

TNG LIMITED

TNG CAPS BUSY DECEMBER QUARTER WITH PIVOTAL NEW STRATEGIC PARTNER AGREEMENTS FOR MOUNT PEAKE AND A FULLY SUBSCRIBED CAPITAL RAISING



New agreements secured with Sinometal and Gunvor Group for Mount Peake off-take and financing; contracts awarded for geotechnical work and mining financial analysis; positive results from metallurgical test-work on graphite mineralisation; cash reserves of \$7.198 million at Quarter-end following strong response to share placement.

MOUNT PEAKE VANADIUM-TITANIUM-IRON PROJECT (NT)

- Mount Peake Feasibility Study progressing and development pathway on track with key agreements secured during the Quarter, including:
 - ~ Binding Heads of Agreement with one of China's leading suppliers of steel-related raw materials, Sinometal, encompassing off-take, financing and strategic assistance for magnetite production from Mount Peake;
 - ~ A Letter of Intent (LOI) with commodity giant, Gunvor Group, encompassing off-take, marketing, distribution and financing for the high-purity iron products from Mount Peake. The LOI crystallises the MOU with Gunvor signed in June 2014.
- Key Feasibility Study contracts awarded to Snowden Mining Industry Consultants for geotechnical work and mining financial analysis.
- Graphite concentrate grades of +90% returned from metallurgical testwork on core from the BGC1 target at Mount Peake, where recent drilling intersected significant widths of +40 metres of graphite mineralisation.



TIVAN® HYDROMETALLURGICAL PROCESS

- Improvements to the front-end design of the TIVAN® process, utilising conventional equipment widely used in the resource industry, has been proven to provide higher magnetic concentrate feed grades with consequently lower gangue grades. Key outcomes include:
 - ~ Enhanced vanadium recoveries at the leach stage of up to 96%, iron recoveries of >85%, and a higher TiO_2 leach residue grade of up to 70% TiO_2 ; and
 - ~ A reduction to the TIVAN refinery CAPEX for Mount Peake of up to \$100M.
- CSIRO pilot plant results expected in the March Quarter of 2015, paving the way for completion of the Mount Peake Feasibility Study.
- Provisional site locations for the TIVAN® refinery in Malaysia have been received and are under review.

OTHER PROJECTS

- Results from reconnaissance drilling at McArthur River Zinc Project in the NT confirms the potential for the area to host McArthur River-style zinc mineralisation:
 - ~ Highly anomalous geochemistry identified over a 9km continuous zone supports the genetic model developed for the area; and
 - ~ Zinc results up to 0.2% and copper results up to 0.2% returned within broad sulphide intersections over 20m, confirming a metal-enriched system within prospective lithologies.
- High-grade iron ore of up to 64.0% Fe intersected in two holes drilled at the Legune Iron Prospect at the Manbarrum Project, with mineralisation remaining open down-dip to the west and north.

CORPORATE

- Completion of a fully subscribed \$5.5 million share placement, following a strong response from investors.
- Research & Development refund amounting to \$1.2 million (before costs) received under the Federal Government's R&D tax incentive scheme.
- Final judgement orders received for the Davis Samuel matter, with minimal financial impact to TNG.
- Corporate presentations delivered by TNG's Managing Director, Paul Burton, at conferences including 121 Mining Investment Conference, Hong Kong, and Northern Territory Major Projects Conference.
- Cash reserves of \$7.198M at Quarter-end.





SUMMARY

Following further strong progress over the December 2014 Quarter, TNG is set for a watershed year in 2015 as it completes the Feasibility Study for the Company's flagship Mount Peake Vanadium-Titanium-Iron Project in the Northern Territory, and unlocks significant value for shareholders through a planned spin-off of non-core assets into a new Initial Public Offering.

During the Quarter, the Company further expanded its already impressive portfolio of off-take and development agreements with two new deals: a binding agreement with one of China's leading suppliers of steel-related raw materials, Sinometal, encompassing off-take, financing and strategic assistance for the development of magnetite production under a proposed 'Stage 1' mining operation at Mount Peake; and a Letter of Intent with commodity giant, Gunvor Group, encompassing off-take, marketing, distribution and financing for the high-purity iron products from Mount Peake.

As part of the ongoing Mount Peake Feasibility Study, TNG is considering a two-stage development approach where magnetite concentrate is produced and sold prior to refining to produce early cash flow for the Company.

Sinometal is a major supplier of magnetite concentrate into China to customers including Chengde Iron & Steel, one of the country's largest steel producers, and also other Asian markets including to Korea's POSCO and Hyundai Steel.

The significant advantage of the alliance with Sinometal is that it provides flexibility for TNG's magnetite product to be sold to a variety of markets and producers, while also securing a strong strategic foothold in China, the world's largest and fastest growing market for steel and steel-related products.

The proceeds of early magnetite concentrate sales have the potential to deliver early cash flow to TNG which will assist at a critical stage of the Mount Peake Project development.

Meanwhile, the LOI with Gunvor sees TNG significantly expand its relationship with the leasing commodity trading company, crystallising the Memorandum of Understanding (MOU) between the companies announced in June. The LOI encompasses off-take, marketing, distribution and financing for the high-purity iron product from Mount Peake.

TNG is continuing to work towards securing binding agreements with each of the partners within its global network, with the aim of covering all aspects of the off-take, financing, development and operations of Mount Peake.

Subsequent to the end of the Quarter, TNG awarded two key Feasibility Study contracts for geotechnical work and mining financial analysis to Snowden Mining Industry Consultants. The contracts, encompassing a key geotechnical study to assist with final mine design and a detailed mining study and financial analysis, will enable TNG to finalise the Mount Peake Feasibility Study by mid-2015.

The graphite potential of the Mount Peake Project is also continuing to emerge, with metallurgical results received during the Quarter confirming the potential of the mineralisation to generate a saleable concentrate, returning final concentrate grades in excess of 90% graphite. This work is still at an early stage, however the graphite prospectivity at Mount Peake represents an exciting emerging opportunity for TNG, which will be further tested during 2015.

Exploration programs elsewhere within the Company's project portfolio also yielded very positive results, with assays from reconnaissance drilling at the McArthur River Zinc Project in the NT identifying highly anomalous geochemistry over a 9km continuous zone, confirming a metal-enriched system within prospective lithologies. Meanwhile, high-grade iron ore of up to 64.0% Fe was intersected in two holes drilled at the Legune Iron Prospect at the Manbarrum Project, with mineralisation remaining open down-dip to the west and north.

On the corporate front, the December Quarter saw the completion of a \$5.5 million capital raising, which closed fully subscribed following an exceptionally strong response from investors. The completion of this raising, together with the recent receipt of a \$1.2 million refund issued under the Federal Government's R&D tax incentive scheme, puts TNG in a relatively strong position moving into 2015, with a strengthened balance sheet and a clear focus on advancing the Mount Peake Project towards financing and development.

PROJECTS

VANADIUM-TITANIUM-IRON

MOUNT PEAKE PROJECT: TNG 100%

The Mount Peake Project is emerging as a world-scale strategic metals project located 235km north-west of Alice Springs in the Northern Territory close to existing key power and transport infrastructure including the Alice Springs-Darwin Railway and the Stuart Highway. With a JORC Measured, Indicated and Inferred Resource totalling 160Mt (118Mt Measured, 20Mt Indicated, 22Mt Inferred), grading 0.28% V_2O_5 , 5.3% TiO_2 and 23% Fe, Mount Peake is rapidly emerging as one of the largest new vanadium-titanium-iron projects. The area under licence covers a highly prospective, but poorly explored part of the Western Arunta geological province which offers significant exploration upside for TNG within an extensive 100%-owned ground-holding.

TNG is in the process of completing a Definitive Feasibility Study (DFS) on the Mount Peake Project which is expected to be completed in mid-2015. A Pre-Feasibility Study (PFS) outlined a robust project capable of generating Life of Mine revenues of \$13.6 billion over a +20-year mine life from the production of high quality and purity products: Vanadium pentoxide, iron-oxide and titanium dioxide. TNG is also reviewing a two-stage development option with a low capital cost start-up development producing magnetite concentrate which has the potential to generate early cash flow.

STRATEGIC AGREEMENT WITH SINOMETAL FOR MOUNT PEAKE STAGE 1 DEVELOPMENT

TNG has signed a binding agreement with one of the China's leading suppliers of steel-related raw materials, Sinometal (Shanghai) Co., Ltd., encompassing off-take, financing and strategic assistance for the development of the magnetite from the Mount Peake Project.

