



TNG_{LIMITED}

NOTICE OF MEETING

2 August 2007

TNG Ltd (ASX: TNG) is pleased to announce a general meeting of shareholders seeking approval for the distribution of the 10 million shares received from Western Desert Resources Ltd (WDR) upon the sale of a portfolio of tenements.

We completed the distribution of the Batavia and Thor securities recently returning almost \$0.05 of value for each TNG share held at the record date. We also announced the Company's intention to distribute the WDR shares confirming the strategy of returning value to shareholders wherever possible.

We would like to draw your attention to the attached Notice of Meeting and Explanatory Memorandum for a meeting to be held on 4 September 2007. The details of the proposed timetable and the record date for this distribution can be found in the Explanatory Memorandum.

Yours faithfully
TNG Limited

Damian Delaney
Company Secretary



TNG LIMITED

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NOTICE OF GENERAL MEETING

**A General Meeting of the Company will be held at Celtic Club,
48 Ord Street, West Perth, Western Australia
on Tuesday 4 September 2007 at 10.00am.**

**Shareholders are urged to attend or vote by lodging the proxy form
attached to this Notice of General Meeting.**

TNG LIMITED

A C N 0 0 0 8 1 7 0 2 3

Corporate Directory

Directors	John W. Barr (Chairman) Neil Biddle (Managing Director) Michael Bowen Edward Fry Terry Smith
Company Secretary	Damian Delaney
Registered Office	Level 1, 282 Rokeby Road SUBIACO WA 6008 Telephone: + 61 (08) 9327 0900 Facsimile: + 61 (08) 9327 0901 Email: corporate@tngltd.com.au Website: www.tngltd.com.au
Auditor	KPMG
Share Registry	Computershare Investor Services Pty Ltd Level 2, Reserve Bank Building 45 St George's Terrace Perth, Western Australia 6000 Telephone: + 61 8 9323 2000 Facsimile: + 61 8 9323 2033
ASX Codes	TNG
Shareholder Enquiries	Damian Delaney at the Registered Office

TNG LIMITED

A C N 0 0 0 8 1 7 0 2 3

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of shareholders of TNG Limited (**Company**) will be held at Celtic Club, 48 Ord Street, West Perth, Western Australia on 4 September 2007 at 10.00am (**General Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the General Meeting and forms part of this Notice of General Meeting.

Terms and abbreviations used in this Notice of General Meeting are defined in Schedule 1 of the Explanatory Memorandum.

A G E N D A

1. Resolution 1 – Capital Distribution of Western Desert Shares

To consider, and if it thought fit, pass as an ordinary resolution the following:

"In accordance with sections 256B and 256C of the Corporations Act, the Company's Constitution, Listing Rules and for all other purposes:

- (a) *the paid up share capital of the Company be reduced by the amount up to the value of the Western Desert Shares to be distributed in specie to Eligible Shareholders;*
 - (b) *such capital reduction be effected and satisfied by the Company distributing in specie to Eligible Shareholders up to 10,000,000 Western Desert Shares; and*
 - (c) *such capital reduction be effected otherwise on the terms and conditions in the Explanatory Memorandum accompanying this Notice of General Meeting".*
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BY ORDER OF THE BOARD

Damian Delaney
Company Secretary
Dated: 2 August 2007

TNG LIMITED

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EXPLANATORY MEMORANDUM

Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the General Meeting to be held at Celtic Club, 48 Ord Street, West Perth, Western Australia on 4 September 2007 at 10.00am.

The purpose of this Explanatory Memorandum is to provide information that the Board of Directors believes is material to Shareholders in relation to the resolutions in the Notice of General Meeting. The Explanatory Memorandum explains the resolutions and identifies the Director's decisions for putting them to Shareholders.

Terms and abbreviations used in this Explanatory Memorandum are defined in Schedule 1.

1. Resolution 1 – Capital Distribution of Western Desert Shares

1.1 General

The Company is now focusing on the Manbarrum Zinc/Lead/Silver Project. The Company is currently reviewing the possibility of divesting all assets and investments other than those assets and investments connected with the Manbarrum Zinc/Lead/Silver Project.

In accordance with this the Company has recently distributed by way of in specie distribution its security holding in Batavia Mining Limited and Thor Mining PLC.

If Shareholders approve Resolution 1, the Company will distribute up to 10,000,000 Western Desert Shares. Any in specie distribution of Western Desert Shares will be to Eligible Shareholders (being Shareholders registered at the Record Date) on a pro rata basis (subject to fractional entitlements being rounded down) by way of an equal capital reduction under section 256B of the Corporations Act.

The Company considers that the in specie distribution (i.e. capital reduction) of Western Desert Shares to be an effective way to provide value to Shareholders.

