

TNG LIMITED

ABN 12 000 817 023

and its Controlled Entities

Half-Year Financial Report

31 December 2021

TNG Limited and its controlled entities

Corporate Information

Directors

Paul Burton	Managing Director & CEO
John Elkington	Non-Executive Director and Chairman
Simon Morten	Non-Executive Director

Company Secretary

Paula Raffo

Registered Office

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Subiaco WA 6008

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Share Registry

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Level 11
172 St Georges Terrace
Perth WA 6000
Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033

Auditor

KPMG
235 St Georges Terrace
Perth WA 6000

Domestic Stock Exchange

Australian Stock Exchange Limited (ASX)
Code: TNG

International Stock Exchange

German Stock Exchange
Code: HJI

TNG Limited and its controlled entities

Directors' Report

The directors of TNG Limited (the “Company” or “TNG”) present their report on the consolidated entity, consisting of the Company and its subsidiaries, together with the consolidated financial statements for the six months ended 31 December 2021 and the review report thereon.

DIRECTORS

The Directors of the Company during and since the end of the financial period are:

Paul Burton (Managing Director & CEO)
John Elkington (Non-Executive Director and Chairman)
Simon Morten (Non-Executive Director)

REVIEW OF OPERATIONS

OVERVIEW

TNG Limited (“TNG” or the “Company”) is an Australian resource and mineral processing technology company focused on the development of its 100%-owned world-class critical and battery minerals project, the Mount Peake Vanadium-Titanium-Iron Project (“Mount Peake Project” or “Project”) in the Northern Territory, Australia.

The half year ended 31 December 2021 was marked by the delivery of the Front-End Engineering and Design (“FEED”) study by the Company’s long-term engineering partner, SMS group (“SMS”), and the strategic decision to progress the development of the Mount Peake Project with a fully-integrated mining and processing operation at the Mount Peake mine site (“Mine Site”), located 235km north-west of Alice Springs in the Northern Territory.

The Company also advanced its green energy strategy with the execution of a Project Development Agreement with green hydrogen company AGV Energy & Technology, and the progression of a technology and process design study with METS Engineering for a vanadium electrolyte production facility.

HIGHLIGHTS

- Completion and delivery of the FEED study for the Mount Peake Project by SMS.
- Strategic decision to progress development of the Mount Peake Project as a fully-integrated mining and processing operation within TNG’s existing Mining Leases at the Mount Peake mine site.
- Completion of a consolidated plant layout at the mine site for the integrated Mount Peake Project by Clough Projects Australia Pty Ltd (“Clough”), comprising the Beneficiation Plant, TIVAN® Processing Facility (“TPF”), Titanium Pigment Plant and plant utilities located.
- Commissioning of Clough to progress further design and value engineering works for the integrated Project together with TNG Project Team and SMS.
- Commencement of works for a revised environmental impact report for the fully-integrated Project.
- Further progress of a range of project financing workstreams for the Project, including commercial debt and Export Credit Agency (“ECA”) cover, governmental concessional funding, build-own-operate-transfer (“BOOT”) funding and sustainable lending opportunities.
- Execution of a Project Development Agreement with the Malaysian-based green energy company AGV Energy & Technology to jointly and exclusively develop green hydrogen production projects in Australia.
- Engagement of METS Engineering to undertake a technology and process design study for a vanadium electrolyte production facility for TNG’s vanadium redox flow battery (“VRFB”) business unit.
- Raising of \$12.5 million (before costs) under a Share Placement.

TNG Limited and its controlled entities

Directors' Report

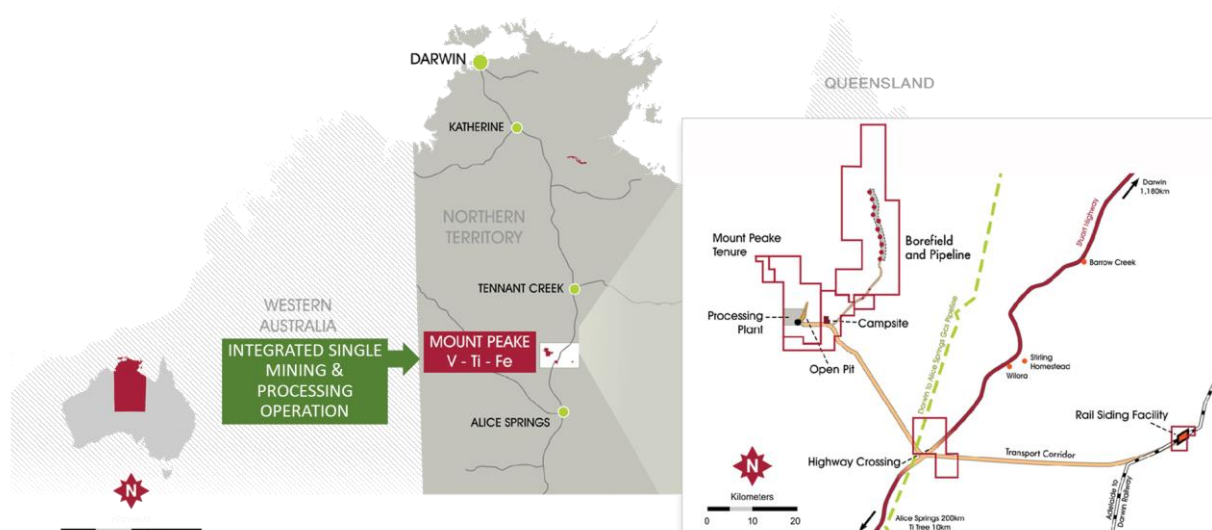
MOUNT PEAKE VANADIUM-TITANIUM-IRON PROJECT

