

ASX ANNOUNCEMENT

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PROJECTS

Mount Peake: Fe-V-Ti

Manbarum: Zn-Pb-Ag

East Rover: Cu-Au

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REVOLUTIONARY NEW TECHNOLOGY BREAKTHROUGH ON IRON AND VANADIUM PROCESS

Highlights

- Joint international patent application lodged to protect revolutionary process developed jointly by TNG and METS
- Hydrometallurgical process suitable for extracting vanadium, titanium and iron from titanomagnetite ores
- Successful trials conducted on other titanomagnetite Australian vanadium deposits
- Testwork demonstrates applicability to several deposits
- Discussions underway with licensees

Australian resources company TNG Limited (ASX: **TNG**) is pleased to advise that it has agreed with its co-owner to jointly apply for full international patent protection for its revolutionary new hydrometallurgical process following successful test work conducted on its own Mount Peake Project and other Australian vanadium projects.

The new process – which was jointly developed in 2010 in conjunction with TNG's metallurgical consultants, Mineral Engineering Technical Services Pty Ltd ("METS") – has for the first time using hydrometallurgy successfully extracted the valuable metal units of vanadium, titanium and iron from the titanomagnetite ores which make up most of Australia's known vanadium deposits.

Hydrometallurgical processes for the extraction and recovery of vanadium have been explored previously as a lower cost alternative to the conventional pyrometallurgical process that was used at Australia's only previously operating vanadium project at Windimurra in Western Australia.


The pyrometallurgical process, involving salt roasting followed by water leaching, can pose environmental issues and is also capital intensive and can have a high operating cost.

The hydrometallurgical alternative developed by TNG and METS utilises the combined process of acid leaching, solvent extraction and stripping to selectively recover the metals.

Successful test work was undertaken last year using the process on ore from TNG's **Mount Peake Vanadium-Titanium-Iron Project** in the Northern Territory, where it is currently completing a Scoping Study.

In addition, successful test work has now been completed at a Western Australian project owned by another party.

TNG's Managing Director, Mr Paul Burton, said the new process had the potential to support the development of a fully vertically integrated ferrous metals business for the Company.



“The results of the work we have carried out with METS this year are exciting, and open up the potential for a low-cost development of one of Australia’s largest vanadium projects at Mount Peake,” he said.

“Of broader relevance is the trial work that has been undertaken using the process on ores from other Australian titanomagnetite vanadium deposits,” Mr Burton added. “The positive results achieved from these trials point to potential applications for the process with other projects, opening up an exciting new business development opportunity for TNG and METS.

“With most analysts predicting continued strong demand and high prices for vanadium over the next decade, the opportunities for this process are significant and we intend to accelerate our development activities over the coming months,” he added.

METS Director and Principal Consulting Engineer, Mr Damian Connelly, said the development of the new process had the potential to deliver a significant breakthrough in the processing of vanadium ores globally, subject to further test work planned for this year.

“We are pleased to be working with TNG on this exciting project, which could unlock substantial value for mining companies with large-scale vanadium projects,” he added.

Vanadium is predominantly used as a strengthening additive in steel and some forms of iron. It is also used in catalysts as well as in Vanadium Redox Batteries (VRB), which are flow batteries designed to store large amounts of energy in a safe manner that can be adjusted to meet variable energy loads.

TNG LIMITED

METS

Paul E Burton

Damian Connelly

Director & CEO

Director/ Principal Consulting Engineer

10 January 2011.

COMPETENT PERSON STATEMENT

The information in this report that relates to Exploration Results is based on information compiled by Paul Burton who is a Member of The Australasian Institute of Mining and Metallurgy, an employee and 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.

Mr Damian Connelly, MAAusIMM, Chartered Professional (MET), MMICA, 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.