

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
Mount Hardy Cu-Au
Sandover Cu-Au

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MOUNT PEAKE PROJECT – DEVELOPMENT UPDATE

- **Major drilling programs completed for Mount Peake resource upgrade and metallurgical testwork program — assays awaited.**
- **Initial analysis suggests potential for major increase in overall resource size, and upgrade of significant portion to Measured category.**
- **Updated JORC resource expected in Q1, 2013.**
- **Final test-work program for TIVAN™ hydro-metallurgical process to commence in Q1, 2013.**
- **Pilot Plant development and design progressed with METS and SMS Siemag.**
- **MoU signed with rail operator, Genesee & Wyoming, and HoA under negotiation with Darwin Port Authority for transport logistics.**
- **Mining Agreement progressing with Traditional Owners.**
- **Discussions with potential Feasibility Study contractors and funding providers progressing well.**

Australian resources company TNG Limited (ASX: TNG) is pleased to provide an update on its flagship **Mount Peake Vanadium-Titanium-Iron Project** in the Northern Territory, as it progresses towards feasibility and a development pathway for this major project.

Drilling

The major drilling programme previously announced on 5 November 2012 was completed yesterday, having achieved **1,738m** of PQ size diamond drill core for metallurgical testwork and **6,800m** Reverse Circulation (RC) drilling for resource upgrade and extension work.

It is anticipated a new JORC resource estimate will be available in Q1, 2013 where it is expected that a significant portion of the resource will be upgraded into the JORC Measured category.

Visual indications from logging and magnetic susceptibility readings indicate a potential significant increase to the overall resource may also be achieved.

All diamond drill core will be transported to CSIRO in Perth for the metallurgical testwork and all RC samples will be despatched to ALS Laboratory Group, Perth for assay.

Pilot Plant Testwork

The Company is also pleased to advise a further testwork programme for the TIVAN™ hydrometallurgical process is planned to commence in Q1, 2013. This programme is designed to provide final parameters for upscale design for a full commercial-sized operating plant.

Plant Development & Design

Prior to commencing the hydrometallurgical pilot plant trial in June 2013 at CSIRO, bench top testing will be undertaken to optimise key process parameters in each of the unit processes including grinding, magnetic separation, leaching, solvent extraction and the acid regeneration technology supplied by SMS Siemag. The pilot demonstration is planned to run continuously for 15 days and will provide critical information to allow the accurate scale up of the industrial plant.

Patent

The TIVAN™ patent has now been registered in the following countries:

Registered Patents	
Country	Registered No
Australia	208737
Canada	208738
China	208739
Europe	208740
Russia	208741
USA	208742
Malaysia	208902
Singapore	208903
Vietnam	208904

Logistics

TNG has signed a Memorandum of Understanding (MoU) with Genesee & Wyoming Australia Pty Ltd ("G&W"), the rail operator and rolling stock provider for the Northern Territory railway. The agreement is designed to allow G&W to progress a full study on the logistics required to transport TNG's products to the Darwin Port. This study will form part of the overall Feasibility Study for the Mount Peake project.

In addition a Heads of Agreement (HoA) is currently being negotiated with the Darwin Port Authority to enable container storage space and shipping facilities to be engaged. This will also form part of the Feasibility Study.

Feasibility Contractors

TNG has been assessing proposals from a variety of major development and engineering companies in Asia and Europe to complete the Bankable Feasibility Study for the Mount Peake Project development. The Company is particularly seeking firms with Chinese connections for future Engineering, Procurement, and Construction Management (EPCM) and potential funding options.

Funding

The Company is pleased to advise there has been significant interest in funding the Mount Peake Project development, and discussions on a range of funding opportunities for the Project are currently being assessed.

Mining Agreement

As part of the Company's negotiations for a Mining Licence, discussions with the Central Land Council have progressed and an agreement is anticipated in 2013.

Project Director

As announced on the 1st November 2012, development of the Mount Peake Project will be driven by experienced metallurgist and Project Manager, Mr Tony Hadley. Since Mr Hadley's appointment, key meetings have taken place with government stakeholders and key metallurgical companies involved with the development of the TIVANTM hydrometallurgical process.

Commodity Outlook

The outlook for high-grade vanadium pentoxide and titanium dioxide remains strong, with both commodities forecast to increase in price in 2013.

The Company will appoint a specialist Commodities Advisor in 2013 as part of the Mount Peake Feasibility Study.

Comment

Managing Director, Paul Burton, said that TNG's aim is to establish a clear development pathway for the Mount Peake Project.

"The strong progress we have made since the delivery of the Pre-Feasibility Study in July has continued to de-risk the Mount Peake Project development, with the Company positively engaging with all stakeholders to develop a clear and well-defined development plan," he said.

"With the foundations now in place, we expect to be in a position to deliver a number of major milestones over 2013, starting with a resource upgrade early in the New Year."

Paul E Burton Managing Director

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COMPETENT PERSON STATEMENT

The information in this report that relates to Exploration Results and Exploration Targets is based on information compiled by Mr Paul Burton (B.Sc, M.Sc) who is a Member of The Australasian Institute of Mining and Metallurgy and a Director of TNG Limited. Mr 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'. Mr Burton consents to the inclusion in the report of the matters based on his information in the form and context in which it appears