Wharf.
- Heads of Agreement signed with Rail operator Genessee and Wyoming to commence a logistical transport study.

TIVAN® HYDROMETALLURGICAL PROCESS

- MOU signed with leading European international engineering and metallurgical technology group for discussions regarding commercial development of TIVAN®.
- CSIRO engaged for completion of definitive pilot plant trial, representing the next phase of metallurgical testwork.

MT HARDY PROJECT – COPPER/ GOLD

- Final laboratory assays received from remaining six RC drill-holes from Mt Hardy Copper Project – additional copper sulphide mineralisation with associated lead and zinc intersected at EM Target #2.
- Significant off-hole EM conductors identified from down-hole EM (DHEM) surveys at key Mount Hardy targets.
- Induced Polarisation and gravity surveys completed at Mount Hardy show significant strong targets for follow-up drilling.
- Major new diamond drilling programme underway at Mount Hardy, comprising over 2,100m of drilling to test six key targets – results expected during June Quarter.

CORPORATE

- New research reports issued by Hardman & Co, Breakaway Research and Old Park Lane Capital – available to download from www.tngltd.com.au.





SUMMARY

THE MARCH 2013 QUARTER WAS ANOTHER EXCEPTIONALLY ACTIVE PERIOD FOR TNG, WITH THE COMPANY MAKING STRONG PROGRESS TOWARDS THE DELIVERY OF A DEFINITIVE FEASIBILITY STUDY (DFS) FOR ITS FLAGSHIP 100%-OWNED MOUNT PEAKE VANADIUM-TITANIUM-IRON PROJECT.

Key milestones during the Quarter included the appointment of an engineering firm to complete the DFS and the announcement of a major resource upgrade. Further progress was also made with key exploration initiatives at the emerging Mount Hardy Copper Project, with extensive geophysical programs completed and a new program of drilling commencing.

At Mount Peake, the Company's focus remained on the delivery of the DFS, with leading Perth-based engineering firm Arcon Mining Services appointed during the Quarter to undertake the study, which is expected to be completed during Q4 of 2013.

A key input for the DFS was the delivery of an updated JORC resource estimate for Mount Peake, based on new drilling completed in late 2012. This drilling was intended to convert predominantly Indicated and Inferred Resource material to Measured Resource status, and was a resounding success with all of the Indicated material included in the 2011 Resource estimate now upgraded to Measured status.

Following the completion of the revised resource, 74% of the total Mount Peake Resource is now classified as JORC Measured Resource status, and 86% as Measured or Indicated status, leaving TNG well placed to generate a maiden Ore Reserve statement for the Project as part of the DFS.

During the Quarter, TNG also appointed global engineering firm GHD to complete the Mount Peake Environmental Impact Statement (EIS), and secured key agreements with a European-based engineering and metallurgical technology group and the CSIRO to progress the development of the patented TIVAN® hydrometallurgical process.

The latest phase of metallurgical testwork – comprising a definitive pilot plant trial to enable accurate scale-up to an industrial sized plant - is underway.

An internal technical review of the July 2012 Mount Peake Pre-Feasibility Study has also led to a significant enhancement of the Project's economics following the identification of a miscalculation of the value of the iron component of the

resource. It identified that the price for the hematite product at Mount Peake had incorrectly been applied to contained iron (Fe) as opposed to contained iron oxide (Fe_2O_3).

As a result of this finding, the original financial model for the Mount Peake PFS has been verified and updated by Snowden Mining Industry Consultants Pty Ltd 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%.

The results dramatically enhance the financial strength of the proposed Mount Peake mining operation and provide strong momentum for the upcoming DFS.

At the emerging Mount Hardy Copper Project, TNG completed major down-hole electromagnetic (DHEM), gravity and Induced Polarisation (IP) surveys over key exploration sites with the aim of refining and prioritising targets for diamond drilling. A major 2,100m diamond drilling programme was underway at the end of the Quarter, with results expected to significantly enhance the Company's understanding of the nature and controls of mineralisation in the region.

The Company's strong progress at both Mount Peake and Mount Hardy during the Quarter has seen further positive broker reports issued by Old Park Lane Capital plc and Hardman & Co. You can view these reports on the Company's website, www.tngltd.com.au.

Despite the difficult environment in global equity and commodity markets, TNG remains exceptionally well placed to create value for its shareholders with quality resource assets, a strong balance sheet, an experienced management team and a strong Chinese partner capable of supporting its progress through to production. The addition of several key partnerships during the Quarter has served to further enhance the Company's position as it progresses the Mount Peake and Mount Hardy assets over the coming months.

PROJECTS

VANADIUM-TITANIUM-IRON

MOUNT PEAKE PROJECT: TNG 100%

TNG's Mount Peake Project is located in the Northern Territory close to existing key power and transport infrastructure. The project is rapidly becoming one of the largest Vanadium-Titanium-Iron projects in Australia. The area under licence covers a highly prospective, but poorly explored area of the Western Arunta geological province and remains a significant exploration area for the Company.

The Company is in the process of completing a Definitive Feasibility Study on the Mount Peake Project, with Arccon Mining Services appointed during the Quarter to complete the study. The DFS is expected to be completed by end 2013.

DRILLING RESULTS

During the Quarter, TNG reported final results from both Reverse Circulation and diamond drilling programmes completed at the Mount Peake Project during the second half of 2012.

TNG completed a program of Reverse Circulation (RC) drilling during the December 2012 Quarter, comprising 59 holes for 7,189 metres. The drilling was designed to upgrade the 2011 Inferred and Indicated resource for the Mount Peake Project to Indicated and Measured status, and contribute to a revised JORC estimation (see below).

Samples from the RC drilling were analysed by ALS Laboratories in Perth using X-ray fluorescence (XRF). Laboratory analysis shows that all but four of the 59 RC holes drilled (93%) intersected significant grades and widths of V-Ti-Fe mineralisation (in excess of 5m @ 0.1% V₂O₅ cut-off).

The best intercept was in hole 12MPRC096, where high grade mineralisation was encountered from the base of the thin transported cover sand unit at surface to the end of the hole, providing a total intersection of 147 metres @ 0.48% V₂O₅, 8.80% TiO₂ and 31.9% Fe.

Good continuity of grade and thickness was also demonstrated within the resource area by fences of close spaced holes drilled through the centre of the resource. Holes 12MPRC065 through

to 12MPRC068, and holes 12MPRC076 through to 12MPRC080 represent two lines of 25 metre spaced drill holes. These holes returned significant mineralised intervals of up to 141 metres width, with consistent grades of up to 0.37% V₂O₅, 6.88% TiO₂ and 28.0% Fe.

Full details of drill hole locations and assay results from this RC drilling are provided in Appendix 1 below.

In addition to the RC programme outlined above, TNG also completed a diamond drilling program during the December 2012 Quarter designed to provide metallurgical samples for pilot plant testwork. This program comprised a total of 14 holes for 1,712 metres, with drilling samples processed by ALS Metallurgy in Perth.

