

TNG LIMITED

ABN 12 000 817 023

ANNUAL
REPORT
2020

CORPORATE DIRECTORY

DIRECTORS

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

JOINT COMPANY SECRETARIES

Jason Giltay
Paula Raffo

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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 2020

CONTENTS

Chairman and Managing Director's Letter	2
Review of Operations	4
Directors' Report	11
Lead Auditor's Independence Declaration	24
Financial Report	25
Consolidated Statement of Comprehensive Income	25
Consolidated Statement of Financial Position	26
Consolidated Statement of Cash Flows	27
Consolidated Statement of Changes in Equity	28
Notes to the Financial Statements	29
Directors' Declaration	55
Independent Auditor's Report	56
ASX Additional Information	60
Corporate Governance Statement	62

CHAIRMAN AND MANAGING DIRECTOR'S LETTER



Dear Shareholders,

We are pleased to present TNG's 2020 Annual Report and to recap what has been an unprecedented year, dominated by the onset and rapid escalation of the novel coronavirus.

Our first priority is the health and safety of all members of the TNG team, both at home and abroad, as well as the broader community in which we operate, and we moved swiftly to take all necessary measures to ensure that everyone remained safe throughout this period of uncertainty.

Despite the challenges associated with COVID-19, our team and partners were able to progress an extensive body of work during the year.

Fortunately, we have been able to continue advancing pre-development activities for the world-class Mount Peake Vanadium-Titanium-Iron Project in the Northern Territory with limited disruptions, with the Front-End Engineering and Design ("FEED") Study, permitting and approvals being our main focus.

During the year, our strategic development partner, SMS group, made great inroads into the detailed FEED Study with the completion of the first two phases, FEL-0 and FEL-1, and of the majority of works related to FEL-2.

In parallel with the FEED Study, we also progressed several major non-process infrastructure components required at both the Mount Peake mine site and the Darwin TIVAN® Processing Facility, with suppliers being tendered and short-listed.

In terms of permitting and approvals, we made substantial progress with the submission of both the mining management plan for the Mount Peake mine site and the Draft Environmental Impact Statement ("EIS") for the Darwin TIVAN® Processing Facility.

The Northern Territory Government also reinforced its support for the Project by signing a new Project Facilitation Agreement in May, providing a whole-of-government approach that will further assist TNG in securing any remaining approvals required for Mount Peake.

On the Project funding front, we have been delighted with the strong support and confidence in the Project shown by our lead debt advisor, KfW IPEX-Bank.

CHAIRMAN AND MANAGING DIRECTOR'S LETTER



As a result, we have extended KfW's mandate until December 2020 to continue acting as our lead debt advisor to arrange and structure a US\$600 million debt finance package for Mount Peake.

In parallel with progressing the work streams required to secure a senior debt facility, we submitted a detailed proposal to the Northern Australia Infrastructure Facility ("NAIF") in October last year regarding infrastructure funding for the Project, with discussion ongoing. We have also been in regular contact with mezzanine finance and/or equity investors to discuss their potential participation in the project financing.

In summary, we have progressed all possible components of this multi-faceted, world-scale project to the best of our ability given the constraints on travel and the restrictions imposed by the COVID-19 pandemic.

The achievements of the year are testament to the efforts of our senior management group and dedicated team of staff and consultants, and we would like to thank them all sincerely for their hard work and commitment during what has been another very busy year for TNG.

We would also like to thank you, our valued shareholders, for your ongoing support and patience as we progress towards the financing and development of this world-class strategic metals asset.

Yours faithfully,

John Elkington
Non-Executive Chairman

Paul Burton
Managing Director & CEO

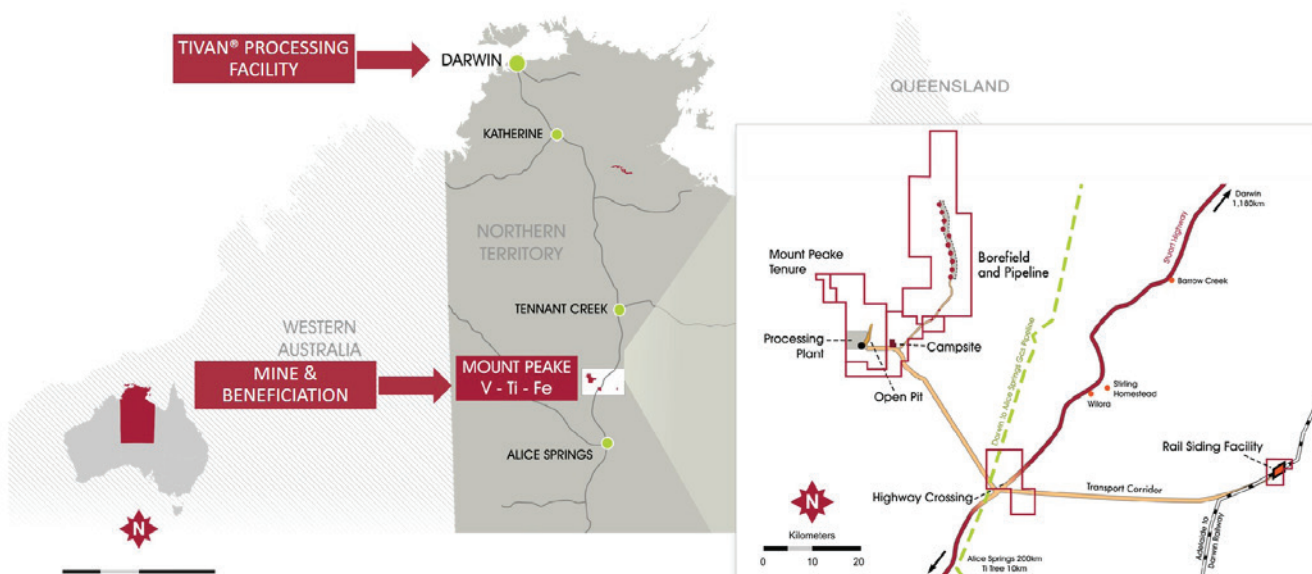
REVIEW OF OPERATIONS

OVERVIEW

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

Despite the interruptions and constraints imposed by the COVID-19 global health and economic crisis, TNG made solid progress across several fronts during the 2020 financial year towards the proposed development of the Mount Peake Project.

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



REVIEW OF OPERATIONS

2020 HIGHLIGHTS

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

- Progression of the FEED Study for the Mount Peake Project by SMS group ("SMS") despite delays experienced due to the COVID-19 crisis
- Optimisation of the Mount Peake Project delivery strategy 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
- Submission of the Draft EIS for the Darwin TIVAN® Processing Facility ("DPF")
- Submission of the Mining Management Plan ("MMP") for the Mount Peake mine site
- Execution of a Binding Term Sheet with GUNVOR (Singapore) for potential off-take of 40% of the expected production of vanadium pentoxide
- Execution of a Binding Term Sheet with Vimson Group for the life-of-mine off-take of 100% of the high-purity iron ore products and subsequent completion of a Binding LOM Off-Take Agreement
- 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 DPF
- Execution of a new Project Facilitation Agreement with the Northern Territory Government for the Mount Peake Project
- Expansion of the TIVAN® patent and TNG360 trade mark globally
- Extension of the mandate with KfW IPEX-Bank GmbH ("KfW")
- Submission of application to NAIF regarding potential infrastructure funding for the Mount Peake Project
- Appointment of leading global titanium industry expert, Simon Morten, to the TNG Board
- Appointment of highly accomplished industry professionals to the mining, processing and project development team
- Completion of a fully underwritten pro rata non-renounceable rights issue raising approximately \$5 million

MEASURES TAKEN IN RESPONSE TO THE COVID-19 PANDEMIC

In March 2020, TNG implemented a swift and proactive company-wide response to global disruptions arising from the onset of the COVID-19 pandemic.

