



TNG LIMITED

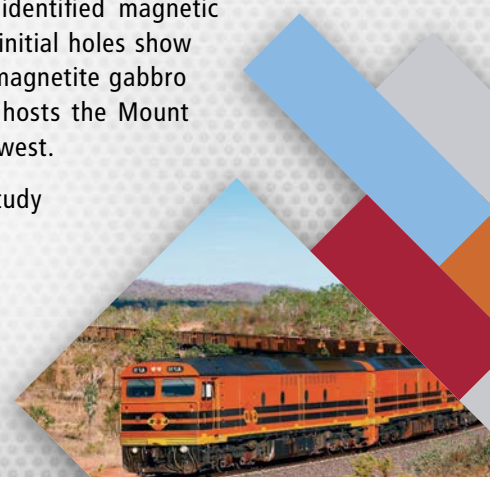
MARCH 2014
QUARTERLY REPORT

MARCH QUARTER A STANDOUT FOR TNG WITH MAJOR DEVELOPMENTS ON A NUMBER OF FRONTS

STRATEGIC DEAL SECURED WITH KOREAN FERRO-VANADIUM GROUP; STUDY FOR OFFSHORE PROCESSING BOOSTS MOUNT PEAKE ECONOMICS; APPOINTMENT OF INTERNATIONAL VANADIUM EXPERT

MOUNT PEAKE VANADIUM-TITANIUM-IRON PROJECT (NT)

- Long-term strategic agreement signed with major Korean industrial company, WOOJIN, encompassing off-take, marketing and assistance with financing.
- Technical review to assess the merits of locating the TIVAN processing plant for Mount Peake ore in Malaysia highlights a significant boost to the project economics, including:
 - ~ a reduction in capital costs of A\$43 million;
 - ~ a reduction in operating costs of A\$2 per tonne;
 - ~ an increase in net annual cash flow from A\$395 million to A\$420 million;
 - ~ an increase in Net Present Value (NPV_{8%}) from A\$2.6 billion to A\$2.8 billion; and
 - ~ an increase in pre-tax IRR from 38% to 43%.
- Projected financial outcomes are further enhanced by the effect of the falling AUD exchange rate - at an exchange rate of \$0.90, NPV increases to A\$3.3 billion and the IRR to 44.3%.
- International consulting firm ENVIRON engaged to act as advisor for the Mount Peake project in Malaysia.
- New drilling programme commenced at Mount Peake with the aims of testing the aquifer for future mine development and testing the resource potential of recently identified magnetic targets. Results from initial holes show significant widths of magnetite gabbro similar to that which hosts the Mount Peake resource to the west.
- Definitive Feasibility Study progressing.



TIVAN® HYDROMETALLURGICAL PROCESS

- Despatch of Magnetic concentrate to CSIRO for final downstream Leaching and Solvent Extraction testwork production in progress to complete the commercialisation of the TIVAN Process.
- Acid regeneration/recycling testwork progressing well in Europe, with outcomes in-line with or better than expectations.

OTHER PROJECTS

- TNG to drill promising Legune iron ore discovery in NT following re-structure of Joint Venture arrangement with Teng Fei Mining.
- Expansion of tenure in the highly prospective Roper River Iron Ore Province following acquisition of two additional tenements.

CORPORATE

- Appointment of international vanadium expert, Paul Vollant, as General Manager, Business Development. Mr Vollant has held former roles with Noble Group and Element Group and has joined the TNG executive team to establish key trading and marketing platforms for Mount Peake ore.
- Appointment of Michael Evans as Acting Chairman of the Company following the resignation of Jianrong Xu as Chairman. Mr Xu will remain as a Non-Executive Director.
- Completion of \$700,000 share placement, representing additional commitments received following the share placement completed in October 2013.
- Major new research reports published by Hardman & Co and Breakaway Research, with the Breakaway report providing an indicative value for TNG of \$0.28/share, contingent on successfully attracting an equity partner to fund and develop Mount Peake.
- Cash reserves of \$5.45M at Quarter-end.

SUMMARY

The March 2014 Quarter was an exciting period for TNG, with strong progress made on a number of fronts towards the delivery of the Definitive Feasibility Study (DFS) for the Company's flagship Mount Peake Vanadium-Titanium-Iron Project in the Northern Territory.

During the Quarter, the Company took a major step towards financing and development of the Mount Peake Project after signing a wide-ranging strategic agreement with one of the world's largest ferro-vanadium producers, Korean-based WOJIN. The landmark Memorandum of Understanding envisages long-term strategic cooperation between the two companies with respect to off-take, marketing, technology exchange and other mutually beneficial agreements in relation to vanadium and other products from the proposed mine.

In addition, an independent review was completed to assess the potential to locate the downstream TIVAN® hydrometallurgical processing plant for Mount Peake ore in Malaysia. The review demonstrated a significant enhancement to the financial outcomes outlined in the PFS, including a reduction in capital and operating costs, an increase in net annual cash flow from A\$395 million to A\$420 million, an increase in Net Present Value (NPV_{8%}) from A\$2.6 billion to A\$2.8 billion, and an increase in pre-tax IRR from 38% to 43%. The projected outcomes were further enhanced by the effect of the falling AUD exchange rate, which found that at an exchange rate of \$0.90, NPV increases to A\$3.3 billion and the IRR to 44.3%. The study indicates that a Malaysian or other offshore location could deliver some very important benefits for the economics of the Mount Peake mining operation, and the Company will now investigate this potential further as part of the DFS.

Also during the Quarter the Company announced the appointment of international vanadium expert, Mr Paul Vollant, as General Manager, Business Development. Mr Vollant is highly experienced in the sale and marketing of metals and minerals in the commodity sector, and will be responsible for establishing the Company's future off-take agreements, building the physical supply train for TNG's commodities, and identifying potential strategic partners for future involvement and investment.



Outside of Mount Peake, TNG also secured two highly prospective new iron ore assets, in keeping with the Company's core focus on exploring and developing quality mineral projects in the ferrous and strategic metals space and establishing itself as the prominent explorer of the Northern Territory.

On the back of this building momentum, TNG enjoyed share price growth over the Quarter, with two very positive new research reports published on the Company by leading research analysts.

PROJECTS

VANADIUM-TITANIUM-IRON

Mount Peake Project: TNG 100%

The Mount Peake Project is a world-scale strategic metals project located 235km north-west of Alice Springs in the Northern Territory close to existing key power and transport infrastructure including the Alice Springs-Darwin Railway and the Stuart Highway. With a JORC compliant Measured, Indicated and Inferred Resource totalling 160Mt (118Mt Measured, 20Mt Indicated, 20Mt Inferred), grading 0.28% V_2O_5 , 5.3% TiO_2 and 23% Fe, Mount Peake is rapidly emerging as one of the largest new vanadium-titanium-iron projects in Australia. The area under licence covers a highly prospective, but poorly explored part of the Western Arunta geological province which offers significant exploration upside for TNG within an extensive 100%-owned ground-holding.