Project Overview

The Mount Peake Project is the Company's flagship project, comprising a world-scale critical and battery minerals deposit located 235km north-west of Alice Springs. The Project is located close to existing key power and transport infrastructure corridors including the Alice Springs-Darwin Railway and the Stuart Highway.

Mount Peake is a shallow, flat-lying orebody with a JORC Measured, Indicated and Inferred Resource totalling 160 million tonnes grading 0.28% V_2O_5 , 5.3% TiO_2 and 23% Fe. The Mount Peake Project is one of the largest undeveloped vanadium-titanium-iron projects in the world.

The Company's strategy for the Mount Peake Project is to develop a fully-integrated single mining and processing operation to produce three high-value, high-purity products for export – vanadium pentoxide (V_2O_5), titanium dioxide pigment (TiO_2) and iron oxide (Fe_2O_3) – through the application of a world-first processing technology, known as the TIVAN® Process, which is owned exclusively by TNG. Vanadium and titanium have been identified by the Australian Government as critical minerals required to make advanced technologies that will support the global push for decarbonisation.



Mount Peake Project Location Plan in the Northern Territory

The Mount Peake Project has been awarded Major Project Status from both the Australian Federal Government and the Northern Territory Government due to the significant economic and social benefits it is expected to deliver to the Northern Territory and Australia, including:

- Generating up to 1,600 jobs during construction and up to 1,000 jobs during the operational phase;
- Up-skilling of the local workforce and creating opportunities for Indigenous engagement;
- Positive flow-on effects of project construction and operational personnel using the services and facilities of local businesses;
- Underpinning the potential development of new NT Government infrastructure (e.g., utilities);
- Improvement in trade balances and the generation of various taxes, levies and royalties from development and operations;
- The establishment of a new high-tech, value-adding processing industry for titanomagnetite ore with the world-first commercialisation of the TIVAN® Process; and
- The potential establishment of new green hydrogen production and VRFB businesses.

TNG Limited and its controlled entities

Directors' Report

TNG has life-of-mine binding off-take agreements in place for 100% of all products proposed to be produced from the Mount Peake Project with strong off-take counterparties with a multi-national presence.

Project Development Status

The Company continues to progress planning, design and engineering for the development of the Mount Peake Project. The FEED study for the Beneficiation Plant, TIVAN® Processing Facility, Titanium Pigment Plant was completed and delivered by SMS during the reporting period, excluding some remaining validation testwork that has taken longer than anticipated due to the impact of global COVID-19 restrictions on SMS. The FEED study was reviewed by TNG's Project Team with further amendments requested by the Company currently being addressed by SMS.

