

TNG SIGNS BINDING LIFE-OF-MINE OFF-TAKE TERMS WITH GUNVOR (Singapore) FOR MOUNT PEAKE IRON PRODUCTS

Second life-of-mine agreement marks another key step towards financing and development of the Mount Peake Project

Key Points

- **Binding Term Sheet for Life-of-Mine (LOM) Off-take signed with major global commodity trader for iron products from TNG's 100%-owned Mount Peake Vanadium-Titanium-Iron Project in the NT.**
- **Under the agreement a minimum of 60% of all iron products produced from Mount Peake will be purchased underpinning part of the project's total revenue forecast of \$27.3 billion over its initial 15-year mine life (see ASX announcement dated 31 July 2015 – Definitive Feasibility Study).**
- **TNG's iron products will be purchased on an FOB basis, marketed and distributed on a global basis for a fixed commission subject to the execution of binding sale and purchase agreement based on these terms at any time but not later than six months prior to the start of production.**
- **The signing of this agreement, which is the second binding life-of-mine off-take deal to be secured for Mount Peake, marks another key milestone for TNG following completion of the Mount Peake Feasibility Study in July 2015 and opens the door to further potential financing and development.**

Emerging strategic metals company TNG Limited (ASX: TNG) is pleased to announce that that following the HoA signed in 2014 (*refer ASX release 23 June 2014, 28 November 2014*) it has reached agreement and signed a binding term sheet with the global commodities trader Gunvor (Singapore) for the life-of-mine off-take of iron products from its flagship 100%-owned **Mount Peake Vanadium-Titanium-Iron Project** in the Northern Territory.

TNG intends to produce approximately 637,000tpa of pig iron per annum from the iron-oxide produced from its TIVAN® refinery (*refer ASX Announcement – 31 July 2015*).

The binding term sheet encompasses key terms for the sale and purchase off-take of a minimum of 60 per cent of the iron products to be produced from Mount Peake, including the purchase of these products on an FOB basis and global distribution for a fixed commission. Based on these terms TNG and Gunvor will now work towards completion of the final binding life of mine sale and purchase offtake agreements for the Iron products from Mount Peake.

This latest agreement follows the appointment of the global SMS Group for the development of the TIVAN® refinery (*refer ASX release 2 February 2016*), and the Downer Group for the mine and overall project delivery (*refer ASX release 23 February 2016*) and is the second major off-take deal to be secured by TNG, following the binding life-of-mine agreement signed in September 2015 covering 60 per cent of all vanadium products produced from Mount Peake (*refer ASX release 7 September 2015*).

Together, the agreements give TNG confidence in its ability to place Mount Peake's products in global commodity markets, securing the project's revenue and profitability forecast and creating a strong foundation for its financing and development. building on a Tier-1 group of commodity houses, engineering groups and off-take and potential funding partners established by TNG over the past three years.

The signing of these binding agreements also cements TNG's strategic plan to become a major player in the global supply chain of iron ore, securing a long-term partnership with one of the world's largest independent commodity trading companies. With turnover of US\$93 billion in 2012, Gunvor has the ability to provide TNG with customer feedback on the technical acceptability of TNG's Iron Products, customer relationship management and support, and assistance in optimisation and coordination of customer's shipping programs.

Founded in 2000, the Gunvor Group has grown from being a European niche player in oil trading to one of the world's largest independent commodity trading companies by turnover (US\$93 billion in 2012), providing integrated trading products and logistics services for participants in the worldwide resources markets.

The binding term sheet is governed by England and Wales's law and requires the parties to obtain any relevant approvals, including regulatory and Governmental approvals for implementation when production commences – which is assumed to be in 2018, subject to finance and all regulatory approvals. It is subject to the execution of binding sale and purchase agreements to be completed at any time but not later than six months prior to the start of production.

In 2015, TNG completed a Definitive Feasibility Study (DFS) for Mount Peake, confirming 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 (V₂O₅), 236,000tpa of titanium dioxide (TiO₂) and 637,000tpa of pig iron.

TNG is also currently in discussions with major groups for the financing of Mount Peake Project. International groups are currently reviewing both the opportunity to provide pre-production finance as well as direct investment in either TNG or the Mount Peake Project, or both.

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 Announcement of 31 July 2015 and that all the material assumptions and technical parameters underpinning the estimates in the Announcement of 31 July 2015 continue to apply and have not materially changed.

Management Comment

TNG's Managing Director, Mr Paul Burton, said the Company was pleased to have signed a binding term sheet with one of the world's largest independent commodity traders to become a long-term off-take partner for the Mount Peake Project.

"This agreement marks another milestone for Mount Peake, building on the landmark off-take agreement signed in September with WOOJIN," he said. "It marks the progression of a strong relationship which we have developed over the past year providing further potential commercial foundations for the project.

"The signing of this agreement in the current challenging global market environment is a solid achievement by our team and is testament to the quality and robustness of the Mount Peake Project. We look forward to working closely with Gunvor and executing the final binding offtake sale and purchase agreements for the long term".

Paul E Burton
Managing Director

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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 could generate outstanding returns and 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 unique and patent pending 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 in strong 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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