TNG LIMITED

QUARTERLY REPORT
SEPTEMBER 2009

TNG LIMITED

HIGHLIGHTS

- Metallurgical test work to optimise the extraction of Vanadium from the Mount Peake drill material is progressing positively. Assessment of the extraction of Titanium and Iron is also in progress.
- Consultants completed an initial scoping study of the Mount Peake project, concluding positive project economics.
- Additional exploration licences have been granted at Mount Peake increasing TNG's strategic land holding in this prospective area of the Arunta geological province.
- Consultants completed a review of the Sandy Creek resource.
- Drilling of the Browns MVT target was completed. Results are awaited.
- Clearance for drilling by TNG's joint venture partner Western Desert Resources has been approved for the Rover Project by Traditional Owners.
- Paul E Burton was appointed as Chief Executive Officer.

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TNG LIMITED

TNG Operations

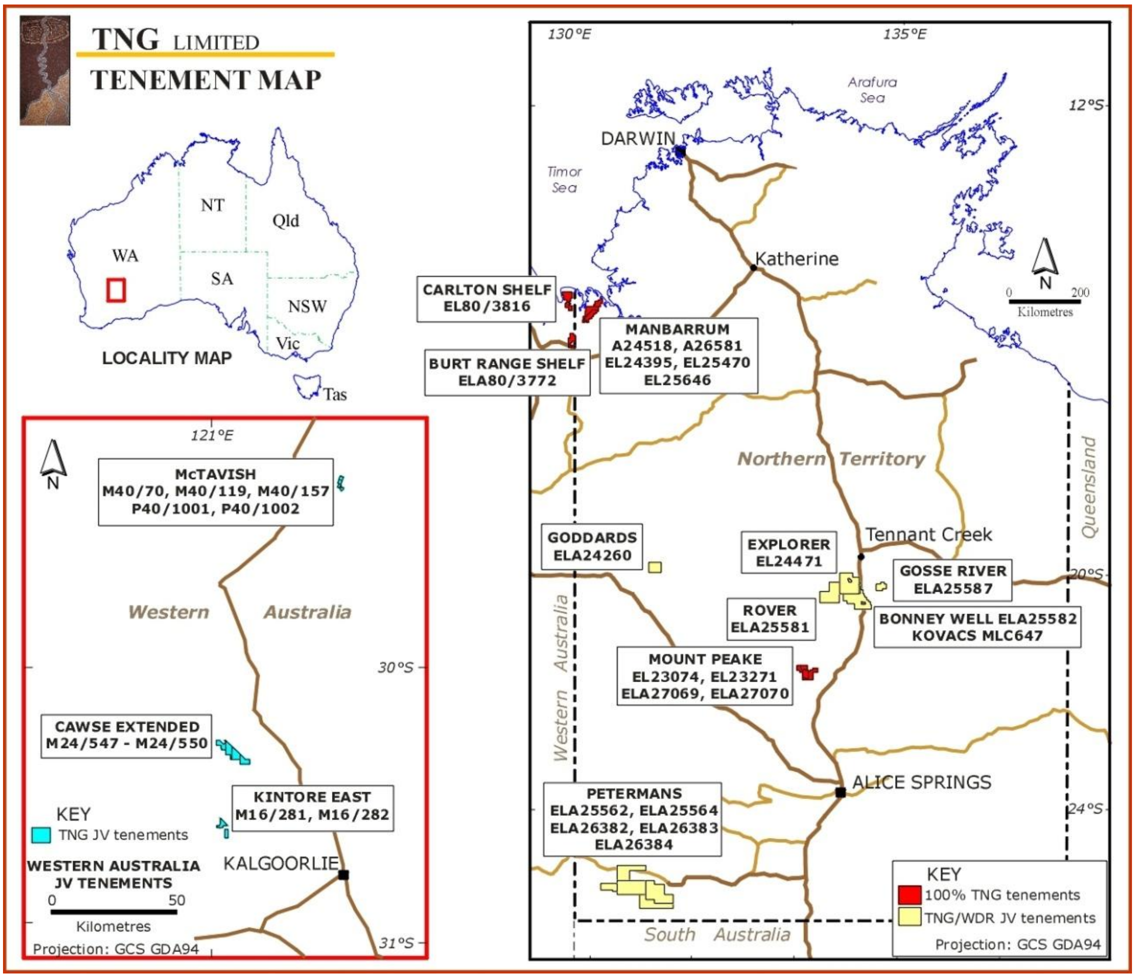

Figure 1: TNG Limited Tenement Map

SUMMARY

The Mount Peake project has continued to provide encouragement following the maiden JORC Inferred resource and positive metallurgical testwork reported last quarter. This project remained the focus of the company's exploration strategy during this quarter, with mining industry consultants Snowden completing an initial Scoping Study, and metallurgical testwork continuing under management by metallurgical consultants METS.

