

ASX ANNOUNCEMENT

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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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TNG IMPLEMENTS MULTI-PRONGED STRATEGY TO OPTIMISE DEVELOPMENT STRATEGY AND REDUCE COSTS

Key Points

- **Strategic expenditure reductions implemented covering both remuneration, corporate and administrative overheads and project reviews, including:**
 - 10-20% reduction in fees and salaries for Directors, management and staff;
 - Corporate and administrative cost savings including a reduction in head count in WA and Northern Territory; and
 - Reductions in supplier contracts.
- **Further cost savings implemented following transfer of management of the Mount Peake Definitive Feasibility Study in-house and decision to defer completion until Q1 2014.**
- **Alternative exploration and development scenarios under consideration for all projects.**
- **Changes designed to streamline TNG's operations in the current difficult market and ensure that it can cost effectively progress its key assets to create shareholder value.**

TNG Limited (ASX: TNG) advises that it has implemented a multi-pronged strategy to reduce corporate and administrative overheads, reduce expenditures to preserve its cash and to optimise the exploration and development strategies for all of its key assets including its flagship **Mount Peake Vanadium-Iron-Titanium Project** in the Northern Territory.

As a result of the administration of Arcon Mining Services Pty Ltd and TNG's decision to transfer management of the Mount Peake Definitive Feasibility Study in-house under its highly experienced Project Manager, Tony Hadley, it estimates this will result in annual cost savings to the Company of approximately \$0.5 million.

In addition, several alternative arrangements have been put in place with supporting contractors to ensure that TNG can achieve a high-quality DFS at a reduced cost. With reduced expenditure over the next six months, the DFS work schedule has been revised and completion is now expected by end Q1 2014.

As previously advised, the Company is in discussion with potential funding parties to underpin the development of Mount Peake and is also considering two alternative scenarios which could deliver significant financial benefits to TNG and strengthen the economics of the Project (see ASX Release – 15 July 2013).

TNG and its key shareholders remain firmly of the view that Mount Peake is a world quality asset containing a group of strategic commodities that will remain in high demand in China, Europe and the USA for many decades to come, even in a lower economic growth scenario. Accordingly, the Company will continue to progress the evaluation and development of Mount Peake as its flagship asset in a cost effective and focused manner.

In addition, TNG is comprehensively reviewing all of its exploration projects and other assets.

The Company remains extremely enthusiastic about the potential of the Mount Hardy Copper Project and will consider other potential avenues to progress this Project to the next level. This could include securing external funding via a farm-in joint venture.

A possible joint venture and/or sale of the Company's 100%-owned Manbarrum Zinc Project, which recently returned to TNG following the suspension of the joint venture with KBL Mining (see ASX Release – 27 June 2013) is also being considered.

TNG has also implemented the following measures to provide a sound basis for the Company to prosper and grow in the longer term:

- Fees and salaries for all Directors and Management have been reduced by 10-20% across the board
- The number of staff and consultants has been reduced by five;
- Individual corporate and administrative expenditures have been reduced by up to 50% or eliminated completely;
- The Company is reviewing and evaluating other suppliers and contractors; and
- The Company has sub-leased 50% of its WA office, reducing its office overheads significantly.

Collectively companywide reductions will result in annualised savings to TNG of approximately \$1.8 million.

TNG believes that these changes will ensure that the Company is in a position to manage through the current downturn while continuing to add value to its assets. At the same time, it will be well placed to generate growth and opportunities for its shareholders once the equities market improves.

Following completion of the recent Share Purchase Plan, TNG will have cash reserves of approximately \$3 million. In addition, the Company expects to receive \$3 million in early October from a Research & Development tax rebate and is considering placement of the shortfall from the SPP of up to \$2.5 million.

TNG's Managing Director, Mr Paul Burton, said: "All of this combined with the positive recent outcome of the Davis Samuel case puts the Company in a strong position moving forward. We have taken these measures to preserve our strong cash balance and ensure that we can progress our key assets in a prudent, measured and focused manner to generate maximum value for shareholders."

Paul E Burton
Managing Director

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Forward-Looking Statements

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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 polymetallic project.

The company has joint ventures on its other projects with Rio Tinto, Norilsk, and Western Desert Resources and strategic 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