

TNG LIMITED

ABN 12 000 817 023



ANNUAL REPORT
2017

TNG Limited

Corporate Directory

DIRECTORS

Paul Burton	(Managing Director)
Geoffrey Crow	(Non-Executive Director)
Rex Turkington	(Non-Executive Director)
John Davidson	(Non-Executive Director)

COMPANY SECRETARY

Simon Robertson

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DOMESTIC STOCK EXCHANGE

Australian Securities Exchange (ASX)
Code: TNG

INTERNATIONAL STOCK EXCHANGE

German Stock Exchanges
Code: HJI

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Review of Operations

2017 HIGHLIGHTS – YEAR IN REVIEW

Mount Peake Vanadium-Titanium-Iron Project, NT

- The environmental approvals process for the Mount Peake Project moved into its final stages, with comments received from the Northern Territory Environment Protection Agency (NTEPA) relating to the Supplement to Environmental Impact Statement (EIS).
- Landmark 'Project Facilitation Agreement' signed with the NT Government, providing certainty of process allowing TNG to secure tenure over the proposed site for the downstream TIVAN™ refinery, which will produce high quality vanadium, titanium and iron products for export.
- Agreement reflects the support of the NT Government for the development of the Mount Peake Project, with relevant NT Government departments to assist TNG in progressing Mount Peake to development. Technical, engineering and environmental studies underway prior to a Final Investment Decision (FID).
- An innovative re-design of the vanadium extraction circuit for the TIVAN® refinery by TNG's strategic partner, SMS group, delivered significant improvements in processing plant operating cost and consumption figures. Results showed an estimated A\$50M per annum reduction in operating costs for the TIVAN® refinery with the potential for a significant reduction in capital costs and total operating costs for the overall project.
- In addition, vanadium recovery using this method improved to 98% with the option of producing both high-purity vanadium pentoxide and ferro-vanadium, increasing the number of products to be delivered by Mount Peake. This opens up potential for further improvement in overall process economics identified for both CAPEX and OPEX, and offers the potential for TNG to become one of the lowest cost producers in the strategic metals sector globally.
- Successful production of commercial-grade vanadium electrolyte from Mount Peake vanadium pentoxide, allowing full vertical integration of the Company's vanadium production pipeline. The ability to produce commercial-grade vanadium electrolyte opens up an exciting new growth area for TNG, positioning it to supply the fast-growing Vanadium Redox Flow Battery (VRF) industry. The electrolyte was produced as part of the Company's continuing strategy to maximise value from the Mount Peake project and was carried out at the SMS group laboratories in Vienna, where the final engineering of the Company's 100% owned TIVAN® Technology is being undertaken.
- Memorandum of Understanding (MoU) signed with leading global titanium trader, Wogen Pacific, for the long-term sales and marketing of titanium dioxide products from Mount Peake. The MoU covers the project's third and final product suite, and follows the signing of binding off-take agreements for vanadium and iron ore products in 2015 and 2016 respectively.

Corporate

- Leading financial advisory group, Gresham Partners, appointed as Corporate Financial Advisor to assist with the funding strategy and implementation, evaluation of debt and equity funding options and introductions to potential funders and investors.
- Experienced industry veteran Philippe Guillemaile appointed as Titanium Business Manager to oversee the Company's emerging titanium business.
- Demerger of the Company's NT base metals assets completed, with Todd River Resources officially listed on the Australian Securities Exchange (ASX) in April following a successful fully-subscribed \$6M IPO. TNG retains a relevant interest of 10.77% in Todd River Resources following completion of the IPO.

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REVIEW OF OPERATIONS

TNG Operations



SUMMARY

TNG's focus throughout the 2017 Financial Year remained on the advancement of its flagship 100%-owned Mount Peake Vanadium-Titanium-Iron Project in the Northern Territory. During the year, significant progress was made across a number of areas, including project permitting; process optimisation and cost enhancements; the continued development of the Company's titanium business; and negotiations and discussions to secure a suitable project financing package.

MOUNT PEAKE PROJECT: TNG 100%

The Mount Peake Project is a world-scale strategic metals project located 235km north-west of Alice Springs in the Northern Territory, close to existing key power and transport infrastructure including the Alice Springs-Darwin Railway and the Stuart Highway. With a JORC Measured, Indicated and Inferred Resource totalling 160Mt (118Mt Measured, 20Mt Indicated, 22Mt Inferred), grading 0.28% V₂O₅, 5.3% TiO₂ and 23% Fe, Mount Peake is one of the largest undeveloped vanadium-titanium-iron projects in the world. The area under licence covers a highly prospective, but poorly explored part of the Western Arunta geological province which offers significant exploration upside for TNG within an extensive 100%-owned ground-holding. TNG completed a Feasibility Study on the Mount Peake Project in July 2015, paving the way for project financing and development to proceed.

PERMITTING AND APPROVALS

Environmental Impact Statement (EIS)

During the reporting period, the environmental approvals process for the mine site component of the Mount Peake Project moved into its final stages, with the Supplement to the Environmental Impact Statement (EIS) submitted to the Northern Territory Environment Protection Authority (NTEPA) and comments received from the NTEPA relating to the Supplement.

The Mount Peake Project comprises a mine and processing facility to be located at Mount Peake, approximately 235km north-northwest of Alice Springs and 50km north-west of Ti Tree, and the Darwin TIVAN® Process Plant, to be located at the Middle Arm Industrial Precinct, some 16km to the south-east of Darwin.

Environmental approvals for the mine and Darwin-based plant are being progressed separately, reflecting both their geographical separation (1,400km) and the fact that significantly different environmental and social issues need to be addressed at the two locations.

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The mine and Darwin plant were referred separately to the NTEPA, which determined that both required assessment under the Northern Territory Environmental Assessment Act 1982 (EA Act) at the level of Environmental Impact Statement (EIS).

During April 2017, TNG submitted the Supplement to the Mount Peake Draft EIS to the NTEPA. The NTEPA has reviewed the information provided in the Supplement and has advised TNG that further information is required to address a small number of outstanding issues.

The questions relate primarily to:

- Management of surface water and groundwater at the mine site;
- Management of leachate from waste rock and tailings;
- Options to reduce project water demand and associated project benefits;
- Potential impacts to a small number of species of flora and fauna with potential to occur in the project area;
- Commitments to maintain consultation with Traditional Owners in relation to survey findings, management of culturally significant sites and employment opportunities.

TNG is now working closely with GHD to address the questions raised and expects to provide a response to the NTEPA during the September 2017 Quarter. The NTEPA will review the information received in consultation with advisory bodies and then has 35 days to provide an assessment report and recommendations for the proposal to TNG and the Minister for the Environment.

Despite this delay, it is important to note that there are no major issues with the EIS and no foreseen impediments to the development of the Mount Peake Project.

Mining Lease

Once all final environmental approvals are received, the Company will be in a position to secure the grant of the Mount Peake Mining Lease with the Northern Territory Government. This is also subject to a Mining Agreement with the Traditional Owners.

Under NT legislation, the Traditional Owner groups are represented by Land Councils. TNG's project falls within the Central Land Council (CLC) jurisdiction. TNG and its lawyers have been working with the CLC on the agreement for the past 12 months and on finalising the agreement for the past six months. It is hoped that this process will be completed during the September 2017 Quarter, subject to all approvals.

Project Facilitation Agreement signed with NT Government

During the reporting period, TNG signed a key Project Facilitation Agreement (PFA) with the Government of the Northern Territory in relation to the proposed location site near Darwin for the TIVAN™ Metals Refinery to be constructed as part of the Mount Peake Project.

The PFA reflects the NT Government's in-principle support for the site which will be used to develop and operate the TIVAN™ Refinery and provides TNG with certainty over the process required to secure tenure through the construction and operations phase.

The PFA was executed by the Chief Minister of the Northern Territory, The Honourable Michael Gunner MLA, and TNG's Managing Director, Mr Paul Burton, in Darwin. Also in attendance at the signing ceremony was the responsible Managing Director of global engineering firm SMS group's process engineering division, Mr. Herbert Weissenbaeck. TNG has signed a binding Heads of Agreement with SMS group for the engineering, design and construction of the TIVAN™ facility near Darwin.

The PFA is a key agreement for the Company which ensures that a "whole-of-government" approach is adopted in developing the Project, including facilitating the necessary environmental and planning approvals, provision of land and port access.

TNG is currently undertaking a range of technical, engineering and environmental studies to fully assess the Darwin site prior to making a Final Investment Decision (FID). A high-level Project Control Group comprising representatives of the Northern Territory Government and TNG has been established to progress the Project Facilitation Agreement.

The TIVAN™ refinery will be a state-of-the-art metals processing facility that enables high-purity products to be produced from the Mount Peake vanadium-titanium-iron deposit, located 235km north-west of Alice Springs in the Northern Territory.

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Annual production is expected to be 17,560 tonnes of vanadium pentoxide, 236,000 tonnes of titanium dioxide (pigment) and 637,000 tonnes of iron for export. It is expected that the facility will also enable other industries to develop in Darwin, enhancing the positive economic and social impact which the project is expected to have both on the city itself and the Northern Territory.

PROJECT ENHANCEMENTS

Operating Cost Savings at Mount Peake

During the reporting period, TNG, in conjunction with its strategic partner, leading global engineering group SMS group GmbH, identified potentially transformational capital and operating cost savings for the Mount Peake Project.

Further refinement of the TIVAN® process has resulted in the introduction of a simplified and significantly more cost-effective method of vanadium extraction, leading to a reduction in both operating costs and capital costs. Testwork performed by SMS has repeatedly demonstrated a substantial reduction in utility and energy consumption while maintaining product recoveries and qualities at a very high level.

The breakthrough savings were identified as a result of detailed plant engineering programs carried out by SMS as part of opportunities identified in the 2015 Feasibility Study.

Based on the energy and utility cost assumptions underlying the Definitive Feasibility Study (DFS) financial model completed in 2015, the resulting savings are estimated to be a minimum of A\$57/tonne of concentrate processed, compared to the DFS figures.

On the basis of the DFS assumptions, this should result in an overall operating cost (OPEX) saving of more than A\$50 million per annum for Phase 1 of the project (at a 3Mtpa mining rate).

In the optimised process now being adopted, SMS has introduced an oxidative precipitation step following the production of magnetite concentrate and the TIVAN® leach phase.

This replaces the solvent extraction circuits and precipitates a vanadium compound by atmospheric oxidation, from which TNG has the option to produce both very high-purity vanadium pentoxide (V_2O_5) or ferro-vanadium (FeV), therefore increasing the number of potential products from Mount Peake's planned production.

Additional benefits

This new method – combined with parallel refinements in other areas of the processing plant stemming from the ongoing engineering activities – results in significantly improved recovery of vanadium of up to 98% compared to the expected 90% used in the DFS, providing further upside to TNG in the overall amount of vanadium production and a corresponding expected increase in project revenue.

As the redesigned vanadium extraction circuit requires less complex equipment, a comparable reduction in plant CAPEX could also be expected.

Further refinements

Locking these improvements into the design of the overall process flowsheet has also opened up the potential for further refinements, which SMS and TNG have agreed to pursue.

One of these key areas is the potential, subject to current and proposed confirmatory work, to produce a feedstock which is tailored for an industry standard fluidised bed chlorinator, allowing TNG to use an existing industry standard pigment plant design for its titanium dioxide pigment production, providing the potential for additional savings in capital expenditure while potentially producing highest purity pigment.

As a result of the outstanding success of this work, TNG and SMS have agreed to undertake further optimisation of the titanium dioxide feedstock characteristics. Related testwork will be carried out in Perth and Vienna.

TNG expects these enhancements to have a further material effect on the economics of the Mount Peake Project. After all improvements have been locked into the process flowsheet, a revised Financial Model may be prepared by Snowden incorporating the revised OPEX and CAPEX and production figures and the results will be reported.

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Production of Commercial-Grade Vanadium Electrolyte

TNG successfully produced high-purity vanadium electrolyte for the first time using vanadium pentoxide from Mount Peake during the reporting period, demonstrating the viability of the processing chain from the mine to the final product and adding a significant new dimension to its growth plans.

The electrolyte was produced as part of the company's continuing strategy to maximise value from the Mount Peake project and was carried out under TNG's instruction at the SMS group (SMS) laboratories in Vienna, where the final engineering design of the Company's 100%-owned TIVAN™ technology is being undertaken.

The vanadium electrolyte (VE) is produced by dissolving and mixing vanadium pentoxide (V_2O_5). Vanadium Redox Batteries (VRB's) require a high-purity VE, which therefore benefits from starting with a high purity V_2O_5 product. TNG's testwork and optimisation work indicates it will be able to produce V_2O_5 at minimum 99.5% purity, which is currently among the highest globally.

The technology process to produce the high purity VE was carried out at SMS' Vienna laboratories under a confidentiality agreement and instruction from TNG, using V_2O_5 product from TNG's vanadium deposit, delivered during the Pilot Plant trials.

SMS ranks the applied chemical processing method used as best-in-class, not only in terms of CAPEX and OPEX but also in terms of scalability and operational flexibility, demonstrating that the commercial production of this high-value material is a viable option for the TNG.

TNG considers the ability to produce commercial grade vanadium electrolyte from its own vanadium pentoxide as a very positive development, allowing full vertical integration of its production pipeline as well as the ability to enter the fast-growing Vanadium Redox Battery (VRB) alternative energy sector. When combined with its existing capability to produce Ferro-Vanadium from the technology provided by its off-taker partner WOOJIN, TNG is now well placed to supply every vanadium market.

TNG estimates the current global market size for Vanadium Redox Batteries to be an annually sold storage capacity of 300 to 400MWh, with the market growing at a high double digits' number every year. The largest single VRB installations rank at capacities of approximately 60MWh. The storage of 1MWh requires approximately 80 cubic meters of electrolyte, which contains the equivalent of approximately 15 tonnes of V_2O_5 .

TNG is in discussions with a number of potential Vanadium Redox Battery producers and will update the market on the progress of these discussions and the potential development of a VE plant in the near future.

TNG and SMS will now evaluate the feasibility of the construction of a VE production facility integrated with the TIVAN™ plant. This would allow TNG entry into the local growing Australian and nearby SE-Asian VRB sector as a regional electrolyte supplier.

Engineering

Como Engineers is currently finalising the mine site beneficiation flowsheet and compiling tender documents for the Mount Peake Concentrator. Revised CAPEX and OPEX figures will also be supplied.

SMS group is finalising the design of the TIVAN® plant with optimised concentrate specifications. Once completed, SMS will provide updated CAPEX and OPEX estimates for the full process flowsheet which will enable a full revised financial model to be concluded.

Appointment of EPC Contractor

The Company is now in the final stages of finalising the full processing flowsheet with SMS. The Company has identified SMS group as the preferred Engineering, Procurement and Construction (EPC) contractor for the Mount Peake Project, and is currently in discussions with SMS to finalise their appointment.

OFF-TAKE AND FUNDING

MOU for titanium off-take with Wogen Pacific

During the reporting period, TNG signed a key Memorandum of Understanding ("MoU") with leading global titanium, mineral sands and other metals and minerals trader, Wogen Pacific Ltd, for the sale and marketing of titanium dioxide (TiO_2) products

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from the Mount Peake Project.