Eligible Shareholders would not be required to pay any additional consideration for the Western Desert Shares as the Company would make an appropriate capital reduction to reflect the distribution. The terms of the Capital Reduction are the same for each Eligible Shareholder. If Resolution 1 is approved, each Eligible Shareholder will still own the same number of Shares and therefore the proportion of ownership interests of each Eligible Shareholder in the Company remains the same before and after completion of the Capital Reduction.

At the date of this Explanatory Memorandum the Company has on issue securities as follows:

	Cannot Participate in Capital Reduction	Can Participate in Capital Reduction
Shares – (ASX: TNG)		182,092,405
November 2007 Options		1,500,000
March 2010 Options		12,500,000
December 2011 Options	4,600,000	500,000
Maximum number of Shares that can participate in Capital Reduction		196,592,405

If all of the Options capable of exercise are exercised to participate in the Capital Reduction then 196,592,405 Shares will participate in the Capital Reduction and the entitlements to the securities being distributed in the Capital Reduction is as follows:

Security	Securities held by Company	Shares participating	Ratio
Western Desert Shares	10,000,000	196,592,405	1 Western Desert Share for every 19.66 Shares held

The exact value of the Capital Reduction for each the Western Desert Shares will not be known until the Record Date, at which time the value of the Western Desert Shares would be determined. At the price of \$0.23 per Western Desert Share, (being the price on 25 July 2007), the Capital Reduction, would be an amount of approximately \$2,300,000.

The proposed timetable for the completion of the Capital Reduction is as follows:

Event	Date
Company announced Capital Reduction and General Meeting	19 July 2007
General Meeting to approve Capital Reduction	4 September 2007
Ex date for Capital Reduction	6 September 2007
Record Date for Capital Reduction	13 September 2007
Proposed Dispatch Date	20 September 2007

1.2 Legal Requirements

Section 256B (1) of the Corporations Act provides that a company may reduce its share capital if the reduction:

- (a) is fair and reasonable to the company's shareholders as a whole;
- (b) does not materially prejudice the company's ability to pay its creditors; and
- (c) is approved by shareholders under section 256C of the Corporations Act.

The proposed Capital Reduction is an equal reduction as:

- (a) it relates only to Shares;
- (b) it applies to each holder of Shares in proportion to the number of Shares they hold; and
- (c) the terms of the Capital Reduction are the same for each holder of Shares.

The Directors are of the opinion that the proposed Capital Reduction by the distribution in specie of up to 10,000,000 Western Desert Shares on a pro-rata basis to the Eligible Shareholders:

- (a) does not materially prejudice the Company's ability to pay its creditors;
- (b) will not result in the Company being insolvent at the time of the Capital Reduction or become insolvent as a result of the Capital Reduction; and
- (c) is fair and reasonable to Shareholders as a whole because they are all treated in the same manner, as the distribution of Western Desert Shares is on a pro rata basis.

1.3 Tax implications for Shareholders

The information in this section should not be viewed as specific tax advice and is intended as a general guide only. Each Shareholder should obtain specific taxation advice on the treatment of the Capital Reduction, taking into account their particular circumstances.

The summary in this section contains a general description of the tax consequences that could arise for Eligible Shareholders as a consequence of the Capital Reduction. Shareholders who are not residents of Australia for tax purposes should also seek their own guidance in relation to the likely taxation consequences arising from the Capital Reduction under the laws of the country of their residence.

The general description in this section is only relevant in relation to the Australian taxation position of Eligible Shareholders who hold Shares on capital account and does not apply to Shareholders who hold Shares on revenue account or as trading stock.

An in specie distribution (i.e. capital reduction) or part of an in specie distribution can in certain circumstances be treated as a dividend for Australian tax purposes. The dividend component will be that amount of the in specie distribution by which the:

- (a) Company does not reduce share capital; or
- (b) Commissioner of Taxation (**Commissioner**), upon a review of the in specie distribution, determines includes profits of the Company.

The Company intends to reduce the share capital by an amount equal to the value of the Capital Reduction. A dividend will only arise if the Commissioner, upon a review of a Capital Reduction, determines that the Capital Reduction includes profits of the Company.

Absolute certainty regarding the Commissioners view in relation to a Capital Reduction can only be achieved by obtaining a binding ruling from the Australian Tax Office (**ATO**).

The Company does not intend to obtain a binding ruling from the ATO, the Company will advise Shareholders as to those portions of the Capital Reduction which in its view is likely to be treated by the ATO as a dividend and as a return of capital.

