

TNG SECURES NEW HIGHLY PROSPECTIVE NT ZINC PROJECT FOR INCLUSION IN ITS PLANNED EXPLORATION SPIN-OFF

New exploration licence in Warumpi Province contains high-grade base and precious metal targets

Key Points

- 50km² EL 30131 in the Warumpi Province, NT purchased from a private vendor.
- High grade Stokes Yard base and precious metal (Zn-Cu-Pb-Ag) target outlined.
- Historical rock chip sample results include 27.5% Zn, 12.2% Pb and 7.5% Cu.
- Minimal modern exploration work conducted – underexplored tenement.
- Proposed geochemical and geophysical program outlined to define drill targets.
- Project to be included in the planned spin-off of TNG's exploration assets (Todd River Resources).

Australian strategic metals company TNG Limited (ASX: TNG) is pleased to advise it has secured a zinc and precious metals exploration project in the highly prospective Warumpi Province to the west of Alice Springs. The acquisition is consistent with the continued broader development of TNG's resource portfolio, with the new project to be included in the proposed spin-off of the Company's exploration assets via its subsidiary Todd River Resources.

As part of its ongoing tenement management and portfolio development, TNG has acquired a 100% interest in Exploration Licence 30131 from the tenement-holder, Imperial Granite and Minerals Pty Ltd, for \$20,000 consideration before costs.

The tenement, which was originally granted on 11 August 2014 for six years, covers 16 graticular blocks for an area of 50.45 square kilometres. It falls on Glen Helen station (NT Portion 719 Perpetual Pastoral Lease 1128), and is accessed from Alice Springs via the sealed Larapinta Drive and from there along the formed gravel Haasts Bluff/Papunya Road (Figure 1).

The tenement area falls within the central-eastern portion of Warumpi Province in the Arunta Region of central Australia. Rocks underlying the tenement are medium to high grade metamorphics, of both metavolcanic and metasedimentary origin, including calcsilicates and schists. They form part of the ca. 1600 Ma Iwapataka Metamorphic Complex and Ikuntji Metamorphics, according to the recent Northern Territory Geological Survey (NTGS) interpretation.

The project area is under-explored, with only minor exploration work being completed for uranium, gold and base metals since the early 1970's, and no drill testing conducted in the last 40 years.

The tenement includes the **Stokes Yard Zinc-Copper-Lead-Zinc Prospect**, which is located on the western part of the licence (Figure 2). Historical rock chip samples from this prospect have returned results of up to **26% Zn, 7.5% Cu, 7.5% Pb** and **130ppm Ag**.

Sampling by the NTGS in the early 2000's returned results including **12.2% Pb** and **8.8% Zn**, and the subsequent tenement holder (Northern Minerals) reported rock sample results including a **27.5% Zn** analysis result.

The base metal mineralisation seen on the surface at the Stokes Yard prospect appears to be structurally focused, into the keel of a synformal fold in the metamorphics. It may be of a skarn (or carbonate replacement) mineralisation style, but the high metamorphic grade of the rocks and intense post-mineral deformation seen has masked most of the evidence that would indicate the original mineralising events.

The high-grade base metal mineralisation outlined to date at the Stokes Yard Prospect has many similarities with the mineralisation seen to the north at TNG's Mount Hardy Project. At Mount Hardy, TNG has delineated several targets of this type with previous drill intersections including assays of up to 12.1% Zn and 7.2% Pb, plus thick drill intercepts such as 21.0m @ 3.5% Zn, 1.91% Pb, 0.46% Cu and 36g/t Ag at EM Target #1 (see TNG's ASX Announcement – 20 May 2013).

Stokes Yard also displays similarities with the base metal Mineral Resources outlined further to the east at the Jervois deposit, owned by KGL Resources (ASX: KGL). The recently announced Pre-Feasibility Study results from Jervois (see KGL's ASX Announcement 16 October 2015) have shown that the stratabound mineralisation extends for over 12km of strike. The current Mineral Resource inventory stands at 26.7Mt grading 1.12% Cu (for 300,000 tonnes of contained copper) and a separate 3.8Mt grading 3.7% Pb and 1.2% Zn.

The Warumpi Province has also had some recent exploration success with ABM Resources (ASX: ABU) and Independence Group (ASX: IGO) discovering significant multi-element precious and base metal mineralisation (see ABU ASX Announcement 6 October 2015).

