TNG LIMITED

TNG SET TO UNLOCK VALUE THROUGH BASE METALS SPIN-OFF AS MOUNT PEAKE POWERS TOWARDS DEVELOPMENT

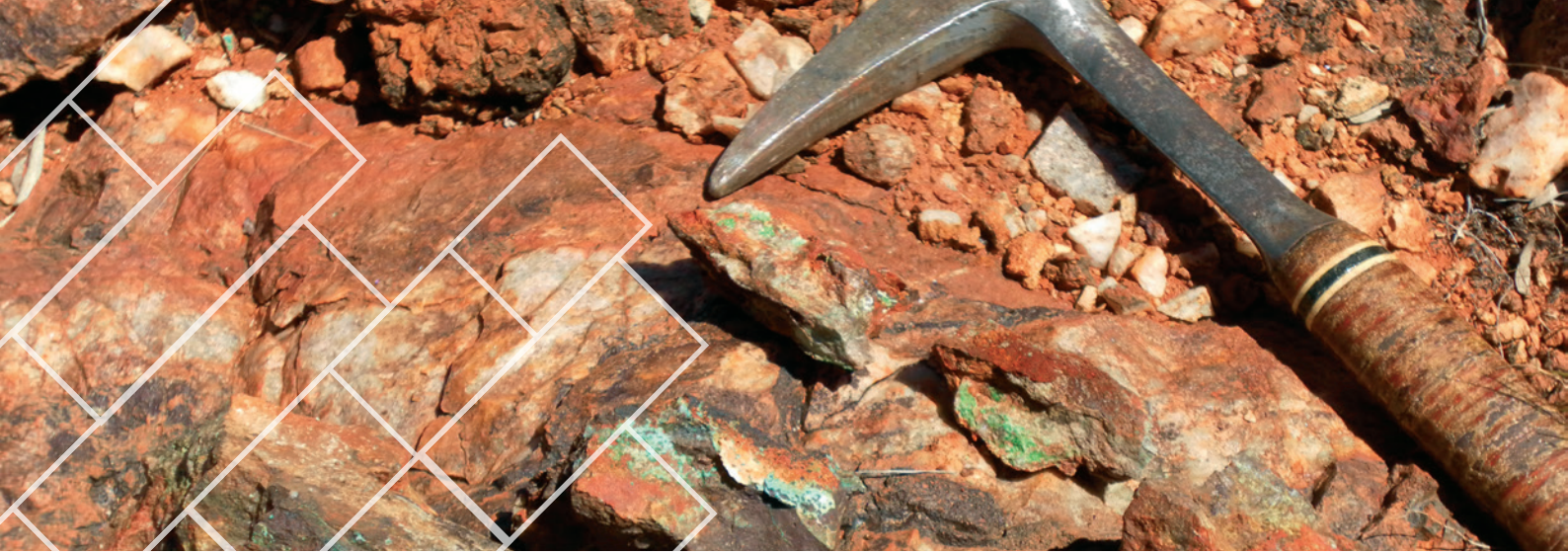
Re-design of TIVAN® process expected to boost metal recoveries and reduction in CAPEX; thick graphite zone confirmed at Mount Peake; spin-off of non-core assets expected to deliver outstanding value to TNG shareholders.

MOUNT PEAKE VANADIUM-TITANIUM-IRON PROJECT (NT)

Mount Peake Definitive Feasibility Study progressing and development pathway on track with key agreements secured during the Quarter, including:

- A Memorandum of Understanding (MoU) with Hyundai Steel Co., Ltd, a leading Korean-based global steel company and member of the Hyundai-Kia Automotive Group, and ferro-vanadium giant WOOJIN. The MoU will consider a cornerstone investment in TNG and potential long term off-take for the iron products from Mount Peake;
- A Letter of Intent (LOI) with Global Pacific Partners (GPP), a leading global chemical products distributor, for long-term logistics, titanium off-take and strategic cooperation with TNG. The LOI builds on the MoU with GPP signed in the June 2014 Quarter.
- An extension to the term of the MoU for rail logistics signed with Genesee & Wyoming Australia Pty Ltd in October 2013. The extension will allow additional time to negotiate terms and conditions for the transport of TNG's magnetite product to Darwin Port.

