

TNG LIMITED

ENIGMA MINING LTD

MOUNT PEAKE PROJECT

FOURTH ANNUAL REPORT

ELR 29627

17/12/15 to 16/12/16

Tenement/s	ELR 29627	1:250 000 Sheet Name	Mount Peake (SE5305) Barrow Creek (SF5306)
Holder	Enigma Mining Ltd	1:100 000 Sheet Name	Anningie (5554), Mount Peake (5454) Barrow (5654)
Manager	N/A	Datum	GDA94-53
Operator	Enigma Mining Ltd	GDA_E	317050-327590
Commodity	V, Ti, Fe	GDA_N	7599400-7617851
Elements Analysed	Ag, Al, As, B, Ba, Be, Bi, Ca, Cd, Cr, Co, Cu, F, Fe, Hg, K, Li, Lu, Mg, Mo, Na, Ni, Pb, S, Sb, Se, Sn, Sr, Th, Tl, U, V, Z.		
Keywords	Iron, vanadium, titanium, EIS supplement, AMD, Surface water		
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EXECUTIVE SUMMARY

Exploration Licence in Retention 29627 is part of the Mount Peake Project operated by Enigma Mining Ltd, a wholly owned subsidiary of TNG Ltd. The project area is located approximately 220km NNW of Alice Springs in the Northern Territory and covers portions of the Mount Peake (SF53-05) 1:250,000 map sheet. It lies within the Stirling and Anningie Pastoral Leases and is subject to Native Title.

The project comprises four granted exploration licences; EL 27069, EL 27070, EL 27941, and EL 29578, and an exploration licence in retention, ELR 29627. In addition three Mining Lease applications; ML 28341, ML 29855 and ML 29856 have been taken out within the project area.

The main focus of the Mount Peake project has been evaluation of the V-Ti-Fe deposit which lies within ELR 29627. Work has continued throughout the year on metallurgical testwork, environmental studies and logistical matters which have contributed to progression towards construction and mining.

The Environmental Impact Statement was submitted to the EPA NT in December 2015 and was made available for public comment during the first quarter of 2016. A number of queries were raised by the EPA and outside entities, particularly in regards to the potential for Acid Mine Drainage and minesite flooding during extensive rain. Continued analysis has been undertaken on samples from previously drilled holes within the Mount Peake resource area to study the potential for acid, metalliferous and saline drainage within the minesite. A surface water and flood assessment has also been carried out. Additional information is being compiled and the supplementary report will be to be submitted to the NT EPA during the first half of 2017.

Imagery and contour data was purchased for the minesite area in order to continue design, modelling and planning of the open pit and associated minesite infrastructure.

Clearance was received from the CLC for the minesite area in 2015 and during 2016 clearance was also received for the borefield area. These are now being assessed by AAPA for authority certification.

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1. INTRODUCTION

Exploration Licence in Retention (ELR) 29627 lies within the Mount Peake Project operated by Enigma Mining Ltd (Enigma), a wholly owned subsidiary of TNG Ltd.

The project comprises four granted exploration licences; EL 27069, EL 27070, EL 27941, and EL 29578 and an exploration licence in retention, ELR 29627. In addition three Mining Lease applications; ML 28341, ML 29855 and ML 29856 have been taken out within the project area.

ELR 29627 was granted on 17 December 2012 and covers the area immediately surrounding the Mount Peake Fe-V-Ti deposit.

The main focus of the Mount Peake project has been evaluation of the V-Ti-Fe deposit which lies within ELR 29627. Work has continued throughout the year on metallurgical testwork, environmental studies and logistical matters which have contributed to progression towards construction and mining. Supplementary information has continued to be gathered for the EIS, the draft version of which was submitted in December 2015.

In January 2016 clearance was received from the Central Land Council and Traditional Owners for the Mount Peake borefield area.

2. LOCATION AND ACCESS

The Mount Peake project, is located approximately 220km NNW of Alice Springs in the Northern Territory and covers portions of the Mount Peake (SF53-05) 1:250,000 map sheet. It lies within the Stirling and Anningie Pastoral Leases and is subject to Native Title. The sealed Stuart Highway to Darwin cuts through the south-east corner of the project area (Figure 1) and access within the project area is good with well maintained station and previous exploration tracks.

ELR29627 covers 1194 hectares in the central part of the project area overlying the defined Mount Peake resource.

Exploration access to the area has been granted by the CLC and Traditional Owners, and Authorisation 0908-01 is currently in place.

3. TENURE

ELR 29627 is part of the Mount Peake project which comprises four exploration licences; EL 27069, EL 27070, EL 27941, and EL 29578; and three Mining Lease Applications; ML 28341, ML 29855 and ML 29856 (Figure 1). Exploration Licence in Retention ELR 29627 was applied for on 27 August 2012 and was granted on 17 December 2012 covering an area of 1194 Hectares surrounding the current Mount Peake Fe-V-Ti resource (Table 1).

ELR 29627 is held by Enigma Mining Ltd, a wholly owned subsidiary of TNG Ltd.

Table 1: Details of EL 29627.

