TNG LIMITED

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 CONSIDERS TWO-STAGE DEVELOPMENT OPTION FOR MOUNT PEAKE PROJECT, NT

Studies show Stage 1 producing magnetite concentrate could deliver annual revenues of $40-80M at 5Mtpa

TNG Limited (ASX: TNG) is pleased to advise that it has commenced studies as part of the ongoing Definitive Feasibility Study on its Mount Peake Vanadium-Titanium-Iron Project in the Northern Territory to assess the potential for staged development of the project.

Following the recent transfer of management of the DFS in-house, the Company has completed internal reviews indicating that it could generate substantial revenues from a low CAPEX start-up development producing a magnetite concentrate.

TNG recently submitted Notice of Intent (NOI) to the Northern Territory Government of confirming its intention to proceed with the development of Mount Peake.

Based on the 2012 Pre-Feasibility Study (PFS), internal reviews were conducted to consider the feasibility of an early cash flow, low CAPEX scenario where a magnetite concentrate is produced on site at Mount Peake and shipped to a steel mill in China.

These reviews are now complete and show that the Company could generate significant gross revenues from a Stage 1 development together with a lower capital expenditure estimate of $230M for the on-site beneficiation of crushing and magnetic separation to produce the concentrate.

Comparisons were made based on 5Mtpa and 10Mtpa mining rate, using current and forecast ferro-vanadium (FeV) prices (assumptions and pricings used are contained in Appendix 1, 2 and 3). Independent commodity analysts forecast FeV demand and pricing to double by 2015.

At 5Mtpa current prices estimated annual revenues are $40 million, using a conservative exchange rate of 1 USD:1AU, however with forecast 2015 FeV prices this increases to $84 million. Using 10Mtpa, estimated annual revenues using current and forecast prices are in the order of $100-200 million respectively.

Construction of the mining, crushing and magnetic separation facility at Mount Peake is part of the overall development of the project. TNG is currently reviewing the most suitable location for the downstream TIVAN™ processing plant.

By moving ahead with a staged development, TNG has the potential to realise an early cash flow of at least $40 million per annum and construction could potentially start by late 2014, while finalising the development and location for the TIVAN™ plant, before it is constructed and commissioned. The steel mill receiving the magnetite concentrate would produce a pig iron and ferrovanadium product.

Stage 2 would involve the magnetite concentrate going straight to the TNG's TIVAN™ process once commissioned, for the higher value, high purity iron, vanadium and titanium oxide production.

Independent studies have shown that these strategic metal products will be in high demand in the emerging high technology and power storage sectors and likely to command higher prices. The PFS showed that this would produce annual pre-tax revenues as high as $295 million over a 20-year mine life (see ASX release 9th July 2012).

TNG has had positive preliminary discussions with the Port of Darwin, the rail operator Genesee & Wyoming and with a Chinese steel manufacturer regarding this potential approach. Further details will be announced if formal pricing and off-take agreements are reached.

TNG's Managing Director Paul Burton said potential for a staged development approach was a positive development for the Mount Peake Project, with the Company intending to vigorously pursue this opportunity as part of its final Definitive Feasibility Study.

"This represents another promising avenue for project enhancement and de-risking," Mr Burton said. "with a lower initial CAPEX requirement. It is also worth noting that vanadium and titanium prices have remained remarkably resilient, even while other commodity prices have been in decline."

Paul E Burton
Managing Director

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About TNG:

TNG Ltd is a junior exploration company with a focus on exploration and development of projects in the Northern Territory of Australia.

The company is currently developing its 100% owned world class Mount Peake Vanadium –Titanium – Iron project in the which is currently in the Definitive Feasibility Stage, with anticipated production in 2015.In addition it is also actively exploring its copper projects including its 100% owned Mt Hardy project which is emerging as a potential major Copper/Gold and polymetalic project.

The company has joint ventures on its other projects with Rio Tinto, Norilsk, and Western Desert Resources and strategic co-operation and investment from Ao-Zhong Ltd., a 100% owned subsidiary of China's ECE Ltd.

