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June 24 2011

Acquisition of Thermal Coal Project, Central Mongolia

The Directors of TVN Corporation Limited (ASX code: TVN) are pleased to announce the company has entered into an exclusive option agreement to purchase the Nuurst Thermal Coal Project in central Mongolia.

Key Points

- **Attractive Deposit with Significant Exploration Potential:** The Nuurst licence is a large exploration licence covering known coal mineralization on a larger coal deposit (Tsaidam). Following a review of available historical data, Nuurst has an exploration target of:

  50 to 100 million tonnes thermal coal, Calorific value range
  Q^{daf} 6200 to 6800 kcal/kg[1]

- **Strong Infrastructure Characteristics:** The deposit is 120kms south of Mongolia's capital, Ulaanbaatar in an area with a number of operating coal mines. It is 6 kms from existing rail infrastructure providing low cost transport access to the key markets of China, South Korea and Japan. The licence is located adjacent to two of Peabody Resources licenses which are being actively explored.

- **Low Risk Transaction Structure and Development Profile:** The transaction has been structured as an option to acquire the Nuurst coal deposit following completion of a 3 month drilling and due diligence program. Drilling will commence as soon as local approvals have been received with an initial focus on extending and confirming historical drilling results. The purchase price (prior to additional investment in drilling) equates to 3 cents/ tonne (based on the low end of the exploration target).

- **Local Execution Capability:** Local Mongolian infrastructure has been established including consulting geologists and business advisors (legal and financial). Drilling equipment and experienced drill crews are on standby to commence due diligence drilling and proceed to defining a JORC compliant resource. The TVN team continues to review a live pipeline of thermal and coking coal opportunities.

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[1] The tonnage and quality expressed above 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 exploration target was calculated by considering a seam of 8 metres thick, with an SG of 1.3 t/m3 over an area of 7,200,000 m^2

Nuurst Project

The **Nuurst** Project (8159X) is a 3,451 ha exploration licence covering the northern end of the greater Tsaidam coal deposit. Historical exploration work has identified that the Nuurst licence covers 11 km strike length of coal bearing strata. Drilling and past mining activities in the area suggest a significant area of coal mineralization may exist on the licence. It is TVN's intention to confirm this mineralisation through drilling, mapping and exploration of the licence area.

Following a review of available data, the Nuurst deposit has an exploration target of:

50 to 100 million tonnes thermal coal, Calorific value range Q^{daf} 6200 to 6800 kcal/kg[2]

Within and adjacent to the southern end of the Nuurst licence Peabody Resources are actively exploring their tenements. An existing open pit mine (not currently operating) on Peabody's internal tenement clearly demonstrates the presence of coal in the adjacent area.

Diagram 1: Looking south across the Nuurst Project. Insert: nearby rail infrastructure and old mine on adjacent Peabody licence.

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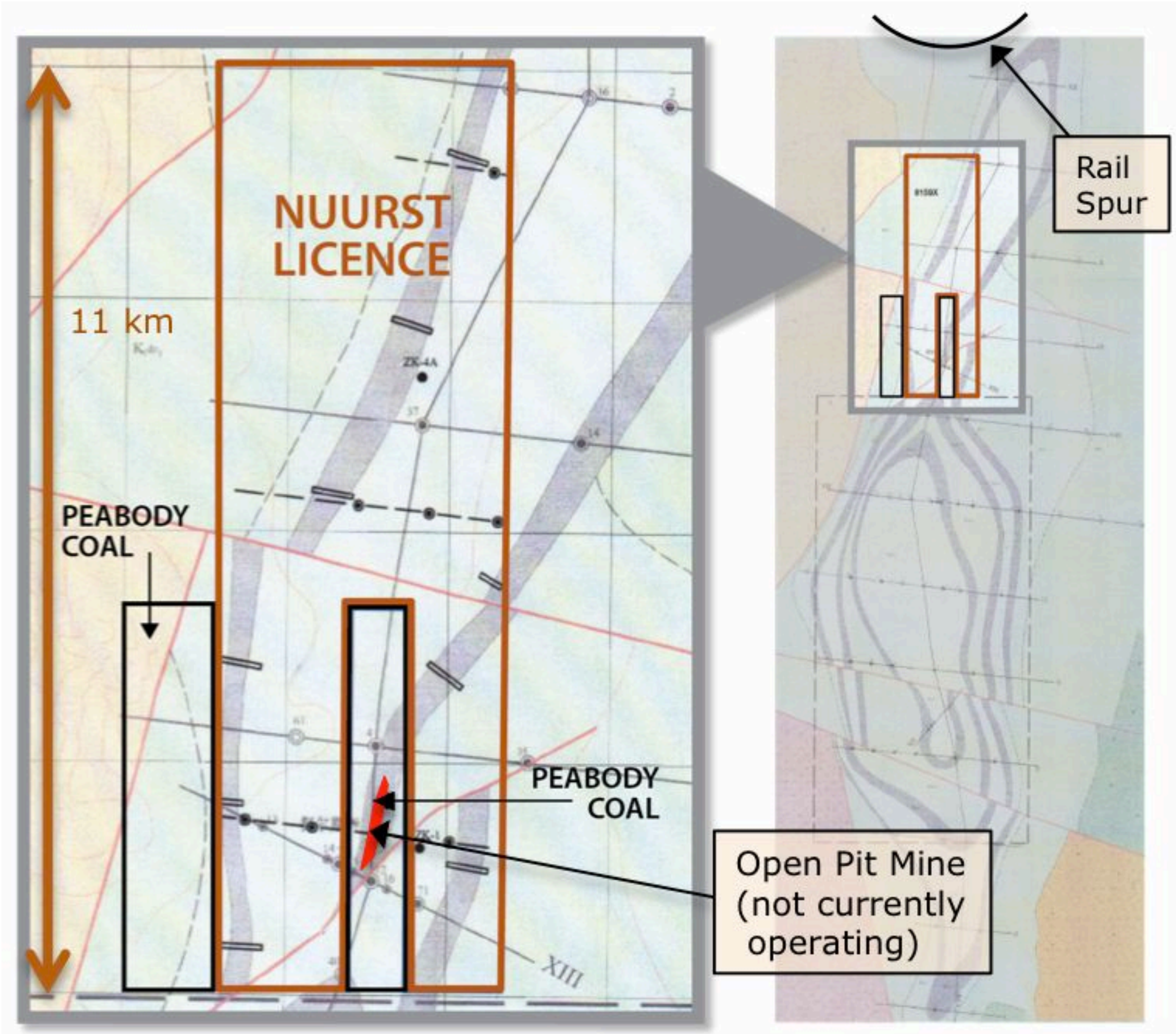