The agreement supports TNG's strategic plan to become a major player in the global TiO₂ supply chain, securing a long-term partnership with one of the world's leading traders in the sector.

The Wogen Group of companies have for several decades been proud participants in the global titanium and mineral sands supply chains, handling on a pan-global scale raw materials like ilmenite and rutile, intermediates and finished products in the pigment, welding, FeTi and titanium metal sectors. Wogen Titanium was twice the recipient of a Queen's Award – once in 1990 for Export Achievement, and once in 2006 for International Trade.

This MoU with Wogen follows the signing of binding off-take agreements for a minimum of 60 per cent of the Mount Peake Project's projected vanadium output with major Korean ferro-vanadium group, WOJIN (see ASX Announcement – 7 September 2015), and its iron products with global commodity trader, Gunvor (Singapore) (see ASX Announcement – 23 March 2016).

TNG is in advanced discussions with key participants within the titanium industry regarding the final feed specifications and type of titanium pigment to be produced, and its distribution from the Mount Peake Project.

There are many different specifications and applications for titanium pigments and TNG's intention is to work closely with potential off-take partners to tailor the titanium output from Mount Peake to meet our customers' needs and achieve the highest profitability.

Once these discussions are finalised and the preferred product has been determined, TNG will be in a position to determine the optimal titanium processing and beneficiation routes, for which extensive work has been conducted by SMS. The Company expects to make an announcement about titanium production and off-take in the near future.

Vanadium Off-take

During the reporting period, TNG held discussions with interested parties for the remaining 40% of forecast vanadium pentoxide production.

Gresham Partners Appointed Corporate Advisor for Funding Mount Peake Project

During the reporting period, TNG appointed leading independent advisory house Gresham Advisory Partners Limited as corporate advisor to assist with the funding and development of the Mount Peake Project. Gresham is a leading independent Australian investment and advisory house with offices in Sydney, Melbourne and Perth.

Gresham's role includes assisting TNG in:

- Developing the appropriate funding strategy for Mount Peake with a view to optimising the funding mix and maximising value to TNG's shareholders;
- Preparing financial models in order to develop a robust internal valuation and cash flow assessment (including debt capacity) of the Project;
- The identification of debt and equity funding sources;
- The negotiation of equity and debt terms;
- The negotiation of further off-take agreements to the extent that this supports the proposed funding of Mount Peake; and
- All other necessary aspects of the negotiation, execution and completion of the funding of the project.

Gresham has identified both potential Strategic Partners and finance groups for the Mount Peake Project. Positive preliminary discussions have been held with a number of groups and are now moving to the next stages of due diligence.

OTHER PROSPECTS AT MOUNT PEAKE

The Company has identified other significant mineralisation potential in the Mount Peake area.

Graphite Potential

The graphite potential of the Mount Peake Project is also continuing to emerge. This work is still at an early stage, however the graphite prospectivity at Mount Peake represents an exciting emerging opportunity for TNG, which will be further tested during FY2018.

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CORPORATE

Completion of fully-subscribed Share Purchase Plan

During the reporting period, TNG raised \$6.985 million (before costs) via a fully-subscribed Share Purchase Plan (SPP). Under the terms of the SPP, eligible shareholders were offered the opportunity to subscribe for up to \$15,000 worth of fully-paid ordinary TNG shares at an issue price of 13.5c per share, including a free attaching listed option on a 1-for-2 basis. The options have an exercise price of 20c per share and an expiry date of 15 June 2018.

The Company had initially sought to raise up to \$4 million, however following an exceptionally strong response from shareholders, the Board resolved to increase the SPP cap to \$7 million.

The offer was strongly supported and applications were received for more than the increased SPP cap of \$7 million, which is an outstanding result for TNG and reflects the positive outlook for the Mount Peake Project, the Company's proprietary TIVAN™ technology and support for the successful demerger of its Northern Territory base metal assets.

Following the exclusion of a number of applications that did not comply with the provisions of the ASIC Class Order or the terms of the SPP Offer, a total of \$6,985,107.57 (before costs) was raised, resulting in the issue of 51,741,501 Shares and 25,870,437 attaching Options.

Following completion of the SPP, the Company had 803,514,214 ordinary shares on issue; 25,870,437 listed options on issue (exercisable at 20 cents and expiring 15 June 2018); and 17,500,000 unlisted options on issue (various exercise prices and expiry dates).

Appointment of Titanium Business Manager

During the reporting period, TNG further strengthened its senior management team with the appointment of highly experienced industry executive Philippe Guillemaille as its Titanium Business Manager. Mr Guillemaille's core role will be to progress marketing and off-take strategies for the TiO₂ products from Mount Peake.

Mr Guillemaille is a highly experienced sales and marketing professional in the chemical industry. He has held positions as sales manager for Fuji Film (Japan), Metallgesellschaft (Germany) and Monsanto/Exxon Chemicals (U.S.) among others. He began his career in the TiO₂ industry 20 years ago with Kronos and Argex Titanium. His academic studies include a degree from the Lyon Institute of Technology, France.

This newly-created position within TNG covers key aspects of business development and off-take sales for the titanium dioxide to be produced from Mount Peake with the clear objective of successfully commercializing the titanium products, attracting industry partnerships or investments.

Mr Guillemaille will develop collaborations and partnerships with key TiO₂ players and investors while attending and presenting at leading industry conferences in the second half of 2017. This appointment cements TNG's strategic plan to become a major player in the global supply chain of TiO₂.

Strategic Agreement to Jointly Develop Vanadium Redox Flow Battery Market in Australia

During the reporting period, TNG signed a Memorandum of Understanding with Sumitomo Electric Industries ("SEI") and Energy Made Clean ("EMC"), a subsidiary of Carnegie Clean Energy (ASX: CCE), to collaborate on the promotion, development and growth of Australia's Vanadium Redox Flow Battery ("VRF") market.

The MoU follows TNG's announcement that it had successfully produced high-purity, commercial grade vanadium electrolyte using vanadium pentoxide from its flagship 100%-owned Mount Peake Vanadium-Titanium-Iron Project in the NT (see ASX Announcement – 10 October 2016). The ability to produce commercial grade vanadium electrolyte opens up an exciting new growth area for TNG, positioning it to supply the fast-growing Vanadium Redox Flow Battery (VRF) industry.

Under the MoU, TNG will work together with SEI and EMC to review all of the potential applications of VRF in Australia with a view to subsequently co-operating on the marketing and sales of VRF. In addition, the parties have agreed to jointly establish a demonstration VRF of commercial size in Australia to showcase SEI's technology. TNG will also assess the feasibility and implementation of a Vanadium Electrolyte production facility in either Perth or Darwin.

Sumitomo Electric Industries is a global leader in the manufacture and sale of automotive, electronics, info-communications, industrial materials, and environment and energy products. Established in 1897 with over 240,000 employees worldwide and a turnover exceeding \$32 billion in 2016, SEI has been leading the VRF market since 1996 and installed the world's largest VRF with 60MWh power in Hokkaido, Japan; for more information: <http://global-sei.com/>

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EMC is wholly-owned by ASX-listed company Carnegie Wave Energy (ASX: CWE); for more information: <https://carnegiewave.com/>. Energy Made Clean is a leading Perth-based renewable energy company providing off-grid power and utility scale solutions.

TNG signed an MoU with EMC (see ASX Announcement – 19 June 2015) to establish the feasibility of Vanadium Redox batteries. EMC has a very broad experience with and extensive project portfolio of off-grid applications and is ideally placed to support the development of VRF in Australia; for more information: <http://www.energymadeclean.com/>.

De-merger of Base Metals Assets

Following the completion of a successful \$6 million IPO, TNG's base metals spin-off, Todd River Resources, made its debut on the Australian Securities Exchange (ASX) on Thursday, 6 April 2017, with its shares trading under the ASX Ticker: TRT. Eligible TNG shareholders who were on the TNG share register on the record date (15 March 2017) received shares in Todd River Resources via an in-specie distribution.

TNG retains a relevant interest of 10.77% in Todd River Resources following the completion of the IPO.

R&D Rebate

TNG received the full amount of its Research & Development refund claim totalling \$962,600 before costs.

The claim covers eligible test work for the 2015/16 financial year under the Federal Government's R&D tax incentive scheme. TNG's research relates to the commercial extraction of high purity vanadium, titanium and iron from vanadiferous-titanomagnetite using its TIVAN™ hydrometallurgical process (patent pending).

Board of Directors

During the period, TNG appointed experienced international renewable energy executive, Mr John Davidson, as an independent non-executive Director.

Mr Davidson is a highly-regarded corporate and business executive with more than 30 years' experience leading major strategic business initiatives, business transformation and capital raising initiatives in a diverse range of industries, particularly the renewable energy and technology sectors.

He is the founder and Managing Director of Energy Made Clean (EMC), a leading Perth-based renewable energy company providing off-grid power and utility-scale solutions (www.energymadeclean.com). EMC was recently acquired by the ASX-listed renewable energy company, Carnegie Clean Energy (ASX: CCE) (www.carnegiewave.com).

Mr Davidson has developed a strong relationship with TNG over the past few years working in strategic collaboration on the promotion, development and growth of Australia's emerging Vanadium Redox Flow Battery ("VRF") market. In December 2016, TNG signed a key Memorandum of Understanding with EMC and Japan's Sumitomo Electric Industries ("SEI") to collaborate on the development of this exciting market opportunity.

Prior to joining EMC, Mr Davidson was the co-founder and Managing Director of EuroMicroCaps Ltd, a boutique investment fund targeting high-growth SME's, and before that he held a range of senior executive and corporate positions in Australia and abroad including International Business Development Manager for the Chamber of Commerce and Industry in Marseille, France.

Cash

At 30 June 2017, the Company had cash of \$6,758,167 (2016: \$7,166,897).

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Directors' Report

The Directors present their report together with the financial report of TNG Limited (TNG or the Company) and of the Group, being the Company and subsidiaries for the financial year ended 30 June 2017 and the auditors report thereon.

DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are:

Mr Paul Burton, B.Sc (Hons) Geology (UK), M.Sc Mineral Exploration (Canada), MAusImm, FAEG, MAICD
Managing Director

Mr Burton is an Exploration Geologist/Geochemist with over 25 years' experience in Exploration and Mining and is the Managing Director of TNG Ltd. He is also the Technical Director of Todd River Resources Ltd.

Mr Burton is experienced in running successful exploration programs for a variety of commodities. He has held consulting and senior management roles with major exploration companies.

He holds an Honours degree in Geology, an MSc in Mineral Exploration and is a graduate of the Australian Institute of Company Directors, a fellow of the Association of Applied Exploration Geochemists, and member of both the Australian and Canadian Institutes of Mining and Metallurgy.

Geoffrey Crow
Independent Non-Executive Director

Mr Crow has more than 28 years experience in all aspects of corporate finance, stockbroking and investor relations in Australia and international markets, and has owned and operated his own businesses in these areas for the last sixteen years. Mr Crow is a non-executive director of TNG Ltd. He is also a non-executive Director of Todd River Resources Ltd.

Rex Turkington, BCom(Hons), BCA, GAICD, AAFSI, ADA1(ASX)
Independent Non-Executive Director

Mr Turkington is a highly experienced corporate advisor and economist who has worked extensively in the financial services in Australia, specializing in the exploration and mining sectors. He has extensive experience with equities, derivatives, foreign exchange and commodities, and has participated in numerous corporate initial public offerings and capital raisings for listed exploration and mining companies.

Mr Turkington is currently a Director of an Australian corporate advisory company, offering corporate finance and investor relations advice to listed companies. He holds a first class Honors Degree in economics, is a graduate of the Australian Institute of Company Directors and is an Associate of the Securities Institute of Australia. . Mr Turkington is a Non-Executive Director of TNG Ltd. He is also a Non-Executive Director of Todd River Resources Ltd.

John Davidson
Independent Non-Executive Director

Mr Davidson is a highly-regarded renewable energy executive with more than 30 years' experience leading major strategic business initiatives, business transformation and capital raising initiatives in a diverse range of industries, particularly the renewable energy and technology sectors. He is the founder and Managing Director of Energy Made Clean (EMC), a leading Perth based renewable energy company providing off-grid power and utility-scale solutions, which was acquired by ASX-listed Carnegie Clean Energy in 2016.

Mr Davidson has worked in strategic collaboration with TNG since 2015 on the promotion, development and growth of Australia's emerging Vanadium Redox Flow Battery ("VRF") market, which will help TNG to progress its strategy for full vertical integration of the vanadium supply chain.

Mr Davidson was appointed to the Board in February 2017 as a Non-Executive Director. Mr Davidson is also an Executive Director of Carnegie Clean Energy (ASX: CCE).

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Directors' Report

Simon Robertson, B.Bus, CA, M Appl. Fin.
Company Secretary

Mr Robertson gained a Bachelor of Business from Curtin University in Western Australia and Master of Applied Finance from Macquarie University in New South Wales. He is a member of the Institute of Chartered Accountants and the Chartered Secretaries of Australia. Mr Robertson currently holds the position of Company Secretary for a number of publically listed companies and has experience in corporate finance, accounting and administration, capital raisings and ASX compliance and regulatory requirements.

DIRECTORS MEETINGS

The number of Directors' meetings and number of meetings attended by each of the Directors of the Company during the financial year are:

Director	Number of board meetings held during the time the Director held office	Number of board meetings attended	Number of audit committee meetings held during the time the Director held office	Number of audit committee meetings attended	Number of remuneration committee meetings held	Number of remuneration committee meetings attended
Paul Burton	10	10	N/A	N/A	N/A	N/A
Geoffrey Crow	10	10	2	2	6	6
Rex Turkington	10	10	2	2	6	6
John Davidson	3	3	N/A	N/A	N/A	N/A

PRINCIPAL ACTIVITIES

The principal activities of the Group during the course of the financial year were the exploration and evaluation of its Mount Peake project.

During the year TNG Ltd demerged its assets via its subsidiary Todd River Resources Limited in the Northern Territory to create a base metal-focused exploration company. TNG Limited transferred \$7,000,000 of the NT Base Metal Assets to Todd River Resources in consideration for 35,000,000 shares at a price of \$0.20 per share.

28,000,100 of these shares were distributed and transferred via an in-specie distribution to TNG Ltd.'s shareholders on a pro-rata basis (in-specie distribution). The in-specie distribution was effected by an equal reduction of TNG Ltd.'s equity on a pro rata basis. TNG Ltd retains a holding of 7,000,000 Shares (10.77% shareholding) in Todd River Resources Limited. TNG Ltd shareholder approval for the spin-out and in-specie distribution was obtained on 29 November 2016.

Todd River Resources Limited successfully listed on the ASX on 6 April 2017 issuing 30,000,000 shares at \$0.20 per share.

There were no other significant changes in the nature of the activities of the Group during the year.