Diamond drilling confirms thick graphite zone at BGC1 anomaly, with 45.3m continuous down-hole intersection. Metallurgical analysis now underway to determine the next steps in evaluating the graphite potential at Mount Peake.



TIVAN® HYDROMETALLURGICAL PROCESS

Improvements to the front-end design of the TIVAN® process, utilising conventional equipment widely used in the resource industry, has been proven to provide higher magnetic concentrate feed grades with consequently lower gangue grades. Key outcomes include:

- Enhanced vanadium recoveries at the leach stage of up to 96%, iron recoveries of ▸85%, and a higher TiO_2 leach residue grade of up to 70% TiO_2; and
- A reduction to the TIVAN refinery CAPEX for Mount Peake of up to $100M.

Pilot plant expected to run in the December Quarter of 2014 with results expected in the March Quarter of 2015, paving the way for completion of the Mount Peake Definitive Feasibility Study.

Provisional site locations for the TIVAN® refinery in Malaysia have been received and are under review.

OTHER PROJECTS

- Two diamond drill holes were completed late in the Quarter at the McArthur River Project. Holes were sited to test strong geochemical results with co-incident geophysical (IP) anomalies targeting mineralisation similar to the world class McArthur River Zinc Mine 60km to the north. Visual sulphides were recorded over more than 20 metres of core in both holes. Core is currently being Hylogged at the NTGS Core Library and sampling results will be available later in November.
- Initial reconnaissance drilling underway at the Legune Iron Ore Prospect following completion of drilling at McArthur River.

CORPORATE

TNG's non-core assets to be demerged into a new company – "Todd River Resources" – which will become potentially the largest base metals company in the Northern Territory. The demerger will include the following large projects:

- Mt Hardy, Manbarrum and McArthur River Projects enabling these projects to be fully funded and explored;
- Demerger will unlock significant value for TNG shareholders through in-specie distribution;
- TNG to remain a major shareholder in Todd River Resources;
- Timetable for IPO to be announced.

Research & Development refund claims amounting to ~$1.2 million finalised under the Federal Government's R&D tax incentive scheme, with payments expected in November 2014.

Cash reserves of $2.7M at Quarter-end.

SUMMARY

The September 2014 Quarter was another active period for TNG, with the Company making strong, systematic progress towards the development of its flagship Mount Peake Vanadium-Titanium-Iron Project in the Northern Territory.

During the Quarter the Company further enhanced and built on its portfolio of off-take and development agreements, securing a wide-ranging three-way agreement with Hyundai Steel Co, a leading Korean-based global steel company and member of the Hyundai-Kia Automotive Group, and ferro-vanadium giant WOOJIN.

This Memorandum of Understanding (MoU), which was outlined in detail in our June Quarterly Report, lays the foundations for TNG to enter into binding agreements with Hyundai Steel for the financing and development of Mount Peake, and encompasses strategic co-operation with Hyundai Steel for a potential cornerstone investment in TNG and potential long-term off-take arrangements for the Mount Peake iron products. Importantly, it also considers all of TNG's resource projects.

A Letter of Intent was also signed with global chemical products distributor Global Pacific Partners (GPP), representing an additional step towards securing binding agreements for the supply of logistics services, pre-production funding and off-take of titanium products from Mount Peake. The Letter of Intent builds on the MoU with GPP announced last Quarter.

TNG is now working towards binding agreements with each of the partners within its global network, with the aim of covering all aspects of the offtake, financing, development and operations of Mount Peake.

