

ASX ANNOUNCEMENT

24 November 2014

ASX CODE: TNG

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PROJECTS

MountPeake: Fe-V-Ti
Black Range Iron
Manbarrum: Zn-Pb-Ag
EastRover: Cu-Au
McArthur: Cu-Zn-Pb-Ag
MountHardy: Cu-Au-Zn-Pb
Sandover: Cu-Au
Walabanba: Fe-V-Ti-Cu-Au

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TNG RESOLVES DAVIS SAMUEL MATTER WITH FINAL JUDGMENT RECEIVED

TNG Limited (ASX: TNG) advises that final judgment orders have been received for the long-standing (12 year) legal matter between the Commonwealth and Davis Samuel in which TNG has been one of 27 defendants. The details of the Davis Samuel matter have disclosed by the Company in its statutory reporting since 2002.

Final judgment was given on Friday, 21 November 2014 in Canberra by Justice Refshauge and orders were made on virtually all matters except costs between the Commonwealth and TNG Limited.

While TNG and its lawyers are still assessing the best path forward to resolve the issue of these costs, the Company is relieved that this long-running legacy legal issue has finally been resolved with minimal financial impact to TNG.

A summary of the judgment and orders is provided below:

The courts awarded TNG judgment in the following amounts plus costs against the following ten parties:

David John Muir	– \$3,597,303.02
Peter Michael Cain	– \$3,597,303.02
Allan Paul Endresz	– \$3,597,303.02
CTC Resources NL	– \$3,597,303.02
Joszeff Endresz	– \$3,597,303.02
Dawn May Endresz	– \$1,652,684.50
William Arthur Forge	– \$3,597,303.02
Kamanga Holdings Pty Ltd	– \$3,597,303.02
Quancorp Pty Ltd	– \$3,597,303.02
Peter John Clark	– \$3,597,303.02

These judgments are all concurrent, i.e. TNG is entitled to recover a total of \$3,597,303.02. The Court also ordered that the ten parties, identified above, indemnify TNG for all amounts it is liable to pay the Commonwealth.

The financial status of all parties named will be thoroughly checked to assess potential recovery of any funds. The Company understands that Dawn May Endresz, Jozseff Endresz, William Arthur Forge and Allan Paul Endresz were all declared bankrupt on 29 July 2014, and Kamanga Holdings and Quancorp were in Liquidation.

TNG knows nothing about the financial position of the other parties against whom the Company has judgment and will take action immediately to assess this.

The Company is pleased to note that the judgment debt to TNG is partially secured because the court also ordered that:

- TNG has a charge on a property known as “Haven Hill”, owned by Allan Endresz and Joy Endresz to the extent of \$292,991.67;
- The \$75,000 and interest paid into court by Lorraine Olive Forge be paid out of court, half to the Commonwealth and half to TNG; and
- TNG has a charge securing \$229,126.33 over property owned by Quancorp Pty Ltd at 21 Pine Avenue, Elwood, Victoria.

TNG was ordered to pay the Commonwealth \$695,308.10 (principal and accrued interest to date) in respect of 3,162,000 Kanowna Lights Limited shares (now Peninsula Energy Limited ASX:PEN) it holds which were bought with money belonging to the Commonwealth in a fraudulent action in which certain former Directors of Hallmark Gold (later TNG) were jailed. TNG had previously offered to return these shares to the Commonwealth but was unsuccessful in reaching agreement on this.

TNG was also ordered to transfer the 3,162,000 of the 3,600,000 Kanowna Lights shares it holds to the Commonwealth for the Commonwealth to sell the shares as soon as practicable. The net sale proceeds of those shares is to be credited in part payment of the \$695,308.10. TNG is not required to pay the balance of that sum until the shares are sold.

The Company will endeavour to negotiate with the Commonwealth on the question of costs. The offer made by TNG in March 2008 in an attempt to avoid a costs order was to transfer the 3,600,000 shares it held to the Commonwealth and pay its costs to date.

TNG (and all other parties) have until 31 December 2014 to appeal the decision. The Company will await advice from its legal team on the prospects of success of any appeal by TNG.

TNG’s Managing Director, Mr Paul Burton, said the Company was relieved that the long-running Davis Samuel case had finally been resolved after more than 12 years.

“This has been a dark cloud hanging over the company now for over a decade, with its financial implications of this case for TNG weighing on us and our shareholders and investors for far too long,” Mr Burton said.

“I think I speak for all Directors of TNG, and shareholders that we are very pleased to finally receive this judgment, from activities that originally and fraudulently involved the Company in 1998. This long-running matter has without doubt taken its toll on the Company and its activities throughout some of the most challenging market conditions.”

“I would like to emphasise that at no time was any member of the current board a director of the entity when the events leading to this action occurred”.

“While the judgment is extraordinarily complex the outcome for TNG is far better than the potential downside. Our legal team will thoroughly investigate the multi-million dollar judgments we have received against the various parties however these may never be realised given the quoted financial status of many of these parties”

“Of utmost importance from the Company’s perspective is that the potential for any substantial liability arising from this long-running case has finally been removed, and we can get on with the important business of developing our flagship asset, the Mount Peake Vanadium Project, and building a strategic metals company of scale, quality and substance for our shareholders”

“I take this opportunity to thank our legal team for their hard work over many years as we now move forward to negotiate with Commonwealth to resolve costs, pay the Commonwealth what is due to it

and recover as much as possible of what is owed to TNG, and close the final chapter on this long-running and challenging saga,” he added.

Paul E Burton
Managing Director

24 November 2014

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