The Company's primary aim was and is to ensure the safety of its employees, directors, consultants, contractors, advisors and the broader community in which it operates, and TNG implemented a range of measures to comply with its own internal policies and those of the Federal, State and Territory Governments. These included the implementation of working from home arrangements, suspension of face-to-face business meetings and suspension of all business travel in Australia and internationally. All field-based activity in, and travel to, the Northern Territory was suspended until circumstances permitted in compliance with government travel restrictions.

TNG adopted a pragmatic approach to its continuing operations and development strategy, in order to effectively manage operational disruptions, continue to progress the Mount Peake Project and preserve its cash position.

At the end of June 2020, the Company began returning towards normalised working hours and arrangements for its project management team and other staff as restrictions within Western Australia were eased by the State Government. The Company continues to closely monitor the COVID-19 situation.

REVIEW OF OPERATIONS

MOUNT PEAKE VANADIUM-TITANIUM-IRON PROJECT

PROJECT SUMMARY AND BUSINESS MODEL

The Mount Peake Project is a world-scale strategic metals project located 235km north-west of Alice Springs, which was discovered by and is 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. Mount Peake is a shallow and flat-lying ore body with 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, which supports its development.

The Company's strategy for the Mount Peake Project is to develop dedicated mining and processing operations to produce three high-value, high-purity products for export – vanadium pentoxide (V_2O_5), titanium dioxide pigment (TiO_2) and iron oxide (Fe_2O_3) - through the application of a world first processing technology, known as the TIVAN® Process, which is owned exclusively by TNG.

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

- a mine site located on granted mining tenure 235km north-west of Alice Springs, including an open pit mining operation and Beneficiation Plant, which will produce a magnetite concentrate; and
- a downstream TIVAN® Processing Facility to be located at a site in the Middle Arm Industrial Precinct on the Darwin Harbour, which will process the magnetite concentrate into the three end products ready for export to global markets via the Darwin Port.

An extensive logistics chain utilising road and rail haulage will transport the magnetite concentrate from the mine site to the Darwin site for processing.

FEED STUDY

The Company is currently completing a FEED Study for the Mount Peake Project with the leading German based engineering firm SMS group, which will provide confirmation of the final capital expenditure required for the Beneficiation Plant and the DPF in support of development.

The scope of work for the FEED Study has been divided into four front-end loading ("FEL") phases – namely, FEL-0, FEL-1, FEL-2 and FEL-3. This covers the process plant equipment required for the mine site Beneficiation Plant and the DPF, including all associated plant and equipment.

Figure 2: Darwin processing facility 3D model (SMS group)



REVIEW OF OPERATIONS

SMS completed FEL-0 and FEL-1, and has finalised the majority of works of FEL-2 during the year. FEL-2 (balance of work) and FEL-3 were restructured during late March 2020 to address the impact of COVID-19, with the aim of optimising the progression of critical deliverables.

The key work streams related to design and engineering saw limited disruption and continued to be progressed; however, the overall timing of completion of the FEED Study is likely to be impacted. A range of supporting FEED work streams were deferred, but recommenced in June 2020 as restrictions started to ease in heavily affected locations, mainly in Europe.

Following the completion of FEL-3, SMS will provide TNG with a fixed-price Engineering, Procurement and Construction ("EPC") proposal for the delivery of the mine site Beneficiation Plant and the DPF, which will include production quantity, production rate and product quality guarantees.

NON-PROCESS INFRASTRUCTURE

In parallel with the FEED Study, the Company is completing the design work for all non-process infrastructure ("NPI") for the Beneficiation Plant and the DPF with several work streams already in advanced stages, including:

- Mine site – Village Accommodation: Tendered and shortlisted
- Mine site – Haul Road: Tendered and shortlisted
- Mine site – Borefield: Tendered and shortlisted
- Mine site – Power to Borefield: Tendered and shortlisted
- Mine site – Camp Catering: Tendered and shortlisted
- Mine site – Communications: Costs received
- Materials Handling Logistics: Preliminary offer
- Power & Gas: Tendered and shortlisted.

MINING

TNG is also progressing a tender process for the provision of mining services, with the receipt and evaluation of proposals from three mining contractors. Additionally, an owner-operator scenario for mine, load and haul of ore and waste is being evaluated by the Company.

OPTIMISED DELIVERY STRATEGY

In September 2019, TNG announced that it had optimised its planned execution and delivery strategy for the Project based on a single-stage production rate of 2 million tonnes per annum ("Mtpa") ore throughput at the Beneficiation Plant at the Mount Peake mine site. Previous feasibility studies were conducted at an initial 3Mtpa ore production capacity, increasing to 6Mtpa by expanding the plant after four years of production.

The update followed the completion of detailed financial analysis of a revised mining schedule for the Project that focuses on two higher-grade vanadium pits within the Resource during the first 10 years of operations. The optimised strategy will deliver reductions in upfront capital cost and mining and processing rates, while maintaining robust project economics.

An Interim Financial Model has identified a reduction in pre-production capital expenditure of A\$29 million to A\$824 million, with the project expected to achieve a pre-tax and pre-finance Internal Rate of Return ("IRR") of approximately 33% and a Net Present Value ("NPV") of approximately A\$2.8 billion (at an 8% discount rate).

At a reduced mining rate, the Project's expected operating expenditure will also be reduced, while the mine life of the operation will be extended to 37 years. The Company now expects to produce 100,000 tonnes per annum ("tpa") of titanium dioxide pigment, 6,000tpa of vanadium pentoxide and 500,000tpa of iron oxide.

PROJECT PERMITTING

In parallel with the FEED Study, TNG is progressing final permitting and approvals for the Mount Peake Project, including negotiations with the Northern Territory Government on a site allocated to the Company in the Middle Arm Industrial Precinct at Darwin for the DPF, review of the MMP for the Mount Peake mine site and finalisation of the EIS for the DPF.

The EIS is a major component for the development of the Mount Peake Project and the Company is currently preparing a Supplement to the Draft EIS for the DPF following receipt of a "Direction to Prepare a Supplement to the Company's Draft EIS" from the Northern Territory Environment Protection Authority ("NT EPA") in April 2020.

OFF-TAKE AGREEMENTS

Titanium Dioxide Pigment

The Company has a binding life-of-mine off-take and marketing agreement with DKSH (Switzerland) for a minimum of 75,000 tpa and up to 100% of TNG's planned titanium dioxide production.

Vanadium Pentoxide

The Company has a binding life-of-mine off-take agreement in place with Woojin (Korea) for 60% of TNG's forecast 6,000 tpa of vanadium pentoxide production.

TNG is in advanced negotiations with Singaporean-based Gunvor for a life-of-mine off-take agreement for the balance of 40% of vanadium pentoxide production.

REVIEW OF OPERATIONS

Iron Ore

The Company has a binding life-of-mine off-take agreement with leading Indian mining conglomerate VIMSON Group for 100% of the high-purity iron products intended to be produced by the Mount Peake Project (executed subsequent to the financial year end).

TIVAN® PROCESS PATENT AND TNG360™ TRADE MARK

The TIVAN® Process, which is based on the extraction and recovery of high-purity vanadium pentoxide, was developed by TNG and its metallurgical consultants, Perth-based METS, and is a high value asset for the Company.

The patented process is 100%-owned by TNG and provides for the extraction of vanadium, titanium and iron from their ores in commercial grades and quantities.

The Company's titanium dioxide pigment "TNG360™" is planned to be the first grade of TiO₂ produced by the Mount Peake Project targeting the paint and coatings market and will highlight the uniqueness of TNG's TiO₂ pigment, which uses a new source of feedstock, titanomagnetite, processed via the TIVAN® Process.

TNG has secured registration of its proprietary TIVAN® hydrometallurgical process patent and its TNG360™ titanium dioxide pigment product trade mark in several countries and regions, including Australia, European Union, Madrid Protocol, Singapore, the United Kingdom and the United States of America.

PROJECT FINANCE

The final capital expenditure requirements for Mount Peake will be confirmed following the completion of the FEED Study with SMS. The Company continued to progress its project financing strategy during the financial year, for both the targeted debt and equity components.

