



## Independent study raises strong prospect of resource upgrade at Sandy Creek

### HIGHLIGHTS

- **A study by independent consultants concludes that previous high-grade RC drilling results from the Manbarrum zinc-lead-silver project can now be included in the resource estimate**
- **Study finds previous diamond drilling may have suffered zinc loss, possibly due to the drilling process**
- **Higher grade RC drilling results, previously considered unreliable when compared with earlier diamond drilling, are now valid**
- **Independent consultants will be commissioned to undertake a new resource estimate.**

TNG Limited (ASX:**TNG**) is pleased to advise that recent drilling results and a review by an independent consultant has found that previous higher-grade Zinc results which have been excluded from the Sandy Creek deposit resource estimate complete in 2008 can now be included.

The Sandy Creek deposit is located in the company's 100% owned **Manbarrum Zinc-Lead-Silver Project**, located in the Northern Territory (figure 1).

The finding has prompted the Company's consultants to recommend that TNG consider generating a new resource estimate including the higher-grade results. The new estimate may result in an increase in the grade and tonnage of the existing estimate for Sandy Creek of **15.9 mt @ 2.3% Zn+Pb, 5 g/t Ag as reported on insert dates**.

The independent review of the drilling data was prompted by a comparison of results received from RC and diamond drilling undertaken in 2007, and metallurgical test work results undertaken in 2008.

In 2007, the RC drilling returned grades averaging 3% Zn and the diamond drilling grades averaged 1.9% Zn.

In light of the additional credibility placed on diamond drilling results compared with RC results, a decision was taken in 2008 to exclude the higher grade RC results from the resource calculation. Some of the results not taken into account included **100m @ 5% Zn** (MRC012). This decision resulted in only the stratabound component of the geological model being included, and excluding the higher grade interpreted pipe or feeder zones.

In 2008 Metallurgical test work was completed. Diamond drill results from the test work gave a head grade of 4% Zn, throwing into question the 2007 diamond drill results.

TNG decided this year to fully investigate the disparity with independent consultants.

The consultants report has now been received and reviewed. Importantly, it has concluded that all the previous RC and DD data is robust, and shows no significant issues with repeatability of sampling or assaying. It also concludes that the RC results have consistently higher Zn, S and minor element grades compared to the DD results, which are consistently lower.

The consultants concluded that it is highly unlikely that all of the RC drill holes intersected higher grade mineralisation and all DD holes missed these.

It was further considered that random loss of mineralisation from the diamond drill samples may have occurred due to poor core recovery and loss of the fine grained white sphalerite (identified in subsequent Petrological work) during the drilling process. In addition samples of sump material collected in 2007 showed evidence of loss of Zn during the diamond drilling process, however, the amount cannot be quantified with respect to zones of mineralisation in the individual holes.

To test the theory about the loss of zinc during the diamond drilling process and examine the possible causes, a single diamond drill hole, MDD055, was completed in September. The aim was to intersect and establish the existence of significant zinc and lead zones of mineralisation recorded in the RC drilling programme conducted in 2007 (Figure 2).

TNG drilled the single diamond hole and arranged for careful sampling and assaying of the material. This large diameter (PQ) hole was angled at 60 degrees to the south (perpendicular to the direction of all other drill holes in the deposit) in order to intersect previously recorded zones of mineralisation. Whole core was wrapped in plastic to minimise any loss of material and transported to the company's independent metallurgical consultants in Perth who had been engaged to manage the preparation and analysis. All core was logged and photographed prior to preparation. A single sample preparation machine was used for all samples to avoid contamination or loss. Analytical results, including repeats and standards, were assessed and reported by the company's consultants.

A summary of significant results are shown in table 1. The best intercepts are shown below and indicate zones of Zn mineralisation between 1 and 5% Zn.

