TNG LIMITED

20 April 2017

March 2017 Quarterly Activities Report

Final stages of environmental approvals for the Mount Peake Vanadium Project and demerger of NT base metal assets completed with the successful spin-off of subsidiary Todd River Resources Limited

HIGHLIGHTS

MOUNT PEAKE VANADIUM-TITANIUM-IRON PROJECT (NT)

- Environmental approvals process has moved into its final stages, with the Supplement to the Environmental Impact Statement (EIS) for the mine site component of the Mount Peake Vanadium-Titanium-Iron Project submitted to the Northern Territory Environment Protection Authority (NTEPA).
- Landmark 'Project Facilitation Agreement' signed with the NT Government, providing certainty of process allowing TNG to secure tenure over the proposed site for the downstream TIVAN™ refinery, which will produce high quality vanadium, titanium and iron products for export.
- Agreement reflects the support of the NT Government for the development of the Mount Peake Project, with relevant NT Government departments to assist TNG in progressing Mount Peake to development.
- Technical, engineering and environmental studies underway prior to a Final Investment Decision (FID).

BASE METAL PROJECTS

- Demerger of the Company's NT base metals assets completed to underpin the Initial Public Offer (IPO) of Todd River Resources Limited.
- In-specie distribution of Todd River Resources shares completed to TNG shareholders.
- Todd River Resources officially listed on the Australian Securities Exchange (ASX) following successful fully-subscribed $6M IPO.
- TNG retains a relevant interest of 10.77% in Todd River Resources following completion of the IPO.

CORPORATE

- Appointment of leading renewable energy executive John Davidson to the Board as an independent non-executive Director.
- Positive research report published by Breakaway Research, which can be found on the Company's website www.tngltd.com.au under Investor Centre > Reports.
- Cash reserves of $8.4M at Quarter-end, providing a strong foundation for ongoing pre-development activities.

SUMMARY

The March 2017 Quarter saw further strong progress on several fronts for TNG Limited (ASX: TNG – "TNG" or "the Company"), with the environmental approvals process for the Company's flagship 100%-owned Mount Peake Vanadium-Titanium-Iron Project in the Northern Territory now nearing completion following the submission of the Supplement to the Environmental Impact Statement and the signing of a landmark Project Facilitation Agreement (PFA) with the Government of the Northern Territory for the proposed location site for the TIVAN™ Metals Refinery.

In addition, the Company completed the spin-out of its non-core base metal exploration assets in the Northern Territory into a new company, Todd River Resources. Todd River completed a fully-subscribed $6 million Initial Public Offer (IPO) during the Quarter, with TNG retaining significant exposure to its strong growth profile and outstanding pipeline of assets via a cornerstone shareholding.

With Mount Peake now moving into the final stages of permitting and financing activities gathering momentum, the restructure of the TNG Group via the Todd River demerger and IPO will ensure that shareholders have exposure both to the emerging strategic metals production opportunity at Mount Peake and the highly prospective zinc and base metals exploration portfolio in the Northern Territory at an opportune time in the zinc market.

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This amounts to an exciting and potentially transformational period for the Company as it executes the key elements of its long-term corporate strategy and brings to fruition the proposed financing and development of one of the most significant new resource projects in Australia.

PROJECTS

VANADIUM-TITANIUM-IRON

Mount Peake Project: TNG 100%

The Mount Peake Project is 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 one of the largest undeveloped vanadium-titanium-iron projects in the world. 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 completed a Feasibility Study on the Mount Peake Project in July 2015, paving the way for project financing and development to proceed. Results of the DFS were provided in full in the Company's June 2015 Quarterly Report.

Supplement to the Environmental Impact Statement (EIS)

The environmental approvals process for the mine site component of the Mount Peake Project has now moved into its final stages, with the Supplement to the Environmental Impact Statement (EIS) submitted to the Northern Territory Environment Protection Authority (NTEPA) on 5 April 2017.

The Mount Peake Project comprises a mine and processing facility to be located at Mount Peake, approximately 235km north-northwest of Alice Springs and 50km north-west of Ti Tree, and the Darwin TIVAN® Process Plant, to be located at the Middle Arm Industrial Precinct, some 16km to the south-east of Darwin.