Debt Funding

KfW IPEX-Bank has been appointed as the Company's exclusive senior debt advisor and arranger to lead a targeted US\$600 million debt raise for the development and construction of the Mount Peake Project.

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 capital requirements will be precisely determined and optimised during the ongoing FEED Study and lender's due diligence.

As part of the debt funding process, the Company is also in discussions with a number of leading investment groups with the potential for an offer of mezzanine finance.

Northern Australia Infrastructure Facility

The Company formally submitted an application to NAIF regarding infrastructure funding for the Project during the year and is now progressing discussions with NAIF regarding their funding process.

Equity Funding

TNG continues to evaluate different options for equity financing. However, the final equity requirement will only be determined following completion of the FEED Study and confirmation of the level of debt funding available.

CORPORATE

BOARD OF DIRECTORS UPDATE

On 7 February 2020, John Davidson resigned as a Non-Executive Director of the Company to focus on his own business interests.

On 17 February 2020, highly experienced former Cristal senior executive Mr Simon Morten transitioned to the Company's Board as a Non-Executive Director. Mr Morten previously served as General Manager – Titanium Production and continues to advise in a consulting capacity.

OTHER PROJECTS

KULGERA PROJECT (EL32369 AND EL32370 – 100% TNG)

During the period, TNG applied for Exploration Licences ("EL") for the Kulgera Project, a 1,231km² vanadium and titanium exploration project located along the South Australian border in the Northern Territory.

MOONLIGHT PROJECT (ELA32433 AND ELA32434 – 100% TNG)

During the period, the Company also submitted Exploration Licence Applications ("ELA") for a 1,594km² vanadium exploration project at Moonlight, located 80km west of Daly Waters in the central Northern Territory.

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 information was supplied by Mesmeric Enterprises during the reporting period. The Company continues to request an update.

REVIEW OF OPERATIONS

As at 30 June 2020, the Company reviewed its Mineral Resources and Ore Reserves which are as follows:

MOUNT PEAKE MINERAL RESOURCES AND ORE RESERVES

MINERAL RESOURCE

The Mount Peake Mineral Resource estimate set out below (Table 1) was released in an ASX Announcement entitled "Additional Information on the Mount Peake Resource" on 26 March 2013 in accordance with the JORC Code (2012).

Table 1 – Mount Peake Mineral Resource estimate

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

Note: Mineral Resource is inclusive of Ore Reserves. Tonnage and grade figures in tables have been rounded and small discrepancies in totals may occur. The Mineral Resource 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 ASX Announcement dated 26 March 2013 and all material assumptions and technical parameters underpinning the estimate provided in that announcement continue to apply.

ORE RESERVE

The Mount Peake Ore Reserve estimate (Table 2) was reported in an ASX Announcement entitled "Mount Peake Feasibility Results" on 31 July 2015 in accordance with the JORC Code (2012).

Table 2 – Mount Peake Ore Reserve estimate

Category	Tonnes (Mt)	V ₂ O ₅ %	TiO ₂ %	Fe%
Proven	0	-	-	-
Probable	41.1	0.42	7.99	28.0
TOTAL	41.1	0.42	7.99	28.0

Note: Tonnage and grade figures in tables have been rounded to 2 or 3 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 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; and
- Reported the estimates and compiled supporting documentation in accordance with JORC Code guidelines.

REVIEW OF OPERATIONS

TENEMENT LIST

As at 8 September 2020, 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.
Kulgera	EL32369, EL32370	100%
Moonlight	ELA32433, ELA32434	100%
Kintore East	M16/545	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)

REGULATORY DISCLOSURES

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 and titled "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.

Competent Person's Statement

The information in this report related to the Mount Peake Mineral Resource estimates is extracted from an ASX Announcement dated 26 March 2013 and titled "Additional Information on the Mount Peake Resource" in accordance with the JORC Code (2012) and is available to view on www.tngltd.com.au and www.asx.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resource estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are represented have not been materially modified from the original market announcement.

The information in this report related to the Mount Peake Ore Reserve estimates is extracted from an ASX Announcement dated 31 July 2015 and titled "Mount Peake Feasibility Results" in accordance with the JORC Code (2012) and is available to view on www.tngltd.com.au and www.asx.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Ore Reserve estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are represented have not been materially modified from the original market announcement.

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

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resource estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are represented have not been materially modified from the original market announcement.

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 2020 (hereafter referred to as the "Group").

DIRECTORS

The names of each person who has been a Director of the Company at any time during or since the end of the financial year, unless noted otherwise, are as follows:

- Mr Paul Burton
- Mr John Elkington
- Mr Greg Durack
- Mr Simon Morten (appointed 17 February 2020)
- Mr John Davidson (resigned 7 February 2020)

PRINCIPAL ACTIVITIES

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

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 \$2.885 million (2019: loss \$3.090 million). The Group capitalised \$16.397 million (2019: \$9.867 million) on Exploration and Evaluation for the year.

As at 30 June 2020, the Group held \$8.616 million (2019: \$20.114 million) in cash.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Group during the financial year are detailed in the Review of Operations on pages 4 to 10. In the opinion of the Directors, there were no other significant changes in the state of affairs of the Group that occurred during the financial year under review not otherwise disclosed in this Annual Report.

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

Subsequent to the end of the financial year, the Company has continued to progress engineering, permitting and approvals, and planning works related to the proposed development of the Mount Peake Project.

As announced on 27 July 2020, the Company executed a Binding Life-of-Mine Off-take Agreement with the leading Indian mining conglomerate VIMSON Group for 100% of the high-purity iron products planned to be produced by the Mount Peake Project.

On 1 September, the Company announced the appointment of Ms Paula Raffo as Joint Company Secretary. Ms Raffo joined TNG in April 2019 as Investor and Public Relations Executive and will share the Company Secretary duties with Mr Jason Giltay, TNG's General Manager Commercial & Company Secretary.

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.

DIRECTORS' REPORT

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 milestones for the 2021 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; and
- 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 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 which is 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.
- Coronavirus (COVID-19) – the outbreak of the coronavirus disease (COVID-19) is impacting global economic markets and it may result in delays in development, financing and to the government approval processes relating to the Mount Peake Project. The Group is monitoring the situation closely and has considered the impact of COVID-19 on the Group's business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain.

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 a Bachelor of Science Honours degree (BSc Hons) in Geology, and a Master of Science (MSc) 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, 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)

7,661,110 ordinary shares

DIRECTORS' REPORT

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.

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 was a Director and Chair of the Mid West Ports Authority, a Government enterprise, from February 2017 to February 2020.

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

Nil

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.

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

MR SIMON MORTEN - INDEPENDENT NON-EXECUTIVE DIRECTOR

Experience, Qualifications & Special Responsibilities

Mr Morten has 30 years of experience in the titanium pigment industry including extensive expertise in pigment manufacture and processing. He spent most of his career with Cristal, which was recently acquired by Tronox, one of the world's leading vertically integrated producers of high-quality titanium products and zircon, with a diverse global footprint.

Mr Morten holds a Bachelor Degree in Applied Science (Chemistry) from the University of Central Queensland, is a graduate of the Australian Institute of Company Directors, and has served on various Boards that controlled Cristal's interests in Australia, the UK and China.

Mr Morten was appointed as a Director of the Company on 17 February 2020.

Other Listed Company Directorships

Mr Morten 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)

148,148 ordinary shares

DIRECTORS' REPORT

MR JOHN DAVIDSON - INDEPENDENT NON-EXECUTIVE DIRECTOR (RETIRED)

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 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 ("VRB") 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 and retired on 7 February 2020.

Other Listed Company Directorships

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

COMPANY SECRETARY

MR JASON GILTAY

Experience, Qualifications & Special Responsibilities

Mr Giltay is a senior finance executive with more than 19 years' experience in the areas of corporate finance, commercial management 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 as General Manager - Commercial, and was appointed Company Secretary on 21 December 2018.