The landmark agreement gives TNG access to the expertise, contacts and financial strength of one of China's leading suppliers of steel-related raw materials, significantly enhancing its existing network of global relationships and strategic alliances with key end-users and global commodity groups.

The binding Heads of Agreement (HoA) encompasses off-take, delivery and marketing for the magnetite concentrate which is proposed to be produced in the first phase of operations at Mount Peake.

As part of the ongoing Mount Peake Feasibility Study, TNG is considering a two-stage development approach where magnetite concentrate is produced and sold prior to refining to produce an early cash flow for the Company.

As previously advised, TNG has been in discussions with several parties on this matter and has now reached agreement with Sinometal, a major supplier of concentrate into China to customers including Chengde Iron and Steel, one of the country's largest steel producers, and also other Asian markets including to Korea's POSCO and Hyundai Steel.

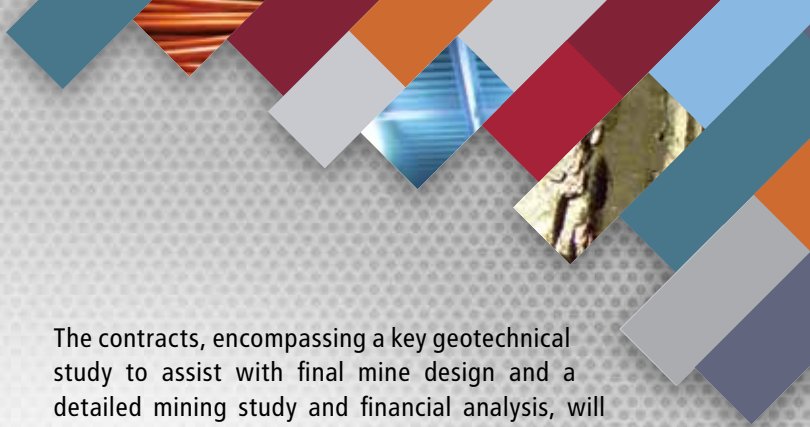
The significant advantage of the alliance and agreement with Sinometal is that it allows TNG's product the flexibility to be sold into a variety of markets and producers, while also securing a strong strategic foothold in China, the world's largest and fastest growing market for steel and steel-related products.

Subject to satisfactory completion of due diligence, the parties will enter into a commercial relationship for the sale of magnetite concentrate to China. The proceeds of such early magnetite concentrate sales have the potential to deliver early cash flow to TNG which will assist at a critical stage of its development.

The binding HoA covers:

- The off-take of 500,000tpa to 1Mtpa of Mount Peake's magnetite concentrate;
- The marketing and sales development of Mount Peake's magnetite concentrate with a focus toward Chengde Iron and Steel Group;
- Pre-production financing of up to A\$5 million in return for the subsequent delivery of cargo on favourable terms.

Based on this agreement, TNG will focus on bringing magnetite concentrate to market as competitively and early as possible in order to realise any potential early cash flow, while completing the Definitive Feasibility Study on the Mount Peake Project and constructing a TIVAN® refinery.



Subsequent to the end of the Quarter, a 100kg sample of optimised magnetite concentrate was delivered to Sinometal for testing as part of the due diligence.

LETTER OF INTENT WITH GUNVOR GROUP

The December Quarter delivered a significant development in TNG's strategic relationship with leasing commodity trading company Gunvor, with the signing of a Letter of Intent (LOI) between the companies which crystallises the MOU announced in June.

The Letter of Intent (LOI) records the parties' discussions regarding long-term strategic cooperation with respect to specific focus on:

- the exclusive distribution of TNG's high purity iron product by Gunvor on a global basis;
- the commitment of Gunvor to maximise TNG's product's value through market research, promotion and percentage commission remuneration; and
- other mutually beneficial arrangements.

Following the signing of this LOI, the companies have commenced negotiations over a 180 day negotiating period with the aim of developing a binding off-take agreement for TNG's iron-oxide product under the agreed terms above.

TNG estimates it will produce approximately 900,000 tonnes per annum of 99.9% purity iron oxide (Fe₂O₃) over an initial 20- year mine life. Gunvor has commenced studies to identify suitable markets and pricing for this specialised product.

This marks another key milestone in TNG's funding and development strategy for the Mount Peake Project, formalising a strategic alliance with a major global commodity trading group, and complements previously announced LOI's with Global Pacific Partners and Korea's WOJIN.

AWARD OF KEY FEASIBILITY STUDY CONTRACTS

Subsequent to the end of the reporting period, the Company awarded two separate contracts to leading mining services group Snowden Mining Industry Consultants Pty Ltd ("Snowden").

The contracts, encompassing a key geotechnical study to assist with final mine design and a detailed mining study and financial analysis, will enable TNG to finalise the Mount Peake Feasibility Study by mid-2015.

The geotechnical study will generate a geotechnical model for the entire Mount Peake deposit to identify potential risk areas/mitigation strategies, and enable assessment to determine optimal pit wall slope angles.

Further specific geotechnical diamond drilling is scheduled to commence in February to provide logging information and samples for analysis to feed into this study, allowing results to be passed on (later during Q1 2015) to the pit design and financial analysis stage.

Over 100 sample tests (UCS, density, direct shear, PSD, etc.) will be conducted on material drilled around the pit wall areas, and be added to the existing database, predominantly from within the pit/resource generated from the resource drilling in late 2012.

The Mining and Financial Analysis work will deliver an optimised pit design and mine development strategy together with a detailed mining schedule, and will also determine the likely capital and operating (mining CAPEX and OPEX) and mining contractor costs.

A detailed financial analysis and cash flow model for Mount Peake will be a key deliverable from this work.

These studies will also tie in with the metallurgical and process plant work currently being conducted by the METS/Midas group, allowing delivery of the final Feasibility Study by June 2015.

DEFINITIVE FEASIBILITY STUDY (DFS) PROGRESS

Work continued during the Quarter on the Mount Peake Definitive Feasibility Study (DFS).

TIVAN® PROCESS

CSIRO PILOT PLANT

Test work to optimise the pre-leach process and its integration into the TIVAN® circuit was completed during the Quarter and results are now being assessed by CSIRO. Providing no further tests are required, the final construction of the Pilot Plant will be completed ready for a test run by the end of the March 2015 Quarter.

MALAYSIAN LOCATION

Meetings with relevant government agencies in Malaysia continued during the Quarter. TNG has been provisionally offered two suitable land location sites for the TIVAN® refinery. Confirmation of these locations is subject to acceptance of terms and completion of permitting and licensing from the Malaysian authorities. This option is still being explored and work is continuing. The Company has submitted the application for a manufacturing licence as part of the process. Further updates will follow when available.

ENVIRONMENTAL

Work continued with GHD for completion of the Environmental Impact Study (EIS).

GEOTECHNICAL

Snowden has commenced geotechnical studies on rock properties and slope stability to facilitate mine design for Mount Peake.

OTHER PROSPECTS AT MOUNT PEAKE

The Company has identified significant other mineralisation potential in the Mount Peake area.

GRAPHITE

TNG has upgraded the potential for an economic graphite resource at Mount Peake, subject to further drilling and test-work, after receiving highly favourable results from flotation test-work (see ASX Announcement 4 December 2014).

Flotation test-work completed on two composite samples from recent drilling at the BGC1 Prospect at Mount Peake returned graphite concentrate grades above 90.0%, which is an excellent result.

Diamond drill core samples were taken from the two targets, BGC1 and G34, which were drilled in August/September at Mount Peake (Figure 1). Details of the two graphite prospects were reported in the Company's ASX Announcement on 20 August 2014.

Assay results and beneficiation/flotation testwork results were received during the Quarter and are detailed below.