For more information please see the company's website at www.tngltd.com.au

Appendix 1:

5Mt per annum operation at Current prices for FeV, Fe, Ti02,

- Processing rate (life-of-mine): 5Mt/annum
- Average head grade: 0.39% V_2O_5, 27.09% Fe, 7.02% TiO_2
- Average Concentrate grade 1.2% V_2O_5, 56% Fe, 18 % TiO_2
- Total concentrate production/annum: 1,500,000Mt
- Mining, Operating, transport and processing cost $95.5/t concentrate
- [1]Nett annual Revenue $40,410,000
- [2]CAPEX $230m AUD

5Mt per annum operation at Forecast prices for FeV,

- Processing rate (life-of-mine): 5Mt/annum
- Average head grade: 0.39% V_2O_5, 27.09% Fe, 7.02% TiO_2
- Average Concentrate grade 1.2% V_2O_5, 56% Fe, 18 % TiO_2
- Total concentrate production/annum: 1,500,000Mt
- Mining, Operating, transport and processing cost $66.1/t concentrate
- [1]Nett annual Revenue $84,510,000
- [2]CAPEX $230m AUD

Key assumptions at commencement of operations include:

- Operating costs and pit slope angles related to mining estimated to a Pre-Feasibility Study level (±25%)
- FeV price of $28,000/ tonne current;
- Forecast price FeV price of $56,000/tonne estimated for 2015
- TiO_2 price of US$400/ tonne
- Fe price of US$105/ tonne current magnetite price, calculated at a 20% discount to CFR fines.
- A$/US$ exchange rate of 1 US$ = 1A$

[1]Nett annual Cash Flow is defined as the average discounted cash flow per annum after all CAPEX (pre-strip CAPEX, initial CAPEX, and expansion CAPEX) has been deducted, but ignores cost or source of capital, hedging, tax, depreciation, rehabilitation and salvage.

[2]CAPEX is extracted from PFS study.

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Appendix 2:

10Mt per annum operation at Current prices for FeV, Fe, Ti02,

Processing rate (life-of-mine):	10Mt/annum
Average head grade:	0.39% V_2O_5, 27.09% Fe, 7.02% TiO_2
Average Concentrate grade	1.2% V_2O_5, 56% Fe, 18 % TiO_2
Total concentrate production/annum:	3,000,000Mt
Mining, Operating, transport and processing cost	$73.5/t concentrate
[1]Nett annual Revenue	$113,880,000
[3]CAPEX $349m AUD	

10Mt per annum operation at Forecast prices for FeV,

Processing rate (life-of-mine):	10Mt/annum
Average head grade:	0.39% V_2O_5, 27.09% Fe, 7.02% TiO_2
Average Concentrate grade	1.2% V_2O_5, 56% Fe, 18 % TiO_2
Total concentrate production/annum:	3,000,000Mt
Mining, Operating, transport and processing cost	$44.1/t concentrate
[1]Nett annual Revenue	$202,080,000
[3]CAPEX $349m AUD	

Key assumptions at commencement of operations include:

- Operating costs and pit slope angles related to mining estimated to a Pre-Feasibility Study level (±25%)
- FeV price of $28,000/ tonne current;
- Forecast FeV price of $56,000/tonne estimated price for 2015
- TiO_2 price of US$400/ tonne
- Fe price of US$105/ tonne current magnetite price
- A$/US$ exchange rate of 1 US$ = 1A$

[1]Nett annual Cash Flow is defined as the average discounted cash flow per annum after all CAPEX (pre-strip CAPEX, initial CAPEX, and expansion CAPEX) has been deducted, but ignores cost or source of capital, hedging, tax, depreciation, rehabilitation and salvage.

[3]CAPEX is factored increase from PFS calculation.

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Appendix 3:

Pricing:

Product pricing was supplied by Independent Commodities Analysts based on all available forecasts and current and forecast price trends.

Forecast increases in demand and pricing for FeV have been fully included

Forecast increases in demand and pricing for V205 and Ti02 have not been fully included; but base case product markets were used for all commodities.

Exchange Rate:

An exchange rate of 1 US for 1 AUD was used.

Capital Cost (CAPEX): The details of the estimated capital expenditure were extracted from the 2012 PFS.

Process Plant – Process plant direct costs are for 5Mtpa and 10Mtpa operations, using figures extracted from the 2012 PFS.

Processing cost – are all costs associated with processing for concentrate and pig iron less estimated mill processing credits

Infrastructure and other fixed assets – have been extracted from the 2012 PFS

Operating Costs (OPEX): The details of the estimated operating l expenditure were extracted from the 2012 PFS.

Mining Costs - Mining costs extracted from the 2012 pfs.