

TNG LIMITED

ABN 12 000 817 023

and its Controlled Entities

Half-Year Financial Report

31 December 2019

TNG Limited and its controlled entities

Corporate Information

Directors

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

Company Secretary

Jason Giltay

Registered Office

Suite 20, 22 Railway Road
Subiaco WA 6008
Telephone: (08) 9327 0900
Facsimile: (08) 9327 0901

Website: www.tngltd.com.au
Email: corporate@tngltd.com.au

Auditor

KPMG
235 St Georges Terrace
Perth WA 6000

Share Registry

Computershare Investor Services Pty Limited
Level 11
172 St Georges Terrace
Perth WA 6000
Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033

Stock Exchanges

Australian Stock Exchange Limited (code: TNG)
Stock Exchange Berlin, Germany (code: HJI)

TNG Limited and its controlled entities

Directors' Report

The directors of TNG Limited (the "Company" or "TNG") present their report on the consolidated entity, consisting of the Company and its subsidiaries, together with the consolidated financial statements for the six months ended 31 December 2019 and the review report thereon.

Directors

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

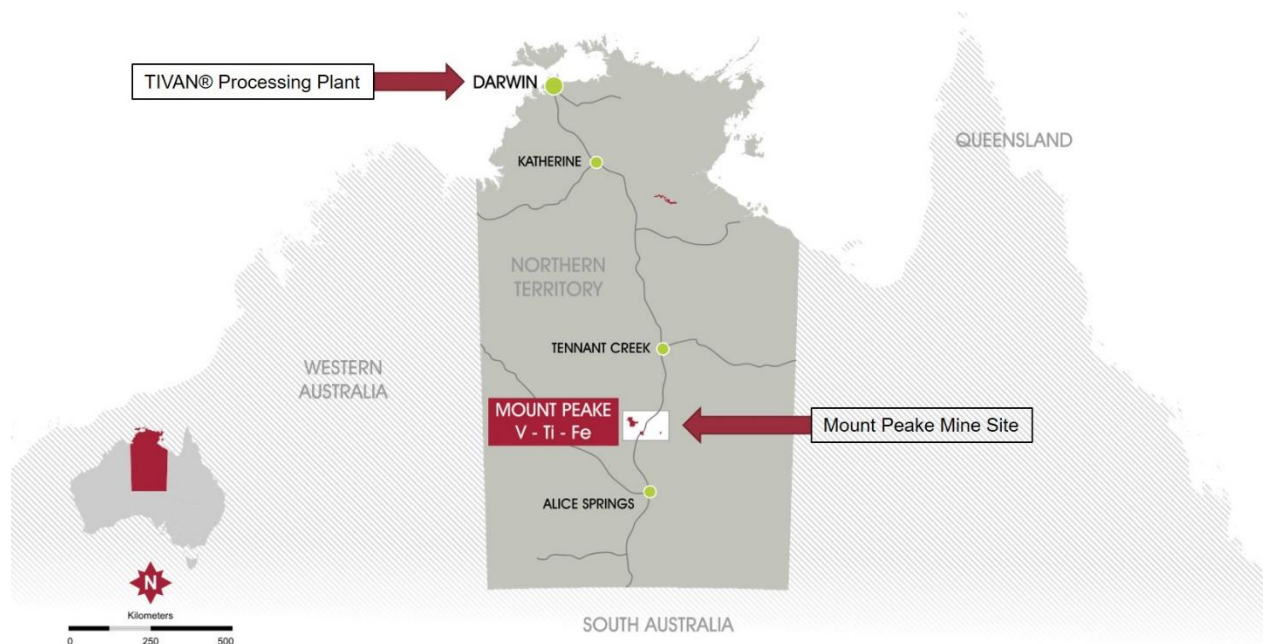
Paul Burton (Managing Director & CEO)
John Elkington (Non-Executive Director and Chairman)
John Davidson (Non-Executive Director) (resigned 7 February 2020)
Greg Durack (Non-Executive Director)
Simon Morten (Non-Executive Director) (appointed 17 February 2020)

REVIEW OF OPERATIONS

Overview

The half year ended 31 December 2019 marked another period of significant achievement for the Company as it continues to progress towards the financing and development of the world class Mount Peake Vanadium-Titanium-Iron Project ("Project") in the Northern Territory, Australia.