BOARD MEETINGS

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

Director	Board Meetings	
	A	B
Paul Burton	12	12
John Elkington	12	12
Greg Durack	11	12
Simon Morten ¹	5	5
John Davidson ²	5	6

A - Number of meetings attended

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

¹ Simon Morten was appointed as a Director on 17 February 2020

² John Davidson retired as a Director on 7 February 2020

Due to the Company's size and level of operations, on 30 May 2019 the Board resolved to suspend the Audit Committee and the Remuneration Committee and have the Board assume these functions.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

This Remuneration Report, for the year ended 30 June 2020, 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.

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 Group, 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)

Non-Executive Directors

- Mr John Elkington (appointed 1 February 2019)
- Mr Greg Durack (appointed 31 May 2018)
- Mr Simon Morten (appointed 17 February 2020)
- Mr John Davidson (appointed 2 February 2017, resigned 7 February 2020)

2. REMUNERATION GOVERNANCE

The Board is directly responsible for the review of remuneration packages and policies applicable to Senior Executives and Directors as well as oversight of incentive structures, superannuation entitlements and performance evaluation for all Directors.

3. EXECUTIVE REMUNERATION ARRANGEMENTS AND PRINCIPLES

3.1 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.

3.2 Approach to setting remuneration

In FY2020, the executive remuneration framework consisted of fixed and variable remuneration as described below.

3.2.1 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.

REMUNERATION REPORT (AUDITED) (continued)

3.2.2 Variable remuneration

Variable remuneration consists of performance linked remuneration including short and long-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) 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 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.

- *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 TNG share ("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 FY2020.

- *Performance Rights Plan (Approved by shareholders at 2018 AGM)*

TNG established the Performance Rights Plan to attract and retain talented key personnel required for the successful delivery of the Mount Peake Project, and to appropriately incentivise its senior leadership team to drive company performance for the benefit of TNG and all shareholders.

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 FY2020.

- *Non-Executive Director (NED) Rights Plan (Approved by the Board May 2020)*

The NED Rights Plan was established to attract and retain talented Non-Executive Directors and to align the interests of NEDs with those of Shareholders in order to increase Shareholder value by enabling Eligible NEDs to share in the future growth and profitability of the Company.

The NED Rights Plan contemplates the issue to Eligible NEDs of rights which carry the entitlement to be issued Shares on satisfaction of vesting conditions determined by the Board ("NED Rights").

While some corporate governance bodies suggest that NED remuneration should not be linked to performance, in the circumstances of TNG and its current stage of development, the Board considers that it is appropriate to adequately incentivise and reward NEDs (including as an attraction and retention tool) based on performance and achievement of key milestones. The Board is of the view that having NED Rights vesting linked to performance conditions will not compromise the Board's objectivity and independence and all decisions will continue to be made solely in the interests of TNG and all shareholders.

The key terms of the NED Rights Plan are the same as the key terms of the Performance Rights Plan, except that NED Rights may only be issued to Non-Executive Directors.

No NED Rights were granted in FY2020.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

- *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 ("Plan Shares"). Employees have been given a limited recourse 5-year interest free loan in which to acquire the Plan 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.

No Plan Shares were granted in FY2020.

3.3 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 20% of base salary, payable when the market capitalisation of TNG reaches trigger points set by the Board: \$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.

3.4 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.
- To align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and may receive Company options or rights 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 plus superannuation.

Non-Executive Directors are not provided with retirement benefits apart from statutory superannuation.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

4. 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.

	2020	2019	2018	2017	2016
Profit/(loss) attributable to owners of the Company	(2,885,329)	(3,089,785)	(3,329,120)	(4,436,184)	(7,139,305)
Dividends paid	-	-	-	-	-
Share price at 30 June	\$0.06	\$0.10	\$0.13	\$0.14	\$0.13
Change in share price	(38%)	(25%)	(8%)	8%	(16%)
Return on capital employed	(4%)	(3%)	(3%)	(4%)	(7%)

5. DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION

Details of the nature and amount of each major element of remuneration of each director of the Company, and other key management personnel of the Group are detailed below.

5.1 Details of Remuneration

5.1.1 Details of Base Remuneration for the years ended 30 June 2020 and 30 June 2019

	FY2020			FY2019		
	Salary & Fees ¹	Super-annuation	Total	Salary & Fees ¹	Super-annuation	Total
	\$	\$	\$	\$	\$	\$
Executives						
Paul Burton	461,451	43,838	505,289	476,100	45,230	521,330
Jason Giltay ²	245,000	23,275	268,275	215,115	20,436	235,551
Simon Robertson ³	-	-	-	49,490	-	49,490
Directors						
John Elkington ^{1,4}	163,337	10,830	174,167	64,250	4,750	69,000
Greg Durack	53,897	5,120	59,017	54,795	5,205	60,000
Simon Morten ^{1,5}	31,506	1,817	33,323	-	-	-
John Davidson ⁶	33,012	3,136	36,148	54,795	5,205	60,000
Rex Turkington ^{1,7}	-	-	-	100,553	-	100,553
Total	988,203	88,016	1,076,219	1,015,098	80,826	1,095,924

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

5.1.2 Details of Remuneration for the year ended 30 June 2020

	Base Remuneration	Short-Term	Long-Term	Total ⁸	Proportion of remuneration performance related
	Salary, Fees & Super ¹	Bonus	Share-based payments		
	\$	\$	\$		
Executives					
Paul Burton	505,289	95,220	-	600,509	16%
Jason Giltay ²	268,275	25,000	-	293,275	9%
Directors					
John Elkington ^{1,4}	174,167	-	-	174,167	-
Greg Durack	59,017	-	-	59,017	-
Simon Morten ^{1,5}	33,323	-	-	33,323	-
John Davidson ⁶	36,148	-	-	36,148	-
Total	1,076,219	120,220	-	1,196,439	

5.1.3 Details of Total Remuneration for the year ended 30 June 2019

	Base Remuneration	Short-Term	Long-Term	Total ⁸	Proportion of remuneration performance related
	Salary, Fees & Super ¹	Bonus	Share-based payments		
	\$	\$	\$		
Executives					
Paul Burton	521,330	-	-	521,330	-
Jason Giltay ²	235,551	-	-	235,551	-
Simon Robertson ³	49,490	-	-	49,490	-
Directors					
John Elkington ^{1,4}	69,000	-	-	69,000	-
Greg Durack	60,000	-	-	60,000	-
John Davidson ⁶	60,000	-	-	60,000	-
Rex Turkington ^{1,7}	100,553	-	-	100,553	-
Total	1,095,924	-	-	1,095,924	-

¹ Includes consulting fees, refer to Note 26 (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 Appointed as a Director on 17 February 2020

⁶ Retired as a Director on 7 February 2020

⁷ Retired as a Director on 31 March 2019

⁸ Accrued annual leave and long service leave as noted in table 5.1.4 are not included in the total above, but forms part of the total remuneration for the year.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

5.1.4 Details of Accrued Leave for the year ended 30 June 2020 and 30 June 2019

	FY2020			FY2019		
	Annual Leave ¹	Long Service Leave ²	Total	Annual Leave ¹	Long Service Leave ²	Total
	\$	\$	\$	\$	\$	\$
Executives						
Paul Burton ^{1, 2}	33,108	79,350	112,458	35,570	79,350	114,920
Jason Giltay ¹	4,711	-	4,711	12,830	-	12,830
Total	37,819	79,350	117,169	48,400	79,350	127,750

¹ Includes accrued annual leave not taken over and above base salary detailed within the service contracts item 3.3.

² Includes accrued long service leave not taken over and above base salary detailed within the service contracts item 3.

5.1.5 Analysis of bonuses included in the remuneration

Details of the vesting profile of the short-term incentive cash bonuses awarded as remuneration to each director of the Company, and other key management personnel are detailed below.

