

September 2018 Quarterly Activities Report

HIGHLIGHTS

MOUNT PEAKE VANADIUM-TITANIUM-IRON PROJECT (NT) (TNG: 100%)

Titanium Dioxide Pigment Marketing and Off-take Agreement

- Subsequent to the end of the quarter, TNG secured a Binding Term Sheet for a life-of-mine off-take agreement with Swiss-based SWX-listed global distributor DKSH (www.dkdh.com) to purchase on a life of mine basis up to 100% of titanium pigment production from Mount Peake. See ASX announcement dated 30 October 2018.

Project Permitting

- Mount Peake Project Native Title Agreement fully executed by the Central Land Council and the Eynewantheyne Aboriginal Corporation, paving the way for the grant of the Mount Peake Mineral Lease and ancillary Mineral Leases by the NT Government.
- The Native Title Agreement is structured to ensure that employment, training and other benefits from the development of the world-class Mount Peake Project will flow back to Native Title holders and the local community.
- Both Northern Territory and Federal Government environmental assessments were finalised earlier this year, with the grant of the Mineral Lease representing the final permitting milestone to be cleared before construction and development of the Project can proceed.

Project Planning and Development

- Pre-planning work nearing completion for the Front-End Engineering and Design (FEED) process. Detailed review of the Mount Peake Concentrator undertaken with Como Engineering, together with further enhancement of the Processing Plant facility design.
- Energy supply strategy for the Mount Peake mine site, Mount Peake Concentrator and Darwin Processing Plant being finalised, including evaluation of all potential solutions and options.
- Reviews of proposed logistics channels and consumables requirements for the Project commenced and discussions with potential commercial partners are ongoing. A review of organisational capability has commenced to identify additional resourcing required to progress the project to the next stage.
- Binding Heads of Agreement executed with leading German technology provider, Ti-Cons, for the supply of a titanium dioxide pigment production technology package.
- Detailed mine scheduling completed by Snowden Mining Industry Consultants, with mine schedules designed to maximise the value of the current Resource.

CORPORATE

- Strategic investment secured with leading Indian mining conglomerate the Vimson Group, through its Singapore-based, wholly owned subsidiary, V. M. Salgaocar & Bro. (Singapore) Pte. Ltd., for a strategic investment into TNG of approximately \$10M (before costs).
- Share Purchase Plan (SPP) announced to raise up to a further \$5M, enabling eligible shareholders to participate in TNG's capital raising on terms which are as close as possible to the Vimson Group subscription agreement.
- Appointment of highly-experienced metallurgist Tony Arena as General Manager – Processing. Mr Arena has over 20 years' experience across the Australian and global mining industry, most recently at the Roy Hill mine operation.
- Recruitment strategy ongoing to cover additional executive management and Board positions.
- Cash reserves of \$13.8M at Quarter-end.

COMMODITIES

- Further strong performance in strategic metals pricing across TNG's commodity suite during the Quarter:
 - **Vanadium** prices ended the Quarter at a 13-year high, with vanadium pentoxide prices reaching US\$24/lb at the end of September – a 41% quarterly increase. This is up from a low of US\$2.5/lb in early 2016;
 - **Titanium dioxide pigment** prices were stable this quarter at US\$3,300/t. Supply and demand are currently well balanced despite worries about future availability of high quality feedstock which may put upward pressure on prices in the medium term.
 - **Pig iron** prices were down 6% from US\$415/t at the end of June to US\$390/t at the end of September. Prices have recovered slightly since.
- TNG attended the FerroAlloyNet 7th International Vanadium Conference in Xiamen, China, where Company's representatives met with leading vanadium producers and distributors and witnessed first-hand the market tightness.
- TNG representatives also attended the TiO₂ World Summit early October in Boston, USA. Demand for TiO₂ pigment is growing at a solid rate, closely following the global GDP growth

PROJECTS

Mount Peake Vanadium-Titanium-Iron Project: TNG 100%

The Mount Peake Project is a potential world-scale strategic metals project located 235km north-west of Alice Springs in the Northern Territory, close to existing key power and transport infrastructure including the Alice Springs-Darwin Railway and the Stuart Highway. With a JORC Measured, Indicated and Inferred Resource totalling 160Mt (118Mt Measured, 20Mt Indicated, 22Mt Inferred), grading 0.28% V₂O₅, 5.3% TiO₂ and 23% Fe (refer to Table 4 on page 7 of this report for a full Statement of the Mineral Resource), Mount Peake is one of the largest undeveloped vanadium-titanium-iron projects in the world.