REVIEW AND RESULTS OF OPERATIONS

The operating loss of the Group after income tax for the year was \$4,436,184 (2016: loss \$7,139,305). The group spent \$5,557,531 (2016: \$5,744,763) on Exploration and Evaluation expenditure and had a 30 June 2017 closing cash balance of \$6,758,167 (2016: \$7,166,897). A review of the operations during the financial year is set out on pages 2 to 9.

Material Business Risks

The material business risks faced by the Group that are likely to have an effect on the financial prospects of the Group, and how the Group manages these risks, are:

- Future Capital needs – the Group does not currently generate cash from its operations. The Group will require further funding in order to meet its corporate expenses, continue its exploration activities at its Northern Territory tenements and to finance the development and construction of the company's flagship Mount Peake Project.
- Exploration and Development Risks – whilst the Group has already discovered Vanadium-Titanium-Iron resources at the Mount Peake Project, the Group may fail to discover additional mineral deposits at its other Northern Territory projects and there is a risk that the Group's mineral deposits may not be economically viable. The Group employs geologists and other technical specialists, and engages external consultants where appropriate to address this risk.

TNG Limited

Directors' Report

- Commodity Price and Exchange Rate Risks – as a Group which is focused on the development of its Vanadium-Titanium-Iron and Copper projects the Group is exposed to movements in these commodity prices, which are quoted in foreign currency. The Group monitors historical and forecast pricing for these commodities from a range of sources in order to inform its planning and decision making.

DIVIDENDS

No dividends were paid during the year and the Directors do not recommend payment of a dividend.

REMUNERATION REPORT - Audited

1. Principles of Remuneration

This report details the amount and nature of remuneration of each director of the Company and the executives.

Key management personnel (KMP) have authority and responsibility for planning, directing and controlling the activities of the Group, including directors of the company and other executives. Key management personnel comprise the directors of the Company and senior executives for the Group.

The remuneration policy is to provide a fixed remuneration component and a specific equity related component. The Board believes that this remuneration policy is appropriate given the stage of development of the Company and the activities which it undertakes and is appropriate in aligning director and executive objectives with shareholder and business objectives.

The remuneration policy, setting the terms and conditions for the executive Directors and other executives has been developed by the Board and taking into account market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

The Board policy is to remunerate Directors and senior executives at market rates for comparable companies for time, commitment and responsibilities. The full Board on advisement from the Remuneration Committee determines payments to the non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of Directors fees is subject to approval by shareholders at a General Meeting. Fees for non-executive Directors are not linked to the performance of the economic entity. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and may receive options if approved by shareholders.

There is no policy currently in place for the KMP to limit their exposure to risk in relation to the shares held and share options granted as part of their remuneration. All remuneration paid to Directors and executives are valued at cost to the Company and expensed.

Fixed Remuneration

Fixed compensation consists of base compensation being a flat per month director's fee or person's salary as well as employer contributions to superannuation funds. Compensation levels are reviewed annually by the board through a process that considers individual, segment and overall performance of the Group. A senior executive's compensation is also reviewed on promotion.

Performance linked compensation

Performance linked compensation includes long and short term incentives designed to reward key management personnel for meeting or exceeding specific objectives or as recognition for strong individual performance. Short-term incentives are provided in the form of cash bonuses or salary increases as set out in individual employment agreements.

Short-term incentive bonus

Short-term incentives are provided in the form of cash bonuses and/or salary increases. They are used to encourage and reward exceptional performance in the realisation of strategic outcomes and growth in shareholders wealth.

During 2015 the company entered into a new short-term incentive agreement with Mr Burton, under the new agreement Mr Burton will have the ability to receive an incentive bonus based on market capitalisation (MCIB) equivalent to 15% of base salary, payable when the market capitalisation of TNG reaches trigger points set by the Board: \$50 million; \$100 million; \$200 million; \$300 million; \$400 million; \$500 million; and any additional trigger points as agreed in writing between TNG and Mr Burton from time to time.

TNG Limited

Directors' Report

REMUNERATION REPORT - Audited (continued)

The incentive will be payable in cash or (subject to shareholder approval) an equivalent amount in TNG shares. If the market capitalisation of TNG remains above a trigger point for a continuous period of at least three months, then base salary will increase (with effect from the end of the three month period) by the amount of the relevant MCIB payment.

The Company (through the Board or any remuneration committee established by the Board) has the discretion to grant to Mr Burton additional incentives from time to time in connection with the achievement of significant milestones for the Company or otherwise in recognition of Mr Burton's services to the Company.

Long-term incentive

Long term incentives comprise of shares and share options which are granted from time to time to encourage exceptional performance in the realisation of strategic outcomes and growth in shareholders wealth.

Options

Options are granted for no consideration and do not carry voting rights or dividend entitlements. Options are valued using the Black-Scholes methodology. Option exercise prices are determined based on a premium over and above weighted average share price at grant date. Both the number and exercise price of options issued are at the Board's discretion.

Shares

Shares issued under the company share plan cannot be sold, transferred, assigned, charged or otherwise encumbered for 12 months after the date of issue. Shares issued are valued using the Black-Scholes methodology. The number of shares issued is at the Board's discretion.

TNG has issued limited Recourse Loans to the value of shares issued under the plans. The loans are repayable in full by the date which is 5 years after the date of issue of the Plan and are interest free. The loans are however, limited recourse, so if the Plan Shares are sold the proceeds will be taken to repay the loan even if the proceeds are less than the value of the loan.

In the event that vesting conditions are not satisfied, the participant or the company must arrange to sell the shares and pay TNG any outstanding loan amount in accordance with the terms of the Share being the higher of the loan amount or sale proceeds from those shares.

Consequence of performance on shareholder wealth

In considering the consolidated entity's performance and benefit for shareholder wealth the Board believe that at this stage of development there is no relevant direct link between revenue & profitability and the advancement of shareholders wealth. For this reason, the group does not currently link revenue and profitability against shareholder wealth.

	2017	2016	2015	2014	2013
Profit/(loss) attributable to owners of the company	(4,436,184)	(7,139,305)	(5,020,912)	(3,670,228)	(\$4,617,926)
Dividends paid	-	-	-	-	-
Share price at 30 June	\$0.14	\$0.13	\$0.15	\$0.19	\$0.05
Change in share price	8%	(16%)	(18%)	273%	(36%)
Return on capital employed	(4%)	(7%)	(5%)	(3%)	(21%)

Non-executive directors

Non-executive directors receive fixed remuneration being a flat per month director's fee and variable remuneration being long term incentives that may be issued from time to time. Non-executive Directors receive a Directors fee of \$50,000 to \$88,000 per annum. Shareholders have approved Director's fees of an amount of up to \$500,000 (2016: \$500,000) cash in aggregate per annum.

Directors and executives may also receive either a salary plus superannuation guarantee contributions as required by law, currently set at 9.50% (2016: 9.50%), or provide their services via a consultancy arrangement. Directors and executives do not receive any retirement benefits except as stated. Individuals may, however, choose to sacrifice part of their salary to increase payments towards superannuation.

TNG Limited

Directors' Report

REMUNERATION REPORT - Audited (continued)

Service Contracts

Paul Burton - Managing Director

- Term of Agreement – October 2014 until terminated by either party.
- Salary - \$476,000 per annum excluding super plus any expense incurred.
- Incentive Bonus – An incentive bonus based on market capitalisation (MCIB) equivalent to 15% of base salary, payable when the market capitalisation of TNG reaches trigger points set by the Board: \$50 million; \$100 million; \$200 million; \$300 million; \$400 million; \$500 million; and any additional trigger points as agreed in writing between TNG and Mr Burton from time to time or Board's discretion. The incentive will be payable in cash or (subject to shareholder approval) an equivalent amount in TNG shares. If the market capitalisation of TNG remains above a trigger point for a continuous period of at least three months, then base salary will increase (with effect from the end of the three month period) by the amount of the relevant MCIB payment.
- Early Termination – The Company to give 6 months written notice or make a payment of 6 months' salary in lieu. The employee to provide 6 months written notice. This applies to any reason other than gross misconduct.

Geoffrey Crow - Non-Executive Director

- Term of Agreement – February 2011 until terminated by either party.
- Directors fees - \$77,000 per annum including super where applicable plus any expense incurred.
- Additional monies are paid to Salaris Consulting Pty Ltd a related entity of Mr Crow, for consulting services and are included in salary and fees.
- Early termination – Not applicable.

Rex Turkington - Non-Executive Director

- Term of Agreement – November 2011 until terminated by either party.
- Directors fees - \$77,000 per annum including super where applicable plus any expense incurred.
- Additional monies are paid to Katarina Corporation Pty Ltd a related entity of Mr Turkington, for consulting services and are included in salary and fees. During the year \$26,400 was paid to Katarina Corporation Pty Ltd for consulting services.
- Early termination – Not applicable.

John Davidson - Non-Executive Director

- Term of Agreement – February 2017 until terminated by either party.
- Directors fees - \$60,000 per annum including super where applicable plus any expense incurred.
- Early termination – Not applicable.

Simon Robertson – Company Secretary

- Term of Agreement – August 2009 until terminated by either party.
- Consultancy fee - \$5,500 per month plus incidental expenses excluding GST is paid to SLR consulting Pty Ltd a related entity of Mr Robertson. Monies paid to SLR Consulting Pty Ltd are included in salary and fees.
- Early Termination - 3 months written notice by either party.

TNG Limited

Directors' Report

REMUNERATION REPORT - audited (continued)

2. Directors and Executives officers remuneration

Details of the nature and amount of each major element of remuneration of each key management personnel in accordance with Australian accounting standards are:

Key management personnel remuneration for the year ended 30 June 2017

Consolidated		Short Term		Post-Employment	Long Term		Total	Proportion of remuneration performance related
Directors		Salary & Fees ¹	Bonus	Super-annuation	Share-based Payment - Shares/Options	Other ²		
		\$	\$	\$	\$	\$		%
Paul Burton	2017	506,371	-	35,000	264,000	110,284	915,656	29%
Managing Director	2016	467,501	200,000	44,413	64,493	41,197	817,604	32%
Geoffrey Crow	2017	81,736	-	-	66,000	-	147,736	45%
Non-executive	2016	71,000	-	-	49,600	-	120,600	41%
Rex Turkington	2017	103,400	-	-	66,000	-	169,400	39%
Non-executive	2016	127,400	-	-	49,600	-	177,000	28%
John Davidson ³	2017	18,266	-	1,735	71,000	-	91,001	78%
Non-executive	2016	-	-	-	-	-	-	-
Michael Evans ⁴	2017	-	-	-	-	-	-	-
Acting Chairman	2016	36,667	-	-	49,600	-	86,267	57%
Jianrong Xu ⁵	2017	-	-	-	-	-	-	-
Non-executive	2016	14,583	-	-	-	-	14,583	0%
Zhigang Wang ⁶	2017	-	-	-	-	-	-	-
Non-executive	2016	20,833	-	-	49,600	-	70,433	70%
Total								
	2017	709,773	-	36,735	467,000	110,284	1,323,793	35%
	2016	737,984	200,000	44,413	262,893	41,197	1,286,487	36%

¹ Includes consulting fees

² Includes accrued annual leave not taken over and above base salary detailed within the service contracts section above

³ Mr John Davidson joined as non-executive director on 2 February 2017

⁴ Mr Evans resigned as Acting Chairman on 4 December 2015

⁵ Mr Xu resigned as Non-executive director on 16 October 2015

⁶ Mr Wang resigned as Non-executive director on 30 November 2015

TNG Limited

Directors' Report

REMUNERATION REPORT - audited (continued)

Consolidated		Short Term		Post-Employment	Long Term		Total	Proportion of remuneration performance related
		Salary & Fees	Bonus	Super-annuation	Share-based Payment – Shares/Options	Other ¹		
Executives		\$	\$	\$	\$	\$	\$	%
Scott Rauschenberger ²	2017	115,339	-	10,957	26,500	-	152,796	17%
Chief Financial Officer	2016	174,752	-	16,601	-	13,017	204,370	-
Simon Robertson	2017	70,394	-	-	53,000	-	123,394	43%
Company Secretary	2016	68,338	-	-	13,352	-	81,690	16%
Total	2017	185,732	-	10,957	79,500	-	276,190	29%
	2016	243,090	-	16,601	13,352	13,017	286,060	5%

¹ Includes accrued annual leave not taken over and above base salary detailed within the service contracts section above.

² Mr Scott Rauschenberger has resigned as Chief Financial Officer on 10 February 2017

3. Shares and options granted as part of remuneration

a) No shares were granted as compensation to each key management person during the reporting period.

b) Options issued under TNG Non-Executive and Consultant Option Plan

13,000,000 unlisted options were issued subject to the terms of the TNG Non-Executive and Consultant option Plan which was approved by shareholders on 21 November 2012 and included 8,500,000 to key management personnel.

The options have no vesting conditions and are exercisable immediately from grant date. The options have an exercise price of \$0.27 and expire on 31 December 2019.

4. Exercise of options granted as compensation

During the period no options were exercised by key management personnel, refer section 6 of the remuneration report.

5. Analysis of options over equity instruments granted as compensation

Details on options over ordinary shares in the Company that were granted as compensation to each key management person during the reporting period and details on options that vested during the period are as follows:

Directors	Number of options granted during 2017	Grant date	Fair value per option at grant date (\$)	Exercise price per option	Expiry date	Number of options exercisable as at 30 June 2017 ⁽ⁱ⁾
Paul Burton	4,000,000	29 Nov 2016	0.066	0.270	13 Dec 2019	4,000,000
Geoffrey Crow	1,000,000	29 Nov 2016	0.066	0.270	13 Dec 2019	1,000,000
Rex Turkington	1,000,000	29 Nov 2016	0.066	0.270	13 Dec 2019	1,000,000
John Davidson	1,000,000	02 Feb 2017	0.071	0.270	13 Dec 2019	1,000,000
Executives						
Scott Rauschenberger	500,000	12 Dec 2016	0.053	0.270	13 Dec 2019	500,000
Simon Robertson	1,000,000	12 Dec 2016	0.053	0.270	13 Dec 2019	1,000,000

⁽ⁱ⁾ This relates to options issued under the TNG Director and consultant Share Plan.

All shares issued under the share purchase plan expire on the earlier of their expiry date or termination of the individual's employment. The ability to exercise the plan shares is conditional upon the employee or consultant remaining employed or contracted to the company.

TNG Limited

Directors' Report

REMUNERATION REPORT - audited (continued)

If these performance hurdles are met, the shares will be unencumbered after 12 months provided the non-recourse loan relating to the relevant share issue has first been repaid.

No options have been granted since the end of the financial year.

6. Analysis of movements in options

The movement during the reporting period, by value, of options over ordinary shares in the Company held by each key management person are detailed below.

Directors	Granted in year \$ (A)	Value of options exercised in year \$
Paul Burton	264,000	-
Geoffrey Crow	66,000	-
Rex Turkington	66,000	-
John Davidson	71,000	-
Executives		
Scott Rauschenberger	26,500	-
Simon Robertson	53,000	-

- (A) The value of options granted in the year is the fair value of the options calculated at grant date using the Black Scholes options-pricing model. The total value of the options granted is included in the table above. The amount is allocated to remuneration over the vesting periods. The options vested on grant date.