Title	Area	Grant Date	Expiry Date
ELR29627	1194 Hectares	17/12/2012	16/12/2017

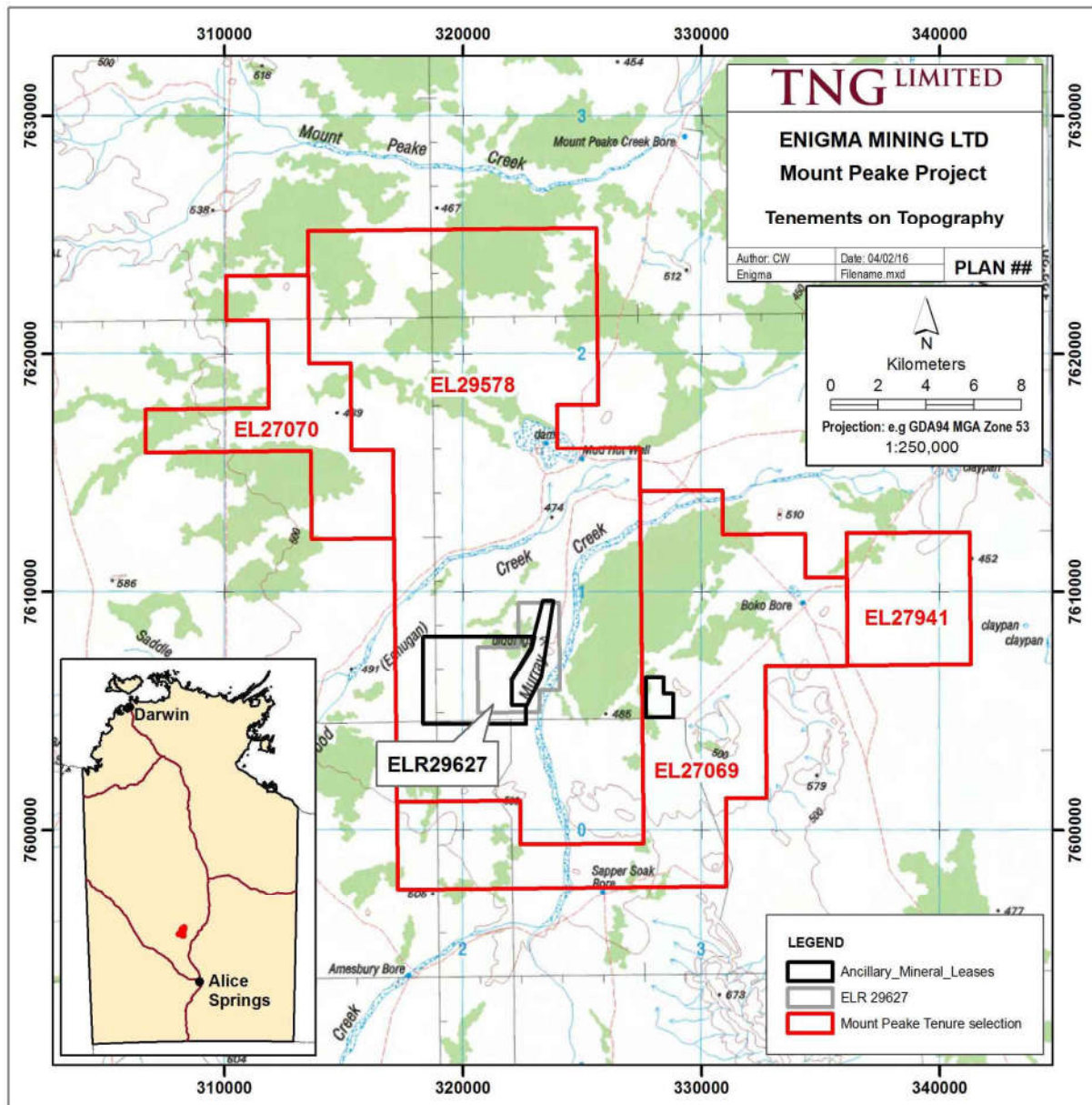


Figure 1: Location of Mount Peake project area.

4. GEOLOGY

The Mount Peake gabbro body is located within outliers of Neoproterozoic sediments of the Georgina Basin. The Neoproterozoic sediments rest unconformably on metasediments and granites of the Aileron Province within the Lower Proterozoic Arunta Region. Bedrocks comprise metasediments, granites and metamorphosed basic rocks (Figure 2).

During the Barramundi Orogeny (1890-1850 Ma), the sedimentary units were intruded by mafic rocks which have been deformed and in places metamorphosed to amphibolite facies. During the closing stages of the Barramundi Orogeny granite plutons intruded rocks of the Arunta Province.

The mineralised Mount Peake gabbros are part of a 10x20km NW trending sill or sill complex (interconnected sills at different stratigraphic levels) named the Murray Creek Sill. Judging from the magnetic images at least two more sills/sill complexes are present in the eastern part of the region. The Murray Creek Sill comprises gabbros, olivine gabbros, and leucogabbros with magnetite rich olivine gabbros near the top of the sill. Where the basal contact to the sill has been intersected in the stratigraphic holes SDDH1

and SDDH2 the thickness of the sill is around 250-300 m, and the mineralised zone is very close to the top of the sill. Most of the rocks in the sill are only moderately magnetic above the top of the mineralised zone.