Diagram 2: Nuurst Project Licence, showing projected seam outcrop and adjoining leases.
The Nuurst deposit is part of the larger Tsaidam coal deposit.

TVN is in the process of submitting applications to allow the commencement of drilling in the near future. TVN has secured access to diamond drilling equipment that is on standby to commence drilling on receipt of environmental and Resource Council approval. Drilling will be undertaken in two stages: initial due diligence holes, followed by a drill-out of the southern end of the deposit to a JORC reportable resource. It is anticipated that the drilling should be completed during the current drilling season prior to the onset of the northern hemisphere winter in November 2011.

Strategic Location

The Nuurst Project is strategically located approximately 120 km south of Ulaanbaatar, 6 km directly south of a rail siding on a rail spur that connects into the Trans-Mongolian railway. From Nuurst it is either 610 km south to the Chinese border, or 470 km north to the Russian border.

The location of this project is ideally suited to export coal to regional markets including China, Japan and South Korea via the use of existing rail infrastructure.

Diagram 3: location of project in Mongolia
Map sourced from: http://www.nationsonline.org/oneworld/map/mongolia_map2.htm

Attractive Economics

Following a review of publicly available information[3], freight costs on the Trans-Mongolian railway line appear to be in the order of US$0.23 /tkm giving a transport cost to the Chinese market of approximately US$14 per tonne. An initial review of the physical data indicates that the Nuurst deposit would likely be amenable to open pit operations with mining costs potentially ranging from $10 - $20/ tonne of coal extracted. The coal price at the Chinese border is approximately $60/ tonne and seaborne thermal coal is currently selling at $120/ tonne. Mongolia is ideally positioned to provide resources to the high growth interior regions of China.

Feasibility studies will be required to confirm the above estimates, after a JORC reportable resource has confirmed the physical and chemical characteristics of the deposit and the potential rate of extraction of the deposit.

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[3] Prophecy Resource Corporation, Pre-Feasibility Study for the Oolan Oovo Project in Northern Mongolia, Wardrop Engineering December 2010.

Nuurst Deal Structure: Option to Acquire

TVN will pay a 10% (USD $150,000) non-refundable deposit to the vendor then conduct a 3 month period of due diligence (3 months commencing from the date of environmental approval to commence drilling). On completion of the three month period, TVN can elect to acquire 100% of the licence by paying a further USD $ 1,350,000.

Settlement will be subject to shareholder and regulatory approvals.

TVN established in Ulaanbaatar

This transaction has been sourced through our in-country team of advisors (legal and financial) and consulting geologists. These projects are expected to provide the springboard from which TVN can enter the Asian coal market and grow into being a significant coal producer in Mongolia.

Chris Mardon
Managing Director

Competent Person Statement
The information in this announcement that related to exploration results is based on information obtained from the vendor and Cadastral archives in Mongolia. This information has been reviewed by Mr Geoff Richards of Lionhart Consulting Services, Western Australia. Mr Richards is a member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralization 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 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Richards consents to the inclusion in the report of the matters based on his information in form and context in which it appears.