7. Modification of terms of equity-settled share-based payment transactions

No terms of equity-settled share-based payment transactions (including options and rights granted as compensation to a key management person) have been altered or modified by the issuing entity during the reporting period or the prior period.

8. Options over equity instruments

	Held at 1 July 2016	Granted as remuneration	Expired	Exercised	Purchased	Held at 30 June 2017	Vested and exercisable at 30 June 2017
Directors							
Paul Burton	-	4,000,000	-	-	-	4,000,000	4,000,000
Geoffrey Crow	-	1,000,000	-	-	-	1,000,000	1,000,000
Rex Turkington	-	1,000,000	-	-	-	1,000,000	1,000,000
John Davidson	-	1,000,000	-	-	-	1,000,000	1,000,000
Executives							
Scott Rauschenberger	-	500,000	-	-	-	500,000	500,000
Simon Robertson	-	1,000,000	-	-	-	1,000,000	1,000,000

9. Movements in shares

	Held at 1 July 2016	Purchases	Received on exercise of options	Sales	Held at 30 June 2017
Held at 30 Directors					
Paul Burton	13,249,999	74,074	-	-	13,324,073
Geoffrey Crow	7,037,204	37,037	-	-	7,074,241
Rex Turkington	7,887,999	111,111	-	-	7,999,110
John Davidson	-	633,480	-	-	633,480
Executives					
Scott Rauschenberger	2,537,112	-	-	(2,537,112)	-
Simon Robertson	2,250,000	-	-	-	2,250,000

TNG Limited

Directors' Report

REMUNERATION REPORT - audited (continued)

10. Other transactions with key management personnel

Key management persons, or their related parties, hold positions in other entities that result in them having control or joint control over the financial or operating policies of those entities.

Some of these entities transacted with the Group during the year. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personal related entities on an arm's length basis.

The audited remuneration report ends here.

DIRECTORS' INTERESTS

The relevant interest of each Director in the shares and options over such instruments issued by the companies within the Group and other related body corporates, as notified by the Directors to the ASX in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

Director	Ordinary Shares	Unlisted Options over Ordinary Shares	Listed Options over Ordinary Shares
Paul Burton	13,324,073	4,000,000	37,037
Geoffrey Crow	7,074,241	1,000,000	18,518
Rex Turkington	7,999,110	1,000,000	55,555
John Davidson	633,480	1,000,000	-

Options granted to directors and officers of the company

During or since the end of the financial year the company did not grant any options to Directors or executives other than those set out at section 5 of the remuneration Report.

LIKELY DEVELOPMENTS

The Group will continue to advance its Mount Peake Vanadium-Titanium-Iron project.

Additional comments on likely developments of the Group are included under the review of operations and activities.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Group has agreed to indemnify current and former Directors and officers against all liabilities to another person (other than the Group or a related body corporate), including legal expenses that may arise from their position as Directors and officers of the Group and its controlled entities, except where the liability arises out of conduct involving a lack of good faith or for a pecuniary penalty under section 1317G or a compensation order under section 1317H of the Corporations Act 2001.

ENVIRONMENTAL REGULATIONS

The Group holds various exploration licences to regulate its exploration activities in Australia. These licences include conditions and regulation with respect to the rehabilitation of areas disturbed during the course of its exploration activities. However, the Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

INSURANCE PREMIUMS

During and since the end of the financial year the company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than

TNG Limited Directors' Report

conduct involving a wilful breach of duty in relation to the Company. The amount of the premium was \$14,475 (2016: \$14,090) exclusive of GST.

EVENTS SUBSEQUENT TO REPORTING DATE

No material events were recorded subsequent to the balance date.

ROUNDING

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 1 April 2016 and in accordance with that class order, amounts in the consolidated statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

NON AUDIT SERVICES

KPMG, the Group's auditor, did not provide any non-audit services during the year.

AUDITOR INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 20 of the financial report and forms part of the Directors' report for the financial year ended 30 June 2017.

Signed in accordance with a resolution of the Directors.



Paul Burton
Managing Director
29 September 2017



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of TNG Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of TNG Limited for the financial year ended 30 June 2017 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Jane Bailey

Jane Bailey
Partner

Perth
29 September 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Other Income		270	-
Gain on sale of plant and equipment		13	6
Profit on disposal of subsidiaries		221	-
Total income		504	6
Corporate and administration expenses	6(b)	(2,707)	(2,947)
Employment expenses	6(c)	(1,857)	(1,115)
Depreciation and amortisation expenses		(71)	(96)
Impairment loss on exploration	14	(437)	(3,112)
Results from operating activities		(4,568)	(7,264)
Financial income	6(a)	132	125
Financial expenses	6(a)	-	-
Net financing income		132	125
Loss before income tax		(4,436)	(7,139)
Income tax expense	8	-	-
Loss for the year attributable to the owners of the Company		(4,436)	(7,139)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net change in the value of available for sale financial assets		(504)	(35)
Tax effect on other comprehensive income		-	-
Other comprehensive loss for the year		(504)	(35)
Total comprehensive loss for the year attributable to the owners of the company		(4,940)	(7,174)
Loss per share (cents per share)			
Basic (loss) per share (cents)	9	(0.57)	(1.00)
Diluted (loss) per share (cents)	9	(0.57)	(1.00)

The Consolidated Statement of Profit or Loss and other Comprehensive Income is to be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position
As at 30 June 2017

	Note	2017 \$'000	2016 \$'000
Current assets			
Cash and cash equivalents	11	6,758	7,167
Trade and other receivables	12	338	222
Prepayments		54	77
Available for sale investments	13	942	46
Total current assets		8,092	7,512
Non-current assets			
Plant and equipment		107	119
Exploration and evaluation expenditure	14	21,645	24,684
Total non-current assets		21,752	24,803
Total assets		29,844	32,315
Current liabilities			
Trade and other payables	15	650	761
Provisions	16	330	309
Total current liabilities		980	1,070
Non-current liabilities			
Other payables	15	260	260
Total non-current liabilities		260	260
Total liabilities		1,240	1,330
Net assets		28,604	30,985
Equity			
Issued capital	17	68,790	64,944
Reserves	17	(2,606)	44
Accumulated losses		(37,580)	(34,003)
Total equity		28,604	30,985

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows
For the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Cash flows from operating activities			
Cash receipts from customers		358	-
Cash payments in the course of operations		(3,595)	(2,970)
Interest received		128	123
Net cash used in operating activities	22	(3,109)	(2,847)
Cash flows from investing activities			
Proceeds from sale of plant and equipment		13	6
Payments for plant and equipment		(59)	(90)
Payments for exploration and evaluation expenditure		(5,578)	(5,745)
Research and development rebate		963	1,889
Security deposits refunded/(paid)		60	-
Net cash used in investing activities		(4,601)	(3,940)
Cash flows from financing activities			
Proceeds from issue of shares and exercise of options		7,334	8,812
Share issue costs		(33)	(15)
Net cash received from financing activities		7,301	8,797
Net increase/decrease in cash and cash equivalents		(409)	2,010
Cash at the beginning of the financial year		7,167	5,157
Cash and cash equivalents at the end of the financial year	11	6,758	7,167

The Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the financial statements

Consolidated Statement of Changes in Equity
For the year ended 30 June 2017

	Issued Capital \$'000	Accumulated losses \$'000	Reserves \$'000	Total Equity \$'000
At 1 July 2015	56,147	(27,348)	79	28,878
Loss for the year	-	(7,139)	-	(7,139)
Other comprehensive income	-	-	(35)	(35)
Total comprehensive income	-	(7,139)	(35)	(7,174)
Transactions with owners recorded directly in equity				
Share placement	4,040	-	-	4,040
Share issue costs	(15)	-	-	(15)
Share based payments expense	-	484	-	484
Loan funded share plan – loan repayment	528	-	-	528
Options exercised	4,244	-	-	4,244
At 30 June 2016	64,944	(34,003)	44	30,985
At 1 July 2016	64,944	(34,003)	44	30,985
Loss for the year	-	(4,436)	-	(4,436)
Other comprehensive income	-	-	-	-
Net change in fair value of available for sale instruments	-	-	(504)	(504)
Total comprehensive income	-	(4,436)	(504)	(4,940)
Transactions with owners recorded directly in equity				
Share placement	6,985	-	-	6,985
Share issue costs	(33)	-	-	(33)
Share based payments expense	-	859	-	859
Loan funded share plan – loan repayment	157	-	-	157
Options exercised	190	-	-	190
In specie distribution	(3,453)	-	(2,146)	(5,599)
At 30 June 2017	68,790	(37,580)	(2,606)	28,604

The amounts recognised directly in equity are disclosed net of tax.

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements.

TNG Limited

Notes to the financial statements

1 REPORTING ENTITY

TNG Limited (the 'Company') is a company domiciled in Australia. The address of the Company's registered office is Level 1, 282 Rokeby Road Subiaco, Western Australia 6008. The consolidated financial report of the Company as at and for the year ended 30 June 2017 comprises the Company and its subsidiaries (together referred to as the 'Group'). The Group is a for profit entity and primarily is involved in the exploration of minerals within Australia.

2 BASIS OF PREPARATION

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report of the Group also complies with International Financial Reporting Standards and Interpretations adopted by the International Accounting Standards Board.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- financial instruments at fair value through profit or loss are measured at fair value ;
- available-for-sale financial assets are measured at fair value; and
- share based payments are measured at fair value.

The methods used to measure fair values are discussed further in Note 4.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of all entities in the Group. The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 1 April 2016 and in accordance with that class order, amounts in the consolidated statements and directors' report have been rounded off to the nearest thousand dollars (\$000), unless otherwise stated.

(d) Use of estimates and judgements

Set out below is information about:

- Critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements; and
- Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

Critical Judgements

Estimates and assumptions

i. Exploration and evaluation assets

The ultimate recovery of the value of exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale, of the underlying mineral exploration properties.

The Group undertakes at each reporting date, a review for indicators of impairment of these assets. Should an indicator of impairment exist, there is significant estimation and judgments in determining the inputs and assumptions used in determining the recoverable amounts.

TNG Limited

Notes to the financial statements

2 BASIS OF PREPARATION (CONTINUED)

The key areas of estimation and judgement that are considered in this review included:

- Recent drilling results and reserves/resource estimates;
- Environmental issues that may impact the underlying tenements;
- The estimated market value of assets at the review date;
- Independent valuations of underlying assets that may be available;
- Fundamental economic factors such as mineral prices, exchange rates and current and anticipated operating cost in the industry; and
- The group's market capitalisation compared to its net assets.

Information used in the review process is rigorously tested to externally available information as appropriate.

Changes in these estimates and assumptions as new information about the presence or recoverability of an ore reserve becomes available, may impact the assessment of the recoverable amount of exploration and evaluation assets. If, after having capitalised the expenditure a judgement is made that recovery of the expenditure is unlikely, an impairment loss is recorded in the profit or loss in accordance with accounting policy 3(g). The carrying amounts of exploration and evaluation assets are set out in note 14.

ii. Share based payments

The share based payments are recognised in accordance with the Company's accounting policy (refer note 3(i)(i)) where the value of the share based payment is expensed from the grant date to vesting date. This valuation includes estimates and judgements about volatility, risk free rates, dividend yields, and underlying share price. Changes in these estimates and assumptions could impact on the measurement of share based payments.

(e) Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

Whilst not immediately required, the Group may need to raise additional funds to meet its ongoing obligations and subject to the results of its ongoing exploration activities, expand or accelerate its work programs.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial report from the date that control commences until the date that control ceases.

(ii) Loss of control of a subsidiary

When the Group loses control over a subsidiary it derecognises the assets and liabilities of the subsidiary, and any related and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

TNG Limited

Notes to the financial statements

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) Transactions eliminated on consolidation

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Gains and losses are recognised as the contributed assets are consumed or sold by the associates, if not consumed or sold by the associate, when the Group's interest in such entities is disposed of.

(iv) Investment in joint operations

A joint operation is an arrangement in which partners with joint control have rights to the assets and obligations for the liabilities relating to that arrangement. In respect of its interest in a joint operation, all of its assets, liabilities, reserves must be recognised, including its relevant share of jointly controlled assets, liabilities, revenue and expenses.

(b) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting or taxable profit or loss
- temporary differences related to investments in subsidiaries, associates or jointly controlled entities to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future
- taxable temporary differences arising on the initial recognition of goodwill

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

TNG Limited

Notes to the financial statements

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation

The Company and its wholly-owned Australian resident entity are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is TNG Limited. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax consolidated group are recognised by TNG Limited (as the head company of the tax-consolidated group).

Entities within the tax-consolidated group have not entered into a tax sharing or tax funding agreement with TNG Limited. The effect of not having entered into a tax sharing or tax funding agreement is that whilst TNG Limited (as the head company of the tax-consolidated group) will be liable for the income tax debts of the tax-consolidated group that are applicable to the period of consolidation, income tax debts may be recovered from subsidiary members in certain circumstances.

(c) Goods and services tax

- (i) Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- (ii) Receivables and payables are stated with the amount of GST included;
- (iii) The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet;
- (iv) Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows; and
- (v) Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(d) Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Where parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

(ii) Leased assets

Leases in terms of which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. Lease payments are accounted for as described in note 3(n).

(iii) Subsequent costs

The Group recognises in the carrying amount of an item of plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the Statement of Comprehensive Income as an expense as incurred.

TNG Limited

Notes to the financial statements

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iv) Depreciation

Depreciation is charged to the profit and loss on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. The estimated useful lives in the current and comparative periods are as follows:

Leasehold improvements	4 years
Plant and equipment	3 to 8 years
Fixtures and fittings	3 to 8 years

The residual value, the useful life and the depreciation method applied to an asset are reassessed annually.

(e) Foreign currency translation

Transactions in foreign currencies are translated to the functional currency of the Group at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to Australian dollars at the foreign exchange rate ruling at that date.

Foreign exchange differences arising on translation are recognised in the profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

(f) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade dates, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits.

Accounting for finance income and expense is disclosed in note 3(l).

Available-for-sale financial assets

The Group's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3(h)) and foreign exchange gains and losses on available-for-sale monetary items (see note 3(e)), are recognised as a separate component of equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit and loss.

TNG Limited

Notes to the financial statements

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest method.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment loss.

(ii) Share capital

Ordinary shares

Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit.

(g) Intangible assets

Exploration and evaluation assets

Exploration for and evaluation of mineral resources is the search for mineral resources after the entity has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the mineral resource. Accordingly, exploration and evaluation expenditure are those expenditures by the Group in connection with the exploration for and evaluation of minerals resources before the technical feasibility and commercial viability of extracting a mineral resources are demonstrable.

Accounting for exploration and evaluation expenditures is assessed separately for each 'area of interest'. An 'area of interest' is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit.