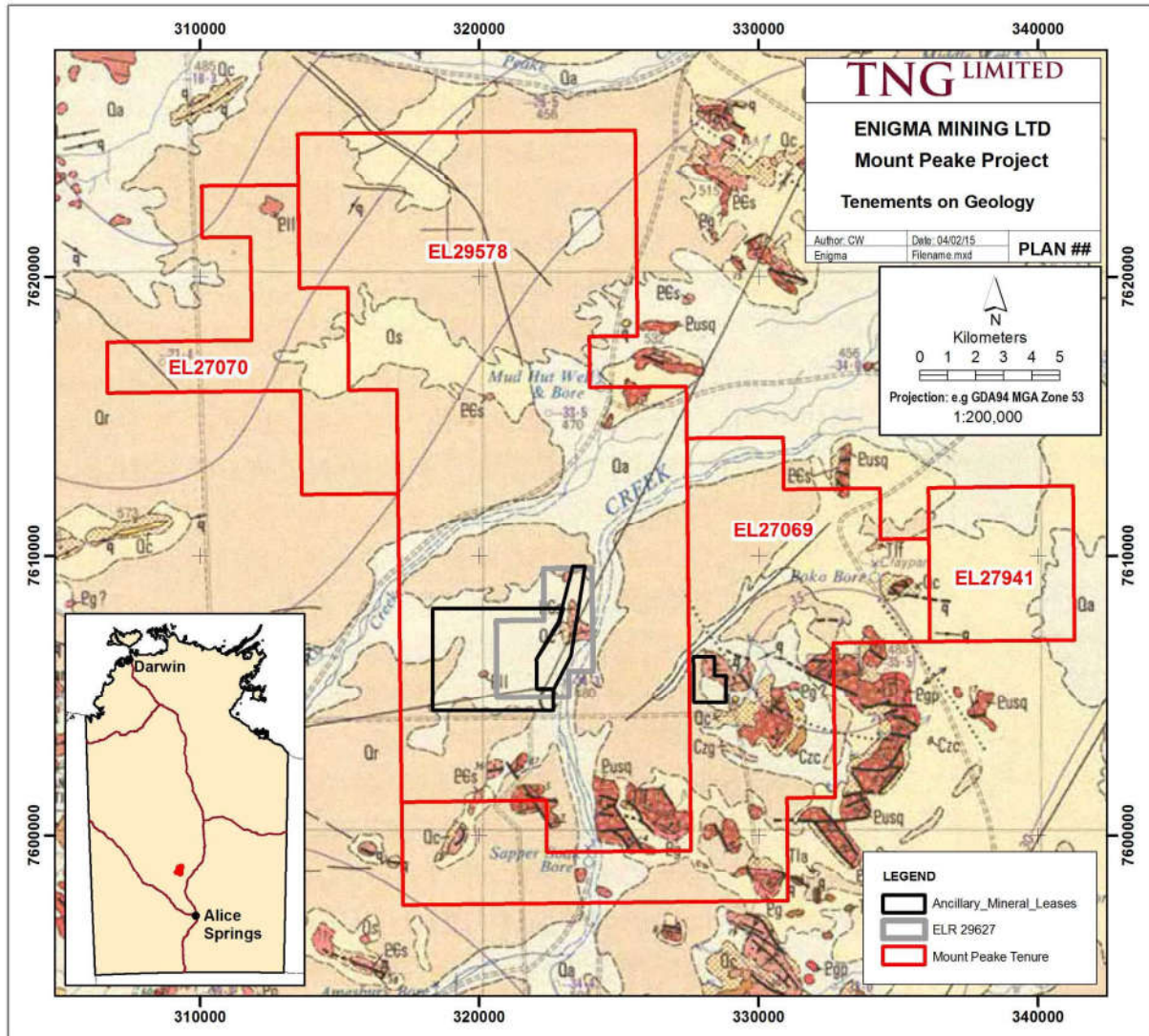


Figure 2: Mount Peake Project tenements on 250K geology (Mount Peake Sheet and Barrow Creek Sheet).

5. PREVIOUS EXPLORATION

Very little exploration had been undertaken on the area surrounding ELR 29627, prior to TNG taking on the project in 2007. The region has been partially explored for a variety of commodities including nickel, gold, copper, iron ore, bauxite and diamonds, with some areas experiencing limited or no work. The following is a brief summary of historic work reviewed to date.

- In the early 1970's CRA conducted Uranium exploration in the area. Work including geological mapping, photo interpretation, air and ground magnetics followed by rotary drilling and borehole logging. CRA resumed exploration in 1979 and over a four year period completed airborne magnetics/ radiometrics, drainage geochemistry, soil and rock chip geochemistry and limited diamond drilling.
- Stockdale Prospecting conducted exploration for diamonds in the Mount Peake region in the late 1980's. No significant kimberlitic indicators were apparent in the area.

