

ASX ANNOUNCEMENT

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ASX CODE : TNG

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PROJECTS

Mount Peake: Fe-V-Ti

Manbarrum: Zn-Pb-Ag

East Rover: Cu-Au

McArthur: Cu

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TNG commissions evaluation of additional value at Mount Peake Vanadium Project with new study on Ferro-Vanadium production

Australian resources company TNG Limited (ASX: **TNG**) is pleased to report that in light of the outstanding results of the recent scoping study on its Mount Peake Iron-Vanadium Project in the Northern Territory, it has decided to evaluate the potential for further processing its vanadium pentoxide product into highly valuable ferro-vanadium.

This second scoping study, which will be conducted by Snowden Mining Industry Consultants will provide indications of the potential to add further significant value to the Mount Peake Project by undertaking this additional processing.

Ferro-vanadium sells for approximately double the price of vanadium pentoxide, one of the products included in the recently completed scoping study (see ASX announcement dated February 7, 2011), which concluded that the Mount Peake Project would generate strong financial returns, with average annual net cashflow¹ after capital expenditure exceeding \$148 million over a 24-year mine life.

Ferro-vanadium, which is produced in an electric-arc furnace, is an alloy of iron and vanadium. It is used to help make specialist steel, particularly for high-speed tools which require hardness and strength.

Demand for vanadium products has risen sharply on the back of high-technology applications in the medical, electronics and aerospace industries.

Independent metal experts Roskill noted recently that the longer-term price for ferro-vanadium is forecast to rise from the US\$35/kg currently to US\$75/kg by 2015.

In the past decade, China has become both the main producer and main consumer of vanadium. Over the next decade, demand for vanadium will be driven by emerging economies as they grow steel output and increase production of high-strength low alloy steels which have a higher vanadium content.

The production of ferro-vanadium means Mount Peake could potentially have four end products: vanadium pentoxide (V₂O₅), ferro-vanadium (FeV), iron ore (Fe₂O₃), and titanium dioxide (TiO₂).

TNG Chief Executive Paul Burton said the excellent results from the initial Mount Peake scoping study had prompted the Company to investigate the potential to extend the downstream processing to capitalise on the significantly higher prices on offer.

"The potential to further process TNG's product into ferro-vanadium represents a superb opportunity to increase the returns and total value of the Mount Peake project," Mr Burton said.

The results of the additional scoping study will be reported to the market when they are available.

TNG LIMITED

Paul E Burton

Director & CEO

15th February 2011

COMPETENT PERSON STATEMENT

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 , an employee and 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.

Mr Damian Connelly, MAAusIMM, Chartered Processional (MET), MMICA, MSME, MSAIMM was responsible for the preparation of the metallurgical test work results reported herein. Mr Connelly has sufficient experience 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 the Exploration Results, Mineral Resources and Ore Reserves. Mr Connelly 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.

The information in this report that relates to Financial and Mining analysis is based on information compiled by Jeremy Peters who is a Member of The Australasian Institute of Mining and Metallurgy and a full time employee of Snowden Mining Industry Consultants Pty Ltd. Jeremy Peters 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'. Jeremy Peters consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

DISCLAIMER

The scoping study has been prepared based on the Company's presently delineated inferred mineral resource estimate and any investment decision should be considered based on this information.

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2011 SCOPING STUDY RESULTS:

The key findings of the Scoping Study are as follows:

- Mine Life: 23.63 years
- Ore processing rate (life-of-mine): 5 Mt /annum
- Life-of-mine ore production: 107.1 million tonnes
- Process head grade: 0.33% V₂O₅, 25.39% Fe, 6.04% TiO₂
- Total metal production: 349kt V₂O₅, 27,182kt Fe, 6,463kt TiO₂
- Total operating costs (excluding royalties): \$46.6/tonne
- Preliminary capital estimate: \$370.3M (for Stage 1 – 2Mtpa)
\$307.6M (for Stage 2 – 5Mtpa)
- Nett Cash Flow¹ \$148.37M / annum

Key assumptions of the Scoping Study included:

- Operating costs and pit slope angles related to mining estimated to a Scoping Study level (±50%)
- Commodity pricing based on a previous 4 year average
- V₂O₅ price of US\$8.00/lb
- TiO₂ price of US\$155.60/tonne
- Fe₂O₃ price of US\$200/tonne
- Royalty rate of 2.5% per tonne of plant feed
- A\$/US\$ exchange rate of 0.85 US\$ = 1A\$

¹Nett Cash Flow

Nett Cash Flow is defined as the average undiscounted cash flow per annum after all CAPEX (pre-strip CAPEX, initial CAPEX, and expansion CAPEX) has been deducted, but ignores cost or source of capital, hedging, tax, depreciation, rehabilitation and salvage.