	Short-term incentive bonus		
	Included in remuneration \$ (A)	% vested in year	% forfeited in year
Paul Burton ¹	95,220	100%	-
Jason Giltay	25,000	100%	-

(A) Amounts included in remuneration for the financial year were approved by the Board of Directors and represent the amount related to the financial year based on achievement of personal goals and satisfaction of specified criteria.

¹ Mr Paul Burton agreed to use the proceeds from his bonus to cover the costs of the purchase of 2,000,000 Plan Shares as a way to return the investment to the Company.

5.2 Equity instruments

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.

5.2.1 Rights and options over equity instruments granted as compensation

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

5.2.2 Exercise of options granted as compensation

During the period no options were exercised by the KMP.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (continued)

5.2.3 Details of equity incentives affecting current and future remuneration

Details of vesting profiles of the options held by KMP of the Company, which expired on 13 December 2019, are detailed below.

	Instrument		Grant date	% vested in year	% forfeited in year	Financial years which grant vest	Expiry date
Executives							
Paul Burton	Options	4,000,000	13-Dec-16	0%	100%	1-Jul-16	13-Dec-19
Jason Giltay	-	-	-	-	-	-	-
Non-Executive Directors							
John Elkington	-	-	-	-	-	-	-
Greg Durack	Options	1,000,000	29-Jun-18	0%	100%	1-Jul-18	13-Dec-19
Simon Morten	-	-	-	-	-	-	-
John Davidson ¹	Options	1,000,000	6-Feb-17	0%	100%	1-Jul-16	13-Dec-19

¹ Retired as a Director on 7 February 2020

5.2.4 Options over equity instruments

	Held at 1 July 2019	Granted as remuneration	Expired	Exercised	Purchased	Other	Held at 30 June 2020	Vested and exercisable at 30 June 2020
Executives								
Paul Burton	4,000,000	-	4,000,000	-	-	-	-	-
Jason Giltay	-	-	-	-	-	-	-	-
Non-Executive Directors								
John Elkington	-	-	-	-	-	-	-	-
Greg Durack	1,000,000	-	1,000,000	-	-	-	-	-
Simon Morten	-	-	-	-	-	-	-	-
John Davidson ¹	1,000,000	-	1,000,000	-	-	-	-	-

¹ Retired as a Director on 7 February 2020

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

On 26 November 2014, the Company granted 4,000,000 Plan Shares to Mr Paul Burton at a purchase price of \$0.143 with repayment date on 27 November 2019, being five years from the date of issue of the Plan Shares, unless earlier repayment was otherwise required under the terms of the TNG Employee Share Plan.

At the 2019 Annual General Meeting held on 18 November 2019, shareholder approval under section 208(1) of the *Corporations Act 2001* was sought and received to extend the Repayment Date of Mr Paul Burton's Plan Shares by four years to 27 November 2023.

Apart from the terms of the Plan Shares abovementioned, no terms of other equity-settled share-based payment transactions (including shares or 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) (continued)

6. MOVEMENTS IN SHARES

The movement during the reporting period in the number of ordinary shares in TNG Limited held, directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

	Held at 1 July 2019	Purchases	Received on exercise of options	Sales	Held at 30 June 2020
Executives					
Paul Burton	7,461,110	200,000	-	-	7,661,110
Jason Giltay	-	-	-	-	-
Non-Executive Directors					
John Elkington	-	-	-	-	-
Greg Durack	437,615	21,881	-	-	459,496
Simon Morten	-	148,148	-	-	148,148
John Davidson ¹	633,480	31,674	-	-	665,154

¹ Holding at date of retirement

7. 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

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.

CLIMATE CHANGE

The TNG Board is aware of the risks related to climate change and committed to manage these risks in its operational activities. The Group is also committed to assist efforts to combat climate change by promoting energy efficiency and reducing emissions in its business activities.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

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 DIRECTORS AND OFFICERS

During and since the end of the financial year, the Company has paid premiums to insure each of the Directors and Officers 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 \$26,663 (2019: \$22,875) 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

During the year, KPMG provided non-audit services. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised. Refer to Note 7.

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 2020.

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 instrument, 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

23 September 2020

LEAD AUDITOR'S INDEPENDENCE DECLARATION



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

To the Directors of TNG Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of TNG Limited for the financial year ended 30 June 2020 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

Jane Bailey

KPMG

Jane Bailey
Partner
Perth
23 September 2020

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

FINANCIAL REPORT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Other Income	6(a)	149	410
Total Income		149	410
Corporate and administration expenses	6(b)	(1,574)	(1,969)
Employment expenses	6(c)	(1,490)	(1,748)
Depreciation and amortisation expenses		(188)	(50)
Loss from continuing operations		(3,103)	(3,357)
Finance income	6(a)	236	267
Finance costs	6(a)	(18)	-
Net finance income		218	267
Loss before tax		(2,885)	(3,090)
Income tax expense	8	-	-
Loss for the year attributable to the owners of the Company		(2,885)	(3,090)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Equity Investments at FVOCI-net change in fair value	13	(127)	(392)
Tax effect on other comprehensive income (loss)		-	-
Other comprehensive loss for the year		(127)	(392)
Total comprehensive loss for the year attributable to the owners of the company		(3,012)	(3,482)
Loss per share (cents per share)			
Basic (loss) per share (cents)	9	(0.26)	(0.33)
Diluted (loss) per share (cents)	9	(0.26)	(0.33)

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

FINANCIAL REPORT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note	2020 \$'000	2019 \$'000
Assets			
Cash and cash equivalents	11	8,616	20,114
Trade and other receivables	12	258	374
Prepayments		358	60
Other Investments	13	192	319
Current assets		9,424	20,867
Other receivables		67	-
Plant and equipment		60	73
Right-of-use-asset	14	350	-
Exploration and evaluation expenditure	15	46,288	32,076
Non-current assets		46,765	32,149
Total assets		56,189	53,016
Liabilities			
Trade and other payables	16	2,282	1,314
Provisions	17	464	329
Lease Liability	18	146	-
Current liabilities		2,892	1,643
Lease liability	18	215	-
Non-current liabilities		215	-
Total liabilities		3,107	1,643
Net assets		53,082	51,373
Equity			
Issued capital	19	102,595	97,874
Reserves	19	(3,356)	(3,229)
Accumulated losses		(46,157)	(43,272)
Total equity		53,082	51,373

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

FINANCIAL REPORT

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Cash flows from operating activities			
Cash receipts from customers		116	652
Cash payments in the course of operations		(3,269)	(3,669)
Interest received		248	261
Interest paid		(18)	-
Net cash used in operating activities	24	(2,923)	(2,756)
Cash flows from investing activities			
Payments for plant and equipment		(23)	(55)
Payments for exploration and evaluation expenditure		(15,298)	(9,642)
Research and development rebate		2,185	1,551
Security deposits refunded/(paid)		(3)	(93)
Net cash used in investing activities		(13,139)	(8,239)
Cash flows from financing activities			
Proceeds from issue of shares		4,980	25,525
Share issue costs		(259)	(145)
Repayments of lease liability		(157)	-
Net cash from financing activities		4,564	25,380
Net increase/(decrease) in cash and cash equivalents		(11,498)	14,385
Cash at the beginning of the financial year		20,114	5,729
Cash and cash equivalents at the end of the financial year	11	8,616	20,114

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

FINANCIAL REPORT

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

	Issued Capital \$'000	Accumulated losses \$'000	Reserves \$'000	Total Equity \$'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
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	1,319	-	-	1,319
Company Share Plan – loan repayment	341	-	-	341
Share issue costs	(145)	-	-	(145)
Balance at 30 June 2019	97,874	(43,272)	(3,229)	51,373
Balance at 1 July 2019	97,874	(43,272)	(3,229)	51,373
Other comprehensive income (loss)				
Net loss for the year	-	(2,885)	-	(2,885)
Equity Investments at FVOCI-net change in fair value	-	-	(127)	(127)
Total comprehensive loss	-	(2,885)	(127)	(3,012)
Transactions with owners recorded directly in equity				
Share placement	4,980	-	-	4,980
Share issue costs	(259)	-	-	(259)
Balance at 30 June 2020	102,595	(46,157)	(3,356)	53,082

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.

