
TNG LIMITED

ACN 000 817 023

NOTICE OF EXTRAORDINARY GENERAL MEETING

TIME: 10.30 AM

DATE: 20 May 2015

PLACE: The Celtic Club, 48 Ord Street West Perth WA 6005

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9327 0900.

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IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at the Celtic Club, 48 Ord Street, West Perth WA 6005 on 20 May 2015 at 10.30 AM.

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5.00 PM WST on 18 May 2015.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance

with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

DEFINED TERMS

Capitalised terms in this Notice of Meeting and Explanatory Statement are defined either in the "Glossary" Section or where the relevant term is first used.

RESPONSIBILITY

This Notice of Meeting and Explanatory Statement has been prepared by the Company under the direction and oversight of its Directors.

PROSPECTUS - RELIEF

The Corporations Act restricts the Company from disposing of the Todd River Shares to Shareholders within 12 months of their issue, by way of the proposed In-specie Distribution, without the Company issuing a prospectus. In addition, the Corporations Act restricts the Shareholders from on-selling the Todd River Shares acquired by them as part of the In-specie Distribution, within 12 months after receiving them under the In-specie Distribution, without the Company issuing a prospectus in respect of the Todd River Shares transferred to Shareholders as part of the In-specie Distribution.

In addition, under applicable ASIC guidelines, the invitation to Shareholders to vote on Resolution 1 of the Notice of Meeting constitutes an "offer" to transfer Todd River Shares to Shareholders pursuant to the In-specie Distribution.

However, the Company has obtained relief from ASIC from Chapter 6D of the Corporations Act to enable the Company to undertake an equal reduction of capital and in-specie distribution to shareholders without the need to comply with the offer disclosure provisions set out in that Chapter. Further, the Company has also obtained relief from ASIC from the secondary sale provisions of the Corporations Act to allow Shareholders to on-sell their Todd River Shares without the Company being required to issue a prospectus in respect of those Todd River Shares. As such, no Prospectus is required to be prepared and lodged by the Company in respect of the In-specie Distribution.

There is no information known to the Company that is material to the decision by a Shareholder on how to vote on Resolution 1 other than as disclosed in this Notice of Meeting and Explanatory Statement and information that the Company has previously disclosed to Shareholders.

Shareholders should note that this Notice of Meeting and Explanatory Statement is not a prospectus lodged under Chapter 6D of the Corporations Act.

PURPOSE OF THIS DOCUMENT

The main purpose of this document is to explain the terms of the proposed In-specie Distribution, and the manner in which the In-specie Distribution will be implemented (if approved), and to provide such information as is prescribed or otherwise material to the decision of Shareholders whether or not to approve Resolution 1 to give effect to the In-specie Distribution. This document includes a statement of all the information known to the Company that is material to Shareholders in deciding how to vote on Resolution 1, as required by Section 256C(4) of the Corporations Act.

ASIC AND ASX

A final copy of this Notice of Meeting and Explanatory Statement has been lodged with ASIC and ASX. Neither ASIC, ASX nor any of their respective officers takes any responsibility for the contents of this document.

FORWARD LOOKING STATEMENTS

Some of the statements appearing in this document may be in the nature of forward looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast',

'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan', 'consider', 'foresee', 'aim', 'will' and similar expressions are intended to identify forward-looking statements. Indications of guidance on future production, resources, reserves, sales, capital expenditure, earnings and financial position and performance are also forward-looking statements.

You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties many of which are outside the Company's control. Those risks and uncertainties include factors and risks specific to the Company and Todd River such as (without limitation) the status of exploration and mining applications and licences and the risks associated with the non grant or expiry of those applications and licences, liquidity risk, risks associated with the exploration or developmental stage of projects, funding risks, operational risks, changes to Government fiscal, monetary and regulatory policies, regulatory approvals, the impact of actions of Governments, the potential difficulties in enforcing agreements, protecting assets and increases in costs of transportation and shipping of international operations, alterations to resource estimates and exploration targets and the imprecise nature of resource and reserve statements, any circumstances adversely affecting areas in the Northern Territory, fluctuations in the production, volume and price of commodities, any imposition of significant obligations under environmental regulations, fluctuations in exchange rates, the fluctuating industry and commodity cycles, the impact of inflation on operating and development costs, taxation, regulatory issue and changes in law and accounting policies, the adverse impact of wars, terrorism, political, economic or natural disasters, impact of changes to interest rates, loss of key personnel and delays in obtaining or inability to obtain any necessary Government approvals, the ability to service existing debt and to refinance debt to meet expenditure needs on any future acquisitions, any increased competition, insurance and occupational health and safety. For more information on the risk factors facing Todd River, please refer to Schedule 4.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and such deviations are both normal and to be expected.

