

TNG LIMITED

ABN 12 000 817 023

ANNUAL
REPORT
2019

TNG LIMITED CORPORATE DIRECTORY

DIRECTORS

Paul Burton	Managing Director and CEO
John Elkington	Non-Executive Director and Chairman
John Davidson	Non-Executive Director
Greg Durack	Non-Executive Director

COMPANY SECRETARY

Jason Giltay

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DOMESTIC STOCK EXCHANGE

Australian Securities Exchange (ASX)
Code: TNG

INTERNATIONAL STOCK EXCHANGE

German Stock Exchanges
Code: HJI

Annual Report 30 June 2019

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Dear Shareholders,

I am pleased to present my inaugural Chairman's Report and reflect on what has been an extraordinarily busy, productive and positive year for TNG.

Since joining TNG as non-executive Chairman in February 2019, I have been impressed by the focused, systematic and methodical approach which the Company has adopted to ensure it is in the best possible position to finance, construct and deliver the world-scale Mount Peake strategic metals project in the Northern Territory.

As I outlined in my introductory letter to shareholders in March, I have a long association with Mount Peake going back many years through my previous roles at Snowden Mining Industry Consultants, where I worked closely with TNG's senior management team to help deliver the project's early technical and economic studies.

When I accepted the role of Chairman, I therefore had a sound appreciation of Mount Peake's status as one of the world's great undeveloped strategic metals assets, underpinned by the quality and scale of the Mineral Resource, its strong economic credentials and its location in a Tier-1 mining jurisdiction.

I have also kept a close watch on the advancement and development of TNG's proprietary, state-of-the-art, TIVAN® hydrometallurgical process that underpins the project and recognise this as a significant asset for the Company and its development is commendable. We see this as a highly valuable process and another key point of difference and competitive advantage for the Company.

The development of Mount Peake, which will see it producing three separate high-purity products – vanadium pentoxide, titanium dioxide pigment and high grade iron oxide – is expected to coincide with a new paradigm in global vanadium consumption, as demand within the grid-scale battery storage sector gathers pace to match the metal's traditional market, for strengthening steel.

It is important to note that the development of a world-scale asset delivers its own set of challenges. In addition to the significant engineering and design required for mine and downstream processing, there is a significant capital investment and a committed consortium of funding and development partners required. In the current market environment - characterised by geopolitical uncertainty and a generally risk-averse investment appetite – it is essential that TNG continues to work diligently to check every box for the delivery of a clear, fully integrated project implementation plan and funding strategy.

CHAIRMAN'S REPORT

I am pleased to note that the Company made important progress in this regard during the year, with the signing of a binding life-of-mine titanium pigment off-take agreement with the multi-billion dollar leading Market Expansion Services provider DKSH, contributing to TNG's existing off-take agreement. These off-take agreements are an important step in the Company's commercial strategy for the Mount Peake Project.

The Company also appointed one of the world's largest and most influential resource development banks, Germany's State-owned KfW IPEX-Bank, as our exclusive debt advisor to arrange and structure a US\$600 million debt finance package for the Mount Peake Project. The Company has been very proactive in this regard, conducting numerous meetings throughout the year with potential mezzanine finance and/or equity investors.

Additionally, TNG is currently evaluating the merits of undertaking a dual listing on the London Stock Exchange. While a formal decision is yet to be taken, the Board believes that a dual listing may help to enhance liquidity in the Company's shares and provide direct access to London and European-based investors, and could form an important component of our overall funding strategy for Mount Peake. Based on my own experience in the London market (having been based and worked in London and Oxford for three and a half years), I believe this is a sound strategy for TNG to be considering.

In June, TNG hosted a Project Roadmap Workshop in Perth to review the Project's goals and key deliverables. I would like to acknowledge the Company's Managing Director & CEO, Paul Burton, for initiating and leading this highly successful 3-day forum, which was attended by 35 participants from our key consulting, contracting and engineering partners from Australia and overseas, as well as our entire team of staff, directors and consultants.

As we now work towards a Final Investment Decision for Mount Peake, TNG has continued to assemble a highly-credentialed and experienced executive team to lead the project development. It is vital that we have the right people with the right experience in place, not only to finance and deliver the project, but also to oversee the Company's all-important transformation from explorer-developer to fully-fledged mining company.

In this regard, I would like to acknowledge the considerable ongoing work effort and contribution of Paul Burton, whose prodigious work ethic and steady growth of the Company's executives and in-house resources has ensured that we are on the cusp of delivering a project of truly global significance, backed by an impressive network of international strategic partners.

In conclusion, I would like to pay tribute to my predecessor, Rex Turkington, who made a significant contribution to the TNG Board as both a non-executive director and interim Chairman over a period of almost eight years. The Board would like to sincerely thank him for his contribution during his tenure.

My thanks also to the senior management group and dedicated team of staff and consultants for their hard work and diligence in the course of what has been another very busy year for TNG.

Looking to the future, the coming financial year is set to be a transformational period as we complete the Mount Peake FEED process and all infrastructure related activities, position the Company for a Final Investment Decision and work towards the completion of project finance.

These work streams are underpinned by a very strong financial base, with the Company having a cash balance of \$20.1 million at the end of the June Quarter, and a further \$5 million raised recently through the completion of a well-supported Rights Issue. Having a strong balance sheet is extremely important at this time and enables the Company to continue to move ahead with confidence.

Backed by these strong technical fundamentals – and supported by a positive demand outlook for each of the Project's three high-quality product streams – I believe that Mount Peake will transform TNG into a global strategic metals business.

I would also like to sincerely thank you, our valued shareholders, for your strong ongoing support and patience as we assemble the various elements required to launch Mount Peake. This is an exciting time for TNG.

Yours faithfully,



John Elkington

Non-Executive Chairman



OVERVIEW

The 2019 financial year was focused on advancing pre-development planning activities for the Company's flagship 100%-owned Mount Peake Vanadium-Titanium-Iron Project, located in the Northern Territory. The Company achieved a number of key milestones on the path to development as it progresses design and engineering, permitting, off-take arrangements and project financing structuring ahead of a potential Financial Investment Decision for the Project.

The Mount Peake Project is a world-scale strategic metals project located 235 km north-west of Alice Springs, discovered and 100% owned by the Company. The Project is well located close to existing key power and transport infrastructure including the Alice Springs-Darwin Railway and the Stuart Highway. Close to surface and flat lying, the ore body has a JORC Measured, Indicated and Inferred Resource totalling 160 million tonnes (118 million tonnes Measured, 20 million tonnes Indicated and 22 million tonnes Inferred), grading 0.28% V_2O_5 , 5.3% TiO_2 and 23% Fe. Mount Peake is one of the largest undeveloped vanadium-titanium-iron projects in the world.

The Mount Peake Project has Major Project Status with the Northern Territory government who support its development.

PROJECT MILESTONES ACHIEVED 2019

The key milestones achieved during the year relating to the Mount Peake Project included:

- Commencement of a Front-End Engineering and Design study with the leading German-based metallurgical engineering group SMS group for the Beneficiation Plant and the Darwin TIVAN® Processing Facility which will lead to a fixed price turnkey EPC proposal from the SMS group for Project delivery.
- Appointment of Germany's KfW IPEX-Bank GmbH as the Company's exclusive senior debt advisor and arranger to lead up to a US\$600 million (A\$850 million) debt raise for the development and construction of the Mount Peake Project.
- Execution of a binding life-of-mine off-take and marketing agreement with leading global specialty market expansion provider DKSH for the titanium dioxide pigment to be produced by the Mount Peake Project.
- Execution of the Mount Peake Native Title Agreement with traditional owners.
- Grant of the Mount Peake Mineral Leases and Access Authorities following execution of the Native Title Agreement.

REVIEW OF OPERATIONS

- Engagement of the industry-leading German technology provider Ti-Cons, for the supply of a technology package for delivery of the TiO₂ pigment products that will be produced from the Company's proprietary TIVAN® hydrometallurgical process.
- Engagement of McMahon Services to progress the non-process infrastructure works for the whole of the Project, encompassing both the Mount Peake mine site and the Darwin TIVAN® Processing Facility.
- Execution of a Binding Heads of Agreement with Genesee & Wyoming Australia for rail haulage services for the Mount Peake Project, underpinning the transport of magnetite concentrate produced at the Mount Peake mine site to the TIVAN® Processing Facility in Darwin.
- Significant progression of the development of the Environmental Impact Statement for the proposed TIVAN® Processing Facility in Darwin, and the Mine Management Plan required for the Mount Peake mine site following granting of mine site environmental approvals.
- Strengthening of the mine and Project development team with the appointment of accomplished processing, mining and project management professionals.
- Extending the Company's intellectual property protection with the granting of a TIVAN® related patent in Vietnam for the extraction and recovery of high-purity vanadium, in addition to patents for the TIVAN® process registered in Australia, Canada, Russia and the USA.
- Securing \$20 million in additional strategic equity investments to progress the Project towards a potential Financial Investment Decision, including \$10 million from the leading Indian mining conglomerate the Vimson Group, and a \$10 million strategic investment from two leading German-based institutions, DELPHI Unternehmensberatung AG and Sparta AG.

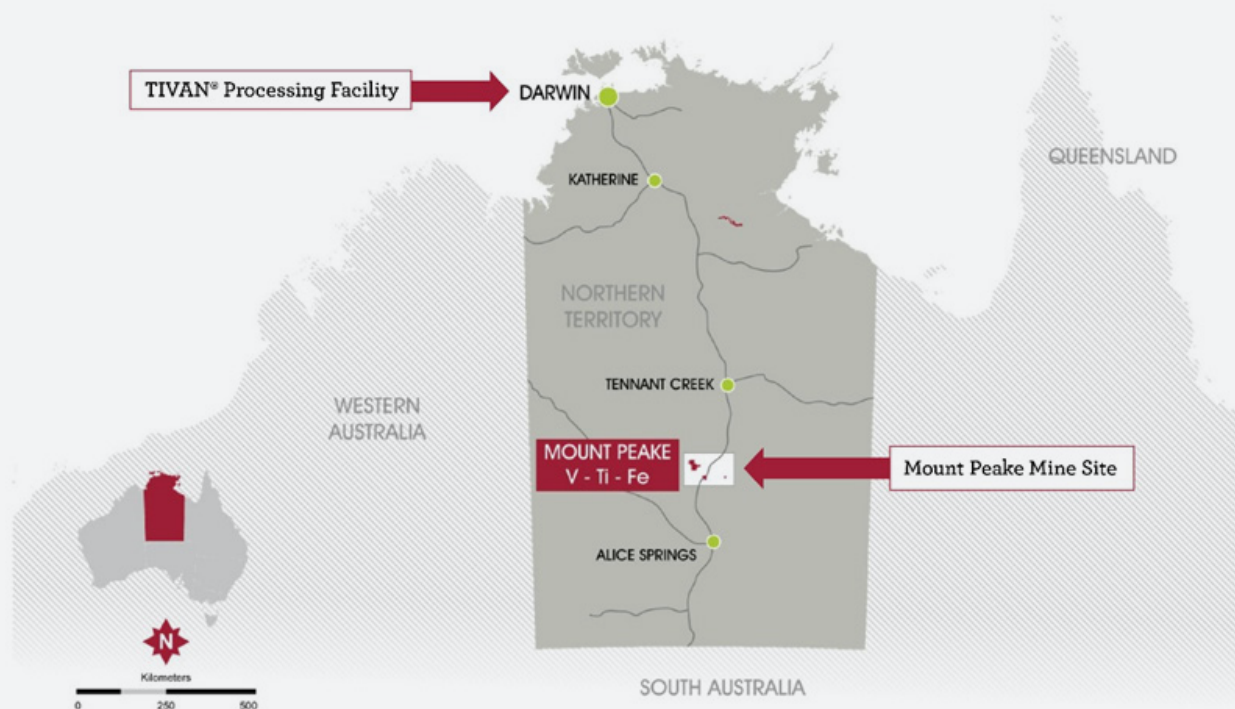


Figure 1: Mount Peake Mine Site and TIVAN® Processing Facility location.