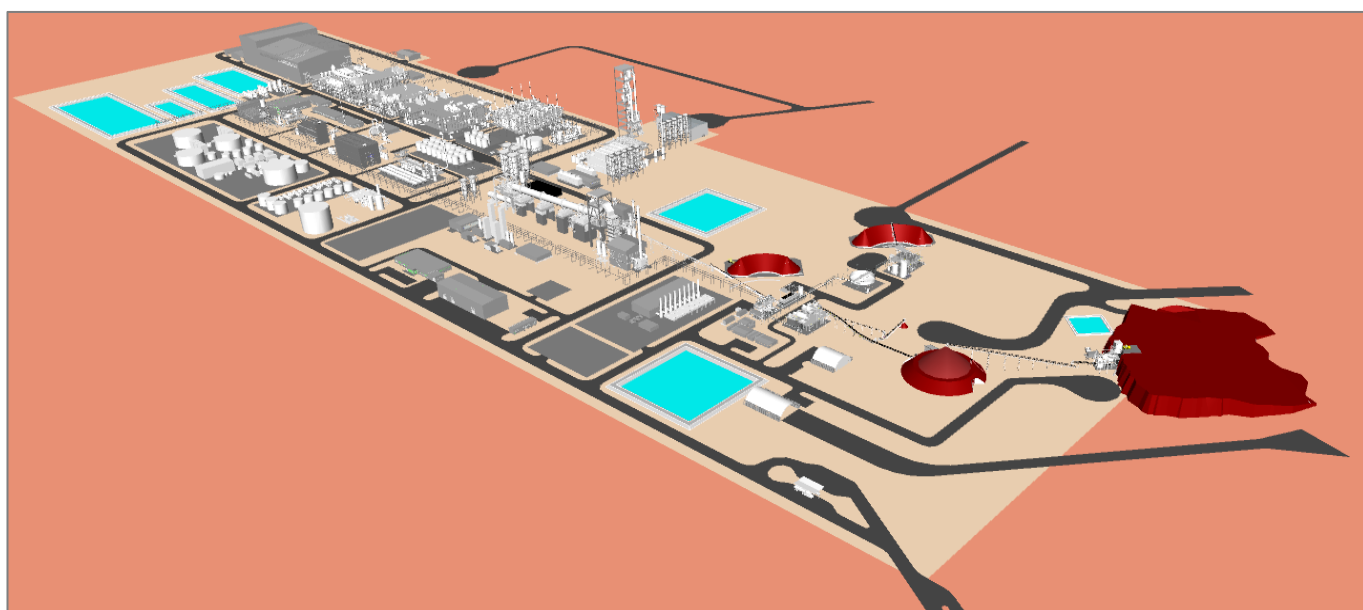
Following the completion of the FEED study, TNG made the strategic decision to progress a fully-integrated mining and processing operation within its existing Mining Leases at the Mine Site as a result of the completion of a detailed review of the Middle Arm site in Darwin and alternative sites for the location of the TPF.

The key benefits of a fully-integrated operation are expected to include:

- consolidation of common non-process infrastructure;
- reduction in construction requirements, with the Mine Site being located in a non-cyclonic zone;
- reduction in solid waste and tailings disposal handling costs;
- ability to optimise processing layout and simplify commissioning at one location; and
- an expected lower-risk final permitting process.

In support of the consolidation decision, and in light of the severe restrictions on travel between Europe and Australia due to the COVID-19 pandemic which have impacted SMS' ability to travel and fully assign a team in Australia, the Company appointed Perth based engineering and construction contractor Clough to work with TNG's Project Team and SMS to develop an integrated layout for the Project.

The preliminary integrated layout was completed by Clough in November 2021, based on the deliverables prepared under the FEED study with SMS. The integrated plant layout comprises the Beneficiation Plant, TPF, Titanium Pigment Plant and plant utilities.



TNG's new Mount Peake Project integrated operation layout (south-east view)

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Following the delivery of the layout, the Company commissioned Clough to progress value engineering to optimise outcomes in cost/schedule and progress updated design for the integrated Project, incorporating civil, structural & architectural, mechanical, piping, electrical & instrumentation engineering disciplines, logistics and non-process infrastructure.

Clough has been working with TNG's Project Team with support from SMS to undertake this work, and plans to deliver an updated capital cost estimate for the Project in the June 2022 Quarter.

In parallel with the value engineering stage, the Company commenced review of the requirements for the non-process infrastructure ("NPI") to support the expanded requirements of a consolidated operation, including power supply, village accommodation, camp catering and borefield development (water supply). The Company's Project Team has also been exploring Build Own Operate and Build Own Operate Transfer ("BOO/BOOT") arrangements for both NPI and plant infrastructure, leveraging off previous tender and commercial processes undertaken.

Project Execution Model

The Company continued to progress the updated project execution model to support the delivery of an integrated and mining and processing operation at the Mine Site.

TNG is assessing revised proposals from SMS and Clough for the delivery of the Mount Peake Project, while retaining production and product quality guarantees for the downstream processing operation.

The process to update the project execution schedule includes a detailed review of the contracting strategy for delivery of both the processing plants and NPI, early contractor involvement strategies, BOO/BOOT planning, and project management structure.

Project Permitting and Approvals

The Company previously received full environmental approvals for the Mine Site in 2018 for the Project's mining and beneficiation operations, and was progressing the Environmental Impact Statement ("EIS") for the TPF in Darwin having submitted both an EIS and Supplement to the EIS with the Northern Territory Environmental Protection Authority ("NT EPA").

As a result of the consolidation of the Project at the Mine Site, TNG engaged with the NT EPA and received a clear roadmap for the updated environmental approval process for the fully-integrated mining and processing operation.

The Company and its environmental consultant, Animal Plant Mineral ("APM"), developed scopes of work for the technical studies required for the updated environmental approval process following consultation with the NT EPA. Work on these studies commenced with relevant information from the previous Environmental Impact Statement documents for the Mine Site and the Darwin site being utilised to support the updates, where applicable.