The Definitive Feasibility Study for the Mount Peake Project is continuing to progress, with the delivery of a number of important developments during the Quarter towards the ongoing development and commercialisation of the TIVAN® downstream metallurgical process, which will form a key component of the Mount Peake development.

The changes, including an optimised design relating mainly to the front-end of the TIVAN® Process, are expected to deliver enhancements to the Mount Peake Project including higher metal recoveries, lower operating costs and a reduction in capital expenditure of up to $100 million.

Exploration drilling at the highly prospective Mount Peake project area is continuing to yield positive results, with diamond drilling identifying a thick zone of graphite mineralisation, including a continuous 45.3m intersection of graphitic schist. The core will be analysed and undergo beneficiation testwork to determine the economic potential of the zone.

Following completion of the graphite drilling programme at Mount Peake, the drill rig was relocated to test two key base metals anomalies at the McArthur River Project and undertake initial reconnaissance testing of the highly-prospective Legune Iron Ore Prospect (which lies within the Company's Manbarrum Zinc Project), where TNG has recently received clearance from the Traditional Owners to commence its maiden exploration campaign.

Given the size and significant prospectivity of TNG's asset portfolio, the Company is currently finalising plans to spin-off its non-core assets to form a new listed entity. The new Company, which will be called "Todd River Resources" will hold the advanced Mt Hardy, Manbarrum and McArthur River Projects, and will become the largest base metals company in the Northern Territory.

TNG shareholders will be offered significant value in Todd River Resources through an in-specie distribution, with TNG also remaining a major shareholder.

The Company believes this strategy offers the best opportunity to fund the exploration and assessment of these outstanding assets, while at the same time enabling TNG to focus on its core asset portfolio comprising the Mount Peake Project, the TIVAN® Process and its iron ore tenements with the potential to contribute to a long term ferrous metals business.

Further details regarding the spin-off and Initial Public Offer of Todd River Resources will be announced in due course.

PROJECTS

VANADIUM-TITANIUM-IRON

MOUNT PEAKE PROJECT: TNG 100%

The Mount Peake Project is emerging as 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 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. 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 which is expected to be completed in early 2015. 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.

DEFINITIVE FEASIBILITY STUDY (DFS) PROGRESS

Work continued during the Quarter on the Mount Peake Definitive Feasibility Study (DFS) delivering encouraging results at a number of levels, including the continued potential for material reductions in both capital and operating costs. These savings, which should enhance project economics, will be further quantified and announced on completion of internal assessment.

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

TIVAN® PROCESS UPGRADED AND DE-RISKED WITH NEW DESIGN

During the Quarter, TNG achieved a number of important breakthroughs with the ongoing development and commercialisation of the TIVAN® downstream metallurgical process.

The changes, including an optimised design relating mainly to the front-end of the TIVAN® Process, are expected to deliver substantial enhancements to the Mount Peake Project including higher metal recoveries, lower operating costs and a reduction in capital expenditure of up to $100 million.

Over the past six months a significant amount of detailed optimisation work has been carried out by TNG's team of metallurgical consultants at Perth-based laboratories under the management of METS, with significant input from the CSIRO and a leading European engineering group.

This optimisation work has resulted in significant changes to the front-end of the TIVAN® Process. As a result of these changes, the resultant leach feed material is now of a higher grade with lower gangue material present.

This provides a cleaner feed which has in turn enabled an upgraded design for the main leach operation. Although this has delayed the commencement of the Pilot Plant test work, the new process is expected to have significant advantages by potentially providing a higher recovery and grade for the titanium dioxide product of up to 70% TiO_2, and much higher recoveries of both vanadium and iron – with grades for these products remaining at a high purity of 99.0% for V205, and 99.9% for Fe_20_3.