The Mount Peake mine site and processing facility includes a proposed open-cut mining operation, waste rock dump, ore processing plant, tailings storage facility, water dams, gas-fired power station, accommodation village, site access roads, Stuart Highway underpass, rail load-out facility and bore-field.

Environmental approvals for the mine and Darwin-based plant are being progressed separately, reflecting both their geographical separation (1,400km) and the fact that significantly different environmental and social issues need to be addressed at the two locations. The mine and Darwin plant were referred separately to the NTEPA, which determined that both required assessment under the Northern Territory Environmental Assessment Act 1982 (EA Act) at the level of Environmental Impact Statement (EIS).

The mine and Darwin plant were also separately referred to the Commonwealth Department of the Environment under the Environment Protection and Biodiversity Conservation Act 1999. Both were determined to be controlled actions with assessment by accredited assessment under the EA Act.

The EIS identified and assessed the potential environmental and social impacts of the mine and provided management and control measures to reduce or mitigate potential risks in accordance with legislative requirements, industry standards and TNG's environment, community, and health and safety policies. Potential impacts were assessed for water resources (groundwater and surface water); biodiversity (flora, vegetation and fauna); air and greenhouse gases; noise and vibration; Aboriginal and historical heritage; socio-economics; human health and safety; waste management and rehabilitation; and closure.

Following public review of the Draft EIS in early 2016, TNG received a number of questions that required further clarification. This included questions on impacts associated with flora and fauna, acid mine drainage, groundwater and surface water. The Company is confident that the additional information provided in the Supplement will enable the NTEPA to progress through the final stages of the approval process.

Both the EIS and Supplement were prepared by GHD, one of the world's leading environmental and resources consulting groups. TNG engaged GHD to complete all environmental permitting requirements for the integrated Mount Peake mine and Darwin plant operation (see ASX Announcements – 17 February 2015 and 2 November 2015). GHD has been closely involved with TNG at Mount Peake since 2012.

The submission of the Supplement marks a major milestone for the planned integrated Mount Peake mine and Darwin plant, and follows the completion of a number of other important elements of the project, including:

- The Feasibility Study and Financial Assessment of the Mount Peake Project (see ASX Announcement – 31 July 2015);
- The signing of a binding agreement with global engineering firm SMS Group GmbH for the design and implementation of the TIVAN® plant (see ASX Announcement – 2 February 2016);
- The receipt of all required mine site Heritage Clearances (see ASX Announcement – 9 November 2016), with negotiations relating to the Mining Agreement also progressing with the Traditional Owners through the Central Land Council; and
- The signing of a Project Facilitation Agreement with the Northern Territory Government (see below) which secures the land for the Darwin facility at Middle Arm.