Additionally, TNG has been liaising with the Department of Industry, Tourism and Trade ("DITT") on any further requirements for the Mine Management Plan already submitted, and with the Central Land Council on any additions required to the existing Indigenous Land Use Agreement ("ILUA") the Company has in place with the Traditional Owners, following the consolidation of the Project.

Project Financing

Debt Finance

During the period, TNG extended its mandate to December 2022 with Germany's State-owned KfW IPEX-Bank ("KfW"), the Company's senior debt advisor and arranger, to lead a debt raise of up to US\$600 million for the development and construction of the Mount Peake Project. This extension followed delays caused by the COVID-19 pandemic and the Company's strategic decision to progress a fully-integrated operation at the Mount Peake Mine Site.

The KPMG Corporate Finance team continued to provide advice to assist TNG on the execution of the debt funding process, including due diligence processes, and is working closely with KfW in this regard. KPMG Corporate Finance

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Directors' Report

has been also assisting the Company through the provision of advice on potential structuring and commercial requirements for BOOT/BOO arrangements for NPI and plant infrastructure.

KPMG Corporate Finance's Scope of Work continues to be limited to the provision of advice whilst the responsibility for management decisions rests with the management of TNG.

TNG continues to progress opportunities for Government concessional debt funding. As part of this process, the Company has been liaising with the Federal Government Major Project Facilitation Office, the Federal Government Critical Minerals Facilitation Office and the Northern Territory Major Projects team.

Additionally, the Company is working with its advisors and sustainability consultants to assist in ensuring that the full range of Environmental, Social and Governance ("ESG") funding options are assessed and prioritised, and that traditional lenders are able to ascribe in their lending terms the full value of the ESG benefits that the Mount Peake Project will deliver.

Equity

The Company, with the assistance of KPMG Corporate Finance, continued to progress its strategy for the equity financing for the Mount Peake Project, including both institutional investor and strategic equity streams. TNG continues to target increasing institutional presence on its share register to support a future project financing equity raising.

As above, KPMG Corporate Finance's Scope of Work continues to be limited to the provision of advice whilst the responsibility for management decisions rests with the management of TNG.

TNG ALTERNATIVE ENERGY STRATEGY

Green Hydrogen Production Technology

The Company executed a Project Development Agreement with Malaysian-based AGV Energy & Technology Sdn Bhd ("AGV") to jointly and exclusively develop green hydrogen production projects in Australia using the "HySustain" technology developed by AGV and its partners. The "HySustain" technology produces green hydrogen using the electrolysis of demineralised water and renewable energy.

TNG and AGV are jointly scoping and evaluating an initial HySustain Project in Darwin in the Northern Territory, and are engaged with the Northern Territory Government and potential development partners, including renewable energy providers, on project development planning.

Vanadium Redox Flow Battery ("VRFB") Business

The Company engaged leading Perth-based mineral process engineering group, METS to undertake a technology and process design study for the development of a vanadium electrolyte ("VE") production facility ("VE Study") under TNG's VRFB business unit.

METS submitted a final VE Study including flowsheets and process descriptions, and cost estimates to the Company, which is under review. A detailed strategic workplan is being prepared for the next phase of development for the VE production facility.

The proposed development of a VE production facility will underpin TNG's VRFB business unit, directly supporting its plan to commercialise and deploy joint renewable energy and VRFB solutions to regional Australia, including via collaboration with Singaporean-based battery technology company V-Flow Tech.

OTHER PROJECTS

Kulgera Project (EL – 100% TNG)

The Company has two granted Exploration Licences ("EL") for the Kulgera Project, a 1,231km² vanadium and titanium exploration project located along the South Australian border in the Northern Territory.

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Samples collected in May 2021 had chemical analysis and sizing and mineralogical work (TBE HLS, Mineral Counts and QEMSCAN analysis) completed during the reporting period. The Kulgera Project comprises a large accumulation of dune sand containing a magnetite/ilmenite heavy mineral fraction which has undergone deep weathering.

TNG's goal is to determine if this heavy fraction is able to be treated by its proprietary TIVAN® process, to extract value from both the vanadium and titanium content. Further test work is required, and the assessment is ongoing.

Moonlight Project (EL – 100% TNG)

The Company has Exploration Licences for vanadium exploration at Moonlight, located 80km west of Daly Waters in the central Northern Territory. No field activity was undertaken during the reporting period due to travel restrictions.

Cawse Extended Mine Project: Nickel-Cobalt (80%: Mesmeric / 20%: TNG)

The Company has a 20% free-carried interest in the Cawse Extended Mining Lease with Joint venture partner, Mesmeric Enterprises (80%). No activity was reported to TNG during the reporting period.

FINANCIAL REVIEW

The Company recorded a net loss of \$2.6 million for the half-year ended 31 December 2021 (half-year ended 31 December 2020: \$1.1million) and incurred \$4.2 million (half-year ended 31 December 2020: \$5.7 million) of Exploration and evaluation expenditure.