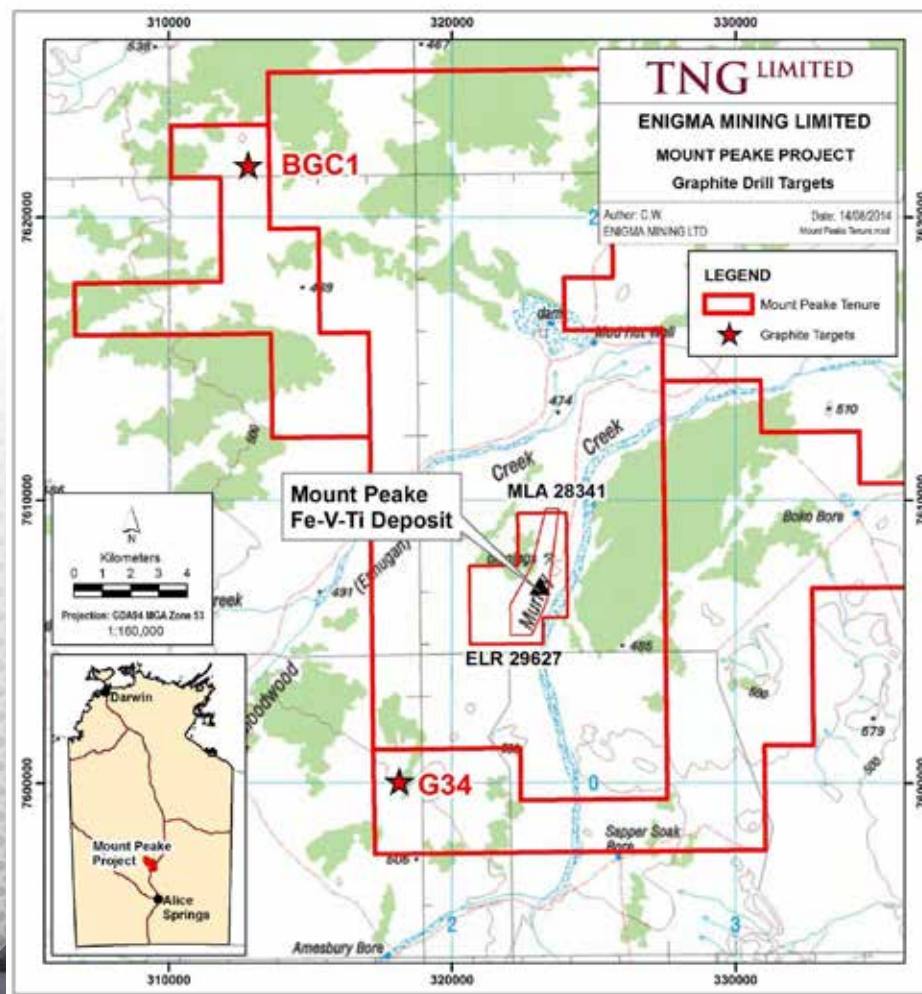


Figure 1: Location of the graphite targets, BGC1 and G34 within the Mount Peake project area.

The BGC1 target is a very large (1,000m x 600m) and strong late-time Electromagnetic (EM) conductor, as outlined by TNG's 2012 HELITEM survey, shown on Figure 2.

Previous drilling by TNG encountered a thick graphitic interval (>40m) in reverse circulation (RC) drilling (see ASX Announcement – 21 October 2010), and preliminary metallurgical testwork was encouraging with the graphite proving amenable to simple flotation. However, core samples were needed for definitive metallurgical characterisation to assess the potential for economic grades to be achieved.

At the BGC1 target, the graphite was encountered over a broad zone from 240 to 286m (see ASX Announcement – 17 September 2014).

Visually, graphite content is reasonably consistent throughout this 46m interval of dark grey graphitic and pyritic silicified schist (Figure 3). The mineralisation correlates well with the position and depth of the EM Conductor modelled from the HELITEM survey data (Figure 2). The other hole on Figure 2 is ARD1, which was drilled in 2004 by Discovery Nickel. TNG re-logged this hole, observing graphite between 205m and 270m and assayed the core for graphite with the results shown in Figure 4.

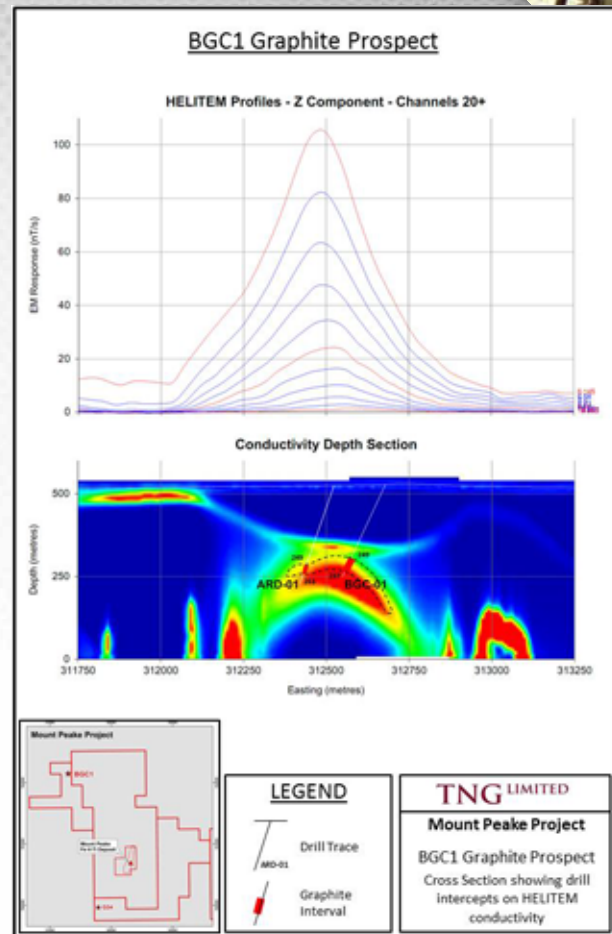


Figure 2: Conductivity Profile and 2D Modelled Cross Section on Northing 7,599,900mN, showing the BGC1 conductor target at Mount Peake.



A total of 52 samples of half NQ core were taken from the two holes drilled in September and submitted to ALS Metallurgy in Perth for analysis and testwork. Results for all samples, together with details of the sampling, are provided in the Company's ASX Announcement dated 4 December 2014.

Figure 3: Core tray #20 from 14MPDDHBGC1W1 from 272.1 to 276.7m, showing typical competent dark grey graphitic silica-pyrite core comprising the material in composite "BGC1 HG".

Significant intersections at the BGC1 target were:

At a 4% C graphite cut-off:

14MPDDHBGC1W1 246.00 to 285.30m 39.70m @
5.13% C graphite

At a higher cut-off of 5% C graphite:

14MPDDHBGC1W1 248.00 to 254.00m 6.00m @
5.33% C graphite; and

14MPDDHBGC1W1 266.70 to 285.30m 18.60m @
5.32% C graphite

The best graphite grade was 8.33% C graphite, while most is medium grade in the 3-6% range. With favourable logistics, recoveries and separation characteristics, this material may be economically viable.

The position of the graphite zones at the BGC1 target are shown in 3D on Figure 4, with all graphitic intervals falling within the high conductivity modelled shell that extends over 1000m by 600m. Significant additional volumes of high conductivity ground occur to the south and west of the existing holes.

The G34 target is a strong mid- to late-time EM conductor with no prior drill intersections.

Drill results at a 4% C graphite cut-off were:

G34 181.40 to 183.00m 1.60m @ 4.67% C graphite

No further drilling work was carried out at the time due to drilling constraints but the potential for extensive graphite mineralisation remains based on the geophysical response.