Expenditure incurred on activities that precede exploration and evaluation of mineral resources, including all expenditure incurred prior to securing legal rights to explore an area, is expensed as incurred. For each area of interest the expenditure is recognised as an exploration and evaluation asset where the following conditions are satisfied:

a) The rights to tenure of the area of interest are current; and

b) At least one of the following conditions is also met:

- (i) The expenditure is expected to be recouped through successful development and commercial exploitation of an area of interest, or alternatively by its sale; or
- (ii) Exploration and evaluation activities in the area of interest have not, at reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of 'economically recoverable reserves' and active and significant operations in, or in relation to, the area of interest are continuing. Economically recoverable reserves are the estimated quantity of product in an area of interest that can be expected to be profitably extracted, processed and sold under current and foreseeable conditions.

Exploration and evaluation assets include:

- Acquisition of rights to explore;
- Topographical, geological, geochemical and geophysical studies;
- Exploratory drilling, trenching, and sampling; and
- Activities in relation to evaluating the technical feasibility and commercial viability of extracting the mineral resource.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General and administrative costs are allocated to, and included in, the cost of exploration and evaluation assets only to the extent that those costs can be related directly to the operational activities in the area of interest to which the exploration and evaluation assets relate. In all other instances, costs are expensed as incurred.

Exploration and evaluation assets are transferred to Development Assets once technical feasibility and commercial viability of an area of interest is demonstrable. Exploration and evaluation assets are assessed for impairment, and any impairment loss is recognised, prior to being reclassified.

The carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective area of interest.

Impairment testing of exploration and evaluation assets

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability or facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Exploration and evaluation assets are tested for impairment when any of the following facts and circumstances exist:

- The term of exploration licence in the specific area of interest has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area are not budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities on mineral resources and the decision was made to discontinue such activities in the specified area; or
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recovered in full from successful development or by sale.

Where a potential impairment is indicated, an assessment is performed for each CGU which is no larger than the area of interest. The company performs impairment testing in accordance with accounting policy 3(h)(ii).

(h) Impairment

(i) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

TNG Limited

Notes to the financial statements

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised in profit and loss if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation of amortisation, if no impairment loss had been recognised.

(i) Employee benefits

(i) Share based payments

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The loan funded share plan allows certain Group employees to acquire shares of the Company. Employees have been given a limited recourse 5 year interest free loan in which to acquire the shares. The loan has not been recognised in the statement of financial position as the Company only has recourse to the value of the shares. The arrangement is accounted for as an in-substance option over ordinary shares. The grant date fair value of the shares granted to employees is recognised as an employee expense with a corresponding increase in equity over the period during which the employees become unconditionally entitled to the shares. The fair value of the loan funded shares granted are measured using the Black Scholes pricing model, taking into account the terms and conditions upon which the in-substance options were granted. The amount recognised as an expense is adjusted to reflect the actual number of shares that vest.

(ii) Short term benefit

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

(iii) Defined contribution funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the profit or loss as incurred.

TNG Limited

Notes to the financial statements

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all diluted potential ordinary shares, which comprise convertible notes and share options granted to employees.

(k) Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

(l) Income and Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense and spread over the term of lease.

(ii) Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(iii) Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognised as it accrued, using the effective interest method.

Finance expenses comprise interest expense on borrowings and loss on held for trading investments. All borrowing costs are recognised in profit or loss using the effective interest method.

(iv) Government grants

The Group recognises the refundable research and development tax incentive (received under the tax legislation passed in 2011) as a government grant. This incentive is refundable to the Group regardless of whether the Group is in a tax payable position and is deducted against capitalised exploration and evaluation expenditure. Government grants are recognised when there is reasonable assurance that (a) the Group will comply with the conditions attaching to them; and (b) the grants will be received.

(m) In specie distribution accounting policy

The Group measures a liability to distribute non-cash assets as a dividend to its owners at the fair value of the assets to be distributed.

At the end of each reporting period and at the date of settlement, the Group reviews and adjust the carrying amount of the dividend payable, with any changes in the carrying amount of the dividend payable recognised in equity as adjustments to the amount of the distribution.

When the Group settles the dividend payable, it recognises the difference, if any, between the carrying amounts of the assets distributed and the carrying amount of the dividend payable in profit or loss.

TNG Limited

Notes to the financial statements

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Leased assets

Leases for which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Other leases are operating leases which are not recognised on the Group's Statement of Financial Position.

(o) Segment reporting

Segment results that are reported to the Board (the chief operating Decision Maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group operated predominately in one business segment and in one geographical location in both current and previous years.

(p) New New Australian Accounting standards and interpretations issued but not yet adopted

A number of new standards, amendments to standards and interpretations are available for early adoption for annual periods beginning after 1 July 2016, and have not been applied in preparing these consolidated financial statements. The Group does not plan to adopt these standards early and the extent of the impact has not been determined.

(i) AASB 9 Financial Instruments:

AASB 9 replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and recognition of financial instruments from AASB 139.

An assessment of the Group's financial assets and liabilities was performed to determine whether the change in standard would affect the classification and measurement of financial instruments currently held. The new standard is not expected to impact the measurement of TRR's financial assets and liabilities.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

(ii) AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and AASB Interpretation 13 Customer Loyalty Programmes.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contracts-based five step analysis of transactions to determine whether, how much and when revenue is recognised.

The Group does not have existing revenue from contracts with customers.

AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

(iii) AASB 16 Leases

AASB 16 removes the lease classification of leases as either operating leases or finance leases – for the lessee – effectively treating all leases as finance leases.

Short term leases (less than 12 months) and lease of low value assets (such as personal computers) are exempt from the lease accounting requirements.

Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised.

Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation on the right of use asset.

Lessor accounting remains similar to current practice- i.e. lessors continue to classify leases as finance and operating leases.

The Group does not have significant leases.

AASB16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted where AASB 15 Revenue from Contracts with Customers is adopted at the same time.

TNG Limited

Notes to the financial statements

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Changes in accounting policy

TNG Limited has adopted all of the new and revised Accounting Standards and Interpretations issued by the AASB that are relevant and effective for reporting periods beginning on or after 1 July 2016.

The nature and effects of the changes required by these standards had no material impact on the financial statements.

4 DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Equity investments

The fair value of available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date and is considered to be a level 1 in the fair value hierarchy.

(ii) Other receivables, trade and other payables

Other receivables, trade and other payables are short term in nature. As a result, the carrying value of these instruments is considered to approximate its fair value.

(iii) Share-based payment transactions

The fair value of employee options is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

5 FINANCIAL RISK MANAGEMENT

Overview

This note presents information about the Group's exposure to credit, liquidity and market risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Group does not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables and cash and cash equivalents. For the Company it also arises from receivables due from subsidiaries.

Presently, the Group undertakes exploration and evaluation activities exclusively in Australia. At the statement of financial position date there were no significant concentrations of credit risk for the Group other than cash and the Research and Development receivable, received since year-end.

TNG Limited

Notes to the financial statements

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

Cash and cash equivalents

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating. Cash and cash equivalents are held with Australian banks rated AA- by Standard & Poor's.

Trade and other receivables

As the Group operates primarily in exploration activities it does not carry a material balance of trade receivables and therefore is not exposed to credit risk in relation to trade receivables

The Group has established an allowance for impairment that represents its estimate of incurred losses in respect of loans to subsidiaries and investments. This is recorded in the Parent Entity and has no effect on the Group and as it eliminates on consolidation. The management does not expect any counterparty to fail to meet its obligations. Other receivables mainly comprise of GST receivables.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	<i>Note</i>	Consolidated Carrying amount	
		2017 \$'000	2016 \$'000
Trade and other receivables	12	338	222
Cash and cash equivalents	11	6,758	7,167
		7,096	7,389

None of the Group's trade and other receivables are past due.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by monitoring forecast and actual cash flows.

TNG Limited

Notes to the financial statements

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Consolidated

30 June 2017

	Note	Carrying amount \$'000	Contractual cash flows \$'000	<3 months \$'000	>12 months \$'000
Trade and other payables	15	910	910	650	260
		910	910	650	260

30 June 2016

		Carrying amount \$'000	Contractual cash flows \$'000	<3 months \$'000
Trade and other payables	15	1,021	1,021	1,021
		1,021	1,021	1,021

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Group is exposed to interest rate risk (primarily on its cash and cash equivalents and loans and borrowings), which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Group does not use derivatives to mitigate these exposures.

The Group adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in high interest bearing accounts.

TNG Limited

Notes to the financial statements

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (continued)

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Note	Consolidated	
		Carrying amount	
		2017 \$'000	2016 \$'000
Variable rate instruments			
Cash and cash equivalents	11	1,758	1,167
Fixed rate instruments			
Cash and cash equivalents	11	5,000	6,000
Security deposits	12	81	141
		5,081	6,141

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased or decreased the Group's equity and profit or loss by \$17,580 (2016: \$11,670)

Sensitivity analysis

The Group operates primarily in the exploration and evaluation phase and accordingly the Group's financial assets and liabilities are subject to minimal commodity price risk.

Capital Management

The Group has defined its capital as paid up share capital net of accumulated losses.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets or reduce debt. The Group's focus has been to raise sufficient funds through equity to fund exploration and evaluation activities.

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Available for sale investments

All of the Group's equity investments are listed on the ASX. For such investments classified as available for sale, a 1% increase in the share price at the reporting date, would have increased equity by \$9,420. An equal change in the opposite direction would have decrease equity by the same amount.

TNG Limited

Notes to the financial statements

6 INCOME AND EXPENSES

	Note	Consolidated	
		2017 \$'000	2016 \$'000
(a) Net financial income			
Interest income		132	125
Finance income		132	125
Interest expense		-	-
Finance expense		-	-
Net finance income		132	125
(b) Corporate and Administration expenses			
Travel and accommodation		471	488
Legal fees		269	402
Promotional		317	389
Contractors and consultancy		584	422
Occupancy		157	313
Occupancy on-charges		-	(131)
Legal judgment and provision – Davis Samuel		1	328
Demerger Expenses		267	-
Other		641	521
Total Corporate and Administration		2,707	2,947
(c) Employment expenses			
Wages and salaries ¹		927	548
Other associated personnel expenses		4	4
Increase in liability for long service leave		14	38
Contributions to defined contribution plans		53	41
Equity settled share- based payment transaction	23	859	484
Total Employment expenses		1,857	1,115

¹Total Wages and Salaries incurred during the year including amounts capitalised to exploration and evaluation was \$1,408,004 (2016: \$1,383,768).

7 AUDITORS' REMUNERATION

	Consolidated	
	2017 \$	2016 \$
Auditors of the Group		
<i>KPMG Australia:</i>		
Audit and review of financial reports	48,140	48,140
	48,140	48,140

TNG Limited

Notes to the financial statements

8 INCOME TAX

	Consolidated	
	2017 \$'000	2016 \$'000
A reconciliation between tax expense and pre-tax loss:		
Accounting (loss) before income tax	(4,436)	(7,139)
At the domestic tax rate of 30% (2016: 30%)	(1,331)	(2,142)
<i>Reconciling items</i>		
Share-based payments – non deductible for income tax purposes	258	145
Other non-deductible expenses	14	110
Assesable gain on exit from consolidated group	2,809	-
Adjustment for prior year	568	1,171
Prior year tax losses recouped	(229)	-
Tax losses and temporary differences not brought to account	(2,089)	716
Income tax expense reported in the income statement	-	-
Unused tax losses carried forward	40,469	43,126
Potential tax benefit @ 30%	12,141	12,938
Tax losses offset against deferred tax liabilities	(5,531)	(6,574)
Unrecognised tax benefit	6,610	6,364

All unused tax losses were incurred by Australian entities.

Potential future income tax benefits net of deferred tax liabilities attributable to tax losses (both consolidated and Parent Entity) have not been brought to account because the Directors do not believe it is appropriate to regard realisation of the future income tax benefits as probable.

The benefits of these tax losses will only be obtained if:

- (i) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- (ii) the conditions for deductibility imposed by tax legislation continue to be complied with; and
- (iii) no changes in tax legislation adversely affect the Group in realising the benefit.

Deferred income tax

	Consolidated	
Statement of financial position	2017 \$'000	2016 \$'000
Deferred income tax relates to the following:		
<i>Deferred Tax Liabilities</i>		
Exploration and evaluation assets	5,780	6,691
Other	-	-
<i>Deferred Tax Assets</i>		
Other	(249)	(117)
Brought forward tax losses offset against deferred tax liabilities	(5,531)	(6,574)
	-	-

TNG Limited

Notes to the financial statements

9 EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 30 June 2017 was based on the loss attributable to ordinary shareholders of \$4,436,184 (2016: loss \$7,139,305) and a weighted average number of ordinary shares on issue during the year ended 30 June 2017 of 777,940,166 (2016: 711,116,707).

Loss attributable to ordinary shareholders

	2017 \$'000	2016 \$'000
(Loss) for the period	(4,436)	(7,139)
(Loss) attributable to ordinary shareholders	(4,436)	(7,139)

Weighted average number of ordinary shares

	2017 Numbers	2016 Numbers
Number of ordinary shares at 1 July	751,772,713	660,926,706
Effect of shares issued	26,167,453	50,190,001
Weighted average number of ordinary shares at 30 June	777,940,166	711,116,707

Effect of dilutive securities

TNG's potential ordinary shares at 30 June 2017, being its options, are not considered dilutive as the conversion of these options would not increase the net loss per share.

At balance date the Group has options which were not yet exercised as per note 17.

10 SEGMENT INFORMATION

The Board has determined that the Group has one reportable segment, being mineral exploration in Australia. As the Group is focused on mineral exploration, the Board monitors the Group based on actual versus budgeted consolidated results. This internal reporting framework is the most relevant to assist the Board in making decisions regarding the Group and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

All of the Groups assets are located in one geographical segment being Australia

11 CASH AND CASH EQUIVALENTS

	Consolidated	
	2017 \$'000	2016 \$'000
Cash at bank	1,758	1,167
Short term deposits	5,000	6,000
	6,758	7,167

TNG Limited

Notes to the financial statements

12 TRADE AND OTHER RECEIVABLES

	Consolidated	
	2017 \$'000	2016 \$'000
Current		
Other receivables	141	5
Short term security deposits ¹	81	141
GST receivables	116	76
	338	222

1. Bank short term deposits maturing 11 months 6 days are paying interest at a weighted average interest rate of 3.30% (2016: 3.13%).

13 AVAILABLE FOR SALE INVESTMENTS

The Group's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes other than impairment are recognised as a component of equity.

	2017		2016	
Equity Securities available for sale	Number	\$'000	Number	\$'000
Peninsula Energy Ltd	90,000	30	90,000	44
Spirit Telecom Energy Ltd	86,957	2	86,957	2
Todd River Resources Ltd	7,000,000	910	-	-
Balance at end of year	7,176,957	942	176,957	46

14 EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	2017 \$'000	2016 \$'000
Cost		
Balance at 1 July	24,684	24,020
Exploration and evaluation expenditure	5,361	5,665
Exploration assets demerged	(7,000)	-
Research and development rebate	(963)	(1,889)
Impairment	(437)	(3,112)
Balance at 30 June	21,645	24,684
Exploration expenditure capitalised during the year		
Drilling and exploration	869	1,445
Exploration assets	(7,000)	-
Feasibility and evaluation	4,493	4,220
Total exploration expenditure	(1,638)	5,664

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas. At balance date the carrying amount of exploration and evaluation expenditure was \$21,645,462 of which \$21,538,854 was attributable to the Mount Peake project and the balance relating other current exploration programs.