Mount Peake is a world-scale strategic metals project located 235km northwest of Alice Springs, discovered and 100% owned by TNG. The project is well positioned close to existing power and transport infrastructure, including the Alice Springs-Darwin Railway and the Stuart Highway. Close to surface and flat lying, the Mount Peake ore body has a JORC Measured, Indicated and Inferred Resource Resource of 160 million tonnes (118 million tonnes Measured, 20 million tonnes Indicated, 22 million tonnes Inferred) grading 0.28% V₂O₅, 5.3% TiO₂ and 23% Fe, making it one of the largest undeveloped vanadium-titanium-iron projects globally.



Project location map

TNG Limited and its controlled entities

Directors' Report

Mount Peake Development Strategy

The Company's strategy is to produce three high-value, high-purity products from the Mount Peake mine utilising a world first processing technology, the TIVAN[®] process, developed and 100% owned by TNG. The Project is proposed to be developed across two sites in the Northern Territory:

- a mine site located on granted mining tenure 235km northwest of Alice Springs in the Northern Territory, including an open pit mining operation and a proposed Beneficiation Plant; and
- an upstream TIVAN[®] Processing Facility, including a Titanium Pigment Plant, proposed to be located at a site in the Middle Arm Industrial Precinct on the Darwin Harbour.

The Beneficiation Plant will produce a magnetite concentrate using conventional technology to be transported by rail to the Darwin based TIVAN[®] Processing Facility for further processing and production of the three high value commercial products - vanadium pentoxide (V₂O₅), titanium dioxide pigment (TiO₂) and iron oxide (Fe₂O₃).

The TIVAN[®] process underpins the Mount Peake Project, and is a high value asset for the Company protected by a series of patents registered globally. TNG and its technical advisers developed the process over many years to overcome the limitations of conventional processing.

Milestones Achieved in the Reporting Period

The key milestones achieved during the year relating included:

- Significant advancement of the Front-End Engineering and Design ("FEED") Study being undertaken by German-based SMS group ("SMS") for the Darwin TIVAN[®] Processing Facility and the Beneficiation Plant.
- Development of an optimised delivery strategy for Mount Peake as part of the ongoing FEED Study based on an initial production rate of 2 million tonnes per annum ore throughput at the Beneficiation Plant, which is likely more amenable to the project finance structure currently under consideration.
- Submission of the Mining Management Plan ("MMP") for the Mount Peake Mine Site to the Northern Territory Department of Primary Industry and Resources.
- Submission of the draft Environment Impact Statement ("EIS") for the Darwin TIVAN[®] Processing Facility to the Northern Territory Environmental Protection Authority ("NT EPA").
- Execution of a Binding Term Sheet with the global commodity trader GUNVOR (Singapore) for potential life-of-mine off-take of 40% of the high-purity vanadium pentoxide forecast to be produced by Mount Peake.
- Execution of a Binding Term Sheet with leading Indian mining conglomerate the Vimson Group for potential life-of-mine off-take of 100% of the high-grade iron oxide products forecast to be produced by Mount Peake.
- Submission of an application to the Northern Territory Department of Infrastructure, Planning and Logistics for the direct sale of Crown Land for the proposed land site for the TIVAN[®] Processing Facility in Darwin.
- Extension of the mandate letter executed in December 2018 between TNG and the Company's exclusive senior debt advisor and arranger, Germany's KfW IPEX-Bank GmbH, to 11 December 2020.
- Receipt of \$2.18 million as a refundable tax offset under the Federal Government's Research and Development ("R&D") tax incentive scheme for eligible R&D activities during FY19 related to the TIVAN[®] Process.
- Completion of a fully underwritten pro rata non-renounceable rights issue raising approximately \$5 million.

