

## ASX ANNOUNCEMENT

ASX CODE: TNG

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### DIRECTORS

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Paul Burton  
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### PROJECTS

Mount Peake: Fe-V-Ti  
Manbarrum: Zn-Pb-Ag  
East Rover: Cu-Au  
McArthur: Cu

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## RESOURCE AT MOUNT PEAKE IRON - VANADIUM PROJECT INCREASES TO 160MT

**INCLUDES INDICATED RESOURCE OF 112MT WITH POTENTIAL  
FOR FURTHER GROWTH**

### Key Points:

- Updated Indicated and Inferred Resource of 160Mt grading 0.3% V<sub>2</sub>O<sub>5</sub>, 5.0% TiO<sub>2</sub> and 23.0% Fe
- 70% of the resource, or 112Mt, in the Indicated category, available for conversion to Ore Reserves
- High-grade zone identified along entire strike length of the deposit – grades >0.7% V<sub>2</sub>O<sub>5</sub>, 38% Fe, 12% TiO<sub>2</sub>.
- Deposit remains open to the east – with new targets to be drilled before year-end
- Significant Exploration Target <sup>1</sup> of 500-700Mt with a grade range of 0.2-0.4% V<sub>2</sub>O<sub>5</sub>
- Optimisation work proceeding well for commencement of pilot plant test work
- Legal and Financial Due Diligence for transaction with ECE proceeding on schedule

Australian resources company TNG Limited (ASX: TNG) is pleased to report a substantial upgrade in the Mineral Resource estimate for its 100%-owned Mount Peake Iron-Vanadium-Titanium Project in the Northern Territory (see figure 1) following successful drilling programs completed this year.

The 2011 updated Indicated and Inferred Resource comprises<sup>2</sup>:

Category	Tonnes	V <sub>2</sub> O <sub>5</sub> %	TiO <sub>2</sub> %	Fe%	Al <sub>2</sub> O <sub>3</sub> %	SiO <sub>2</sub> %
Indicated	110,000,000	0.29	5.3	23	8.1	34
Inferred	48,000,000	0.24	4.5	21	8.8	35
Total	160,000,000	0.27	5.0	22	8.3	34

This updated resource incorporates the results of programs of diamond and RC drilling completed at Mount Peake earlier this year and represents a significant increase from the previous Inferred Resource estimate of 139Mt grading 0.29% V<sub>2</sub>O<sub>5</sub>, 5.3% TiO<sub>2</sub>, 23.6% Fe .

Significantly, approximately **70 per cent of the resource, or 112 million tonnes, is now confirmed in the Indicated category**, and available for conversion to Ore Reserves.

<sup>1</sup> The potential quantity and grade is conceptual in nature, and there has been insufficient exploration to define a Mineral Resource, and it is uncertain if further exploration will result in the determination of a Mineral Resource.

The estimate has been completed by Snowden Mining Industry Consultants Pty Ltd (Snowden) and is reported in accordance with the JORC Code (2004), using a V<sub>2</sub>O<sub>5</sub> cut-off of 0.1%. Table 1 provides the breakdown of the Mineral Resource by oxidation state:

Category	Oxidation State	Volume	Tonnes	V <sub>2</sub> O <sub>5</sub> %	TiO <sub>2</sub> %	Fe%	Al <sub>2</sub> O <sub>3</sub> %	SiO <sub>2</sub> %
<b>Indicated</b>	Oxide	880,000	2,100,000	0.28	5.7	21	8.4	36
	Transitional	3,600,000	12,000,000	0.32	6.2	23	7.8	33
	Fresh	29,000,000	98,000,000	0.28	5.2	23	8.2	34
	<i>Sub-total</i>	<i>33,000,000</i>	<i>110,000,000</i>	<i>0.29</i>	<i>5.3</i>	<i>23</i>	<i>8.1</i>	<i>34</i>
<b>Inferred</b>	Oxide	310,000	730,000	0.25	4.9	18	9.6	39
	Transitional	1,500,000	5,100,000	0.28	5.2	20	9.2	36
	Fresh	13,000,0	43,000,000	0.23	4.4	21	8.7	35
	<i>Sub-total</i>	<i>14,000,000</i>	<i>48,000,000</i>	<i>0.24</i>	<i>4.5</i>	<i>21</i>	<i>8.8</i>	<i>35</i>
	<b>Total</b>	<b>48,000,000</b>	<b>160,000,000</b>	<b>0.27</b>	<b>5.0</b>	<b>22</b>	<b>8.3</b>	<b>34</b>