Analytical results are outlined in Table 1, with significant mineralisation at a 0.1% V₂O₅ Cut-Off listed. The best interval is in drill hole 12MPDDH020 where 164.4 metres has a grade of 0.33% V₂O₅, 6.27% TiO₂ and 27.2% Fe, from 11.6 metres down hole. This interval commenced from the start of coring immediately below thin transported cover of desert sands.

Several holes, including 12MPDDH020, contain mineralisation from the top of the coring section, illustrating the thin transported cover that overlies the deposit. This, together with the thick and consistent intervals of mineralisation, contributes to an overall very low stripping ratio for the deposit.

Hole_ID	DEPTH (Metres)	FROM (m)	TO (m)	INTERVAL (m)	GRADE (% V ₂ O ₅)	GRADE (% TiO ₂)	GRADE (% Fe)
12MPDDH011	65.0	17.6	47.0	29.4	0.275	4.96	21.0
12MPDDH012	74.7	41.0	71.0	30.0	0.160	3.00	16.9
12MPDDH013	99.5	9.0	81.0	72.0	0.221	4.39	18.4
12MPDDH014	100.0	9.4	99.0	89.6	0.248	4.58	20.8
12MPDDH015	138.5	13.0	134.0	121.0	0.300	5.91	23.5
12MPDDH016	150.4	13.0	147.0	134.0	0.300	6.21	25.1
12MPDDH017	175.0	12.0	164.0	152.0	0.230	4.18	23.7
12MPDDH018	165.5	29.0	165.6	136.6	0.330	6.31	27.0
12MPDDH019	150.7	41.0	150.7	109.7	0.340	6.51	25.6
12MPDDH020	183.7	11.6	176.0	164.4	0.330	6.27	27.2
12MPDDH021	150.6	24.0	150.6	126.6	0.220	4.34	22.2
12MPDDH022	147.6	47.0	147.6	100.6	0.230	4.60	21.9
12MPDDH023	138.4	53.0	111.2	58.2	0.310	5.91	23.9
12MPDDH024	155.0	11.5	155.0	143.5	0.400	7.94	28.6

Table 1 – Significant intersections, at a Cut-Off grade of 0.1% V₂O₅, from diamond drilling completed during the December 2012 Quarter

Even at the much higher Cut-Off grade of 0.3% V_2O_5 , holes maintain thick intersections with grades up to 0.47% V_2O_5 as shown in Table 2. At the higher Cut-Off grade drill hole 12MPDDH018, in the central high grade core of the deposit, has mineralisation over a 92 metre interval while seven holes maintain a mineralised interval in excess of 50 metres at this higher Cut-Off grade.

An additional significant zone of thick high grade mineralisation is also being outlined towards the northern end of the overall resource. Hole 12MPDDH024 illustrates the intersections found in this zone, where at the higher grade Cut-Off of 0.3% V_2O_5 , there is still 112.0 metres at a grade of 0.45% V_2O_5 , 8.67% TiO_2 and 30.7% Fe, from 32.0 metres down hole (Table 2). This intersection taken together with RC drill results (see above), including holes 12MPRC096, 097, 099 and 101, outline the area of the mineralisation.

Hole 12MPRC096 has high grade mineralisation from the base of the thin transported cover sand unit at surface to the end of the hole, providing a total intersection of 147 metres @ 0.48% V_2O_5 , 8.80% TiO_2 and 31.9% Fe, at a Cut-Off grade of 0.1% V_2O_5 .

Grade is remarkably consistent throughout the mineralised zone for all holes. Hole 12MPDDH020 assays are listed in full for the resource elements/oxides in the Company's ASX Announcement dated 25 February 2013, Appendix 1. This table illustrates the reliability of the grade within the resource over this central section of the deposit, as there are no Vanadium analyses below the Cut-Off grade.

Hole_ID	DEPTH (Metres)	FROM (m)	TO (m)	INTERVAL (m)	GRADE (% V_2O_5)	GRADE (% TiO_2)	GRADE (% Fe)
12MPDDH011	65.0	17.6	30.0	12.4	0.347	6.32	22.8
12MPDDH013	99.5	13.0	39.0	26.0	0.358	6.80	23.4
12MPDDH014	100.0	32.0	57.0	25.0	0.380	7.13	27.0
12MPDDH015	138.5	26.0	92.0	66.0	0.418	7.97	28.4
12MPDDH016	150.4	34.0	106.0	72.0	0.430	8.05	29.4
12MPDDH017	175.0	48.0	105.0	57.0	0.310	5.46	28.0
12MPDDH018	165.5	33.0	125.0	92.0	0.390	7.38	28.9
12MPDDH019	150.7	50.0	114.0	64.0	0.440	8.28	29.9
12MPDDH020	183.7	11.6	94.0	82.4	0.470	8.90	31.5
12MPDDH021	150.6	36.0	67.0	31.0	0.330	6.46	26.7
12MPDDH022	147.6	49.0	85.0	36.0	0.370	7.15	27.2
12MPDDH023	138.4	54.0	91.0	37.0	0.413	7.73	29.2
12MPDDH024	155.0	32.0	144.0	112.0	0.450	8.67	30.7

Table 2 – Significant intersections in diamond drilling, at a Cut-Off grade of 0.3% V_2O_5

UPDATED JORC RESOURCE

During the Quarter, Snowden Mining Industry Consultants Pty Ltd (Snowden) completed an updated resource estimate for the Mount Peake Project, reported in accordance with the JORC Code (2012), (see ASX Announcement 18 March 2013, and 26 March 2013). The full report is available to be viewed on the TNG Web site at www.tngltd.com.au.

The updated Measured, Indicated and Inferred Resource reported at a 0.1% V_2O_5 cut-off comprises:

CATEGORY	TONNES (MT)	V_2O_5 %	TiO_2 %	FE%	Al_2O_3 %	SiO_2 %
Measured	120	0.29	5.5	24	8.2	33
Indicated	20	0.28	5.3	22	9.1	34
Inferred	22	0.22	4.4	19	10.0	38
TOTAL	160	0.28	5.3	23	8.6	34

The revised resource estimate is based on new drilling completed in late 2012 (see above), which was intended to convert predominantly Indicated and Inferred Resource material to Measured Resource status. The previous resource calculation (see ASX Announcement 12 October 2011) comprised 110Mt of Indicated Resource and 48Mt of Inferred Resource.

This programme was a resounding success, with all of the Indicated material included in the 2011 Resource estimate now upgraded to Measured status.

Following completion of the revised resource, 74 per cent of the total Mount Peake resource is now classified as Measured and 86 per cent is classified as Measured and Indicated. Based on this result, TNG can continue to move forward with the DFS with strong confidence in the Mount Peake resource model and the projected economics.