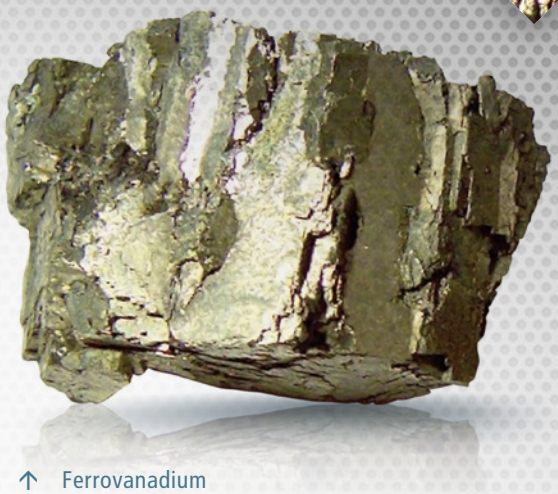
NEW MAGNETIC CONCENTRATOR

A new rare-earth magnetic separation unit was trialled and successfully incorporated into the initial separation stages to improve the recovery of vanadium and titanium. Fine magnetic separation beneficiation testwork involved optimising the grind size. The magnetic separation stages of the process were also successful in rejecting more gangue from the magnetic concentrate.

The aim was to produce higher vanadium, iron and titanium recoveries in the magnetic product and

reduce the silica, aluminium and magnesium gangue material than had previously been achieved at the pre-feasibility stage.

This optimisation process was highly successful with results demonstrating the removal of over 70% of the run-of-mine plant feed mass, thereby removing the majority of the gangue material and reducing the grades of this accordingly while increasing the grades of the high-value products V_2O_5, TiO_2 and Fe. This process produced a magnetic concentrate with a grade as shown in Table 1 below:



↑ Ferrovanadium

Table 1: Average New Magnetic Concentrate Grade, Mount Peake

V_2O_5 %	FE %	TiO_2 %	MGO %	AL_2O_3 %	SiO_2 %	P %	CaO %
1.22	54.6	16.8	◂1.6	◂2.6	A	◂0.004	◂0.310

NEW PRE-LEACH PROCESS DESIGN

As regeneration of large quantities of acid contributes considerably to the overall capital cost of the Mount Peake Project, a new pre-leach step was investigated. This new pre-leach processing step involves a roasting stage and would utilise conventional equipment which is widely used in the resource industry.

As a result, the incorporation of this processing step is expected to significantly de-risk the overall TIVAN® Process, and will also enable a different acid to be used at the initial leach stage, thereby reducing the size of the downstream acid regeneration plant.

This new acid combination will remain confidential under the current patent pending Intellectual Property of TNG.

This new process addition has a significant positive impact on the process design and capital cost as the previous acid regeneration plant comprised a majority of the plant CAPEX.

NEW LEACHING PROCESS

The new higher grade and cleaner magnetic concentrate was then leached at optimised leaching conditions, which had been determined from the Feasibility Study bench-scale optimisation leach test work.

This upgraded test work programme has been carried out over the past six months as the feed material changed with the new optimisation of the magnetic concentrate.

The main focus of the investigation was the effect of acid type, acid concentration and temperature on the extraction of vanadium, iron and titanium as well as the gangue minerals magnesium and aluminium.

The results show that over 96% vanadium extraction, as well as 84.5% iron extraction, can be achieved with respect to the leach feed – a significant improvement over the pre-feasibility results.

NEW CAPEX ESTIMATE

The current estimated TIVAN® refinery direct capital cost (CAPEX) has been revised to A$422 million. This is at a confidence level of ±15% using updated figures. Full details of the CAPEX will be released once the BFS is completed.

The new figure includes a reduction in the Acid Recycling unit from $260 million to $76 million as a result of the change to the front-end feed, however an estimated $84 million of additional front-end equipment will be required, bringing the potential total estimated saving to $100 million.

