

Update on Proposed Demerger of Base Metal Assets

In-specie distribution of shares in Todd River Resources to be placed on hold pending an improvement in equity market conditions

TNG Limited (ASX: TNG) advises that, due to current weak market conditions in the junior exploration sector, it has decided to defer the demerger of its portfolio of base metals assets in the Northern Territory ("**Spin-out**"), which was planned to be undertaken via an in-specie distribution of shares in its wholly-owned subsidiary, Todd River Resources Limited ("**Todd River**").

TNG shareholders approved the Spin-out at a General Meeting held on 20 May 2015. In accordance with this approval, the record date for the in-specie distribution was to occur no later than 20 November 2015.

At the time of the meeting, it was envisaged that Todd River would examine all funding options open to it (including, but not limited to, a possible capital raising and listing on the Australian Securities Exchange (ASX), subject to the prevailing global economic and equity market conditions being sufficiently receptive). The Company noted at the time that there was no guarantee it would proceed with the Spin-out, or the in-specie distribution, or that Todd River would seek a listing on the ASX or any other securities exchange.

Since the General Meeting the Company has been exploring the optimum funding structure for Todd River including funding for an unlisted structure and the potential for a listing on ASX. Given the current level of investor appetite for exploration companies, the Board has decided that it is in the best interests of TNG shareholders to defer the Spin-out until market conditions improve.

The Directors believe that greater value can be created for shareholders by retaining the assets within TNG at present and considering the Spin-out when market conditions improve, when it will be in a stronger position to capture the benefits originally identified in the demerger proposal. Any future Spin-out proposal involving a capital reduction and in-specie distribution will be subject to further shareholder approvals.

While the Company will continue to seek opportunities to add value from the continued exploration of its Northern Territory base metal assets, and any other opportunities which may arise, its focus remains firmly on the financing and development of its world-class Mount Peake Vanadium-Titanium-Iron Project.

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