

MOUNT PEAKE PROJECT UPDATE

Australian strategic metals company TNG Limited (ASX: TNG) is pleased to provide an update on pre-development activities at its flagship 100%-owned **Mount Peake Vanadium-Titanium-Iron Project**, located 235km north-west of Alice Springs in the Northern Territory, as it gears up for what is expected to be a pivotal six months for the project.

An update on key recent and upcoming development milestones is provided below:

Engineering

Como Engineers are currently finalising the mine site beneficiation flowsheet and compiling tender documents for the Mount Peake Concentrator. Revised CAPEX and OPEX figures will also be supplied.

SMS group is finalising the design of the TIVAN[®] plant with optimised concentrate specifications. Once completed, SMS will provide updated CAPEX and OPEX estimates for the full process flowsheet which will enable a full revised financial model to be concluded.

Appointment of EPC Contractor

The Company is now in the final stages of finalising the full processing flowsheet with SMS. The Company has identified SMS group as the preferred Engineering, Procurement and Construction (EPC) contractor for the Mount Peake Project, and is currently in discussions with SMS to finalise their appointment.

Environmental Impact Statement

As previously announced, the Northern Territory Environment Protection Agency (NTEPA) has provided feedback relating to the Supplement to the Environmental Impact Statement (EIS) for the Mount Peake Project submitted by TNG's environmental consultant and contractor GHD.

TNG is now working closely with GHD to address the questions raised and expects to provide a response to the NTEPA within the next 2-3 months. Despite this delay, it is important to note that there are no major issues with the EIS and no foreseen impediments to the development of the Mount Peake Project.

Mining Lease

Once all final environmental approvals are received, the Company will be in a position to secure the grant of the Mount Peake Mining Lease with the Northern Territory Government. This is also subject to a Mining Agreement with the Traditional Owners.

Under NT legislation, the Traditional Owner groups are represented by Land Councils. TNG's project falls within the Central Land Council (CLC) jurisdiction. TNG and its lawyers have been working with the CLC on the agreement for the past 12 months and on finalising the agreement for the past six months. It is hoped that this process will be completed in the next 2-4 months subject to all approvals.

Titanium Off-take

TNG is in advanced discussions with key participants within the titanium industry regarding the final feed specifications and type of titanium pigment to be produced, and its distribution from the Mount Peake Project.

There are many different specifications and applications for titanium pigments and TNG's intention is to work closely with potential off-take partners to tailor the titanium output from Mount Peake to meet our customers' needs and achieve the highest profitability.

Once these discussions are finalised and the preferred product has been determined, TNG will be in a position to determine the optimal titanium processing and beneficiation routes, for which extensive work has been conducted by SMS. The Company expects to make an announcement about titanium production and off-take in the near future.

Vanadium Off-take

TNG has held discussions with interested parties for the remaining 40% of forecast vanadium pentoxide production.

Commodity pricing development

TNG's commodities have all seen a significant rise in price over the past 12 months, further strengthening the economics of the Mount Peake Project and supporting its overall strategy of focusing on strategic metals:

- The V₂O₅ price is up 76% at US\$6/lb V₂O₅ from US\$3.40/lb V₂O₅ in June 2016.
- The TiO₂ price is up 20% at US\$3,000/ton from US\$2,500/ton in 2016.
- The pig iron price is up 23% at US\$380/ton from US\$310/ton in June 2016.

Importantly, the price increases outlined above actually represent more of a reversion to the historical mean after a period of extremely low sentiment in the industry rather than a sudden bullish sentiment, and market participants expect them to remain strong.

Project Finance

The Company's financial advisor, Gresham, has identified both potential Strategic Partners and finance groups for the Mount Peake Project. Positive preliminary discussions have been held with a number of groups and are now moving to the next stages of due diligence.

Project Team

TNG is currently interviewing candidates for the key executive roles for the project development.

Investor Engagement

As part of its strategic approach to securing project finance, TNG has been actively promoting the Company at investor briefings in Australia, Hong Kong, London and New York.

A recording of a recent presentation by the Managing Director, Paul Burton, at the *Resources Rising Stars* Conference in the Gold Coast on 31 May 2017, together with a synchronised slide presentation, can be accessed at the Company's website:

http://tngltd.com.au/multimedia_gallery/video_gallery.phtml

Management Comment

TNG's Managing Director Paul Burton said multiple work streams were involved in advancing Mount Peake, with the Company achieving significant progress in recent months in all of the key areas required to launch the development of this large-scale strategic metals project.

"There has been considerable activity behind the scenes, and we are now at a point where we expect to deliver important news-flow on a number of these development milestones over the remainder of 2017 – beginning with some significant announcements on off-take and flowsheet design early in the September Quarter," he said.

"We are working diligently to complete all these remaining items as quickly as possible, with the aim of moving the Mount Peake Project towards development in the shortest possible timeframe," he said.

Paul E Burton
Managing Director

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