TNG is in the process of completing a Definitive Feasibility Study (DFS) on the Mount Peake Project. A Pre-Feasibility Study (PFS) outlined a robust project capable of generating Life of Mine revenues of \$13.6 billion over a +20-year mine life from the production of high quality and purity products: vanadium pentoxide, iron-oxide and titanium dioxide. TNG is also reviewing a two-stage development option with a low capital cost start-up development producing magnetite concentrate which has the potential to generate early cash flow.

Long-Term Strategic Agreement with Major Korean Industrial Company, Woojin

TNG has taken a major step towards financing and development of the Mount Peake Project after signing a wide-ranging strategic agreement with one of the world's largest ferro-vanadium producers, Korean-based WOJIN IND., CO., Ltd ("WOJIN").

The landmark Memorandum of Understanding (MoU) executed by the two companies envisages long-term strategic cooperation with respect to off-take, marketing, technology exchange and other mutually beneficial agreements in relation to vanadium and other products from Mount Peake.

Subject to a satisfactory completion of due diligence over 60 days, TNG and WOJIN may enter into binding agreements for:

- the off-take of Mount Peake's products and its by-products;
- the marketing and sales of Mount Peake's products and its by-products;
- technology exchange and development for added value products; and
- other mutually beneficial arrangements.

Agreements between WOJIN and TNG will be structured in a way to allow TNG to raise direct or third party financing to underpin the development of the Mount Peake Project.

Based in Seoul, Korea, WOJIN was established in 1990 and was the first company in Korea to develop Ferro-vanadium (FeV) technology to produce high purity FeV and supply major domestic steel mills.



↑ Part of WOJIN's ferro-vanadium facilities, Kimpo City, Seoul

Since then it has grown significantly and now has exclusive contracts with major integrated manufacturers such as Hyundai, POSCO, SeAh, DongKook, Hitachi, Sanyo and a variety of South Asian and European steel mills, as well as agreements with Glencore and Evraz. It has four operating plants in Korea and two in China.

The agreement with WOJIN enables TNG to provide samples of its vanadium pentoxide (V_2O_5) for potential future off-take arrangements, with the added potential for technology exchange for TNG to add a WOJIN FeV plant to its TIVAN® operation, which may potentially be located in Malaysia (see below).

The agreement represents a major milestone for TNG in its quest to secure globally significant strategic and commodity partners to work alongside it in financing and developing the world-class Mount Peake Project.



↑ WOJIN's ferro-vanadium product

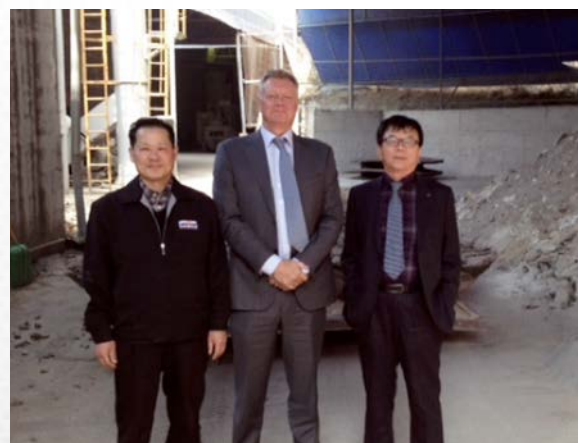
Scoping Study for Offshore Processing Option

As part of the ongoing Definitive Feasibility Study for the Mount Peake Project, an independent review was conducted during the Quarter to assess the potential to locate the downstream TIVAN® hydrometallurgical processing plant in Malaysia, see ASX announcement 18 March 2014.

TNG requested that Snowden Mining Industry Consultants Pty Ltd (Snowden) conduct a review of the July 2012 Mount Peake Pre-Feasibility Study (PFS) (Snowden Review) to consider the effect on the financial results if the TIVAN® plant were located offshore.

The Snowden Review modifies the PFS, which was based on a Mineral Resource estimate reported under the then current guidelines of the 2004 JORC Code. TNG's subsequent Mineral Resource estimate, which was released to the market on 18 March 2013, was reported under the 2012 JORC Code guidelines and this estimate is the subject of the DFS. A financial estimate for this updated estimate is not available yet, as the DFS is ongoing. As such, the Snowden Review is based on the Mineral Resource estimate of 12 October 2011.

Malaysia was selected as a suitable location for the plant (for the purposes of the Snowden review), as it has a number of demonstrated advantages for chemical-type processes such as TIVAN® including direct access and proximity to deep water ports; availability of cost effective power, water and acid; and the availability of land in an area that is environmentally zoned for such processing plants.



↑ TNG's Managing Director, Paul Burton, with WOJIN Chairman, Mr In-Jong Ki (Right), and President, Young-Nam Ko

This would provide a suitable alternative if an integrated mine and processing facility was not achievable on site at Mount Peake.

REVIEW AND COMPARISON:

The Pre-Feasibility assumptions for the PFS financial model (see TNG's ASX release dated 9 July 2012), and the updates to this (see ASX release 6 February 2013 and 20 September 2013), were based on the Mineral Resource estimate of 12 October 2011, and assume mining of 75.9 Mt of the October 2011 Resource. Of this mining inventory, some 15.5 Mt is from the Inferred Mineral Resource with the balance being from the Indicated category. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.

The Snowden Review uses the 2012 PFS assumptions and 2011 Mineral Resource, classified in accordance with the 2004 edition of the JORC Code. Full details are available in TNG's ASX Announcements dated 9 July 2012, 6 February 2013 and 20 September 2013. None of the material assumptions have materially changed.

A summary of the assumptions upon which the PFS was based, together with information regarding changes made to these assumptions pursuant to the Snowden review are noted below and shown in Appendix 1, ASX Announcement 18 March 2014.

MOUNT PEAKE MINE SITE:

At the Mount Peake mine site the following operations are assumed for the purposes of the Snowden Review:

- Mining, beneficiation to produce a magnetite concentrate;
- Magnetite concentrate railed to Darwin Port; and
- Magnetite concentrate shipped to Malaysian port (East coast).

OFFSHORE / MALAYSIAN PROCESSING SITE:

At Malaysia, the following is assumed for the purposes of the Snowden Review:

- TIVAN® process plant constructed and established to produce high purity V_2O_5 , TiO_2 and Fe_2O_3 mineral commodities.

FINANCIAL RESULTS

Following completion of the Snowden Review, the updated financial model for the Mount Peake PFS with a Malaysian option (M op) showed that:

- total capital costs (CAPEX) are reduced by A\$43 million
- total transport cost per product increased from A\$57 to A\$66
- total operating cost (OPEX) per tonne reduced from A\$76 to A\$74
- net annual cash flow increased from A\$395 million to A\$420 million
- pre-tax Net Present Value ($NPV_{8\%}$) increased from A\$2.6 billion to A\$2.8 billion; and
- pre-tax IRR increased from 38% to 43%.

