

DAVIS SAMUEL MATTER UPDATE

ASX ANNOUNCEMENT

14 January 2015

ASX CODE: TNG

REGISTERED OFFICE

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DIRECTORS

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COMPANY SECRETARY

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PROJECTS

Mount Peake: Fe-V-Ti
Black Range Iron
Manbarrum: Zn-Pb-Ag
East Rover: Cu-Au
McArthur: Cu-Zn-Pb-Ag
Mount Hardy: Cu-Au-Zn-Pb
Sandover: Cu-Au
Walabanba: Fe-V-Ti-Cu-Au

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Further to its Announcement of 24 November 2014 outlining the final judgement orders in the long-running legal matter between the Commonwealth and Davis Samuel, TNG Limited (ASX: TNG) provides the following update.

1. The Company reiterates that the Davis Samuel case dates back to transactions in 1998 undertaken by the Company's previous board and no current Directors or employees of the Company are involved.
2. The Company advises that it has now paid the judgement figure of \$703,728, being \$695,308 plus interest of \$8,420 (calculated at 6% above RBA rate).

This is for the amount that TNG was ordered to pay the Commonwealth in respect of 3,162,000 Kanowna Lights Limited shares (now Peninsula Energy Limited ASX: PEN) which TNG holds.

TNG was also ordered to transfer the 3,162,000 PEN shares it holds to the Commonwealth, but as a result of paying the Commonwealth in full it can retain these shares to be sold when it chooses.

3. The Company also expects to recover the following amounts in cash:
 - \$292,991.67: TNG has a charge on a property known as "Haven Hill", owned by Allan Endresz and Joy Endresz
 - \$37,500 plus interest of approximately \$50,000 that was paid into court by Lorraine Olive Forge; and
 - \$229,126.33: TNG has a charge securing property owned by Quancorp Pty Ltd at 21 Pine Avenue, Elwood, Victoria.
4. The amount of \$3,597,303.02 that TNG is entitled to recover from the other 10 defendants (see ASX Announcement of 24 November 2014) is unlikely to be realised.

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

5. TNG (and all other parties) had until 31 December 2014 to appeal the decision. The Company confirms that, based on its legal advice, it lodged an appeal against the judgment on 23 December 2014 on the following grounds:

- (a) *that TNG should not have been liable to the Commonwealth at all because its fraudulent directors acted in such a way that TNG did not knowingly receive the trust property (being the Kanowna Lights shares);*
- (b) *alternatively, that the Commonwealth had elected to claim the shares from TNG and not their value;*
- (c) *alternatively, the breach of trust claim was not pleaded properly by the Commonwealth and therefore it should not be entitled to recover a money judgment but only the shares;*
- (d) *alternatively, the compensation for the breach of trust should be assessed on the basis of the value of the shares at the date of judgment and not in 1999.*

Several of the other defendants have also appealed against the decisions against them and in favour of the Commonwealth and TNG.

6. The Company is negotiating with the Commonwealth on the question of costs.

Commenting on the announcement, TNG's Managing Director, Mr Paul Burton, said: "We are pleased that, following the Davis Samuel judgement our subsequent actions have cleared the way for the Company to move forward without this long-standing legal matter continuing to create an issue.

"We are looking forward to a pivotal year for the Company in 2015 as we complete the Feasibility Study on our Mount Peake Vanadium Project and move forward together with our strategic partners to build a substantial international strategic metals business that will create significant value for our shareholders," he added.

Paul E Burton

Managing Director
14 January 2015

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