Appendix 2 below outlines all information considered material to the understanding of the above resource calculation for the reporting of the Mineral Resource of the Mount Peake V-Ti-Fe deposit. It includes description of:

- drilling techniques used;
- details of sampling and sub-sampling techniques;
- sample analysis methods;
- geological interpretation;
- resource estimation methodology;
- resource classification explanation; and
- cut-off grades used.

APPOINTMENT OF FEASIBILITY STUDY CONTRACTOR

During the Quarter, TNG appointed leading Perth-based engineering firm Arccon Mining Services (Arccon) to complete the Definitive Feasibility Study (DFS) for the Mount Peake Project.

The DFS commenced immediately upon Arccon's appointment in early February, 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.

Arccon 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).

Arccon 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.



INTERNAL TECHNICAL REVIEW OF MOUNT PEAKE PFS

During the Quarter, an internal technical review of the July 2012 Pre-Feasibility Study (PFS) for the Mount Peake Project led to a significant enhancement of the Project's economics following the identification of a miscalculation of the value of the iron component of the resource.

It identified that the price for the hematite product at Mount Peake had incorrectly been applied to contained iron (Fe) as opposed to contained iron oxide (Fe_2O_3).

As a result of this finding, the original financial model for the Mount Peake PFS has been verified and updated by Snowden Mining Industry Consultants Pty Ltd 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%.

Full details of the Mount Peake Pre-Feasibility Study are available in the Company's ASX Announcement – 9th July 2012.

The results dramatically enhance the financial strength of the proposed Mount Peake mining operation and provide strong momentum for the DFS.

ENVIRONMENTAL IMPACT STATEMENT

Leading global engineering and environmental consulting group GHD has been appointed to complete the Environmental Impact Study (EIS) for the Mount Peake Project. Field studies are now underway to capture data from the current wet season activity, and the completed EIS is expected to be submitted to the Northern Territory Environment Protection Authority during Q1 2014.

The EIS will evaluate the environmental impacts of mining and processing the magnetite deposit at Mount Peake including:

- Preparation and submission of a Notice of Intent (NOI) to the Northern Territory Department of Mines and Energy – this is expected to be submitted before the end of Q2 2013;
- Referral to the Commonwealth for assessment under the Environment Protection and Biodiversity Conservation 1999 Act;
- Development and implementation of a surface water and groundwater monitoring programme and assessment;
- Flora and fauna surveys and assessment;
- Heritage surveys and assessment;
- Social impact assessment;
- Air quality assessment;
- Noise and vibration assessment;
- Transport assessment;
- Greenhouse gas emission assessment;
- Waste management;
- Regulator liaison;
- Public consultation;
- Economic assessment;
- Mine closure and rehabilitation; and
- Preparation and submission of the EIS.

METALLURGICAL TESTWORK

In addition to upgrading the JORC resource estimate (see above), the 2012 diamond drilling at Mount Peake was also focused on collecting bulk sample for metallurgical testwork and definitive pilot plant trials. This testwork programme was well underway at the end of the Quarter at ALS AMMTEC laboratory in Perth, with all crushing and grinding work indices, Specific Gravity (SG) and rock strength testing completed and the bulk sample is now being composited to be processed through the pilot scale crushing, grinding and magnetic separation equipment. A bulk magnetic concentrate sample will be produced for further downstream piloting at CSIRO as outlined in the section below. A comprehensive suite of metallurgical variability samples were strategically selected to measure the metallurgical response, both spatially and at depth within the deposit.

TIVAN® PROCESS

TNG has commenced the next phase of the metallurgical testwork program for the Mount Peake Project, comprising a definitive pilot plant trial being undertaken under a formal agreement with the Commonwealth Scientific & Industrial Research Organisation (CSIRO).

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 outlined in the Company's ASX Announcement dated 30 January 2013.

The testwork will be completed at CSIRO's extensive facilities in Western Australia.

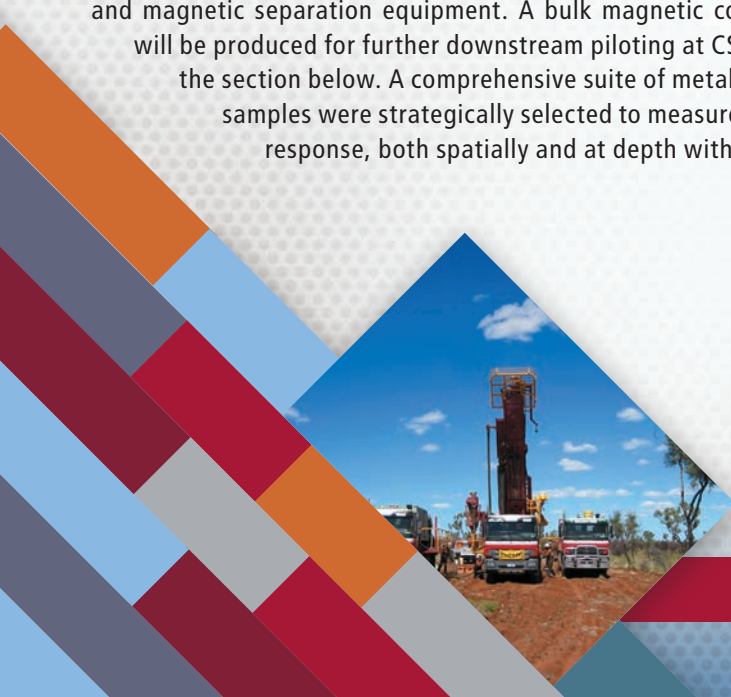
The pilot plant will use the patented TIVAN® Hydrometallurgical Process, which was jointly developed in 2010 by TNG in conjunction with its metallurgical consultants, Perth-based Mineral Engineering Technical Services Pty Ltd ("METS"). The process was developed to extract commercial grades of vanadium,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

Prior to the commencement of the pilot plant program, ALS AMMTEC and 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.

During the Quarter TNG also signed a Memorandum of Understanding (MoU) with a leading Austrian/German based international engineering, metallurgical, development, and technology company and plant supplier (referred to herein as the engineering and technology specialists - ETS), for discussions regarding the commercial development of the TIVAN® hydrometallurgical process for processing vanadium ores.

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



The ETS is globally recognised as a leading engineering and design company for all types of metallurgical plants and equipment, with €3-4 billion in sales revenue in 2012 globally.

Following the signing of the MoU, the ETS will commence due diligence on the TIVAN® Process, and also participate in the next stage of development work aimed at providing the final parameters for the upscale design of a full commercial-sized operating plant.

Subject to the successful completion of a due diligence process, the ETS may then consider investment at either a corporate or project level, and may also be provided with an opportunity to tender for the award of future construction of all TIVAN® plants assuming the successful completion of pilot-plant feasibility trials.

The key terms of the MoU are set out in the Company's ASX announcement dated 29 January 2013.

Heads of Agreement with Darwin Ports Corporation

During the Quarter, TNG entered into a non-binding Heads of Agreement with 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 Mount Peake.

Under the non-binding agreement, TNG and DPC have established a framework for negotiating and entering into formal agreements for the use of land and facilities at East Arm Wharf by December 2013. These proposed port access arrangements will become a key component of the Mount Peake Feasibility Study.