Figure 1. Mount Peake location plan in the Northern Territory.

Native Title Mining Agreement

During the quarter, the Company and its wholly-owned project-level subsidiary, Enigma Mining Limited, received in-principle approval for a landmark Native Title Mining Agreement covering the Mount Peake Project.

This followed a successful on-site meeting with the native title holding group and the Central Land Council (CLC) held at the Mount Peake site on 26 July 2018 (see ASX release, 1 August 2018).

The TNG senior management team, led by Managing Director Paul Burton, presented the proposed Mount Peake mining plan and the key terms of the Native Title Mining Agreement, which has been negotiated over the past year.

The Company subsequently received acknowledgement that the native title holders are in support of TNG's proposed mining project, paving the way for the Native Title Mining Agreement to be executed by all parties once final procedural details were completed.

This was progressed according to a step-by-step procedure under the control of the CLC. Given the diversity of parties which had to consider the agreement – including the Federal Native Title Minister, Hon Mr N Scullion, the Prescribed Body Corporate for the Traditional Owners and the full council of the CLC – this process did take some time to complete.

This major milestone was achieved subsequent to the end of the Quarter, with TNG confirming on 11 October 2018 that the Native Title Mining Agreement covering the Mount Peake Project area had been executed by all parties and completed (see ASX release, 11 October 2018).

The Agreement was entered into between TNG's wholly-owned project-level subsidiary, Enigma Mining Limited, the Central Land Council (CLC) and Eynewantheyne Aboriginal Corporation¹, the registered native title body corporate for the Native Title holders of the land at Mount Peake (Native Title Holders).

The Agreement covers a range of commercial and non-commercial items that remain confidential in nature. The Agreement is structured to ensure that employment, training and other benefits from the development of the world-class Mount Peake Project will flow back to the Native Title Holders and the local community.

The signing of the Agreement will now enable the Northern Territory Government to proceed with the grant of the Mount Peake Mineral Lease and related ancillary Mineral Leases, paving the way for the project to proceed subject to financing and development. A further announcement will be made as soon as the Company has been notified that the Mineral Lease has been granted.

The signing of the Agreement for the Mount Peake Project follows a series of positive permitting milestones achieved by TNG earlier this year, including the receipt of all Territory and Federal Government environmental approvals.



TNG's Managing Director Paul Burton briefing the native title holders and the CLC on-site in the Mount Peake area.

¹ Eynewantheyne Aboriginal Corporation represents the traditional owners of the Akalperre, Amakweng, Alapanp, Arlwekarr, Arlpawe, Arnerre, Arnmanapwenty, Errene/Warlekerlange, Errweltye, Kwerrkepentye, Rtwerrpe, Tyarre Tyarre and Wake land-holding groups.

Titanium Off-take – Binding Term Sheet

Subsequent to the end of the Quarter, TNG signed a Binding Term Sheet with one of the worlds leading special chemical market expansion services providers, **DKSH**, to purchase, on a life-of-mine basis, up to 100% of the titanium dioxide (TiO₂) pigment produced from the Mount Peake Project.

The Binding Term Sheet – which has been entered into with a highly respected multi-billion dollar group which is a leader in its field, particularly across the Asian region – is an off-take arrangement for the third high-value product stream from the Mount Peake Project, complementing binding agreements which are already in place for the Project's vanadium and iron products.

DKSH is a publicly-listed (SWX: DKSH) multi-billion dollar group with a turnover in excess of \$11B USD, and is a leading special chemical products and market expansion services provider. Headquartered in Zurich with a history dating back over 150 years, DKSH is deeply rooted in communities all across the Asia-Pacific region.

The company offers any combination of sourcing, marketing, sales, distribution and after-sales-services and is organized into four Business Units: Consumer Goods, Healthcare, Performance Materials and Technology. Its core business is supporting other companies to grow their business in new or existing markets.

