



## Initial Resource estimate for Mount Peake Vanadium Project

### HIGHLIGHTS

- **An Inferred Resource of 107 Mt 0.32 % V<sub>2</sub>O<sub>5</sub>, 5.9 % TiO<sub>2</sub> at a 0.1 % V<sub>2</sub>O<sub>5</sub> cut-off.**
- **Metallurgical testwork ongoing to determine optimal process route.**

The Directors of TNG Limited (ASX:TNG) are pleased to announce an initial resource estimate for the Mount Peake Project. The estimate has been completed by Snowden Mining Industry Consultants Pty Ltd (Snowden) and is reported at a range of V<sub>2</sub>O<sub>5</sub> cut-offs in Table 1. Technical notes on the estimate are appended to this release. The resource has been reported in accordance with the 2004 JORC Code.

**Table 1: May 2009 Mt Peake Inferred Resource by V<sub>2</sub>O<sub>5</sub> cut-off grade**

V <sub>2</sub> O <sub>5</sub> cut- off	Tonnes (Mt)	Density (tm <sup>-3</sup> )	V <sub>2</sub> O <sub>5</sub> %	TiO <sub>2</sub> %	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %
0.10	107	2.88	0.32	5.9	25.2	32.9	8.0
0.20	86	2.96	0.36	6.4	26.7	31.3	7.5
0.30	63	3.10	0.40	7.1	28.3	29.8	7.1
0.40	30	3.17	0.45	8.0	29.9	28.3	6.9

The Mount Peake resource is still open along strike to the north and south and Snowden is confident that the resource will be increased as TNG undertake more drilling over the aeromagnetic anomaly which is coincident with the resource.

The recent announcement by TNG on 14th May 2009, disclosed the results of initial metallurgical testwork. The testwork demonstrated the amenability of the magnetite olivine pyroxenite which hosts the mineralisation to produce a high grade Vanadium concentrate over 1 % V<sub>2</sub>O<sub>5</sub>.

TNG's metallurgical consultants are currently undertaking additional metallurgical testwork to identify the optimal process route in which to realise the potential of the Mount Peake Project.

Once the results of the metallurgical testwork are received they will be reported and this will shape TNG's approach to the development of the Mount Peake Project. It is proposed that Snowden will then undertake a scoping study on the current resource estimate to identify strategies to explore and develop the Mount Peake Project.

Yours faithfully

**TNG LIMITED**



**Paul Burton**  
**Exploration Director**  
**May 28th 2009**

The information in this report that relates to Exploration Results is based on information compiled by Paul Burton who is a Member of The Australasian Institute of Mining and Metallurgy and a Director of TNG Limited. Paul Burton has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Paul Burton consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources is based on information compiled by Michael Andrew who is a Member of The Australasian Institute of Mining and Metallurgy and a full time employee of Snowden Mining Industry Consultants Pty Ltd. Michael Andrew has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Michael Andrew consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

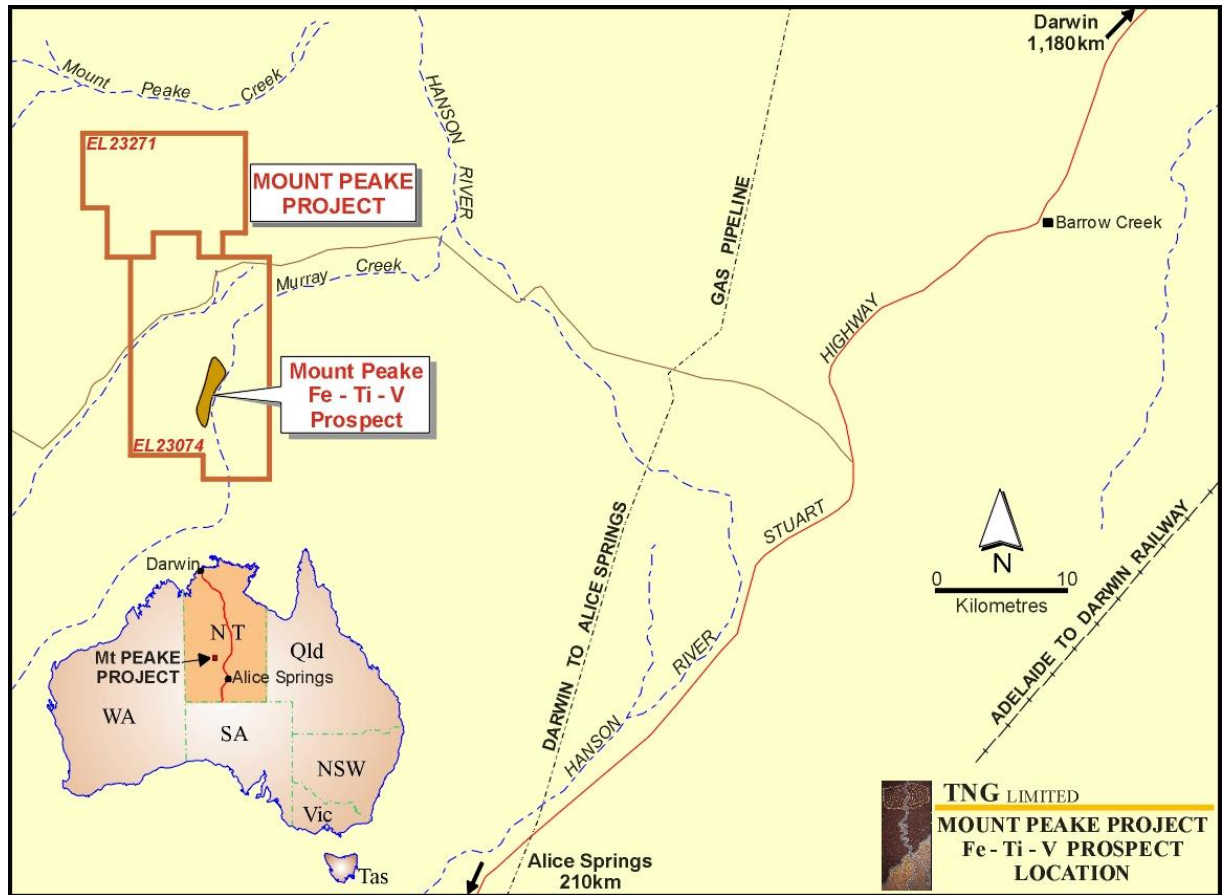
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**Figure 1: Project Location plan**

