

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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POSITIVE RESULTS RECEIVED FROM FIRST KEY PHASE OF MOUNT PEAKE DEFINITIVE FEASIBILITY STUDY

Forecast operating costs under definitive feasibility study significantly lower than under pre-feasibility study, enhancing current view of project economics

Highlights:

- Metallurgical optimisation work reduces forecast of OPEX by A\$20/tonne or up to A\$50M per annum.
- Baseline environmental work completed with no negative findings.
- Notice of Intent (NOI) to be lodged in June, representing a key step towards securing a Mining Lease.
- Life-of-mine aquifer search underway.
- Engineering confirms slurry pipeline of concentrate to rail siding would provide additional operating savings. This is being investigated in detail by the DFS manager, Arccon.
- Mining, tailings storage and geotechnical contract tenders under review.
- Combination of reduced forecast OPEX and lower Australian Dollar exchange rate enhances current view of overall project economics.

Australian resources company TNG Ltd (ASX: TNG) is pleased to provide an update on the Definitive Feasibility Study (DFS) on its 100%-owned Mount Peake Vanadium-Titanium Project in the Northern Territory.

The DFS is progressing well in all major areas with the first key phase of metallurgical testwork completed, resulting in a number of significant improvements already being identified over the 2012 Pre-Feasibility Study.

Metallurgy

An extensive comminution and material characterisation programme has been completed on a bulk sample from Mount Peake which is representative of the first 18 years of mining. This will allow design and scale-up of a conventional industrial crushing and grinding circuit.

The Company is pleased to report that the parameters derived from this extensive testwork programme are in keeping with expectations compared to other magnetite deposits.

This work has also provided a positive result for the conventional crushing and magnetic separation stages, delivering a net estimated benefit (when compared to pre-feasibility study estimates) of A\$20/tonne by increasing the rejection of deleterious acid-consuming gangue (waste) minerals.

This has resulted in potential forecast operating costs being \$50 million per year lower than under the Pre-Feasibility Study (PFS) findings.

The next work programme will involve understanding metallurgical variability spatially and at depth with respect to magnetic and leaching characteristics, followed by magnetic separation of a bulk sample for the definitive pilot plant trial at CSIRO, which is currently expected to take place next Quarter.

The pilot plant planning at CSIRO is well advanced, with equipment fabrication underway and long-lead items and first-fill chemicals ordered.

Recently completed acid regeneration experiments have been very encouraging on synthetic liquors, indicating less energy for regeneration compared to previous assumptions. A final assessment will be conducted on waste liquors derived from the CSIRO pilot plant.

Environmental Progress

GHD has completed the Baseline flora and fauna surveys at the proposed Mount Peake operations site and transport corridor to the rail siding.

Surface and ground water assessments have also been completed including ongoing monitoring programmes.

A Notice of Intent (NOI) is nearing completion and should be submitted to the Northern Territory Government in June. This will pave the way for the Mining Lease application to proceed.

Groundwater Science has been appointed to conduct an aquifer search for the life-of-mine (LOM) of the operation and the initial desktop study has highlighted a number of high probability targets for both quality and quantity in close proximity to the mine site.

Engineering

TNG's DFS manager, Arccon, is completing final assessment of a trade-off study to evaluate trucking compared with pipeline options for the transportation of concentrates.

The general layout of the TIVAN® process plant and associated infrastructure has been well advanced to support the NOI submission.

Mining, Geology, Hydrology, Geotechnical and Tailings Storage

The mining, geology, hydrology, geotechnical and tailings storage scopes have been put out to tender, reviewed internally and are ready to be awarded.

Off-take and Financing

The Company is in preliminary discussions with third parties regarding potential off-take arrangements and financing for the definitive feasibility study and potentially a proportion of the project development expenditure.

The recent fall in the Australian Dollar below parity against the US Dollar and revised forecasts for the AUD have improved the current view of the overall economics of the Mount Peake Project. The 2012 PFS was completed using an exchange rate of 1 AUD: 1 USD.

TNG's Managing Director, Mr Paul Burton, said the early results from the Mount Peake Definitive Feasibility Study had met or exceeded expectations, with the development team led by Tony Hadley making good progress on all fronts.

"The identification of significantly lower operating costs, up to \$50 million a year lower than previously expected, from metallurgical optimisation testwork is a very pleasing early breakthrough," Mr Burton said. "Further optimisation of capital and operating costs will remain a key focus for us in the coming months.

"The recent moves in the Australian currency are also a big plus for the current view of the economics of the Project, given that all of our previous studies were based on an exchange rate at parity with the US Dollar. While we don't place too much emphasis on factors such as this which are beyond our control, the medium term outlook for the currency could mean that the Mount Peake Project economics look better as we move closer towards financing and development, assuming the Australian dollar continues to depreciate against the US dollar.

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Forward-Looking Statements

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