PROJECT DEVELOPMENT STRATEGY & STATUS

The Company's strategy for the Mount Peake Project is to produce three high-value, high-purity products from the Mount Peake mine. This is planned to be achieved through the development of a mine site Beneficiation Plant to produce a magnetite concentrate, and then processing of this magnetite concentrate through a Darwin based TIVAN® Processing Facility to produce oxides which are then further processed into finished high value commercial products - vanadium pentoxide (V_2O_5), titanium dioxide pigment (TiO_2) and iron oxide (Fe_2O_3). The Company's strategy is supported by binding life-of-mine agreements for the vanadium pentoxide and titanium dioxide pigment production.

The Mount Peake Project is proposed to be developed across two sites in the Northern Territory (see figure 1):

- a mine site located on granted mining tenure 235 km north of Alice Springs which will include an open pit mining operation and the proposed Beneficiation Plant; and
- the upstream TIVAN® Processing Facility, including a Titanium Pigment Plant, proposed to be located in Darwin.

TIVAN®

The TIVAN® process is 100% owned by TNG and underpins the Mount Peake Project. The process is a high value asset for the Company and is protected by a series of patents registered globally. The process is being engineered and designed by the SMS group, a world leader in metallurgical plants. The process flow sheet has been fully tested, and derisked as much as possible, allowing SMS to provide both process and product guarantees.

TNG and its technical advisers developed the process over many years to overcome the limitations of conventional processing. Conventional means of extracting vanadium from titano-magnetite ore is through a salt roasting, energy intensive, pyrometallurgical process. Conventional processing is, however, unable to commercially extract all three elements.

The process was originally designed to recover just vanadium in a lower cost and environmentally efficient manner; however, during its development the two other products of iron oxide and titanium dioxide were of sufficient grade and purity to allow commercialisation of these as added saleable products. TIVAN® utilises an optimised combination of existing processes to commercially recover the three end products.

REVIEW OF OPERATIONS

LOGISTICS

An extensive logistics chain utilising road and rail haulage will transport magnetite concentrate from the mine site north to the Darwin facility for processing. The end products produced at the TIVAN® Processing Facility are proposed to be exported via the Darwin Port.

The Company has entered into a Binding Heads of Agreement with Genesee & Wyoming Australia ("GWA"), the third-largest rail operator in Australia, for the provision of rail haulage services for Mount Peake.

The scope of services includes the loading of magnetite concentrate onto rail at the Adnera rail siding (proposed to be located 85 km from the mine site), rail haulage from Adnera to the TIVAN® Processing Facility in Darwin on the Alice Springs to Darwin rail line, and the unloading of magnetite concentrate at the TIVAN® Processing Facility. GWA will also load and transport TNG's final products from the TIVAN® Processing Facility to the Darwin Port. GWA will provide all necessary rail transport plant and equipment, including locomotives, wagons, crew vans and fuelling equipment.

Genesee & Wyoming is a global railroad owner and operator with extensive experience in the transport of bulk commodities for the resources industry, and is the majority owner of the rail line to Darwin that runs approximately 1,100 km from the Mount Peake mine site.

FEED STUDY

The Company is currently completing a Front-End Engineering and Design ("FEED") study for the Mount Peake Project with the leading German based engineering firm SMS group ("SMS"), which will provide confirmation of the final capital expenditure required for the Beneficiation Plant and the TIVAN® Processing Facility in support of development. Upon conclusion of the FEED study, SMS will provide to TNG a fixed-price engineering, procurement and construction proposal to develop the Project including production quantity, production rate and product quality guarantees. TNG is also progressing design for the Project's non-process infrastructure in support of confirming capital expenditure requirements.

The FEED process keeps TNG on a clearly structured path and timeline towards incorporating the world-first TIVAN® Process as part of a technically and commercially convincing package, largely de-risked from a financier and customer perspective and provided by one single, fully responsible contractor.

The Company's long-term business plan is for the TIVAN® Process to be developed for licensing globally, which could potentially be a lucrative opportunity for TNG and its shareholders.

NON-PROCESS INFRASTRUCTURE

The Company is also completing in parallel with the FEED study the design work for all non-process infrastructure ("NPI"). This NPI includes all mine related infrastructure, and infrastructure around the mine and Beneficiation Plant, such as roads, power stations, camp facilities, communications and storage, and all supporting infrastructure required for the TIVAN® Processing Facility.

PROJECT FINANCE

TNG announced in December 2018 that it had engaged Germany's State-owned KfW IPEX-Bank GmbH ("KfW") as its exclusive senior debt advisor and arranger to lead a debt raise for the development and construction of the Mount Peake Project ("KfW Mandate"). KfW is a specialised solution provider in export and project financing with a proven track record for complex project financings worldwide.

Under the KfW Mandate, KfW will structure, coordinate, lead, arrange and manage a syndicate to raise a targeted amount of up to US\$600 million (A\$850 million) to underpin the project financing package. KfW will advise TNG on how to maximise, to the greatest extent possible, cover instruments available from export credit agencies ("ECAs").

KfW has been working closely with TNG and SMS to refine and optimise the Project financial model, with the aim of achieving an improved debt/equity structure that is tailored to match the robust economics of the Mount Peake Project. The final debt requirement will be determined upon completion of the FEED study. TNG is actively progressing and evaluating a number of different options for equity financing. The final equity requirement will be determined upon completion of the FEED study and confirmation of the level of debt funding available.

DUAL LISTING ON LONDON STOCK EXCHANGE

The Company announced during the year that it was investigating the merits of undertaking a potential dual listing of its securities on the London Stock Exchange.

TNG's primary objective with the dual listing would be to provide direct access to investors in the London market, which is a leading destination for vanadium companies and has a strong network of brokers, analysts and institutional investors with a deep knowledge of the global vanadium market. After investigating a number of overseas markets, the Company believes that a dual listing on the London Stock Exchange could provide it with enhanced access to a larger pool of investors to support project development funding.

DUAL LISTING ON LONDON STOCK EXCHANGE cont'd

As part of this process, the Company has appointed a number of London based advisors to progress planning activities ahead of the Board making a formal decision as to whether TNG will officially apply for admission to trading on the London Stock Exchange and whether the Company will seek to raise funds via the issue of new ordinary shares at the time of any such admission.

OFF-TAKE AGREEMENTS

The Company has secured binding life-of-mine agreements for its planned vanadium pentoxide and titanium dioxide pigment production:

VANADIUM PENTOXIDE

The Company has in place a binding life-of-mine off-take agreement with Woojin (Korea) for a minimum of 60% of TNG's V_2O_5 production. Woojin is the second largest ferrovanadium exporter in Asia with a V_2O_5 processing capacity of 22,000 tonnes per annum and has a market share of more than 80% in its Korean home market.

During the year, the Company reviewed off-take proposals from other parties for the remaining 40% of proposed vanadium pentoxide production. The Company has also been in discussions with Woojin to discuss current terms of the agreement and off-take of the remaining 40% of proposed production.

TITANIUM DIOXIDE PIGMENT

The Company has signed a binding life-of-mine off-take and marketing agreement with market expansion provider DKSH (Switzerland) for titanium dioxide pigment from Mount Peake. DKSH will provide full distribution services, including freight financing, technical support, logistics, marketing and sales for TNG's TiO_2 products.

Under the agreement, TNG will sell, and DKSH will purchase, a minimum of 75,000 tonnes and up to 100% of TNG's TiO_2 production on a Free on Board basis, to distribute globally excluding the Iberian Peninsula and European Nordic countries. TNG will produce a high-durability pigment for the outdoor coating industry, which represents the largest pigment market, before expanding to other niche markets.

IRON OXIDE

The Company continues to progress off-take discussions for its planned iron oxide production.

REVIEW OF OPERATIONS

MINERAL RESOURCES AND ORE RESERVES

As at 30 June 2019, the Company reviewed its Mineral Resources and Ore Reserves which are as follows:

Mount Peake Mineral Resource estimate (JORC 2012)

Category	Tonnes (Mt)	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	10.0	38
TOTAL	160	0.28	5.3	23	8.6	34

The Mount Peake Mineral Resource estimate was released in the ASX Announcement dated 26 March 2013, "Additional Information on the Mount Peake Resource", 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").

Note: Mineral Resource is inclusive of Ore Reserves. Tonnage and grade figures in the table above have been rounded and small discrepancies in totals may occur. Ore Reserve is reported using a 0.1% V₂O₅ cut-off. TNG is not aware of any new information or data that materially affects the Mineral Resource estimate included in the 26 March 2013 ASX Announcement and all material assumptions and technical parameters underpinning the assessment provided in that announcement continue to apply.

Mount Peake Ore Reserve estimate (JORC 2012)

Category	Tonnes (Mt)	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

The Mount Peake Ore Reserve estimate was reported in the ASX Announcement dated 31 July 2015 ("Mount Peake Feasibility Results").

Note: Tonnage and grade figures in the table above have been rounded to two or three significant figures and as a result small discrepancies may occur due to the effect of rounding. Ore Reserve is reported using a 15% Fe cut-off. TNG is not aware of any new information or data that materially affects the Ore Reserve estimate reported in the ASX Announcement dated 31 July 2015, "Mount Peake Feasibility Results", and all material assumptions and technical parameters underpinning the assessment provided in that announcement continue to apply.

The Company engaged independent consultants to prepare Mineral Resources and Ore Reserves 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.
- Completed statistical analysis and variography for economic elements.
- Estimated grades of economic elements using ordinary kriging and completed model validity checks.
- Classified the Mineral Resource and Ore Reserve estimates in accordance with the JORC Code.
- Reported the estimates and compiled supporting documentation in accordance with JORC Code guidelines.

REVIEW OF OPERATIONS

TENEMENTS LIST

As at 10 September 2019, the Group held interests in the following tenements:

Project	Tenements	Equity
Mount Peake	EL27069, EL27070, EL27941, EL29578, EL30483, EL31389, EL31850, ML28341, ML29855, ML29856, ML30686, AA31105, AA32037	100%
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.

AA: Access Authority (NT)
E: Exploration Licence (WA)
EL: Exploration Licence (NT)
ELA: Exploration Licence Application (NT)

M: Mining Lease (WA)
ML: Mining Lease (NT)
P: Prospecting Licence (WA)

REGULATORY DISCLOSURES

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 ASX Announcement dated 20 November 2017, (see ASX Announcement – 20 November 2017, “Updated Feasibility Study Results”, 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 20 November 2017 continue to apply and have not materially changed.

COMPETENT PERSON’S STATEMENT

The information in this report that relates to the Mount Peake Mineral Resource estimates is extracted from 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). 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 estimate is extracted from ASX Announcement dated 31 July 2015, (“Mount Peake Feasibility Results”, 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 estimate 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.

DIRECTORS' REPORT

The Directors of TNG Limited ("TNG" or "the Company") present their report on the consolidated entity consisting of the Company and the entities it controlled at the end of, or during, the financial year ended 30 June 2019 (hereafter referred to as the "Group").

DIRECTORS

The names of each person who has been a Director of the Company for the entire financial year and up until the date of this report, unless noted otherwise, are as follows:

- Mr Paul Burton
- Mr John Elkington (appointed 1 February 2019)
- Mr John Davidson
- Mr Greg Durack
- Mr Rex Turkington (resigned 31 March 2019)

PRINCIPAL ACTIVITIES

The principal activities of the Group during the course of the financial year were the continued evaluation and development planning for the Company's Mount Peake Project. There were no significant changes in the nature of those activities of the Group during the year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, the significant changes in the state of affairs of the Group that occurred during the financial year were as follows:

- Commencement of a Front-End Engineering and Design study with SMS group for the Beneficiation Plant and the Darwin TIVAN® Processing Facility.
- Appointment of KfW IPEX-Bank GmbH as the Company's exclusive senior debt advisor and arranger to lead a US\$600 million (A\$850 million) debt raise for development and construction of the Mount Peake Project.
- Execution of a binding life-of-mine off-take and marketing agreement with leading global specialty market expansion provider DKSH for the titanium dioxide pigment to be produced by the Mount Peake Project.
- Execution of the Mount Peake Native Title Agreement with traditional owners and subsequent grant of the Mount Peake Mineral Leases and Access Authorities.
- Securing \$20 million in additional strategic equity investments to progress the Project towards a potential Financial Investment Decision, including

\$10 million from the leading Indian mining conglomerate the Vimson Group, and a \$10 million strategic investment from two leading German-based institutions, DELPHI Unternehmensberatung AG and Sparta AG.

