

ASX ANNOUNCEMENT

ASX CODE: TNG

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PROJECTS

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Manbarrum: Zn-Pb-Ag
East Rover: Cu-Au
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TNG SIGNS LANDMARK \$13.4M AGREEMENT WITH CHINA'S ECE FOR MOUNT PEAKE IRON-VANADIUM PROJECT

Deal to contribute towards pilot plant test work program

Key Points:

- **Subscription Agreement signed in Tianjin, China with Ao-Zhong International Mineral Resources Pty Ltd and Aosu Investment and Development Co. Pty Ltd formalising a \$13.4M investment @ 11cps for a 30% stake in TNG**
 - *Subscription Agreement part of previously announced Strategic Partnership with ECE including co-operation in the development of Mount Peake and other NT projects through ECE's Darwin office*
- **Application for FIRB approval for the transaction submitted**
- **TNG shareholder meeting to be convened for mid-December to approve the transaction**
- **Interim results from ongoing Pre-Feasibility work on the Mount Peake Project due to be reported shortly**
- **Funds raised will underpin key pilot plant test work program to commercialise TIVAN™ hydrometallurgical process**
- **ECE to be offered two non-executive Board positions**

Australian resources company TNG Limited (ASX: TNG) is pleased to advise that it has signed a landmark subscription agreement with the East China Mineral Exploration & Development Bureau ("ECE"), formalising a **\$13.4 million investment** in TNG as part of a broader strategic partnership.

The funding injection will underpin a key pilot plant test work program for TNG's TIVAN™ hydrometallurgical process for the Company's flagship **Mount Peake Iron-Vanadium Project** in the Northern Territory.

The subscription agreement – between TNG and ECE subsidiary Ao-Zhong International Mineral Resources Pty Ltd ("Ao-Zhong") and a private investor introduced by ECE, Aosu Investment and Development Co Pty ("Aosu") – was signed in Tianjin, China last night as part of the 2011 China Mining Conference.

The signing ceremony was attended by the Northern Territory Minister of Resources, the Hon. Kon Vatskalis MLA, the CEO of the Northern Territory Department of Resources (DoR), Mr Richard Galton, the Deputy Director-General of ECE, Mr XU Jianrong, as well as the TNG Board and representatives of the media.

The agreement encompasses a **\$13.4 million funding injection** to underpin the ongoing Pre-Feasibility Study (PFS) and upcoming pilot plant metallurgical test work program for TNG's flagship Mount Peake Iron-Vanadium Project in the Northern Territory, and forms part of the broader Strategic Alliance to underpin the development of a long-term strategic metals business in the State and jointly pursue other opportunities in the resource sector.

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Under the terms of the Subscription Agreement signed last night:

- ECE subsidiary Ao-Zhong will subscribe for 62,249,812 TNG shares and Aosu (a subsidiary of private investor Suzhou Wanlong Electric Group Co., Ltd) will subscribe for 59,808,643 shares, to be issued at a price of 11 cents per share, giving the entities a combined 30 per cent stake in the Company following completion of the transaction and resulting in a \$13.4 million cash injection to TNG (\$2 million of which will be used to repay the \$2 million loaned by Aosu as referred to below);
- ECE will be offered two non-executive board positions, including non-executive chairperson of TNG, to be appointed at a board meeting following completion of the transaction; and
- Warranties have been provided by TNG on aspects of projects, tenure and litigation, and a warranty and liquidated damages clause has been included in relation to the Davis Samuel claim referred to in TNG's 2011 Annual Report (more details regarding this will be provided in the Notice of Meeting – see below).

Ao-Zhong has lodged an application with Australia's Foreign Investment Review Board (FIRB) to approve the transaction, and TNG is preparing a Notice of Meeting to convene a shareholder meeting for mid-December to seek shareholder approval for the transaction. Further details on the Subscription Agreement and further information about Ao-Zhong and Aosu will be set out in the Notice of Meeting, which will also include an independent expert's report in relation to the Subscription Agreement.

The Jiangsu Provincial branch of the National Development and Reform Commission has already provided its approval regarding the proposed transaction with ECE under the terms of the original binding Letter of Intent (LOI) entered into by the two groups on 3 August 2011. The transaction remains conditional on approvals from the Commerce Department of Peoples Republic of China and the State Administration of Foreign Exchange Jiangsu Branch.

TNG reported on 7 September that it had received an initial \$2 million in funding under the terms of the letter of intent with ECE. Those funds, provided under a loan facility by Aosu, the private company introduced by ECE, will be repaid out of the \$13.4 million received under the Subscription Agreement.

TNG's Managing Director, Mr Paul Burton, said the signing of the Subscription Agreement marked a significant milestone for the Company.

"Once completed, this transaction will provide significant funding for the Company in a very uncertain economic environment – putting TNG in a strong position for growth, creating the foundations to develop our world-scale vanadium project at Mount Peake and enabling us to complete the commercialisation of TNG's proprietary TIVAN™ hydrometallurgical process.

"I would like to thank ECE for the extremely positive and professional way in which they have conducted the negotiations leading to the formation of this very significant Strategic Alliance and partnership, which we expect will continue to develop as TNG works towards the development of a world-class strategic metals business in the Northern Territory," Mr Burton said.

"I would also like to acknowledge Northern Territory Government, represented at last night's signing ceremony by the Resources Minister and the head of the Department of Resources, for the key role they played in facilitating our introduction to ECE as part of the Northern Territory Investment Strategy.

"The work that the Department does in promoting Australian resource companies operating in the Northern Territory in China and facilitating opportunities such as our strategic alliance is absolutely invaluable," Mr Burton added.

"The strong and very close relationship we have forged with ECE will allow close cooperation between the parties through Ao-Zhong's Darwin office and create opportunities for strategic cooperation for the future development of both organisations."

TNG is currently conducting a Pre-Feasibility Study (PFS) on the Mount Peake Project, based on its recently updated JORC Indicated and Inferred Resource of 160Mt grading 0.3% V₂O₅, 5.0% TiO₂ and 23.0% Fe, making it

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one of Australia's largest undeveloped vanadium projects. Comprehensive interim results from this PFS are due to be released to the market later this month.

A final PFS will be delivered early next year incorporating the results of the upcoming pilot plant testwork program designed to underpin the commercialization of TNG's patented TIVAN™ hydrometallurgical process. This process is able to recover all three valuable metals from the ore, offering much lower capital and operating costs than conventional pyrometallurgical processing routes.

The TIVAN™ process uses a combination of acid leaching, solvent extraction and chemical stripping to selectively recover the valuable metals – rather than the alternative of energy-intensive roasting.

TNG's interest in the Mount Peake resource was sparked not just by the large scale of the deposit, but also its proximity to key power and transport infrastructure (rail, road and gas pipeline), the breakthrough development of the TIVAN™ process and the scoping study results released earlier this year.

About ECE

ECE is a major Chinese mineral exploration, development and mining group, based in Nanjing, which has been set up since 1955. It has over 5,000 employees and is one of the few organisations authorised by the Chinese Government to carry out geological exploration and scientific research in major State classified projects.

ECE has discovered more than 160 ore deposits in China with a potential value of in excess of \$10 billion.

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