It is the intention of the parties that formal documents to be negotiated and agreed will include, but not be limited to, the following:

- Construction Licence
- Stockpile / Container Lease
- Operating Agreement

Heads of Agreement with Genesee and Wyoming

During the Quarter, TNG continued discussions with G&W following the non-binding Heads of Agreement to negotiate the use of rail facilities for the export of vanadium, iron and titanium products from Mount Peake.

Under the non-binding agreement, TNG and G&W have established a framework for negotiating and entering into formal agreements for the use of land and rail facilities.

G&W completed a comprehensive logistics study for transport of the finished products both north and south of the Mount Peake site and have highlighted a number of potential cost saving opportunities which will be investigated further during the DFS.

COPPER

MOUNT HARDY PROJECT: TNG 100%

Mount Hardy – EL 29219, EL 27892, EL 28694

The Mount Hardy Copper Project is located within the Mount Hardy Copper Field, located approximately 300km north-west of Alice Springs. The project area is situated on the Mount Doreen (SF52-12) and Mount Theo (SF52-08) 1:250,000-scale sheets. Access to the Mount Hardy tenement is via the Tanami Highway.

During the Quarter, TNG increased its total tenement holding in the area with the completion of the acquisition of EL 28694 giving the company a major hold in the most prospective copper areas.

In addition TNG received all remaining assay results for the Reverse Circulation (RC) drilling completed in late 2012, as well as results from down-hole electromagnetic (DHEM) surveys completed on all holes.

The results confirmed the presence of additional copper sulphides at Mount Hardy, with the DHEM surveys also highlighting multiple off-hole EM conductors and providing numerous new high-priority exploration targets.

The RC drilling was targeting four EM conductors identified from a helicopter-borne VTEM survey completed in July 2012, and confirmed by ground EM and 3D modelling. Assessment of final assay results from the remaining holes in this programme confirmed the presence of sulphide copper, lead and zinc mineralisation at Mount Hardy. However, drill trace analysis indicated that significant deviation occurred in a number of the holes during drilling, resulting in some EM targets being either missed or obliquely intersected.

DHEM surveys were subsequently undertaken on all holes, with the results indicating the presence of significant off-hole conductors at each of the target areas, providing a number of new priority exploration targets.

Based on these results, the Company now considers that RC drilling is not well suited to the Mount Hardy geological environment, and all future drilling will be conducted with diamond drill rigs to eliminate the risk of hole deviation.

Full details of the results from the RC drilling and DHEM surveys are provided in the Company's ASX Announcement dated 22 January 2013.

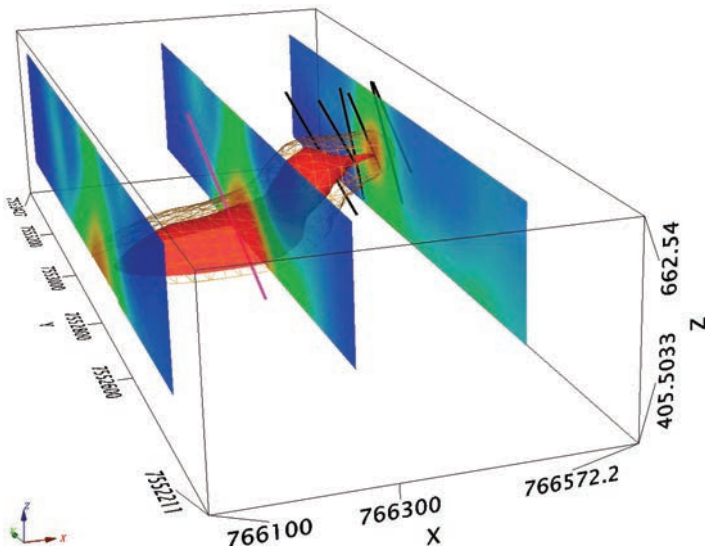


Figure 1. Mount Hardy prospect. 3D view of strong IP conducting body with planned Diamond Drill holes.

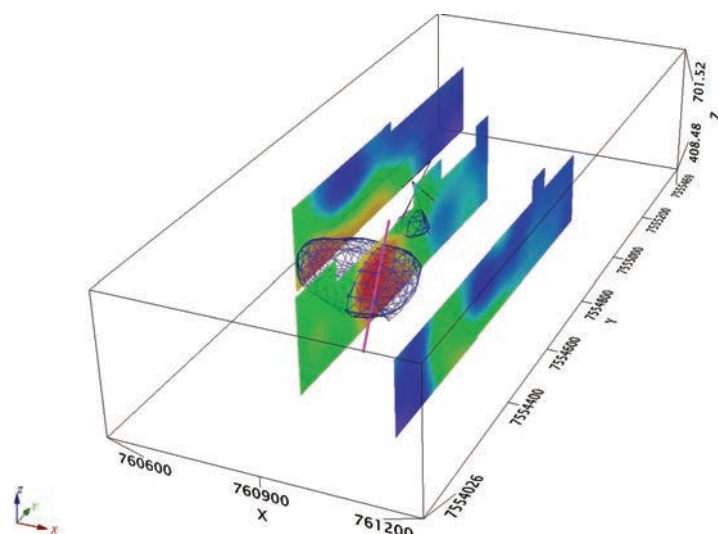


Figure 2. Browns prospect. 3D view of strong IP conducting body with planned Diamond Drill holes.

Following the assessment of the RC results, TNG completed both gravity and Induced Polarisation (IP) surveys over the key target areas at Mount Hardy, with the aim of refining and prioritising targets for a diamond drilling campaign.

Detailed IP assessment has outlined significant conductors at both the Mount Hardy and Browns prospects (for survey details and locations see ASX Announcement – March 1st 2013). The survey area at Browns was extended following encouragement in the preliminary dipole array field data. At Mount Hardy the conductor outlined coincides with surface mineralisation and appears to have a shallow west plunge. At Browns the conductor is 200-300 metres to the south of the existing anomalous zone being drilled. Figure 1 and 2 show the conductor bodies at each prospect, together with planned drilling targets. Both will be drill tested in April during the current drilling programme.

A major diamond drilling campaign commenced at Mount Hardy in March, comprising 2,100m of drilling to test the six priority targets outlined and refined with the benefit of the gravity and Induced Polarisation geophysical survey work. The drilling programme is on-going. Targeted areas include:

- The Mount Hardy prospect;
- The Browns prospect; and
- EM Targets 1, 2, and 4 (initially tested last year)
- IP targets outlined at Mount Hardy and Browns

To month end a total of 1696.6 metres have been drilled. RC precollars were drilled on five holes for a total of 642 metres, and nine diamond holes have been completed at the Mount Hardy and Browns prospects for a total of 1054.6 metres. Samples have been submitted from the RC holes and one diamond hole at month end, with results awaited.