- Appointment of John Elkington as a Non-Executive Director and Chairman on 1 February 2019.

REVIEW & RESULTS OF OPERATIONS

A review of the operations during the financial year is set out on pages 4 to 10.

The operating loss of the Group after income tax for the year was \$3,089,785 (2018: loss \$3,329,120). The Group expended \$9,867,449 (2018: \$3,758,518) on Exploration and Evaluation for the year.

As at 30 June 2019, the Group held \$20,113,933 (2018: \$5,728,637) in cash.

DIVIDENDS

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

EVENTS SUBSEQUENT TO REPORTING DATE

On 31 July 2019, the Company completed a fully underwritten pro rata non-renounceable Rights Issue, issuing a total of 53,550,797 new shares at a price of \$0.093 per share, raising a total of \$4,980,224.

Subsequent to the end of the financial year, the Company has continued to progress engineering studies for the Mount Peake Project including optimisation work resulting in further development of the mining schedule and delivery strategy, ahead of completion of engineering studies and a potential Final Investment Decision for the project.

In the opinion of the Directors, there are no other matters that have arisen since the end of the financial year that may significantly affect:

- the operations of the Group in future financial years;
- the results of those operations in future financial years; or
- the Group's state of affairs in future financial years.

LIKELY DEVELOPMENTS

The Group will continue to focus on the evaluation, design and engineering of the Mount Peake Project, with a focus on the following Mount Peake milestones for the 2020 financial year:

- Completing the Front End Engineering and Design Study and associated design work.
- Securing all required regulatory permits for development.
- Progressing the project financing package for development.
- Progressing towards a Final Investment Decision.

The material business risks faced by the Group that are likely to have an effect on its financial prospects, 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, to continue its evaluation, design and engineering activities at for the Mount Peake Project and to finance the development and construction of the Mount Peake Project. There is no assurance that the Group will be successful in raising additional capital on acceptable terms in the future, including to fully finance and develop TNG's projects.
- Exploration and development risks – whilst the Group has already discovered Vanadium-Titanium-Iron resources at the Mount Peake Project, there is a risk that its mineral deposits may not be commercially viable subject to factors outside of the Group's control including development costs, changes in mineralisation, consistency and reliability of ore grades and commodity prices. The Group employs geologists, technical specialists and external consultants where appropriate to address these risks.
- Commodity price and exchange rate risks – as a Group focused on the development of its Vanadium-Titanium-Iron project, 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.

INFORMATION ON DIRECTORS

MR PAUL BURTON

Managing Director and CEO

Experience, Qualifications & Special Responsibilities

Mr Burton is an experienced mining executive, having worked in the resources sector throughout Australia and overseas for the last 30 years.

Mr Burton has been involved in the discovery and development of the Company's main projects, including the flagship Project Mount Peake and all projects spun out into Todd River Resources Ltd. Previous career appointments include senior and executive roles at Anglo American, De Beers, Normandy Mining Ltd and Minotaur Exploration Ltd.

Mr Burton holds an Honours degree in Geology, a Master degree in Mineral Exploration and Mining from McGill University in Canada. He is a Graduate of the Australian Institute of Company Directors, a Fellow of the Association of Applied Exploration Geochemists, and a member of both the Australian and Canadian Institutes of Mining and Metallurgy, and a Member of the British Institute of Directors.

Mr Burton was appointed as a Director of the Company on 11 August 2008.

Other Listed Company Directorships

Mr Burton was a director of Todd River Resources Limited from June 2014 to January 2019.

Director's Interest in Securities (as at the date of this report)

7,561,110 ordinary shares

4,000,000 unquoted options exercisable at \$0.2627 and expiring 13 December 2019.

MR JOHN ELKINGTON

Chairman and Non-Executive Director

Experience, Qualifications & Special Responsibilities

Mr Elkington is a highly experienced Australian mining executive and company director. His other roles include operating as an independent mining consultant providing company management, strategic cash-flow modelling and financial analysis, as well as project and risk management advice for consulting, mining and development companies in the mining industry. He is also currently Chair of the Mid West Ports Authority, which operates the busy regional port of Geraldton in Western Australia.

Mr Elkington holds a Master of Science degree (Mineral Economics) from the Western Australian School of Mines, Curtin University. He is a Fellow of the Australian Institute of Company Directors (FAICD) and a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM).

Mr Elkington was appointed as a Director of the Company on 1 February 2019.

Other Listed Company Directorships

Mr Elkington has held no other directorships of publicly listed companies during the last three years.

It is noted that Mr Elkington is a Director and Chair of the Mid West Ports Authority, a Government enterprise.

Director's Interest in Securities (as at the date of this report)

Nil

MR JOHN DAVIDSON

Independent Non-Executive Director

Experience, Qualifications & Special Responsibilities

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 was the founder and Managing Director of Energy Made Clean, a leading Perth-based renewable energy company providing off-grid power and utility-scale solutions, which was acquired by ASX-listed Carnegie Clean Energy Limited ("CCE") 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 manages a Kimberly based renewable energy private company and is on the Executive Committee of two not-for-profit organisations.

Mr Davidson was appointed as a Director of the Company on 2 February 2017. Mr Davidson was Chairman of the Company's Audit Committee; on 30 May 2019 the Board resolved to suspend the committee and have the Board assume its functions.

Other Listed Company Directorships

Mr Davidson was an executive director of Carnegie Clean Energy Limited from February 2017 to June 2018.

Interest in Securities (as at the date of this report)

665,154 ordinary shares

1,000,000 unquoted options exercisable at \$0.2627 and expiring 13 December 2019.

INFORMATION ON DIRECTORS cont'd

MR GREG DURACK

Independent Non-Executive Director

Experience, Qualifications & Special Responsibilities

Mr Durack is a highly experienced metallurgist and mining executive with more than 30 years' global mining experience, bringing a vast depth of experience in project evaluation, feasibility studies, project development and mining operations to the TNG Board as the Company advances key financing negotiations for its Mount Peake Project and works towards commencing project development.

Mr Durack has a distinguished career spanning multiple commodities and projects. His consulting company was the Study Manager for the Definitive Feasibility Study for Pilbara Minerals Limited (ASX:PLS) Pilgangoora Lithium-Tantalum Project in Western Australia's Pilbara region, and was also responsible for the metallurgical test work program and process design for Stages 1 and 2, and part of the process plant commissioning team providing technical input.

Mr Durack is a qualified Chemist, B. App. Sc. in App. Chem. from WAIT, now Curtin University, but in a practical sense worked as a Metallurgist in operations. He is a member of the Australian Institute of Mining and Metallurgy

Mr Durack was appointed as a Director of the Company on 31 May 2018. Mr Durack was a member of the Company's Remuneration Committee; on 30 May 2019 the Board resolved to suspend the committee and have the Board assume its functions.

Other Listed Company Directorships

Mr Durack has held no other directorships of publicly listed companies during the last three years.

Director's Interest in Securities (as at the date of this report)

459,496 ordinary shares

1,000,000 unquoted options exercisable at \$0.2697 and expiring 13 December 2019.

MR REX TURKINGTON

Independent Non-Executive Director (retired)

Experience, Qualifications & Special Responsibilities

Mr Turkington has extensive knowledge in corporate advisory and economics. He has worked in the financial services industry in Australia, specialising 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 Honours 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 was appointed as a Director of the Company on 28 November 2011 and retired on 31 March 2019. Mr Turkington was Chairman of the Company's Remuneration Committee, and a member of the Company's Audit Committee, at the date of his retirement as a Director of the Company.

Other Listed Company Directorships

At the date of his retirement, Mr Turkington was Chairman of Key Petroleum Limited (appointed July 2012) and was a non-executive director of Todd River Resources Limited from June 2014 to February 2019.

COMPANY SECRETARY

MR JASON GILTAY

Experience, Qualifications & Special Responsibilities

Mr Giltay is a finance executive with more than 18 years' experience in the areas of corporate finance, commercial management, corporate compliance and business strategy. He has extensive experience in the resources industry, having consulted to and worked for a range of resources companies engaged in exploration, project development, operations and mining services. He holds a Bachelor of Commerce and Postgraduate Diploma in HRM from the University of Western Australia.

Mr Giltay joined the Company in July 2018 in the newly-created role of General Manager - Commercial, and was appointed Company Secretary on 21 December 2018.

DIRECTORS' REPORT

BOARD MEETINGS

The number of Board and Board committee meetings held during the financial year, and the attendance of the Directors at each meeting, were as follows:

Director	Board Meetings		Audit Committee Meetings Member Attendance ⁴		Remuneration Committee Meetings Member Attendance ⁵	
	A	B	A	B	A	B
Paul Burton ¹	11	12	N/A	N/A	N/A	N/A
John Elkington ²	5	5	N/A	N/A	N/A	N/A
Rex Turkington ^{1,3}	8	9	3	3	5	5
John Davidson	12	12	3	3	N/A	N/A
Greg Durack	12	12	N/A	N/A	6	6

A - Number of meetings attended

B - Number of meetings held during the time the director held office during the year

1. Paul Burton and Rex Turkington elected not to attend one Board meeting during the year where the Board considered proxy voting for the Annual General Meeting of Todd River Resources held on 2 November 2018.
2. John Elkington was appointed as a Director on 1 February 2019
3. Rex Turkington retired as a Director on 31 March 2019
4. On 30 May 2019 the Board resolved to suspend the Audit Committee and have the Board assume the functions of the committee
5. Rex Turkington attended one Remuneration Committee meeting post his resignation as Director as a handover process; on 30 May 2019 the Board resolved to suspend the Remuneration Committee and have the Board assume the functions of the committee

Directors who were not members of the Audit Committee and Remuneration Committee were invited to attend committee meetings from time to time.

REMUNERATION REPORT (AUDITED)

This Remuneration Report, for the year ended 30 June 2019, which has been audited, details the remuneration arrangements for the Key Management Personnel ("KMP") of the Company in accordance with the requirements of the *Corporations Act 2001* and its regulations.

The Remuneration Report is presented in the following sections:

1. Introduction
2. Response to "No Vote"
3. Remuneration governance
4. Executive remuneration arrangements and principles
 - A. Remuneration principles and strategy
 - B. Approach to setting remuneration
 - C. Detail of incentive plans
5. Remuneration outcomes
6. Executive contracts
7. Non-Executive Director remuneration
8. Additional disclosures relating to equity interests
9. Other transactions and balances with key management personnel and their related parties

1. INTRODUCTION

The Remuneration Report details the remuneration arrangements for KMP who are defined as having the authority and responsibility for planning, directing and controlling the major activities of the Company, and include both Executives and Non-Executive Directors for the purpose of this report. The KMP covered in this Remuneration Report are:

Executives

- Mr Paul Burton - Managing Director & CEO (appointed a Director on 11 August 2008)
- Mr Jason Giltay - General Manager Commercial (appointed 8 July 2018) & Company Secretary (appointed 21 December 2018)
- Mr Simon Robertson - Company Secretary (appointed 25 August 2008; resigned 21 December 2018)

Non-Executive Directors

- Mr John Elkington (appointed 1 February 2019)
- Mr John Davidson (appointed 2 February 2017)
- Mr Greg Durack (appointed 31 May 2018)
- Mr Rex Turkington (appointed 28 November 2011; resigned 31 March 2019)

2. RESPONSE TO "NO-VOTE"

At the Company's 2018 AGM, while the resolution relating to the Adoption of Remuneration Report for the last financial year (ending 30 June 2018) was passed, more than 25% of votes cast were against this resolution. As a result, this constitutes a first strike for the purposes of Division 9 of Part 2G.2 of the Corporations Act.