Project Facilitation Agreement signed with NT Government

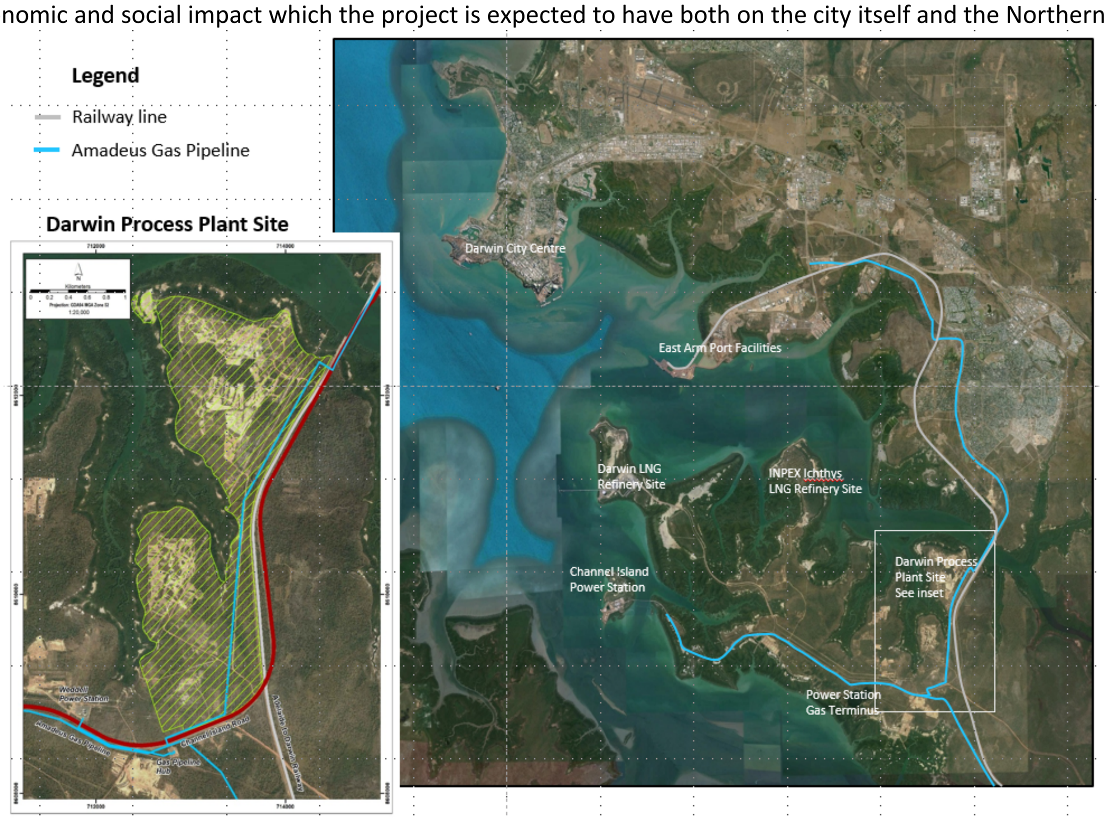
During the Quarter, TNG signed a key Project Facilitation Agreement (PFA) with the Government of the Northern Territory in relation to the proposed location site near Darwin for the TIVAN™ Metals Refinery to be constructed as part of the Mount Peake Project. The PFA reflects the NT Government's in-principle support for the site which will be used to develop and operate the TIVAN™ Refinery and provides TNG with certainty over the process required to secure tenure through the construction and operations phase.

The PFA was executed by the Chief Minister of the Northern Territory, The Honourable Michael Gunner MLA, and TNG's Managing Director, Mr Paul Burton, in Darwin. Also in attendance at the signing ceremony was the responsible Managing Director of global engineering firm SMS group's process engineering division, Mr. Herbert Weissenbaeck. TNG has signed a binding Heads of Agreement with SMS group for the engineering, design and construction of the TIVAN™ facility near Darwin.