Life of Mine (LOM) revenues of A\$13.6 billion remained the same as assumptions of product sales and pricing were not changed.

The review also considered the effect of the falling AUD exchange rate and a second comparison was completed at an exchange rate of USD1: AUD 0.9.

This gave results of:

- an increase in pre-tax LOM revenues from A\$13.6 billion to A\$15.6 billion;
- an increase in pre-tax net annual cash flow to A\$496 million
- an increase in pre-tax Net Present Value ($NPV_{8\%}$) to A\$3.398 billion; and
- an increase in pre-tax IRR to 46%.

These results enhance the current view of the financial strength of the proposed Mount Peake mining operation and provide strong momentum for TNG's board to progress the evaluation of a Malaysian-based processing plant as part of the DFS.

In addition, the Malaysian Government may provide certain incentives to attract chemical processes to the region, such as potential for multi-year tax free allowances and cost-effective power and water agreements. These potential incentives have not been factored into this financial model.

FUTURE PLANS:

Based on the strength of the financial outcomes provided by the Snowden Review, TNG has engaged leading environmental consultancy ENVIRON Consulting Services (M) Sdn Bhd, in Malaysia to provide technical and scientific support, to facilitate meetings with the Malaysian Government departments, particularly the Malaysian Industrial Development Authority (MIDA) and for the land selection process.

ENVIRON has successfully completed projects in over 100 countries and has an international reputation for providing high-quality consulting and technical services. Their Malaysian office is ideally suited to assist TNG with its proposed development.

Malaysia's East coast hosts large-scale chemical and heavy industry, with a number of associated industries located along this regional corridor. These include steel mills, titanium dioxide processing, acid production and oil refining. Large deep water ports are also available.

The close proximity of these industries to the proposed TIVAN® plant location would provide immediate benefits, as TIVAN® will require proximity to acid availability, water and cost effective power. The proximity to associated industries such as steel mills and titanium processing also provides the potential for product sales at the process plant gate.

In addition, certain incentives may be available to attract chemical processes to the region, such as the potential for multi-year tax free allowances and cost-effective power and water agreements.

This study indicates that a Malaysian or other offshore location could deliver some very important benefits for the economics of the Mount Peake mining operation, and TNG will now investigate this potential further as part of the Mount Peake DFS.

Definitive Feasibility Study (DFS) Progress

Work continued during the Quarter on the Mount Peake Definitive Feasibility Study (DFS) under the revised structure and arrangements outlined during the June 2013 Quarter as a result of the decision to transfer management of the DFS in-house. TNG estimates that this new management structure will result in annual cost savings to the Company of approximately \$0.5 million.

Importantly, the work completed to date has delivered encouraging results at a number of levels, including the potential for material reductions in both capital and operating costs. These savings, which should enhance project economics, will be further quantified and announced to the market in the coming months.

The work completed to date, and scheduled, is summarised in detail below.

Metallurgical Test Work

The Company remains of the view that completion of the detailed metallurgical pilot test work programme is critical before the completion of mining plans, engineering and environmental impact studies.

There are six areas of metallurgical test work currently underway or scheduled that form part of the projects critical path, as follows:

1. Final optimisation of the HPGR (high pressure grinding rolls) circuit design.
2. Final optimisation of magnetic separation test work.
3. Final continuous crushing, grinding and magnetic separation at ALS Metallurgy of the bulk sample for the CSIRO pilot plant.
4. Final optimisation of bench leach and SX (solvent-extraction) work at ALS Metallurgy.
5. On completion of 1 to 4, a continuous bulk leaching and solvent extraction (CSIRO) run.
6. On completion of 5, continuous bulk acid regeneration pilot plant run in Europe.



The Company is pleased to report that Stages 1 and 2 have been completed and Stage 3 is nearing completion.

The results from Stages 1 and 2 have provided better than expected parameters which will lead to a reduction in grinding power requirements, equipment size, and are expected to lead to reductions in both capital costs (CAPEX) and operating costs (OPEX).

OPTIMISATION WORK

Final optimisation test work has been completed on crushing, grinding, and magnetic separation of the 15 tonnes of material from the Mount Peake deposit prior to processing the final bulk sample Master Composite. This has included roll speed & pressure selection and recycling tests using industrial-scale HPGR at ALS Metallurgy, Perth. Further test work was then performed on the optimum magnetic separation parameters (grind size and magnetic flux).

Once the optimum HPGR grind and fine grind size and magnetic separation parameters were reviewed and determined, production of the bulk sample Master Composite for the leach/solvent extraction pilot plant at CSIRO commenced.

This is currently nearing completion.

The HPGR tests carried out on the material from Mount Peake confirmed that it performs very well in high pressure comminution conditions. The specific material response was:

- A high specific pressing force of 3,500 kN/m² proved to be most suitable for this ore;
- A high specific throughput at moderate energy consumption was recorded; and
- A high production of fines and excellent reduction ratio was also measured.

DETAILED PLANT EQUIPMENT AND DESIGN

Once the bulk sample has been completely processed and the data captured, this will enable delivery of a final mass balance and process & engineering design criteria document, which would allow the engineering for the Mount Peake Beneficiation Plant to commence.

The data captured from the bulk sample work will also allow correct sizing for the full-scale crushing, grinding and magnetic separation equipment and will allow the mine tailings characterisation work to commence on the non-magnetic tailings stream for the tailings storage facility design and incorporation in the environmental impact assessment statement (EIS).

DEFINITIVE PILOT PLANT TEST WORK (CSIRO)

The Company's metallurgical consultants, METS Pty Ltd, have advised that, the magnetic concentrate from the bulk sample is scheduled for delivery to the CSIRO in the near term for the final downstream Leaching and Solvent Extraction (SX) pilot test work required to complete commercialisation of TNG's 100%-owned TIVAN® process.

Final leaching, solvent extraction and reduction parameters will be optimised and confirmed prior to commencement of the pilot plant run at CSIRO. Previous test work undertaken as part of the Company's Pre-Feasibility Study (PFS) pilot plant work confirmed that the TIVAN® SX process was successful, and now detailed "definitive" conditions for a full-scale industrial flow sheet will be met through the CSIRO test work.

These conditions will include final optimum reduction kinetics, extraction and stripping kinetics, solvent extraction strip and extraction isotherms varying reagent concentration, titanium removal, and TiO₂ upgrade test work – all of which may have significant bearing on the final process product and consequently on the Project's future cash flow.

For example, if the TiO₂ can be upgraded to +55% a significant additional premium can be expected in its sale price. With industry forecasts showing a significant increase in demand for TiO₂, the Company recognises that this is an important step to complete.