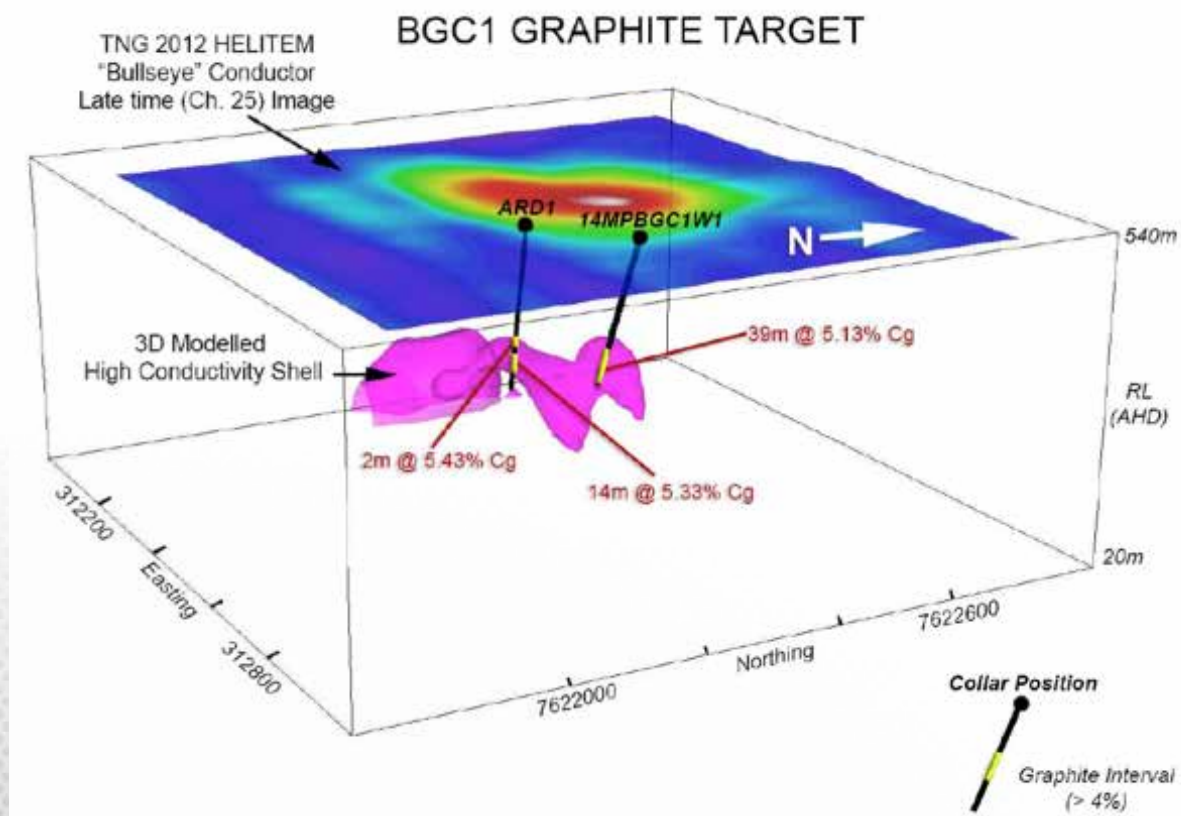


Figure 4: 3D view of the BGC1 target showing a surface image of the HELITEM channel 25 "late time" strong bullseye anomaly and the modelled 3D high conductivity shell (in pink).

METALLURGICAL TEST WORK

TNG contracted Mineral Engineering Technical Services (METS) to design a metallurgical testwork program to determine if the graphite from Mount Peake could form a saleable concentrate (generally requiring >80% graphite grade). Work involved compositing the individual samples and then a series of flotation/cleaner stages to produce a final concentrate of graphite at a certain size fraction.

Optical work indicated most graphite was fine grained (mostly 50-150 microns) with some to 200 microns, and seen as discrete flakes and in veinlets/clusters within the quartz, phyllosilicate rock matrix. Samples were ground to P100 <125 micron to liberate the graphite flakes and fed to the flotation testwork circuits.

Composites of BGC1 and G34 achieved concentrate grades of 60-70% in the initial work, while a second cleaner stage would give significantly improved final concentrate grades. Follow-up testwork was carried out on two BGC1 composites, including a new and higher grade composite (BGC1 HG) – with a grade of over 7% C graphite.

Both these samples returned final concentrate grades in excess of 90% graphite (see Table 1 below), indicating that saleable product could be generated from the BGC1 graphite prospect.

Table 1. Final flotation testwork summary details.

COMPOSITE	FEED GRADE (% GRAPHITE)	CONCENTRATE GRADE (% GRAPHITE)	CONCENTRATE RECOVERY
BGC1	4.26	92.0%	78.0%
BGC1 HG	7.92	93.2%	52.6%

Full details of the metallurgical testwork results are provided in the Company's ASX Announcement dated 4 December 2014.

OTHER PROJECTS

COPPER

MOUNT HARDY PROJECT: TNG 100%

MOUNT HARDY – EL 29219, EL 27892, EL 28694

The Mount Hardy Copper Project is located within the Mount Hardy Copper Field, approximately 300km north-west of Alice Springs. The project area is situated on the Mount Doreen (SF52-12) and Mount Theo (SF52-08) 1:250,000-scale sheets. Access to the Mount Hardy tenement is via the Tanami Highway. The Project contains extensive areas of surface copper with anomalous zinc, gold, silver and lead, with surface sampling returning rock chip grades of up to 35% Cu, 18% Pb, 10% Zn, 7g/t Au and 400g/t Ag.

The Company is of the view that the mineralisation at Mount Hardy is similar in style to other identified mineralised prospects in the Arunta, including those at KGL's Jervois project and Kidman's Home of Bullion prospect.

No further work is planned on this project ahead of the proposed demerger.

WALABANBA HILLS JV: COPPER: TNG EARNING 51% WITH POTENTIAL TO INCREASE TO 80% (ALL MINERALS EXCEPT URANIUM)

The Walabanba Joint Venture area lies immediately west of TNG's flagship Mount Peake Strategic Metals Project in the Northern Territory, and is considered highly prospective for copper and nickel mineralisation based on previous exploration results. TNG work since 2012 has identified three drill-ready EM targets.

No further work is planned on this project ahead of the proposed demerger.

MCARTHUR RIVER – EL 27711 AND EL 30085

The McArthur River tenements, which are located approximately 50km south of Cape Crawford along the Tablelands Highway, covers part of the prospective McArthur Basin geology, 65km south-west of the McArthur Zinc mine operated by Xstrata, and within the Batten Fault Zone which hosts several other areas of base metal mineralisation, including the recently outlined Teena Deposit (Rox/Teck).

Work completed by TNG in 2013 outlined three large geochemically anomalous Zn-Cu-Pb zones (following a review of historical exploration data) associated with the Wollongorang Formation (see ASX Announcement on 16th September 2013). ELA 30085 was applied for during 2013 to secure the full 17km of strike extent of prospective stratigraphy. The central anomaly is 3000m long and up to 450m wide with values up to 1400ppm Zn and 670ppm Pb in soil samples. The other zones have results of up to 1,150ppm Cu and 800ppm Zn.

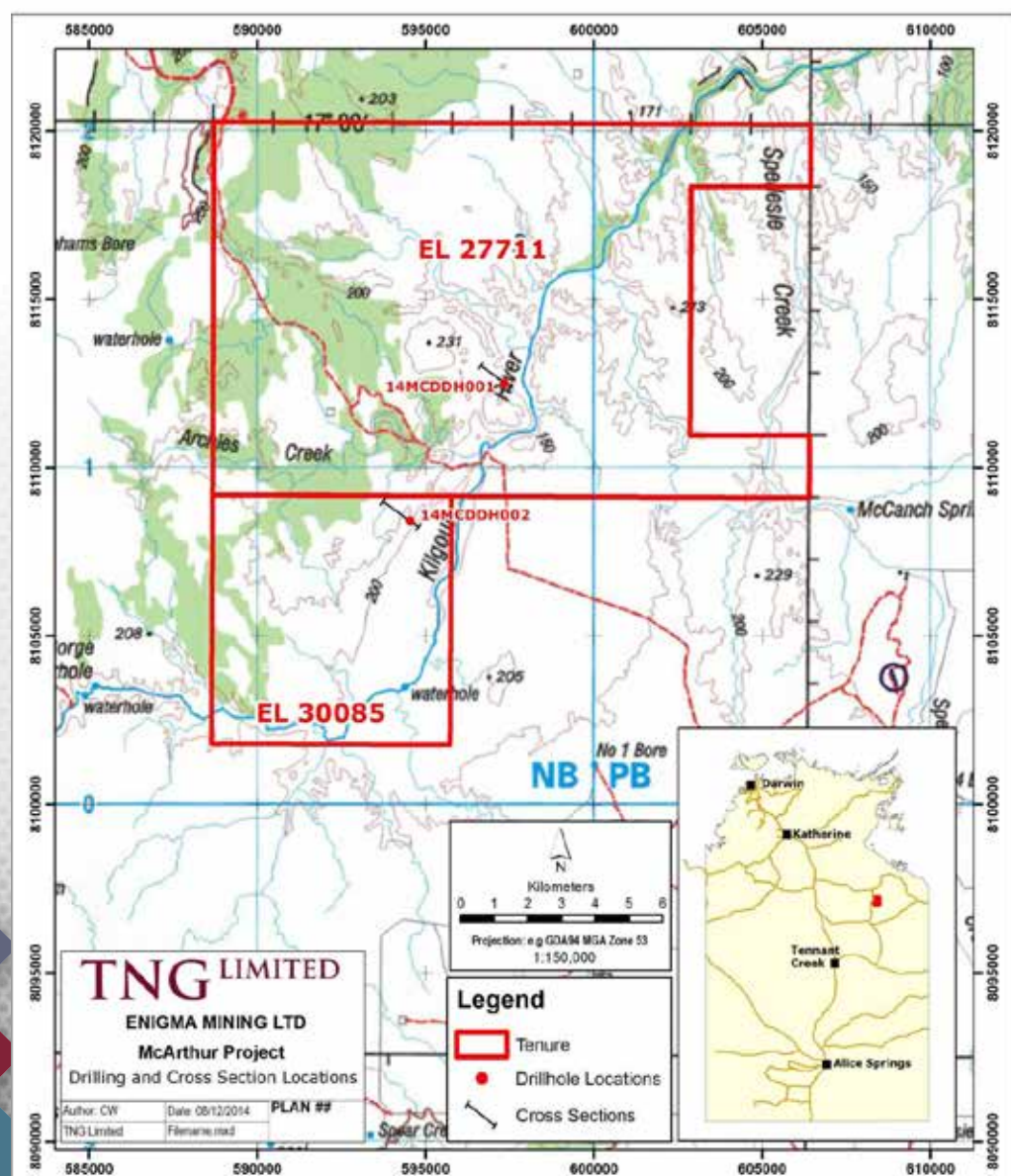
The potential of the Wollongorang Formation carbonaceous shales to host stratiform base metal accumulations has been confirmed by field mapping and sampling by TNG geologists, together with relogging of drill core from the tenement area (accessed in the NTGS Core Library) during 2013.

