

UPDATE ON MOUNT PEAKE ENVIRONMENTAL IMPACT STUDY

Supplemental work completed and under compilation with permitting process on track

Key Points

- All ecological fieldwork required for inclusion into the Supplement to the EIS now completed.
- Additional surface water studies now completed based on a 100-year flooding event and recommended mitigation measures have been included in the mine design.
- Significant static and kinetic analyses relating to Acid Mine Drainage measurement have been completed, with the acid leachate generation potential being assessed as very low.
- Water bore drilling now complete with preliminary results providing greater certainty that the aquifer will sustain the required long-term water requirement for the mining operation.
- All studies will be incorporated into the Supplement to the EIS, which should be submitted late in Q1 2017.

Australian strategic metals company TNG Limited (ASX: TNG) is pleased to advise that it has now completed all field- related activities required for the completion of additional studies to be included in the submission of the Supplement for the Environmental Impact Statement (EIS) for its 100%-owned Mount Peake Vanadium-Titanium-Iron Project in the Northern Territory.

During the last few months, a number of field and office based activities have been undertaken and completed in order to address questions raised during the government and public review of the Draft EIS earlier this year. TNG submitted the EIS in late 2015 with the EIS being released for public comment in February 2016 (*refer ASX Release, 11 February 2016*). The EIS can be accessed through the TNG website:

http://www.tngltd.com.au/sustainable_development/environmental_impact_assessment.phtml

Following the review, supplemental studies were requested on required flora, fauna, and ecological surveys, water aquifer and acid – mine drainage (AMD) risk. All work associated with these studies has now been completed at various stages during the year, with some delays due to bad weather preventing on-ground access. No issues have been noted in the results of any of the work.

Flora, Fauna and Ecological Surveys

The field, water and ecological work was completed by TNG's Environmental consultants, GHD, with the assistance of several local Aboriginal Rangers sourced from Ti-Tree township through the Central Land Council (CLC).

A number of new matters were addressed during this work, namely:

- Targeted searches for specific rare/endangered/vulnerable species in areas of planned ground disturbance; and
- Vegetation surveys along the transport corridor and within the bore-field area (Figure 1).