The data captured from the continuous pilot run will also allow correct sizing of the full industrial scale leach and solvent extraction equipment.

ACID REGENERATION/RECYCLING TEST WORK (EUROPE)

The work carried out by the Company's European supplier has been focused on three important sections of the proposed plant for the TIVAN® Process. The acid regeneration plant is an integral part of the TIVAN® process.

The outcomes from this work are summarised below:

- Heat and Power: The energy requirements for heating are lower than expectations;
- Mass Balance: The mass and energy balance for this section of the plant were originally defined using the magnetic concentrate sample provided to the European manufacturer in Q3 2013 from the PFS pilot plant. This study effectively confirms the overall mass balance; and
- Oxygen Consumption: Consumption has been confirmed to be at levels that were anticipated.

The next stages of work for this supplier are to determine the final CAPEX for their acid regeneration plant, to be incorporated into the overall DFS.

SCHEDULED WORK SUMMARY

CONTINUOUS BULK LEACHING AND SOLVENT EXTRACTION AT CSIRO

Following the processing of the bulk sample Master Composite to generate a magnetite concentrate, the CSIRO pilot plant test run will commence.

Once the CSIRO pilot plant run is complete, the results obtained will deliver final mass and energy balance and engineering and process design criteria information which would allow the final engineering design for the TIVAN® Hydrometallurgical Process Plant to commence.

The data captured from the continuous pilot run will also facilitate the tailings characterisation work on the TiO₂ plant residue stream for Titanium Tailings Storage Facility (TSF) design and lead into the environmental impact assessment (EIS) study.

CONTINUOUS BULK ACID REGENERATION (EUROPE)

Once the CSIRO pilot plant trial is completed, the solvent extraction liquor samples can be sent to the leading European engineering firm for their continuous pilot plant completion and to produce the Iron Oxide (Fe₂O₃) component. At the end of this campaign, a final CAPEX of ±15% and OPEX ±10% for the Acid Regeneration Plant can be determined for inclusion in the DFS.

Once the CAPEX and OPEX data have been compiled, they will be provided to the Feasibility Study managers to incorporate into the Definitive Feasibility Study to allow it to be completed. The completion of the DFS within this timeline remains subject to factors beyond TNG's control including availability of third-party equipment, resources and personnel which have had a determinative effect on progress to date.

TIVAN® PLANT LOCATION AND ENGINEERING

Once the definitive flow sheets for the front end Beneficiation and the TIVAN® Hydrometallurgical Plants are confirmed, the Company will be in a position to define and confirm a suitable location for the processing plant as the final key inputs of power and water will be known. At that time, the Company will re-tender for the DFS engineering contractor.

The company is evaluating all options for the TIVAN® plant location, including the option for a Malaysian plant location outlined above.

ENVIRONMENTAL IMPACT STUDY

An extensive amount of work has been completed to date as part of the EIS process by the Company's environmental consultants, GHD, including:

- Baseline flora and fauna surveys of the Mount Peake Project Area from the mine site to the proposed Adnera Loadout Facility on the Alice Springs to Darwin rail line;
- Initial appraisal of surface water in the Project Area;
- Review of existing groundwater information in the Project Area and scoping of an investigation program for water supply;
- Preparation and submission of a Notice of Intent to the NT Department of Mines and Energy to advise the NT Government of the Mount Peake Project;
- Preparation and submission of a referral to the Commonwealth Department of the Environment to advise them of the Project and seek a determination whether the Project is a controlled action under the Environment Protection and Biodiversity Conservation Act 1999;
- Confirmation from the NT Environment Protection Authority that the Project requires assessment under the NT Environmental Assessment Act 1982 at the level of Environmental Impact Statement;
- Preparation of draft Terms of Reference for the preparation of an Environmental Impact Statement by the NT Environment Protection Authority.

Environmental work currently being undertaken by GHD includes:

- Flora and fauna baseline survey reporting;
- Groundwater investigations (including drilling) of the Mount Peake deposit to determine aquifer properties and the likely volume and quality of groundwater encountered;
- Pump testing of bores to indicate availability of water supply for the project; and
- Finalisation of the Terms of Reference from the NOI.

Future work scheduled to run in parallel with finalising the DFS:

- Completion of studies and impact assessment covering flora and fauna, heritage, groundwater, surface water, air quality, noise, traffic, social impacts and economics;
- Implementation of a community consultation program to advise stakeholders of the Project and to seek their input; and
- Preparation and submission of the draft Environmental Impact Statement (EIS).

MINING, GEOLOGY AND GEOTECHNICAL STUDIES

Proposals have been obtained to conduct the mining, geology and geotechnical studies required to complete CAPEX and OPEX for the DFS. The Company expects that this work will commence next quarter and be completed by September 2014. Financial modelling is scheduled to take place over the last month of the DFS once the CAPEX estimate is completed.

TAILINGS STORAGE FACILITY (TSF) DESIGN

Proposals have been obtained to conduct the Tailings Storage Facility (TSF) design and to complete CAPEX and OPEX estimated for the TSF as part of the DFS process.

The tailings characterisation work is divided into two components and will initially start once a representative sample of the non-magnetic tailings stream is generated from the ALS pilot campaign in February and when representative samples of leach and salt residues are generated from the CSIRO pilot campaign.

AQUIFER SEARCH

Proposals have been obtained to search for an aquifer capable of supporting Life of Mine activities, as well as to carry out bore field and pipeline design and determine mine dewatering requirements and the associated CAPEX and OPEX for all of these components as part of the DFS.

A comprehensive desktop study has been completed which has highlighted a number of high probability targets in close proximity to the Mount Peake mine site. These have been included in the current drilling campaign at Mount Peake (see below).

POWER REQUIREMENTS

A significant factor in the location of the TIVAN® processing and beneficiation plant will be availability of sufficient gas. This will ultimately determine the location of the plant and the Company therefore considers completion of the metallurgical test work critical before appointing a DFS engineering contractor for completion of the DFS.

PROJECT FINANCE

The Company remains of the view that the most suitable development path for Mount Peake is to engage a major partner, Company or corporate conglomerate to provide development finance, engineering, procurement, design and construction in exchange for Project equity and or off-take agreements.

As previously advised, the Company is in discussions with a number of parties in this regard and continues to evaluate all opportunities.

Mount Peake Drilling Program

A new, limited Reverse Circulation (RC) drilling program commenced at Mount Peake during the Quarter, comprising approximately 20 RC holes for 2,000m of drilling.

The programme was specifically designed to achieve the following key objectives (see Figure 1), namely:

- To confirm an aquifer identified by TNG's environmental consultants with the potential to provide life-of-mine water reserves for the future mining operation at Mount Peake; and
- To explore magnetic anomalies with the potential to host future resources which could further expand the Mount Peake Project; and
- To sterilise areas for the ongoing Definitive Feasibility Study (DFS).