TNG Limited and its controlled entities

Directors' Report

Mount Peake Status

During the period, the Company continued to progress planning, design and engineering for the Mount Peake Project, including the FEED Study for the Darwin TIVAN[®] Processing Facility and the Mine Site Beneficiation Plant, and the Project's non-process infrastructure ("NPI") requirements including roads, camp facilities, borefield, logistics and mining. The FEED Study and NPI work will provide confirmation of the final expenditure required in support of the project financing structure and development.

Upon conclusion of the FEED study, SMS will provide to TNG a fixed-price engineering, procurement and construction proposal to deliver the TIVAN[®] Processing Facility and Beneficiation Plant. The proposal will include production quantity, production rate and product quality guarantees.

The Company also materially advanced permitting for the Project during the reporting period. The MMP for the Mount Peak Mine Site was submitted, which details how the Company will operate the mine under the Northern Territory Environmental Protection Authority environmental guidelines and its plans for rehabilitation on completion of the mining. The Company also submitted the draft EIS for the Darwin TIVAN[®] Processing Facility, which was developed to address the requirements of the Terms of Reference received from the NT EPA.

Mount Peake Financing

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.

In December 2019, the Company announced an extension of the KfW Mandate to 11 December 2020, unless extended by both parties.

During the period, the Company continued to progress its project financing strategy for Mount Peake. An application was submitted to the Northern Australia Infrastructure Facility ("NAIF") regarding potential Project financing. The Company also commenced the planning process to seek a potential dual listing in London on the Main Market of the London Stock Exchange.

Other Projects

Cawse Extended Mine Project: Nickel-Cobalt

(80%: Mesmeric / 20%: TNG)

The Company has a 20% free-carried interest in the Cawse Extended Mining Lease. No further information was supplied by Mesmeric Enterprises during the reporting period.

Working Capital

TNG had total cash reserves of \$16.4 million and working capital of \$14.8 million at the end of the reporting period. The Company continues to closely monitor its funding requirements.

TNG Limited and its controlled entities

Directors' Report

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 7 and forms part of the Directors' Report for the six months ended 31 December 2019.

Rounding off

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

Signed in accordance with a resolution of the Directors.

A handwritten signature in blue ink, appearing to read 'P. E. Burton', with a long horizontal flourish extending to the right.

Paul E Burton
Managing Director & CEO

10 March 2020



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

To the Directors of TNG Limited

I declare that, to the best of my knowledge and belief, in relation to the review of TNG Limited for the half-year ended 31 December 2019 there have been:

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

KPMG

KPMG

Jane Bailey

Jane Bailey

Partner

Perth

10 March 2020

TNG Limited and its controlled entities

Half-Year Financial Report

Condensed Consolidated Interim Statement of Profit or Loss and other Comprehensive Income For the six months ended 31 December 2019

	Note	31 December 2019 \$'000	31 December 2018 \$'000
Other Income		-	331
Total income		-	331
Occupancy expenses		(105)	(102)
Administrative expenses		(103)	(126)
Employment expenses		(742)	(922)
Corporate expenses		(869)	(1,378)
Depreciation and amortisation expense		(21)	(24)
Results from operating activities		(1,840)	(2,221)
Financial income		163	123
Financial expenses		(9)	-
Net financing income/(Expense)		154	123
Loss before income tax		(1,686)	(2,098)
Income tax benefit/(expense)		-	-
Loss for the period		(1,686)	(2,098)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Equity Investments at FVOCI-net change in fair value		(139)	(196)
Other comprehensive income for the period		(139)	(196)
Total comprehensive loss for the period		(1,825)	(2,294)
Earnings/(loss) per share (cents per share)			
Basic and diluted earnings/(loss) per share (cents per share)		(0.15)	(0.24)