- Between 1991 and 1997 WMC completed work focused on gold exploration that included data compilation, surface geochem sampling, XRD analyses, geological/regolith mapping, gravity surveys, airborne magnetics/ radiometrics, IP/TEM surveys and ground magnetics. Anomalies were then followed up with an Auger/ RC drill program.
- In 1997 WMC optioned the ground to Aberfoyle who completed further rock chip sampling, soil sampling and vacuum drilling on the properties. Aberfoyle withdrew from the J.V and WMC surrendered their properties in 1998.
- A garnet/magnetite skarn occurs in the centre of EL23074. This is known as the "Murray Creek" Iron prospect and was drilled by CRA in 1982.
- On the 21st of October 2002, Falconbridge (Australia) entered into a Joint Venture (JV) agreement with Tennant Creek Gold (NT) Pty Ltd. This agreement would provide Falconbridge a 60% share in EL 23074 by expenditure of \$800,000 over four years.
- Falconbridge, commissioned Fugro Airborne Surveys, Perth to conduct a 3814 line kilometer GEOTEM (25Hz, 4Ms) airborne electromagnetic survey (AEM) in the region, This was focused on the highest priority target areas. This survey covered EL 23074 in its entirety with coverage totalling 742 line kilometers. The results highlighted six targets on EL 23074 that were recommended for follow-up including ground EM surveys and drill testing.
- On the 15th of October 2003 Falconbridge Ltd entered into agreement with Discovery Nickel Ltd (DNL). DNL's exploration approach relied heavily on airborne electromagnetic (AEM) surveying, followed up by ground EM to define targets. After analysis of the Falconbridge AEM results, DNL commissioned a ground EM (SMARTEM) survey focussing on the highest priority target areas.
- DNL did investigate, model and drill (ARD02) a significant aeromagnetic anomaly Target J-1, located on EL 23074. The hole (ARD02) was drilled 70°/270° to a depth of 150.6m. It is unclear why the hole ended at that depth as the modelling suggested the depth to target was approximately 200m. The target source therefore remained unexplained. DNL reported that this proved to be a massive magnetic gabbro, and of no economic interest.

5.1 Exploration at Mount Peake by TNG

TNG commenced exploration in 2007 and has progressed the project to it's current stage. Since 2007 the company has consolidated its landholding in the area with the aim of assessing the entire region for the presence of additional Fe-V-Ti deposits, and additionally exploring the Cu and Ni potential of the Mount Peake region.

2007:

- TNG locates and samples DDH02 with results showing high grade of V and Ti.
- TNG remodel the high resolution magnetic feature that was drilled showed dimensions of 4km x 1km, suggesting potential that the gabbro body is extensive.

2008:

- Results reveal high quantities of Iron, Vanadium and Titanium within the Magnetite. Davis Tube Recovery show significant results of: 1.2% V₂O₅, 56% Fe, 17% TiO₂.
- TNG complete a detailed ground gravity survey showing a large anomaly offset from the magnetic feature indicating additional Hematite potential.

2009:

- TNG complete drill programme to define extent of magnetite mineralisation. The Mineralised Zone commences at shallow depths (>40m) and is currently 1.3km in strike length, 500m wide and up to 80-120m thick.
- JORC resource defined from drilling of 107mt@ 0.4% V₂O₅, 40% Fe. Estimated deposit size is >500mt.
- Metallurgical testwork produces high grade V₂O₅ concentrate.
- Initial Scoping Study completed concludes positive economics, based on recovery of vanadium only.
- RC drilling determined the extension of the mineralised zone to at least 3000m in strike length.
- Additional exploration licences EL27069 and EL27070 were granted.
- Drilling to test layered mafic intrusion completed – minor layering and sulphides noted.
- Heli-borne aeromagnetic/radiometric surveys revealed previously unknown uranium anomalies adjacent to the Mount Peake vanadium deposit. Further work has not yet been undertaken.
- Two further ELAs lodged to take TNGs landholding to over 2000km².

2010:

- Average metallurgical concentrate grade continues to exceed 1% V₂O₅.
- JORC Resource of 140mt@ 0.3% V₂O₅, 5.9% TiO₂, 29% Fe at a 0.1% V₂O₅ cut-off.
- Metallurgical testwork achieves high V₂O₅ recovery of 85-97%.
- A new hydrometallurgical process, jointly developed by TNG and Mineral Engineering Technical Services Pty Ltd (METS) successfully recovers the three main commodities (V, Ti, Fe) from the ore.
- A joint patent application was submitted to protect the invention and allow commercialisation at a later date. The process was trademarked as TIVAN[®].
- Positive interim results were received for the Mount Peake scoping study. Fe recovery 71-75%, V recovery 91-95%, Ti recovery 75%.
- Northern extension to the present 9km linear magnetic anomaly at Mt Peake is interpreted to contain magmatic feeder zones, which may contain Ni, Cu and PGE's.
- Detailed assessment of airborne GEOTEM has identified a further 35 late-time, intermediate to strong conductive features recommended for further work.
- Copper gossan discovered in ultramafic package. Initial Niton results returning 4-24%. Subsequent assaying returned values of up to 6.07% Cu.

2011:

- The TIVAN[®] hydrometallurgical process for extracting vanadium, titanium and iron from titanomagnetite ores was successfully trialled on other titanomagnetite vanadium deposits within Australia.
- Positive Scoping Study completed by Snowden Mining Industry Consultants confirms the Project's technical and financial results.
- A subsequent scoping study was commissioned to investigate the effect of producing a ferrovanadium product (FeV), as a further value-add to the vanadium pentoxide concentrate produced.
- Further diamond drilling results confirmed large continuous iron-vanadium zone at Mount Peake, results of up to 0.6% V₂O₅, 10% Ti and 36% Fe, leading to an updated Indicated and Inferred JORC Resource.
- Total resource 160Mt grading 0.3% V₂O₅, 5.0% TiO₂ and 23% Fe.

2012:

- Positive analytical results received from initial continuous-run pilot plant testwork programme.
- Pre-Feasibility Study completed in July 2012.
- Regional drilling of large magnetic features in the Mount Peake project area confirms two more, large magnetite-rich gabbro bodies opening up the potential for a substantial increase to the current JORC resource.