Table 1: 2011 Mount Peake Deposit Mineral Resource, Compiled by Snowden Mining Industry Consultants<sup>2</sup>

Snowden also notes that the deposit is horizontally zoned with a **higher grade zone** running through the length of the deposit (see figure 2) which includes the highest grades seen to date of **0.7% V<sub>2</sub>O<sub>5</sub>, 38% Fe and 12% TiO<sub>2</sub>** as shown in Table 2:

Zone	Results	V <sub>2</sub> O <sub>5</sub> %	TiO <sub>2</sub> %	Fe%	Al <sub>2</sub> O <sub>3</sub> %	SiO <sub>2</sub> %
Zone 1 (0.1% - 0.3% V <sub>2</sub> O <sub>5</sub> )	Maximum	0.289	6.91	23.00	14.4	5.5
Zone 2 (≥0.3% V <sub>2</sub> O <sub>5</sub> )	Maximum	<b>0.707</b>	<b>12.11</b>	<b>38.00</b>	16.3	54.7
Zone 3 (0.1% - 0.3% V <sub>2</sub> O <sub>5</sub> )	Maximum	0.373	6.41	30.10	26.1	50.4

Table 2: Mount Peake Deposit Summary Maximum Results by Zone. Compiled by Snowden Mining Industry Consultants

In addition the drilling has revealed that the deposit remains open to the east (see Figure 3), with a number of new targets identified in this area. This is a very positive development, as TNG previously believed that the resource was closed off in this direction.

The latest results provide strong support for the previously published Exploration Target<sup>1</sup> of **500-700Mt with a grade range of 0.2-0.4% V<sub>2</sub>O<sub>5</sub>** for the Mount Peake Project.

Commenting on the announcement, TNG's Managing Director, Mr Paul Burton, said: "This is a great outcome, which confirms Mount Peake as one of the largest vanadium deposits in Australia. Importantly, 70 per cent of the resource has now been classified as Indicated, which is available for conversion to Ore Reserves".

<sup>1</sup> The potential quantity and grade is conceptual in nature, and there has been insufficient exploration to define a Mineral Resource, and it is uncertain if further exploration will result in the determination of a Mineral Resource.

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“Our continued drilling this year and the resource increase has highlighted the significant upside potential of the Mount Peake deposit, which has the potential to grow significantly with further exploration,” he added.

TNG recently confirmed that its proposed transaction with Jiangsu Eastern China Non-Ferrous Metals Investment Holding Company Ltd., (“ECE”) had taken another important step forward with ECE receiving approval from the Chinese Government.

This marked a further significant step towards completing the broader transaction with ECE, which includes a \$13.4 million funding injection and Strategic Alliance to underpin the feasibility and development of the Mount Peake Project and commercialisation of TNG’s proprietary TIVAN™ hydrometallurgical process. The agreement with ECE is due to be formally signed in early November.

Optimisation work required prior to the commencement of a key pilot plant metallurgical test work program is progressing well, with the test work program expected to commence late this Quarter or early in the New Year.

TNG is currently completing a Pre-Feasibility Study on the Mount Peake Project, with results from this study due to be reported in November 2011. Updated metallurgical results will be reported early in the New Year following completion of the definitive pilot test work program on the TIVAN™ hydrometallurgical process.

## **TNG LIMITED**

Paul E Burton  
**Managing Director**  
12 October 2011

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## COMPETENT PERSON STATEMENT

The information in this report that relates to Exploration Results and Exploration Targets and the input data for the Mineral Resources is based on information compiled by Paul Burton who is a Member of The Australasian Institute of Mining and Metallurgy and a Director of TNG Limited. Paul 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'. Paul Burton 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 Mineral Resources 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 she 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.