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

TNG Limited and its controlled entities

Half-Year Financial Report

Condensed Consolidated Interim Statement of Financial Position As at 31 December 2019

		31 December 2019	30 June 2019
	Note	\$'000	\$'000
Current Assets			
Cash and cash equivalents		16,385	20,114
Other receivables		387	374
Prepayments		316	60
Total current assets		17,088	20,548
Non-Current Assets			
Other receivables		67	-
Other investments	7	180	319
Plant and equipment		77	73
Right-of-use asset	3	425	-
Exploration and evaluation assets	8	38,975	32,076
Total non-current assets		39,724	32,860
Total assets		56,812	53,016
Current Liabilities			
Trade and other payables		1,699	1,314
Provisions		412	329
Lease liability	3	147	-
Total current liabilities		2,258	1,643
Non-Current Liabilities			
Lease liability	3	285	-
Total non-current liabilities		285	-
Total liabilities		2,543	1,643
Net assets		54,269	51,373
Equity			
Issued capital	9	102,595	97,874
Reserves		(3,368)	(3,229)
Accumulated loss		(44,958)	(43,272)
Total equity		54,269	51,373

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

TNG Limited and its controlled entities

Half-Year Financial Report

Condensed Consolidated Interim Cash Flow Statement For the six months ended 31 December 2019

	31 December 2019 \$'000	31 December 2018 \$'000
Cash flows from operating activities		
Cash receipts in the course of operations	-	338
Cash paid to suppliers and employees	(2,106)	(2,599)
Interest received	141	67
Interest paid	(9)	-
Net cash (used in) operating activities	(1,974)	(2,194)
Cash flows from investing activities		
Payments for exploration and evaluation	(8,568)	(2,131)
Research and Development rebate	2,185	1,551
Payments for plant and equipment	(22)	(44)
Proceeds from refund of security bonds	-	33
Payment of security bonds	(3)	(100)
Net cash (used in) investing activities	(6,408)	(691)
Cash flows from financing activities		
Proceeds from issue of shares	4,980	13,983
Cost of shares issued	(259)	(82)
Repayments of lease liability	(68)	-
Net cash received from financing activities	4,653	13,901
Net increase (decrease) in cash and cash equivalents	(3,729)	11,016
Cash and cash equivalents at 1 July	20,114	5,729
Cash and cash equivalents at 31 December	16,385	16,745

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

TNG Limited and its controlled entities

Half-Year Financial Report

Condensed Consolidated Interim Statement of Changes in Equity For the six months ended 31 December 2019

	Issued Capital	Accumulated loss	Fair Value Reserve	Total Equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2018	72,494	(40,896)	(2,123)	29,475
Adjustment for transition to new accounting standards	-	714	(714)	-
Restated balance at 1 July 2018	72,494	(40,182)	(2,837)	29,475
Equity Investment at FVOCI-net change in fair value	-	-	(196)	(196)
Net loss for the period	-	(2,098)	-	(2,098)
Total comprehensive Income (loss) for the period	-	(2,098)	(196)	(2,294)
<i>Transactions with owners, recorded directly in equity</i>				
Share placement	13,866	-	-	13,866
Company Share Plan – loan repayment	118	-	-	118
Cost of share issue	(82)	-	-	(82)
Balance at 31 December 2018	86,396	(42,280)	(3,033)	41,083
Balance at 1 July 2019	97,874	(43,272)	(3,229)	51,373
Equity Investment at FVOCI-net change in fair value	-	-	(139)	(139)
Net loss for the period	-	(1,686)	-	(1,686)
Total comprehensive loss for the period	-	(1,686)	(139)	(1,825)
<i>Transactions with owners, recorded directly in equity</i>				
Share placement	4,980	-	-	4,980
Cost of share issue	(259)	-	-	(259)
Balance at 31 December 2019	102,595	(44,958)	(3,368)	54,269