Two reconnaissance scout holes (Figure 5) were drilled targeting the prospective Wollongorang Formation, which has significant anomalous base metal surface geochemistry extending over 9km (see ASX Announcement – 20 August 2014).

The mineralisation noted in these two holes has many similarities with that seen at the McArthur River Zinc Mine 60km to the north, including:

- Fine grained pyrite-dominated stratiform sulphides hosted by bituminous black shales;
- Zn-Pb-Ag elemental association with low copper;
- Strong IP geophysical anomalies; and
- Stacked mineralisation lenses.

Figure 5: Location of the McArthur River tenements, 2014 drill holes, and positions of the cross-sections



Drilling was co-funded by the Northern Territory Department of Mines and Energy (NTDME) (see ASX Announcement – 27 June 2014).

The best intersections are listed below, with all mineralisation found in the central “Ovoid Beds portion” of the Wollogorang Formation. Zinc in fine sphalerite is associated with very fine grained stratiform sulphides (pyrite and galena) in highly bituminous black shales.

HOLE NO.	INTERVAL	THICKNESS	GRADE (%)
14MCDDH001	60.0 to 69.0m	9.0m	0.08% Zn
14MCDDH001	80.0 to 84.0m	4.0m	0.08% Zn, including
	82.0 to 83.0m	1.0m	0.14% Zn
14MCDDH002	19.0 to 20.0m	1.0m	0.21% Cu
14MCDDH002	79.0 to 92.0m	13.0m	0.09% Zn, including
	80.0 to 81.0m	1.0m	0.20% Zn
14MCDDH002	94.0 to 102.0m	8.0m	0.08% Zn

Full details of all assay results are provided in the Company’s ASX Announcement dated 18 December 2014.

Maximum assay values were 2,020ppm zinc, 380ppm Pb, and 2,140ppm Cu, with nine values of zinc over 0.1%. There was a strong correlation between zinc, lead and silver, but copper values are low within the higher grade Zn-Pb stratiform mineralisation. Sulphide contents of up to 6% were returned.

Analyses of copper in hole 14MCDDH002 from 19.0 to 20.0m returned 0.21% Cu in a core sample displaying both malachite and azurite (copper carbonate minerals). This mineralisation is supergene in nature and unrelated to the stratiform zinc mineralisation, but shows that there is significant copper elsewhere in the system. TNG’s exploration is also targeting structurally controlled and/or Redbank-style breccia pipe copper mineralisation.

While both holes have over twenty metres of very encouraging fine grained sulphidic shales (60-85m in hole 14MCDDH001 and 81-104m in hole 14MCDDH002), only part is significantly sphalerite-rich. With the very extensive geochemical anomalous zone there is potential for higher zinc, copper, lead and silver grades within this unit elsewhere on TNG’s 100% owned ground in this highly prospective area.

Figure 6 shows geological cross sections through each hole. Each has anomalous surface geochemistry associated with the outcropping position of the central part of the Wollogorang Formation (Ovoid Beds) and an IP anomaly corresponding with the down dip (0-100m below surface) position of this horizon. Assay results in each hole correspond closely with the surface geochemistry values (250-2500ppm Zn), despite being found in primary sulphides and up to 500m down-dip.

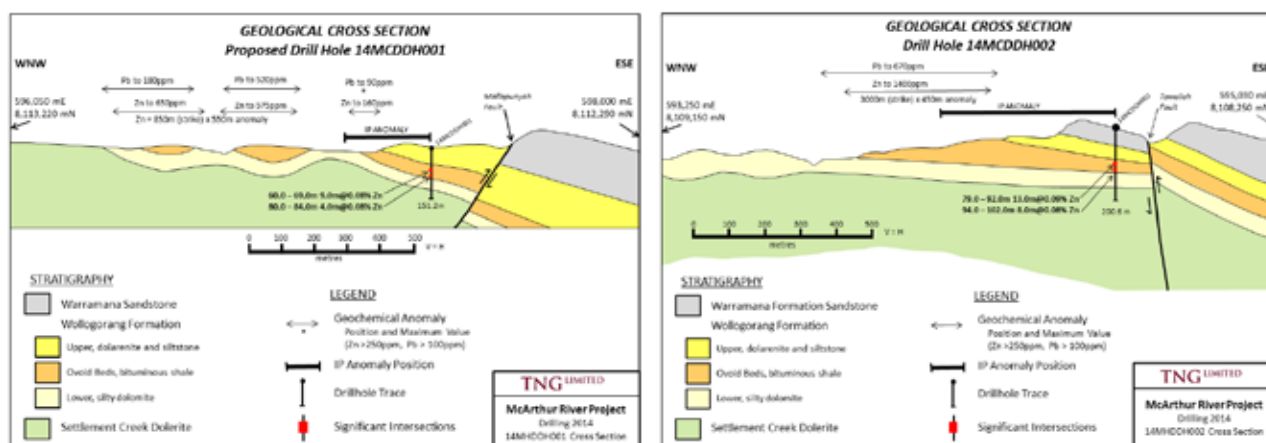


Figure 6: WNW-ESE cross sections through holes 14MCDDH001 and 14MCDDH002 showing the stratigraphy dipping gently to the east, anomalous surface geochemistry, geophysical (IP) anomalism, and the assay results on the drill-hole trace.

Full assessment of these analytical results will await the completion of down-hole geophysics (also co-funded by the NTDME) and assessment of the mineralogical information obtained from the Hylogging of both holes being conducted by the Northern Territory Geological Survey (NTGS). Down-hole electromagnetic (DHEM) and downhole magnetometric resistivity (MMR) geophysical surveying and are being assessed.

Hylogging involves scanning the core in the Shortwave Infrared (SWIR) and Thermal Infrared (TIR) portions of the electromagnetic spectrum to allow minerals to be identified, with the raw Hylogger data obtained in October currently being processed and interpreted by the NTGS team.

YAH YAH – ELA 28509

The Yah Yah tenement, located approximately 50km south-west of the McArthur township, contains the historical Yah Yah copper mine, which produced some 40 tonnes of hand-picked, high-grade copper (20-30% Cu) ore prior to 1912. A grab sample collected from a Yah Yah waste dump by CRA Exploration assayed 30.4% Cu. In addition, BHP completed a soil survey which returned best results of up to 562ppm Cu from a 300m wide zone over the old structure.

Discussions with Traditional Owners are continuing in relation to access.

SANDOVER PROJECT: COPPER: TNG 100%

ELA 29252 AND ELA 29253

The Sandover Copper Project tenements are located approximately 100km north-east of Alice Springs just north of the Plenty Highway. The project area is situated on the Alcoota (SF53-10) 1:250,000 scale map sheet. The two tenements (ELA's 29252 and 29253) cover 894km² (283 blocks) in the highly prospective Aileron and Irindina Provinces, some 120-180km to the north-east of Alice Springs. Access to conduct field programmes over these tenements is subject to agreement with the CLC managed Alcoota Pastoral Leaseholders.

Discussions with Traditional Owners are continuing in relation to access.

No further work is planned on this project ahead of the proposed demerger.