Diamond drilling of the Browns prospect at the company's 100% owned Manbarrum Project was also completed confirming zinc and lead mineralisation at this large exploration target. Analytical results are awaited.

Joint venture and investment discussions continued with several Chinese resource companies during the quarter. Selected Chinese groups conducted due diligence and site visits. TNG is unable to comment about the likely hood of a final binding arrangement being reached at this stage and continues to progress discussions.

PROJECTS

- **Mount Peake Project: Iron – Vanadium - Titanium, TNG 100%**

The Mount Peake project area is located on Stirling Station and covers a highly prospective, but poorly explored area of the Western Arunta geological province.

Resource:

A JORC inferred resource of 100mt @ 0.32% V_20_5, 5.95% $Ti0_2$, 25% Fe was announced last quarter. The Mount Peake resource remains open along strike to the north and south and TNG is confident that this resource will be increased as more drilling over the large aeromagnetic anomaly which is coincident with the resource is completed. The magnetic anomaly extends for some 9km and only 1.3km has been drilled to date. Further drilling is scheduled to commence in October 2009.

Metallurgical Test Work:

TNG has commissioned Mineral Engineering Technical Services Pty Ltd (“METS”) to design and manage the metallurgical testwork programme. METS has in-depth experience with Vanadium deposits, particularly with Australian projects, and are well suited to evaluate the Mount Peake mineralisation.

Results of initial metallurgical testwork demonstrated the amenability of the host rock, a magnetite olivine pyroxenite, to produce a high grade Vanadium concentrate over 1 % V_2O_5.

Further testwork aimed at optimising the grade and recovery, has successfully improved on the initial results by regrinding to 45 microns. This has also resulted in improving the grade and recovery of the Fe and $Ti0_2$ and successfully reduced the $Si0_2$ and Al_20_3 components to acceptable commercial levels.

Further testwork is underway to study the amenability of the ore to alternative salt roasting and/or leach processes to further improve the vanadium recovery. This will be reported on completion.

TNG has also commissioned METS to investigate the recovery of the Iron and Titanium as additional marketable products and results of this will be reported in due course.

Scoping Study:

Following the positive results received from the metallurgical testwork, TNG instructed Snowden Mining Industry Consultants to complete an initial Scoping Study on the Mount Peake Project.

The initial study considered the viability of an open pit mining operation study using a marginal cut-off of 0.22 % vanadium pentoxide ($V_2O_{5,}$), a conservative V_2O_5 price of US$8/lb, and processing of 5mt per year, with an estimated capital cost of between $400 – 500m.

Despite the high capital cost the results demonstrated viable project economics given the parameters and assumptions of this initial study.

Metallurgical cost and recovery estimates for the Study and the capital cost estimates were supplied by METS. This was based on the initial testwork and after finalizing the processing route the capex may be reduced.

Stirling Deeps Project: Ni, Cu, PGM - TNG 100%

TNG was awarded $75,000 in funding from the Northern Territory Government for diamond drilling at the Stirling Deeps Project (located at Mount Peake) as part of the Government's $2.4 million collaborative funding program.

The funds will be used for deep drilling to target the nickel-copper and platinum group minerals potential of the large mafic system at Mount Peake.

Petrological work on the magnetite rich gabbro that host the vanadium resource at Mount Peake has indicated that it may represent the top part of a large layered mafic system. Such geological systems can host nickel and copper sulphides together with Platinum Group Metals (PGM's) similar to the Bushveld, Munni Munni, and Stillwater intrusions. Under the award programme TNG will expend an additional $120,000 to complete the drilling programme.

The two diamond drill holes will be approximately 500 metres deep and will be targeted to provide a geological cross section and prove the existence of a large layered mafic intrusion and potential sulphide mineralisation. Drilling is scheduled to commence in October 2009.

If the layered mafic complex exists then further exploration will be undertaken to search for nickel, copper and PGM's within the system.

- **Manbarrum Project: Zinc-Lead-Silver, Iron-Ore, TNG 100%.**

Sandy Creek Deposit:

TNG has previously reported a difference between the Metallurgical testwork grades of 4% Zn and the current global resource grade of 2% Zn.

The current resource excludes some high grade reverse circulation (RC) drill holes and the higher grade "pipe" zone as diamond twin holes did not adequately reproduce the RC grades which average 4% Zn or higher.