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

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

TNG Limited and Controlled Entities

Notes to the consolidated financial statements

1 Basis of preparation

TNG Limited (the “Company”) is a for-profit company domiciled in Australia. The condensed consolidated interim financial report as at and for the six months ended 31 December 2019 comprises the Company and its subsidiaries (together referred to as the “Group”). The Group is a for profit entity and is primarily involved in the exploration, evaluation and development of mineral assets within Australia.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2019 is available upon request from the Company’s registered office at Suite 20, 22 Railway Rd Subiaco 6008 or at www.tngltd.com.au

2 Statement of compliance

The condensed consolidated half-year financial statements have been prepared in accordance with AASB 134 *Interim Financial Reporting*, and the Corporation Act 2001.

The Half-Year Financial Report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated financial report of the Group as at and for the year ended 30 June 2019.

The Half-Year Financial Report was approved by the Board of Directors on 10 March 2020.

3 Significant accounting policies

The accounting policies applied in these financial statements are consistent with those applied by the Group in the 30 June 2019 consolidated financial statements except as disclosed below.

Changes in accounting policies

AASB 16 Leases

This note explains the impact of the adoption of AASB 16 Leases on the Group’s financial statements and discloses the new accounting policy that have been applied from 1 July 2019.

The Group has adopted AASB 16 Leases from 1 July 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard using the modified retrospective method of transition. On transition to AASB 16, the group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance on 1 July 2019.

Accounting policy

Until the 2019 financial year, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight line basis over the period of the lease.

TNG Limited and Controlled Entities

Notes to the consolidated financial statements

3 Significant accounting policies (continued)

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

Assets and liabilities arising from the lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments
- variable lease payment that are based on an index or a rate
- the option to renew the lease

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the fund necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are assets with a replacement value of less than US\$5,000.

Adjustments recognised on adoption of AASB 16

On adoption of AASB 16, The Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 4.25%.

TNG Limited and Controlled Entities

Notes to the consolidated financial statements

4 Significant accounting policies (continued)

Cost	31 December 2019 \$,000	1 July 2019 \$,000
The lease liability recognised on date of transition is comprised as follows:		
Discounted operating lease commitments using incremental borrowing rate at 1 July 2019		235
Additional lease commitments from adopting AASB 16		253
Lease liability recognised as at 1 July 2019		488
Lease liability at transition	488	
Additions	12	
Interest Expense	9	-
Lease repayments	(77)	-
Lease liability at the end of the period	432	-
Comprising:		
Current	147	-
Non-current	285	-
	432	-

Right-of-use-assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

Cost	31 December 2019 6 months \$,000	30 June 2019
Initial recognition 1 July 2019	488	-
Additions	12	-
Accumulated depreciation	(75)	-
Net book amount	425	-

Practical expedients applied:

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- Grandfathering at the date of initial application.
- Using a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Using hindsight in determining the lease term if the contract contains options to extend the lease.

TNG Limited and Controlled Entities

Notes to the consolidated financial statements

4. Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Half-Year Financial Report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2019.

5. 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, Directors can curtail discretionary expenditure to preserve cash reserves.

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

6. Segment information

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

7. Other Investments

	31 December 2019 6 months \$,000	30 June 2019 12 months \$,000
Balance at the beginning of the period	319	711
Revaluation recognised in other comprehensive income	(139)	(392)
Balance at the end of the period	180	319

The group's investments in equity securities are classified as Investment in equity securities (FVOCI). Subsequent to initial recognition, they are measured at fair value. Gains and losses on revaluation of asset are recognised in other comprehensive income (FVOCI). During the reporting period, TNG recognised a fair value adjustment of negative \$138,672 through other comprehensive income. The reduction in fair value is mainly due to a significant decline in the share price of Todd River Resources (ASX:TRT).

