

ASX ANNOUNCEMENT

25 July 2013

ASX CODE: TNG

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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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ADDITIONAL INFORMATION TO ASX RELEASE MADE 15 JULY 2013

On 15 July 2013 the Company released an announcement titled “**TNG Considers Two-Stage Development Option for Mount Peake Project, NT**” which provided information about the potential mining options for TNG’s flagship Mount Peake V-Ti-Fe Project.

The announcement has been revised to include additional information in relation to the Mineral Resources underpinning the calculations which are based on the Pre-Feasibility Study on Mount Peake which was completed in July 2012 (see ASX Release 9th July 2012).

The revised announcement is attached.

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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). Mining is based on the PFS financial analysis with mining of 91Mt of ore, which includes 22% of Inferred Resource material (there is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised). 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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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. This is for information purposes only. Neither this nor the information contained in it constitutes an offer, invitation, solicitation or recommendation in relation to the purchase or sale of TNG Ltd shares in any jurisdiction.

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This may include forward looking statements. Forward looking statements are only predictions and are subject to risks, uncertainties and assumptions which are outside the control of TNG Ltd. Actual values, results or events may be materially different to those expressed or implied.

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 polymetallic 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

Competent Person Statements

In relation to the 2012 PFS Study Resource and Mining Analysis:

The information in this report that relates to Mineral Resources is based on information compiled by Lynn Olssen who is a Member of The Australasian Institute of Mining and Metallurgy and a full time employee of Snowden Mining Industry Consultants Pty Ltd. Lynn Olssen has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which she 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'. Lynn Olssen consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

The information in this report that relates to Mining Analysis is based on information compiled by Jeremy Peters who is a Fellow 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.

In relation to this announcement:

The information in this report that relates to Financial Analysis is based on information compiled by Tony Hadley who is a Member of The Australasian Institute of Mining and Metallurgy and a full time employee of TNG Limited. Tony Hadley 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'. Tony Hadley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 1:

5Mt per annum operation at Current prices for FeV, Fe, TiO₂ ¹

- Processing rate (life-of-mine): 5Mt/annum
- Average head grade: 0.39% V₂O₅, 27.09% Fe, 7.02% TiO₂
- Average Concentrate grade 1.2% V₂O₅, 56% Fe, 18 % TiO₂
- Total concentrate production/annum: 1,500,000Mt
- Mining, Operating, transport and processing cost \$95.5/t concentrate
- ² Net annual Revenue \$40,410,000
- ³ CAPEX \$230m AUD

5Mt per annum operation at Forecast prices for FeV,

- Processing rate (life-of-mine): 5Mt/annum
- Average head grade: 0.39% V₂O₅, 27.09% Fe, 7.02% TiO₂
- Average Concentrate grade 1.2% V₂O₅, 56% Fe, 18 % TiO₂
- Total concentrate production/annum: 1,500,000Mt
- Mining, Operating, transport and processing cost \$66.1/t concentrate
- ² Net annual Revenue \$84,510,000
- ³ 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
- TiO₂ 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 22% of the Resource underpinning the Production Target is Inferred Resource. **Cautionary Statement.** There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.

² Net 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 extracted from PFS study.

Appendix 2:

10Mt per annum operation at Current prices for FeV, Fe, TiO₂ ¹

- Processing rate (life-of-mine): 10Mt/annum
- Average head grade: 0.39% V₂O₅, 27.09% Fe, 7.02% TiO₂
- Average Concentrate grade 1.2% V₂O₅, 56% Fe, 18 % TiO₂
- Total concentrate production/annum: 3,000,000Mt
- Mining, Operating, transport and processing cost \$73.5/t concentrate
- ² Net 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% V₂O₅, 27.09% Fe, 7.02% TiO₂
- Average Concentrate grade 1.2% V₂O₅, 56% Fe, 18 % TiO₂
- Total concentrate production/annum: 3,000,000Mt
- Mining, Operating, transport and processing cost \$44.1/t concentrate
- ² Net 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
- TiO₂ price of US\$400/ tonne
- Fe price of US\$105/ tonne current magnetite price
- A\$/US\$ exchange rate of 1 US\$ = 1A\$

¹ 22% of the Resource underpinning the Production Target is Inferred Resource. **Cautionary Statement.** There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.

² Net 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.

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 V2O5 and TiO2 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 expenditure were extracted from the 2012 PFS.

Mining Costs - Mining costs extracted from the 2012 PFS.

The Indicated and Inferred Mineral Resource for Mount Peake underpinning the Production Targets discussed above was prepared by a competent person in accordance with the 2004 JORC code as part of the 2012 Prefeasibility Study (see ASX Releases – 12 October 2011 and 9 July 2012, and the above Competent Person Statements).

The Pre-Feasibility Study mining economic analysis determined the optimum mining scenario as open pit mining of a total of 91Mt of ore and processing at initially 2.5Mtpa ramping up to 5Mtpa to give a mine life of 20 years (see ASX Release – 9th July 2012).

78% of this resource is in the Indicated Resource category, which has a higher confidence than the Inferred Resource material, and is sufficient to be able to be used as a basis for establishing a Probable Reserve. 22% of the Resource is in the Inferred Resource category¹.

The currently underway Definitive Feasibility Study has now converted the majority of the above Inferred Resource material to Measured and Indicated Resource (see ASX Release 26th March 2013) categories (under JORC 2012). The economic analysis of the mining and processing options for this material is yet to be completed as it needs to await metallurgical testwork which is currently underway and is expected to be reported later this year.

¹ **Cautionary Statement.** There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.