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 2020 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:

- investments in equity instruments (FVOCI);
- share based payments are measured at fair value; and
- lease liability.

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 instrument, 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

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.

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(h). The carrying amounts of exploration and evaluation assets are set out in note 15.

Coronavirus (COVID-19) – the outbreak of the coronavirus disease (COVID-19) is impacting global economic markets and it may result in delays in development, financing and to the government approval processes relating to the Mount Peake Project. The Group is monitoring the situation closely and has considered the impact of COVID-19 on the Group’s business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain.

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (continued)

(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.

During the year, the Group incurred a loss after tax of \$2,885,000 and net cash outflows from operating and investing activities of \$16,062,000. As at 30 June 2020, the Group has cash in hand of \$8,616,000 and a working capital surplus of \$6,532,000.

The Group's principal activities are the continued evaluation and development planning of the Group's Mount Peake Project. The Group will require further funding to meet its ongoing obligations and, subject to the results of its ongoing exploration and engineering activities, expand or accelerate its work programs. The Directors believe that the Group will be able to secure further funding as it has demonstrated, in the past, its ability to successfully raise additional funds, which is in part attributed to the opportunity presented by the Group's Mount Peake Project – a large, global scale project in a stable and pro-development jurisdiction, underpinned by a new processing technology that is targeted to produce three high-quality product streams, and which has attracted a number of development partners.

The Group has a number of potential additional funding options available to it, including potential farm-in arrangements or strategic project investment or other similar arrangements. If necessary, the Group can delay exploration and engineering expenditures, and can also institute cost saving measures to further reduce corporate and administrative costs.

The Directors have approved the cashflow forecast which shows that the Group has sufficient cash to meet its obligations, as and when they become due, for at least 12 months from the date of signing of the financial statements. On this basis, the Directors believe the use of the going concern basis of preparation in the financial statements is appropriate.

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.

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

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

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

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

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(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) 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.

(iii) 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
Right-of-use-asset	Depreciation is over the shorter of the useful life of the asset and the lease term, unless the title to the asset transfers at the end of the lease term, in which case depreciation is over the useful life.

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

AASB 16 Leases

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.

The Group has adopted AASB 16 Leases from 1 July 2019, but has not restated comparatives for the 2019 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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%.

Cost	30 June 2020 \$,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	18	-
Lease repayments	(157)	-
Lease liability at the end of the period	361	-
Comprising:		
Current	146	-
Non-current	215	-
	361	-

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.

	30 June 2020 \$,000
Initial recognition 1 July 2019	488
Additions	12
Accumulated depreciation	(150)
Net book amount	350

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

The value of practical expedient applied for variable expenses was \$42,587.

(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.

(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 areas 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.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment testing of exploration and evaluation assets

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

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

- The term of exploration licence in the specific area of interest has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area are not budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities on Mineral Resources and the decision was made to discontinue such activities in the specified area; or
- Sufficient data 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 Cash Generating Unit (CGU) (consisting of 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.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 or amortisation, if no impairment loss had been recognised.

(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.

(m) Income and Expenses

a. Leases (AASB 16)

Lease payments under leases (AASB 16) are apportioned between the finance charge and the reduction of the liability. The finance charge is allocated to each period during the lease term so as to produce a constant period rate of interest on the remaining balance of the liability.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

b. 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 of interest expense on borrowings, loss on held for trading investments and lease liability on right-of-use assets.

All borrowing costs are recognised in profit or loss using the effective interest method or incremental borrowing rate.

c. 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) Segment reporting

Segment results that are reported to the Board 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.

(iii) Right-of-use-assets & Lease Liability

The right-of-use-asset is measured at cost at the commencement date less any depreciation. Additionally, the cost is subsequently adjusted for any remeasurement of the lease liability resulting from reassessment or lease modifications.

However, the initial measurement of the lease liability is the present value of lease payments over the lease term, discounted using the interest rate implicit in the lease if it can be determined, otherwise at the lessee's incremental borrowing rate.

NOTES TO THE FINANCIAL STATEMENTS

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

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	
		2020 \$'000	2019 \$'000
Trade and other receivables	12	258	374
Cash and cash equivalents	11	8,616	20,114
		8,874	20,488

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

NOTES TO THE FINANCIAL STATEMENTS

5 FINANCIAL RISK MANAGEMENT (continued)

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:

Consolidated

30 June 2020		Carrying amount	Contractual cash flows	<3 months	>12 months
	Note	\$'000	\$'000	\$'000	\$'000
Trade and other payables	16	2,282	2,282	2,282	-
Lease liabilities	18	361	361	36	325
		2,643	2,643	2,318	325

30 June 2019		Carrying amount	Contractual cash flows	<3 months	>12 months
	Note	\$'000	\$'000	\$'000	\$'000
Trade and other payables	16	1,314	1,314	1,314	-
Lease liabilities	18	-	-	-	-
		1,314	1,314	1,314	-

Market risk

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

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

Interest rate risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

5 FINANCIAL RISK MANAGEMENT (continued)

Profile

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

	Note	Consolidated carrying amount	
		2020 \$'000	2019 \$'000
Variable rate instruments			
Cash and cash equivalents	11	1,616	12,114
Fixed rate instruments			
Cash and cash equivalents	11	7,000	8,000
Security deposits	12	214	212
Lease Liability	18	(361)	-
		8,469	20,326

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 \$16,160 (2019: \$121,140).

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)

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 \$19,256 (2019: \$3,191). 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 engineering, 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	
		2020 \$'000	2019 \$'000
(a) Income			
Other income		149	410
Total income		149	410
(b) Finance income and expenses			
Interest income		236	267
Finance income		236	267
Interest expense		(18)	-
Finance expense		(18)	-
Net finance income		218	267

Other income consists of temporary boosting cash flow for Employers under the Government Stimulus Package due to the impact of Covid-19 pandemic. Initial payment was made from March to June 2020. The payment will be equal to the lesser of 100 percent of PAYG withheld on employees' salary and wages (up from 50 percent) or \$50,000 for both the year ended 30 June 2020, and \$50,000 for the next financial year from July to September 2020. The Group received the first half amounting to \$50,000 as at 30 June 2020, and the remaining \$50,000 will be received in four monthly equal instalments in the next financial year.

Additionally, an incentive from the Federal Government on the Job-keeper program which broadly comprises a wage subsidy to help businesses keep staff employed. From 30 March 2020 to 27 September 2020, the subsidy of \$1,500 per fortnight, per eligible employee. TNG has participated in the program and continues to lodge the monthly declaration on the job-keeper payments until September 2020. The Group received \$99,000 for the job keeper payments as at 30 June 2020.

	Note	Consolidated	
		2020 \$'000	2019 \$'000
(b) Corporate and administration expenses			
Travel and accommodation		161	293
Legal fees		280	227
Promotional		244	326
Contractors and consultancy		229	360
Occupancy		64	207
Taxation Fees		74	71
Insurance		53	50
Share registry, ASIC & ASX		109	117
General Office Maintenance		152	158
Accounting costs		77	1
Other		131	159
Total Corporate and Administration		1,574	1,969
(c) Employment expenses			
Wages and salaries ¹		1,339	1,621
Other associated personnel expenses		17	21
Increase (Decrease) in liability for long service leave		33	(10)
Contributions to defined contribution plans		101	116
Total Employment expenses		1,490	1,748

¹Total Wages and Salaries incurred during the year including amounts capitalised to exploration and evaluation was \$2,449,502 (2019: \$2,130,859).