Both the Mount Hardy and the Browns prospects have been outlined by strong surface anomalism for copper in both soil and rock sampling completed by TNG since September 2012.

At Mount Hardy, an extensive copper-in-soil anomaly has been defined covering an area of 550m by 160m (at >200ppm Cu). Within this area, laboratory analysed* rock chip sample results for copper returned 17 results over 1% Cu (from a total of 51 samples), and a peak value of 6.84% Cu. 20 of these rock samples also contained anomalous gold results (>0.1 g/t Au), with a maximum gold value of 7.93 g/t Au (see ASX Announcement - October 10th 2012).

* Rock samples were analysed by ICP-AES (Inductively Coupled Plasma – Atomic Emission Spectroscopy) after a four acid digest by ALS Minerals Laboratory in Perth.

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At the Browns prospect, 12 of the 21 rock samples analysed by ICP methods for copper returned over 1%, while the maximum value was 12.7% Cu. No previous drilling has been conducted at the Browns prospect (see ASX Announcement – October 10th 2012).

At Mount Hardy, the planned drilling will also test for potential down-dip extensions of mineralisation intersected in historic drilling completed in 1968 by the BMR. Results of re-sampling of this core (see ASX Announcement – December 10th 2012) returned significantly mineralised intervals including:

- 10.7m @ 4.1% Cu from 6.9m, including 1m @ 27% Cu
- 7.0m @ 1.64% Cu from 37.5m, including 3m @ 5.7% Cu
- 2.6m @ 1.69% Cu from 23.5m.

Further holes are also planned to follow up on the EM targets generated from HELITEM and ground EM work completed during the September 2012 Quarter. These targets were drilled in November 2012, but require further testing due to the hole deviation issues outlined above (see ASX Announcements – November 21st 2012 and January 22nd 2013). Holes aimed at EM plates at Targets 1, 2, and 4 are planned.

At EM Target 1, drilling last year intersected 12m @ 0.65% Cu, 0.39% Pb, and 0.87% Zn from 117m down-hole in hole 12MHRC001, including:

- 2m @ 1.75% Cu, 0.33% Pb, 0.67% Zn from 125m;
- 1m @ 1.08% Cu, 0.12% Pb, 0.22% Zn from 120m;
- 3m @ 1.16% Cu, 0.59% Pb, 1.67% Zn from 191m including
- 1m @ 2.35% Cu, 1.16% Pb, 3.08% Zn from 192m

The rig will operate through March and into April. The Company will report the results of this work following completion and receipt of assay results, which are expected to be received during the June Quarter.

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WALABANBA HILLS JV: COPPER: TNG EARNING 51% WITH POTENTIAL TO INCREASE TO 80% (ALL MINERALS EXCEPT URANIUM)

The Walabanba Joint Venture area lies immediately west of TNG's flagship Mount Peake Strategic Metals Project in the Northern Territory, and is considered highly prospective for copper and nickel mineralisation based on previous exploration results.

In July 2012 TNG conducted a HELITEM® survey over portions of the Walabanba Hills Project area to identify targets for copper mineralisation. HELITEM® technology has already proved successful in identifying EM anomalies in the Mount Hardy Project area (see above).

Results from the Walabanba Hills survey are currently being assessed.

MCARTHUR RIVER PROJECT: COPPER: TNG 100%

No exploration work was conducted on these projects during the Quarter. The tenements remain highly prospective and field work will commence after the wet season in the June 2013 Quarter.

McArthur – EL 27711

The McArthur River tenement, which is located approximately 50km south of McArthur township along the Tablelands Highway, covers part of the prospective McArthur Basin geology, 65km south-west of the McArthur Zinc mine. The licence has two major copper targets – Kilgour Crossing and Donkey Yard, both of which have been explored intermittently over the past 50 years and have recorded rock chip grades up to 2% Copper.

Mineralisation at McArthur River is hosted by the Mallapunyah Formation, in two dolomitic and variably bituminous intervals informally termed the 'upper' and 'lower' copper beds, which are 1m to 150mm thick, respectively. Chalcocite and chalcopyrite are present in the 'lower copper bed' along its strike length of 500m. Copper mineralisation in the lower copper bed 5km north of the Kilgour Crossing prospect comprised approximately equal quantities of chalcocite and bornite.

Yah Yah – EL 28509

The Yah Yah tenement, located approximately 50km south-west of the McArthur township, contains the historical Yah Yah copper mine, which produced some 40 tonnes of hand-picked, high-grade copper (20-30% Cu) ore prior to 1912. A grab sample collected from a Yah Yah waste dump by CRA Exploration assayed 30.4% Cu. In addition, BHP completed a soil survey which returned best results of up to 562ppm Cu from a 300m wide zone over the old structure.

Black Springs – EL 28503

The Black Springs tenement is located 4km south of McArthur EL 27711 covering southern extensions of the prospective McArthur stratigraphy.

SANDOVER PROJECT: COPPER: TNG 100%

ELA 29252, ELA 29253 and ELA 29254

The Sandover Copper Project tenements are located approximately 100km north-east of Alice Springs just north of the Plenty Highway. The project area is situated on the Alcoota (SF53-10) 1:250,000 scale map sheet.

All of the Exploration Licences for the Sandover Project have been granted and an exploration programme is currently in preparation.



JOINT VENTURE PROJECTS

ZINC-LEAD-SILVER, IRON-ORE

MANBARRUM PROJECT JOINT VENTURE: TNG 100%

(Kimberley Mining Ltd (KBL) and Sorby Hills Joint Venture (SHJV) earning 51% with scope to earn up to 80%)

During the Quarter, KBL Mining Limited advised that work on the Manbarrum project under the SHJV has focused on the Sandy Creek Deposit evaluation. KBL see excellent potential for a shallow high grade Pb-Zn-Ag resource within the larger lower grade deposit.

KBL have progressed with their development plans for Sorby Hills which will have direct implications for future development of Manbarrum.

COPPER-GOLD

WESTERN DESERT RESOURCES LTD (WDR) JOINT VENTURE: TNG 100%,

(WDR earning 51% with scope to earn up to 80%)

The Rover Project covers three granted exploration licences in the lucrative Tennant Creek goldfields, two of which (EL24471 and EL25581) are in joint venture with TNG Ltd and one (EL28128) is 100% held by WDR.

The remaining assays from 2012 drilling at East Rover were received and collated. No significant results were recorded. The source of the IP and EM anomalies targeted during drilling remains unresolved. Some petrophysical testing will be undertaken on the core to improve the models and assess the effectiveness of the holes in hitting their targets, and to assist in locating revised targets.

No further information received from WDR on further work.

MCTAVISH PROJECT JOINT VENTURE: TNG 2% ROYALTY, BARMINCO 70%

No work undertaken during the Quarter.

KINTORE EAST JOINT VENTURE: TNG 20%, LA MANCHA 80%

TNG retains a 2% gold royalty in these prospective tenements. No work was reported by La Mancha.