- Additional RC and diamond drilling undertaken to extend and upgrade the existing resource.
- Metallurgical testwork commenced on core.
- Hydrometallurgical pilot plant trial set to commence with CSIRO in June 2013.

2013:

- Updated JORC-compliant resource estimate completed in March 2013. 160Mt grading 0.3% V₂O₅, 5.3% TiO₂ and 23% Fe (118Mt Measured, 20Mt Indicated, 22Mt Inferred).
- Continuation of Definitive Feasibility Study, two-stage development option investigated.
- GDH appointed to complete the Environmental Impact Study.
- Metallurgical work continuing with a view to providing bulk samples to CSIRO for pilot plant trials.

2014:

- Continuation of work required for completion of the Definitive Feasibility Study – metallurgical work, environmental impact study, mining and geotechnical studies.
- Continued metallurgical testwork has included:
 - Upgrading of the TIVAN Process resulting in higher grade leach feed material.
 - New rare earth magnetic separation unit trialled and incorporated into the initial separation stages of the process to improve the recovery of titanium and vanadium.
 - The investigation and trial of a new pre-leach process which will significantly reduce the size of the downstream acid regeneration plant.
- Continued work on the environmental impact study:
 - Baseline survey reporting, studies of, and impact assessment covering flora and fauna, heritage, groundwater, surface water, air quality, noise, traffic, social impacts and economics.
 - Water bore pump testing to indicate availability of a water supply for the project.
 - Implementation of a community consultation program to advise stakeholders of the Project and to seek their input.
 - Preparation and submission of the draft Environmental Impact Statement.
- Appointment of Snowden to carry on geotechnical studies and mining financial analysis for the Mount Peake project with final data to be included in the DFS.
- Water bore monitoring (1 hole within ELR29627).

2015:

- Geotechnical drilling to assess rock strength properties in the vicinity of the pit wall and allow pit design to proceed – satisfies geotechnical component of the DFS.
- Completion of work required as part of the Definitive Feasibility Study, including metallurgical work, mining and geotechnical studies and finalisation of CAPEX and OPEX.
- Finalisation and submission of the Environmental Impact Study to the NT EPA. Work included studies related to water resources, biodiversity, potential issues regarding air quality and greenhouse gases, heritage and aboriginal sites, socio-economics and community health and safety and acid mine drainage studies of Mount Peake ore.
- Clearance by the CLC for the Minesite, Campsite and Haul Road areas.

6. TNG EXPLORATION AND ACTIVITIES 2016

6.1 Environmental Impact Study

TNG Limited (TNG) commenced the process of seeking environmental approval for the Mount Peake Project in 2013, and this has now progressed.

The Mount Peake Project comprises a mine and processing facility at Mount Peake, approximately 235 km north-northwest of Alice Springs and 50 km northwest of Ti Tree, and the Darwin Refinery at the Middle Arm Industrial Precinct, approximately 16 km to the southeast of Darwin. Environmental approval for the mine and refinery is being progressed separately reflecting their geographical separation (1,400 km) and that the environmental and social issues that will need to be addressed are substantially different between the two locations.

A draft EIS was been prepared for the Mount Peake mine site and processing facility during 2015. Key components of the project include an open-cut pit, waste rock dump, ore processing plant, tailings storage facility, water dams, gas fired power station, accommodation village, site access roads, Stuart Highway underpass, rail loadout facility and borefield.

The draft EIS identifies and assesses the potential environmental and social impacts of the project and provides management and control measures to reduce potential risks or impacts to as low as reasonably practicable and to an acceptable level, in accordance with legislative requirements, industry standards and TNG's environment, community, and health and safety policies. Potential impacts have been assessed for water resources (groundwater and surface water), biodiversity (flora, vegetation and fauna), air and greenhouse gasses, noise and vibration, Aboriginal and historic heritage, socio-economics, human health and safety, waste management and rehabilitation and closure.

The draft EIS for the Minesite, Transport Corridor and Borefield was submitted to the NT EPA in December 2015 and released for public comment from 13 February 2016 – 25 March 2016. The NT EPA received written submissions from a number of entities and these submissions along with EPA comments will be addressed in a Supplement to the EIS submitted in the first half of 2017.

Most issues revolve around the potential for acid mine drainage (AMD) and the affect of depletion and changes in surface and groundwater sources, including the potential and affect of flooding within the minesite area. Additional water resource studies have taken place outside the boundaries of ELR29627. AMD studies and flood assessments are discussed below.

6.1.1 AMD Study

This study relates to the risk of development of acid, metalliferous or saline drainage (AMD) at the Mount Peake site. The initial study was based on a desktop review of geochemical and mine development data and provided the level of risk of AMD generation and an AMD management Plan (AMDMP).

1023 handheld pXRF readings and 81 laboratory analysed composite samples, from existing drillholes were used to provide the data in order to complete the AMD study for the draft EIS. This data was included in the 2015 Annual Report.

Additional AMD work was required as a result of comments received from the NT EPA.

Stage 1 testing analysed a total of 409 ore, waste and tailings samples for metals content and a number of static and kinetic AMD related factors and results were assessed by GHD consultants.

Based on Stage 1 results, samples representing the highest sulfur and/or metal data were chosen for Stage 2 testing (88 samples). Analysis included Kinetic NAG testing, acid buffering characteristic curve (ABCC) analyses and Australian standard leaching procedure (ASLP) testing.