Table 2: CAPEX Estimate Summary for the TIVAN® Plant

AREA	REFINERY
Plant Construction	$300,894,329
Acid Regeneration	$72,532,100
Drill sample recovery	No significant sample loss was noted
Infrastructure	$46,119,171
Plant Utilities	$1,464,670
DIRECT COST SUB TOTAL	$421,010,270

Table 3: New OPEX Estimate

The new current estimated operating cost (OPEX) for the TIVAN® refinery is A$83.66 / tonne magnetic concentrate, based on assumed location in Malaysia, at a ±15% accuracy. This equates to approximately 8c/kg concentrate.

OPERATIONAL ACTIVITY/TONNE	
Concentrate production	$25.70
Concentrate processing	$52.16
Totals	$77.86

Final figures for both CAPEX and OPEX remain subject to change and may increase or decrease subject to matters outside of TNG's control.

The Company's consultants will continue to work hard to reduce the forecast operating costs in order to achieve TNG's aim to be the world's lowest cost producer of vanadium pentoxide (V_2O_5) through the successful development, commercialisation and application of the TIVAN® process.

CSIRO PILOT PLANT

Updated design drawings have now been completed by CSIRO and METS for the new plant, with test work now underway to optimise the pre-leach process and its integration into the TIVAN® circuit. A modified pilot plant is now under construction to accept this feed material.

It is now expected that the modified pilot plant will be completed and run by the end of 2014, with results fully assessed and the design of the full commercial TIVAN® plant completed in the first Quarter of 2015. This will enable the Mount Peake Feasibility Study to be completed.

MALAYSIAN LOCATION

Following meetings with relevant government agencies in Malaysia, TNG has been provisionally offered two suitable land location sites for the TIVAN® refinery. Confirmation of these locations is subject to acceptance of terms and completion of permitting and licensing from the Malaysian authorities. This option is still being explored and work is continuing. Further updates will follow when available.

ENVIRONMENTAL

Work continued with GHD for completion of the Environmental Impact Study (EIS).

GEOTECHNICAL

Snowden will commence geotechnical studies for preliminary mine design for Mount Peake.

DEVELOPMENT AGREEMENT WITH HYUNDAI STEEL

As detailed in our June Quarterly Report, on 10 July TNG signed a wide-ranging three-way Memorandum of Understanding (MoU) with global steel giant Hyundai Steel Co., Ltd, paving the way for a potentially company-making funding, development and construction arrangement for the Mount Peake Project.

The MoU lays the foundations for TNG to enter into binding agreements with Hyundai Steel for the financing and development of Mount Peake and the potential long term offtake agreements for iron and other products.

The Company is now in discussions for binding agreements.

LETTER OF INTENT WITH GLOBAL PACIFIC PARTNERS FOR TITANIUM PRODUCTS

TNG has taken an additional step towards securing binding agreements for the supply of logistics services, pre-production funding and off-take of titanium products from Mount Peake after signing a Letter of Intent (LOI) with global chemical products distributor Global Pacific Partners (GPP).

The execution of this document follows an initial broad Memorandum of Understanding (MOU), signed between TNG and GPP on 17 June 2014, and defines the scope of future discussion to include the management of TNG's logistics needs by GPP and giving the parties further time to negotiate formal agreements.

The LOI will now focus discussions between the two companies to consider binding agreements on the following:

- A logistics services agreement whereby GPP manages all of TNG's logistics requirements including the transport, storage and stock management of products from the Mount Peake mine site to Malaysia (where its TIVAN™ downstream processing plant is proposed to be located), and from Malaysia to world-wide end-users;
- GPP undertaking due diligence and a review of the Mount Peake Project to consider the provision of pre-production funding; and
- A distribution agreement whereby GPP distributes and markets the off-take of Mount Peake's titanium products.

TRANSPORT LOGISTICS

During the Quarter TNG extended the term of its non-binding MOU for rail logistics to Darwin port with Genesee & Wyoming Australia Pty Ltd ("G&W"), the rail operator and rolling stock provider for the Northern Territory railway.

The agreement, originally signed on 11 October 2013 for 12 months, was designed to allow G&W to progress a full study on the logistics required to transport TNG's products to the Darwin Port.