## Mineral Resource Estimation notes:

The 2011 Mineral Resource for the Mount Peake Vanadium-Titanium-Iron deposit was completed by Snowden Mining Industry Consultants on behalf of TNG Limited using the data supplied by TNG. The Mineral Resource has been classified as Indicated and Inferred Resources and reported in accordance with the JORC Code (2004). Resource classification was applied based on geological confidence, data quality and the spatial continuity of the mineralisation as demonstrated by variography. Indicated parts of the resource are predominantly covered by 100 m by 200 m spaced reverse circulation and diamond drilling. The resource has been reviewed internally.

The 2011 Mineral Resource includes 23 additional reverse circulation drillholes and 8 additional diamond drillholes for 2,856.6 m compared to the previous 2010 Mineral Resource. The total dataset used for the 2011 estimate comprises 7,772.9 m of reverse circulation and diamond drilling.

The Mount Peake project is located on EL23074, approximately 235 km north-northwest of Alice Springs in the Northern Territory. Logging of deep diamond holes indicates that the Mount Peake ore body is hosted by a differentiated basic sill with minor ultrabasic layers. The predominant rock type is olivine gabbro. The majority of the titanium and vanadium are hosted by Ti-V magnetite and in ilmenite. Most of the iron is hosted by Ti-magnetite but substantial amounts are present in clinopyroxene and olivine.

The geological database was imported to Datamine software and validated. Estimation was carried out within domains based on mineralised envelopes defined at a 0.1 % V<sub>2</sub>O<sub>5</sub> cut-off. The domain cut-off was defined based on a change in the statistical grade population. Additional mineralisation has been identified to the east, compared to the 2010 estimate.

The tonnages have been estimated using densities ranging from 2.38 to 3.4 g/cm<sup>3</sup>. These densities are derived from in-situ core density measurements determined from the 8 additional diamond drillholes.

The resource was estimated using ordinary kriging; statistical analysis of the domains indicates that there are no extreme outliers and therefore no top cut was applied.

<sup>2</sup> Note all numbers in this table are reported to two significant figures which may result in apparent discrepancies in the table.