TNG Limited

Notes to the financial statements

14 EXPLORATION AND EVALUATION EXPENDITURE (CONTINUED)

NT Base Metal Assets – Demerger and Impairment

During the year the Company has demerged through an Initial Public offering (“IPO”) TNG’s Non-Core Base and Precious Metal tenements in the Northern Territory collectively known as the “NT Base Metal Assets” to Todd River Resources Ltd. As a result the Company reassessed the carrying value of the NT Base Metal Assets during the period against a valuation report provided by independent consultants resulting in the impairment of the NT Base Metal Assets of \$436,980 to \$7,000,000. The basis of valuation was using a combination of exploration potential as supported by the modified Kilburn approach and analysis of comparable market transactions.

15 TRADE AND OTHER PAYABLES

	Consolidated	
	2017 \$'000	2016 \$'000
Current		
Trade payables	405	306
Other payables	245	455
	650	761
Non-current		
Other payables	260	260

Trade payables are normally settled on a 30-day basis.

16 PROVISIONS

	Consolidated	
	2017 \$'000	2016 \$'000
Employee provisions		
Current		
Annual leave	212	178
Long-service leave	118	131
	330	309
Balance at 1 July	309	187
Net provisions recognised/(used) during the year	21	122
Balance at 30 June	330	309

TNG Limited

Notes to the financial statements

17 ISSUED CAPITAL AND RESERVES

	Consolidated	
	2017 \$'000	2016 \$'000
Issued and paid-up share capital	68,790	64,944

(a) Movements in shares on issue

	2017		2016	
	Number	\$'000	Number	\$'000
Balance at the beginning of year	751,772,713	64,944	660,926,706	56,147
Share placement ¹	51,741,501	6,985	36,727,272	4,040
Options exercised ²	1,000,000	150	53,618,735	4,244
Employee, director and consultant shares ³	-	-	500,000	-
Employee Loan funded shares paid	-	197	-	528
Share issue costs	-	(33)	-	(15)
In specie capital distribution	-	(3,453)	-	(15)
Balance at end of year	804,514,214	68,790	751,772,713	64,944

- On 30 November 2016 TNG announced and offered to eligible shareholders the opportunity to participate in a Share Purchase Plan (SPP) to acquire up to \$15,000 worth of fully paid ordinary shares at an issue price of \$0.135 per share. TNG raised \$6.985 million via full subscription on the SPP cap of \$7 million.
On 21 June 2016 SMS group participated in a \$4.04 million share placement to advance the Mount Peake VanadiumTitanium Iron Project in the NT at an issue price of \$0.11 per share.
- 1,000,000 consultant options issued on 5 June 2014 with an exercise price of \$0.150 were exercised on 13 March 2017.
- 500,000 shares were issued to consultants in lieu of services rendered.

Terms and conditions of contributed equity

Holders of ordinary shares are entitled to receive dividends that may be declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds from liquidation. Effective 1 July 1998, the Company Law Review Act abolished the concept of par value shares and authorised capital. Accordingly, the Company does not have authorised capital or par value in respect of its issued shares.

(b) Options on issue

Grant Date	Expiry Date	Exercise Price	Number at end of year	
			2017	2016
5 June 2014 (unlisted)	6 June 2017	\$0.150	-	4,500,000
23 December 2014 (unlisted)	4 January 2017	\$0.150	-	1,000,000
7 September 2016 (unlisted) ¹	7 September 2019	\$0.200	1,500,000	-
12 December 2016 (unlisted) ²	13 December 2019	\$0.270	10,500,000	-
07 February 2017 (unlisted) ³	13 December 2019	\$0.270	1,000,000	-

Please refer to note 23 for the details of options on issue.

- Options issued to consultants in payment of services rendered. The options have no vesting conditions and are exercisable immediately from grant date.
- Options issued to directors and key management personnel as disclosed in the remuneration report. The options have no vesting conditions and are exercisable immediately from grant date.
- Options issued to directors and key management personnel as disclosed in the remuneration report. The options have no vesting conditions and are exercisable immediately from grant date.

TNG Limited

Notes to the financial statements

17 ISSUED CAPITAL AND RESERVES (CONTINUED)

(c) Dividends

No dividends were declared or paid during the 2017 financial year.

Dividend franking account	Consolidated	
	2017 \$'000	2016 \$'000
30% franking credits available to shareholders of TNG for subsequent financial years	751	751

The above available amounts are based on the balance of the dividend franking account at year end adjusted for franking credits that the entity may be prevented from distributing in subsequent years.

Reserves

	Consolidated	
	2017 \$'000	2016 \$'000
Investment Revaluation reserve¹	460	44
Transaction Reserve²	2,146	-
Total Reserves	2,606	44

1. Reflects the movement in fair value in available for sale financial assets (Refer note 13).
2. During the year TNG Ltd demerged its assets via its subsidiary Todd River Resources Limited in the Northern Territory to create a base metal-focused exploration company. TNG Limited transferred \$7,000,000 of the NT Base Metal Assets to Todd River Resources in consideration for 35,000,000 shares at a price of \$0.20 per share. 28,000,100 of these shares were distributed and transferred via an in specie distribution to TNG Ltd.'s shareholders on a pro-rata basis (in specie Distribution). This in specie distribution was accounted for at the fair value of the assets distributed. The distribution has been accounted for in equity as follows:

	2017 \$'000
Share Capital	3,453
Transaction Reserve	2,146
Total	5,599

TNG Limited

Notes to the financial statements

18 COMMITMENTS

Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State governments. These requirements are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial report.

	Consolidated	
	2017 \$'000	2016 \$'000
Exploration commitments payable not provided for in the financial report:		
Within one year	686	1,142
Operating lease commitments		
Operating lease commitments comprise premises and office equipment and are payable as follows:		
Within one year	98	98
Between one year and 5 years	-	94
	98	192

The Group leases its corporate head office under a 2 year operating lease. The Group also has minor leases for storage facilities and office equipment.

19 CONTINGENT LIABILITIES

The details and estimated maximum amounts of contingent liabilities that may become payable are set out below. The Directors are not aware of any circumstance or information which could lead them to believe that these liabilities will crystallise and consequently no provisions are included in the financial statements in respect of these matters.

	Consolidated	
	2017 \$'000	2016 \$'000
Guarantees		
A guarantee has been provided to support unconditional environmental performance bonds	47	55
Total estimated contingent liabilities	47	55

Indemnities have been provided to Directors and certain executive officers of the Company in respect of liabilities to third parties arising from their positions, except where the liability arises out of conduct involving a lack of good faith. No monetary limit applies to these agreements and there are no known obligations outstanding at 30 June 2017.

TNG Limited

Notes to the financial statements

20 DEED OF CROSS GUARANTEE

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998 the wholly owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports and Directors' reports.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor, payment in full, in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act 2001, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the Deed are Connaught Mining NL and Enigma Mining Limited. In accordance with the terms of the Class Order a consolidated statement of comprehensive income, and consolidated statement of financial position comprising the entities that are party to the Deed as set out below.

	Consolidated	
	2017 \$'000	2016 \$'000
Statement of Comprehensive Income and retained earnings		
<i>Profit/(loss) before income tax</i>	(6,011)	(7,110)
Share based payments	859	484
<i>Movement in retained earnings</i>	(5,152)	(6,626)
Retained earnings at beginning of year	(33,492)	(26,866)
<i>Retained earnings at end of year</i>	(38,644)	(33,492)

	Consolidated	
	2017 \$'000	2016 \$'000
Statement of Financial Position		
Cash assets	6,732	7,163
Trade and other receivables	336	222
Prepayments	53	77
Other investments	32	46
<i>Total current assets</i>	7,153	7,508
Other Investments	910	-
Plant and equipment	107	119
Loan and borrowings from related parties	(1,033)	6,413
Exploration and evaluation expenditure	21,645	18,673
<i>Total non-current assets</i>	21,629	25,205
<i>Total assets</i>	28,782	32,713
Trade and other payables	653	648
Provision	330	309
<i>Total current liabilities</i>	983	957
Other creditors	260	260
<i>Total non-current liabilities</i>	260	260
<i>Total liabilities</i>	1,243	1,217
<i>Net assets</i>	27,539	31,496
Issued capital	68,790	64,944
Reserves	(2,607)	44
Retained earnings	(38,644)	(33,492)
<i>Total equity</i>	27,539	31,496

TNG Limited

Notes to the financial statements

21 CONSOLIDATED ENTITIES

<i>Subsidiaries</i>	<i>Country of Incorporation</i>	2017 % of Ownership	2016 % of Ownership
Connaught Mining NL	Australia	100	100
Enigma Mining Limited	Australia	100	100
Tennant Creek Gold (NT) Pty Ltd	Australia	100	100
Manbarrum Mining Pty Ltd	Australia	100	100
Todd River Resources Limited ²	Australia	-	100
Todd River Metals Pty Ltd ³	Australia	-	100
TNG Energy Pty Ltd ¹	Australia	100	100
TNG Gold Pty Ltd	Australia	100	100
TIVAN Technology Pty Ltd	Australia	100	100

¹ Direct subsidiary of Enigma Limited

² Demerged as at 31 March 2017

³ Direct subsidiary of Todd River Resources Limited

22 NOTES TO THE STATEMENTS OF CASH FLOWS

Reconciliation of cash flows from operating activities

	Consolidated	
	2017 \$'000	2016 \$'000
Net profit/(loss) for the period	(4,436)	(7,139)
Add/(less) non-cash items:		
Depreciation and amortisation	71	96
Share based payments	859	484
Gain on sale of plant and equipment	(13)	(6)
Profit on disposal of Todd River Resources Ltd	(221)	-
Impairment of exploration costs	437	3,112
	(3,303)	(3,453)
Change in assets and liabilities:		
Change in current payables and provisions	127	572
Change in current receivables and prepayments	67	34
Net cash used in operating activities	(3,109)	(2,847)

23 EMPLOYEE BENEFITS

Defined contribution superannuation funds

The Group made contributions to the employee's nominated superannuation funds. The amount recognised as an expense was \$35,662 for the financial year ended 30 June 2017 (2016: \$41,000).

Share-based payments

During the year unlisted options were issued to consultants, employees and directors. The options vested on grant date and are exercisable immediately.

Issue	Grant date/ participant entitled	Number	Vesting conditions	Expiry Date
1	Options granted to consultants in lieu of services on 07 Sept 2016	1,500,000	-	07 Sep 2019
2	Options granted to directors in lieu of services on 13 Dec 2016	6,000,000	-	13 Dec 2019
3	Options granted to employees in lieu of services on 13 Dec 2016	1,500,000	-	13 Dec 2019
4	Options granted to consultants in lieu of services on 13 Dec 2016	3,000,000	-	13 Dec 2019
5	Options granted to directors in lieu of services on 2 February 2017	1,000,000	-	13 Dec 2019

TNG Limited

Notes to the financial statements

23 EMPLOYEE BENEFITS (CONTINUED)

In accordance with AASB2 'Share-based payments' the Group has charged the fair value of share-based payments to the income statement over the vesting period. The options vested on grant date.

	Note	Consolidated 2017 \$'000	2016 \$'000
Shares and options granted in 2016 equity settled		-	75
Options granted in 2017 equity settled		859	-
Total expense/(income) recognised as employee expenses	6(c)	859	75

The following inputs were used in the measurement of the fair values at grant date of options:

	Issue 1	Issue 2	Issue 3	Issue 4	Issue 5
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%
Share price at date of grant	\$0.110	\$0.155	\$0.135	\$0.135	\$0.175
Exercise price	\$0.20	\$0.27	\$0.27	\$0.27	\$0.270
Volatility	85%	85%	85%	85%	85%
Risk free rate	1.45%	1.91%	1.95%	1.95%	1.90%
Expiration date	07 Sep 2019	13 Dec 2019	13 Dec 2019	13 Dec 2019	13 Dec 2019
Fair Value	\$0.045	\$0.066	\$0.053	\$0.053	\$0.071

The number and weighted average exercise prices of share options is as follows:

	Consolidated Weighted average exercise price 2017 \$	Number of options 2017	Consolidated Weighted average exercise price 2016 \$	Number of options 2016
Outstanding at 1 July	0.129	5,500,000	0.129	11,100,000
Expired during the period	0.150	(4,500,000)	0.136	(3,600,000)
Exercised during the year	0.150	(1,000,000)	0.057	(2,000,000)
Granted during the period	0.262	13,000,000	-	-
Outstanding during the period	0.262	13,000,000	0.150	5,500,000
Exercisable at 30 June	0.262	13,000,000	0.150	5,500,000

The options outstanding at 30 June 2017 have an exercise price ranging from \$0.20 to \$0.27 and have a weighted average remaining contractual life of 2.42 years. (2016: 0.86 years)

Options granted to Directors are disclosed in the remuneration report.

TNG Limited

Notes to the financial statements

24 RELATED PARTIES

(a) Todd River Resources Limited

The Company transferred Exploration assets to Todd River Resources Limited of \$7,000,000 for consideration of 35,000,000 shares in Todd River Resources Limited (also refer to Note 14 and 17a).

The Company entered into an Administrative Services Agreement with Todd River Resources Limited. The fees and costs associated with the agreement included 40% of TNG Limited's administration expenditure per month in lieu of the services and facilities provided. Geological staff costs and services are also on charged to Todd River Resources as part of the agreement. \$213,065 has been on charged for the year ended 30 June 2017.

(b) Compensation of key management personnel

Key management personnel compensation comprised the following:

Compensation by category

	Consolidated	
	2017 \$'000	2016 \$'000
<i>Key Management Personnel</i>		
Short-term	1006	1,235
Post-employment	48	61
Share-based payments	546	276
	1,600	1,573

Information regarding individual Directors and executives compensation and some equity disclosure as permitted by Corporations Regulation 2M.3.03 and 2M.6.04 is provided in the Remuneration Report section of the Directors' Report.

(c) Other transactions with key management personnel

The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

During the year consulting fees were paid to Katarina Corporation Pty Ltd \$26,400 and SLR Consulting Pty Ltd \$4,394 of which Rex Turkington and Simon Robertson are related parties respectively.

None were outstanding at 30 June 2017 (2016: \$0).

25 INTEREST IN JOINT OPERATIONS

Joint venture operations

Joint operations	Joint venture	Principal activities	Consolidated			
			Interest		Exploration expenditure	
			2017 %	2016 %	2017 \$	2016 \$
Mesmeric Enterprises Pty Ltd	Cawse Extended	Nickel/Cobalt	20.00	20.00	-	-

Exploration expenditure represents direct expenditure incurred by the Group.

TNG Limited

Notes to the financial statements

26 PARENT ENTITY INFORMATION

As at, and throughout, the financial year ending 30 June 2017 the parent entity of the Group was TNG Ltd.