NICKEL MINING PROJECTS:

Nickel Cawse Extended Joint Venture: TNG 20%, Norilsk 80%

The Cawse laterite nickel operation has been placed on indefinite care and maintenance by Norilsk Nickel Australia.

BAUXITE

Melville Island Licence

In October 2012 TNG formally signed the farm-in and joint venture agreement on its 100% owned Melville Island licence ELA 28617 in the Northern Territory with Rio Tinto Exploration Pty Ltd (RTX).

TNG has received an initial cash payment of \$50,000 and RTX will progress negotiations and grant of the licence application for bauxite exploration.

Following the grant of the licence RTX must spend \$5M within 4 years to earn 80% equity in the project with TNG retaining 20% equity at which point TNG may elect to contribute, sell or convert its equity to a 2% Net Smelter Royalty (NSR).

The Melville Island Exploration licence application has been a strategic licence for TNG being located in a prospective area for bauxite and other minerals. The licence area covers approximately 1400km.

The transaction is consistent with TNG's focus on the continued evaluation and development of its flagship Mount Peake Project. It has been structured so that TNG will retain either a 20% interest or 2% NSR giving it continued exposure to the potential exploration upside of the project.

March 2013 Quarterly Report



CORPORATE

DAVIS SAMUEL

TNG is a party to proceedings instituted by the Commonwealth of Australia in the Supreme Court of the Australian Capital Territory. The Company has made inquiries of the Court through its lawyers and has no further news on when a judgement is likely.

CASH AND INVESTMENTS

At Quarter end, the Company had cash and investments of \$4.4 million.

March 2013 Quarterly Report



COMPETENT PERSON STATEMENT

The information in this report that relates to Exploration Results and Exploration Targets are based on information compiled by Exploration Manager Mr Kim Grey B.Sc. and M. Econ. Geol. Mr Grey is also a member of the Australian Institute of Geoscientists and a full time employee of TNG Limited. Mr Grey 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'. Mr Grey consents to the inclusion in the report of the matters based on his information in the form and context in which it appear.

The information in this report that relates to the Mineral Resources is extracted from the report entitled "Additional Information on the Mount Peake Resource" released to ASX on 26th March 2013 which is available to view on the ASX website as www.asx.com.au or at the TNG website at www.tngltd.com.au. TNG confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

APPENDIX 1:

MOUNT PEAKE RC DRILLING PROGRAMME

Location of Reverse Circulation holes drilled at Mount Peake, December Quarter 2012

HOLE_ID	EASTING (GDA94)	NORTHING (GDA94)	RL (m AHD)	DEPTH (m)	DIP	AZIMUTH (TRUE)
12MPRC044	322578	7605600	481	35	-90	0
12MPRC045	322503	7605705	482	45	-90	0
12MPRC046	322603	7605705	486	45	-90	0
12MPRC047	322449	7605800	487	65	-90	0
12MPRC048	322408	7605900	487	75	-90	0
12MPRC049	322536	7605900	487	70	-90	0
12MPRC050	322586	7605900	485	75	-90	0
12MPRC051	322680	7605900	487	80	-90	0
12MPRC052	322549	7606000	487	70	-90	0
12MPRC053	322712	7606018	487	70	-90	0
12MPRC054	322912	7606018	488	70	-90	0
12MPRC055	322536	7606100	487	50	-90	0
12MPRC056	322636	7606100	484	100	-90	0
12MPRC057	322680	7606100	484	100	-90	0
12MPRC058	322780	7606100	484	100	-90	0
12MPRC059	322837	7606200	484	60	-90	0
12MPRC060	322560	7606300	484	109	-90	0
12MPRC061	322737	7606300	485	155	-90	0
12MPRC062	322837	7606300	482	155	-90	0
12MPRC063	323037	7606300	482	155	-90	0
12MPRC064	322498	7606350	482	155	-90	0
12MPRC065	322523	7606350	483	155	-90	0
12MPRC066	322548	7606350	485	155	-90	0
12MPRC067	322574	7606350	480	155	-90	0
12MPRC068	322599	7606350	480	155	-90	0
12MPRC069	322438	7606400	480	161	-60	90
12MPRC070	322456	7606400	480	174	-60	90
12MPRC071	322481	7606400	480	174	-60	90
12MPRC072	322525	7606400	480	174	-60	90
12MPRC073	322574	7606400	479	174	-60	90
12MPRC074	322627	7606400	480	174	-60	90
12MPRC075	322840	7606400	480	90	-90	0
12MPRC076	322498	7606450	481	150	-90	0
12MPRC077	322523	7606450	481	150	-90	0
12MPRC078	322549	7606450	481	150	-90	0
12MPRC079	322574	7606450	482	134	-90	0

HOLE_ID	EASTING (GDA94)	NORTHING (GDA94)	RL (m AHD)	DEPTH (m)	DIP	AZIMUTH (TRUE)
12MPRC080	322599	7606450	481	150	-90	0
12MPRC081	322557	7606500	484	50	-90	0
12MPRC082	322662	7606500	485	160	-90	0
12MPRC083	322812	7606500	485	168	-90	0
12MPRC084	322450	7606600	485	150	-60	90
12MPRC085	322801	7606600	484	150	-60	90
12MPRC086	322575	7606700	482	140	-60	90
12MPRC087	322690	7606700	483	60	-90	0
12MPRC088	322740	7606700	483	120	-90	0
12MPRC089	322825	7606700	483	120	-90	0
12MPRC090	322553	7606800	483	162	-60	90
12MPRC091	322875	7606800	483	150	-60	90
12MPRC092	322650	7606900	483	140	-60	90
12MPRC093	322764	7606900	483	60	-90	0
12MPRC102	322814	7606900	483	120	-90	0
12MPRC094	322864	7606900	483	120	-90	0
12MPRC095	322875	7607000	483	125	-60	90
12MPRC096	322750	7607100	483	150	-60	90
12MPRC097	322850	7607100	485	160	-60	90
12MPRC098	322925	7607200	486	165	-60	90
12MPRC099	322850	7607300	486	160	-60	90
12MPRC100	322950	7607300	486	145	-60	90
12MPRC101	322900	7607400	486	100	-90	0
12MPRC102	322814	7606900	483	120	-90	0

Significant drilling intercepts, in excess of 50 metres in thickness and above 0.1% V₂O₅ cut off, from the Reverse Circulation drilling at Mount Peake