The metallurgical testwork was completed on whole, uncut core, and it was considered a possibility that either during the drill or sampling process a loss of Zn occurred due to the nature of the mineralisation. Drill sump material was sampled from some Diamond holes and recorded values >20% Zn indicating that some Zn was being lost during the drilling process.

To assist in this unusual matter TNG engaged consultants SRK to review the complete Sandy Creek deposit drilling database to establish the following:

- The likely cause of the grade difference noted between the metallurgical results and the assay results,
- To quantify any potential loss of Zinc during drilling and sampling

A summary of SRK's conclusions are as follows:

1. All RC drill result data is robust and can be included in the resource.
2. All Diamond drill result data is potentially underreported due to evidence of loss of Zn during the drilling and subsequent sampling process. Statistically the diamond drill hole data biases low when compared to the RC data in all cases.
3. Upgrading in the RC data is not apparent.

To further test these conclusions, TNG completed 1 large diameter (PQ) diamond drill hole at Sandy Creek during the quarter.

The primary aim of this hole was to intersect previous mineralised intercepts recorded in the RC data. This was achieved and the whole core was transported to TNG's metallurgical consultants for assessment and analysis. Results are awaited.

A further decision on the resource will be made when results and recommendations from the company's independent consultants are available.

Browns Prospect

A first pass exploratory diamond drilling program was completed at Browns Prospect during the quarter. This target is one of the largest in the Manbarrum project area and is located 6km north of the Sandy Creek Deposit.

Geological logging of drill core indicates that MVT-style zinc mineralisation was intersected in all diamond drill holes however, grades were difficult to estimate. Analytical results are awaited.

The primary aim of the drilling was to test for evidence of Zn and Pb mineralisation which was successfully achieved. As the target is so extensive further drilling over the anomalous area will be required to establish the resource potential of this target.

Subject to confirmation of results from the laboratory, a reverse circulation drilling programme will be planned for the 2010 field season.

JOINT VENTURE PROJECTS

Western Desert Resources Ltd. (WDR) Joint Venture

TNG 100%, (WDR initially earning in to 51% with the ability to earn 80%)

Clearance for drilling of the main targets at Rover was obtained during the quarter from the Traditional Owners. WDR are now in preparation for drill testing the magnetic anomalies in the area for Au-Cu mineralisation. WDR's assessment of the area has concluded the following:

- 11 "Tennant Creek" style ironstone targets are defined by new detailed magnetic and gravity surveys within EL 25581.
- Targets are of similar tenor to the Tennant Creek Cu-Au mines, and Rover 1 and Rover 4 deposits.
- "Rover 1" (Westgold Resources ltd) is located 800 meters to the west of EL 25581.
- The trend of the magnetic anomalies continues from the Westgold tenement into the Rover JV tenement, EL 25581.

WDR have advised that drilling on all targets is planned to commence in October/November 2009.

McTavish Project:

TNG 30%, Barminco 70%

TNG holds an interest in other tenement groups, however, in each case, the Company does not contribute towards exploration expenditure as the projects are subject to joint venture or options for sale. These projects include McTavish project.

Kintore East Joint Venture:

TNG 23.95%, Mines and Resources Australia Ltd 76.05%

Mines Resources Australia Ltd., have advised that a compilation and review of all historical data will be completed followed by target generation and ranking prior to drilling scheduled for early 2009.

A heritage survey has been planned and will take place in the next quarter. The project area is covered by a single Native Title claim held by the Widji People.

Other Tenements and Opportunities

TNG continues to review other project opportunities.

MINING PROJECTS

Cawse Extended JV: Nickel, TNG 20%, Norilsk 80%

Norilsk Nickel Australia has advised it has placed the Cawse laterite nickel operation on indefinite care and maintenance which will delay commencement of mining operations at Cawse Extended.

CORPORATE

Davis Samuel

TNG is a party to proceedings instituted by the Commonwealth of Australia in the Supreme Court of the Australian Capital Territory.

TNG anticipates that the judge will announce his decision in 2009; however no firm timetable for the decision has been advised to date.

Cash Position

TNG currently has $3,728,526 cash on hand.

Investments

TNG holds listed shares with a current market value of $500,000.

Appointments

Paul Burton was appointed CEO on 1st September 2009.

TNG LIMITED

Paul E Burton

CHIEF EXECUTIVE OFFICER

12 October 2009

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Paul Burton, who is a Member of The Australasian Institute of Mining and Metallurgy. Paul Burton is a Director of TNG Limited. Paul Burton has sufficient experience which is 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.