Capital Raising

TNG completed a Share Placement at \$0.09 per share to raise A\$12.5 million (before costs) in November 2021 to fund consolidation planning, engineering and approvals, and project financing work streams for the Mount Peake Project, as well as to progress the Company's green energy initiatives.

The Share Placement was strongly supported by a number of new institutional and high net worth investors, as well as by the Company's German-based major shareholder, Deutsche Balaton and associates. Leading investment bank Canaccord Genuity (Australia) Limited ("Canaccord") was appointed as Lead Manager to the Share Placement.

Working Capital

TNG had total cash reserves of \$16.3 million and working capital of \$15.9 million at the end of the reporting period.

Events After Balance Date

On 15 February 2022, the Company announced that it has established a small shareholding sale facility for certain shareholders with holdings valued at less than A\$500.

The Directors are not aware of any other matters or circumstances which have arisen since 31 December 2021 that have significantly affected or may significantly affect:

- a) the Company's operations in future years, or
- b) the results of those operations in future financial years, or
- c) the Company's state of affairs in future financial years.

MEASURES TAKEN IN RESPONSE TO THE COVID-19 PANDEMIC

The Company's project management team and other staff continued to work under standard working hours and arrangements, with provision for flexible or restricted working arrangements when required.

All necessary health and safety precautions continued to be adhered to, including Government-enforced travel restrictions.

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The Company continues to closely monitor the COVID-19 situation domestically and globally, including restrictions implemented by governments in Australia, mainly in Western Australia, and internationally, primarily in Germany and Austria, for any potential impacts on the Mount Peake Project.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 10 and forms part of the Directors' Report for the six months ended 31 December 2021.

ROUNDING OFF

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the condensed consolidated interim financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors.



Paul E Burton
Managing Director & CEO
14 March 2022

TNG Limited and Controlled Entities Auditor's Independence Declaration



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 review of TNG Limited for the half-year ended 31 December 2021 there have been:

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

KPMG

KPMG

A handwritten signature in blue ink, appearing to read 'Glenn Brooks'.

Glenn Brooks
Partner

Perth

14 March 2022

TNG Limited and Controlled Entities

Half-Year Financial Report

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 31 December 2021

		31 December 2021	31 December 2020
	Note	\$'000	\$'000
Other Income		-	183
Total income			183
Occupancy expenses		(107)	(116)
Administrative expenses		(69)	(43)
Employment expenses		(1,443)	(722)
Corporate expenses		(448)	(404)
Exploration expenses	8	(564)	-
Depreciation and amortisation expense		(16)	(19)
Results from operating activities		(2,647)	(1,121)
Financial income		14	14
Financial expenses		(5)	(7)
Net financing income/(expense)		9	7
Loss before income tax		(2,638)	(1,114)
Income tax benefit/(expense)		-	-
Loss for the period		(2,638)	(1,114)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Equity Investments at FVOCI-net change in fair value		(18)	189
Other comprehensive income/(loss) for the period		(18)	189
Total comprehensive loss for the period		(2,656)	(925)
Loss per share (cents per share)			
Basic and Diluted loss per share (cents per share)		(0.21)	(0.10)

The condensed consolidated interim statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the condensed consolidated interim financial statements.

TNG Limited and its controlled entities

Half-Year Financial Report

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

		31 December 2021	30 June 2021
	Note	\$'000	\$'000
Current Assets			
Cash and cash equivalents		16,255	11,434
Other receivables	6	308	231
Prepayments		432	362
Other Investments	7	582	600
Total current assets		17,577	12,627
Non-Current Assets			
Other receivables	6	67	67
Plant and equipment		36	42
Exploration and evaluation assets	8	56,848	53,149
Right-of-use asset	9	159	238
Total non-current assets		57,110	53,496
Total assets		74,687	66,123
Current Liabilities			
Trade and other payables	6	936	2,087
Provisions		551	496
Lease liabilities	6,9	155	158
Total current liabilities		1,642	2,741
Non-Current Liabilities			
Lease liabilities	6,9	18	95
Provisions		14	6
Total non-current liabilities		32	101
Total liabilities		1,674	2,842
Net assets		73,013	63,281
Equity			
Issued capital	10	126,176	114,735
Reserves		(2,966)	(2,948)
Accumulated loss		(50,197)	(48,506)
Total equity		73,013	63,281

The condensed consolidated interim statement of financial position is to be read in conjunction with the notes to the condensed consolidated interim financial statements.