HoleID	Collar Easting (GDA94_52)	Collar Northing (GDA94_52)	Dip	Az (mag)	From (m)	To (m)	Width Metres	Zn+Pb%	Zn %	Pb %	Ag g/t	Ba %
<b>MDD055</b>	520,733	8,297,251	-60	180	<b>50</b>	<b>51</b>	<b>1</b>	<b>5.01</b>	<b>2.97</b>	<b>2.04</b>	<b>10</b>	<b>0.434</b>
					55	60	5	3.21	3.08	0.14	5.5	0.60
				<i>incl</i>	<b>56</b>	<b>58</b>	<b>2</b>	<b>5.13</b>	<b>4.89</b>	<b>0.24</b>	<b>10</b>	<b>0.30</b>
					61	64	3	2.04	1.90	0.14	5	0.11
					<b>83</b>	<b>93</b>	<b>10</b>	<b>3.52</b>	<b>2.41</b>	<b>1.10</b>	<b>4</b>	<b>0.32</b>
				<i>incl</i>	<b>92</b>	<b>94</b>	<b>2</b>	<b>7.39</b>	<b>4.56</b>	<b>2.82</b>	<b>15</b>	<b>0.07</b>
					<b>100</b>	<b>107</b>	<b>7</b>	<b>2.03</b>	<b>1.83</b>	<b>0.20</b>	<b>&lt;5</b>	<b>0.02</b>
				<i>incl</i>	<b>100</b>	<b>102</b>	<b>2</b>	<b>3.80</b>	<b>3.48</b>	<b>0.32</b>	<b>&lt;5</b>	<b>0.03</b>
					115	117	2	1.42	1.32	0.11	<5	nd
					135	137	2	1.86	1.84	0.20	<5	0.03
					<b>146</b>	<b>149</b>	<b>3</b>	<b>2.92</b>	<b>2.27</b>	<b>0.64</b>	<b>&lt;5</b>	<b>0.005</b>
					<b>154</b>	<b>158</b>	<b>4</b>	<b>2.11</b>	<b>2.07</b>	<b>0.4</b>	<b>&lt;5</b>	<b>1.20</b>
					184	185	1	0.28	0.27	0.01	<5	7.19

**Table 1: MDD055 Summary of significant analytical results.**

These results show that MDD055 has intersected zones of previously recorded mineralisation, confirming their existence and tenor. The best intercepts are shown below;

MDD055: 1m @ 2.97% Zn, 2.04% Pb, 10g/t Ag, 0.43%Ba from 50m - UPPER BRECCIA ZONE;

MDD055: 5m @ 3.08% Zn, 0.14% Pb, 5.5g/t Ag, 0.60% Ba from 55m - UPPER BRECCIA ZONE  
(incl: 2m @ 4.89% Zn, 0.24% Pb, 10g/t Ag, 0.30% Ba from 56m);

MDD055: 10m @ 2.41% Zn, 1.10% Pb, 4g/t Ag, 0.32% Ba from 83m - FRACTURE + VEINING  
(incl: 2m @ 3.48% Zn, 0.32% Pb, 0.03% Ba from 100m).

The breccia zone at the top of the sandy dolomite is characterised by variably distributed fine grained yellow sphalerite with minor amounts of medium grained galena in the breccia matrix.

The strongly fractured zone logged from 83.1-106.6m was host to the widest zone of mineralisation in MDD055. The best mineralisation in this hole was returned from within the fractured zone, above the zones of massive sulphide mineralisation (92-94m). This zone was host to several 5cm wide zones of up to 5% fine grained sphalerite and galena with associated silica-alteration, spaced at 20-30cm apart. It is suspected that this zone corresponds with the high-grade "pipe" zones intersected in neighbouring drillhole MRC012.

The basal breccia zone (146-158m) also returned values similar to those recorded in previous drill holes (1%-3.5% Zn).

As a further check, sampling to test for loss of zinc was implemented during the drilling program. The return pipe of the diamond drill allows circulating lubrication water to remove cut rock particles and chips from the tip area of the diamond bit. The mud collected was assayed to monitor any loss of grade material from the cut core.

Water-sump return samples showed loss of Zn up to 0.9% Zn and 5% S, table 2, indicating that the drill process was causing some loss of the fine powdered zinc sulphide, sphalerite.

Sample ID	Wt, Kg	% Zn	% Pb	ppm Ag	ppm Ba	%S
MR10001B	4.18	0.04	0.002	10	780	1.79
MR10002B	4.16	0.05	0.001	15	1540	1.52
MR10003B	0.26	0.025	0.004	10	2820	2.61
MR10004B	1.36	0.865	0.023	30	1580	4.67
MR10005B	2.36	0.810	0.035	50	1340	3.59

**Table 2: MDD055 Significant sample return results.**

In addition one sample, B10569, comprising unconsolidated mineralised sand, was captured in the drilling tube. Approximately 1.25m of coarse-grained grey sand was collected however, due to its nature it was difficult to establish where this material had originated. Analysis of this sample returned values of **11.6% Zn, 2.67% Pb, 30g/t Ag, and 0.41% Ba**. The existence of powdered and unconsolidated material can be a feature of this type of mineralisation. It is considered that this provides further evidence that where present sampling of this material by diamond drilling is problematic.

