

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 SIGNS AGREEMENT WITH CHINESE COMPANY ON HIGH-GRADE NORTHERN TERRITORY IRON PROSPECT

TNG to drill promising Legune iron discovery under newly forged venture arrangement

TNG Limited (ASX: TNG) is pleased to advise that it has reached agreement with privately owned Chinese resource company Teng Fei Mining Ltd ("Teng Fei") to enter into a new venture covering the **Legune** high-grade hematite prospect, located on its 100%-owned Manbarrum Zinc-Silver Project in the Northern Territory.

In 2009, TNG sold 100% of the mineral rights for the Legune hematite prospect to Teng Fei for \$1.4 million (see *ASX Release – 25 November 2009*). Teng Fei is a Darwin-based company backed by a private consortium of Chinese investors with operations in the mining and chemicals industry of China.

Under the new agreement concluded today, TNG has secured an immediate 100% interest in the prospect for no consideration, but Teng Fei will retain a 3% royalty on any future production from the tenement.

The Legune hematite prospect was originally discovered by TNG in 2008 (see *ASX Announcement – 2 July 2008*). High-grade hematite grading up to 67% Fe occurs on top of a hill within the Manbarrum Zinc-Silver Project licence area.

The prospectivity of the hill at the time was considered high and could be the result of either an iron cap to an additional zinc-lead-silver MVT deposit or a prominent ironstone cap produced by the weathering of iron sulphides associated with the prevalent Mississippi Valley Type (MVT) base metal deposits in the area.

Recent reconnaissance exploration, following agreement with the Traditional Owners, has confirmed that the Legune Prospect comprises a low-lying hill with an extensive hematite cap (see *Photo 1 below*).



Photo 1: Legune Hill hematite prospect, NT

It is approximately 900m long and 500m wide with an unknown depth extent. Two rock samples from the main outcrop returned the following assay results from laboratory XRF analysis:

SAMPLE DESCRIPTION	Fe %	SiO2 %	P %
501691	61.3	5.73	0.016
PB01	67.1	2.29	0.015

Table 1: Laboratory XRF Assay Results

Later geological mapping confirmed that this outcrop forms part of a large hematite-rich zone. A cliff face on the side of the hill revealed that the hematite appears continuous over at least a 6m vertical section (see Photo 2 below). Portable NITON XRF results confirm that the iron content of the hematite extends over the entire area with a majority of the results having returned assay results over 50% Fe and up to 67% Fe. Chemical analyses results from a Niton XRF portable analyser model XLt. may not be representative of the whole sample, nor should they be seen as a substitute for laboratory based chemical analysis. However Table 1 is the data analysed by ALS laboratory by method analytical method ME-XRF21n which supports the Niton data.



Photo 2: Hematite outcrop, Legune prospect

Since the time of concluding the original agreement, TFM has been unable to conduct any work on the area and approached TNG for assistance. Negotiations on this progressed recently when the Manbarrum Project returned to TNG after KBL Mining withdrew from a farm-in arrangement.

TNG's Managing Director, Mr Paul Burton, said he was pleased to have concluded a new agreement with Teng Fei to progress exploration activities at this highly prospective target.

"It is unfortunate that Teng Fei were unable to complete any work and fortunate for TNG and our shareholders that TNG is now back in the driving seat at this project. This is consistent with our focus for adding value to our non-core assets wherever possible while maintaining our core focus on our flagship Mount Peake Project," he said. "As a potentially exciting emerging iron ore discovery, the Legune Project fits with our corporate focus in the ferrous and strategic metals space."

Under the agreement TNG will formulate a drill programme to test the prospect as soon as access is available.

The Manbarrum Project remains a significant strategic iron and base metal asset in a highly prospective region. The Project comprises two large deposits, Sandy Creek and Djibitgun, containing extensive zinc-lead-silver mineralisation plus numerous untested exploration prospects.

Paul E Burton

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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.

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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 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.

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