None of the Company, Todd River nor any of their respective officers or any person named in this document or involved in the preparation of this document make any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, and you are cautioned not to place undue reliance on those statements.

The forward looking statements in this document reflect views held only as at the date of this document.

NO FINANCIAL PRODUCT ADVICE

This document does not constitute financial product or investment advice nor a recommendation in respect of the Todd River Shares. It has been prepared without taking into account the objectives, financial situation or needs of Shareholders or other persons. Before deciding how to vote or act Shareholders should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances.

Neither the Company nor Todd River is licensed to provide financial product advice. No cooling-off regime applies in respect of the acquisition of Todd River Shares under the In-specie Distribution (whether the regime is provided for by law or otherwise).

NO INTERNET SITE IS PART OF THIS DOCUMENT

No internet site is part of this Notice of Meeting and Explanatory Statement. The Company maintains an internet site (www.tngltd.com.au). Any reference in this document to this internet site is a textual reference only and does not form part of this document.

RECOMMENDATIONS

Your Directors unanimously recommend the approval of the proposed Resolutions 1 and 2 and encourage Shareholders to vote **IN FAVOUR OF** Resolutions 1 and 2.

In forming their unanimous recommendation in respect of Resolution 1, the Directors have carefully considered the following matters:

- (a) Shareholders will continue to retain their current percentage ownership interest in the capital of the Company.
- (b) The Spin-out should allow for a better focus on the advancement of the NT Base Metal Assets and should enable a more transparent market value to be placed on the NT Base Metal Assets, whilst the Company continues to develop its world class flagship Mount Peake project.
- (c) Future capital raising should be more achievable by each individual entity.
- (d) The Spin-out will provide Shareholders with the ability to participate in the exploration upside of the NT Base Metal Assets under a separate company with separate financing capabilities whilst also maintaining their investment exposure to the Company and the Mount Peake project.

The Directors have also considered the following potential disadvantages:

- (a) Shareholders may incur additional transaction costs.
- (b) There may be taxation implications in respect of the distribution of the Todd River Shares to the Shareholders.
- (c) There will be costs associated with Todd River, for example, ongoing administrative costs and costs associated with seeking funding for Todd River (which may or may not involve an initial public offer of Todd River).
- (d) Assuming completion of the Spin-out, there will be two separate companies that will require to be funded and will incur costs (being TNG and Todd River) rather than one company as is the case at present (being TNG). This will lead to a duplication of costs to Shareholders in some instances (e.g. directors' fees).
- (e) Due to the outstanding Options on issue in TNG and also because of the potential future issue of Shares by the Company before the Record Date, it is not clear at the date of this Notice how many TNG Shares will be on issue at the Record Date nor therefore what the exact ratio for the In-specie Distribution will be. Any exercise of Options in TNG before the Record Date will have the effect of lowering the number of Todd River Shares distributed for each Share in TNG. Please refer to section 1.16(d) for further details.

Having regard to each of the above matters, the Directors consider that, on balance, the In-specie Distribution of Todd River Shares to Shareholders is in the best interests of Shareholders as the Directors believe that the Company will be able to provide greater value to the Shareholders through the Spin-off. In this regard, the Directors believe that Shareholders will be able to directly participate in the potential upside of the NT Base Metal Assets which may not be realised without the Spin-off.