↑ Darwin Port

This initial study has been completed by G&W with results showing acceptable transport logistics to Darwin Port over other ports for TNG product transport.

The extension will now allow more time for both parties to negotiate preliminary terms and conditions for transport of TNG's magnetite product to Darwin Port and be incorporated into TNG's ongoing Feasibility study.

TNG also has an MOU in place with the NT Government Port Authority for product storage and loading at the Darwin Port.

Under the Feasibility Study plans, it is now likely the magnetite product from Mount Peake will be slurried by pipeline to a rail loading facility. This is subject to final abrasion testwork but provides savings compared to a haul road and on water usage by a water return pipeline.

TNG has taken out an additional Mining Licence Application at the nearest rail point from the proposed operation site, to allow design and planning for the loading facility, dewatering facility and storage.

OTHER PROSPECTS AT MOUNT PEAKE

The Company has identified significant other mineralisation potential in the Mount Peake area.

GRAPHITE

TNG completed two diamond drill holes targeting graphite mineralisation at Mount Peake during the Quarter.

The two graphite drilling targets, named BGC1 and G34, were detailed in the Company's ASX Announcement of 20 August 2014.

The northern BGC1 target is a very strong late-time Electromagnetic (EM) conductor, identified from both the 2012 HELITEM survey and a previous GEOTEM survey.

The G34 anomaly is a strong mid-to-late-time EM conductor with no drill intersection to date. Both graphite targets are located within 20km of the Mount Peake vanadium-titanium-iron resource. Both targets required diamond drill core sampling to provide good quality sample material for beneficiation testwork to determine the economic potential of the graphite outlined.

↑ Graphite, Mount Peake

Table 4 – Hole collar summary details

HOLE_ID	EASTING	NORTHING	RL	DEPTH	DIP	AZIMUTH
14MPDDHBGC1W1	312678	7622371	493	298.40	-60	270
14MPDDHG34W1	317602	7599918	500	210.50	-55	270

Diamond drill-hole 14MPDDHBGC1W1 wedged off the old BGC1 RC hole and provided core from 186.8m to 298.4m down-hole. The interval from 240.0m to 285.3m (45.3m) was continuously graphitic with the visual grade increasing from the extremities towards the centre (at approximately 266m down-hole).

The host rock is a quartz-biotite-andalusite schist from the Paleoproterozoic Lander Rock Beds in the Aileron Province.

The graphite is continuous (Figure 1) and appears associated with an intense and pervasive silica-pyrite-graphite alteration zone. Graphite grade varies but visual estimates average better than 5% over the full 45.3m interval. In the central portion (approximately 260-271m), there could be over 10m of ▸5% material and some more fractured intervals ould be likely to exceed 10% graphite.

↑ Figure 1: Core tray #18 from 14MPDDHBGC1W1 from 262.95 to 267.65m, showing typical dark grey graphitic core.

Previous metallurgical work on Reverse Circulation drill chips showed that 5% graphite upgraded by simple flotation to ▸70% total graphitic carbon. Drill core has demonstrated that upgrading above 70% will be possible.

The G34 target was tested by diamond drill-hole 14MPDDHG34W1 and graphite was seen from 180.4m to 189.0m. The host sequence is also Lander Rock Beds schist, with visually estimated high-grade graphite veins encountered from 181.8m to 183.0m (Figure 2) and also 187.25m to 187.7m. The remainder would have approximately 3-5% graphite content.

↑ Figure 2: Core tray #20 from 14MPDDHG34W1 from 179.4 to 183.3m, showing the pale sericite alteration and the graphite vein (from 181.8 to 183.0m).

Core samples (nine taken from the G34 target and 43 from BGC1) have now been submitted to ALS (Perth) for analysis of graphitic carbon, with results to be reported in due course.

Graphite beneficiation testwork is being planned on composite samples from each target, with various analyses, graphite sizing and flotation testwork to determine the size, quality and value of the flake.