With 780 business locations in 36 countries and 30,320 specialized staff, it is one of the top-30 Swiss companies ranked by sales and employees. In 2017, DKSH generated annual net sales above US\$11 billion. For more information: <http://www.dksh.com>

The Binding Term Sheet encompasses the titanium dioxide (TiO₂) pigment products that will be produced by TNG's proprietary TIVAN® hydrometallurgical process, incorporating the innovative new process announced earlier this year (see ASX announcement, 26 February 2018).

Together with the binding agreements already in place for TNG's vanadium and iron products, the signing of a Binding Term Sheet with DKSH marks another important step in the Company's commercial strategy and paves the way for the next stages of financing and development of the Mount Peake Project.

Mount Peake Project Planning and Development

Main stream work activities progressed on a number of fronts during the Quarter as part of pre-development planning for the Mount Peake Project. Major work programs underway include:

- Pre-planning work in support of the commencement of the Front-End Engineering and Design (FEED) process. The Company has been negotiating deliverables with all groups involved in this process;
- An energy supply strategy for both the Mount Peake Mine Site and Concentrator and the Darwin Processing Plant is being finalised which will include a preliminary feasibility assessment of potential solutions and recommendations for further evaluation and progress;
- Reviews of proposed logistics channels and consumables requirements for the Project. Discussions with potential commercial partners in these areas are continuing; and
- A review of organisational capability is being undertaken to identity additional resourcing required to progress the Project.

Mount Peake Concentrator

A detailed review of the Mount Peake Concentrator was undertaken with Como Engineers Pty Ltd, enhancing the proposed design to effectively utilise the Resource and provide magnetite concentrate at the required grade and yield for further refinement through the TIVAN downstream process.

Yearly pit and integrated waste landform designs were completed which will supplement the Mine Management Plan (MMP) application (see below).

Detailed financial modelling was completed by Snowden Mining Industry Consultants, providing mine schedules to maximise the current Resource.

TIVAN® Processing Plant

Further refinement of the Processing Plant facility continued through various verification programs to determine final processing plant feed tolerances and equipment selection. This work will supplement the FEED process.

TIVAN® Processing Facility EIS

The Environmental Impact Statement (EIS) for the proposed TIVAN® downstream processing plant facility in Darwin, which selectively produces three high-quality products (vanadium pentoxide, titanium dioxide and iron oxide) is continuing with TNG's appointed consultant, Animal Plant Mineral (APM) performing seasonal biological surveys.

APM is continuing to assess the environmental factors specific to the proposed processing plant location.

Mount Peake Mine Site – Mine Management Plan

TNG's environmental consultant, Animal Plant Mineral Pty Ltd (APM), is progressing the development of the Mine Management Plan (MMP) for the Mount Peake Mine Site and Concentrator. Finalisation of the MMP requires the completion of detailed planned mining schedules, mine structural information and continued environmental surveys of the area.

Concurrently, TNG is working towards a community benefit fund for the Mount Peake area which will help support the local community. TNG expects to submit the MMP for approval in early 2019.

Heads of Agreement with Ti-Cons

Subsequent to Quarter-end, TNG signed a binding Heads of Agreement (HoA) with industry-leading German technology provider, Ti-Cons, for the supply of a technology package for titanium pigment production from the Mount Peake Project.

The technology package to be supplied by Ti-Cons under this agreement encompasses all of the TiO₂ pigment products that will be produced by TNG's proprietary TIVAN® hydrometallurgical process, incorporating the innovative new TiO₂ pigment production process announced earlier this year (see ASX announcement, 26 February 2018).

The successful development of this new process, which is based on the conventional TiO₂ sulphate route, confirmed the potential for TNG to directly use its TIVAN® titanium feedstock to produce a high-grade TiO₂ pigment without the need for any further upgrading treatment process, significantly reducing the cost and complexity of the process.

The TIVAN® titanium feedstock's low iron content is a significant advantage over standard TiO₂ feedstocks. Low-iron feedstock has the potential to minimise the environmental impact compared to a standard sulphate titanium pigment production process – an important competitive and strategic advantage for TNG.