The Board notes that discussion at the 2018 AGM prior to voting on this resolution centred on Chair replacement/succession and Board structure, shareholder engagement and communications, and general discussion on remuneration and business activities.

REMUNERATION REPORT (AUDITED)

2. RESPONSE TO "NO-VOTE" cont'd

Subsequent to the AGM, the Board discussed the outcome of this resolution and put in place an action plan to address the matters raised by shareholders at the AGM. The Company recognises that some issues raised by shareholders at the 2018 AGM did not relate specifically to remuneration. Notwithstanding this, the responses to all issues (remuneration or otherwise) have been outlined in the table below:

Issue	Company Response
Chair replacement/succession and Board structure	<ul style="list-style-type: none"> • Appointment of a new and highly experienced Non-Executive Director and Chairman John Elkington. • The retirement of Rex Turkington as a Non-Executive Director and interim Chairman, as part of a Board renewal process.
Enhanced communication to shareholders regarding business activities	<ul style="list-style-type: none"> • Appointment of an in-house Investor Relations Executive, Paula Raffo, to further develop the Company's investor relations program and maintain a focus on engagement with the Company's shareholders. • Enhanced shareholder communications through new initiatives such as the shareholder newsletter, with the aim of providing further information flow on the Company and its flagship Mount Peake Project. • Review of the Company's travel policy completed, with on-going monitoring of travel requirements to minimise cost.
Remuneration structure	<ul style="list-style-type: none"> • No base pay increases in FY19 for senior executives as named in this report (other than as a result of a role change). • Move towards development of a future long-term incentive structure linked to key business value drivers. Non-Executive Directors will not participate in performance-related remuneration. • Future long term incentives to potentially be based on performance rights grants which recognise both market based and internal milestones to strengthen alignment with shareholder interests. • Engagement of external consultants (The Reward Practice Pty Ltd) to assist in developing appropriate remuneration structures and benchmarking methodology of KMP remuneration for the FY20 year. • The full Board assuming responsibility for remuneration oversight replacing the Remuneration Committee.

The Board believes that the undertaking of these actions is an appropriate response to the matters raised by shareholders at the 2018 AGM and looks forward to providing further details of the remuneration changes in the FY20 Remuneration Report.

REMUNERATION REPORT (AUDITED)

3. REMUNERATION GOVERNANCE

Previously, the Remuneration Committee reviewed and made recommendations to the Board on remuneration packages and policies applicable to Senior Executives and Directors. The Remuneration Committee's role also included responsibility for incentive structures, superannuation entitlements and performance evaluation for all Directors. As noted elsewhere in this report, during the financial year, the full Board assumed direct responsibility for remuneration oversight following suspension of the Remuneration Committee.

4. EXECUTIVE REMUNERATION ARRANGEMENTS AND PRINCIPLES

4a. Remuneration Principles and Strategy

The Company's remuneration policy is designed to align the interests of the KMP with the interests of shareholders, cognisant that the Company's success is driven by its ability to recruit, retain and motivate high-quality personnel and Directors. The Company's remuneration policy is designed as follows:

- Structure remuneration practices to align with the Company's wider objectives and strategies.
- Provide a fixed remuneration component and, where appropriate, offer specific short-term (cash bonuses) and long-term (equity schemes) incentives that align with the Company's performance.
- Establish specific remuneration by taking into account the stage of the Company's development, market conditions and comparable salary levels for companies of a similar size and stage of development, and operating in a similar sector.
- Align remuneration with role, responsibilities and commitment.
- Utilise external independent advice on remuneration on an as required basis.

The Board believes that this remuneration policy is appropriate given the stage of development of the Company and is appropriate in aligning personnel performance with shareholder and business objectives. The Board believes this policy has been effective in attracting and retaining appropriately qualified and experienced personnel to effectively manage the Company's activities and progress the Company's strategies.

4b. Approach to Setting Remuneration

In FY19, the executive remuneration framework consisted of fixed and variable remuneration as described below.

Fixed remuneration

Fixed remuneration consists of base salary, as well as employer contributions to superannuation funds. Remuneration levels are reviewed annually by the Board through a process that considers individual performance, the market and overall performance of the Company. A senior executive's remuneration is also reviewed on promotion.

Performance linked remuneration

Performance linked remuneration includes long and short term incentives designed to incentivise and reward Executives for meeting or exceeding specific objectives or as recognition for strong individual performance.

Short-term incentives

Short-term incentives are provided in the form of cash bonuses and/or salary increases, as set out in individual employment agreements or as determined by the Board. They are used to encourage and reward exceptional performance in the realisation of strategic outcomes and growth in shareholders' wealth.

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

Long-term incentives

Long term incentives comprise of shares, share options and performance rights which are granted from time to time to attract and retain talented and high calibre personnel who are able to deliver the Company's business objectives. Incentive securities are also used to ensure remuneration is competitive in relation to the broader market and is linked to role, experience and performance, and to ensure remuneration is compatible with the Company's phase of development and cash flow position.

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.

REMUNERATION REPORT (AUDITED)

4. EXECUTIVE REMUNERATION ARRANGEMENTS AND PRINCIPLES

cont'd

4c. Detail of Incentive Plans

Option Plans

(Approved by shareholders at 2016 AGM)

Under the TNG Employee and Non-Executive Director and Consultant Option Plans, Eligible Participants (being an Executive Director, a full or part time employee, a Non-Executive Director, the Company Secretary, or a consultant or contractor of the Company) may be granted Options as part of their remuneration or fees. Each Option entitles the holder to subscribe for and be allotted one Share at an exercise price per Option to be determined by the Board at the time it resolves to make offers of Options, having regard to such matters as the Board considers appropriate (but which exercise price will not be less than the market value of a Share at that time).

Options are granted for no consideration, vest on grant date and do not carry voting rights or dividend entitlements. Options are valued using the Black-Scholes methodology.

No options were granted in FY19.

Performance Rights Plan

(Approved by shareholders at 2018 AGM)

The TNG Performance Rights Plan contemplates the issue to Eligible Executives (being actual and prospective full-time, part-time or casual employees, executive Directors (excluding Non-Executive Directors) and consultants) of rights which carry the entitlement to be issued Shares on satisfaction of performance conditions determined by the Board ("Performance Rights").

No Performance Rights were granted in FY19. As at the date of this report, no Performance Rights have been granted under the plan.

Company Share Plans

The TNG Employee Share Plan and TNG Non-Executive Director and Consultant Share Plan (together referred to as the "Company Share Plans") allow 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 on grant date on which the employees become unconditionally entitled to the shares.

The fair value of the shares issued pursuant to the Company Share Plans 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.

During the period with respect to KMP:

- Mr Paul Burton repaid in full the outstanding amount on 2 million shares issued under the TNG Employee Share Plan in November 2013 at an issue price of \$0.04 per share.
- Mr Rex Turkington repaid in full the outstanding amount on 2 million shares issued under the TNG Non-Executive Director and Consultant Share Plan in November 2013 at an issue price of \$0.04 per share.
- 6 million plan shares issued to Mr Paul Burton under the TNG Employee Share Plan in November 2012 were sold on-market for consideration of \$510,000, all of which was paid to TNG to satisfy the amount outstanding on those shares.

5. REMUNERATION OUTCOMES

The remuneration outcomes for FY19 are summarised as follows:

- No increases to fixed remuneration for executives as named in this report (other than for a role change).
- No STI payments were made.
- No LTI vesting or exercise (refer to section 8 of this Report for further information of current equity interests).

Consequences of Performance on Shareholder Wealth

In considering the consolidated entity's performance on shareholder wealth, the Board notes that at this stage of development, as a Company pre-planning for development of its primary asset the Mount Peake Project and with no operational assets, there is no relevant direct link between the Company's financial performance and earnings, and the advancement of shareholder wealth.

REMUNERATION REPORT (AUDITED) cont'd

5. REMUNERATION OUTCOMES cont'd

	2019	2018	2017	2016	2015
Profit/(loss) attributable to owners of the Company	(3,089,785)	(3,329,120)	(4,436,184)	(7,139,305)	(5,020,912)
Dividends paid	-	-	-	-	-
Share price at 30 June	\$0.10	\$0.13	\$0.14	\$0.13	\$0.15
Change in share price	(25%)	(8%)	8%	(16%)	(18%)
Return on capital employed	(3%)	(3%)	(4%)	(7%)	(5%)

Details of Base Remuneration for the years ended 30 June 2019 and 30 June 2018

	FY19			FY18		
	Salary & Fees ¹	Super-annuation	Total	Salary & Fees ¹	Super-annuation	Total
	\$	\$	\$	\$	\$	\$
Executives						
Paul Burton	476,100	45,230	521,330	496,320	25,000	521,320
Jason Giltay ²	215,115	20,436	235,551	-	-	-
Simon Robertson ³	49,490	-	49,490	68,139	-	68,139
Non-Executive Directors						
John Elkington ^{1,4}	64,250	4,750	69,000	-	-	-
Rex Turkington ^{1,5}	100,553	-	100,553	91,750	-	91,750
John Davidson	54,795	5,205	60,000	54,795	5,205	60,000
Greg Durack ⁶	54,795	5,205	60,000	4,716	448	5,164
Geoffrey Crow ^{1,7}	-	-	-	76,000	-	76,000
Total	1,015,098	80,826	1,095,924	791,720	30,653	822,373

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) cont'd

5. REMUNERATION OUTCOMES cont'd

Details of Total Remuneration for the year ended 30 June 2019

	Base Remuneration	Short Term	Long Term		Total	Proportion of remuneration performance related
	Salary, Fees & Super ¹	Bonus	Share-based Payment - Shares/ Options	Other ⁸		
	\$	\$	\$	\$	\$	%
Executives						
Paul Burton ⁸	521,330	-	-	35,570	556,900	-
Jason Giltay ^{2,8}	235,551	-	-	12,830	248,381	-
Simon Robertson ³	49,490	-	-	-	49,490	-
Non-Executive Directors						
John Elkington ^{1,4}	69,000	-	-	-	69,000	-
Rex Turkington ^{1,5}	100,553	-	-	-	100,553	-
John Davidson	60,000	-	-	-	60,000	-
Greg Durack	60,000	-	-	-	60,000	-
Total	1,095,924	-	-	48,400	1,144,324	-

Details of Total Remuneration for the year ended 30 June 2018

	Base Remuneration	Short Term	Long Term		Total	Proportion of remuneration performance related
	Salary, Fees & Super ¹	Bonus	Share-based Payment - Shares/ Options	Other ⁸		
	\$	\$	\$	\$	\$	%
Executives						
Paul Burton ⁸	521,320	50,000	-	56,055	627,375	8%
Simon Robertson	68,139	-	-	-	68,139	-
Non-Executive Directors						
Rex Turkington ¹	91,750	-	-	-	91,750	-
John Davidson	60,000	-	-	-	60,000	-
Greg Durack ⁶	5,164	-	13,000	-	18,164	72%
Geoffrey Crow ^{1,7}	76,000	-	-	-	76,000	-
Total	822,373	50,000	13,000	56,055	941,428	6%

¹ Includes consulting fees, refer note 24 (c)

² Appointed General Manager Commercial in July 2018, and appointed as Company Secretary on 21 December 2018

³ Resigned as Company Secretary on 21 December 2018

⁴ Appointed as a Director on 1 February 2019

⁵ Retired as a Director on 31 March 2019

⁶ Appointed as a Director on 31 May 2018

⁷ Retired as a Director on 31 May 2018

⁸ Includes accrued annual leave not taken over and above base salary detailed within the service contracts section below

REMUNERATION REPORT (AUDITED) cont'd

6. EXECUTIVE CONTRACTS

Paul Burton - Managing Director & CEO

- Term of Agreement – October 2014 until terminated by either party.
- Salary - \$476,100 per annum excluding super plus any reasonable 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 at the 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.