TENEMENTS

TNG Tenement schedule:

Project	Tenement ID	Holder	Operator	Date Applied	Status	Area Km²
Manbarrum (NT)	EL24395	TNG100%	TNG(NT)	8/09/04	- Granted	200.0
Manbarrum (NT)	A24518	TNG100%	TNG(NT)	15/12/04	- Granted	16.8
Manbarrum (NT)	EL25470	TNG100%	TNG(NT)	13/07/06	- Granted	199.5
Manbarrum (NT)	EL25646	TNG100%	TNG(NT)	16/10/06	- Granted	122.0
Manbarrum (NT)	A26581	TNG100%	TNG(NT)	14/01/08	- Granted	12.0
Manbarrum (WA)	EL80/3772	TNG100%	TNG(NT)	16/10/06	- Granted	402.8
Manbarrum (WA)	EL80/3816	TNG100%	TNG(NT)	30/11/06	- Pending	224.0
Mount Peake (NT)	EL23074	TNG100%	Enigma	2/03/01	- Granted	169.2
Mount Peake (NT)	EL23271	TNG100%	Enigma	20/07/01	- Granted	95.9
Mount Peake (NT)	EL27069	TNG100%	Enigma	1/12/08	- Pending	245.9
Mount Peake (NT)	EL27070	TNG100%	Enigma	1/12/08	- Pending	89.5
Warramunga (NT)	EL 24471	TNG100%	WDR	23/11/04	- Granted	1354.0
Warramunga (NT)	ELA 25581	TNG100%	WDR	6/09/06	- Pending	1170.0
Warramunga (NT)	ELA 25582	TNG100%	WDR	6/09/06	Moratorium	1207.0
Warramunga (NT)	ELA 25587	TNG100%	WDR	11/09/06	- Pending	248.2
Warramunga (NT)	MLC 647	TNG100%	WDR	23/03/70	- Granted	0.1
Tanami East (NT)	ELA 24260	TNG100%	WDR	15/04/04	- Pending	462.3
Petermans (NT)	ELA 25562	TNG100%	WDR	23/08/06	- Pending	942.2
Petermans (NT)	ELA 25564	TNG100%	WDR	23/08/06	- Pending	1546.5
Petermans (NT)	ELA 26382	TNG100%	WDR	16/08/07	- Pending	406.4
Petermans (NT)	ELA 26383	TNG100%	WDR	16/08/07	- Pending	1300.0
Petermans (NT)	ELA 26384	TNG100%	WDR	16/08/07	- Pending	909.5
Cawse Ext. (WA)	M 24/547	TNG20%	Norilsk	2/02/96	- Granted	8.6
Cawse Ext. (WA)	M 24/548	TNG20%	Norilsk	2/02/96	- Granted	8.6
Cawse Ext. (WA)	M 24/549	TNG20%	Norilsk	2/02/96	- Granted	8.6
Cawse Ext. (WA)	M 24/550	TNG20%	Norilsk	2/02/96	- Granted	8.6
McTavish (WA)	M 40/119	TNG10.1%	Barminco	31/12/93	- Granted	1.5
McTavish (WA)	M 40/157	TNG10.1%	Barminco	18/01/95	- Granted	0.3
McTavish (WA)	M 40/77	TNG10.1%	Barminco	13/06/88	- Granted	1.2
McTavish (WA)	M 40/194	TNG10.1%	Barminco	14/01/94	- Pending	3.5
Kintore East JV (WA)	M16/281	TNG49%	MRA	7/03/96	- Pending	4.5
Kintore East JV (WA)	M16282	TNG49%	MRA	7/03/96	- Pending	3.2

TNG LIMITED

Directors

Paul Burton	Chief Executive Officer
John W Barr	Chairman
Neil Biddle	Non Executive Director
Eddie Fry	Non Executive Director

Company Secretaries

John W Barr

Simon Robertson

Shareholder Enquiries

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Share Registry

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Perth WA 6000

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Australian Stock Exchange Listing

Shares	TNG
German Exchanges	A0B60K

Major Shareholders – 12 October 2009

CBH Resources Limited	6.28%
RAB Special Situations (Master) Fund Ltd	4.90%
ANZ Nominees	4.04%
JW Barr	3.87%
N Biddle	2.73%
TOTAL DIRECTORS HOLDINGS	7.77%

Capital Structure – 12 October 2009

Ordinary Shares			258,055,076	
Options:	01.11.09	(unlisted)	200,000	$0.75
Options:	31.03.10	(unlisted)	14,000,000	$0.49
Options:	31.12.11	(unlisted)	1,800,000	$0.32
Options:	31.08.11	(unlisted)	500,000	$0.15