

TNG SIGNS MOU WITH GLOBAL GROUP WOGEN FOR SALE AND MARKETING OF MOUNT PEAKE'S TITANIUM PRODUCTS

MOU with Wogen Pacific encompasses long-term sales and marketing of titanium dioxide products from Mount Peake Project, covering the third and final product suite from the project

Key Points

- TNG enters into a Memorandum of Understanding (MOU) with leading global titanium trader, Wogen Pacific, for the sale of titanium products from the Mount Peake Project in the NT.
- Subject to a satisfactory completion of due diligence, the parties may enter into Binding Agreements for:
 - *life-of-mine sales and marketing of Mount Peake's TiO₂ products by Wogen;*
 - *facilitating the distribution of Mount Peake's TiO₂ products by Wogen to potential buyers and co-ordinating the sales process;*
 - *the pre-financing of Mount Peake's TiO₂ products by Wogen;*
 - *any other mutually beneficial arrangements in relation to the sales, marketing and distribution of TiO₂ products from the Mount Peake Project.*

Emerging strategic metals company TNG Limited (ASX: TNG) is pleased to announce that it has signed a key Memorandum of Understanding ("MoU") with leading global titanium, mineral sands and other metals and minerals trader, Wogen Pacific Ltd, for the sale and marketing of TiO₂ products from its flagship 100%-owned **Mount Peake Vanadium-Titanium-Iron Project** in the Northern Territory.

The MoU, which has been signed at a time of improving market conditions for the titanium dioxide sector, covers key aspects of a proposed life-of-mine Sales and Marketing Agreement and also provides for potential pre-financing of TiO₂ products from Mount Peake.

The agreement supports TNG's strategic plan to become a major player in the global TiO₂ supply chain, securing a long-term partnership with one of the world's leading traders in the sector.

The Wogen Group of companies have for several decades been proud participants in the global titanium and mineral sands supply chains, handling on a pan-global scale raw materials like ilmenite and rutile, intermediates and finished products in the pigment, welding, FeTi and titanium metal sectors. Wogen Titanium was twice the recipient of a Queen's Award – once in 1990 for Export Achievement, and once in 2006 for International Trade.

TNG completed a Definitive Feasibility Study (DFS) for the Mount Peake Project last year, confirming a potential world-class project capable of generating outstanding returns. Key findings of the DFS included life-of-mine net cash flow of \$11.6 billion, a pre-tax IRR of 41% and an NPV₈ of \$4.9 billion (*see ASX Announcement – 31 July 2015*). The DFS forecasts Mount Peake's nameplate capacity at 17,560tpa of high-purity vanadium pentoxide (V₂O₅), 236,000tpa of titanium dioxide (TiO₂) and 637,000tpa of pig iron.

This MoU with Wogen follows the signing of binding off-take agreements for a minimum of 60 per cent of the Mount Peake Project's projected vanadium output with major Korean ferro-vanadium group, WOJIN (*see ASX*

Announcement – 7 September 2015), and its iron products with global commodity trader, Gunvor (Singapore) (see ASX Announcement – 23 March 2016).

TNG is currently in discussions with major groups to secure a project financing package for Mount Peake. International groups are currently reviewing both the opportunity to provide pre-production finance as well as direct investment in either TNG or the Mount Peake Project, or both.

TNG's ASX Announcement regarding the DFS (dated 31 July 2015) contains a Competent Person's statement. TNG confirms that it is not aware of any new information or data that materially affects the information included in the Announcement of 31 July 2015 and that all the material assumptions and technical parameters underpinning the estimates in the Announcement of 31 July 2015 continue to apply and have not materially changed.

Management Comment

TNG's Managing Director, Mr Paul Burton, said the signing of an MOU for titanium sales represented another important strategic step towards completing the development for Mount Peake.

"We are delighted to have secured this Memorandum of Understanding with Wogen, one of the world's leading titanium trading groups, and look forward to working closely with them to secure binding sales and marketing agreements.

"With binding off-take agreements already in place for the vanadium and iron products from Mount Peake, the completion of a binding sales and marketing agreement for titanium will represent one of the key final steps towards securing project finance," he said.

Wogen Pacific's Chairman, Mr Alex Williams, said: "We are very pleased to have signed this MoU with TNG, whose exciting project has the potential to meaningfully enlarge the range and scale of products we can bring to the market place over the next two decades."

About Wogen (www.wogen.com)

Founded in 1972, Wogen has a long history of trading, selling, procuring and servicing customers across the globe. Wogen deals in the whole range of exotic non-ferrous metals specialising in Electronic, Precious, Noble, Light and Minor Metals, Ferro Alloys and Minerals. Wogen provides key services along the supply chain, including Marketing and Distribution, Sourcing and Procurement, Logistics, Financing and Investing. Wogen operates from its offices in China, Hong Kong, Russia, South Africa and London.

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