

Flash Note – TNG Limited

Final Key Mount Peake Feasibility Study Contracts Awarded

January 28, 2015

EVENT

- Key Mount Peake Feasibility Study contracts awarded to Snowdon:
 - Geotechnical Study to determine open pit parameters
 - Geotechnical drilling set to commence in February
 - Mining Study to deliver pit design, mining schedules, cost and cash flow analyses
 - These are the final elements of the Feasibility Study
- Metallurgical and process plant studies are ongoing, including TIVAN® process optimisation work
- Steady progress being made on the Mount Peake Project on all fronts
- Feasibility Study expected to be delivered in mid-2015

BREAKAWAY COMMENTS

TNG continues to make considerable progress on its flagship Mount Peake Vanadium-Iron-Titanium Project, located in the Northern Territory of Australia. Mount Peake, which has the potential to produce LOM revenues of \$13.6 billion, is now moving towards development, with the most recent advances being the signing of contracts for the Mining and Geotechnical Studies with Snowdon Mining Industry and Consultants Pty Ltd (“Snowdon”), a leading global consultant to the resources industry, and who were also involved in delivering the Mount Peake Pre-Feasibility Study in 2012.

These studies are the final elements to be incorporated into the Feasibility Study for Mount Peake, which is expected to be delivered in mid-2015. Other ongoing work for the Feasibility Study includes metallurgical and process plant studies, including the optimisation of the TIVAN® hydrometallurgical process.

The geotechnical work will include specific geotechnical diamond drilling, to be used to generate a geotechnical model for the entire Mount Peake deposit, which will be used for the open pit design, including parameters such as pit wall angles.

This data is a critical element in the mine design, a vital part of the detailed mining study. The mining study will cover such issues as mine design and schedules, and detailed capital and operating cost estimates. These factors, combined with the results from the metallurgical work, will be used in a detailed financial analysis and cash flow model, a key deliverable from this work.

These studies are fully funded, with TNG raising \$5.5 million in October 2014.

As part of the Feasibility Study, TNG has continued optimisation testwork of its 100% owned TIVAN® (patent pending) hydrometallurgical process, which is expected to produce high value and high purity vanadium pentoxide, iron oxide and titanium dioxide, with the process being developed

by TNG in conjunction with the METS/Midas engineering group of Perth. The current optimisation work has largely concentrated on the front end of the circuit, resulting in a higher grade leach feed than estimated previously. Potential outcomes of this include higher recoveries and grades of the final products, and a significantly lower capital cost.

As part of its progress towards production the Company has also signed preliminary agreements with a number of potential development and offtake partners over the last eight months.

These signatories and potential project involvement include:

- POSCO Engineering and Construction (project finance and development),
- WOOJIN Industrial Company (project finance, development and vanadium offtake),
- Gunvor Group (iron products offtake),
- Hyundai Steel (development and iron products offtake),
- Sinometal (magnetite concentrate offtake)
- Global Pacific Partners (logistics, project finance and titanium product offtake)
- Genesee and Wyoming Australia (rail transport logistics).

All are major global players in their respective fields.

Mount Peake also remains prospective for graphite, with recent drilling intersecting significant widths of graphite mineralisation.

As part of its overall strategy, TNG is planning to spin off its non-core base metal assets into a new company, "Todd River Resources". These projects, which include Mt Hardy, Manbarrum and McArthur River, will then be able to be fully funded and explored to realise their full potential, with TNG retaining a major shareholding in the spin-off.

We maintain our Speculative Buy on TNG.

Company Information

ASX Code:	TNG
Share Price:	A\$0.10
MCAP:	A\$62.3m
Cash:	~A\$7.0m
Debt:	A\$0.0m
EV:	A\$55.3m

Please see recently completed 'full coverage' and 'update' report via link:
<http://www.breakawayresearch.com/research-portfolio/tng-limited>

Analyst Verification

We, Grant Craighead and Mark Gordon, as the Research Analysts, hereby certify that the views expressed in this research accurately reflect our personal views about the subject securities or issuers and no part of analyst compensation is directly or indirectly related to the inclusion of specific recommendations or views in this research.

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