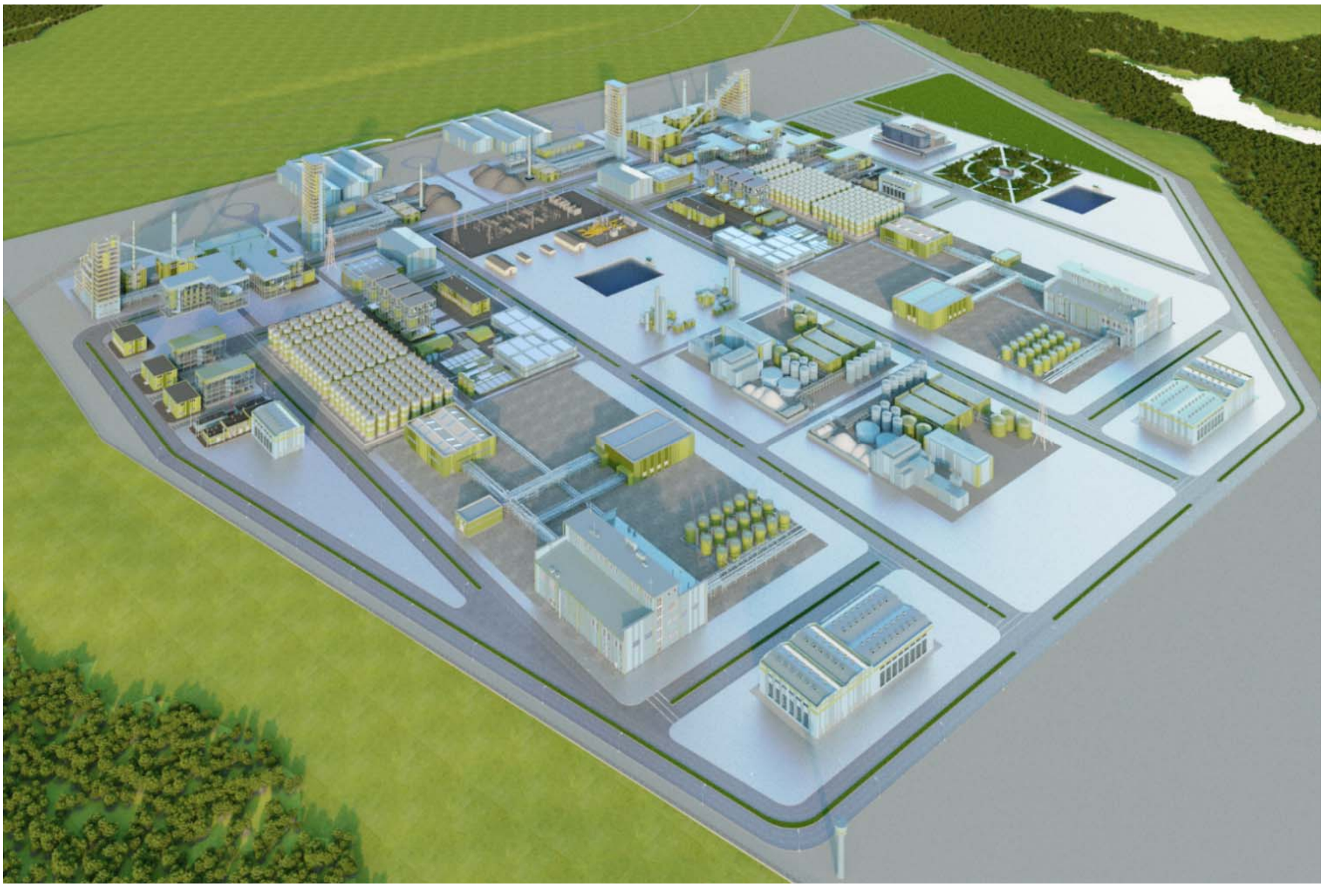
The PFA is a key agreement for the Company which ensures that a "whole-of-government" approach is adopted in developing the Project, including facilitating the necessary environmental and planning approvals, provision of land and port access.

TNG is currently undertaking a range of technical, engineering and environmental studies to fully assess the Darwin site prior to making a Final Investment Decision (FID). A high-level Project Control Group comprising representatives of the Northern Territory Government and TNG has been established to progress the Project Facilitation Agreement.

The TIVAN™ refinery will be a state-of-the-art metals processing facility that enables high-purity products to be produced from the Mount Peake vanadium-titanium-iron deposit, located 235km north-west of Alice Springs in the Northern Territory. Annual production is expected to be 17,560 tonnes of vanadium pentoxide, 236,000 tonnes of titanium dioxide (pigment) and 637,000 tonnes of iron for export. It is expected that the facility will also enable other industries to develop in Darwin, enhancing the positive economic and social impact which the project is expected to have both on the city itself and the Northern Territory.



Conceptual view of the proposed Darwin plant located on the proposed land site



Conceptual view of the proposed Darwin plant located on the proposed land site

Public Relations

During the Quarter, TNG appointed Northern Territory specialist communications consultants "True North" to establish a Darwin-based public relations and community engagement for the Mount Peake Project.

Project Manager

The Company has been actively seeking a suitably qualified Project Development Manager.

Other Prospects at Mount Peake

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

Graphite

The graphite potential of the Mount Peake Project is also continuing to emerge. 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 2017.

CORPORATE

De-merger of Base Metal Assets

During the Quarter, TNG completed the demerger of its non-core base metals assets in the Northern Territory into Todd River Resources Limited. These base metals assets underpinned an Initial Public Offer (IPO) for Todd River Resources, which was successfully completed during the reporting period after raising the maximum subscription amount of $6 million.