HOLE_ID	►0.1% V ₂ O ₅ CUT OFF			V ₂ O ₅	TiO ₂	Fe
	FROM	TO	INTERVAL	(%)	(%)	(%)
12MPRC049	11.0	68.0	57.0	0.25	4.69	20.0
12MPRC050	12.0	64.0	52.0	0.30	5.48	21.4
12MPRC052	11.0	70.0	59.0	0.25	4.74	19.8
12MPRC060	14.0	109.0	95.0	0.37	6.90	26.6
12MPRC061	11.0	100.0	89.0	0.14	3.16	15.7
12MPRC064	10.0	153.0	143.0	0.32	6.04	26.1
12MPRC065	13.0	154.0	141.0	0.32	5.99	26.2
12MPRC066	18.0	152.0	134.0	0.32	6.08	26.2
12MPRC067	19.0	140.0	121.0	0.34	6.39	26.5
12MPRC068	36.0	133.0	97.0	0.37	6.88	28.0
12MPRC069	8.0	161.0	153.0	0.36	6.76	28.2
12MPRC070	10.0	174.0	164.0	0.34	6.28	27.1
12MPRC071	18.0	167.0	149.0	0.34	6.25	27.1
12MPRC072	20.0	172.0	152.0	0.33	6.14	26.9
12MPRC073	37.0	163.0	126.0	0.40	6.78	27.8
12MPRC074	44.0	150.0	106.0	0.37	6.89	26.7
12MPRC076	66.0	147.0	81.0	0.23	4.18	24.1
12MPRC077	18.0	150.0	132.0	0.29	5.35	24.8
12MPRC078	19.0	150.0	131.0	0.29	5.44	25.5
12MPRC079	21.0	134.0	113.0	0.31	5.88	26.1
12MPRC080	34.0	150.0	116.0	0.33	5.89	26.9
12MPRC082	37.0	150.0	113.0	0.33	5.97	27.0
12MPRC083	44.0	146.0	102.0	0.30	5.66	23.8
12MPRC084	33.0	150.0	117.0	0.28	5.04	24.8
12MPRC085	54.0	108.0	54.0	0.25	5.04	20.6
12MPRC086	10.0	140.0	130.0	0.19	3.90	20.3
12MPRC088	49.0	120.0	71.0	0.20	3.94	19.8
12MPRC092	32.0	115.0	83.0	0.27	5.28	22.8
12MPRC096	3.0	150.0	147.0	0.48	8.80	31.9
12MPRC097	56.0	119.0	63.0	0.35	6.92	24.9
12MPRC099	14.0	150.0	136.0	0.36	6.87	26.4
12MPRC101	21.0	100.0	79.0	0.37	6.70	28.2

APPENDIX 2:

CALCULATION OF MOUNT PEAKE JORC RESOURCE

SECTION 1 SAMPLING TECHNIQUES AND DATA	
CRITERIA	COMMENT
Sampling techniques	<p>A total of 102 reverse circulation (RC) and 25 diamond (DD) drillholes were drilled for 13,037 m and 3,819.6 m respectively. Holes were drilled on a nominal 50 m by 100 m grid spacing.</p> <p>RC drillholes were sampled at 1 m intervals and each sample interval was passed through a cyclone and rotary splitter resulting in a 2 to 5 kg sample which was submitted for analysis. Rock chips were obtained by sieving a large scoop of sample from each bag. Washed chips were placed into an appropriately labelled chip tray. Magnetic susceptibility was measured using a model KT-10 portable magnetic susceptibility metre. Individual measurements were taken at 1 m intervals. Samples requiring analysis were selected by the logging geologist based on magnetic susceptibility readings and the geology.</p> <p>Diamond core was PQ size and sampled at 1 m intervals. Core was cut in half and to provide 1 to 4 Kg samples which were crushed and split out to provide a sub sample for analysis.</p>
Drilling techniques	<p>RC drill holes range in depth from 35 m to 222 m and DD drill holes range in depth from 65 m to 405.8 m.</p> <p>No downhole surveys have been completed on vertical holes.</p> <p>Downhole surveys were taken in angled RC and DD drillholes every 50 m using a reflex magnetic survey instrument.</p>
Drill sample recovery	<p>Diamond core recoveries were logged and average 99%. There are no core loss or sample recovery issues.</p>
Logging	<p>Geological logging was carried out on RC samples and colour, grain size, lithology, alteration and magnetic susceptibility was recorded.</p> <p>Geological and structural logging was carried out on diamond core and lithology, alteration and magnetic susceptibility was recorded.</p> <p>Diamond core was photographed (wet and dry).</p>
Sub-sampling techniques and sample preparation	<p>Core was cut in half</p> <p>RC samples were collected at the rig after being passed through a cyclone and rotary splitter.</p> <p>RC samples were delivered to ALS preparation facility in Alice Springs for crushing and pulverising. Pulps were then sent to ALS Perth for analysis.</p> <p>Field duplicates were collected every 20 m. Samples from diamond drillholes were assayed by XRF at ALS Metallurgy in Balcatta, Perth and samples from reverse circulation holes were assayed by XRF at ALS Minerals in Malaga, Perth. 32 samples assayed at ALS Metallurgy were also assayed at ALS Minerals. 10 standards were submitted for analysis for the diamond core. No standards were submitted for the RC program.</p> <p>Sample sizes are considered appropriate.</p>
Quality of assay data and laboratory tests	<p>RC and DD samples were assayed using the method ME-XRF21n.</p> <p>Magnetic susceptibility was measured using a model KT-10 portable magnetic susceptibility metre. Individual measurements were taken every metre. A portable Niton was then used to further identify the ore zone.</p> <p>Analysis of the field duplicates suggest that good precision is being achieved. Analysis of standards indicated that analytical accuracy of the results is reasonable.</p>

SECTION 1 SAMPLING TECHNIQUES AND DATA

CRITERIA	COMMENT
Verification of sampling and assaying	<p>Snowden has visually inspected the diamond core.</p> <p>The core and RC chips were logged onto paper A3 logging sheets then information transferred to Excel spreadsheets.</p>
Location of data points	<p>Collar coordinates are GPS accuracy (± 3m). RL coordinates have been determined by projecting holes vertically onto the topography DTM.</p> <p>Downhole surveys were taken in angled RC and DD drillholes every 50 m using a reflex magnetic survey instrument. Given that the Mount Peake orebody contains fairly significant amounts of iron the azimuth readings cannot be considered to be accurate. A correction of +40 has been applied to the azimuth readings. This is based on information taken from the Australian Government Geoscience Australia website.</p>
Data spacing and distribution	<p>Nominal drillhole spacing is 50 m by 100 m</p> <p>The drillhole spacing is sufficient to demonstrate geological and grade continuity appropriate for the Mineral Resource and classifications applied.</p> <p>Samples have been composited to 1 m downhole, with the composite lengths adjusted to include all intervals and avoid the loss of residual samples</p>
Orientation of data in relation to geological structure	<p>Drillholes have been drilled predominantly perpendicular to the mineralised domains.</p>
Sample security	<p>RC samples were collected from the drill site and delivered to the ALS preparation facility in Alice Springs.</p> <p>Diamond core was initially stored on site then dispatched to the Perth METS laboratory.</p>
Audits or reviews	<p>Snowden has validated the database and reviewed the sampling protocols and core photography for the drilling. Snowden considers that the sampling techniques are appropriate for this style of mineralisation.</p>