	2017 \$'000	2016 \$'000
Current assets	6,940	7,356
Non-current assets	21,492	30,087
Total assets	28,432	37,443
Current liabilities	621	492
Non-current liabilities	260	260
Total liabilities	881	752
Issued capital	68,790	64,944
Reserves	11,576	13,367
Accumulated losses	(52,815)	(41,620)
Total shareholders' equity	27,551	36,691
Loss for the year	(11,195)	(3,954)
Total comprehensive loss for the year	(11,699)	(3,989)

Tax consolidation

TNG and its 100% owned Australian subsidiaries formed a tax consolidated group with effect from 1 July 2003. TNG is the head entity of the tax consolidated group. Members of the group have not entered into a tax sharing agreement.

The parent entity has entered into a Deed of Cross Guarantee with its subsidiaries. Refer note 20 for details.

Operating lease commitments	2017 \$'000	2016 \$'000
Operating lease commitments are payable as follows:		
Within one year	98	98
Between one year and 5 years	-	94
	98	192

For contingent liabilities in relation to the parent entity, please refer to note 19.

27 EVENTS SUBSEQUENT TO BALANCE DATE

No material events were recorded subsequent to the balance date.

TNG Limited Directors Declaration

- 1 In the opinion of the directors of TNG Limited (the “Company”):
 - (a) the financial statements and notes, and the Remuneration report in the Directors’ report, set out on pages 10 to 51, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group’s financial position as at 30 June 2017 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Accounting Standards and Corporation Regulations 2001, and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 2 There are reasonable grounds to believe that the Company and the group entities identified in note 20 will be able to meet any obligation or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and the controlled entities pursuant to ASIC Class Order 98/1418.
- 3 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer (or equivalent) for the financial year ended 30 June 2017.
- 4 the directors draw attention to note 2(a) of the consolidated financial statements which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with the resolution of the directors:



Paul Burton
Managing Director
Dated 29 September 2017



Independent Auditor's Report

To the shareholders of TNG Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of TNG Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- *Consolidated Statement of Financial Position* as at 30 June 2017
- *Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity, and Consolidated Statement of Cash Flows* for the year then ended
- Notes including a summary of significant accounting policies
- *Directors' Declaration*.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with *the Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying value of exploration and evaluation expenditure (\$21,645,000)

Refer to Note 14 'Exploration and evaluation expenditure'

The key audit matter	How the matter was addressed in our audit
The carrying value of exploration and evaluation expenditure (E&E) is a key audit matter due to: - the significance of the activity to the Group's business; and - the greater level of audit effort to evaluate the Group's application of the requirements of the industry specific accounting standard AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, in particular the conditions allowing capitalisation of relevant expenditure and assessment of impairment indicators. The presence of impairment indicators would necessitate a detailed analysis by the Group of the value of E&E, therefore given the criticality of this to the scope and depth of our work, we involved senior team members to challenge the Group's determination that no such indicators existed. In assessing the conditions allowing capitalisation of relevant expenditure, we focused on: - the determination of the areas of interest; - documentation available regarding rights to tenure, via licensing, and compliance with relevant conditions, to maintain current rights to an area of interest and the Group's intention and capacity to continue the relevant E&E activities; and - the Group's determination of whether the E&E are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale. In assessing the presence of impairment indicators, we focused on those that may draw into question the commercial continuation of E&E activities for areas of interest where significant capitalised E&E exists. We paid particular attention to: - The determination by the Group of whether E&E is expected to be recovered by successful development; - The ability of the Group to fund the continuation of activities; and - Results from latest activities regarding the existence or otherwise of economically recoverable reserves/commercially viable quantity of reserves.	Our audit procedures included: - Evaluating the Group's accounting policy to recognise exploration and evaluation assets using the criteria in the accounting standard. - We assessed the Group's determination of its areas of interest for consistency with the definition in the accounting standard. This involved analysing the licences in which the Group holds an interest and the exploration programmes planned for those for consistency with documentation such as licence related technical conditions, joint venture agreements, results of the latest activities including the report from the external expert engaged by the Group, and planned work programmes. - For each area of interest, we assessed the Group's current rights to tenure by corroborating the ownership of the relevant licence to government registries and evaluating agreements in place with other parties. We also tested for compliance with conditions, such as minimum expenditure requirements, on a sample of licenses. - We tested the Group's additions to E&E for the year by evaluating a statistical sample of recorded expenditure for consistency to underlying records, the capitalisation requirements of the Group's accounting policy and the requirements of the accounting standard. - We evaluated documents, such as minutes of Board meetings and ASX announcements for consistency with their stated intentions for continuing E&E in certain areas. We corroborated this through interviews with key operational and finance personnel. - We analysed the Group's determination of recoupment through successful development and exploitation of the area by evaluating the Group's documentation of planned future/continuing activities including work programmes and project and corporate budgets for a sample of areas.



Other Information

Other Information is financial and non-financial information in TNG Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_files/ar2.pdf. This description forms part of our Auditor's Report.



Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of TNG Limited for the year ended 30 June 2017, complies with *Section 300A of the Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A of the Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 12 to 18 of the Directors' report for the year ended 30 June 2017.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Jane Bailey
Partner

Perth
29 September 2017

TNG Limited

Corporate Governance Statement

The Board of Directors of TNG Limited. (the “Company”) is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

This statement sets out the main corporate governance practices in place throughout the financial year in accordance with 3rd edition of the ASX Principles of Good Corporate Governance and Best Practice Recommendations.

This Statement was approved by the Board of Directors and is current as at 21 September 2017.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

ASX Recommendation 1.1: A listed entity should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

The Company has complied with this recommendation.

The Board has adopted a formal charter that details the respective Board and management functions and responsibilities. A copy of this Board charter is available in the corporate governance section of the Company's website at www.tngltd.com.au.

ASX Recommendation 1.2: A listed entity should undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a Director and provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a Director.

The Company has complied with this recommendation.

The Company conducted appropriate checks on the Director appointed during the year.

Information in relation to Directors seeking reappointment is set out in the Directors' report and Notice of Annual General Meeting.

ASX Recommendation 1.3: A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

The Company has complied with this recommendation.

The Company has in place written agreements with each Director and Senior Executive.

ASX Recommendation 1.4: The company secretary of a listed company should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.

The Company has complied with this recommendation.

The Board Charter provides for the Company Secretary to be accountable directly to the Board through the Chair.

ASX Recommendation 1.5: A listed entity should:

- Have a diversity policy which includes the requirement for the Board to set measurable objectives for achieving gender diversity and assess annually the objectives and the entity's progress to achieving them;
- disclose the policy or a summary of it;
- disclose the measurable objectives and progress towards achieving them; and
- disclose the respective proportions of men and women on the Board and at each level of management and the company as a whole.

The Company partly complies with this recommendation.

The Company has adopted a Diversity Policy which is available in the corporate governance section of the Company's website at www.tngltd.com.au.

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The Board considers that, due to the size, nature and stage of development of the Company, setting measurable objectives for the Diversity Policy at this time is not practical. The Board will consider setting measurable objectives as the Company increases in size and complexity.

As at 30 June 2017, the Company does not have any female Board members or senior managers (2016: nil). Of the balance of the Company's employees 50% are female (2016:37%). 30% (2016: 33%) of the Company's employees in total, including Directors, are female.

ASX Recommendation 1.6: A listed entity should disclose the process for evaluating the performance of the Board, its committees and individual Directors.

The Company has complied with this recommendation.

The Board has adopted a self-evaluation process to measure its own performance and the performance of its committees during each financial year. The chairperson is also responsible for conducting an annual review of overall board performance during a regular meeting of the board.

The Remuneration Committee charter also provides that the Remuneration Committee will make recommendations to the Board, from time to time, in respect of the performance evaluation process for evaluating each of the board, the board committees and individual directors.

A performance review was undertaken during the reporting period.

ASX Recommendation 1.7: A listed entity should have and disclose a process for periodically evaluating the performance of its senior executives and disclose in relation to each reporting period where a performance evaluation was undertaken in accordance with a process.

The Company has complied with this recommendation.

The Company has in place procedures for evaluating the performance of its senior executives overseen by the Board. These procedures include a review by the Board of the Company's financial performance and an annual performance appraisal meeting with each senior executive.

A performance review was undertaken during the reporting period.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

ASX Recommendation 2.1: The Board of a listed entity should establish a Nomination Committee:

- With at least three members the majority of which are independent Directors;
- chaired by an independent director; and
- disclose the charter of the committee, the members of the committee and the number of times the committee met throughout the period and member attendance at those meetings.

The Company has not complied with this recommendation.

The full Board considers Board composition and identifies and assesses candidates to fill any casual vacancy which may arise from time to time. The Board considers that at this stage no efficiencies or other benefits would be gained by establishing a separate Nomination Committee.

ASX Recommendation 2.2: A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.

The Company has complied with this recommendation.

The Board has established a skill matrix. On a collective basis the Board has the following skills:

Strategic expertise: Ability to identify and critically assess strategic opportunities and threats and develop strategies.
Specific Industry knowledge: Geological qualifications are held by the Managing Director and other members of the Board have a general background and experience in the resources sector including exploration, mineral resource project development and mining.

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Corporate Governance Statement

Accounting and finance: The ability to read and comprehend the Company's accounts, financial material presented to the Board, financial reporting requirements and an understanding of corporate finance.

Legal Compliance: Overseeing compliance with numerous laws, ensuring appropriate legal and regulatory compliance frameworks and systems are in place and understanding an individual Director's legal duties and responsibilities.

Risk management: Identify and monitor risks to which the Company is, or has the potential to be exposed to.

Experience with equity markets: Experience in working in or raising funds from the equity markets.

Funding and project financing: a detailed understanding and experience in working in funding markets and involvement in project funding.

Project development and construction: experience in the development of projects and construction of project infrastructure.

Native Title negotiations: experience in dealing with Traditional Owners and negotiation of Native Title agreements and access agreements to progress the Company's activities.

Investor relations and stakeholder Management: Experience in identifying and establishing relationships with Shareholders, potential investors, institutions, equity analysts and other key stakeholders.

ASX Recommendation 2.3: A listed entity should disclose the names of the Directors considered by the Board to be independent Directors and provide details in relation to the length of service of each Director.

The Company has complied with this recommendation.

Rex Turkington, Mr Geoffrey Crow and John Davidson are considered to be independent Directors.

Mr Paul Burton is an Executive Director and is not considered an independent Director as he is employed in an executive capacity.

The respective appointment date of each Director is:

Paul Burton	11 August 2008
Rex Turkington	28 November 2011
Geoffrey Crow	24 February 2011
John Davidson	2 February 2017

ASX Recommendation 2.4: The majority of the Board of a listed entity should be independent Directors.

The Company has complied with this recommendation for part of the year.

As set out in ASX recommendation 2.3, the majority of the Board is considered to be independent.

Directors having a conflict of interest in relation to a particular item of business must absent themselves from the Board meeting before commencement of discussion on the topic unless other Directors agree to their attendance. Directors having a conflict must absent themselves from the meeting while any decisions are being made on the business.

ASX Recommendation 2.5: The Chair of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.

The Company has not complied with this recommendation

The Company does not currently have a formally appointed chairman however Mr Rex Turkington, who is an independent Director, chairs meetings of the Directors.

Mr. Paul Burton is Managing Director of the Company.

ASX Recommendation 2.6: A listed entity should have a program for inducting new Directors and provide appropriate professional development opportunities.

The Company has complied with this recommendation.

The full board has responsibility for the approval and review of induction procedures for new appointees to the Board to ensure that they can effectively discharge their responsibilities. The Board is also responsible for the program for providing

TNG Limited

Corporate Governance Statement

adequate professional development opportunities for Directors and management.

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

ASX Recommendation 3.1: A listed entity should establish a code of conduct and disclose the code or a summary of the code.

The Company has complied with this recommendation.

The Company has established a code of conduct that sets out standards which the Board, management and employees of the Company are to comply with when dealing with each other, shareholders, customers and the broader community.

A copy of the Company's code of conduct is available in the corporate governance section of the Company's website at www.tngltd.com.au.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

ASX Recommendation 4.1: The Board of a listed entity should establish an audit committee:

- With at least three members, all of whom are non-executive Directors and a majority of which are independent Directors;
- chaired by an independent Director; and
- disclose the charter of the committee, the members of the committee and the number of times the committee met throughout the period and member attendance at those meetings.

The Company has partly complied with this recommendation.

The Board has established an Audit Committee and adopted a charter that sets out the committee's role and responsibilities, composition and membership requirements. Currently, Mr. Stuart Crow (Chair) and Mr. Rex Turkington serve on the Audit Committee.

The role of the Audit Committee is to assist the Board in monitoring and reviewing any matters of significance affecting financial reporting and audit process.

The qualifications of the members of the Audit Committee are set out in the Directors' report.

A copy of the charter of the Audit Committee is available in the corporate governance section of the Company's website at www.tngltd.com.au.

Details of the number of meetings of the committee and attendance at those meetings is set out in the Directors' Report.

ASX Recommendation 4.2: The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO or equivalent a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Company partly complies with this recommendation.

The Board has received the assurance required by ASX Recommendation 4.2 in respect of the financial statements for the half year ended 31 December 2016 and the full year ended 30 June 2017. Given the size and nature of the Company's operations the Board has not received the assurance in respect of the quarterly cash flow statements believing that the provision of the assurance for the half and full year financial statements is sufficient.

ASX Recommendation 4.3: A listed entity should ensure that the external auditor attends its Annual General Meeting and is available to answer questions from security holders relevant to the audit.

The Company has complied with this recommendation.

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The external auditor attends the Annual General Meeting and is available to answer questions from shareholders relevant to the audit and financial statements. The external auditor will also be allowed a reasonable opportunity to answer written questions submitted by shareholders to the auditor as permitted under the Corporations Act.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

ASX Recommendation 5.1: A listed entity should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

The Company has complied with this recommendation.

The Company has established a continuous disclosure policy which forms part of its overall corporate governance policy which is designed to guide compliance with ASX Listing Rule disclosure requirements and to ensure that all Directors, senior executives and employees of the Company understand their responsibilities under the policy. The Board has designated the Managing Director as the person responsible for ensuring that all required price sensitive information is disclosed to the ASX as required. The Managing Director may delegate aspects of administering the continuous disclosure policy to other Directors or Company employees which may be a general delegation or specific to a particular matter.

In accordance with the Company's continuous disclosure policy, all information provided to ASX for release to the market is posted to its website at www.tngltd.com.au after ASX confirms an announcement has been made.

Information in relation to the Company's continuous disclosure requirements is set out in the Company's corporate governance policy available at www.tngltd.com.au.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

ASX Recommendation 6.1: A listed entity should provide information about itself and its governance to investors via its website.

The Company has complied with this recommendation.

The Company's website at www.tngltd.com.au contains information about the Company's projects, Directors and management and the Company's corporate governance practices, policies and charters. All ASX announcements made to the market, including annual, half year and quarterly reports are posted on the website as soon as they have been released by the ASX. The full text of all notices of meetings and explanatory material, the Company's Annual Report and copies of all investor presentations are posted on the Company's website.

ASX Recommendation 6.2: A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

The Company has complied with this recommendation.