Initial results from this program were reported subsequent to the end of the Quarter, with assay results confirming significant widths of magnetite gabbro similar to that which hosts the Mount Peake resource to the west.

The encouraging results have highlighted the potential for further additions to the Mount Peake resource base. Further drilling will be required to substantiate this.

MAGNETIC TARGET DRILLING

Three of the regional magnetic targets were drill tested in March, all of which are located within 8km of the existing resource area (Figure 2). The Eastern magnetic target was geologically mapped and sampled in late 2013 (see ASX Release – 6 December 2013) and areas of the gabbro intrusive rock, similar to that which hosts the mineralisation at Mount Peake, were seen at surface over two kilometres of strike.

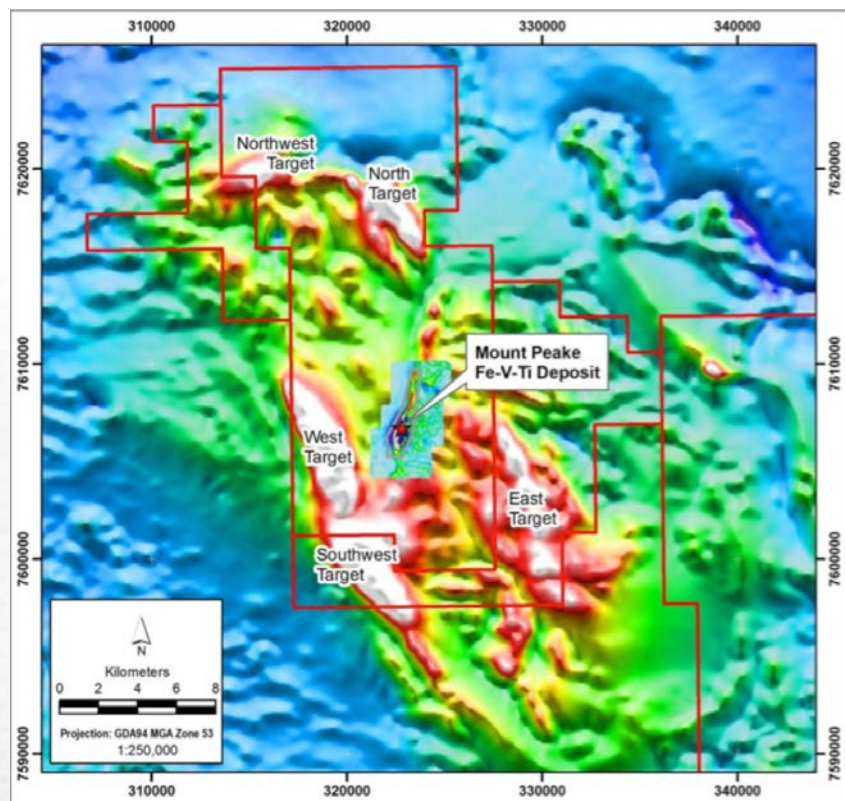
Surface sampling results from November 2013 were encouraging, with results of up to 0.634% V_2O_5 , 24.6% TiO_2 and 48% Fe in magnetic lag material collected in the vicinity of the gabbro outcrop. Rock chip samples results were also anomalous with values of up to 0.134% V_2O_5 and 6.77% TiO_2 seen in outcropping weathered gabbro material. These results confirm the potential of the Eastern Target

to host mineralisation similar to that seen within the Mount Peake resource.

The drilling results have outlined the significant strike extent of the gabbro under thin cover compared to the restricted outcrop (2km). It appears to dip shallowly to the west and thickens rapidly from the surface exposures to be over 270m thick in hole 14MPRC001 (300m to the west of the nearest outcrop). This thick intrusive tapers gradually to the south and is open to the north of the centre of the aeromagnetic anomaly.

Drilling has now covered 4.6km of strike (Figure 3) of the magnetic feature and the long section shows that the thickness of the gabbro sill and its magnetite content correlate with the strength of the aeromagnetic signal. The gabbro body, based on the drilling and magnetic geophysical signature, is open to the west and north, and at depth (over the best magnetic response area), indicating significant potential for a resource two or three times larger than Mount Peake. However, further drilling is required to substantiate this.

→ Figure 1: Location diagram showing the Mount Peake Project tenure against a background regional aeromagnetic image, with the five identified regional magnetic target areas outlined.



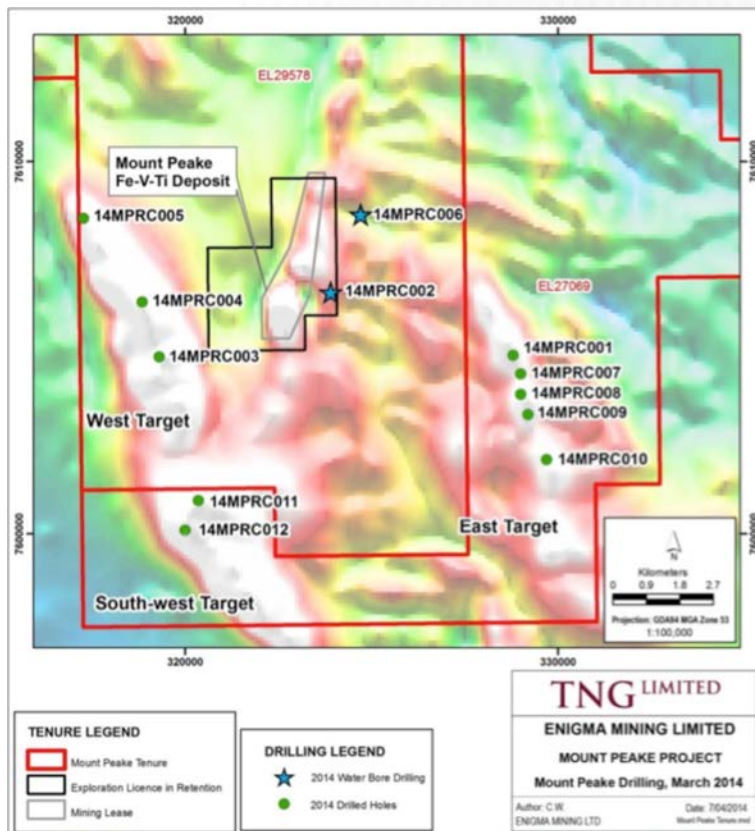
Full details of these drilling results are provided in the Company's ASX Release – 15 April 2014.

The West and Southwest Targets were also tested by drilling in March. They both extend over a strike length of around 5km and were partially tested by three and two holes, respectively. These holes outlined magnetite-bearing granite only, with lower potential for economic resources of V-Ti. The North and Northwest Targets are yet to be tested.