Under the agreement, Ti-Cons will provide TNG with a full commercial design contract for the delivery of the TiO₂ pigment production process which will be incorporated into the final engineering process design for the Mount Peake Project.

The TiO₂ pigment production process will incorporate the titanium pigment recipe(s) for TNG's pigment type, which is expected to be a highly-durable TiO₂ pigment for outdoor coatings applications, plus the full design for the pigment plant including engineering, construction support, procurement support, training and commissioning, plus process and product guarantee.

For more information on TiCons, see www.ti-cons.com

Project Finance

TNG's model for project finance includes the potential for funding from the German export credit bank(s). TNG has had further positive meetings with the leading Government-owned KfW IPEX-Bank GmbH. Additional engagement and meetings with KfW IPEX-Bank GmbH are planned next quarter.

TNG has also engaged with other debt finance providers including North Australia Infrastructure Fund (NAIF) and Australia's Export Credit Finance Agency, EFIC, and other overseas parties setting the ground work for the final finance package structure.

During the quarter the Company also received proposals from leading Australian capital advisory firms. These are under consideration.

Project Development Team

During the quarter highly experienced metallurgist Tony Arena has been appointed to the company's newly created position of General Manager – Processing, which reflects the growing depth of the Company's development and operations team as it advances towards development and construction at Mount Peake.

Mr Arena has over 20 years' experience across the Australian and global mining industry, including spending the last 10 years in managerial roles mentoring engineers, metallurgists, operators and supervisors. He has also had vast experience in the successful commissioning of mineral processing facilities within Australasia, including PNG and Laos.

He was most recently Metallurgical and Production Superintendent at the Roy Hill Iron Ore Operations in the Pilbara, where he oversaw the successful commissioning of what is the largest individual iron ore processing plant in the Pilbara. During this time he was also acting in the Processing Manager and Alternate Registered Manager roles.

Prior to that, he was Process and Maintenance Manager at Silver Lake Resources' Murchison Operations in WA, Senior Process Engineer and Metallurgical Superintendent for Newcrest Mining's Lihir Island operations in PNG, Senior Process Engineer/Metallurgical Superintendent for MMG at its copper operations in Laos and Senior Process Engineering/Process Superintendent at Straits Resources' Whim Creek Project.

Earlier in his career, he was Process Engineer/KPI Developer for Rio Tinto's Alcan Gove operations, Process Engineer for Tiwest Titanium's Pigment Plant in Kwinana and worked as a Process Engineer/Shift Supervisor for Glencore/Xstrata's Windimurra Vanadium Project in WA.

Mr Arena holds a Bachelor of Science (Extractive Metallurgy) from Murdoch University in WA and is currently undertaking a diploma in leadership.

TNG is looking to recruit additional suitably qualified candidates for key executive roles in the project development team, with further appointments to be announced in due course.

Strategic Business Development – Balla Balla Infrastructure Group (BBIG)

Previous sighter test work performed on the Balla Balla Vanadium project under a Heads of Agreement between TNG and the BBI Group displayed positive results, showing that the TIVAN® Process is amenable to the Balla Balla ore body. Further test work is planned in the next quarter to optimise the results.

Initial commercial meetings have been held with executives from BBI Group, and its parent company Todd Corporation to discuss the best commercial way forward. Potential options are licencing, joint venture, project investment in TNG.

Commodity Pricing Development

Vanadium prices continued their strong upward trajectory over the September Quarter and into October, with vanadium prices recently reaching 13-year highs.

After finishing the June Quarter at US\$17/lb (US\$40,000/tonne), ferro-vanadium prices climbed to US\$24/lb (US\$55,000/tonne) at the end of September and have since reached highs of US\$32/lb (US\$70,000/tonne). Ferro-vanadium has also continued to increase, recently reaching US\$118/kg (US\$118,000/tonne).

The strong price momentum is underpinned by increasing demand for vanadium in China to meet new steel rebar regulations, which come into effect in November 2018. This is expected to see vanadium prices continue to rise through the December Quarter.

