

## **MOUNT PEAKE VANADIUM-TITANIUM PROJECT – DEVELOPMENT ACTIVITIES UPDATE**

Australian strategic metals company TNG Limited (ASX: TNG) (**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.

### **Environmental Impact Statement**

The Northern Territory Environment Protection Authority (**NTEPA**) has provided detailed feedback relating to the Supplement to the Environmental Impact Statement (EIS) for the Mount Peake Mine site submitted by TNG's environmental consultant and contractor GHD.

TNG has worked closely with the NTEPA to agree a scope of the required work to finalise the EIS submission. Some fieldwork is scheduled to commence shortly with other activities already in progress. Despite this delay, it is important to note that no major issues with the EIS have been identified by the NTEPA to date and no foreseen impediments to the development of the Mount Peake Mine Site Project are expected. An approved EIS is expected by the end of 2017.

The EIS for the proposed Darwin processing site has also commenced and is expected to be completed by the end of 2017. The Company is not aware of any major issues to date, however for strategic planning purposes it is exploring other alternatives.

### **Como Engineering**

Optimised variability testwork overseen by Como Engineers and undertaken at laboratories in Perth has been completed using the process and equipment planned for the Mount Peake Concentrator flowsheet. This testwork was successful and met the specifications for the Darwin Process Plant as requested by the Company's strategic development partner, the global engineering group SMS group.

Optimisation test work has also been successful in reducing the fines content of the concentrate by optimising the beneficiation method, which will enable a reduction in downstream material handling cost.

Como Engineers is now working on finalising the mine site beneficiation flowsheet and compiling tender documents for the Mount Peake Concentrator. Revised CAPEX and OPEX figures will also be supplied which will be incorporated into a revised financial model.

### **SMS group**

SMS group is currently finalising the full processing flowsheet for the Mount Peake Project, which includes the 100%-owned TIVAN™ process and the final option for titanium pigment production. SMS are also investigating the separation of a silica by-product, which could potentially yield an additional revenue stream for TNG.

SMS and TNG have been, and will continue, to work jointly with major European, Eastern European and Chinese pigment producers and distribution groups to finalise this important part of TNG's production.

SMS is also 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 be used to update a fully revised financial model.

### **Project Finance**

TNG has recently hosted the leading German government owned KfW IPEX-Bank GmbH, a specialist financier in export- and project financing with a dedicated track record in Export Credit Agency backed financing. The meeting was attended by the KfW IPEX-Bank mining finance team and the SMS group head of finance together with other SMS executives.

The parties plan to reconvene in Germany once the revised CAPEX, OPEX and financial model for the Mount Peake Project is available. TNG is positive about the discussions to date and remains optimistic on the outcome.

In addition, TNG has received non-binding expressions of interest for the equity component of the project funding.

The Company's Financial Advisor, Gresham Partners, is preparing a full financial model for presentation to KfW IPEX-Bank and other parties.

### **Working Capital**

The Company anticipates that it has sufficient funds to complete its pre-development work streams prior to tendering for final engineering and construction. The Company will continue to closely monitor its funding requirements and will strive to ensure that its loyal shareholder base has the opportunity to participate to the extent practicable in any future project funding transactions.

### **Commodity Pricing Development**

TNG's expected production 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 the Company's overall strategy of focusing on strategic metals. For example:

- The V<sub>2</sub>O<sub>5</sub> price is up 76% at US\$6/lb V<sub>2</sub>O<sub>5</sub> from US\$3.40/lb V<sub>2</sub>O<sub>5</sub> in June 2016;
- The TiO<sub>2</sub> price is up 20% at US\$3,000/tonne from US\$2,500/tonne in June 2016; and
- The pig iron price is up 23% at US\$380/tonne from US\$310/tonne in June 2016.

Importantly, the price increases outlined above appear to represent more of a reversion to the historical mean prices after a period of extremely low sentiment in the industry, rather than a sudden bullish sentiment.

### **Mining Lease**

Once all necessary environmental and regulatory approvals have been received and a mining agreement has been executed with the Traditional Owners of the land underlying TNG's exploration tenements, the Company will be in a position to apply to the Northern Territory Government for the grant of a Mining Lease for the Mount Peake Project.

Under Northern Territory legislation, the Traditional Owner groups are represented by Land Councils. The Mount Peake Project falls within the jurisdiction of the Central Land Council (**CLC**). TNG and its lawyers have been working with the CLC on the mining agreement for the past 12 months and on finalising the agreement for the past six months. TNG is working towards completing this process in the near future.

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