TNG Limited and its controlled entities

Half-Year Financial Report

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

For the half year ended 31 December 2021

	31 December 2021	31 December 2020
	\$'000	\$'000
Cash flows from operating activities		
Cash receipts in the course of operations	-	183
Cash paid to suppliers and employees	(1,531)	(1,179)
Interest received	11	22
Interest paid	(5)	(7)
Net cash (used in) operating activities	(1,525)	(981)
Cash flows from investing activities		
Payments for exploration and evaluation	(5,390)	(6,876)
Acquisition of plant and equipment	(7)	(3)
Net cash (used in) investing activities	(5,397)	(6,879)
Cash flows from financing activities		
Proceeds from issue of shares	12,500	8,768
Proceeds from exercise of options	6	-
Loan funded share plan – loan repayment	-	40
Cost of shares issued	(683)	(151)
Payments of lease liabilities	(80)	(72)
Net cash received from financing activities	11,743	8,585
Net increase / (decrease) in cash and cash equivalents	4,821	725
Cash and cash equivalents at 1 July	11,434	8,616
Cash and cash equivalents at 31 December	16,255	9,341

This condensed consolidated interim cash flow statement is to be read in conjunction with the notes to the condensed consolidated interim financial statements.

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2021

	Issued Capital	Accumulated loss	Fair Value Reserve	Total Equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2020	102,595	(46,157)	(3,356)	53,082
Equity Investment at FVOCI-net change in fair value	-	-	189	189
Net loss for the period	-	(1,114)	-	(1,114)
Total comprehensive Income (loss) for the period	-	(1,114)	189	(925)
<i>Transactions with owners, recorded directly in equity</i>				
Share placement	8,768	-	-	8,768
Loan funded share plan – loan repayment	40	-	-	40
Cost of share issue	(155)	-	-	(155)
Share based payments expense	-	37	-	37
Balance at 31 December 2020	111,248	(47,234)	(3,167)	60,847
Balance at 1 July 2021	114,735	(48,506)	(2,948)	63,281
Equity Investment at FVOCI-net change in fair value	-	-	(18)	(18)
Net loss for the period	-	(2,638)	-	(2,638)
Total comprehensive loss for the period	-	(2,638)	(18)	(2,656)
<i>Transactions with owners, recorded directly in equity</i>				
Share placement	12,500	-	-	12,500
Exercise of Options	6	-	-	6
Cost of share issue	(683)	-	-	(683)
Cost of share issue (Share Based Payment)	(382)	382	-	-
Share based payments expense	-	565	-	565
Balance at 31 December 2021	126,176	(50,197)	(2,966)	73,013

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

The condensed consolidated interim statement of changes in equity is to be read in conjunction with the notes to the condensed consolidated interim financial statement.

TNG Limited and Controlled Entities

Notes to the consolidated financial statements

1. Corporate Information

TNG Limited (the “Company”) is a for-profit company limited by shares, incorporated and domiciled in Australia, and whose shares are publicly traded.

The half-year financial report as at and for the half year ended 31 December 2021 comprises the Company and its subsidiaries (together referred to as the “Group”). The Group is a for profit entity and is primarily involved in the exploration, evaluation and development of mineral assets within Australia.

2. Basis of Preparation and Accounting Policies

Basis of preparation

The condensed consolidated interim financial statements for the half-year ended 31 December 2021 have been prepared in accordance with AASB134 Interim Financial Reporting and the Corporations Act 2001.

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 30 June 2021 which are available upon request from the Company’s Registered Office or at www.tngltd.com.au.

The Half-Year Financial Report was approved by the Board of Directors on 14 March 2022.

Significant accounting policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2021.

Adoption of New and Revised Accounting Standards

New standards and interpretation applicable for the half year ended 31 December 2021

In the period ended 31 December 2021, the Directors have reviewed all the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and interpretations on the Group and, therefore, no material change is necessary to Group Accounting policies.

Standards and interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the period ended 31 December 2021. As a result of this review the Directors have determined that there is no material impact of the Standards and interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

3. Estimates

The preparation of the Condensed Consolidated Interim Financial Statements require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Condensed Consolidated Interim Financial Statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group’s annual financial statements as at and for the year ended 30 June 2021.

TNG Limited and Controlled Entities

Notes to the consolidated financial statements

4. Going concern

The Half Year 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 and engineering activities, expand or accelerate its work programs. Additional sources of funding available to the Group include capital raising from new or existing shareholders, or through farm-in or similar arrangements. If necessary, Directors can curtail discretionary expenditure to preserve cash reserves.

The Directors have reviewed the Group's overall financial position and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group has sufficient funds available for at least 12 months and when required will be able to raise further funding. If necessary, the Group can curtail spending should it be required and institute cost saving measures to further reduce corporate and administrative costs.

5. Segment information

The Board has determined that the Group has one reportable segment, being mineral exploration and evaluation in Australia, consequently the Group does not report segmented operations.