Titanium prices remained flat during Q3. Concerns regarding the future availability of high grade feedstock as well as plans to shut down production at plants in China and Europe have so far been tempered by the start of the low demand season (November to February). In the medium term, market experts expect prices to adjust upward.

Following a very strong increase in 2017, pig iron prices have been very stable this year, hovering around the US\$400/t mark for the whole period.

The company recognises that commodity price increases have had a significant positive impact on the already robust economics of the Mount Peake project, however it does not consider the publication of an updated financial model is necessary and maintains a conservative view is prudent on the longer term commodity price forecasts.

Other Projects

Cawse Extended Mine Project: Nickel-Cobalt (80%: Mesmeric / 20%: TNG)

The Company has a 20% free-carried interest in the Cawse Extended Mining Lease. No further information was supplied by Mesmeric Enterprises during the reporting period. The Company has formally requested information on a number of occasions and requested that a Joint Venture meeting be held before the end of the year to clarify the intentions of Mesmeric on this valuable resource.

TNG is working diligently to obtain a return for shareholders on this project.

CORPORATE

Strategic investment

During the Quarter, TNG executed a binding subscription agreement with leading Indian mining conglomerate the Vimson Group, through its Singapore-based, wholly owned subsidiary, V. M. Salgaocar & Bro. (Singapore) Pte. Ltd., for a strategic investment into TNG of approximately \$10M (before costs).

The Company considers that the strategic nature of the investment and the long term potential for a leading iron ore producer to be involved in TNG's operation represents a significant vote of confidence both in the project and the Company's financing and development strategy.

After showing extensive interest in TNG in the prior months, and after discussions on a range of potential commercial opportunities, the Vimson Group proposed to TNG a strategic investment into the Company in line with their own strategic growth and diversification objectives. In addition to the investment, TNG has agreed to enter into discussions with the Vimson Group for potential off-take of 100% of its high purity iron ore products that it plans to produce using its TIVAN® Process at Mount Peake. The Company see significant value in separating the investment from the off-take discussions and will seek to achieve the best commercial outcome for shareholders.

The Vimson Group is a family-owned Indian conglomerate with extensive interests in mineral resources, financial services, real estate development, healthcare and sports. Its head office is in Goa, India with other offices in Mumbai, Delhi, Bengaluru, and Singapore. The Vimson Group has been in the business of mining, processing and transporting iron ore from its fully integrated supply chain in India since 1952 and has been supplying leading Japanese, Korean and Chinese companies including Nippon Steel and POSCO. More information can be found at www.vimsongroup.com.

The investment will take place in two tranches with the first tranche of \$9.75 million completed on 28 September 2018 and the second tranche of \$0.25 million to complete following TNG's Annual General Meeting in November (subject to receipt of shareholder approval for the second tranche).

Share Purchase Plan

To allow other shareholders to participate in TNG's capital raising on terms which are as close as possible to the Vimson Group subscription agreement outlined above, TNG is offering eligible shareholders the opportunity to participate in a Share Purchase Plan (SPP) to acquire up to approximately \$15,000 worth of Shares at an issue price of \$0.109 per Share (SPP Price) without paying brokerage or other transaction costs. The SPP Price is the minimum price at which TNG may offer Shares under an SPP without falling outside of ASX Listing Rule 7.2 Exception 15. The SPP Price represents a 20% discount to the volume weighted average market price of Shares over the 5 trading days before announcement of the SPP (of \$0.136).

The SPP is not underwritten and will be capped at a total amount of \$5 million (before costs).

Further details regarding the SPP are detailed in the Share Purchase Plan Offer Booklet released to the ASX on 3 October 2018.

Marketing, Promotion and Investor engagement

TNG has continued to actively promote the Company at investor briefings globally. The Company's General Manager – Business Development, Paul Vollant, attended the FerroalloyNet 7th International Vanadium Summit in Xiamen, China on 13 September, where they met with leading vanadium producers and distributors and witnessed firsthand the market tightness. Prices surged during the conference and continued a strong upward trajectory since then.



TNG banners at the FerroAlloyNet 7th Vanadium conference in Xiamen, China.