The report, completed in November, concluded that there is a general lack of sulphide material in the ore and waste rock, and the risk of acid leachate generation is very low.

All NAPP (Net Acid Producing Potential) results were negative, indicating that the material is either acid-consuming or non-acid forming. Kinetic Net Acid Generation and Acid Buffering Characterisation Curve testwork results, on selected higher sulphide samples, indicate that all materials have adequate acid neutralising capacity.

In keeping with TNG's commitments to safeguarding the environment, further AMD monitoring will be undertaken pre-mining and during mining to provide feedback to confirm that concentrations of key AMD parameters are consistent with the existing testing. In the unlikely event that material with a greater AMD potential is identified, appropriate contingency measures will be taken.

The full report is included in Appendix 1 and associated digital data in Appendix 2.

6.1.2 Flood Assessment

An additional surface water/flood assessment study was completed by GHD in September 2016 which utilised the recently acquired high-resolution topographic data (Worldview3 stellite imagery and 0.5m contour data – see Section 6.XX below). The study modelled the 10, 20, 50 and 100-year Average Recurrence Interval (ARI), 72-hour storm event as requested by the NT EPA in their assessment of the draft EIS.

The study concluded that the 100-year ARI rainfall event could result in flooding into the pit, but this can/will be mitigated by a low levee bank constructed along a section of the eastern side of the pit. The recommendations of this work are being incorporated in mining construction and design plans.

The full memorandum is included in Appendix 3.

6.2 Implementation Study

The Definitive Feasibility Study (DFS) for Mount Peake was completed in July 2015 which confirmed a potential world-class project capable of generating outstanding returns. Since this time work has continued on planning for development, construction and operation of the Mount Peake mine.

6.2.1 MOU with Downer EDI Limited

In February 2016 TNG signed a wide ranging non-binding Memorandum of Understanding (MOU) with global engineering and services provider Downer EDI Limited to participate in the development, construction and operation of the Mount Peake Vanadium-Titanium-Iron Project.

Under the terms of the MOU, TNG and Downer will work together in a number of areas to identify opportunities and secure Downer's involvement as a key development partner involved in the construction and operation of the Mount Peake Project. These include:

- Engineering, Procurement and Construction (EPC) of the Mount Peake processing plant at the mine site;
- Drilling, blasting, loading and haulage of minerals and waste materials at the mine site for the life-of-mine;
- Operation and maintenance of the processing plant at the mine site;

- Building, owning and operating all non-process infrastructure at the mine site; and,
- Interfacing project infrastructure with existing rail facilities and the design, manufacture and maintenance of rolling stock and locomotives for use by the project.

The process plant and additional non-process infrastructure will be located within ELR29627. Planning is ongoing.

6.2.2 Metallurgical Testwork

An extensive metallurgical testwork program for the development of the TIVAN® Refinery has been in progress since 2009 involving multiple flow sheets. For the DFS an industry standard pilot plant was constructed at the CSIRO (Perth) with leaching and continuous solvent extraction conducted to simulate scale-up to commercial design.

Work is ongoing with CSIRO and SMS to develop and optimise the end products both in terms of purity and cost effectiveness in production.

Magnetite concentrate is to be produced onsite and transported by road and rail to the potential refinery site in Darwin.

6.3 High Resolution Imagery

High resolution Digital Elevation Models, imagery and 0.5m contours covering the minesite area (also borefield, highway crossing and rail siding, outside the boundaries of ELR29627) were purchased from Geoimage in July 2016. This imagery and the contours will allow for further minesite and associated infrastructure planning and has been provided to relevant consultant groups to progress these areas. Product details are as follows and the digital data covering Swath P001 is included in Appendix 4.

Raw data:

- Fresh Stereo Ortho-Ready Standard Level 2A WorldView-3 stereo imagery,
- 30cm resolution panchromatic, 120cm resolution 4-band multispectral,
- 2 swaths (P001 and P002), 151sqkm,
- Both swaths captured on 04 July 2016.