SECTION 3 ESTIMATION AND REPORTING OF MINERAL RESOURCES

CRITERIA	COMMENT
Database integrity	<p>Snowden carried out the following basic validation checks on the data supplied by TNG prior to resource estimation:</p> <ul style="list-style-type: none"> ▪ Drillholes with overlapping sample intervals. ▪ Sample intervals with no assay data. ▪ Duplicate records. ▪ Assay grade ranges. ▪ Collar coordinate ranges. ▪ Valid hole orientation data. <p>There are no significant issues with the data.</p>
Site visits	<p>The geological and sample database has been maintained by TNG and was validated by Snowden in February 2013 which included review of the TNG sampling protocols and sighting core photography and so no site visit was deemed necessary at this stage.</p>
Geological interpretation	<p>The interpretations for structural and lithological surfaces have been compiled by Snowden using the drillhole database supplied by TNG. The interpretations for the mineralisation envelope and domains based on V_2O_5 grade cut-offs of 0.1% for low grade and 0.3% for high grade were also updated by Snowden. The topography used was provided by TNG in 2010 and has not changed. Confidence in the geological interpretation of the mineral deposit is considered to be good.</p> <p>The upper mineralised zone shows mixed populations for Fe, Al_2O_3 and SiO_2. This is not evident for V_2O_5 or TiO_2 and is assumed to be due to the small amount of data within this domain.</p>
Dimensions	<p>The deposit covers an area of approximately 2 km north-south by approximately 300 m to 500 m east-west. The thickness ranges up to about 140 m.</p>

SECTION 3 ESTIMATION AND REPORTING OF MINERAL RESOURCES

CRITERIA	COMMENT
Estimation and modelling techniques	<p>Drillhole data was coded using the wireframe interpretations representing oxidation surfaces and mineralised domains. Samples were composited to 1 m downhole, with the composite lengths adjusted to include all intervals and avoid the loss of residual samples.</p> <p>Statistical analysis of the domains indicates that there are no extreme outliers and therefore no top cut was applied.</p> <p>Normal scores variograms were modelled for each of the mineralised domains and were back-transformed prior to estimation.</p> <p>Datamine software was used to estimate grades for V_2O_5, TiO_2, Fe, SiO_2 and Al_2O_3 using ordinary block kriging into 25 mE by 50 mN by 5 mRL parent cell with sub-celling to 5 m by 5 m by 1.25 m. A block discretisation of 5 by 5 by 5 was used in the easting, northing and elevation directions respectively.</p> <p>Mineralised zone boundaries were treated as hard boundaries for estimation.</p> <p>The orientation of the search ellipses was derived from the variogram orientations. The initial search pass used ranges equivalent to the ranges of continuity seen in the variograms at around 60% of the variance. Blocks were estimated using a minimum of 6 and a maximum of 30 samples as determined by a kriging neighbourhood analysis (KNA) that was carried out for the October 2011 estimate. If the initial search failed to find the minimum number of samples required, then a second search was conducted using double the search radii. A third search using quadruple the initial search radii with the minimum number of samples reduced to 2 was used to populate all remaining un-informed blocks. The maximum number of samples allowed from a single drillhole was restricted to 6.</p> <p>The estimates were validated using:</p> <ul style="list-style-type: none"> ▪ A visual comparison of the block grade estimates to the input drillhole composite data shows a good correlation ▪ Generation of moving window average plots of the block grade estimates, declustered (nearest neighbour method) composites and naïve composite grades, along with the number of composite samples available. These grade trend plots show a good correlation between the local patterns in the block grade estimates compared with the drillhole composite grades in the well informed parts of the deposit. ▪ A global comparison of the estimated block grades to the average composite (naïve) grades for all elements within the mineralised domains shows that both sets of results are within 6%. <p>The Mount Peake Resource was previously estimated by Snowden in October 2011. A comparison between the October 2011 estimate and the March 2013 estimate shows that the Indicated resource has been upgraded to Measured and part of the Inferred Resource has been upgraded to Indicated. There has been no change in the total tonnage.</p>
Moisture	Not applicable to this estimate – only dry mass considered.
Cut-off parameters	Mineral Resource reported at a 0.1% V_2O_5 grade cut-off. This threshold was determined by a combination of statistical analysis (log probability plots and grade-tonnage curve) as well as corresponding to the visual (from geological logging) drop in magnetite abundance from above 10% to below five volume percent in the rock. The economic cut-off was considered in the Prefeasibility Study conducted in 2012 and is the subject of the ongoing Definitive Feasibility Study.

SECTION 3 ESTIMATION AND REPORTING OF MINERAL RESOURCES

CRITERIA	COMMENT
Mining factors and assumptions	<p>The resource is less than 200 metres below surface and mining is therefore assumed to be by open cut methods. No other mining assumptions have been applied in this resource calculation.</p> <p>The deposit was the subject of a Prefeasibility Study (PFS) in mid 2012 which considered mining, metallurgical and economic factors, and is now progressing with processing and metallurgical tests which will form part of the Definitive Feasibility Study (DFS) to be delivered in late 2013.</p>
Metallurgical factors and assumptions	<p>It is assumed that material above a cut-off of 0.1% V_2O_5 is potentially recoverable. This threshold was determined from a combination of statistical analysis and geological logging.</p> <p>Metallurgical factors were considered in the PFS and processing and metallurgical test work is currently underway which will form part of the DFS to be delivered in late 2013.</p>
Environmental factors or assumptions	<p>Environmental factors were considered in the PFS and work has commenced on environmental studies as part of the DFS and so there have been no assumptions made here.</p>
Bulk density	<p>Bulk density is set to 2.51 t/m³ for oxide material, 3.32 t/m³ for transitional material and 3.40 t/m³ for fresh material based on measurements from diamond core.</p>
Classification	<p>The estimate has been classified as a Measured, Indicated and Inferred Mineral Resource based on the integrity of the data, the spatial continuity of the mineralisation as demonstrated by variography, and the quality of the estimation.</p> <p>The following criteria were used to classify Measured Resources:</p> <ul style="list-style-type: none"> ▪ Drill spacing 50 m by 100 m or closer and ▪ grades estimated in the first search pass (60 % of the variogram range) and ▪ blocks estimated using a minimum of 6 samples. <p>The following criteria were used to classify Indicated Resources:</p> <ul style="list-style-type: none"> ▪ Drill spacing 100 m by 100 m or closer and ▪ grades estimated in the first or second search pass and ▪ blocks estimated using a minimum of 6 samples. <p>In order to maintain continuity, some blocks falling outside the constraints listed above were included.</p> <p>The remainder has been classified as an Inferred Resource.</p> <p>The Mineral Resource estimate appropriately reflects the views of the Competent Person with respect to the deposit.</p>
Audits and reviews	<p>Snowden has completed an internal peer review of the estimate which has concluded that the procedures used to estimate and classify the Mineral Resource are appropriate.</p>
Relative confidence and accuracy	<p>The relative accuracy and confidence in the Mineral Resource estimate is reflected in the reporting of the Mineral Resource as set out in the JORC code (2012 Edition).</p>