The Bumblebee Prospect, located 55km northeast of Kintore, returned first-pass drill results including 7m @ 3.3g/t Au, 37.7g/t Ag, 3.2% Cu, 1.3% Zn and 5m @ 2.4g/t Au and 1.4% Cu. Initial geological assessment of the prospect by ABM/IGO suggests a Cloncurry iron oxide copper gold (IOCG) style of mineralisation, similar to Ernest Henry in the Mount Isa Block, QLD (see ABU ASX Announcement 6 October 2015).

TNG intends to rapidly assess the project through a combination of geochemical and geophysical target delineation, followed by drill testing. As with other TNG base metal assets in the Northern Territory, the Stokes Yard Project is planned to be included in the proposed Todd River Resources spin-off when market conditions allow.

TNG's Managing Director, Mr Paul Burton, said the new project was located in the heart of a highly prospective and rapidly emerging exploration province, where recent discoveries were generating a significant amount of market interest.

"Given the recent exploration successes in the Warumpi province, this tenement offers one of the few opportunities to gain rapid access for exploration in the region given that it is not located on Aboriginal Land. This is an important strategic addition to our rich exploration portfolio in the district, and should provide a number of walk-up exploration targets," he said.

"We are looking forward to progressing these projects as part of our proposed Todd River Resources spin-off, which we envisage should begin to move forward in the second half of this year as market conditions in the junior resource sector continue to improve."

Paul E Burton
Managing Director

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Competent Person Statement

The information in this report that relates to Exploration Results for TNG's Stokes yard and Mount Hardy projects is based on, and fairly represents, information and supporting documentation compiled by Exploration Manager Mr Kim Grey B.Sc. and M. Econ. Geol. Mr Grey is a member of the Australian Institute of Geoscientists, and a full time employee of TNG Limited. Mr Grey has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Grey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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 20-year plus project producing a suite of high-quality, high-purity strategic metals products for global markets including vanadium pentoxide, iron oxide and titanium dioxide. The project, which will be a top-10 global producer, has received Major Project Facilitation status from the NT Government.

Forward-Looking Statements

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Figure 1. Location of the Stokes Yard Project EL 30131 relative to Alice Springs.



Figure 2. Stokes Yard Project EL 30131 on published 1:250,000 scale geological map, showing the location of the Stokes Yard Prospect.

APPENDIX ONE – Stokes Yard Project, NT

JORC TABLE – Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report.	No new sampling is reported here. Work by previous explorers and the NTGS is public information. NT Open File reports CR19700018 and CR 19720025. NTGS Special Pub 5. Northern Mining Open File reports for EL 24438, 2007 to 2013. All other data/results are derived from company ASX releases (TNG, KGL, ABU)
Drilling techniques	Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	Not relevant
Drill sample recovery	Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	Not relevant
Logging	Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged.	Geological assessment is of a regional and reconnaissance nature derived from various published sources
Sub-sampling techniques and sample preparation	If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. For all sample types, the nature, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. Whether sample sizes are appropriate to the grain size of the material being sampled.	Not relevant
Quality of assay data and laboratory tests	The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	Not relevant
Verification of sampling and assaying	The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data.	Results from prior companies and the NTGS has not been independently verified
Locations of data points	Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control.	Not relevant
Data spacing and distribution	Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied.	Reconnaissance rock sampling results are insufficient to establish continuity or a resource.

Orientation of data in relation to geological structure	Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	Not relevant
Sample security	The measures taken to ensure sample security.	Not relevant
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	No sampling audits have been completed to date for this project

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	The Exploration Licence was granted to Imperial Granite and Minerals Pty Ltd on 11 August 2014. Transfer of the tenement to TNG was completed on 15 September 2015. The tenement is in good standing with no known impediments to TNG's future operation.
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	Prior work acknowledged above and in the body of the report
Geology	Deposit type, geological setting and style of mineralisation.	Geological assessment is of a regional nature and derived from various published sources – see text discussion. The mineralisation at Stokes Yard may be skarn/calcsilicate related or of some other association. There is insufficient data to determine for sure.
Drill hole Information	A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: ○ Easting and northing of the drill collar ○ Elevation of RL (Reduced Level – elevation above sea level in metres) of the drill collar ○ Dip and azimuth of the hole ○ Down hole length and interception depth ○ Hole length	Not relevant. No drilling reported
Data aggregation methods	In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated.	No data aggregation has been applied.
Relationship between mineralisation widths and intercept lengths	These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').	Not relevant, no drill data presented
Diagrams	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	Not relevant. Refer to Figures 1 and 2 in the body of the report for location information.
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	No new laboratory results are presented.
Other substantive exploration data	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results;	Not relevant



	bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	
Further work	The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	Geophysics and geochemical sampling programs are planned. Drilling would follow thereafter.