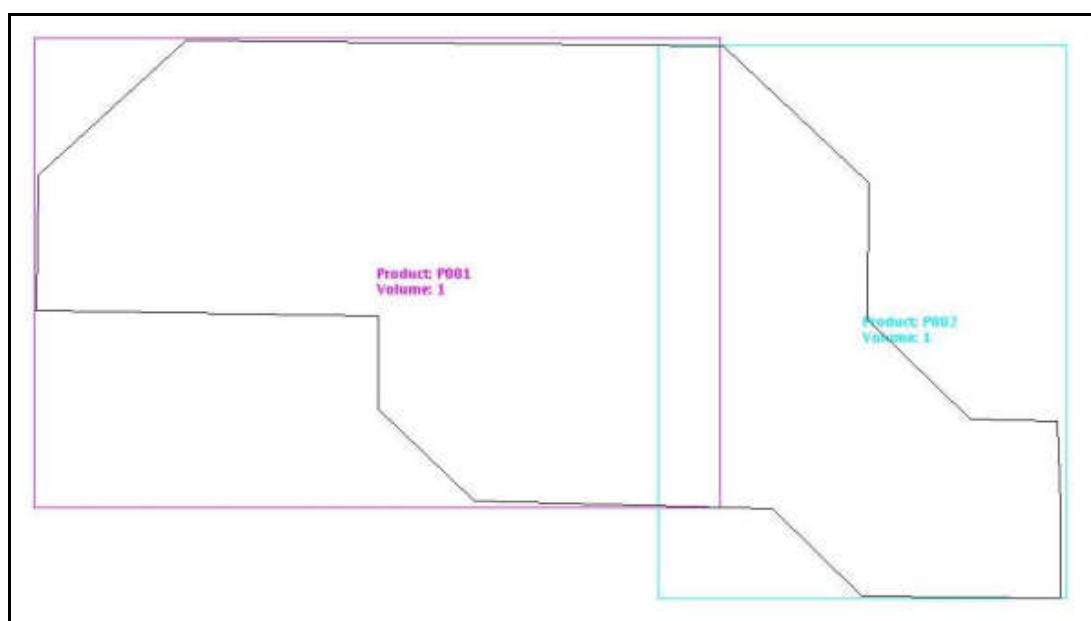


Figure 3: Extent of datasets across the minesite area. ELR29627 sits within Swath P001.

DSM and DTM Generation:

- Imagery triangulated using least squares block adjustment in SOCET GXP software for generation of 50cm gridded Digital Surface Model (DSM),
- Interpolated any poorly correlated pixels and/or null cells using proprietary Geomatica techniques; any anomalous values e.g. spikes were manually edited using PCI Geomatica,
- Final 50cm resolution DSM exported to ER Mapper BIL and GeoTIFF formats,
- Translated the noise free DSM to a bare earth model DTM (Digital Terrain Model) removing surface features using semi-automatic algorithms in PCI Geomatica,
- Final 50cm resolution DTM exported to ER Mapper BIL and GeoTIFF formats,
- Both 50cm and 1m tagged contours generated from the DTM using Intrepid and provided in tagged ESRI Shape format.

Imagery Generation:

- Raw GeoTIFF tiles of most nadir imagery compiled in PCI Geomatica
- Systematically orthorectified the panchromatic swaths using rational polynomial coefficients (RPCs) and the generated DTM resampled to 10m for Z control; tie points also collected on the overlap region,
- Mosaicked the orthorectified panchromatic swaths using PCI Geomatica,
- Orthorectified the multispectral swaths using RPCs with XY control from the panchromatic mosaic and the generated DTM resampled to 10m for Z control; tie points also collected on the overlap region,
- Mosaicked the orthorectified multispectral swaths using PCI Geomatica,
- Pan-sharpened the multispectral mosaic using the panchromatic mosaic in PCI Geomatica,
- Re-projected the multispectral, panchromatic and pan-sharpened multispectral data from WGS84/SUTM53 to GDA94/MGA53,
- Multispectral, panchromatic, and pan-sharpened data exported to GeoTIFF format with ESRI world files,
- Contrast enhanced, GeoTIFF format images of the pan-sharpened data prepared in ER Mapper,
 - Natural Colour (NC) – visible red, visible green, and visible blue in RGB,
 - False Colour (FC) – NIR, visible red, and visible green in RGB,
 - Enhanced Natural Colour (ENC) – visible red, visible green + NIR, and visible blue in RGB.

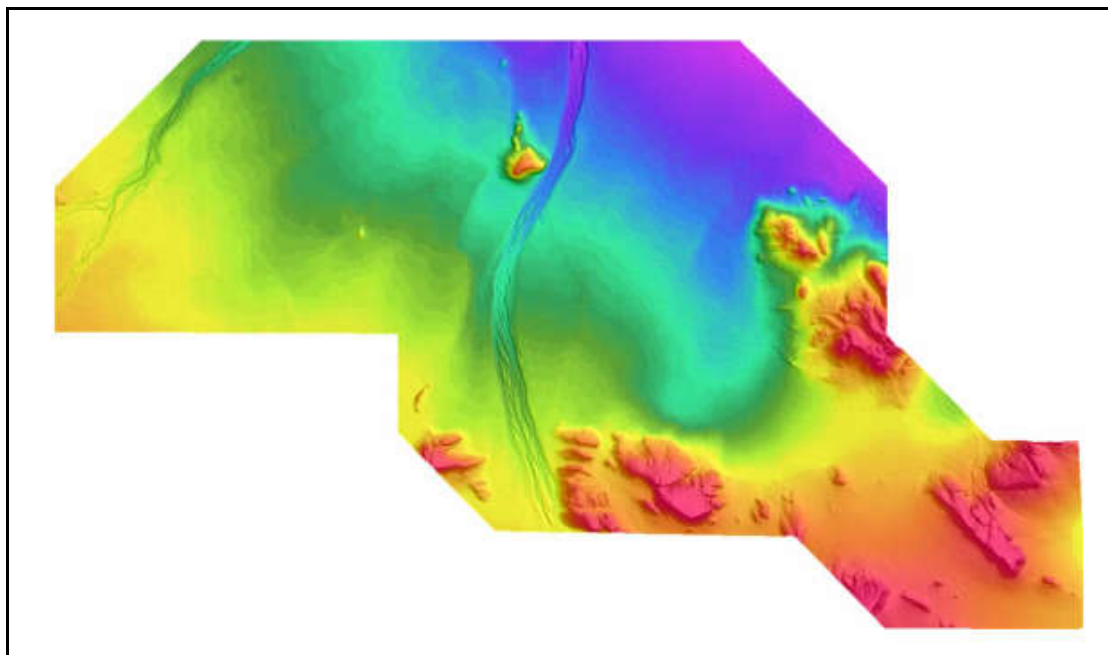


Figure 4: 50cm resolution DTM generated from Worldview-3 stereo pairs, 4 July 2016.