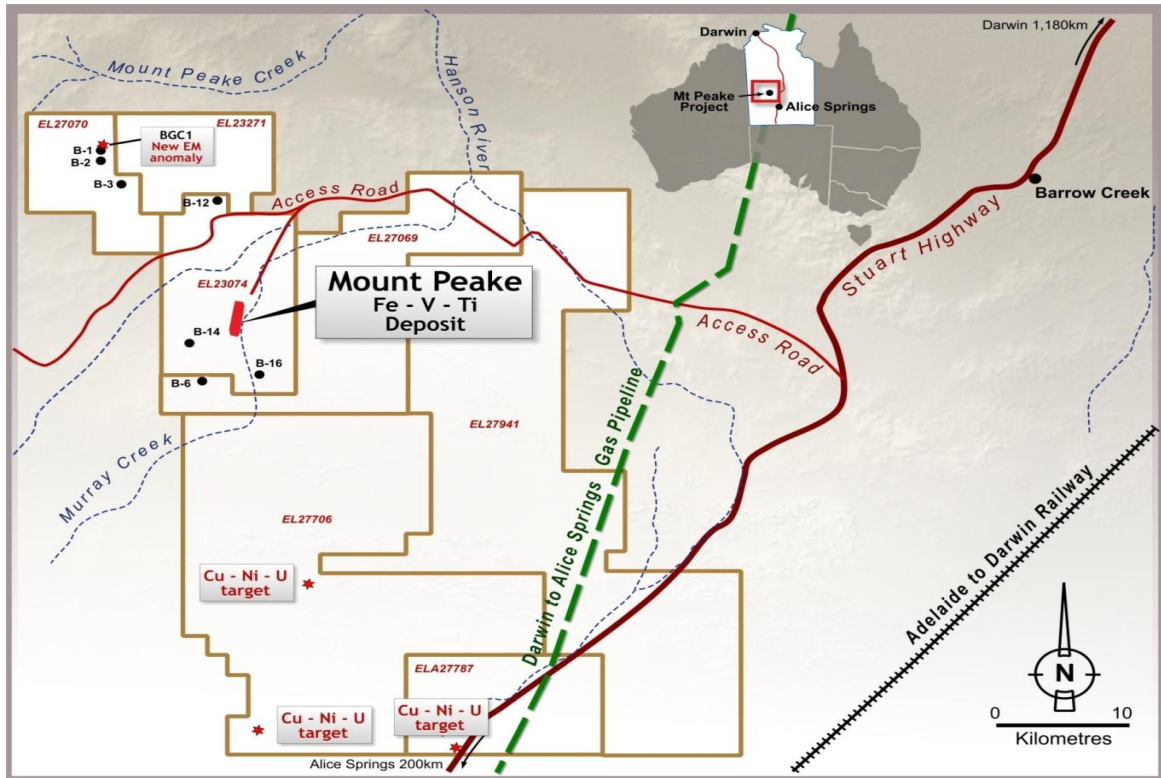


Figure 1: Mount Peake Location Map

## Mount Peake Deposit - West-East section at 7606600 mN

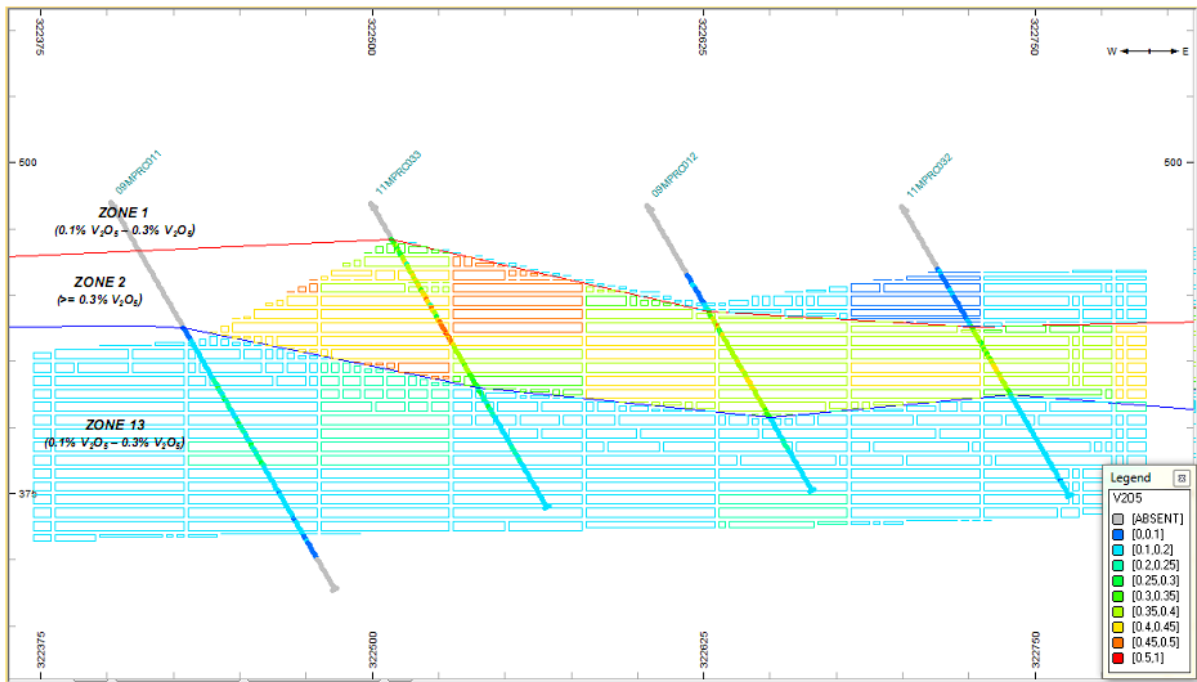


Figure 2: Zones of Mount Peake Deposit; compiled by Snowden Mining Industry Consultants.