OTHER PROJECTS

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 zinc, 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.

The Company is of the view that the mineralisation at Mount Hardy is similar in style to other identified mineralised prospects including those at KGL's Jervois project and Kidman's Home of Bullion prospect.

No further work is planned on this project ahead of the proposed demerger.

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.

No further work is planned on this project ahead of the proposed demerger.

MCARTHUR – EL 27711 AND EL 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 operated by Xstrata, and within the Batten Fault Zone which hosts several other areas of base metal mineralisation, including the recently outlined Teena Deposit (Rox/Teck).

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 programme 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 programme of geophysical surveying to define drilling targets, and this is planned for the 2014 dry season.

Diamond drilling was underway at the McArthur River Project at the end of the reporting period to test two targets, both featuring large surface geochemical anomalies with coincident geophysical (IP – induced polarisation) conductor zones.

This drilling program is being co-funded by the Northern Territory Department of Mines and Energy (see ASX release 27 June 2014), which is providing $70,000 to partially cover the drilling and analytical costs.

Drilling will test two zones: the Central Zinc and Northeastern Zn-Cu anomalies. The Central Zinc Zone has anomalous soil geochemistry (both historical and from recent TNG work) over an area of 450m x 3000m (at a 250ppm Zn anomalous threshold) with results of up to 1,400ppm Zn and 670ppm Pb, partially coincident patchy copper anomalism and coincident IP anomalies. The Northeastern Zone is up to 850m long, with zinc soil results of up to 650ppm, copper to 1,000ppm and lead to 520ppm, as well as coincident (down-dip) IP (induced polarisation) geophysical anomalism.

Initial visual results were reported to the ASX on 14th October 2014, with strong visual sulphides (5-15%) in both holes found within the lower Wollogorang Formation shales.

Core is currently being Hylogged at the NTGS Core Library and sampling results will be available later in November.

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 (ELA's 29252 and 29253) cover 894km^2 (283 blocks) in the highly prospective Aileron and Irindina Provinces, some 120-180km to the north-east of Alice Springs. Access to conduct field programmes over these tenements is subject to agreement with the CLC managed Alcoota Pastoral Leaseholders.

Discussions with Traditional Owners are continuing in relation to access.

No further work is planned on this project ahead of the proposed demerger.

↑ Copper, Mount Hardy

OTHER PROJECTS

COPPER-ZINC-LEAD-SILVER, IRON-ORE

MANBARRUM ZINC-LEAD-SILVER 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.

No further work is planned on this project ahead of the proposed demerger.

LEGUNE HEMATITE PROJECT: GRADE 68% FE

Diamond drilling is scheduled to commence at the Legune hematite prospect, located on TNG's 100%-owned Manbarrum Zinc-Silver Project, in mid-October after TNG received full clearance from the Aboriginal Areas Protection Authority (AAPA) and the Traditional Owners to proceed.

The Legune hematite prospect was originally discovered by TNG in 2008 (see ASX Announcement – 2 July 2008, and 22 January 2014). 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 has confirmed that the Legune Prospect comprises a low-lying hill with an extensive hematite cap.

Drilling will commence with two reconnaissance diamond drill holes located on the top of the hill.

BLACK RANGE PROJECT

The two new tenements within the Black Range Project were granted in August and cover approximately 60km of strike of the Sherwin Iron formation, host to existing iron resources being exploited by Western Desert Resources (ASX:WDR) and Sherwin Iron (ASX: SHD).

This project will remain in TNG after the proposed demerger.

TOMKINSON BASIN PROJECT

The two tenements here should be granted in the December Quarter allowing planning for field work in early 2015. The target is the Namerinni Formation, at time equivalent of the host sequence from the McArthur River Zn-Pb-Ag-Cu mine in the McArthur Basin to the northeast.

No further work is planned on this project ahead of the proposed demerger.

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.

No further work is planned on this project ahead of the proposed demerger.

