

TNG TO SELL MELVILLE ISLAND EXPLORATION LICENCE APPLICATION TO RIO TINTO EXPLORATION

Sale Agreement with Joint Venture Partner Rio Tinto Exploration Pty Limited encompasses cash payment of \$80,000 plus a 2% Net Smelter Royalty

Australian strategic metals company TNG Limited (ASX: TNG) is pleased to announce that it has reached an agreement with Rio Tinto Exploration Pty Ltd (RTX) for the sale of its 100%-owned Melville Island exploration licence application 28617 in the Northern Territory.

A farm-in agreement was signed by both parties in October 2012, allowing RTX to earn 80% equity in the project with TNG retaining 20% equity, at which point TNG would elect to either contribute, sell or convert its equity to a 2% Net Smelter Royalty (NSR).

The licence has not progressed from the application phase and therefore equity has not at this stage been earned by RTX. TNG has now agreed to sell its interest in the project to RTX for \$80,000 plus a 2% Net Smelter Royalty (NSR).

ELA 28617 covers an area of 1,387km² in the north-western part of Melville Island and is prospective for bauxite and heavy minerals.

TNG's Managing Director, Mr Paul Burton, said the Melville Island ELA was considered to be a non-core asset for the Company, with the divestment to RTX consistent with its focus on progressing the financing and development of its world-class Mount Peake vanadium-titanium-iron project.

"Over the past 12 months, we have demonstrated a clear intent to rationalise our portfolio consistent with our focus as an emerging international strategic metals producer," he said.

"A key step in this process was the successful demerger and IPO of our Northern Territory base metal exploration assets through Todd River Resources, and this transaction with RTX marks another step towards consolidating our minerals portfolio while retaining some exposure to the future development potential of this asset."

Paul E Burton
Managing Director

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

The Mount Peake Feasibility Study was completed in July 2015, demonstrating that the Mount Peake Project could generate outstanding returns and paving the way for final approvals, project financing and development to proceed. An integral part of TNG's emerging strategic metals business is its 100% ownership of the unique and patent pending TIVAN® hydrometallurgical process, which successfully extracts all three valuable metals from the Mount Peake resource.

Vanadium is a highly strategic metal which is used as an alloy in steel. It is also in strong demand for use in energy storage, with vanadium redox batteries used to store electricity generated by solar and wind power, and lithium-vanadium ion batteries used to power hybrid cars.

Forward-Looking Statements

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