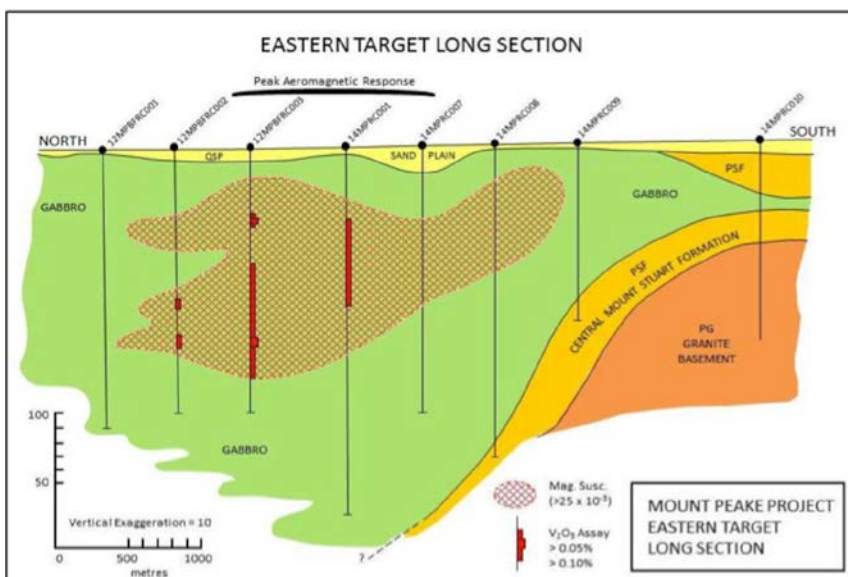
AQUIFER DRILL TEST WORK

Airlift testing over the resource indicates that any significant pit de-watering is unlikely, which is supportive for future mine planning.

Further assay results will be reported when available.



← Figure 2: Mount Peake 2014 Drill Hole Location Plan, showing hole numbers for water bores and exploration holes



← Figure 3: East Target Long Section (looking east), showing thick gabbro open to the north and at depth. Mineralisation (cross-hatched) is associated with magnetite-rich portions with elevated V and Ti

COPPER

MOUNT HARDY PROJECT: TNG 100%

Mount Hardy – EL 29219, EL 27892, EL 28694

The Mount Hardy Copper Project is located within the Mount Hardy Copper Field, approximately 300km north-west of Alice Springs. The project area is situated on the Mount Doreen (SF52-12) and Mount Theo (SF52-08) 1:250,000-scale sheets. Access to the Mount Hardy tenement is via the Tanami Highway. The Project contains extensive areas of surface copper with anomalous gold, silver and lead, with surface sampling returning rock chip grades of up to 35% Cu, 18% Pb, 10% Zn, 7g/t Au and 400g/t Ag.

A geophysical programme comprising ground EM, IP and DHEM is in progress to delineate additional drill targets.

Walabanba Hills JV: Copper: TNG earning 51% with potential to increase to 80% (all minerals except uranium)

The Walabanba Joint Venture area lies immediately west of TNG's flagship Mount Peake Strategic Metals Project in the Northern Territory, and is considered highly prospective for copper and nickel mineralisation based on previous exploration results.

A geophysical programme comprising ground EM, IP and DHEM is in progress to delineate additional drill targets.

McArthur – EL 27711 and ELA 30085

The McArthur River tenements, which are located approximately 50km south of McArthur township along the Tablelands Highway, covers part of the prospective McArthur Basin geology, 65km south-west of the McArthur Zinc mine.

Work completed by TNG during 2013 has outlined three large geochemically anomalous Zn-Cu-Pb zones (following a review of historical exploration data) associated with the Wollogorang Formation (see ASX Announcement on 16th September 2013).

ELA 30085 was applied for during 2013 to secure the full 17km of strike extent of prospective stratigraphy. The central anomaly is 3000m long and up to 450m wide with values up to 1400ppm Zn and 670ppm Pb in soil samples. The other zones have results of up to 1,150ppm Cu and 800ppm Zn.

The potential of the Wollogorang Formation carbonaceous shales to host stratiform base metal accumulations has been confirmed by a program of field mapping and sampling by TNG geologists, together with relogging of drill core from the tenement area (accessed in the NTGS Core Library) during the December 2013 Quarter.

This large (ca. 125 sqkm) area warrants a program of geophysical surveying to define drilling targets, and this is planned for the 2014 dry season.

A geophysical programme comprising ground EM, IP and DHEM is planned to delineate additional drill targets.

Yah Yah – ELA 28509

The Yah Yah tenement, located approximately 50km south-west of the McArthur township, contains the historical Yah Yah copper mine, which produced some 40 tonnes of hand-picked, high-grade copper (20-30% Cu) ore prior to 1912. A grab sample collected from a Yah Yah waste dump by CRA Exploration assayed 30.4% Cu. In addition, BHP completed a soil survey which returned best results of up to 562ppm Cu from a 300m wide zone over the old structure.

Discussions with Traditional Owners are continuing in relation to access.

Sandover Project: Copper: TNG 100%

ELA 29252 AND ELA 29253

The Sandover Copper Project tenements are located approximately 100km north-east of Alice Springs just north of the Plenty Highway. The project area is situated on the Alcoota (SF53-10) 1:250,000 scale map sheet. The two tenements (EL's 29252 and 29253) were granted in late 2012 and cover 894km² (283 blocks) in the highly prospective Aileron and Irindina Provinces, some 120-180km to the north-east of Alice Springs. Access to conduct field programs over these tenements is subject to agreement with the CLC managed Alcoota Pastoral Leaseholders.

A geophysical programme comprising ground EM, IP and DHEM is planned to delineate drill targets.

OTHER PROJECTS

ZINC-LEAD-SILVER, IRON ORE

Manbarrum Project: TNG 100%

Located 82 kilometres north east of the township of Kununurra in the Northern Territory, The Manbarrum Project comprises three Exploration Licenses and two Authority to Prospect licenses (under section 178) covering a combined area of 407 square kilometres. The Project comprises a series of Mississippi-Valley-style lead-zinc-silver deposits which TNG discovered in 2007. Two deposits totalling more than 35Mt of combined zinc-lead-silver mineralisation have been discovered to date, with a number of untested targets.

Manbarrum is a significant non-core asset for TNG, and the Company will continue to investigate options to realise value from it (and other non-core projects within its portfolio) while maintaining its focus on the flagship Mount Peake Vanadium-Iron-Titanium Project.

Legune Hematite Project

During the Quarter, TNG 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, 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:

Table 1: Laboratory XRF Assay Results

SAMPLE	FE	SI02	P
DESCRIPTION	%	%	%
501691	61.3	5.73	0.016
PB01	67.1	2.29	0.015

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.

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.

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

Acquisition of new Roper River Tenements

During the Quarter TNG expanded its tenure with two new highly prospective Exploration Licences in the Roper River Iron Province of the Northern Territory, located 450km south-east of Darwin.