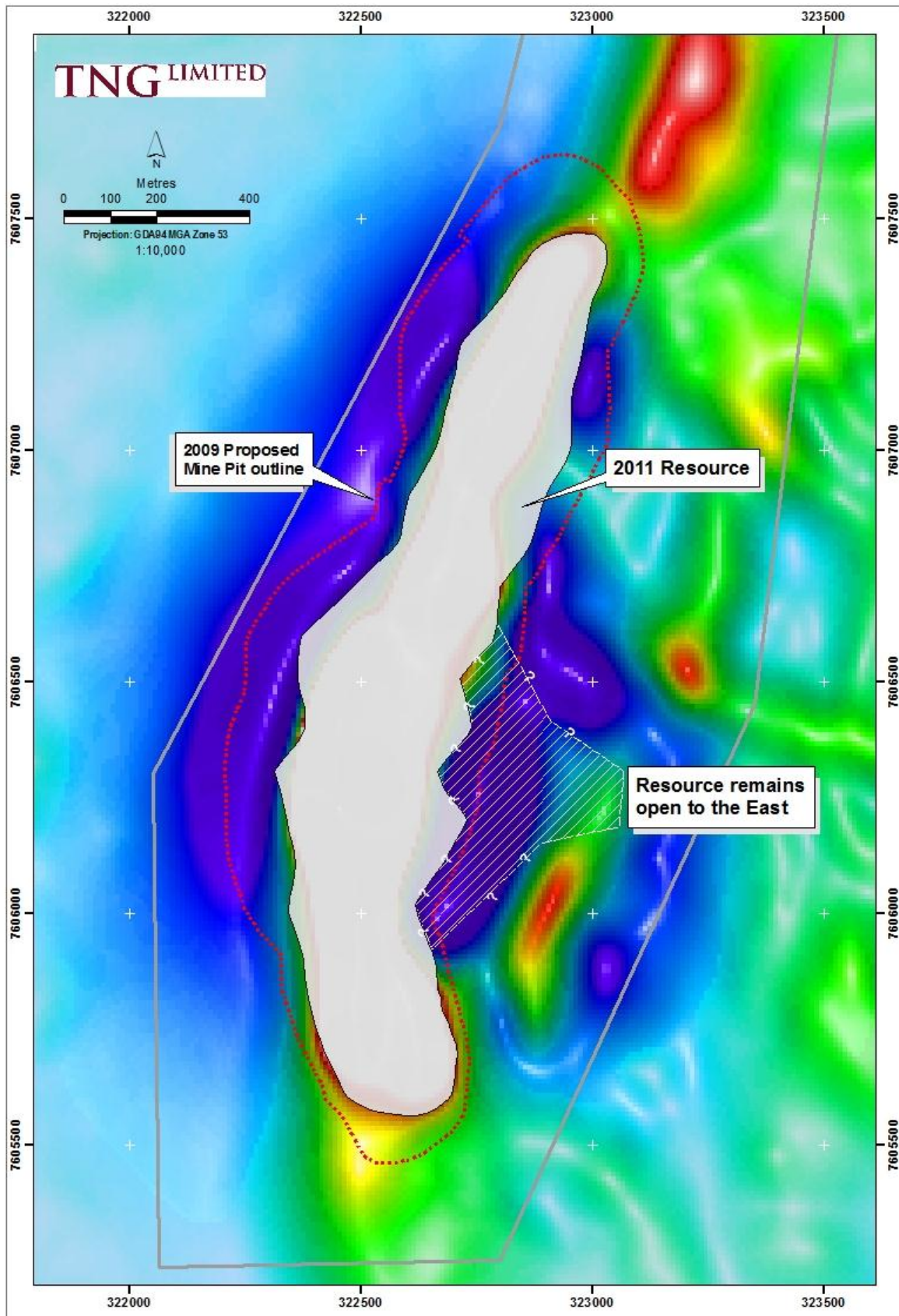


Figure 3: Plan showing the extent of the 2011 Mineral Resource