TNG representatives General Manager – Business Development, Paul Vollant, and General Manager Titanium Business, Philippe Guillemaille, also attended the TiO₂ World Summit early October in Boston, USA. Demand for TiO₂ pigment is growing at a solid rate, closely following the global GDP growth. In the medium term, decreasing supply of quality feedstock from traditional sources is likely to put upward pressure on prices.

Titanium prices have remained flat during Q3. Worries regarding the future availability of high grade feedstock as well as plans to shut down production at plants in China and Europe have so far been tempered by the start of the low demand season (November to February). In the medium term, market experts expect prices to adjust upward.



The Company also attended the 121 conference in Hong Kong and will also be presenting at the upcoming 121 conference in London.

Recruitment

During the quarter the company implemented its planned recruitment strategy for further key executives as it expands its project development team. In addition, now that permitting is nearing completion and the Mining Licence is expected to be granted, the Company has implemented its previously planned strategy to attract and recruit additional Board members.

249D Notice

On 30 September 2018 the Company received a notice (under section 249D of the Corporations Act) from shareholders Warren, Marilyn and Paul Brown, requisitioning a meeting to consider the removal of a member of the TNG Board, Mr Rex Turkington.



A General Meeting has been called for 29 November 2019 to consider the proposed resolution. This meeting will be held immediately prior to the Company's AGM. Further details regarding the proposed resolution are set out in the Notice of General Meeting released to ASX on 15 October 2018.

Annual General Meeting

The Company's Annual General Meeting has been set for 11am on 29 November 2018, and will be held at the Arts Centre, Subiaco.

Cash

TNG had total cash reserves of \$13.8 million at Quarter-end.

Paul Burton
Managing Director

31 October 2018

Mount Peake Mineral Resources and Ore Reserves

The Mount Peake Mineral Resource estimate set out below (Table 1) was released in an ASX Announcement dated 26 March 2013, “Additional Information on the Mount Peake Resource”, and was completed in accordance with the guidelines of the JORC Code (2012). Initial mining and financial assessment work, based on the Mineral Resource, followed (see ASX Announcement – 15 July 2013, “TNG Considers Two-Stage Development Option for Mount Peake Project, NT”).

Table 1 – Mount Peake Mineral Resource estimate

Category	Tonnes (Mt)	V ₂ O ₅ %	TiO ₂ %	Fe%	Al ₂ O ₃ %	SiO ₂ %
Measured	120	0.29	5.5	24	8.2	33
Indicated	20	0.28	5.3	22	9.1	34
Inferred	22	0.22	4.4	19	10.0	38
TOTAL	160	0.28	5.3	23	8.6	34

Note: Mineral Resource is inclusive of Ore Reserves. Tonnage and grade figures in tables have been rounded and small discrepancies in totals may occur. Ore Reserve is reported using a 0.1% V₂O₅ cut-off. TNG is not aware of any new information or data that materially affects the mineral resource estimate included in the 26 March 2013 ASX Announcement and all material assumptions and technical parameters underpinning the assessment provided in that announcement continue to apply.

Ore Reserve

The Mount Peake Ore Reserve estimate (Table 2) was reported in an ASX Announcement dated July 31 2015, (“Mount Peake Feasibility Study confirms a world – class project capable of delivering outstanding returns over long life”).

Table 2 – Mount Peake Ore Reserve estimate

Category	Tonnes (Mt)	V ₂ O ₅ %	TiO ₂ %	Fe%
Proven	0	-	-	-
Probable	41.1	0.42	7.99	28.0
TOTAL	41.1	0.42	7.99	28.0

Note: Tonnage and grade figures in tables have been rounded to 2 or 3 significant figures and as a result small discrepancies may occur due to the effect of rounding. Ore Reserve is reported using a 15% Fe cut-off. TNG is not aware of any new information or data that materially affects the Ore Reserve estimate reported in the 31 July 2015 ASX Announcement and all material assumptions and technical parameters underpinning the assessment provided in that announcement continue to apply.

Tenement Schedule

The Group holds an interest in the following tenements or tenement applications at 31 December 2017:

Project	Tenements	Equity
Mount Peake	EL27069, EL27070, EL27941, EL29578, EL30483, EL31389, ELR29627, MLA28341, MLA29855, MLA29856, MLA30686	100%
Cawse Extended	M24/547, M24/548, M24/549, M24/550	20% free carried to production, or can be converted to a 2% net smelter return on ore mined. Unicorn Pit is now excised and a wet tonne royalty applies.
Kintore East	P16/2370, P16/2371, P16/2372, P16/2373, P16/2374	2% gold return interest on production.