Jason Giltay – General Manager Commercial and Company Secretary

- Term of Agreement – July 2018 until terminated by either party (Mr Giltay was appointed General Manager Commercial in July 2018 and appointed Company Secretary on 21 December 2018).
- Salary - \$245,000 per annum excluding super plus any reasonable expense incurred.
- Early Termination - 3 months' written notice by either party.

7. NON-EXECUTIVE DIRECTOR REMUNERATION

With respect to the remuneration of Non-Executive Directors:

- The full Board determines the remuneration of the Non-Executive Directors.

- Non-Executive Director remuneration is reviewed annually, based on market practice, duties and accountability.
- The maximum aggregate amount of Directors fees is subject to shareholder approval at a General Meeting.
- Fees for non-executive Directors are not linked to the performance of the economic entity.
- To align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and may receive Company options if approved by shareholders.

Total remuneration for all Non-Executive Directors, approved by shareholders at the 2015 General Meeting, is not to exceed \$500,000 per annum. The current fee structure is as follows:

- Base fee for the Chairperson is \$120,000 per annum plus superannuation.
- Base fee for the other Non-Executive Directors is \$60,000 per annum including superannuation.

Non-Executive Directors do not receive performance-related remuneration and are not provided with retirement benefits apart from statutory superannuation.

8. ADDITIONAL DISCLOSURES RELATING TO EQUITY INTERESTS

All performance rights and options refer to performance rights and options over ordinary shares of TNG Limited, which are exercisable on a one-for-one basis under the respective long term incentive plans.

Performance Rights

During the period no performance rights were granted as remuneration to the KMP.

Options

During the period no options were granted as remuneration to the KMP.

Exercise of options granted as compensation

During the period no options were exercised by the KMP.

REMUNERATION REPORT (AUDITED) cont'd

8. ADDITIONAL DISCLOSURES RELATING TO EQUITY INTERESTS cont'd

Details of equity incentives affecting current and future remuneration

Details of vesting profiles of the options held by the KMP of the Company are detailed below.

	Instrument		Grant date	Vesting Date	% vested in year	% forfeited in year	Financial years in which grant vest	Expiry Date
Executives								
Paul Burton	Options	4,000,000	13/12/2016	13/12/2016	-	-	-	13/12/2019
Jason Giltay	-	-	-	-	-	-	-	-
Simon Robertson ^{1,3}	Options	1,000,000	13/12/2016	13/12/2016	-	-	-	13/12/2019
Non-Executive Directors								
John Elkington	-	-	-	-	-	-	-	-
John Davidson	Options	1,000,000	06/02/2017	06/02/2017	-	-	-	13/12/2019
Greg Durack	Options	1,000,000	29/06/2018	29/06/2018	-	-	-	13/12/2019
Rex Turkington ^{2,3}	Options	1,000,000	13/12/2016	13/12/2016	-	-	-	13/12/2019

¹ Resigned as Company Secretary on 21 December 2018

² Retired as a Director on 31 March 2019

³ Pursuant to the terms of the option plan, the options were retained on resignation

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

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

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) cont'd

8. ADDITIONAL DISCLOSURES RELATING TO EQUITY INTERESTS cont'd

Options over equity instruments

	Held at 1 July 2018	Granted as remun- eration	Expired	Exercised	Purchased	Other	Held at 30 June 2019	Vested and exercisable at 30 June 2019
Executives								
Paul Burton	4,000,000	-	-	-	-	-	4,000,000	4,000,000
Jason Giltay	-	-	-	-	-	-	-	-
Non-Executive Directors								
John Elkington	-	-	-	-	-	-	-	-
John Davidson	1,000,000	-	-	-	-	-	1,000,000	1,000,000
Greg Durack	1,000,000	-	-	-	-	-	1,000,000	1,000,000
Rex Turkington ^{1,2}	1,000,000	-	-	-	-	-	1,000,000	1,000,000

¹ Holding at date of retirement

² Pursuant to the terms of the option plan, the options were retained on resignation

Movements in shares

Directors	Held at 1 July 2018	Purchases	Received on exercise of options	Sales	Other	Held at 30 June 2019
Executives						
Paul Burton ¹	13,361,110	100,000	-	6,000,000 ¹	-	7,461,110
Jason Giltay	-	-	-	-	-	-
Non-Executive Directors						
John Elkington	-	-	-	-	-	-
John Davidson	633,480	-	-	-	-	633,480
Greg Durack	-	437,615	-	-	-	437,615
Rex Turkington ²	7,999,110	18,349	-	-	-	8,017,459

¹ Paul Burton disposed of 6,000,000 shares pursuant to the terms of the TNG Employee Share Plan of November 2012 (see ASX announcement – Change of Director's Interest Notice - dated 10 May 2019). All proceeds of the sale went to the Company.

² Holding at date of retirement

9. OTHER TRANSACTIONS AND BALANCES WITH KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

Key management personnel, or their related parties, may 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 Company 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 Personnel related entities on an arm's length basis.

The audited remuneration report ends here.

DIRECTORS' REPORT

SHARE OPTIONS

Unissued shares under options

All options on issue at the date of this report were granted in previous financial years. No options were granted, nor exercised, during the financial year.

As at the date of this report, the Company had the following options over unissued shares on issue:

Expiry date	Exercise price	Number of options
13 December 2019	\$0.2627	11,000,000
13 December 2019	\$0.2697	1,000,000

All of the options on issue are unquoted. One ordinary share in TNG will be issued for each option exercised. All options expire on the earlier of their expiry date or termination of the holder's employment with the Company subject to the terms of the plans.

Further details about shares held by KMP are included in the Remuneration Report.

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

ENVIRONMENTAL REGULATION

The Group holds various mineral licences to regulate its activities in Australia. These licences include conditions and regulation with respect to the management and rehabilitation of areas disturbed during the course of its 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.

INDEMNIFICATION OF OFFICERS OR AUDITORS

The Company has agreed to indemnify current and former Directors and officers against all liabilities to another person (other than the Company or a related body corporate), including legal expenses that may arise from their position as Directors and officers of the Company 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*.

INSURANCE PREMIUMS FOR OFFICERS OR AUDITORS

During and since the end of the financial year, 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 conduct involving a wilful breach of duty in relation to the Company. The amount of the premium was \$22,875 (2018: 22,375) exclusive of GST.

PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied for leave under section 237 of the *Corporations Act 2001* of Court to bring proceedings on behalf of the Group or intervened in any proceeding to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings under section 237 of the *Corporations Act 2001* during the financial year.

NON AUDIT SERVICES

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

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* immediately follows this Directors' Report and forms part of the Directors' Report for the financial year ended 30 June 2019.

ROUNDING

The Group is of a kind referred to in ASIC Corporations (*Rounding in Financial/Directors' Reports*) Instrument 2016/191 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.

This Directors' Report is made in accordance with a resolution of the Directors:



Paul Burton
Managing Director & CEO
26 September 2019



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 2019 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
26 September 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Other Income	6(a)	410	803
Gain on sale of tenements	6(a)	-	80
Total Income		410	883
Corporate and administration expenses	6(d)	(1,969)	(2,419)
Employment expenses	6(e)	(1,748)	(1,086)
Depreciation and amortisation expenses		(50)	(51)
Impairment loss on exploration	6(c)	-	(45)
Impairment of equity investments reclassified from other comprehensive income	6(b)	-	(420)
Impairment of equity investments	6(b)	-	(294)
Loss from continuing operations		(3,357)	(3,432)
Finance income	6(a)	267	103
Finance costs	6(a)	-	-
Net finance income		267	103
Loss before tax		(3,090)	(3,329)
Income tax expense	8	-	-
Loss for the year attributable to the owners of the Company		(3,090)	(3,329)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Equity Investments at FVOCI-net change in fair value	13	(392)	-
Tax effect on other comprehensive income (loss)		-	-
Items that may be reclassified subsequently to profit or loss			
Available for sale financial asset	13	-	63
Tax effect on other comprehensive income (loss)		-	-
Other comprehensive loss for the year		(392)	63
Total comprehensive loss for the year attributable to the owners of the company		(3,482)	(3,266)
Loss per share (cents per share)			
Basic (loss) per share (cents)	9	(0.33)	(0.41)
Diluted (loss) per share (cents)	9	(0.33)	(0.41)

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 2019

	Note	2019 \$'000	2018 \$'000
Assets			
Cash and cash equivalents	11	20,114	5,729
Trade and other receivables	12	374	512
Prepayments		60	61
Other Investments	13	319	711
Current assets		20,867	7,013
Plant and equipment		73	68
Exploration and evaluation expenditure	14	32,076	23,759
Non-current assets		32,149	23,827
Total assets		53,016	30,840
Liabilities			
Trade and other payables	15	1,314	1,050
Provisions	16	329	315
Current liabilities		1,643	1,365
Total liabilities		1,643	1,365
Net assets		51,373	29,475
Equity			
Issued capital	17	97,874	72,494
Reserves	17	(3,229)	(2,123)
Accumulated losses		(43,272)	(40,896)
Total equity		51,373	29,475

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 2019

	Note	2019 \$'000	2018 \$'000
Cash flows from operating activities			
Cash receipts from customers		652	667
Cash payments in the course of operations		(3,669)	(3,498)
Interest received		261	96
Net cash used in operating activities	22	(2,756)	(2,735)
Cash flows from investing activities			
Payments for plant and equipment		(55)	(13)
Payments for exploration and evaluation expenditure		(9,642)	(3,759)
Research and development rebate		1,551	1,731
Proceeds from sale of tenements		-	80
Security deposits refunded/(paid)		(93)	(37)
Net cash used in investing activities		(8,239)	(1,998)
Cash flows from financing activities			
Proceeds from issue of shares and Loan Funded Share Plan		25,525	3,982
Share issue costs		(145)	(278)
Net cash from financing activities		25,380	3,704
Net increase/decrease in cash and cash equivalents		14,385	(1,029)
Cash at the beginning of the financial year		5,729	6,758
Cash and cash equivalents at the end of the financial year	11	20,114	5,729

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 2019

	Issued Capital \$'000	Accumulated losses \$'000	Reserves \$'000	Total Equity \$'000
Balance at 1 July 2017	68,790	(37,580)	(2,606)	28,604
Loss for the year	-	(3,329)	-	(3,329)
Other comprehensive income				
Transfer to profit or loss	-	-	420	420
Net change in fair value of available for sale instruments	-	-	63	63
Total comprehensive income	-	(3,329)	483	(2,846)
Transactions with owners recorded directly in equity				
Share placement	3,911	-	-	3,911
Share issue costs	(278)	-	-	(278)
Share based payments expense	-	13	-	13
Options exercised	71	-	-	71
Balance at 30 June 2018	72,494	(40,896)	(2,123)	29,475
Balance at 1 July 2018	72,494	(40,896)	(2,123)	29,475
Adjustment for transition to new accounting standards ¹	-	714	(714)	-
Restated balance at 1 July 2018	72,494	(40,182)	(2,837)	29,475
Other comprehensive income (loss)				
Net loss for the year	-	(3,090)	-	(3,090)
Equity Investments at FVOCI-net change in fair value	-	-	(392)	(392)
Total comprehensive loss	-	(3,090)	(392)	(3,482)
Transactions with owners recorded directly in equity				
Share placement	23,865	-	-	23,865
On market acquisition of Company Share Plan ²	1,319	-	-	1,319
Company Share Plan – loan repayment ²	341	-	-	341
Share issue costs	(145)	-	-	(145)
Balance at 30 June 2019	97,874	(43,272)	(3,229)	51,373

¹ Refer to Note 3 Significant accounting policies

² Refer Note 17(a) Issued Capital and Reserves

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.

1 REPORTING ENTITY

TNG Limited ("TNG" or "the Company") is a company domiciled in Australia. The address of the Company's registered office is Suite 20, 22 Railway Road Subiaco, Western Australia 6008.