The project, known as the Black Range Project, comprises 209km² and adjoin TNG's existing ELs 28218 and 28219, giving a Project total of 259km² (Figures 4 and 5).

The new tenements, ELA 30207 and ELA 30208 contain significant continuous exposures of the Sherwin Formation, which is the host to all mineralisation seen in the Roper Iron Province. Both Sherwin Iron Limited (ASX: SHD) and Western Desert Resources (ASX: WDR) have significant resources and mining operations in the area (see Figures 5 and 6).



→ Photo 2:
Hematite outcrop,
Legune prospect



← Figure 4: Aerial view of the Black Range area with a Sherwin Formation ironstone breakaway in the foreground

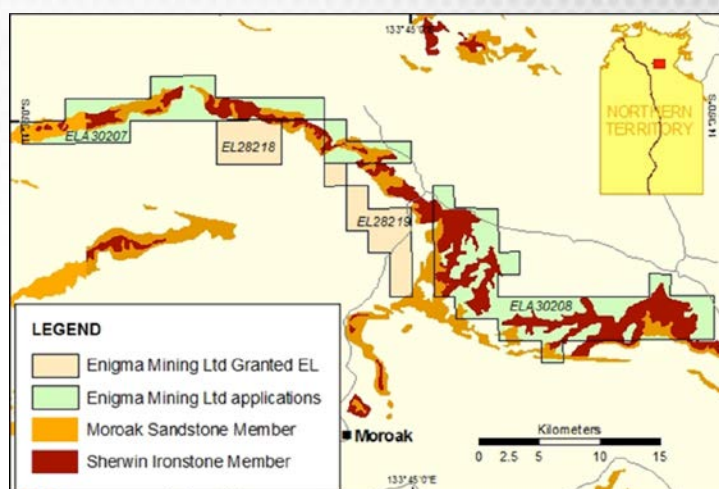
BHP outlined 27 iron ore deposits between 1955 and 1961 hosted by the Sherwin Iron Formation over 80km of strike. Subsequent exploration has outlined extensions to the Sherwin Formation of over 150km, which is significantly more widespread than previously mapped.

The Black Range Project lies within the western portion of the McArthur Proterozoic sedimentary Basin where it occurs in the upper part of the prospective Roper Group, a sequence of fluvial to marginal marine mudstones and sandstones.

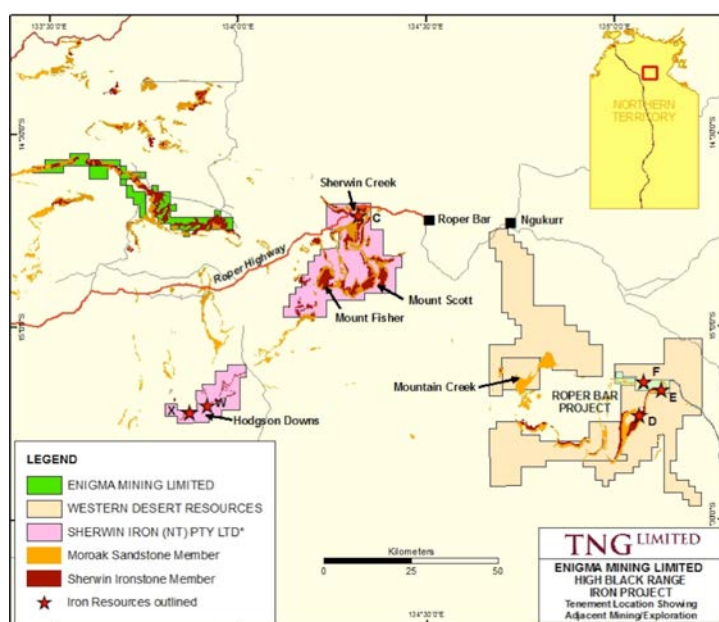
The Sherwin Iron Formation is up to 100m thick and comprises inter-bedded sandstone, siltstone and mudstone, with locally developed oolitic and pisolitic ironstone beds deposited in a fluvial to marginal marine environment. The ironstone beds are typically 2-8m thick and are often exposed along breakaways where they can often be traced for tens of kilometres.

Within the TNG tenements the mapped Sherwin Formation has had no previous exploration targeting its iron potential despite significant exposures. TNG's exploration program will commence in the 2014 dry season with low cost rock sampling and trenching.

The acquisition of the Roper River iron ore tenements is consistent with the Company's core focus on exploring and developing quality mineral projects in the ferrous and strategic metals space and establishing TNG as the prominent explorer of the Northern Territory.



↑ Figure 5: Location of TNG's Black Range tenements, held under its wholly owned subsidiary Enigma Mining Ltd



↑ Figure 6: Location of the Black Range Project in relation to other Iron Ore resources in the Roper River Iron Province

JOINT VENTURE PROJECTS

COPPER-GOLD

Western Desert Resources Ltd (WDR) Joint Venture: TNG 100%,

(WDR earning 51% with scope to earn up to 80%)

The Rover Project covers three granted exploration licences in the lucrative Tennant Creek goldfields, two of which (EL24471 and EL25581) are in joint venture with TNG Ltd and one (EL28128) is 100% held by WDR.

McTavish Project Joint Venure: TNG 2% Royalty, Barminto 70%

Nothing to report

Kintore East Joint Venture: TNG 20%, La Mancha 80%

Nothing to report

BAUXITE

Melville Island Licence

In October 2012 TNG formally signed the farm-in and joint venture agreement on its 100% owned Melville Island licence ELA 28617 in the Northern Territory with Rio Tinto Exploration Pty Ltd (RTX). TNG will receive an initial cash payment of \$50,000, and RTX will progress negotiations and grant of the licence application for bauxite exploration. Following the grant of the licence RTX must spend \$5M within 4 years to earn 80% equity in the project with TNG retaining 20% equity at which point TNG may elect to contribute, sell or convert its equity to a 2% Net Smelter Royalty (NSR). The Melville Island Exploration licence application has been a strategic licence for TNG being located in a prospective area for bauxite and other minerals. The licence area covers approximately 1,400km.

NICKEL MINING PROJECTS:

Nickel Cawse Extended Joint Venture: TNG 20%, Norilsk 80%

The Cawse laterite nickel operation has been placed on indefinite care and maintenance by Norilsk Nickel Australia.



CORPORATE

DAVIS SAMUEL

The Supreme Court of the Australian Capital Territory delivered judgment on the Davis Samuel case on 1 August, 2013. TNG and its lawyers are considering the judgment (which runs to more than 500 pages) and the Company's options.

The Court gave judgment for the Commonwealth on its claims, including the claim against TNG in relation to the Kanowna Lights securities, but gave judgment for TNG on its counter-claim against ten of the defendants and on TNG's third party notice to Peter John Clark for damages to be assessed.