Based on these results, TNG's consultants indicate that the previous RC analytical results should be included in any future resource calculations.

The evidence also suggests that diamond drilling is not the preferred method for the Sandy Creek deposit as the drilling process causes loss of fine grained zinc (sphalerite) into drill water return.

TNG is now taking further advice from independent consultants on the timing of a new resource estimate.

Yours faithfully  
**TNG LIMITED**



**Paul Burton**  
**Director & CEO**  
**18th November 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 and a Director and full time employee 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.

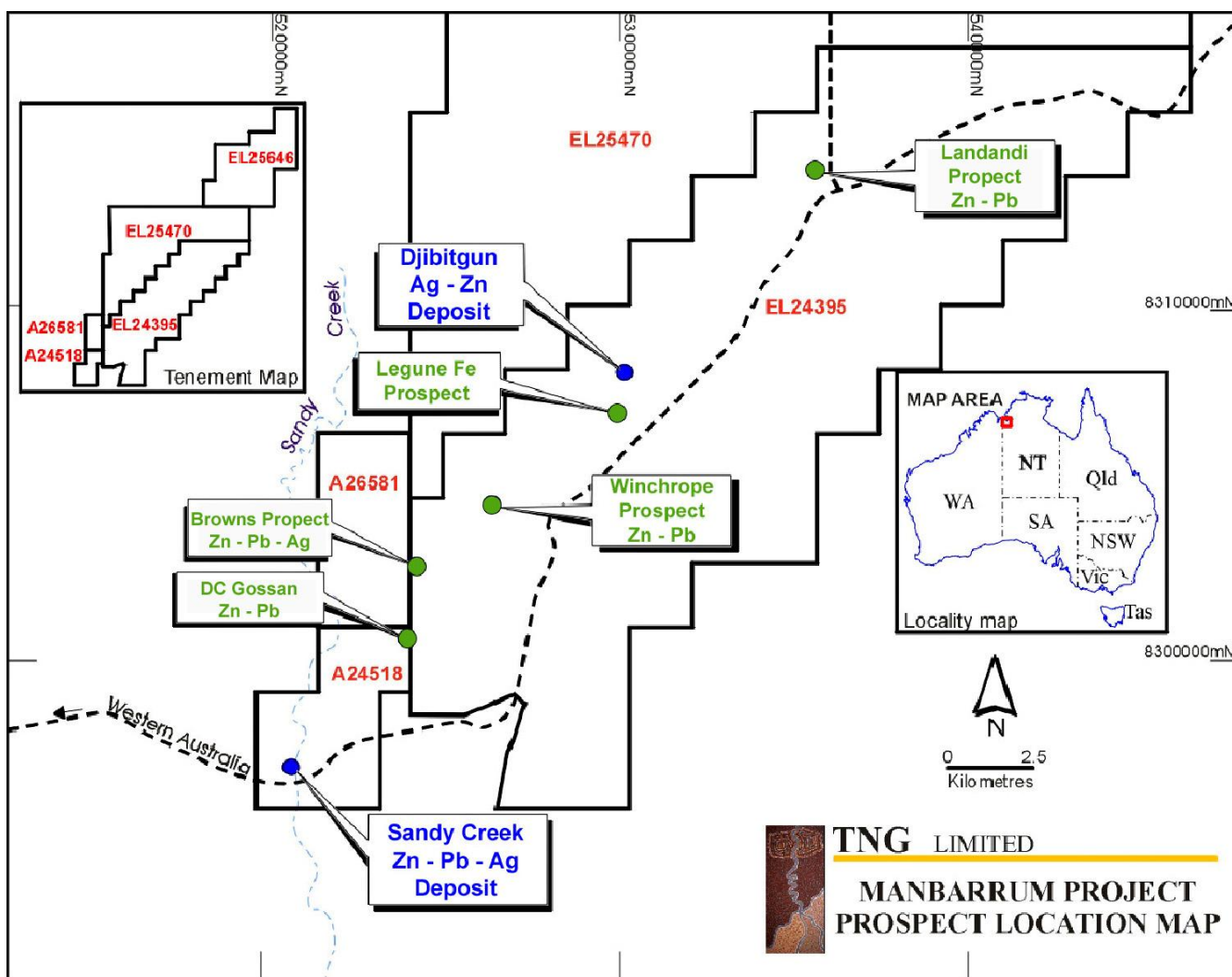
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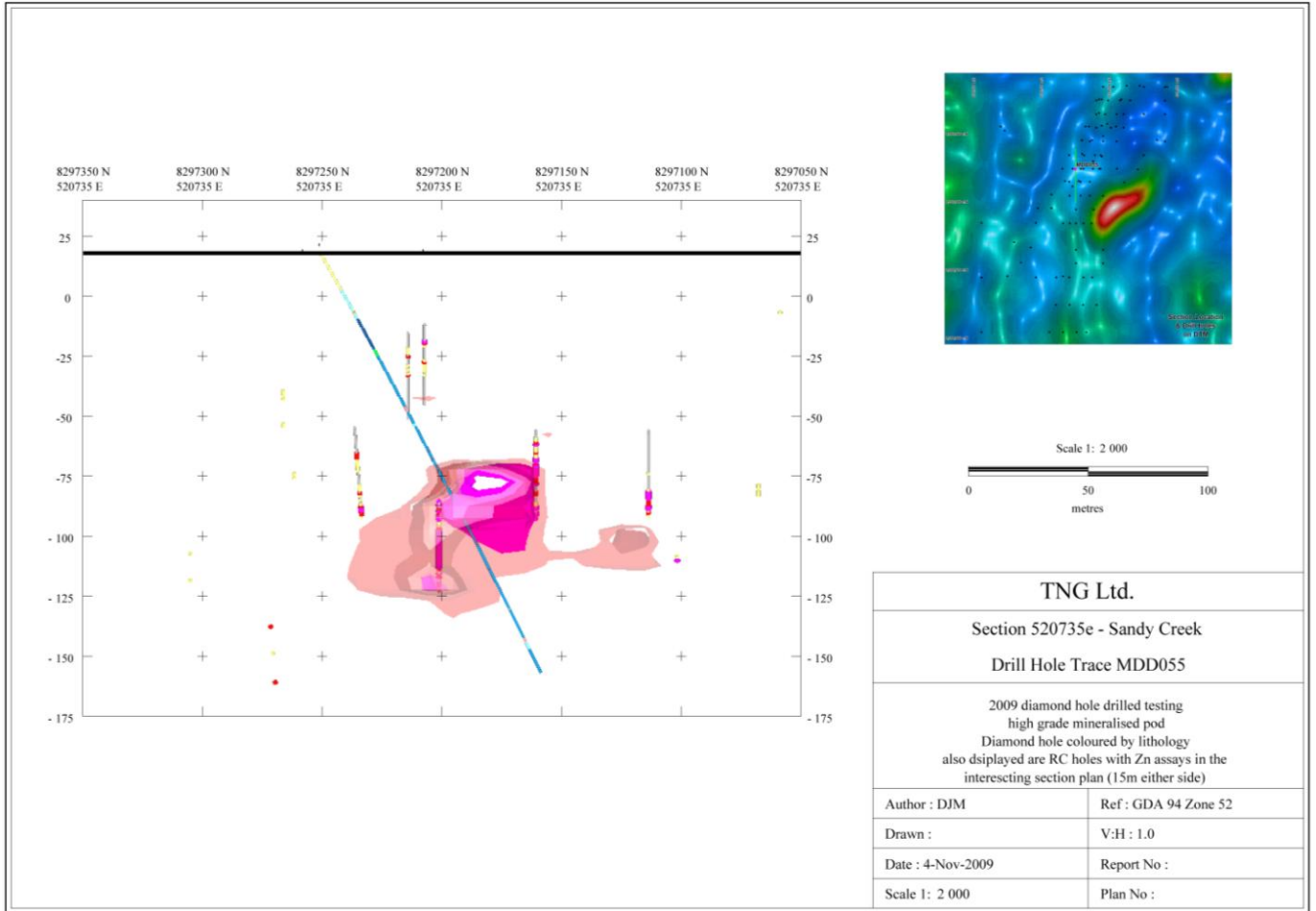
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**Figure 1: Location of prospects, Manbarrum Project.**