NOTES TO THE FINANCIAL STATEMENTS

7 AUDITORS' REMUNERATION

	Consolidated	
	2020 \$	2019 \$
Auditors of the Group - <i>KPMG Australia:</i>		
Audit and review of financial reports	41,100	42,310
Tax advice	15,525	-
Total Auditor's remuneration	56,625	42,310

8 INCOME TAX

	Consolidated	
	2020 \$'000	2019 \$'000
A reconciliation between tax expense and pre-tax loss:		
Accounting (loss) before income tax	(2,885)	(3,090)
At the domestic tax rate of 27.5% (2019: 27.5%)	(793)	(850)
<i>Reconciling items</i>		
Other non-deductible expenses	130	146
Tax losses and temporary differences not brought to account	663	704
Income tax expense reported in the income statement	-	-
Unused tax losses carried forward	65,844	51,656
Potential tax benefit @ 27.5% (2019: 27.5%)	18,107	14,206
Tax losses offset against deferred tax liabilities	(12,115)	(7,669)
Unrecognised tax benefit	5,992	6,537

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 (CONTINUED)

Deferred income tax

Statement of financial position	Consolidated	
	2020 \$'000	2019 \$'000
Deferred income tax relates to the following:		
<i>Deferred Tax Liabilities</i>		
Exploration and evaluation assets	12,587	8,070
<i>Deferred Tax Assets</i>		
Other	(472)	(401)
Brought forward tax losses offset against deferred tax liabilities	(12,115)	(7,669)
	-	-

9 EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 30 June 2020 was based on the loss attributable to ordinary shareholders of \$2,885,329 (2019: loss \$3,329,120) and a weighted average number of ordinary shares on issue during the year ended 30 June 2020 of 1,120,009,401 (2019: 929,967,107).

Loss attributable to ordinary shareholders

	2020 \$'000	2019 \$'000
(Loss) for the period	(2,885)	(3,090)
(Loss) attributable to ordinary shareholders	(2,885)	(3,090)

Weighted average number of ordinary shares

	2020 Numbers	2019 Numbers
Number of ordinary shares at 1 July	1,070,994,327	831,853,710
Effect of shares issued	53,550,797	98,113,397
Weighted average number of ordinary shares at 30 June	1,120,009,401	929,967,107
Basic (loss) per share (cents)	(0.26)	(0.33)
Diluted (loss) per share (cents)	(0.26)	(0.33)

Effect of dilutive securities

The Company had no other securities on issue, other than ordinary shares, at 30 June 2020.

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	
	2020 \$'000	2019 \$'000
Cash at bank	1,616	12,114
Short term deposits	7,000	8,000
	8,616	20,114

12 TRADE AND OTHER RECEIVABLES

	Consolidated	
	2020 \$'000	2019 \$'000
Current		
Other receivables	46	30
Short term security deposits ¹	147	212
GST receivables	65	132
	258	374

¹ Bank short term deposits maturing 11 months 6 days are paying interest at a weighted average interest rate of 0.55% (2019: 2.13%).

13 OTHER INVESTMENTS

Investments in equity instruments	2020		2019	
	Number	\$'000	Number	\$'000
Peninsula Energy Ltd	90,000	6	90,000	28
Spirit Telecom Energy Ltd	17,392	4	17,392	4
Todd River Resources Ltd	7,000,000	182	7,000,000	287
Balance at end of year	7,107,392	192	7,107,392	319

The Group's investments in equity securities are classified as Investment in equity instruments (FVOCI). 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 2020, management recognised fair value adjustment of negative \$126,510 through other comprehensive income. The reduction in fair value is largely due to the significant decline in the share price of Todd River Resources.

NOTES TO THE FINANCIAL STATEMENTS

14 RIGHT-OF-USE ASSET

	Consolidated	
	2020 \$'000	2019 \$'000
Cost		
Initial recognition 1 July 2019	488	-
Additions	12	-
Accumulated depreciation	(150)	-
Balance at 30 June	350	-

15 EXPLORATION AND EVALUATION EXPENDITURES

	Consolidated	
	2020 \$'000	2019 \$'000
Cost		
Balance at 1 July	32,076	23,759
Exploration and evaluation expenditure	16,397	9,868
Research and development rebate	(2,185)	(1,551)
Balance at 30 June	46,288	32,076
Exploration expenditure capitalised during the year		
Drilling and exploration	1,628	1,209
Feasibility and evaluation	14,769	8,659
Total exploration expenditure	16,397	9,868

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 engineering, exploration and evaluation expenditure was \$46,288,275 of which \$46,159,103 was attributable to the Mount Peake project and the balance relating to other current exploration programs.

16 TRADE AND OTHER PAYABLES

	Consolidated	
	2020 \$'000	2019 \$'000
Current		
Trade payables	462	503
Accruals	1,514	497
Other payables	306	314
	2,282	1,314

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

NOTES TO THE FINANCIAL STATEMENTS

17 PROVISIONS

	Consolidated	
	2020 \$'000	2019 \$'000
Employee provisions		
Current		
Annual leave	297	195
Long-service leave	167	134
	464	329
Balance at 1 July	329	315
Net provisions recognised/(used) during the year	135	14
Balance at 30 June	464	329

18 LEASE LIABILITY

	Consolidated	
	2020 \$'000	2019 \$'000
Lease liability at transition	488	-
Additions	12	-
Interest expense	18	-
Lease repayments	(157)	-
Balance at 30 June	361	-
Current liability	146	-
Non-current liability	215	-
	361	-

NOTES TO THE FINANCIAL STATEMENTS

19 ISSUED CAPITAL AND RESERVES

	Consolidated	
	2020 \$'000	2019 \$'000
Issued and paid-up share capital	102,595	97,874

(a) Movements in shares on issue

	2020		2019	
	Number	\$'000	Number	\$'000
Balance at the beginning of year	1,070,994,327	97,874	831,853,710	72,494
Share placement	53,550,797	4,980	239,140,617	23,865
On market acquisition of Company Share Plan	-	-	-	1,319
Company Share Plan paid	-	-	-	341
Share issue costs	-	(259)	-	(145)
Balance at the end of year	1,124,545,124	102,595	1,070,994,327	97,874

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.

Reserves

	Consolidated	
	2020 \$'000	2019 \$'000
Fair Value through other comprehensive income reserve ¹	1,210	1,083
Transaction Reserve ²	2,146	2,146
Total Reserves	3,356	3,229

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).

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

20 COMMITMENTS

Engineering and 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	
	2020 \$'000	2019 \$'000
Exploration commitments payable not provided for in the financial report:		
Within one year	823	709

21 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	
	2020 \$'000	2019 \$'000
(a) Guarantees - Parent		
A guarantee has been provided to support unconditional office lease performance bonds	47	47
	47	47

	Consolidated	
	2020 \$'000	2019 \$'000
(b) Guarantees - Subsidiary		
A guarantee has been provided to support unconditional environmental performance bonds	167	165
	167	165

The Group has various security deposits totalling \$214,149 representing bank guarantees of \$46,116 for the office lease in Perth, \$1,083 for site office in Alice Springs (NT) and \$100,000 for Central Land Council (NT). Another \$66,950 was also paid directly to the Department of Primary Industry and Resources for various tenements in Mount Peake for rehabilitation guarantee which is accounted for as non-current assets.

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 2020.