OTHER PROJECTS

COPPER-ZINC-LEAD-SILVER, IRON-ORE

MANBARRUM ZINC-LEAD-SILVER PROJECT: TNG 100%

Located 82 kilometres north east of the township of Kununurra in the Northern Territory, The Manbarrum Project comprises three Exploration Licenses and two Authority to Prospect licenses (under section 178) covering a combined area of 407 square kilometres. The Project comprises a series of Mississippi-Valley-style lead-zinc-silver deposits which TNG discovered in 2007. Two deposits totalling more than 35Mt of combined zinc-lead-silver mineralisation have been discovered to date, with a number of untested targets.

No further work is planned on this project ahead of the proposed demerger.

LEGUNE HEMATITE PROJECT

Drilling of the Legune Iron Prospect was completed in early-mid October 2014, following clearance from Aboriginal Areas Protection Authority (AAPA) and the Traditional Owners (*see ASX Announcement – 2 October 2014*). Full details of drill hole locations, drilling and sampling details are provided in the Company's ASX Announcement dated 18 December 2014.

Three holes were completed for a total of 158m (Figure 7). All holes were collared on Legune Hill (Figure 8) and above the exposures seen in the breakaway on the south side of the hill.

Geological logging and analysis indicated the iron mineralisation was hosted in ferruginous sandstone sediment belonging to the Devonian Cockatoo Formation.

A consistent layer of ochrous hematite can be mapped through all three holes dipping very gently away from the exposures on the south-eastern side of the hill. The mineralisation is very shallow, with all high grade hematite less than 20 metres from surface. The hematite layer is open down dip, both to the west and to the north.

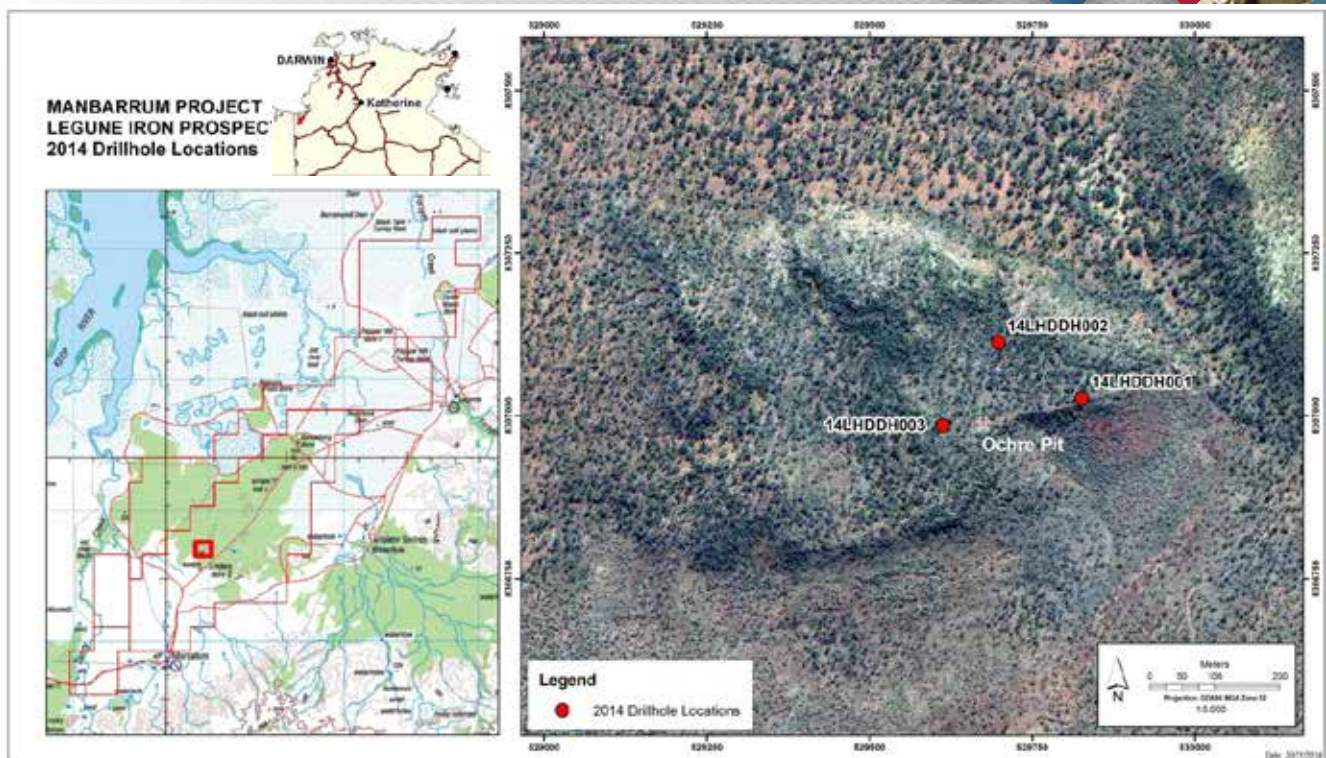


Figure 7: Location diagram showing the Manbarrum Project tenure in the Northern Territory and the drill hole positions on Legune Hill.

The significant hematitic iron ore intersections (at 50% and 40% Fe cut-offs) are listed below:

HOLE NO.	INTERVAL	THICKNESS	GRADE FE (%)
14LHDDH001	4.9 to 9.2m	4.3m	59.1% Fe, including
	6.0 to 7.0m	1.0m	63.5% Fe
14LHDDH002	13.1 to 17.0m	3.9m	59.4% Fe, including
	15.0 to 16.0m	1.0m	64.0% Fe
14LHDDH003	17.0 to 17.6m	0.6m	43.8% Fe

The >50% Fe intersections have low silica, phosphorus and alumina, and the higher grade material would appear to be acceptable as commercial grade IODEX 62% Fe feedstock.

The Legune Hill covers a 900 x 500m area (Figure 8), and with a thickness of 4-6m there is potential for several million tonnes of hematite material of this grade. Additional tonnage potential exists further to the west and north. Note: Drilling to date is of a very preliminary nature and insufficient to outline a Mineral Resource

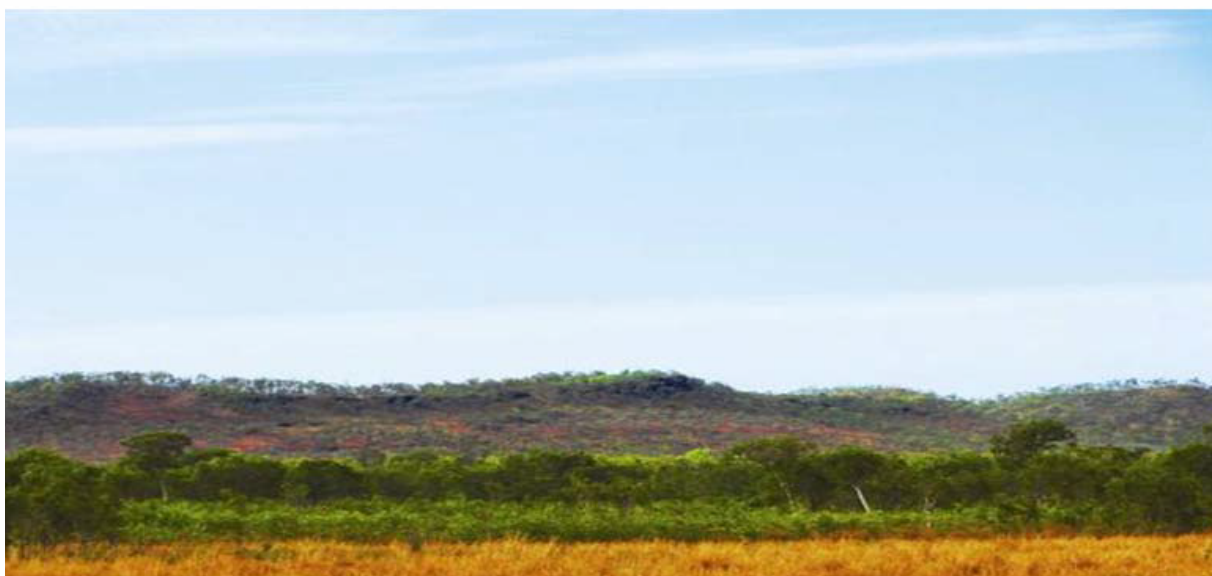


Figure 8: Legune Hill, viewed from the south, with hematitic exposures visible (red/brown) along the 20 metre high breakaway, Manbarrum Project, NT.

