TNG LIMITED

ASX ANNOUNCEMENT

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 COMPLETES FIRST STAGE OF $13.4M CAPITAL RAISING TRANSACTION

BALANCE OF INVESTMENT PENDING RECEIPT OF AUSTRALIAN FOREIGN INVESTMENT APPROVAL

Key Points:

- **Variation of Subscription Agreement completed with Ao-Zhong International Mineral Resources Pty Ltd, a subsidiary of China's ECE, and Aosu Investment and Development Pty Ltd.**

- **The variation allowed Aosu to complete its $6.6M investment in TNG. $2 million of these funds were used to repay the loan amount owing to Aosu.**

- **Australian foreign investment approval pending for Ao-Zhong's additional investment of $6.8M.**

- **Overall $13.4M transaction still on track for completion in Q1 2012 if foreign investment approval is received, with activities already underway with ECE as part of broader strategic cooperation for future development.**

- **Funding will underpin key upcoming pilot plant testwork program to commercialise the TIVAN™ hydrometallurgical process.**

- **Mr Wang, Chairman of Aosu, appointed as non-executive Director.**

Australian resources company TNG Limited (ASX: TNG) is pleased to advise that it has completed the first stage of its previously announced **$13.4 million** transaction with the East China Mineral Exploration & Development Bureau ("ECE"), with a subsidiary of a privately owned Chinese company injecting **$6.6 million** as part of the capital raising.

TNG signed a Variation Deed on 18th January 2012 in relation to the subscription agreement announced on 8th November 2011, with Ao-Zhong International Mineral Resources Pty Ltd ("Ao-Zhong"), a subsidiary of ECE, and Aosu Investment and Development Co Pty ("Aosu").

The Variation Deed allows Aosu, which is an Australian subsidiary of a private Chinese investment group introduced by ECE, to complete its part of the transaction immediately (**$6,578,950** (before costs)) while Australian foreign investment approval is awaited for Ao-Zhong's investment.

The $13.4 million transaction with Ao-Zhong and Aosu was approved by shareholders at the EGM on 21st December 2011 and all other approvals have been received. Ao-Zhong submitted its application for foreign investment approval prior to Christmas, with the approval process expected to proceed during the early part of the year.

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Aosu has subscribed for and has been issued 59,808,643 shares, issued at a price of 11 cents per share, providing an immediate cash injection to TNG of **$6,578,950** (before costs). TNG has used some of these funds to immediately repay the loan of $2 million (plus interest) owing to Aosu. This loan was provided last year to supply interim working capital pending completion of the overall $13.4 million transaction.

Completion of Aosu's subscription provides significant funding to enable the key metallurgical work program for TNG's flagship Mount Peake Iron-Vanadium Project and TIVAN process to continue; the funds will also underpin continued activity at the Company's other projects.

Once foreign investment approval is received, Ao-Zhong will complete an additional investment of **$6,847,479** at 11 cents per share.

Under the Variation Deed, the date for satisfaction of the foreign investment approval condition in the subscription agreement with Ao-Zhong has been extended from 31 December 2011 to 31 March 2012.

When this part of the transaction is completed, Ao-Zhong will have the ability to nominate a further non-executive director who will also become Chairperson of TNG. Details of Aosu's and Ao-Zhong's nominees to the TNG Board were set out in the Notice of Meeting released to ASX on 21 November 2011.

TNG's Managing Director, Mr Paul Burton, said the companies had worked well together in this process, giving the Company certainty and clarity about its 2012 development plans.

"I would like to thank ECE and Aosu for the extremely positive and professional way in which they have conducted their assessment, decision and completion on this matter," Mr Burton said.

Director Appointment

TNG is pleased to announce the appointment of Mr Zhigang WANG, as a non-executive Director, effective from completion of the investment by Aosu.

Mr. Wang is Chairman of Aosu which is part of the Wanlong Group of companies (Wanlong Group) comprising Suzhou Wanlong Electric Group Co. Ltd (Wanlong) and Suzhou Beijia Investment Co Ltd. (Beijia). Wanlong holds 51% of the issued capital of Aosu and Beijia holds the remaining 49%.

Mr Wang also holds appointments as Director of Technology Management Department of Wanlong, and is a Director of Beijia.

Mr. Wang completed his Bachelor degree in Electrical engineering and automation from Shanghai Electric Power University in 2007, and has gained significant professional experience with major industrial groups in China prior to joining Wanlong and Beijjia.

Further information about Mr Wang and the Wanlong Group were set out in the Notice of Meeting released to ASX on 21 November 2011.

The Directors of TNG welcome the appointment of Mr Wang to the Board, which supports the Company's future development and strategic plans.

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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Paul E Burton
Managing Director
18 January 2012

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