6. Financial Assets and Financial Liabilities

Set out below is an overview of financial assets (other than cash and short-term deposits) and financial liabilities, held by the Group at 31 December 2021.

	31 December 2021 6 months \$'000	30 June 2021 12 months \$'000
<i>Financial assets at amortised cost</i>		
Other Receivables- Other	375	298
Total financial assets	375	298
<i>Financial liabilities at amortised cost</i>		
Trade and other payables	936	2,087
Obligations under leases		
Current	155	158
Non-current	18	95
Total financial liabilities	1,109	2,340

7. Other Investments

	31 December 2021 6 months \$'000	30 June 2021 12 months \$'000
Balance at the beginning of the period	600	192
Revaluation recognised in other comprehensive income	(18)	408
Balance at the end of the period	582	600

TNG Limited and Controlled Entities

Notes to the consolidated financial statements

The group's investments in equity securities are classified as Investment in equity securities (FVOCI). Subsequent to initial recognition, they are measured at fair value. Gains and losses on revaluation (i.e. changes in fair value) of asset are recognised in other comprehensive income (FVOCI). During the reporting period, TNG recognised a fair value downwards adjustment of \$18,248 through other comprehensive income.

8. Exploration, evaluation and engineering expenditure

Cost	31 December 2021 6 months \$'000	30 June 2021 12 months \$'000
Balance at the beginning of the period	53,149	46,288
Exploration and evaluation expenditure	4,263	12,000
Research and development rebate	-	(5,139)
Impairment expense	(564)	-
Balance at the end of the period	56,848	53,149

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 sheet date the carrying amount of exploration and evaluation expenditure was \$56,847,956 of which \$56,533,481 was attributable to the Mount Peake Project and the balance relating to Cawse Extended and other exploration projects.

An impairment of \$564,398 has been recognised as a result of the Group surrendering a tenement (EL27070) forming part of the Mount Peake Project. The tenement was surrendered on 29 July 2021 as non-core to the project, as exploration for and evaluation of mineral resources in the tenement area has not led to the discovery of commercially viable quantities of mineral resources. The amount was previously allocated to exploration and evaluation asset and was expensed in the Statement of Profit and Loss, as exploration expense during the interim period.

9. Leases

Lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate and assessment of whether it will exercise a purchase, extension or termination option or there is a revised-in substance fixed lease payment.

Cost	31 December 2021 6 months \$'000	30 June 2021 12 months \$'000
Balance at the beginning of the period	253	361
Additions	-	40
Cancellation of Lease Option to renew	-	-
Interest expense	5	13
Lease repayments	(85)	(161)
Lease liability at the end of the period	173	253

TNG Limited and Controlled Entities

Notes to the consolidated financial statements

9. Leases (continued)

Comprising:

Current	155	158
Non-current	18	95
	173	253

Right-of-use-assets are measured at the amount equal to the lease liability at inception adjusted by the amount of depreciation relating to that lease recognised in the balance sheet as at 31 December 2021.

Cost	31 December 2021 6 months \$'000	30 June 2021 12 months \$'000
Balance at the beginning of the period	238	350
Additions	-	40
Cancellation of Lease Option to renew	-	-
Depreciation expense	(79)	(152)
Closing carrying value at the end of the period	159	238

The Group leases offices, shed and office equipment between 1 and 5 years with in some cases, options to extend.

10. Issued Capital

	31 December 2021 6 months \$'000	30 June 2021 12 months \$'000
Issued and paid-up share capital	126,176	114,735

Movements in shares on issue

	31 December 2021 6 months		30 June 2021 12 months	
	Number	\$'000	Number	\$'000
Balance at the beginning of the period	1,249,497,040	114,735	1,124,545,124	102,595
Capital raisings/Share placement	138,888,889	12,500	124,951,916	12,495
Share issue costs	-	(683)	-	(395)
Share Issue Costs (Share Based Payments)	-	(382)	-	-
Options Exercised	32,293	6	-	-
Loan Funded Share Plan – loan repaid	-	-	-	40
Balance at end of the period	1,388,418,222	126,176	1,249,497,040	114,735

TNG Limited and Controlled Entities

Notes to the consolidated financial statements

During the reporting period, the Company completed a Share Placement at \$0.09 per share to raise A\$12.5 million (before costs). A total of 138,888,889 new shares were issued.

Additionally, an amount of \$5,813 was received from the exercise of 32,293 quoted options (ASX: TNGOB) at \$0.18 per option, and the remaining 124,919,623 quoted options expired on 30 November 2021.

Ordinary shares are classified as equity. Incremental costs directly attributed to the issue of new shares are shown in equity as a deduction from the proceeds.