BLACK RANGE PROJECT

The two new tenements within the Black Range Project were granted in August and cover approximately 60km of strike of the Sherwin Iron formation, host to existing iron resources being exploited by Western Desert Resources (ASX:WDR) and Sherwin Iron (ASX: SHD).

This project will remain in TNG after the proposed demerger.

TOMKINSON BASIN PROJECT

The two tenements here should be granted early in 2015 allowing planning for field work in 2015. The target is the Namerinni Formation, at time equivalent of the host sequence from the McArthur River Zn-Pb-Ag-Cu mine in the McArthur Basin to the northeast.

No further work is planned on this project ahead of the proposed demerger.

JOINT VENTURE PROJECTS

COPPER-GOLD

WESTERN DESERT RESOURCES LTD (WDR) JOINT VENTURE: TNG 100%,
(WDR earning 51% with scope to earn up to 80%)

The Rover Project covers three granted exploration licences in the lucrative Tennant Creek goldfields, two of which (EL24471 and EL25581) are in joint venture with TNG Ltd and one (EL28128) is 100% held by WDR.

No further work is planned on this project ahead of the proposed demerger.

MCTAVISH PROJECT JOINT VENTURE: TNG 2% ROYALTY, BARMINCO 70%

No further work is planned on this project ahead of the proposed demerger.

KINTORE EAST JOINT VENTURE: TNG 20%, LA MANCHA 80%

No further work is planned on this project ahead of the proposed demerger.

NICKEL MINING PROJECTS:

NICKEL CAWSE EXTENDED JOINT VENTURE: TNG 20%, NORILSK 80%

The Cawse laterite nickel operation has been placed on indefinite care and maintenance by Norilsk Nickel Australia and is subject to a sale agreement by Norilsk Nickel.

No further work is planned on this project ahead of the proposed demerger.

BAUXITE

MELVILLE ISLAND LICENCE

In October 2012 TNG formally signed the farm-in and joint venture agreement on its 100% owned Melville Island licence ELA 28617 in the Northern Territory with Rio Tinto Exploration Pty Ltd (RTX). TNG will receive an initial cash payment of \$50,000, and RTX will progress negotiations and grant of the licence application for bauxite exploration. Following the grant of the licence RTX must spend \$5M within 4 years to earn 80% equity in the project with TNG retaining 20% equity at which point TNG may elect to contribute, sell or convert its equity to a 2% Net Smelter Royalty (NSR). The Melville Island Exploration licence application has been a strategic licence for TNG being located in a prospective area for bauxite and other minerals. The licence area covers approximately 1,400km.

No further work is planned on this project ahead of the proposed demerger.

CORPORATE

CAPITAL RAISING

During the Quarter TNG raised \$5.5M through a share placement to institutional and sophisticated investors.

The Company announced plans to raise \$5 million (before costs) on 24 October 2014, however subsequently received commitments for an additional \$500,000 (before costs) over and above the \$5 million.

As a result, the offer under TNG's Prospectus released to the ASX on 27 October 2014 was fully subscribed.

Shares were issued under the share placement at a price of \$0.10 each. As part of the placement, investors were also issued with 1 free attaching listed option exercisable at \$0.08 on or before 31 July 2015 (ASX: TNGO) for every 4 shares subscribed for in the placement.

A total of 55,000,000 new shares and 13,750,000 options were issued under the share placement.

The placement was arranged and managed by Hong Kong-based REORIENT Financial Markets Ltd and Melbourne-based CALIBRE Investments, for the offshore offering and the Australian offering respectively.

The funds raised will be used to progress completion of the Feasibility Study of the Company's flagship 100%-owned Mount

Peake Vanadium-Titanium-Iron Project in the Northern Territory.

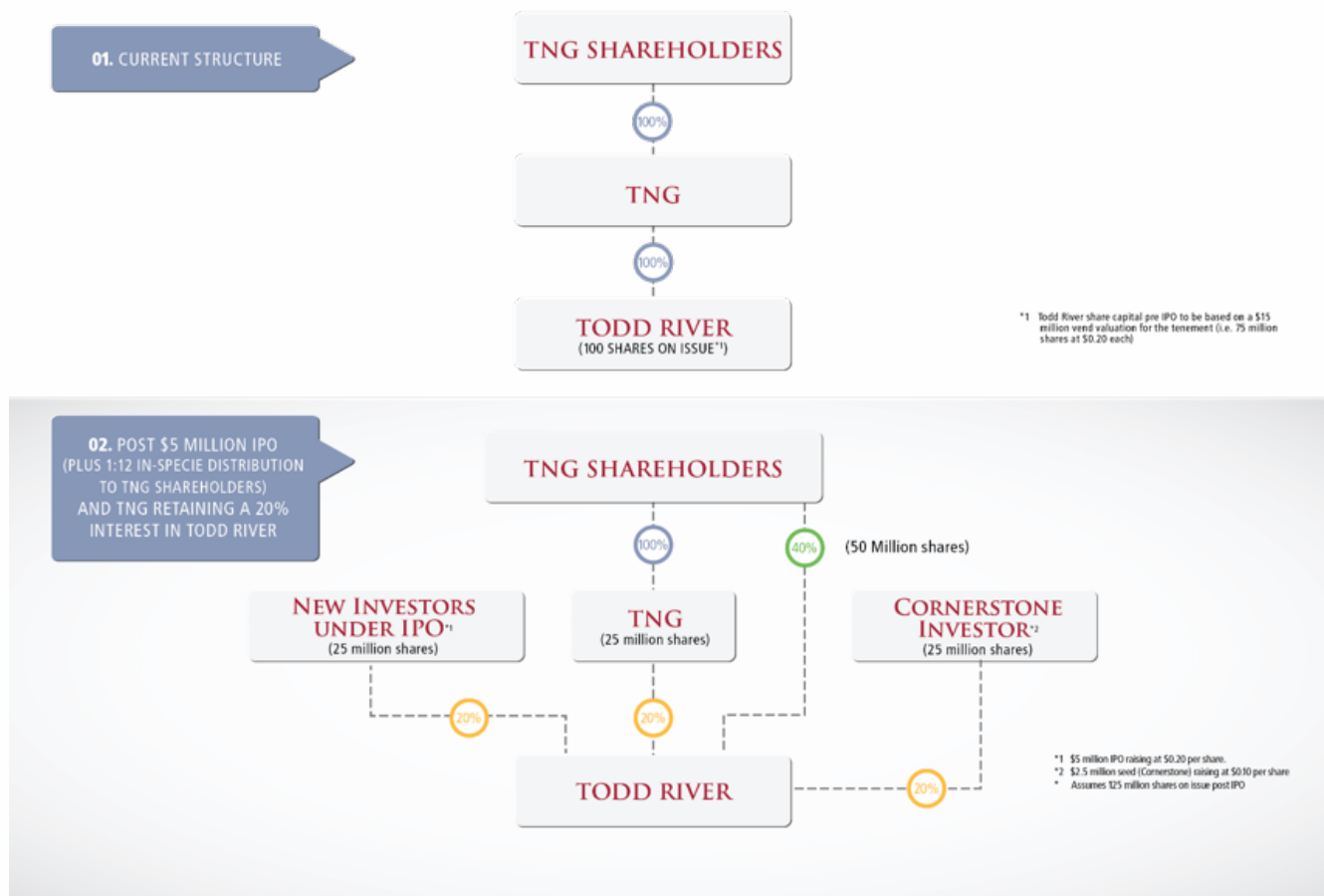
UPDATE ON PLANNED DEMERGER OF NON-CORE ASSETS

TNG has previously announced preliminary plans to spin-off the Company's non-core assets into a new listed entity.

The new entity will be named "Todd River Resources", and its assets will include the Mt Hardy, Manbarrum and McArthur River Projects – potentially making it the largest base metals company in the Northern Territory.

TNG shareholders will receive significant value in Todd River Resources through an in-specie distribution, with TNG to also remain a major shareholder.

The proposed structure of the Todd River Resources IPO is outlined below



TNG believes the spin-off of these non-core assets is the best way to accelerate the development of these advanced projects and deliver value to shareholders, whilst enabling the Company to focus on the development of its core ferrous metals business, centred on the Mount Peake Project, the TIVAN Process and its iron ore tenements.

A timetable for the proposed Initial Public Offer (IPO) will be announced in due course.