## Technical notes on the resource estimate

Snowden Mining Industry Consultants (Snowden) has completed a resource estimate for the Mt Peake project in the Northern Territory for TNG Limited (TNG). Table 1 above lists the May 2009 Mt Peake Mineral Resource at a range of  $V_2O_5$  % cut-off grades.

TNG supplied the data files used to build the resource model, which included drillhole data for six RC drillholes and one diamond drillhole, as well as topography elevation data, and an image of magnetics for the project area. The drillholes are located in a single line, trending approximately north south and spaced a minimum of 100 m apart, a maximum of 500 m apart, with an average spacing of about 180 m.

Snowden reviewed the available assay QA/QC data, which consisted of field duplicate data. Standards and blanks were not used, as the program was considered by TNG to be preliminary exploration. Snowden noted that the duplicate samples were taken after drilling by splitting the sample in the calico bag, which does not test the precision of the rig splitting technique. The results were reviewed graphically, and the majority of duplicate pairs show a good comparison of results which indicates reasonable splitting practices.

Snowden generated surfaces representing the oxidation horizons, base of transported (or top of pyroxentite), and a solid of the mineralisation based on geological logging, assays and the position of the magnetic anomaly. These wireframes were used to flag the drillholes and create a 3D block model of the project area.

The flagged drillholes were composited to 1 m intervals and summary statistics were completed on the composites. Domains were reviewed for appropriateness for estimation. The transitional domains had too few samples for estimation and were combined with the oxide domains. Trends were observed in the drillhole assay data with elevation. Correlations between elements were reviewed and strong correlations were observed in the oxide and fresh mineralised domains between all assays to be estimated.

The block model was created using a parent cell size of 80 mE by 160 mN by 10 mRL. Sub-celling was set to produce a minimum subcell size of 10 mE by 20 mN by 2 mRL. Grades for  $V_2O_5$ ,  $TiO_2$ , Fe,  $SiO_2$  and  $Al_2O_3$  were estimated into the model using inverse distance cubed, with a restricted vertical search in order to reproduce the vertical assay trends. Hard boundaries were applied to the zones in the estimate.

No density measurements have been completed on the Mt Peake drillholes. The density values applied to the block model are assumed densities, sourced from literature,  $1.86 \text{ tm}^{-3}$  and  $3.17 \text{ tm}^{-3}$  for oxidised and fresh material respectively.

Model validation was carried out by visual comparison of the drillhole grades with the block grades; by comparing the global mean input and output grades by zone; and by viewing grade trend plots by easting, northing and elevation perspectives. The three techniques showed a reasonable comparison of input sample grades with block grades, although the grade trend plots show divergences due to the low number of data and lack of data in the east west direction.

The Resource has been classified as Inferred in accordance with the criteria set out in Table 1 of the JORC Code (2004). The sample methods, assay quality and sample spacing together with confidence in the geological interpretation have been considered in application of the resource category to the block model.

Given that the drilling consists of only a single line of drillholes, for the purposes of this study Snowden considers that the majority of the Mt Peake Inferred Resource is extrapolated.