NOTES TO THE FINANCIAL STATEMENTS

22 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 2020 is set out as follows:

	Consolidated	
	2020 \$'000	2019 \$'000
Other Income	149	410
Total Income	149	410
Corporate and administration expenses	(1,572)	(1,967)
Employment expenses	(1,490)	(1,748)
Depreciation and amortisation expenses	(188)	(50)
Loss from continuing operations	(3,101)	(3,355)
Finance income	236	267
Finance costs	(18)	-
Net finance income	218	267
Loss before tax	(2,883)	(3,088)
Income tax expense	-	-
Loss for the year	(2,883)	(3,088)
Items that will not be reclassified to profit or loss		
Equity investments at FVOCI-net change in fair value	(127)	(392)
Tax effect on other comprehensive income	-	-
Other comprehensive loss for the income (loss) for the year	(127)	(392)
Total comprehensive loss for the year	(3,011)	(3,480)
Statement of Comprehensive income and retained earnings		
Profit (loss) before income tax	(2,883)	(3,088)
Movements in retained earnings	(2,883)	(3,350)
Retained earnings at beginning of the year	(44,368)	(41,280)
Retained earnings at end of year	(47,251)	(44,368)

NOTES TO THE FINANCIAL STATEMENTS

22 DEED OF CROSS GUARANTEE (CONTINUED)

Statement of Financial Position	Consolidated	
	2020 \$'000	2019 \$'000
Cash assets	8,615	20,112
Trade and other receivables	258	368
Prepayments	358	59
Other investments	10	32
Total current assets	9,241	20,571
Other investments	182	287
Other receivables	67	-
Plant and equipment	60	73
Loan and borrowings from related parties	(1,093)	(1,087)
Right-of-use-asset	350	-
Exploration and evaluation expenditure	46,288	32,076
Total non-current assets	45,854	31,349
Total assets	55,095	51,920
Trade and other payables	2,282	1,314
Provision	464	329
Lease liability	146	-
Total current liabilities	2,892	1,643
Lease liability	215	-
Total non-current liabilities	215	-
Total liabilities	3,107	1,643
Net assets	51,988	50,277
Issued capital	102,595	97,874
Reserves	(3,356)	(3,229)
Retained earnings	(47,251)	(44,368)
Total equity	51,988	50,277

NOTES TO THE FINANCIAL STATEMENTS

23 CONSOLIDATED ENTITIES

Subsidiaries	Country of Incorporation	2020 % of Ownership	2019 % 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

24 NOTES TO THE STATEMENTS OF CASH FLOWS

Reconciliation of cash flows from operating activities

	Consolidated	
	2020 \$'000	2019 \$'000
Net profit/(loss) for the period	(2,885)	(3,090)
Add/(less) non-cash items:		
Depreciation and amortisation	188	50
Interest expense	18	-
	(2,679)	(3,040)
Change in assets and liabilities:		
Change in current payables and provisions	(296)	53
Change in current receivables and prepayments	52	231
Net cash used in operating activities	(2,923)	(2,756)

Reconciliation of lease liabilities arising from financing activities

	Consolidated	
	2020 \$'000	2019 \$'000
Lease liability at transition 1 July 2019	(488)	-
Additions	(12)	-
Interest expense	(18)	-
Lease liability at 30 June 2020	361	-
Net cash used in financing activities	(157)	-

Upon adoption of AASB 16 Leases, the 30 June 2019 were disclosed as operating leases.

NOTES TO THE FINANCIAL STATEMENTS

25 EMPLOYEE BENEFITS

Defined contribution superannuation funds

The Group made contributions to the employee's nominated superannuation funds. The amount recognised as an expense was \$100,559 for the financial year ended 30 June 2020 (2019: \$116,208).

Share-based payments

During the year no securities were issued to employees as an employee benefit.

26 RELATED PARTIES

(a) Compensation of key management personnel

Key management personnel compensation comprised the following:

Compensation by category	Consolidated	
	2020 \$'000	2019 \$'000
<i>Key Management Personnel</i>		
Short-term	1,196	1,096
Post-employment	38	48
	1,234	1,144

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

(b) 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.

The following payments were also paid for consulting fees to Southern Mining Consultants \$49,337 (2019: \$14,250) and Miceva Family Trusts \$12,375 (2019: \$0) of which John Elkington and Simon Morten are related parties respectively. This is included in the directors' remuneration.

None were outstanding at 30 June 2020 (2019: \$0).

NOTES TO THE FINANCIAL STATEMENTS

27 PARENT ENTITY INFORMATION

As at, and throughout, the financial year ending 30 June 2020 the parent entity of the Group was TNG Limited.

	2020 \$'000	2019 \$'000
Current assets	9,073	20,067
Non-current assets	44,298	31,189
Total assets	53,371	51,256
Current liabilities	922	919
Non-current liabilities	361	-
Total liabilities	1,283	919
Issued capital	102,595	97,874
Reserves	10,839	10,966
Accumulated losses	(61,346)	(58,503)
Total shareholders' equity	52,088	50,337
Loss for the year	(2,844)	(3,086)
Total comprehensive loss for the year	(2,971)	(3,478)

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 22.

Operating lease commitments	2020 \$'000	2019 \$'000
Operating lease commitments are payable as follows:		
Within one year	-	148
Between one year and 5 years	-	87
	-	235

Contingent Liabilities	2020 \$'000	2019 \$'000
Guarantees		
A guarantee has been provided to support unconditional Office lease performance bonds	47	47
Total estimated contingent liabilities	47	47

NOTES TO THE FINANCIAL STATEMENTS

28 EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to the end of the financial year, the Company has continued to progress engineering, permitting and approvals, and planning works related to the proposed development of the Mount Peake Project.

As announced on 27 July 2020, the Company executed a Binding Life-of-Mine Off-take Agreement with the leading Indian mining conglomerate VIMSON Group for 100% of the high-purity iron products planned to be produced by the Mount Peake 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 2020 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 25 to 54, and the Remuneration Report in pages 15 to 22 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 2020 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 23 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 2020.

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

Dated 23 September 2020



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 2020 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 2020.
- 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.

INDEPENDENT AUDITOR'S REPORT



Carrying value of exploration and evaluation expenditure (\$46,288,000)	
Refer to Note 15 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. • Greater level of audit effort to evaluate the Group's application of the requirements of the industry specific accounting standard <i>AASB 6 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. • 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 licences 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 the budget 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.

INDEPENDENT AUDITOR'S REPORT



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.
- 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 2020 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 15 to 22 of the Directors' report for the year ended 30 June 2020.

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
23 September 2020

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 4,940 holders of these ordinary shares as at 8 September 2020. 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 8 September 2020

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 and Development Co. Ltd and Associates	60,508,643	5.38%

Twenty largest shareholders as at 8 September 2020

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 Aktiengesellschaft	43,576,882	3.88
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	14,418,723	1.28
9	Mr Adam Furst	11,308,424	1.01
10	Mr Todd Brouwer	7,041,111	0.63
11	Citicorp Nominees Pty Limited	6,604,372	0.59
12	HSBC Custody Nominees (Australia) Limited	6,064,493	0.54
13	Mr Jeffrey Jay Johns	5,660,041	0.50
14	Mr Ernie Roosendaal + Mrs Sylvia Roosendaal <The Roosendaal S/F A/C>	4,750,000	0.42
15	Mr Bruno Dimasi + Mrs Jennifer Louise Dimasi <The Dimasi Family S/F A/C>	4,450,000	0.40
16	Mr Zhigang Wang	4,300,000	0.38
17	L Antonino & Co Nominees Pty Ltd + Delpag Holdings Pty Ltd <GDP Investments A/C>	4,135,075	0.37
18	Mr Stephen Gordon Hill	4,100,000	0.36
19	Mr Paul Burton	4,000,000	0.36
19	Researched Investments Pty Ltd <Richard Cruickshank S/F A/C>	4,000,000	0.36
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)		483,049,746	42.96
Total Remaining Holders Balance		641,495,378	57.04

ASX ADDITIONAL INFORMATION

Distribution of listed equity securities as at 8 September 2020

Category	Number of Holders	% Units
1 – 1,000	251	0.00
1,001 – 5,000	547	0.17
5,001 – 10,000	703	0.50
10,001 – 100,000	2,236	7.80
100,001 and over	1,203	91.53
Total	4,940	100.00

The number of shareholders holding less than a marketable parcel is 939.

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:

- at meetings of members or classes of members each member entitled to vote may vote in person or by proxy or attorney; and
- 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.

On-market buy-back

There 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.

Restricted securities as at 8 September 2020

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.

There were no securities on issue subject to voluntary escrow as at 8 September 2020.

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 2020 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/corporate/corporate-governance/>

TNG LIMITED

ABN 12 000 817 023