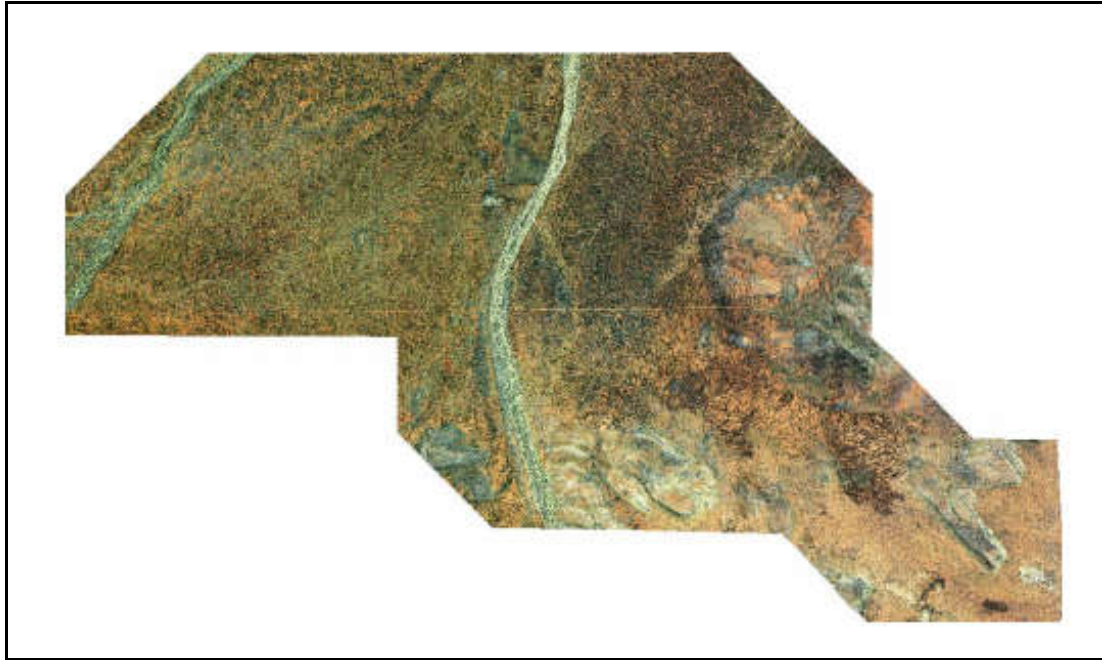


Figure 5: 30cm Worldview-3 mosaic, Enhanced Natural Colour, 4 July 2016.

6.3 Central Land Council Sacred Site Clearance

In June 2015 clearance was received from the CLC for the Mount Peake minesite area (including all of ELR29627), proposed camp area and the haul road route and rail siding facility. Clearance for the water pipeline route and borefield was received in January 2016. An application for an authority certificate has been lodged and is currently being considered by AAPA.

7. DEVELOPMENT SCHEDULE AND NEXT STEPS

After the final Native Title Agreement is signed by TNG and the Traditional Owners, a recommendation will be made by the NT Department of Primary Industry and Resources with regards to the granting of the Mount Peake Mining Leases (ML28341, ML29855, ML29856, and ML30686).

Subject to all regulatory approvals and permitting, initial site works are expected to commence in 2017/18 and will comprise concurrent construction of the accommodation village, the access road and commencement of clearing of the open cut through the overlying sand cover to enable the establishment of the first areas for mining.

The Mount Peake project implementation schedule is dictated by the development of the TIVAN® Refinery. First ore is expected to be extracted in 2019, with initial ore stored on a run of mine (ROM) stockpile.

The process plant will commence processing when the ROM stockpile contains sufficient ore feed, which is scheduled for early-mid 2019.

First concentrate production is expected to be sent to TIVAN® Refinery in early-mid 2019 and the first vanadium pentoxide, titanium pigment and pig-iron shipped is expected to occur in mid-late 2019.

Appropriate financing, final development approvals, signing of the final Native Title Agreement, the grant of the Mining Leases and a number of other environmental and

other regulatory approvals and permits will be required before mine development and production can commence. The schedule shown above is subject to satisfying those requirements.

Financing and offtake discussions have progressed significantly and agreements have been signed with Woojin Metal Co. Ltd (vanadium – 60%) and Gunvor – Singapore (iron). A MOU has been signed with global titanium trader Wogen Pacific Ltd for the sale and marketing of TiO₂ from Mount Peake. It is anticipated that agreements for the end product will be finalised prior to receipt of all necessary statutory approvals, and therefore the key determinant of the development timetable will be Government approvals.

8. PROPOSED 2017 WORK PROGRAMME

Additional studies required for the completion of the supplement to the EIS will be finalised and the document is expected to be lodged with the NT EPA in April 2017.

Work will continue on meeting all the necessary approval requirements and the finalising of minesite design and engineering in order to move forward with minesite construction.

CLC clearance of the water pipeline route and borefield was received in January and this completes the clearance requirements by the CLC. A Mining Agreement is currently in draft form and once finalised this will lead to the grant of the Mount Peake Mining Leases.