The consolidated financial report of the Company as at and for the year ended 30 June 2019 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 consolidated financial statements are general purpose financial statements which have 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 statements comply with International Financial Reporting Standards (IFRS) and Interpretations adopted by the International Accounting Standards Board (IASB).

(b) Basis of measurement

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

- financial instruments measured at fair value;
- investments in equity instruments (FVOCI); 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 and in accordance with that class order, amounts in the Consolidated Financial Statements and Directors' Report have been rounded off to the nearest thousand dollars (\$000), unless otherwise stated.

(d) Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Critical Judgements

Assumptions and estimation uncertainties

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.

2 BASIS OF PREPARATION cont'd

i. Exploration and evaluation assets cont'd

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 agreed to externally available information where 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 (j)(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 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, the Group can delay exploration and engineering expenditures and directors can also institute cost saving measures to further reduce corporate and administrative costs.

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.

On 31 July 2019, the Company completed a fully underwritten pro rata non-renounceable Rights Issue on the basis of one (1) New Share for every twenty (20) existing shares held by eligible shareholders on the record date at an issue price of \$0.093 per new share. A total of 53,550,797 new shares were issued, raising a total of \$4,980,224.

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's entities.

(a) Basis of preparation

(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.

3 SIGNIFICANT ACCOUNTING POLICIES cont'd

(a) Basis of preparation cont'd

(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.

(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.

3 SIGNIFICANT ACCOUNTING POLICIES cont'd

(b) Income tax cont'd

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.

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).

3 SIGNIFICANT ACCOUNTING POLICIES cont'd

(d) Plant and equipment cont'd

(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.

(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) Changes in significant accounting policies

As at 1 July 2018, the new accounting standards and interpretation issued by AASB that are relevant and effective for reporting periods beginning 1 July 2018 have been implemented and the Group has applied the revised standard on AASB 9 Financial Instruments accordingly. A number of other new standards are also effective from 1 July 2018 but they do not have a material effect on the Group's financial statements.

Due to the transition method chosen by the Group in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES cont'd

AASB 9 Financial instruments

(i) Classification and measurement of financial assets and financial liabilities

AASB 9 largely retains the requirements in AASB 139 Financial Instruments: Recognition and Measurement for the classification and measurement of financial liabilities. However, it eliminates the previous AASB 139 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of AASB 9 has not had a significant effect on the Group's accounting policies related to financial liabilities.

Under AASB 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity instrument; or fair value through profit or loss ("FVTPL"). The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

AASB 9, recognises loss allowance for Expected Credit Losses ("ECL") on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets. There has been no impact of ECL on transition to AASB 9 as there are no expected credit losses and nothing has been accounted for.

The following table and notes below explain the original measurement under AASB 139 and the new measurement categories under AASB 9 for each class of the Group's financial assets as at 1 July 2018.

	Classification under AASB 139	Classification under AASB 9	Carrying amount \$'000
Financial assets			
Cash and cash equivalents	Loans and receivables	Amortised cost	5,729
Other receivables	Loans and receivables	Amortised cost	512
Investments in equity instruments – FVOCI (a)	Available for sale	Designated as FVOCI	711
Financial liabilities			
Trade and other payables	Other financial liabilities at amortised cost	Amortised cost	1,050

(a) Investments in equity instruments represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by AASB 9, the Group has designated these investments at the date of initial application as measured at FVOCI. In accordance with AASB 9, all movements in fair value will be recorded in a separate component of equity, whereas previously under AASB 139, changes in the fair value of these investments were recognised as a separate component of equity except for impairment losses which were recognised in the profit or loss. Unlike AASB 139, the accumulated fair value related to these investments will never be reclassified to profit or loss.

(ii) Transition

The Group has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. The below summarises the impact, net of tax, on transition to AASB 9 on retained earnings at 1 July 2018.

	Impact of adopting AASB 9 on opening balance
Accumulated Loss	
Closing balances under AASB 139	(40,896)
Transfer of accumulated impairment loss from Accumulated Loss for equity instruments to Fair Value Reserve	714
Opening balance under AASB 9	(40,182)

The Group's classification of financial assets held at fair value through other comprehensive income applies to equity investments where the Group has made the irrevocable election to present the fair value gains or losses on revaluation of the asset in other comprehensive income.

3 SIGNIFICANT ACCOUNTING POLICIES cont'd

AASB 9 Financial instruments cont'd

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced AASB 118 Revenue, AASB 111 Construction Contracts and related interpretations.

There has been no impact on revenue recognition on transition of AASB 15, refer to note 3(m)(a) for revenue recognition of other income.

Standards and Interpretations issued but not yet adopted

AASB 16 Leases

A number of new standards are effective for annual periods beginning after 1 July 2018 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The Group is required to adopt AASB 16 Leases from 1 July 2019. The Group has assessed the estimated impact that initial application of AASB 16 will have on its consolidated financial statements, as described below.

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases (12 months or less) and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

On transition, for leases in which the Company is a lessee, the Company will recognise right-of use of assets and lease liabilities for its leases previously classified as operating leases (see Note 18). The nature of expenses related to those leases will now change because the Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities. The impact is estimated to be not material.

Currently, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

No significant impact is expected for the Group's finance leases. Finance leases will form part of the lease liability.

The Group is currently completing its assessment of the effect of applying the new standard on the financial statements in relation to contracts not previously recognised as a lease.

Under AASB 16, the Company will adopt the modified retrospective method where the right of use asset equals the lease liability. Comparative amounts are not restated and the liability is calculated at the present value of the lease discounted using the incremental borrowing rate at the date of transaction.

(g) 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.

3 SIGNIFICANT ACCOUNTING POLICIES cont'd

(h) 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 Mineral Resources before the technical feasibility and commercial viability of extracting a Mineral Resource 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.

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;

3 SIGNIFICANT ACCOUNTING POLICIES cont'd

(h) Intangible assets cont'd

- 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 exists 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 (consisting of Project Mount Peake, Cawse Extended and Kintore East) which is no larger than the area of interest. The Group performs impairment testing in accordance with accounting policy 3(i)(ii).

(i) 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.

Under the new standard AASB 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI equity instrument; or FVTPL. The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

AASB 9 largely retains the requirements in AASB 139 Financial Instruments: Recognition and Measurement for the classification and measurement of financial liabilities. However, it eliminates the previous AASB 139 categories for financial assets of held to maturity, loans and receivables and available for sale.

Cash and cash equivalents and other receivables classified as amortised cost are subject to impairment testing and 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 investment in equity instrument financial asset is recognised in equity Fair Value through Other Comprehensive Income (FVOCI).

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

(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.

3 SIGNIFICANT ACCOUNTING POLICIES cont'd

(j) 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 TNG Employee Share Plan and TNG Non-Executive Director and Consultant Share Plan (together referred to as the "Company Share Plans") allow 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 on grant date on which the employees become unconditionally entitled to the shares.

The fair value of the shares issued pursuant to the Company Share Plans 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.

(k) 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.

(l) 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.

3 SIGNIFICANT ACCOUNTING POLICIES cont'd

(m) Income and Expenses

a. Other Income

Mainly consists of income for on-charges of administrative costs incurred for Todd River Resources. Todd River Resources was a wholly owned subsidiary of TNG up until the spin out in April 2017. Todd River Resources entered into an Administrative Services Agreement with TNG.

The income recognised and costs associated with the agreement is equal to 40% of TNG's administration expenditure per month plus geological staff costs and services provided to Todd River Resources as part of the agreement. Income is recognised on a monthly basis as services are invoiced.

The Administrative Services Agreement with Todd River Resources ceased from 22 February 2019.

AASB 15 has no impact on the Group's revenue recognition.

b. 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.

c. 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.

d. Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, 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.

e. 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.

(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.

The Group has determined that all Leases classified as operating lease will be adopted in the next financial year and will be accounted for prospectively.

(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.

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 investment in equity instruments (FVOCI) (2018: 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) 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 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.

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

AASB 9 largely retains the requirements in AASB 139 Financial Instruments: Recognition and Measurement for the classification and measurement of financial assets. However, it eliminates the previous AASB 139 categories for financial assets of held to maturity, loans and receivables and available for sale.

The Group has concluded its evaluation of the impact of AASB 9 and determined that there is no significant impact on Group as the receivables mainly comprise of GST receivables.

NOTES TO THE FINANCIAL STATEMENTS

5 FINANCIAL RISK MANAGEMENT cont'd

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:

	Note	Consolidated carrying amount	
		2019 \$'000	2018 \$'000
Trade and other receivables	12	374	403
Cash and cash equivalents	11	20,114	5,729
		20,488	6,132

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.

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

Consolidated

30 June 2019

	Note	Carrying amount	Contractual cash flows	<3 months	>12 months
		\$'000	\$'000	\$'000	\$'000
Trade and other payables	15	1,314	1,314	1,314	-
		1,314	1,314	1,314	-

30 June 2018

	Note	Carrying amount	Contractual cash flows	<3 months	>12 months
		\$'000	\$'000	\$'000	\$'000
Trade and other payables	15	1,050	1,050	1,050	-
		1,050	1,050	1,050	-

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.

NOTES TO THE FINANCIAL STATEMENTS

5 FINANCIAL RISK MANAGEMENT cont'd

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.

Profile

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

	Note	Consolidated carrying amount	
		2019 \$'000	2018 \$'000
Variable rate instruments			
Cash and cash equivalents	11	12,114	729
Fixed rate instruments			
Cash and cash equivalents	11	8,000	5,000
Security deposits	12	212	118
		20,326	5,847

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 \$121,140 (2018: \$7,290)

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.

Investments in equity instrument (FVOCI) (2018: Available for sale financial assets)

All of the Group's equity investments are listed on the ASX. For such investments classified as investment in equity instrument, a 1% increase in the share price at the reporting date, would have increased equity by \$3,191 (2018: \$7,107). An equal change in the opposite direction would have decreased equity by the same amount.

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.

NOTES TO THE FINANCIAL STATEMENTS

6 INCOME AND EXPENSES

	Note	Consolidated	
		2019 \$'000	2018 \$'000
(a) Income			
Gain on sale of tenement		-	80
Other income – Todd River Resources		410	803
Total income		410	883
Interest income		267	103
Finance income		267	103
Interest expense		-	-
Finance expense		-	-
Net finance income		267	103
(b) Impairment of investments in equity instruments			
Impairment of investments in equity instrument reclassified from Other Comprehensive Income		-	420
Impairment of equity investments		-	294
Total impairment		-	714
(c) Impairment on exploration tenement			
Impairment of exploration tenement		-	45
Total impairment		-	45
(d) Corporate and administration expenses			
Travel and accommodation		293	450
Legal fees		227	186
Promotional		326	240
Contractors and consultancy		360	534
Occupancy		207	235
Taxation Fees		71	137
Insurance		50	48
Share registry, ASIC & ASX		117	109
General Office Maintenance		158	128
Other		160	352
Total Corporate and Administration		1,969	2,419
(e) Employment expenses			
Wages and salaries ¹		1,621	856
Other associated personnel expenses		21	57
Increase (Decrease) in liability for long service leave		(10)	25
Contributions to defined contribution plans		116	135
Equity settled share- based payment transaction		-	13
Total Employment expenses		1,748	1,086

¹ Total Wages and Salaries incurred during the year including amounts capitalised to exploration and evaluation was \$2,130,859 (2018: \$1,475,929).

NOTES TO THE FINANCIAL STATEMENTS

7 AUDITORS' REMUNERATION

	Consolidated	
	2019 \$	2018 \$
Auditors of the Group		
<i>KPMG Australia:</i>		
Audit and review of financial reports	42,310	62,509
	42,310	62,509

8 INCOME TAX

	Consolidated	
	2019 \$'000	2018 \$'000
A reconciliation between tax expense and pre-tax loss:		
Accounting (loss) before income tax	(3,090)	(3,329)
At the domestic tax rate of 27.5% (2018: 30%)	(850)	(999)
<i>Reconciling items</i>		
Share-based payments	-	4
Other non-deductible expenses	146	133
Tax losses and temporary differences not brought to account	704	862
Income tax expense reported in the income statement	-	-
Unused tax losses carried forward	51,656	43,122
Potential tax benefit @ 27.5% (2018: 30%)	14,206	12,937
Tax losses offset against deferred tax liabilities	(7,669)	(6,097)
Unrecognised tax benefit	6,537	6,840

All unused tax losses were incurred by Australian entities.