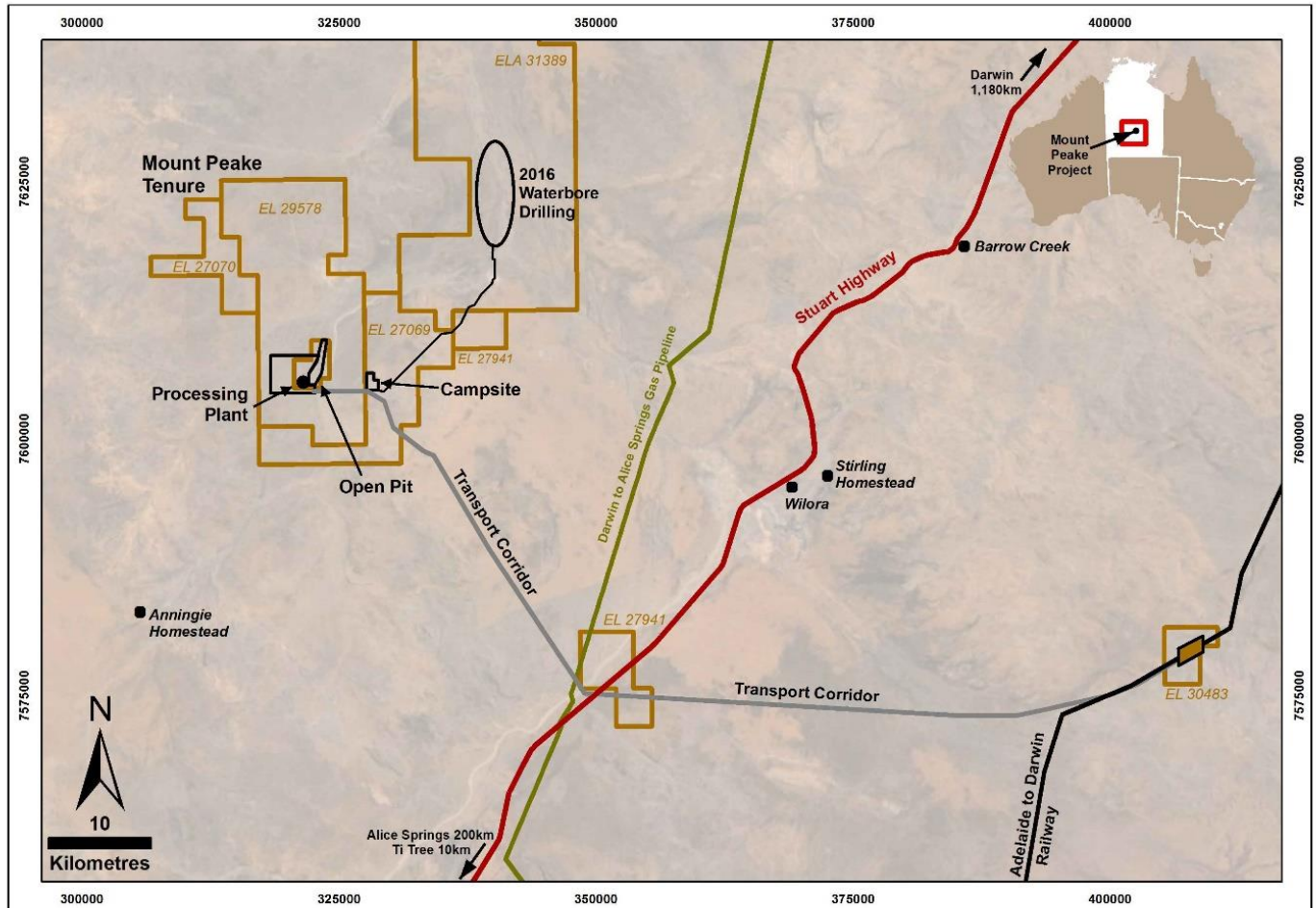


Figure 1. Project location plan, showing the mine, camp, transport corridor, railway, and bore-field areas.

Water Aquifer and Flooding Risk

Additional water bore drilling and pump testing has also been completed to provide greater certainty in the calculation of sustainable yield from the aquifer to provide water to the mine and associated infrastructure at Mount Peake.

Data is being collated and GHD will provide a reworked model of the aquifer system. GHD will then refine the design of the production holes in the bore-field and pipeline to the mine.

TNG now has three 8" steel-cased production bores at Mount Peake (Figure 2) and has conducted extended pump tests over the last few weeks (Figure 3). Each bore is capable of sustainably providing several litres per second of good quality (ca. 4000-5000 ppm TDS) water.

The last hole (16MPWB017) has yielded an impressive 18 L/s over the 11-day Constant Rate test with only a 5 metre draw-down – much higher than noted in the Feasibility Study. A final aquifer study and water supply and design report will be provided to TNG by GHD in early 2017.



Figure 2. Running in casing, hole 16MPWB017.



Figure 3. Measuring draw-down during the 48-hour Constant Rate pump test on hole 16MPWB015.

Surface Water Study

An additional surface water study was completed in September 2016 which utilised newly acquired high-resolution topographic data (Worldview3 satellite imagery and 0.5m contour data). This work modelled the 10, 20, 50, and 100-year Average Recurrence Interval (ARI) 72-hour storm events for both the Murray Creek (near the mine site) and Hanson River (crossing required on the access road from the Stuart Highway).

The 100-year ARI rainfall event could result in flooding into the pit, but this can/will be mitigated by a low levee bank constructed along a section of the eastern side of the pit. The recommendations of this work have been incorporated in mining construction and design plans.

Acid Mine Drainage Risk

Significant testwork has also been conducted during 2016 to address Acid Mine Drainage (AMD) questions raised from the Draft EIS. A total of 409 ore, waste and tailings samples have now been analysed for metals content and a number of static and kinetic AMD related factors and results have been assessed by GHD consultants.

This report, completed in November, concluded that there is a general lack of sulphide material in the ore and waste rock, and the risk of acid leachate generation is very low.

All NAPP (Net Acid Producing Potential) results were negative, indicating that the material is either acid-consuming or non-acid forming. Kinetic Net Acid Generation and Acid Buffering Characterisation Curve testwork results, on selected higher sulphide samples, indicate that all materials have adequate acid neutralising capacity.

Heritage Clearance

All site-related heritage clearances have also been received by TNG, following the CLC arranged clearance surveys during the year and the Traditional Owner meeting on site in October (*see ASX Release 9 November 2016*).

GHD will now collating all this work into the Supplement to the EIS. The Supplement will address all key points raised by both public and NT Government bodies during the Draft EIS public review period (*see ASX Release 11 February 2016*). The Supplement to the EIS will be submitted by GHD in early 2017. No issues have been identified in the EIS or the Supplement.

Management Comment

TNG's Managing Director, Mr Paul Burton, said the Company's development team was continuing to make good progress with the permitting and environmental approvals for the Mount Peake Project, with all work now completed ahead of the submission of the Supplement to the EIS in the first quarter of next year.

"The submission of the final EIS document will make another key milestone as the permitting process nears its completion," he said. "We are also making good progress in our discussions with the Traditional Owner groups, with a view to finalising our Mining Agreement in the first quarter of next year. That should pave the way for the grant of the Mount Peake Mining Lease.

"Work has also commenced on the EIS for the Darwin downstream processing plant site, the location for the TIVAN™ refinery, and that will progress in the early part of the New Year."

ENDS

Paul E Burton
Managing Director

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Inquiries:

Paul E Burton
Managing Director + 61 (0) 8 9327 0900

Nicholas Read
Read Corporate + 61 (0) 8 9388 1474