

26 October 2015

TNG SIGNS MOU WITH CATERPILLAR FINANCIAL FOR PROJECT AND EQUIPMENT FINANCE FOR MOUNT PEAKE

Leading global equipment manufacturer to be a potential cornerstone participant in funding consortium

Key Points

- TNG signs MOU with Caterpillar Financial Australia Limited (“Cat Financial”), a wholly –owned subsidiary of Caterpillar Inc. (“Caterpillar”), for the provision of project finance and/or equipment finance for Mount Peake Vanadium-Titanium-Iron Project.
- The MOU provides the scope for TNG and Cat Financial to develop a binding agreement to participate in a project funding package in conjunction with other relevant financiers.
- In addition, TNG has agreed to consider the procurement of Cat® mobile mining equipment and power equipment for the project and the award of the supply contract to Caterpillar’s equipment dealerships in the Northern Territory..
- Funding and off-take discussions are progressing on multiple fronts, with further binding take-or-pay off-take agreements expected to be finalised in the coming weeks.

Emerging strategic metals company TNG Limited (ASX: TNG) is pleased to announce that it has signed a Memorandum of Understanding (MOU) with Caterpillar Financial Australia Limited (“Cat Financial”) to consider the provision of project and/or equipment finance, for the development of its flagship 100%-owned **Mount Peake Vanadium-Titanium-Iron Project** in the Northern Territory, subject to due diligence, approvals, agreed terms and documentation.

The MOU marks another important step in TNG’s multi-pronged strategy to establish a diversified funding consortium for the Mount Peake Project and follows the the completion of the Mount Peake Definitive Feasibility Study (DFS) in July, and the recent signing of the Company’s first-ever binding off-take agreement for vanadium products.

The key terms of the non-binding MOU with Cat Financial:

- Cat Financial has agreed to consider the provision of project finance and/or equipment finance for the Mount Peake Vanadium-Titanium-Iron Project for the purpose of funding the development of the project in conjunction with other relevant project financiers;
- TNG has agreed to consider the procurement of Cat® mobile mining equipment for the Project and awarding the supply contract to Caterpillar’s dealership in the Northern Territory, Hastings Deering (Australia) Ltd,;
- TNG has also agreed to consider the procurement of Cat power equipment for the project and awarding the supply contract to Caterpillar’s equipment dealership in the Northern Territory, Energy Power Systems Australia.

It is envisaged that the MOU with Cat Financial, once converted into a binding agreement, will form part of the diversified project finance consortium being assembled to fund the Mount Peake Project. The supply of mobile mining and power equipment represents a significant component of the overall capital cost for development of the project.

The signing of the MOU with Cat Financial follows a number of other significant milestones for the Mount Peake Project including the recent signing of a binding life-of-mine off-take agreement with WOOJIN for encompassing binding commitments for WJN to take or pay a minimum of 60 per cent of the vanadium pentoxide (V_2O_5) and other vanadium products from Mount Peake (see *ASX Announcement – 7 September 2015*).

The signing of these agreements further advances TNG's financing and commercial plans to deliver on its project development schedule for Mount Peake. Subject to receipt of all approvals, permitting and financing, construction of Mount Peake could commence in 2016 with potential first production in early 2018, when independent commodity forecasts indicate that the price of V_2O_5 is expected to be substantially higher than current prices.

The Mount Peake Definitive Feasibility Study, completed in July this year, confirmed a potential world-class project capable of generating outstanding returns. Key findings of the DFS included life-of-mine net cash flow of \$11.6 billion, a pre-tax IRR of 41% and an NPV₈ of \$4.9 billion (see *ASX Announcement – 31 July 2015*). The DFS forecasts Mount Peake's nameplate capacity at 17,560tpa of high-purity vanadium pentoxide (V_2O_5), 236,000tpa of titanium dioxide pigment (TiO_2) and 637,000tpa of pig iron.

TNG's ASX Announcement regarding the DFS (dated 31 July 2015) contains a competent person's statement. TNG confirms that it is not aware of any new information or data that materially affects the information included in the 31 July 2015 announcement and that all the material assumptions and technical parameters underpinning the estimates in the 31 July 2015 announcement continue to apply and have not materially changed.

Management Comment

TNG's Managing Director, Mr Paul Burton, said securing the involvement of Caterpillar – one of the world's largest equipment manufacturers, suppliers and financiers – as a potential cornerstone participant in the financing and development of the Mount Peake Project was a significant development for the Project.

"Following our first-ever binding life-of-mine off-take agreement, this represents another vote of confidence by a Tier One global development and infrastructure group in our financing and development strategy for the Mount Peake Project" Mr Burton said.

"Under this MOU, Cat Financial will cooperate with TNG to progress the finance strategy for the development of the Mount Peake Project, and specifically consider the provision of project finance and/or equipment finance – an exciting development which will see us working closely with one of the biggest equipment groups in the world to progress project funding.

"Our strategy for Mount Peake is based on the establishment of a diversified consortium of project development, infrastructure and off-take partners to provide the funding required to develop this project. This marks another key step towards implementing that strategy, and we look forward to working with Cat Financial, Caterpillar and its dealerships in the months ahead to convert this MOU into a binding agreement as part of our broader funding and procurement objectives.

"Discussions are progressing on a number of other fronts, both to complete additional binding off-take agreements and to establish suitable funding arrangements for Mount Peake," Mr Burton added. "Our funding and development strategy is on track and shareholders can look forward to a busy period ahead."

Paul E Burton
Managing Director

26 October 2015

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About TNG

TNG is building a world-scale strategic metals business based on its flagship 100%-owned Mount Peake Vanadium-Titanium-Iron Project in the Northern Territory. Located 235km north of Alice Springs, Mount Peake will be a long-life project producing a suite of high-quality, high-purity strategic metals products for global markets including vanadium pentoxide, titanium dioxide and pig iron. The project, which will be a top-10 global producer, has received Major Project Facilitation status from the NT Government.

The Mount Peake Feasibility Study was completed in July 2015, demonstrating that the Mount Peake Project has the potential to generate significant returns, paving the way for final approvals, project financing and development to proceed. An integral part of TNG's emerging strategic metals business is its 100% ownership of the TIVAN® hydrometallurgical process, which successfully extracts all three valuable metals from the Mount Peake resource.

Vanadium is a highly strategic metal which is used as an alloy in steel. It is also increasing in demand for use in energy storage, with vanadium redox batteries used to store electricity generated by solar and wind power, and lithium-vanadium ion batteries used to power hybrid cars.

Forward-Looking Statements

This announcement has been prepared by TNG Ltd. This announcement is in summary form and does not purport to be all inclusive or complete. Recipients should conduct their own investigations and perform their own analysis in order to satisfy themselves as to the accuracy and completeness of the information, statements and opinions contained.

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