On 21 December 2021, the Company issued 17,354,824 unquoted options exercisable at \$0.18 with a 3-year expiry to Canaccord Genuity as payment for corporate advisory services. The fair value of these unquoted options has been measured using the Black Scholes option pricing model and has been shown as a reduction in equity. The inputs used in the measurement of the fair values at grant date of the options were as follows:

Item	Options
Underlying security spot price	\$0.077
Exercise price	\$0.180
Valuation date	21-Dec 21
Expiry date	20-Dec 24
Life of the Options (years)	3.00
Share price volatility	75%
Risk - free rate	0.960%
Dividend yield	Nil
Number of Options	17,354,824
Valuation per Option	\$0.022
Valuation per Tranche	\$381,806

11. Exploration Commitments

Tenement 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 and Territory 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	
	December 2021	June 2021
	\$'000	\$'000
Exploration commitments payable not provided for in the financial report:		
Within one year	804	848

TNG Limited and Controlled Entities

Notes to the consolidated financial statements

12. Subsequent events

On 15 February 2022, the Company announced that it has established a small shareholding sale facility for certain shareholders with holdings valued at less than A\$500.

The Directors are not aware of any other matters or circumstances which have arisen since 31 December 2021 that have significantly affected or may significantly affect:

- a) the Company's operations in future years, or
- b) the results of those operations in future financial years, or
- c) the Company's state of affairs in future financial years.

TNG Limited and Controlled Entities Directors' Declaration

In the opinion of the Directors of TNG Limited ("the Company"):

- 1 the condensed consolidated interim financial statements and notes set out on pages 11 to 21, are in accordance with the *Corporations Act 2001*, including:
 - (a) giving a true and fair view of the financial position of the Group as at 31 December 2021 and of its performance for the six months ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- 2 there are reasonable grounds to believe that the Company and the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Paul E Burton
Managing Director & CEO

14 March 2022



Independent Auditor's Review Report

To the shareholders of TNG Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying **Half-year Financial Report** of TNG Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of TNG Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2021 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Half-year Financial Report** comprises:

- Condensed consolidated statement of financial position as at 31 December 2021.
- Condensed consolidated statement of profit or loss and other comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the Half-year ended on that date.
- Notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information.
- The Directors' Declaration.

The **Group** comprises TNG Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Company in accordance with the auditor independence requirements of 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

TNG Limited and Controlled Entities

Independent Auditor's Review Report



Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*.
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the Half-year period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A stylized blue 'KPMG' logo.

KPMG

A handwritten signature in blue ink, appearing to read 'Glenn Brooks'.

Glenn Brooks
Partner

Perth

14 March 2022

TNG Limited and Controlled Entities

Half-Year Financial Report

REGULATORY DISCLOSURES

Competent Person's Statements

The information in this report related to the Mount Peake Mineral Resource estimates is extracted from an ASX Announcement entitled "Additional Information on the Mount Peake Resource" dated 26 March 2013 in accordance with the JORC Code (2012) and is available to view on 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 related to the Mount Peake Ore Reserve estimates is extracted from an ASX Announcement entitled "Mount Peake Feasibility Results" dated 31 July 2015 in accordance with the JORC Code (2012) and is available to view on 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 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.

The information in this report related to the Kulgera Project Mineral Resource estimates is extracted from an ASX Announcement entitled "TNG expands tenure with existing JORC resource" dated on 8 July 2020 in accordance with the JORC Code (2012) and is available to view on 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.

Production Targets and Financial Information

Information in relation to Mount Peake production targets and financial information included in this report is extracted from an ASX Announcement dated 11 September 2019 called "Optimised Delivery Strategy for Mount Peake" available on the Company's website on www.tngltd.com.au. The Company confirms that all material assumptions underpinning the production target and financial information set out in the announcement released on 11 September 2019 continue to apply and have not materially changed.

Forward-Looking Statements

This report has been prepared by TNG Limited. This report is in summary form and does not purport to be all inclusive or complete. Recipients should conduct their own investigations and perform their own analysis in order to satisfy themselves as to the accuracy and completeness of the information, statements and opinions contained.

This report is for information purposes only. Neither this nor the information contained in it constitutes an offer, invitation, solicitation or recommendation in relation to the purchase or sale of TNG Limited shares in any jurisdiction. This report does not constitute investment advice and has been prepared without taking into account the recipient's investment objectives, financial circumstances or particular needs and the opinions and recommendations in this announcement are not intended to represent recommendations of particular investments to particular persons. Recipients should seek professional advice when deciding if an investment is appropriate. All securities transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments.

To the fullest extent permitted by law, TNG Limited, its officers, employees, agents and advisers do not make any representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of any information, statements, opinions, estimates, forecasts or other representations contained in this report. No responsibility for any errors or omissions from this arising out of negligence or otherwise is accepted.

This report may include forward looking statements. Forward looking statements are only predictions and are subject to risks, uncertainties and assumptions which are outside the control of TNG Limited. Actual values, results or events may be materially different to those expressed or implied.