TNG Limited and Controlled Entities

Notes to the consolidated financial statements

8. Exploration, evaluation and engineering expenditure

Cost	31 December 2019 6 months \$,000	30 June 2019 12 months \$,000
Balance at the beginning of the period	32,076	23,759
Exploration and evaluation expenditure	9,084	9,868
Research and development rebate	(2,185)	(1,551)
Balance at the end of the period	38,975	32,076

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas. At balance date the carrying amount of exploration and evaluation expenditure was \$38,974,934 of which \$38,845,762 was attributable to the Mount Peake Project and the balance relating to Cawse Extended and other exploration programs.

9. Issued Capital

	31 December 2019 6 months \$,000	30 June 2019 12 months \$,000
Issued and paid-up share capital	102,595	97,874

Movements in shares on issue

	31 December 2019 6 months		30 June 2019 12 months	
	Number	\$'000	Number	\$'000
Balance at the beginning of the period	1,070,994,327	97,874	831,853,710	72,494
Capital raisings	53,550,797	4,980	239,140,617	23,865
Sale of Share Plan Shares	-	-	-	1,319
Payment of Share Plan Shares	-	-	-	341
Share issue costs	-	(259)	-	(145)
Balance at 31 December 2019	1,124,545,124	102,595	1,070,994,327	97,874

During the reporting period, the Company completed a fully underwritten pro rata non-renounceable Rights Issue at an issue price of \$0.093 per new share. A total of 53,550,797 new shares were issued raising a total amount of \$4,980,224 (before costs).

TNG Limited and Controlled Entities

Notes to the consolidated financial statements

10. Contingencies

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.

	31 December 2019	30 June 2019
	6 months \$'000	12 months \$'000
Balance at the beginning of the year	212	118
A guarantee has been provided to support unconditional environmental performance bonds	2	94
Total estimated contingent liabilities	214	212

The group has a security deposit of \$47,199 representing bank guarantees for office leases and \$100,000 for native title agreement with Central Land Council. Another \$66,950, security bond for various tenements paid directly to the Department of Primary Industry and Resources for site 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 31 December 2019.

12. Subsequent events

On 7 February 2020, Mr John Davidson resigned as a Non-Executive Director of the Company.

on 17 February 2020, Mr Simon Morten was appointed as a Non-Executive Director of the Company.

The Directors are not aware of any matters or circumstances which have arisen since 31 December 2019 that have significantly affected or may significantly affect:

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

TNG Limited and Controlled Entities Director's Declaration

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

- 1 the condensed consolidated financial statements and notes set out on pages 8 to 17, are in accordance with the *Corporations Act 2001*, including:
 - (a) giving a true and fair view of the financial position of the Group as at 31 December 2019 and of its performance for the six months ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- 2 there are reasonable grounds to believe that the Company and the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Paul E Burton
Managing Director & CEO

10 March 2020



Independent Auditor's Review Report

To the shareholders of TNG Limited

Report on the Half-Year Financial Report

Conclusion

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

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

- Giving a true and fair view of the **Group's** financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- Complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

- Condensed consolidated interim statement of financial position as at 31 December 2019.
- Condensed consolidated interim statement of profit or loss and other comprehensive income, Condensed consolidated interim statement of changes in equity and Condensed consolidated interim cash flow statement for the half-year ended on that date.
- Notes 1 to 12 comprising a summary of significant accounting policies and other explanatory information.
- The Directors' Declaration.

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

Responsibilities of the Directors for the Half-Year Financial Report

The Directors of the Company are responsible for:

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



Auditor's responsibility for the review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the Half-Year Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Half-Year Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Southern Cross Electrical Engineering Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

KPMG

Jane Bailey

Jane Bailey

Partner

Perth

10 March 2020

TNG Limited and Controlled Entities

Half-Year Financial Report

REGULATORY DISCLOSURES

Competent Person's Statements

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 an 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.

Production Targets and Financial Information

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