Todd River Resources lodged a Prospectus dated 31 January 2017 (Original Prospectus) and a Supplementary Prospectus dated 10 February 2017 (Supplementary Prospectus) with the Australian Securities and Investments Commission (ASIC) offering up to 30,000,000 shares each at an issue price of $0.20, together with one free attaching option for every two shares subscribed for and issued (Offer). The Offer consisted of both the General Offer and the priority TNG Offer.

The TNG Offer raised approximately $1.52 million. The remaining funds of approximately $4.48 million were raised via the General Offer with Lead Broker Sanlam Private Wealth receiving strong demand from investors.

Following completion of the IPO, Todd River Resources made its debut on the Australian Securities Exchange (ASX) on Thursday, 6 April 2017, with its shares trading under the ASX Ticker: TRT.

Eligible TNG shareholders who were on the TNG share register on the record date (15 March 2017) received shares in Todd River Resources via an in-specie distribution.

TNG retains a relevant interest of 10.77% in Todd River Resources following the completion of the IPO.

Todd River Resources will provide investors with further information in due course on its planned exploration and project development activities under its own Company Announcements Platform (ASX Ticker: TRT).

Appointment of Non-executive Director

TNG has further strengthened its board as it prepares for the final stages of financing and development of the Mount Peake Project with the appointment of experienced international renewable energy executive, Mr John Davidson, as an independent non-executive Director.

Mr Davidson is a highly-regarded corporate and business executive with more than 30 years' experience leading major strategic business initiatives, business transformation and capital raising initiatives in a diverse range of industries, particularly the renewable energy and technology sectors.

He is the founder and Managing Director of Energy Made Clean (EMC), a leading Perth-based renewable energy company providing off-grid power and utility-scale solutions (www.energymadeclean.com). EMC was recently acquired by the ASX-listed renewable energy company, Carnegie Clean Energy (ASX: CCE) (www.carnegiewave.com).

Mr Davidson has developed a strong relationship with TNG over the past few years working in strategic collaboration on the promotion, development and growth of Australia's emerging Vanadium Redox Flow Battery ("VRF") market.

In December last year, TNG signed a key Memorandum of Understanding with EMC and Japan's Sumitomo Electric Industries ("SEI") to collaborate on the development of this exciting market opportunity.

Prior to joining EMC, Mr Davidson was the co-founder and Managing Director of EuroMicroCaps Ltd, a boutique investment fund targeting high-growth SME's, and before that he held a range of senior executive and corporate positions in Australia and abroad including International Business Development Manager for the Chamber of Commerce and Industry in Marseille, France.

Cash

TNG had total cash reserves of $8.4 million at Quarter-end.

Paul Burton
Managing Director

20 April 2017

Tenement Schedule

The Group holds an interest in the following tenements or tenement applications at 31 March 2017:

Project	Tenements	Equity
Mount Peake	EL27069, EL27070, EL27941, EL29578, EL30483, ELR29627, MLA28341, MLA29855, MLA29856, MLA30686	100%
Melville Island	ELA28617	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	2% gold return interest on production.

Competent Person's Statements

The information in this report that relates to the Mount Peake Mineral Resource estimates is extracted from an ASX Announcement dated 26 March 2013, (see ASX Announcement – 26 March 2013, "Additional Information on the Mount Peake Resource", www.tngltd.com.au and www.asx.com.au), and was completed in accordance with the guidelines of the JORC Code (2012). Initial mining and financial assessment work, based on the Mineral Resource, followed (see ASX Announcement – 15 July 2013, "TNG Considers Two-Stage Development Option for Mount Peake Project, NT", www.tngltd.com.au and www.asx.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resource estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are represented have not been materially modified from the original market announcement.

Production Targets and Financial Information

Information in relation to the Mount Peake Definitive Feasibility, including production targets and financial information, included in this report is extracted from an ASX Announcement dated 31 July 2015, (see ASX Announcement – 31 July 2015, "Mount Peake Feasibility Study Confirms a World-Class Project", www.tngltd.com.au and www.asx.com.au). The Company confirms that all material assumptions underpinning the production target and financial information set out in the announcement released on 31 July 2015 continue to apply and have not materially changed.