Potential future income tax benefits net of deferred tax liabilities attributable to income 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.

NOTES TO THE FINANCIAL STATEMENTS

8 INCOME TAX cont'd

Deferred income tax

Statement of financial position	Consolidated	
	2019 \$'000	2018 \$'000
Deferred income tax relates to the following:		
<i>Deferred Tax Liabilities</i>		
Exploration and evaluation assets	8,070	6,414
<i>Deferred Tax Assets</i>		
Other	(401)	(317)
Brought forward tax losses offset against deferred tax liabilities	(7,669)	(6,097)
	-	-

9 EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 30 June 2019 was based on the loss attributable to ordinary shareholders of \$3,089,785 (2018: loss \$3,329,120) and a weighted average number of ordinary shares on issue during the year ended 30 June 2019 of 929,967,107 (2018: 810,515,364).

Loss attributable to ordinary shareholders

	2019 \$'000	2018 \$'000
(Loss) for the period	(3,090)	(3,329)
(Loss) attributable to ordinary shareholders	(3,090)	(3,329)

Weighted average number of ordinary shares

	2019 Numbers	2018 Numbers
Number of ordinary shares at 1 July	831,853,710	777,940,166
Effect of shares issued	98,113,397	32,575,198
Weighted average number of ordinary shares at 30 June	929,967,107	810,515,364
Basic (loss) per share (cents)	(0.33)	(0.41)
Diluted (loss) per share (cents)	(0.33)	(0.41)

Effect of dilutive securities

TNG's potential ordinary shares at 30 June 2019, 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 Company has options which were not yet exercised as per note 23.

NOTES TO THE FINANCIAL STATEMENTS

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 Group's assets are located in one geographical segment being Australia.

11 CASH AND CASH EQUIVALENTS

	Consolidated	
	2019 \$'000	2018 \$'000
Cash at bank	12,114	729
Short term deposits	8,000	5,000
	20,114	5,729

12 TRADE AND OTHER RECEIVABLES

	Consolidated	
	2019 \$'000	2018 \$'000
Current		
Other receivables	30	285
Short term security deposits ¹	212	118
GST receivables	132	109
	374	512

¹ Bank short term deposits maturing 11 months 6 days are paying interest at a weighted average interest rate of 2.13% (2018: 2.30%).

13 OTHER INVESTMENTS

Investments in equity instruments	2019		2018	
	Number	\$'000	Number	\$'000
Peninsula Energy Ltd	90,000	28	90,000	21
Spirit Telecom Energy Ltd	17,392	4	17,392	4
Todd River Resources Ltd	7,000,000	287	7,000,000	686
Balance at end of year	7,107,392	319	7,107,392	711

The Group's investments in equity securities are classified as Investment in equity instruments (FVOCI) (2018: Available for sale financial assets). Subsequent to initial recognition, they are measured at fair value. Gains or losses on revaluation of asset are recognised in other comprehensive income (FVOCI). At 30 June 2019, management recognised fair value adjustment of negative \$392,337 through other comprehensive income. The reduction in fair value is due to the significant decline in share price of Todd River Resources shares.

NOTES TO THE FINANCIAL STATEMENTS

14 EXPLORATION AND EVALUATION EXPENDITURES

	Consolidated	
	2019 \$'000	2018 \$'000
Cost		
Balance at 1 July	23,759	21,645
Exploration and evaluation expenditure	9,868	3,890
Research and development rebate	(1,551)	(1,731)
Impairment	-	(45)
Balance at 30 June	32,076	23,759
Exploration expenditure capitalised during the year		
Drilling and exploration	1,209	465
Feasibility and evaluation	8,659	3,380
Total exploration expenditure	9,868	3,845

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, evaluation and engineering expenditure was \$32,075,798 of which \$31,954,429 was attributable to the Mount Peake project and the balance relating to other current exploration programs.

15 TRADE AND OTHER PAYABLES

	Consolidated	
	2019 \$'000	2018 \$'000
Current		
Trade payables	503	430
Other payables	811	620
	1,314	1,050

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

16 PROVISIONS

	Consolidated	
	2019 \$'000	2018 \$'000
Employee provisions		
Current		
Annual leave	195	172
Long-service leave	134	143
	329	315
Balance at 1 July	315	330
Net provisions recognised/(used) during the year	14	(15)
Balance at 30 June	329	315

NOTES TO THE FINANCIAL STATEMENTS

17 ISSUED CAPITAL AND RESERVES

	Consolidated	
	2019 \$'000	2018 \$'000
Issued and paid-up share capital	97,874	72,494

(a) Movements in shares on issue

	2019		2018	
	Number	\$'000	Number	\$'000
Balance at the beginning of year	831,853,710	72,494	804,514,214	68,790
Share placement	239,140,617	23,865 ¹	26,974,655	3,911
Options exercised	-	-	364,841	70
On market acquisition of Company Share Plan	-	1,319 ²	-	-
Company Share Plan paid	-	341 ³	-	-
Share issue costs	-	(145)	-	(277)
Balance at the end of year	1,070,994,327	97,874	831,853,710	72,494

¹ On 28 September 2018, 93,757,203 TNG ordinary shares were issued at a price of \$0.104 per share pursuant to a placement (tranche 1) to Vimson Group.

On 12 November 2018, 35,459,888 TNG ordinary shares were issued at \$0.109 per share pursuant to a Share Purchase Plan.

On 14 December 2018, 2,396,644 TNG ordinary shares were issued at \$0.104 per share pursuant to a placement (tranche 2) to Vimson Group.

On 17 June 2019, 107,526,882 TNG ordinary shares were issued at \$0.093 per share pursuant to a placement to Sparta and DELPHI (German based institutions).

² On 10 May 2019, the Vimson Group acquired on-market 14,538,235 TNG ordinary shares at \$0.085 per share for \$1,235,750 pursuant to a sale of previously issued plan shares under the TNG Employee and TNG Non-Executive Director and Consultant Share Plans, with the funds paid to the Company; an additional 811,765 plan shares were sold on-market at an average price of \$0.103 per share for net proceeds of \$82,891 (after costs) pursuant to a sale of previously issued plan shares under the TNG Non-Executive Director and Consultant Share Plan, with the funds paid to the Company.

³ During the year, TNG received \$341,500 from the repayment of amounts outstanding on 8,050,000 previously issued plan shares under the TNG Employee and TNG Non-Executive Director and Consultant Share Plans.

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.

NOTES TO THE FINANCIAL STATEMENTS

17 ISSUED CAPITAL AND RESERVES cont'd

(b) Options on issue

Grant Date	Expiry Date	Exercise Price	Number at end of year	
			2019	2018
7 September 2016 (unlisted) ¹	7 September 2019	\$0.193	1,500,000	1,500,000
12 December 2016 (unlisted) ²	13 December 2019	\$0.263	10,000,000	10,000,000
6 February 2017 (unlisted) ²	13 December 2019	\$0.263	1,000,000	1,000,000
29 June 2018 (unlisted) ²	13 December 2019	\$0.270	1,000,000	1,000,000

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

¹ Options issued to consultants in lieu of payment for services rendered. The options have no vesting conditions and are exercisable immediately from grant date.

² 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.

(c) Dividends

No dividends were declared or paid during the 2019 financial year.

Dividend franking account	Consolidated	
	2019 \$'000	2018 \$'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	
	2019 \$'000	2018 \$'000
Fair Value through other comprehensive income reserve ¹	1,083	(23)
Transaction Reserve ²	2,146	2,146
Total Reserves	3,229	2,123

Transaction Reserve is used to record the fair value of shares accounted for during the in specie distribution.

¹ Reflects the movement in fair value of investments in equity instrument (FVOCI) (2018: Available for sale financial assets) (Refer note 13).

² In 2017, TNG demerged its assets via its subsidiary Todd River Resources to create a base metal focused exploration company. TNG transferred \$7,000,000 of the NT base Metal Assets to Todd River Resources in consideration of 35,000,000 shares at a price of \$0.20 per share. 28,000,000 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 and the remainder was accounted for in the Share capital account.

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	
	2019 \$'000	2018 \$'000
Exploration commitments payable not provided for in the financial report:		
Within one year	709	743
Operating lease commitments		
Operating lease commitments comprise premises and office equipment and are payable as follows:		
Within one year	148	153
Between one year and 5 years	87	254
	235	407

The Group leases its corporate head office under a 3 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	
	2019 \$'000	2018 \$'000
(a) Guarantees - Parent		
A guarantee has been provided to support unconditional office lease performance bonds	47	80
Total estimated contingent liabilities	47	80

NOTES TO THE FINANCIAL STATEMENTS

19 CONTINGENT LIABILITIES cont'd

	Consolidated	
	2019 \$'000	2018 \$'000
(b) Guarantees - Subsidiary		
A guarantee has been provided to support unconditional environmental performance bonds	165	38
Total estimated contingent liabilities	165	38

The Group has security bank deposits of \$147,029 representing bank guarantees \$45,946 for the office lease in Perth, \$1,083 for site office in Alice Springs (NT) and \$100,000 for Central Land Council (NT). \$64,483 was also paid to the Department of Primary Industry and Resources for various tenements for Mount Peake for rehabilitation guarantee.

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 2019.

20 DEED OF CROSS GUARANTEE

Pursuant to *ASIC Corporations (Wholly owned Companies) Instrument 2016/785* 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 Instrument 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 of any debt 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, 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. A consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, for the year ended 30 June 2019 is set out as follows:

NOTES TO THE FINANCIAL STATEMENTS

20 DEED OF CROSS GUARANTEE cont'd

	Consolidated	
	2019 \$'000	2018 \$'000
Other Income	410	803
Total Income	410	803
Corporate and administration expenses	(1,967)	(2,418)
Employment expenses	(1,748)	(1,086)
Depreciation and amortisation expenses	(50)	(51)
Impairment of equity investments reclassified from Other comprehensive income	-	(420)
Impairment of equity investments	-	(294)
Loss from continuing operations	(3,355)	(3,466)
Finance income	267	103
Finance costs	-	-
Net finance income	267	103
Loss before tax	(3,088)	(3,363)
Income tax expense	-	-
Loss for the year	(3,088)	(3,363)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Equity investments at FVOCI-net change in fair value	(392)	-
Tax effect on other comprehensive income	-	-
Items that may be reclassified subsequently to profit or loss		
Available for sale financial asset	-	63
Other comprehensive loss for the income (loss) for the year	(392)	63
Total comprehensive loss for the year	(3,480)	(3,300)
Statement of Comprehensive income and retained earnings		
Profit (loss) before income tax	(3,088)	(3,363)
Share based payments	-	13
Movements in retained earnings	(3,088)	(3,350)
Retained earnings at beginning of the year	(41,280)	(38,644)
Transfer of impairment loss from profit and loss to equity instruments fair value reserve	-	714
Retained earnings at end of year	(44,368)	(41,280)

NOTES TO THE FINANCIAL STATEMENTS

20 DEED OF CROSS GUARANTEE cont'd

Statement of Financial Position	Consolidated	
	2019 \$'000	2018 \$'000
Cash assets	20,112	5,726
Trade and other receivables	368	512
Prepayments	59	61
Other investments	32	25
Total current assets	20,571	6,324
Other Investments	287	686
Plant and equipment	73	68
Loan and borrowings from related parties	(1,087)	(1,093)
Exploration and evaluation expenditure	32,076	23,759
Total non-current assets	31,349	23,420
Total assets	51,920	29,744
Trade and other payables	1,314	1,051
Provision	329	316
Total current liabilities	1,643	1,367
Total liabilities	1,643	1,367
Net assets	50,277	28,377
Issued capital	97,874	72,494
Reserves	(3,229)	(2,123)
Retained earnings	(44,368)	(41,994)
Total equity	50,277	28,377

21 CONSOLIDATED ENTITIES

Subsidiaries	Country of Incorporation	2019 % of Ownership	2018 % 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
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.