Treatment of Dividend Component of In Specie Distribution

- (a) The Company will not have the ability to attach franking credits to that portion of the Capital Reduction that is a dividend.
- (b) Australian resident Eligible Shareholders will be taxed at marginal rates on the value of the dividend.
- (c) For Australian resident Eligible Shareholders who have not advised the Company of their tax file number (**TFN**) prior to the in specie distribution, the Company will have an obligation to remit withholding tax to the ATO based on the value of the dividend.
- (d) For non-resident Eligible Shareholders the non-resident withholding tax will apply to the value of the dividend. The rate of withholding in relation to the value of the dividends will depend on the non-resident Eligible Shareholders country of residence. The Company will have an obligation to remit withholding tax to the ATO based on the value of the dividend.
- (e) The Company reserves the right to retain from each Eligible Shareholder such number of Western Desert Shares as equates to the amount of withholding tax that has to be withheld and paid to the ATO on behalf of that Eligible Shareholder which will be done as soon as practicable after the Record Date as follows:
 - (i) The Company will calculate the amount of withholding tax that has to be withheld and paid to the ATO on behalf of that Eligible Shareholder by reference to the value of the Western Desert Shares as at the Record Date.
 - (ii) The Company will calculate the number of Western Desert Shares it has to retain and sell to pay withholding tax to the ATO on behalf of that Eligible Shareholder.
 - (iii) The Company will retain and sell on behalf of that Eligible Shareholder such number of Western Desert Shares as required for the Company to pay withholding tax to the ATO on behalf of that Eligible Shareholder. The price of the Western Desert Shares may vary from time to time (assuming a liquid market is available) and as such the Company will retain for sale such number of Western Desert Shares as it shall in its absolute discretion determine necessary to sell to pay all of the withholding tax to the ATO.
 - (iv) On completion of the sale of the retained Western Desert Shares and the payment of the withholding tax to the ATO on behalf of that Eligible Shareholder the Company will account to the Eligible Shareholder for the sale and payment to the ATO and pay the net proceeds of sale after the payment to the ATO to the Eligible Shareholder.
 - (v) The Capital Reduction is being represented and satisfied by the distribution to Eligible Shareholders of Western Desert Shares the prices for which may vary from time to time (assuming a liquid market is available) and as such the net proceeds of sale payable to Eligible Shareholders, after the payment to the ATO, may be more or less than the notional dollar value of the Capital Reduction as in this Explanatory Memorandum.

- (f) If the Company retains and sells Western Desert Shares on behalf of an Eligible Shareholder then such sale may give rise to a tax liability to Eligible Shareholders depending on their specific circumstances.

Treatment of Capital Component of In Specie Distribution

- (a) Eligible Shareholders will not be entitled to roll-over relief from capital gains tax with respect to the receipt of Western Desert Shares by way of in specie distribution (i.e. capital reduction).
- (b) If the value of the Western Desert Shares received by an Eligible Shareholder (less the amount which is treated as a dividend) is less than the cost base of the Eligible Shareholders Shares, then the receipt of the return of capital (i.e. the Western Desert Shares) should not be subject to tax.
- (c) For the purpose of calculating any capital gain or loss on the future disposal of Shares, the cost base of each Share will be reduced by the value of the Western Desert Shares received, after reducing that value for the amount which is treated as a dividend.
- (d) If the value of the Western Desert Shares (after reducing that value for the amount which is treated as a dividend) received by an Eligible Shareholder is greater than the existing cost base of the Eligible Shareholders Shares, then a taxable gain may arise at the time of the in specie distribution becoming effective.
- (e) For non-resident Eligible Shareholders, receipt of the in specie distribution will generally not result in a liability for Australian capital gains tax, unless the Eligible Shareholder (together with associates) has held greater than 10% of the Company at any time in the 2 years prior to the distribution for a period of at least 12 months.

1.4 Overseas Shareholders

Distribution of the Western Desert Shares to Eligible Shareholders under the Capital Reduction will be subject to legal and regulatory requirements in their relevant jurisdiction. If the requirements of any jurisdiction where the Eligible Shareholder is resident are held to restrict or procure the distribution of securities as proposed or would impose on the Company an obligation to prepare a prospectus or other similar disclosure document or otherwise impose on the Company an undue burden, the Western Desert Shares to which the relevant Eligible Shareholder is entitled will be sold by the Company on their behalf as soon as practicable after the Record Date and the Company will then account to those Eligible Shareholders for the net proceeds of sale after deducting the costs and expenses of the sale. The Capital Reduction is being represented and satisfied by the distribution to Eligible Shareholders of Western Desert Shares the prices for which may vary from time to time (assuming a liquid market is available) and as such the net proceeds of sale to such Eligible Shareholders may be more or less than the notional dollar value of the Capital Reduction as in this Explanatory Memorandum.