RESEARCH & DEVELOPMENT TAX INCENTIVE REFUND

During the Quarter TNG received a Research & Development refund amounting to approximately \$1.2 million under the Federal Government's R&D tax incentive scheme.

Under the R&D tax incentive scheme, companies with a turnover of less than \$20 million which undertake research & development activities are entitled to a cash refund of 45 cents per dollar spent on eligible research and development in Australia.

This incentive provides direct assistance for companies like TNG to continue their research and development activities with a view to potentially building further value for shareholders. TNG's research relates to the commercial extraction of vanadium, titanium and iron units from vanadiferous titanomagnetite using the Company's 100%-owned TIVAN® hydrometallurgical process.

The R&D claim will further strengthen the Company's cash resources, enabling it to continue to progress feasibility and development activities at Mount Peake.

DAVIS SAMUEL

Final judgment orders have been received for the long-standing (12 year) legal matter between the Commonwealth and Davis Samuel in which TNG has been one of 27 defendants. The details of the Davis Samuel matter have been disclosed by the Company in its statutory reporting since 2002.

Final judgment was given on Friday, 21 November 2014 in Canberra by Justice Refshauge and orders were made on virtually all matters except costs between the Commonwealth and TNG Limited.

While TNG and its lawyers are still assessing the best path forward to resolve the issue of these costs, the Company is relieved that this long-running legacy legal issue has finally been resolved with minimal financial impact to TNG.

A summary of the judgment and orders is provided below:

The courts awarded TNG judgment in the following amounts plus costs against the following ten parties:

David John Muir	– \$3,597,303.02
Peter Michael Cain	– \$3,597,303.02
Allan Paul Endresz	– \$3,597,303.02
CTC Resources NL	– \$3,597,303.02
Joszeff Endresz	– \$3,597,303.02
Dawn May Endresz	– \$1,652,684.50
William Arthur Forge	– \$3,597,303.02
Kamanga Holdings Pty Ltd	– \$3,597,303.02
Quancorp Pty Ltd	– \$3,597,303.02
Peter John Clark	– \$3,597,303.02

These judgments are all concurrent, i.e. TNG is entitled to recover a total of \$3,597,303.02. The Court also ordered that the ten parties, identified above, indemnify TNG for all amounts it is liable to pay the Commonwealth.

TNG was ordered to pay the Commonwealth \$695,308.10 (principal and accrued interest to date) in respect of 3,162,000 Kanowna Lights Limited shares (now Peninsula Energy Limited ASX: PEN) it holds which were bought with money belonging to the Commonwealth in a fraudulent action in which certain former Directors of Hallmark Gold (later TNG) were jailed. TNG had previously offered to return these shares to the Commonwealth but was unsuccessful in reaching agreement on this.

TNG was also ordered to transfer the 3,162,000 of the 3,600,000 Kanowna Lights shares it holds to the Commonwealth for the Commonwealth to sell the shares as soon as practicable. The net sale proceeds of those shares is to be credited in part payment of the \$695,308.10. TNG is not required to pay the balance of that sum until the shares are sold.

Subsequent to the end of the Quarter, the Company provided the following update:

1. The Company reiterates that the Davis Samuel case dates back to transactions in 1998 undertaken by the Company's previous board and no current Directors or employees of the Company are involved.
2. The Company advises that it has now paid the judgement figure of \$703,728, being \$695,308 plus interest of \$8,420 (calculated at 6% above RBA rate).

This is for the amount that TNG was ordered to pay the Commonwealth in respect of 3,162,000 Kanowna Lights Limited shares (now Peninsula Energy Limited ASX: PEN) which TNG holds.

TNG was also ordered to transfer the 3,162,000 PEN shares it holds to the Commonwealth, but as a result of paying the Commonwealth in full it can retain these shares to be sold when it chooses.

3. The Company also expects to recover the following amounts in cash:
 - ~ \$292,991.67: TNG has a charge on a property known as "Haven Hill", owned by Allan Endresz and Joy Endresz
 - ~ \$37,500 plus interest of approximately \$50,000 that was paid into court by Lorraine Olive Forge; and
 - ~ \$229,126.33: TNG has a charge securing property owned by Quancorp Pty Ltd at 21 Pine Avenue, Elwood, Victoria.
4. The amount of \$3,597,303.02 that TNG is entitled to recover from the other 10 defendants (outlined above) is unlikely to be realised.

The financial status of all parties named is being thoroughly checked to assess the potential to recover any funds, but the Company understands that Dawn May Endresz, Jozsef Endresz, William Arthur Forge and Allan Paul Endresz were all declared bankrupt on 29 July 2014, and Kamanga Holdings and Quancorp were in Liquidation.

5. TNG (and all other parties) had until 31 December 2014 to appeal the decision. The Company confirms that, based on its legal advice, it lodged an appeal against the judgment on 23 December 2014 on the following grounds:
- ~ that TNG should not have been liable to the Commonwealth at all because its fraudulent directors acted in such a way that TNG did not knowingly receive the trust property (being the Kanowna Lights shares);
 - ~ alternatively, that the Commonwealth had elected to claim the shares from TNG and not their value;
 - ~ alternatively, the breach of trust claim was not pleaded properly by the Commonwealth and therefore it should not be entitled to recover a money judgment but only the shares;
 - ~ alternatively, the compensation for the breach of trust should be assessed on the basis of the value of the shares at the date of judgment and not in 1999.

Several of the other defendants have also appealed against the decisions against them and in favour of the Commonwealth and TNG.

The Company is negotiating with the Commonwealth on the question of costs.

CASH

TNG had total cash reserves of \$7.198M at Quarter-end.

Paul Burton
Managing Director
January 2015

TENEMENT SCHEDULE

The Group holds an interest in the following tenements or tenement applications at 31 December 2014:

PROJECT	TENEMENTS	EQUITY
Mount Peake	EL27069, EL27070, EL27787, EL27941, EL28941, EL29578, ELR29627, EL29867, MLA28341, MLA29855, MLA29856	100%
McArthur River	EL27711, EL28503, EL30085	100%
Melville Island	ELA28617	100% (Farm in agreement)
Croker Island	ELA29164	100%
East Arnhem Land	EL28218, EL28219	100%
Black Range	ELA 30207, ELA 30208	100%
Mount Hardy	EL27892, EL29219 EL 28694,	100%
Manbarrum JV	A24518, A26581, EL24395, EL25646, EL25470, MLA27357	100%
Sandover	ELA29252, ELA29253	100%
Walabanba Hills	EL26848, EL27115, EL27876	100% (Farm in agreement)
Warramunga/Rover JV	EL24471, EL25581, ELA25582, ELA25587, MLC647	100% (Farm in agreement)
Peterman Ranges	ELA26383, ELA25564, ELA26384, ELA25562, ELA26382	100% (Farm in agreement)
Goddard's	ELA24260	100% (Farm in agreement)
Cawse Extended	M24/547, M24/548, M24/549, M24/550	20% free carried to production, or can be converted to a 2% net smelter return on ore mined. Unicorn Pit is now excised and a wet tonne royalty applies.
Kintore East	P16/2370, P16/2371, P16/2372, P16/2373, P16/2374, P16/2459	Diluting from 49% to 2% gold return interest on production. Current percentage interest is 23.75%.
Tomkinson	ELA30348, ELA 30359	100%

COMPETENT PERSON'S STATEMENTS

The information in this report that relates to Exploration Results is based on, and fairly represents, information and supporting documentation compiled by Exploration Manager Mr Kim Grey B.Sc. and M. Econ. Geol. Mr Grey is a member of the Australian Institute of Geoscientists, and a full time employee of TNG Limited. Mr Grey 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Grey consents to the inclusion in the report of the matters based on his information in the form and context in which it appear.

The information in this report that relates to Mineral Resources included in the 2012 PFS and is based is based on information compiled by Lynn Olssen who is a Member of The Australasian Institute of Mining and Metallurgy and a full time employee of Snowden Mining Industry Consultants Pty Ltd. Lynn Olssen 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'. Lynn Olssen 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 2013 Mineral Resource Upgrade for the Mount Peake project is based on and fairly represents, information and supporting documentation compiled by Lynn Olssen who is a Member of The Australasian Institute of Mining and Metallurgy and a full time employee of Snowden Mining Industry Consultants Pty Ltd. Lynn Olssen has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian

Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Lynn Olssen 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 Analysis on Mount Peake 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.

Mr Damian Connelly, FAAusIMM, Chartered Processional (MET), tMMICA, 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 is appears