NOTES TO THE FINANCIAL STATEMENTS

22 NOTES TO THE STATEMENTS OF CASH FLOWS

	Consolidated	
	2019 \$'000	2018 \$'000
Reconciliation of cash flows from operating activities		
Net profit/(loss) for the period	(3,090)	(3,329)
Add/(less) non-cash items:		
Depreciation and amortisation	50	51
Share based payments	-	13
Impairment of available for sale financial assets	-	714
Gain on disposal of tenements	-	(80)
Impairment of exploration costs	-	45
	(3,040)	(2,586)
Change in assets and liabilities:		
Change in current payables and provisions	53	(6)
Change in current receivables and prepayments	231	(143)
Net cash used in operating activities	(2,756)	(2,735)

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 \$116,208 for the financial year ended 30 June 2019 (2018: \$135,108).

Share-based payments

During the year no options were issued.

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

	Consolidated		Weighted average exercise price 2018 \$	Number of options 2018
	Weighted average exercise price 2019 \$	Number of options 2019		
Outstanding at 1 July	0.263	13,500,000	0.262	12,500,000
Granted during the period	-	-	0.263	1,000,000
Outstanding during the period	0.263	13,500,000	0.263	13,500,000
Exercisable at 30 June	0.263	13,500,000	0.263	13,500,000

The options outstanding at 30 June 2019 have an exercise price ranging from \$0.20 to \$0.27 and have a weighted average remaining contractual life of 0.42 years (2018: 1.42 years).

Options granted to Directors are disclosed in the remuneration report.

24 RELATED PARTIES

(a) Todd River Resources Limited

Todd River Resources was a wholly owned subsidiary of TNG up until the spin out in April 2017. Todd River Resources entered into an Administrative Services Agreement with TNG. The fees and costs associated with the agreement includes 40% of TNG's administration expenditure per month in lieu of the services and facilities provided to Todd River Resources. Geological staff costs and services are also charged from TNG to Todd River Resources as part of the agreement. During the year \$409,590 (2018: \$802,911) has been on charged for the year ended 30 June 2019.

The Administrative Services Agreement with Todd River Resources ceased from 22 February 2019.

Todd River Resources ceased being a related party from 14 February 2019.

(b) Compensation of key management personnel

Key management personnel compensation comprised the following:

Compensation by category	Consolidated	
	2019 \$'000	2018 \$'000
<i>Key Management Personnel</i>		
Short-term	1,096	988
Post-employment	48	31
Share-based payments	-	13
	1,144	1,032

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, TNG received \$160,000 from the repayment of amounts outstanding on 4,000,000 previously issued plan shares under the Company Share Plan.

The following payments were also paid for consulting fees to Katarina Corporation Pty Ltd \$43,550 (2018: \$12,000), SLR Consulting Pty Ltd \$18,265 (2018:\$2,139) and Southern Mining Consultants \$14,250 (2018: 0) of which Rex Turkington, Simon Robertson and John Elkington are related parties respectively. These are included in the directors' remuneration.

None were outstanding at 30 June 2019 (2018: \$0).

NOTES TO THE FINANCIAL STATEMENTS

25 PARENT ENTITY INFORMATION

As at, and throughout, the financial year ending 30 June 2019 the parent entity of the Group was TNG Ltd.

	2019 \$'000	2018 \$'000
Current assets	20,067	6,197
Non-current assets	31,189	23,109
Total assets	51,256	29,306
Current liabilities	919	871
Total liabilities	919	871
Issued capital	97,874	72,494
Reserves	10,966	12,072
Accumulated losses	(58,503)	(56,131)
Total shareholders' equity	50,337	28,435
Loss for the year	(3,086)	(3,316)
Total comprehensive loss for the year	(3,478)	(3,379)

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 the effect that the Company guarantees debts in respect of certain subsidiaries. Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed are disclosed in Note 20.

	2019 \$'000	2018 \$'000
Operating lease commitments		
Operating lease commitments are payable as follows:		
Within one year	148	153
Between one year and 5 years	87	254
	235	407

The Company leases its corporate head office under a 3 year operating lease. The Company also has minor lease for office equipment.

	2019 \$'000	2018 \$'000
Contingent Liabilities		
Guarantees		
A guarantee has been provided to support unconditional		
Office lease performance bonds	47	80
Total estimated contingent liabilities	47	80

26 EVENTS SUBSEQUENT TO BALANCE DATE

On 31 July 2019, the Company completed a fully underwritten pro rata non-renounceable Rights Issue on the basis of one (1) New Share for every twenty (20) existing shares held by eligible shareholders on the record date at an issue price of \$0.093 per new share. A total of 53,550,797 new shares were issued, raising a total of \$4,980,224.

Subsequent to the end of the financial year, the Company has continued to progress engineering studies for the Mount Peake Project including optimisation work resulting in further development of the mining schedule and delivery strategy, ahead of completion of engineering studies and a potential Final Investment Decision for the project.

Other than as mentioned above, or elsewhere in this report, financial statements or notes thereto, at the date of this report there are no other matters or circumstances which have arisen since 30 June 2019 that have significantly affected or may significantly affect:

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

DIRECTORS' DECLARATION

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

- 1 The consolidated financial statements and notes, that are set out on pages 27 to 59, and the Remuneration Report in pages 16 to 24 in the Directors' Report, 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 2019 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporation Regulations 2001, and
- 2 There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 3 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 those group entities pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785.

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 2019.

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 & CEO

26 September 2019



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 2019 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 2019.
- 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.

This matter was 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 this matter.



Carrying value of exploration and evaluation expenditure (\$32,076,000)	
Refer to Note 14 'Exploration and evaluation expenditure' to the financial report	
The key audit matter	How the matter was addressed in our audit
<p>The carrying value of exploration and evaluation expenditure (E&E) is a key audit matter due to the:</p> <ul style="list-style-type: none"> • Significance of the activity to the Group's business; and • 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 for the area of interest with the most significant capitalised E&E, being Mount Peake. 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. <p>In assessing the conditions allowing capitalisation of relevant expenditure, we focused on:</p> <ul style="list-style-type: none"> • 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. 	<p>Our procedures included:</p> <ul style="list-style-type: none"> • We evaluated the Group's accounting policy to recognise exploration and evaluation assets using the criteria in the accounting standard. • For Mount Peake, we assessed the Group's current rights to tenure by checking 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 licences. • 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 the Group's stated intentions for continuing E&E in Mount Peake. 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. • We obtained project and corporate budgets to identify planned expenditure and funding requirements for Mount Peake, for evidence of the ability to fund continued activities. • We compared the results from the external expert engaged by the Group regarding the existence of economically recoverable reserves for consistency with the treatment of E&E.



In assessing the presence of impairment indicators, we focused on those that may draw into question the commercial continuation of E&E activities for Mount Peake. In addition to the assessments above and given the financial position of the Group, we paid particular attention to:

- 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;
- 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 at Mount Peake provided by an external expert.

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 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 and whether the use of the going concern basis of accounting is appropriate. 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 the 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_responsibilities/ar1.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 2019 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 16 to 24 of the Directors' report for the year ended 30 June 2019.

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
26 September 2019

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.

The Company has 1,124,545,124 fully paid ordinary shares on issue. There are 5,097 holders of these ordinary shares as at 10 September 2019. Shares are quoted on the Australian Securities Exchange under the code TNG and on European Stock Exchanges, including the Frankfurt Stock Exchange under the code HJI.

SUBSTANTIAL SHAREHOLDERS AS AT 10 SEPTEMBER 2019

Substantial holders in the Company are set out below:

Shareholder	Units	% Units
Deutsche Balaton and Associates	138,116,782	12.28
V. M. Salgaocar & Bro. (Singapore) Pte. Ltd	110,692,082	9.84
Warren William and Marilyn Helena Brown	84,000,000	7.47
Aosu Investment & Development Co Pty Ltd and Associates	60,508,643	5.38

TWENTY LARGEST SHAREHOLDERS AS AT 10 SEPTEMBER 2019

Rank	Name	Units	% Units
1	V M Salgaocar & Bro (Singapore) Pte Ltd	110,692,082	9.84
2	Mr Warren William Brown + Mrs Marilyn Helena Brown <WWB Investments P/L S/F A/C>	82,500,000	7.34
3	SPARTA AG	65,000,000	5.78
4	AOSU Investment And Development Co Pty Ltd	56,208,643	5.00
5	Delphi Unternehmensberatung AGC	42,526,882	3.78
6	Deutsche Balaton Aktiengesellschaft	29,539,900	2.63
7	SMS Investments S A	14,700,000	1.31
8	J P Morgan Nominees Australia Pty Limited	13,426,446	1.19
9	Mr Adam Furst	10,183,074	0.91
10	Citicorp Nominees Pty Limited	8,014,561	0.71
11	Mr Todd Brouwer	7,921,111	0.70
12	Mr Paul Burton	6,100,000	0.54
13	Mr Jeffrey Jay Johns	5,660,041	0.50
14	Westerman Super Holdings Pty Ltd <Westerman Super Fund A/C>	5,150,000	0.46
15	HSBC Custody Nominees (Australia) Limited	5,055,615	0.45
16	Mr Ernie Roosendaal + Mrs Sylvia Roosendaal <The Roosendaal S/F A/C>	4,750,000	0.42
17	Mr Bruno Dimasi + Mrs Jennifer Louise Dimasi <The Dimasi Family S/F A/C>	4,450,000	0.40
18	Mr Zhigang Wang	4,300,000	0.38
19	L Antonino & Co Nominees Pty Ltd + Delpag Holdings Pty Ltd <GDP Investments A/C>	3,885,075	0.35
20	Mr Rudy Haddad + Mrs Roula Haddad <Haddad Family Superfund A/C>	3,561,000	0.32
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)		483,624,430	43.01
Total Remaining Holders Balance		640,920,694	56.99

DISTRIBUTION OF LISTED EQUITY SECURITIES AS AT 10 SEPTEMBER 2019

Category	Number of Holders
1 – 1,000	246
1,001 – 5,000	612
5,001 – 10,000	691
10,001 – 100,000	2,320
100,001 and over	1,228
	5,097

The number of shareholders holding less than a marketable parcel is 945.

VOTING RIGHTS

The voting rights attaching to the Company's fully paid ordinary shares, as set out in the Company's constitution, are as follows:

- (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 fully paid ordinary share held.

There are no voting rights attached to the unlisted options on issue.

ON-MARKET BUY-BACK

There is currently no on-market buy-back being undertaken by the Company.

ITEM 7 OF SECTION 611 OF THE CORPORATIONS ACT

No issues of securities approved under Item 7 of section of 611 of the Corporations Act are yet to be completed.

UNLISTED OPTIONS AS AT 10 SEPTEMBER 2019

Unlisted options exercisable @ \$0.2627 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

Unlisted options exercisable @ \$0.2697 expiring 13 December 2019

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

RESTRICTED SECURITIES AS AT 10 SEPTEMBER 2019

8,500,000 shares which were issued in previous years pursuant to the Company's share plans remain on issue.

A "Holding lock" in relation to 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.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors 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.

TNG's Corporate Governance Statement ("Statement"), as approved by the Board of Directors, sets out the main corporate governance practices in place throughout the financial year ended 30 June 2019 and remains current at the date of this report, with reference to the *Corporate Governance Principles and Recommendations 3rd Edition of the ASX Corporate Governance Council*.

The Company's Statement and copies or summaries of the TNG policies referred to in it are published on TNG's website at: https://www.tngltd.com.au/about_us/corporate_governance.phtml

TNG LIMITED

ABN 12 000 817 023