1.5 Advantages and Disadvantages of the Capital Return

The principal advantages and disadvantages to Shareholders of the Capital Reduction is as follows:

- (a) **Advantages**
 - (i) Returns value to Shareholders from an asset that is a non core asset.

(ii) Returns value to Shareholders without the need for Shareholders to dispose of TNG securities.

(b) **Disadvantages**

The Directors believe there are no disadvantages, particularly as all Shareholders are participating on a pro-rata basis.

1.6 Recommendation

The Directors consider the proposed Capital Reduction to be fair and reasonable to Shareholders as a whole and the advantages outweigh the disadvantages.

2. Action to be taken by Shareholders

A Proxy Form is attached to the Notice of General Meeting. This is to be used by Shareholders if you wish to appoint a representative (a "proxy") to vote in your place. All Shareholders are invited and encouraged to attend the General Meeting or, if you are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions provided. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the General Meeting in person.

Shareholders are invited to contact Mr Damian Delaney, Company Secretary, TNG Limited on (08) 9327 0900 if you have any queries in respect of the matters in these documents.

Schedule 1

Definitions

In this Explanatory Memorandum and the Notice of General Meeting and Proxy Form:

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

Capital Reduction means the capital reduction in Resolution 1.

Company or **TNG** means TNG Limited ACN 000 817 023.

Constitution means the Constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

December 2011 Option means an option granted by the Company exercisable at \$0.38 on or before 31 December 2011 which is not listed on ASX.

Directors mean the directors of the Company.

Eligible Shareholder means a Shareholder recorded on the Company's share register on a Record Date for the purposes of the Capital Reduction.

General Meeting means the general meeting of the Shareholders to be held by the Company at the Celtic Club, 48 Ord Street, West Perth, Western Australia on Tuesday 4 September 2007 at 10.00am.

Listing Rules means the official listing rules of ASX.

March 2010 Option means an option granted by the Company exercisable at \$0.50 on or before 31 March 2010 which is not listed on ASX.

November 2007 Option means an option granted by the Company exercisable at \$0.23 on or before 30 November 2007 which is not listed on ASX.

Option means an Options granted by the Company that are not listed on ASX and includes March 2010 Options, November 2007 Options and December 2011 Options.

Record Date means the record date to determine Eligible Shareholders for a Capital Reduction in as determined and announced by the Directors.

Shareholder means a Company shareholder.

Share means a fully paid ordinary share in the capital of the Company.

Western Desert Share means a fully paid ordinary share in the capital of Western Desert Resources Limited ACN 122 301 848.

In this Explanatory Memorandum and the Notice of General Meeting and Proxy Form words importing the singular include the plural and vice versa.

PROXY FORM

The Company Secretary
TNG Limited

Shareholder Details

Shareholder Name: _____

Shareholder Address: _____

Number of Shares held: _____

Appointment of Proxy

I/We being a member/s of TNG Limited and entitled to attend and vote hereby appoint

The Chairman of
the meeting (mark
with a X)

OR

Write here the name of the person
you are appointing if this person is
someone other than the Chairman
of the meeting.

or failing such appointment the chairman of the general meeting as my/our proxy to vote for me/us on my/our behalf at the General Meeting of the Company to be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia on 4 September 2007 at 10.00am and at any adjournment thereof in the manner indicated below or, in the absence of indication, as he thinks fit. If 2 proxies are appointed, the proportion or number of votes of this proxy is authorised to exercise is * []% of the Shareholder's votes*/ [] of the Shareholder's votes.

INSTRUCTIONS AS TO VOTING ON RESOLUTIONS

IMPORTANT:

The chairman of the General Meeting intends to vote undirected proxies in favour of the Resolutions.

Voting directions to your proxy – please mark **X** to indicate your directions.

For Against Abstain

Resolution 1 Capital Distribution of Western Desert Shares

PLEASE SIGN HERE

Authorised signature/s This section **must** be signed in accordance with the instructions below to enable your voting instructions to be implemented.

Individual or Shareholder 1

Shareholder 2

Shareholder 3

Sole Director and Sole Company Secretary

Director

Director/Company Secretary

Contact Name

¹Insert name and address of Shareholder

Contact Daytime Telephone

²Insert name and address of proxy

Date

*Omit if not applicable

Proxy Notes:

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box.

If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person.

If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the Company

If the Shareholder is entitled to cast 2 or more votes at the general meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that general meeting, the representative of the body corporate to attend the general meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the general meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Return of Proxy Forms

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the Company's office as set out below not less than 48 hours prior to the time of commencement of the general meeting (WST).

Facsimile: +618 9327 0901

Post: PO Box 1126
Subiaco WA 6904

Delivery: Level 1
282 Rokeby Road
Subiaco WA 6008