The court gave leave to both TNG and the Commonwealth to make further submissions on how the Commonwealth's election to recover funds from Mark Endresz impacts on the remedies available to the Commonwealth as against TNG. Subject to this, TNG may be required to deliver up the Kanowna Lights securities to the Commonwealth.

On 7 August 2013, the Court made orders setting out a timetable for hearing submissions from both TNG and the Commonwealth in relation to the effect on the Commonwealth's remedies against TNG of the Commonwealth's election to recover funds paid by TNG to other entities for the Kanowna Lights shares.

TNG has submitted that this election disentitles the Commonwealth to any remedy against TNG.

The judge heard the submissions during December 2013 and has reserved his decision.

APPOINTMENT OF PAUL VOLLANT AS GENERAL MANAGER, BUSINESS DEVELOPMENT

On 1 April TNG announced the appointment leading international vanadium expert, Mr Paul Vollant, as General Manager, Business Development, effective immediately.

Mr Vollant is highly experienced in the sales and marketing of metals and minerals in the commodity sector and has specialised in strategic metals, particularly vanadium and titanium.

This newly created full-time position will include responsibility for establishing the Company's future off-take agreements, building the physical supply train for TNG's commodities, and identifying potential strategic partners for future involvement and investment as it embarks on the development of its Mount Peake Vanadium Project in the Northern Territory.

Based in Shanghai, Mr Vollant is ideally placed to expand TNG's activities cost effectively in the Asian region. TNG will now have a Shanghai office to complement its existing representation by Ms Helen Yang in Beijing, and non-executive Directors Mr Jianrong Xu in Nanjing and Mr Zhigang Wang in Suzhou, reflecting the growing global profile of TNG.

Mr Vollant is a business graduate of the ESDES Business School, in Lyon France, and was formerly with the Noble Group in London and Hong Kong. He is a founding Director of global commodity distribution company Element Commodities that's specialised in vanadium and titanium and a Director of the HLG Group.

TNG is delighted to have secured someone of Mr Vollant's experience and calibre in the global vanadium and titanium sector, with the ability to expand the Company's activities and establish a trading platform for the future.

APPOINTMENT OF CHAIRMAN

During the Quarter Mr Jianrong Xu resigned as Chairman of TNG, and Mr Michael Evans was appointed as acting Chairman of the Company.

Mr Xu will remain as a non-executive Director.

The Board extends its thanks to Mr Xu for his services as Chairman, and looks forward to his ongoing contribution to the Company.

CAPITAL RAISING

During the Quarter, TNG advised that it would further strengthen its cash resources after receiving commitments to raise approximately \$700,000 on the same terms as the placement and Share Purchase Plan completed last year.

On 17 October 2013, the Company announced a placement raising \$2.3 million on the same terms as its earlier Share Purchase Plan (\$0.045 cents per share with one free attaching option exercisable at \$0.08 by 31 July 2015 for every 2 shares issued).

In that announcement, TNG advised that it had received additional commitments for approximately \$500,000 worth of shares (and free attaching options) on the same basis as the Share Purchase Plan and placement, subject to approval of the renewal of TNG's placement capacity under the Listing Rules.

This approval was received at TNG's Annual General Meeting on 27 November 2013 and a prospectus was lodged with the Australian Securities and Investments Commission on 25 February 2014.

The Offer closed on 6 March, raising a total of \$738,225 (before costs), with the proceeds to be used to further strengthen TNG's balance sheet and support the Company's development plans for the Mount Peake project.

NEW BROKER RESEARCH

New broker research reports for TNG have been published by Hardman & Co and Breakaway Research, and are available to download from the Company's website, www.tngltd.com.au.

The Breakaway report included an indicative share price target for TNG of 28 cents per share, contingent on the Company finding a suitable equity partner to fund and develop the Mount Peake Project.

The report led to a major boost to the Company's share price during the Quarter, moving from 4 cents on the day the research was published, to 7 cents at the time of writing this report.

CONFERENCE PRESENTATIONS

During the Quarter, TNG's Managing Director Paul Burton presented at the Resources Rising Stars Conference held in Perth on 29 April.

TENEMENT SCHEDULE

The Group holds an interest in the following tenements or tenement applications at 31 March 2014 ↓

PROJECT	TENEMENTS	EQUITY
Mount Peake	EL27069, EL27070, EL27787, EL27941, EL28941, EL29578, ELR29627, EL29867, MLA28341, MLA29855, MLA29856	100%
McArthur River	EL27711, EL28503, ELA30085	100%
Melville Island	ELA28617	100% (Farm in agreement)
Croker Island	ELA29164	100%
East Arnhem Land	EL28218, EL28219	100%
Black Range	ELA 30207, ELA 30208	100%
Mount Hardy	EL27892, EL29219, EL 28694	100%
Manbarrum JV	A24518, A26581, EL24395, EL25646, EL25470, MLA27357	100%
Sandover	EL29252, EL29253	100%
Walabanba Hills	EL26848, EL27115, EL27876	100% (Farm in agreement)
Warramunga/Rover JV	EL24471, EL25581, ELA25582, ELA25587, MLC647	100% (Farm in agreement)
Peterman Ranges	ELA26383, ELA25564, ELA26384, ELA25562, ELA26382	100% (Farm in agreement)
Goddard's	ELA24260	100% (Farm in agreement)
Cawse Extended	M24/547, M24/548, M24/549, M24/550	20% free carried to production, or can be converted to a 2% net smelter return on ore mined. Unicorn Pit is now excised and a wet tonne royalty applies.
Kintore East	P16/2370, P16/2371, P16/2372, P16/2373, P16/2374, P16/2459	Diluting from 49% to 2% gold return interest on production. Current percentage interest is 23.75%.

COMPETENT PERSON'S STATEMENTS

The information in this report that relates to Exploration Results and Exploration Targets is based on, and fairly represents, information and supporting documentation 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 2012 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.

The information in this report that relates to Exploration Results and Exploration Targets for Yah Yah, McArthur and Manbarrum projects 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.

The information in this report that relates to Mineral Resources included in the 2012 PFS and is based 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 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'. Lynn Olssen consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to 2013 Mineral Resource Upgrade for the Mount Peake project is based on and fairly represents, information and supporting documentation 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 2012 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 his information in the form and context in which it appears.

The information in this report that relates to Financial Analysis on Mount Peake is based on information compiled by Jeremy Peters who is a Member 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.

Mr Damian Connelly, FAAusIMM, Chartered Processional (MET), tMMICA, MSME, MSAIMM was responsible for the preparation of the metallurgical test work results reported herein. Mr Connelly has sufficient experience 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 the Exploration Results, Mineral Resources and Ore Reserves. Mr Connelly consents to the inclusion in the report of the matters based on his information in the form and context in which is appears.