**Figure 2: Location of diamond drill hole MD055 Sandy Creek deposit.**

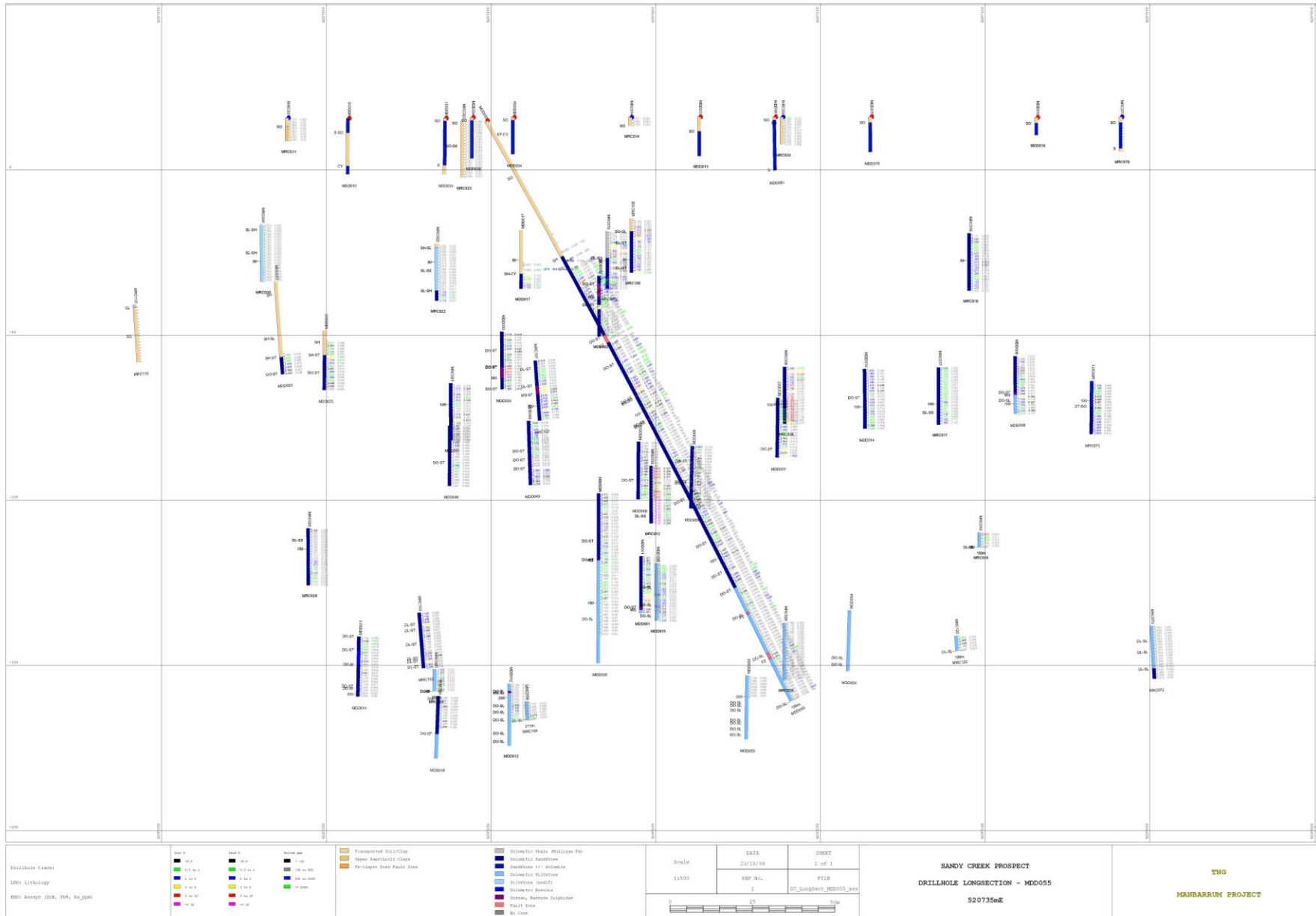


Figure 3: Azimuth and location of diamond drill hole MD055 Sandy Creek deposit.