Competent Person’s Statements

The information in this report that relates to the Mount Peake Mineral Resource estimates is extracted from an ASX Announcement dated 26 March 2013, (see ASX Announcement – 26 March 2013, “Additional Information on the Mount Peake Resource”, www.tngltd.com.au and www.asx.com.au), and was completed in accordance with the guidelines of the JORC Code (2012). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resource estimates in the relevant market announcement continue to apply and have not materially changed. The

Company confirms that the form and context in which the Competent Person's findings are represented have not been materially modified from the original market announcement.

The information in this report that relates to the Mount Peake Ore Reserve estimate is extracted from an ASX Announcement dated July 31 2015, ("Mount Peake Feasibility Study confirms a world – class project capable of delivering outstanding returns over long life", www.tngltd.com.au and www.asx.com.au), and was completed in accordance with the guidelines of the JORC Code (2012). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Ore Reserve estimate in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are represented have not been materially modified from the original market announcement.

Production Targets and Financial Information

Information in relation to the Mount Peake Definitive Feasibility, including production targets and financial information, included in this report is extracted from an ASX Announcement dated 20 November 2017, (see ASX Announcement – 20 November 2017, "Updated Feasibility Study Results", www.tngltd.com.au and www.asx.com.au). The Company confirms that all material assumptions underpinning the production target and financial information set out in the announcement released on 31 July 2015 continue to apply and have not materially changed.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

TNG Limited

ABN

12 000 817 023

Quarter ended ("current quarter")

30 September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(904)	(904)
(b) development		
(c) production		
(d) staff costs	(371)	(371)
(e) administration and corporate costs	(592)	(592)
1.3 Dividends received (see note 3)		
1.4 Interest received	33	33
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (TRT oncharge as per administrative services agreement)	164	164
1.9 Net cash from / (used in) operating activities	(1,670)	(1,670)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) property, plant and equipment		(41)	(41)
(b) tenements (see item 10)			
(c) investments			
(d) other non-current assets-security deposit			
2.2 Proceeds from the disposal of:			
(a) property, plant and equipment			
(b) tenements (see item 10)			
(c) investments			
(d) other non-current assets-security deposits			
2.3 Cash flows from loans to other entities			
2.4 Dividends received (see note 3)			
2.5 Other – security deposit refund		33	33
2.6 Net cash from / (used in) investing activities		(8)	(8)

3. Cash flows from financing activities			
3.1 Proceeds from issues of shares		9,751	9,751
3.2 Proceeds from issue of convertible notes			
3.3 Proceeds from exercise of share options			
3.4 Transaction costs related to issues of shares, convertible notes or options			
3.5 Proceeds from borrowings			
3.6 Repayment of borrowings			
3.7 Transaction costs related to loans and borrowings			
3.8 Dividends paid			
3.9 Other (provide details if material)			
3.10 Net cash from / (used in) financing activities		9,751	9,751

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,729	5,729
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,670)	(1,670)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(8)	(8)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	9,751	9,751
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	13,802	13,802

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	10,802	10,802
5.2	Call deposits	3,000	3,000
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	13,802	13,802

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	199
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7. Payments to related entities of the entity and their associates

**Current quarter
\$A'000**

7.1 Aggregate amount of payments to these parties included in item 1.2

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7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

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8. Financing facilities available

Add notes as necessary for an understanding of the position

**Total facility amount
at quarter end
\$A'000**

**Amount drawn at
quarter end
\$A'000**

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

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9. Estimated cash outflows for next quarter

\$A'000

9.1 Testwork, Engineering and evaluation

500

9.2 Development

500

9.3 Production

9.4 Staff costs

505

9.5 Administration and corporate costs

517

9.6 Other (provide details if material)

9.7 Total estimated cash outflows

2,022

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:

Date 31 October 2018

Print name: Simon Robertson
(Company secretary)

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.