The Company's Managing Director is the Company's contact for investors and potential investors and makes himself available to discuss the Company's activities when requested. From time to time the Managing Director may delegate responsibility for dealing with specific investor relations issues to other Directors or Company officers.

In addition to announcements made in accordance with its continuous disclosure obligations the Company, from time to time, prepares and releases general investor updates about the Company.

The Company has engaged the services of an Investor Relations company to assist the Company with its investor relations activities.

Contact with the Company can be made via an email address provided on the website and investors can subscribe to the Company's electronic mailing list.

ASX Recommendation 6.3: A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

The Company has complied with this recommendation.

The Company encourages participation of shareholders at any general meetings and its Annual General Meeting each year. Shareholders are encouraged to lodge direct votes or proxies subject to the adoption of satisfactory authentication procedures if they are unable to attend the meeting.

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The full text of all notices of meetings and explanatory material are posted on the Company's website at www.tngltd.com.au.

ASX Recommendation 6.4: A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security register electronically.

The Company has complied with this recommendation.

Contact with the Company can be made via an email address provided on the website and investors can subscribe to the Company's electronic mailing list.

The Company's share register provides a facility whereby investors can provide email addresses to receive correspondence from the Company electronically and investors can contact the share register via telephone, facsimile or email.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

ASX Recommendation 7.1: The Board of a listed entity should have a committee to oversee risk:

- With at least three members, all of whom are non-executive Directors and a majority of which are independent Directors;
- chaired by an independent director; and
- disclose the charter of the committee, the members of the committee and the number of times the committee met throughout the period and member attendance at those meetings.

The Company has not complied with this recommendation.

The full Board is responsible for the oversight of the Company's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Managing Director and Chief Financial Officer having ultimate responsibility to the Board for the risk management and control framework.

Arrangements put in place by the Board to monitor risk management include regular reporting to the Board in respect of operations and financial position of the Company and reports to the Board by the Chairman of each committee at the next Board meeting following the committee meeting.

The Board considers that at this stage no efficiencies or other benefits would be gained by establishing a separate Risk Committee.

ASX Recommendation 7.2: The Board or a committee of the Board, of a listed entity should review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and disclose in relation to each reporting period whether such a review was undertaken.

The Company has complied with this recommendation.

The Board conducted such a review during the reporting period.

ASX Recommendation 7.3: A listed entity should disclose if it has an internal audit function and if it does not have an internal audit function that fact and the processes it employs for evaluating and continually improving the effectiveness of risk management and internal control processes.

The Company has complied with this recommendation.

Given the Company's current size and level of operations it does not have an internal audit function. The Board oversees the Company's risk management systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements and monitors the quality of the accounting function.

In addition the Audit Committee's role is to monitor the integrity of the financial statements of the Company, the appropriateness of accounting policies adopted by the Company and review significant financial reporting judgements. The Audit Committee serves as an independent and objective party to review the financial information submitted by management to the Board.

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Corporate Governance Statement

ASX Recommendation 7.4: A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and if it does how it manages or intends to manage those risks.

The Company has complied with this recommendation.

The Company has exposure to economic risks, including general economy wide economic risks and risks associated with the economic cycle which impact on the price and demand for minerals which affects the sentiment for investment in exploration and development companies.

There will be a requirement in the future for the Company to raise additional funding to pursue its business objectives. The Company's ability to raise capital may be effected by these economic risks.

The Company has in place risk management procedures and processes to identify, manage and minimise its exposure to these economic risks where appropriate.

The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly when the Mount Peake Project is developed. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

The Board currently considers that the Company does not have any material exposure to social sustainability risk.

The Company has established a code of conduct that sets out standards which the Board, management and employees of the Company are to comply with when dealing with each other, shareholders, customers and the broader community.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

ASX Recommendation 8.1: The Board of a listed entity should establish a remuneration committee:

- With at least three members the majority of which are independent Directors;
- chaired by an independent Director; and
- disclose the charter of the committee, the members of the committee and the number of times the committee met throughout the period and member attendance at those meetings.

The Company has partly complied with this recommendation.

The Board has established a Remuneration Committee and adopted a charter that sets out the Remuneration Committee's role and responsibilities, composition and membership requirements. Currently, Mr. Rex Turkington (chair), Mr. Geoffrey Crow serve on the Remuneration Committee.

A copy of the committee's charter is available in the corporate governance section of the Company's website at www.tngltd.com.au.

Details of the number of meetings of the committee and attendance at those meetings is set out in the Directors' Report.

ASX Recommendation 8.2: A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives.

The Company has complied with this recommendation.

Non-Executive Directors are paid a fixed annual fee for their service to the Company. Non-Executive Directors may, subject to shareholder approval, be granted equity securities as remuneration. Non-executive Directors may also be paid a fee on a per day rate for services in addition to the normal duties of a non-executive Director.

Executives of the Company typically receive remuneration comprising a base salary component and other fixed benefits based on the terms of their employment agreements with the Company and potentially the ability to participate in bonus arrangements and may, subject to shareholder approval if appropriate, be granted equity securities as remuneration.

Further information in relation to the Company's remuneration policies and practices are set out in the Remuneration Report which forms part of the Directors' Report in the annual financial statements.

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Corporate Governance Statement

ASX Recommendation 8.3: A listed entity which has an equity based remuneration scheme should have a policy on whether participants are permitted to enter into transactions which limit the economic risk of participating in the scheme and disclose the policy or a summary of that policy.

The Company has complied with this recommendation.

Participants in any Company equity based remuneration scheme are not permitted to enter into transactions which limit the economic risk of participating in the scheme.

TNG Limited

ASX Additional Information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

Twenty largest Shareholders as at 25 September 2017

		Units	% of Units
1.	MR WARREN WILLIAM BROWN + MRS MARILYN HELENA BROWN <WWB INVESTMENTS P/L S/F A/C>	80,000,000	9.94
2.	AOSU INVESTMENT AND DEVELOPMENT CO PTY LTD	56,208,643	6.99
3.	AO-ZHONG INTERNATIONAL MINERAL RESOURCES PTY LTD	30,955,521	3.95
4.	NATIONAL NOMINEES LIMITED	14,600,000	1.81
5.	MR PAUL BURTON	12,000,000	1.49
6.	J P MORGAN NOMINEES AUSTRALIA LIMITED	10,861,868	1.35
7.	MR TODD BROUWER	10,121,111	1.26
8.	MR ADAM FURST	9,526,577	1.18
9.	MR REX TURKINGTON	6,000,000	0.75
10.	MR ROBERT BUTCHER <BENJARMEN A/C>	5,000,000	0.62
11.	WESTERMAN SUPER HOLDINGS PTY LTD <WESTERMAN SUPER FUND A/C>	4,525,000	0.56
12.	CITICORP NOMINEES PTY LIMITED	4,386,289	0.55
13.	MR ZHIGANG WANG	4,300,000	0.53
14.	MR BRUNO DIMASI + MRS JENNIFER LOUISE DIMASI <THE DIMASI FAMILY S/F A/C>	4,245,000	0.53
15.	MR STUART CROW	4,000,000	0.50
16.	BONOS PTY LTD	3,900,000	0.48
17.	KEVIN BARRY BUILDING SERVICE PTY LTD <SUPERFUND A/C>	3,400,000	0.42
18.	KP DEEVES PTY LTD <DEEVES FAMILY S/F A/C>	3,320,000	0.41
19.	MR PAUL BROWN	3,076,806	0.38
20.	TURMOYLE PTY LTD <GEM SUPER FUND A/C>	3,060,531	0.38
Totals: Top 20 holders		273,487,346	33.99
Total Remaining Holders Balance		531,026,868	66.01

Twenty largest Listed Optionholders as at 25 September 2017

		Units	% of Units
1.	MR ADAM FURST	805,784	3.11
2.	PARKER FINANCE PTY LTD <PARKER FINANCE A/C>	452,965	1.75
3.	MR CRAIG ADAM ROCHFORD	421,848	1.63
4.	BONOS PTY LTD	360,000	1.39
5.	D M O'BRIEN NOMINEES PTY LTD <THE DENIS O'BRIEN S/F A/C>	351,773	1.36
6.	MR BRUNO DIMASI	343,147	1.33
7.	MR PAUL DEAN PANTEL	335,000	1.29
8.	MR MARTIN PAUL STONE	316,702	1.22
9.	MRS ANDREA THACKRAY	287,514	1.11
10.	MR ANTONIO RAMONDETTA + MRS MARIA RAMONDETTA + MR VITO RAMONDETTA <VTM SUPER FUND A/C>	255,555	0.99
11.	MR TREVOR CRITTLE	239,684	0.93
12.	MR MARK RICHARD NOACK + MRS DEBRA ANNE NOACK	214,071	0.83
13.	MS ANNE MAREE RYAN	200,000	0.77
14.	DR RICHARD GORDON MIDFORD	199,319	0.77
15.	WILLVEST PTY LTD	195,555	0.76
16.	MR BRADLEY MARK ROSS	174,628	0.68
17.	ADCOT PTY LTD <THE ADCOT SUPER FUND A/C>	171,191	0.66
18.	MR JOHN DUNN + MRS FRITH DUNN <RWT PTY LTD STAFF S/F A/C>	168,518	0.65
19.	MR BRUNO DIMASI	164,813	0.64
20.	MR BRENDAN SEAN RICE	155,555	0.60
Totals: Top 20 holders		5,813,622	22.47
Total Remaining Holders Balance		20,056,815	77.53

TNG Limited

ASX Additional Information

Distribution of listed equity securities as at 25 September 2017

Category	Number of listed security holders	
	Ordinary Shares	Listed Options
1 – 1,000	224	2
1,001 – 5,000	696	115
5,001 – 10,000	727	119
10,001 – 100,000	2,170	450
100,001 and over	1,056	28
	4,873	714

The number of shareholders holding less than a marketable parcel is 529.

Substantial shareholders as at 25 September 2017

Substantial holders in the Company are set out below:

Shareholder	Number
MR WARREN WILLIAM BROWN + MRS MARILYN HELENA BROWN	80,000,000
AOSU INVESTMENT AND DEVELOPMENT CO PTY LTD	56,208,643
AO-ZHONG INTERNATIONAL MINERAL RESOURCES PTY LTD	30,955,521

Class of shares and voting rights

- (a) at meetings of members or classes of members each member entitled to vote may vote in person or by proxy or attorney; and
- (b) on a show of hands every person present who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share held.

On-market buy-back

There is no current on-market buy-back.

Unlisted Options as at 25 September 2017

Unlisted options exercisable @ \$0.20 expiring 7 September 2019

Total on issue	1,500,000
Number of holders (>100,000)	6
Holder with 20% or more:	-

Unlisted options exercisable @ \$0.27 expiring 13 December 2019

Total on issue	11,000,000
Number of holders (>100,000)	13
Holder with 20% or more:	1
Paul Burton	4,000,000

Restricted securities as at 25 September 2017

31,900,000 shares which were issued in previous years pursuant to the Company's loan funded share plans remain on issue. A "Holding lock" in relation these shares was put in place in accordance with the terms and conditions of the original offer. This holding lock will remain in place until certain restrictions are satisfied unless waived by the board. Further details of the plans are set out in the notice of meeting for the 2012 Annual General Meeting.

TNG Limited

ASX Additional Information

The Group holds an interest in the following tenements at 25 September 2017

Project	Tenements	Equity
Mount Peake	EL27069, EL27070, EL27941, EL29578, EL30483, EL31389, ELR29627, MLA28341, MLA29855, MLA29856, MLA30686	100%
Melville Island	ELA28617	100% (Farm-in agreement)
Cawse Extended	M24/547, M24/548, M24/549, M24/550	20% free carried to production, or can be converted to a 2% net smelter return on ore mined. Unicorn Pit is now excised and a wet tonne royalty applies.
Kintore East	P16/2370, P16/2371, P16/2372, P16/2373, P16/2374	2% gold return interest on production.

E: Exploration Licence (W.A)
 EL: Exploration Licence (N.T)
 ELA: Exploration Licence Application
 M: Mining Lease (W.A)
 MLC: Mineral Lease Central (N.T)
 MLA: Mineral Lease Application (N.T)
 P: Prospecting Licence (W.A)

Mineral Reserves and Resources

As at 30 June 2017 the company has reviewed its Mineral Reserves and Resources which are as follows:

Maiden Mount Peake Probable Ore Reserve estimate (JORC 2012)

Category	Tonnes	V ₂ O ₅ %	TiO ₂ %	Fe%
Proven	-	-	-	-
Probable	41.1	0.42	7.99	28.0
Total	41.1	0.42	7.99	28.0

This Reserve is unchanged from 30 June 2016.

Mount Peake Resource estimate (JORC 2012)

Category	Tonnes	V ₂ O ₅ %	TiO ₂ %	Fe%	Al ₂ O ₃ %	SiO ₂ %
Measured	118	0.29	5.5	24	8.2	33
Indicated	20	0.28	5.3	22	9.1	34
Inferred	22	0.22	4.4	19	10	38
Total	160	0.28	5.3	23	8.6	34

This Resource is unchanged from 30 June 2016.

The Company engaged independent consultants to prepare Resource estimates, in the course of doing so the consultants have:

- Reviewed TNG's assay and QAQC data.
- Generated electronic models that represent the interpreted geology, mineralisation and oxidation profiles, based on drilling and geological information supplied by TNG.

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ASX Additional Information

- Complete statistical analysis and variography for economic elements.
- Estimated grades of economic elements using ordinary kriging and completed model validity checks.
- Classified the Mineral Reserve and Resource estimate in accordance with the JORC Code.
- Reported the estimates and compiled supporting documentation in accordance with JORC Code guidelines.

Competent Persons Statements

The information in this report that relates to the **Mount Peake Mineral Resource** estimates is extracted from an ASX Announcement dated 26 March 2013, (see ASX Announcement –26 March 2013, “Additional Information on the Mount Peake Resource”, www.tngltd.com.au and www.asx.com.au), and was completed in accordance with the guidelines of the JORC Code (2012). Initial mining and financial assessment work, based on the Mineral Resource, followed (see ASX Announcement –15 July 2013, “TNG Considers Two-Stage Development Option for Mount Peake Project, NT ”, www.tngltd.com.au and www.asx.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resource estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are represented have not been materially modified from the original market announcement.

The information in this report that relates to the **Mount Peake Ore Reserve** estimates is extracted from an ASX Announcement dated 31 July 2015, (see ASX Announcement –31 July 2015, “Mount Peake Feasibility Study Confirms a World-Class Project”, www.tngltd.com.au and www.asx.com.au) and was completed in accordance with the guidelines of the JORC Code (2012). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Ore Reserve estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are represented have not been materially modified from the original market announcement.

Production Targets and Financial Information

Information in relation to the **Mount Peake Definitive Feasibility**, including production targets and financial information, included in this report is extracted from an ASX Announcement dated 31 July 2015, (see ASX Announcement –31 July 2015, “Mount Peake Feasibility Study Confirms a World-Class Project”, www.tngltd.com.au and www.asx.com.au). The Company confirms that all material assumptions underpinning the production target and financial information set out in the announcement released on 31 July 2015 continue to apply and have not materially changed.