MCTAVISH PROJECT JOINT VENURE: TNG 2% ROYALTY, BARMINCO 70%

No further work is planned on this project ahead of the proposed demerger.

KINTORE EAST JOINT VENTURE: TNG 20%, LA MANCHA 80%

No further work is planned on this project ahead of the proposed demerger.

NICKEL MINING PROJECT:

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 and is subject to a sale agreement by Norilsk Nickel.

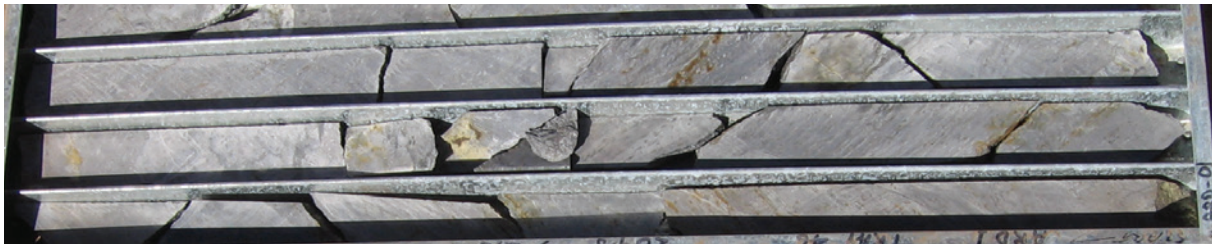
No further work is planned on this project ahead of the proposed demerger.

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.

No further work is planned on this project ahead of the proposed demerger.



↑ Drill core, Mount Peake

CORPORATE

PLANNED DEMERGER OF NON-CORE ASSETS

TNG has announced preliminary plans to spin-off the Company's non-core assets into a new listed entity.

The new entity will be named "Todd River Resources", and its assets will include the Mt Hardy, Manbarrum and McArthur River Projects – potentially making it the largest base metals company in the Northern Territory.

TNG believes the spin-off of these non-core assets is the best way to accelerate the development of these advanced projects and deliver value to shareholders, whilst enabling the Company to focus on the development of its core ferrous metals business, centred on the Mount Peake Project, the TIVAN Process and its iron ore tenements.

TNG shareholders will receive significant value in Todd River Resources through an in-specie distribution, with TNG to also remain a major shareholder.

A timetable for the proposed Initial Public Offer (IPO) will be announced in due course.

RESEARCH & DEVELOPMENT TAX INCENTIVE REFUND

TNG has finalised its Research & Development refund claims amounting to approximately $1.2 million under the Federal Government's R&D tax incentive scheme.

It is currently anticipated that the Company should receive payment of the amounts claimed by early November, although the process may take longer than anticipated.

Under the R&D tax incentive scheme, companies with a turnover of less than $20 million which undertake research & development activities are entitled to a cash refund of 45 cents per dollar spent on eligible research and development in Australia.

This incentive provides direct assistance for companies like TNG to continue their research and development activities with a view to potentially building further value for shareholders.

TNG's research relates to the commercial extraction of vanadium, titanium and iron units from vanadiferous titanomagnetite using the Company's 100%-owned TIVAN® hydrometallurgical process.

The R&D claim will further strengthen the Company's cash resources, enabling it to continue to progress feasibility and development activities at Mount Peake.

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 a decision has been reserved.

CASH RESERVE

TNG had total cash reserves of $2.7M at Quarter-end.

Paul Burton
Managing Director
30 October 2014

TENEMENT SCHEDULE

The Group holds an interest in the following tenements or tenement applications at 30 September 2014:

PROJECT	TENEMENTS	EQUITY
Mount Peake	EL27069, EL27070, EL27787, EL27941, EL28941, EL29578, ELR29627, EL29867, MLA28341, MLA29855, MLA29856	100%
McArthur River	EL27711, EL28503, EL30085	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	ELA29252, ELA29253	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 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 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.