IMPORTANT NOTICES

Key Dates*

Extraordinary General Meeting to approval the In-specie Distribution of Todd River Shares	20 May 2015
ASX informed of Shareholder approval	20 May 2015
Proposed announcement of the Record Date*	17 August 2015
Record Date*	28 August 2015
In-specie Distribution to Shareholders of Todd River Shares*	11 September 2015

*** These dates are indicative only and may change without notice. Refer to Section 1.5 for further details.**

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – APPROVAL FOR AN EQUAL REDUCTION OF CAPITAL AND IN-SPECIE DISTRIBUTION

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, the following equal reduction of the capital of the Company is approved for the purposes of Section 256B and 256C of the Corporations Act and for all other purposes:

Subject to:

- (a) the record date set on or after the date this resolution is passed by the directors of the Company to determine entitlements of Shareholders to participate in the reduction of capital (**Record Date**) occurring not earlier than five business days and not later than six months after the date that this resolution is passed; and*
- (b) the Directors not providing a notice to ASX:
 - (i) if the Record Date has not been set, prior to the Record Date being set; or*
 - (ii) if the Record Date has been set, at least five Trading Days prior to the Record Date,**

stating that the Company does not intend to proceed with the reduction of capital contemplated by this Resolution;

THAT:

- (a) the capital of the Company be reduced, without cancelling any Shares, by an amount equal to the market value (as assessed by the Directors) of 60,000,000 Todd River Shares with effect as at 5.00pm (WST) on the Record Date; and*
- (b) the reduction be satisfied by the Company distributing and transferring the 60,000,000 Todd River Shares to the Shareholders of the Company registered on the Record Date on a pro rata basis, to be effected in accordance with the Constitution, the ASX Listing Rules and as otherwise determined by the Directors, with the consequence that each Shareholder on the Record Date shall be deemed to have consented to becoming a Todd River Shareholder and being bound by its constitution,*

on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE – SHARES AND OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 55,000,000 Shares and 13,750,000 Options on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. RESOLUTION 3 – NON-EXECUTIVE DIRECTOR'S REMUNERATION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of clause 6.5 of the Constitution, ASX Listing Rule 10.17 and for all other purposes, Shareholders approve an increase of the maximum total aggregate amount of fees payable to non-executive Directors from \$300,000 per annum to \$500,000 per annum in accordance with the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a Director and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Dated: 13 April 2015

By order of the Board



**PAUL BURTON
MANAGING DIRECTOR**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. RESOLUTION 1 – APPROVAL FOR AN EQUAL REDUCTION OF CAPITAL AND IN-SPECIE DISTRIBUTION

1.1 Background and Overview of the Proposal

The Company is listed on the ASX and owns all of the issued capital of five Australian subsidiary companies, Connaught Mining NL, Enigma Mining Limited, Tennant Creek Gold (NT) Pty Ltd, Manbarrum Mining Pty Ltd and Todd River Resources Limited (**Todd River**) which together hold interests in diversified exploration projects including Mount Peake (Fe-V-Ti), Sandover (Cu), Walabanba (Cu-Fe-Ti), Melville Island (Al), Mount Hardy (Cu), Petermans (Au-Cu-U), Rover (Cu-Au), Goddards (Cu), McArthur River (Cu), Croker Island (Al), Tomkinson (Zn-Pb-Ag-Cu) and Manbarrum (Zn-Pb-Ag) located in the Northern Territory.

The Company's activities have recently been dominated by the exploration of the world class Mount Peake project, and, as such, TNG has become recognised as a Vanadium focused company. Such success has overshadowed the significant potential and value that the Directors believe is in the Company's base metal assets in the Northern Territory which consist of the Petermans, Sandover, Mount Hardy, Walabanba, Rover, Goddards, McArthur River, Melville Island, Croker Island, Tomkinson and Manbarrum projects (**NT Base Metal Assets**). Refer to Section 1.9 and Schedule 1 of this Explanatory Statement for a background summary of the NT Base Metal Assets including information on prospectivity.

As announced on 27 November 2014, the Company is proposing, subject to Shareholder approval, to demerge the NT Base Metal Assets via its subsidiary company Todd River (**Spin-out**).

The Company's primary purpose in undertaking the Spin-out is to separate the NT Base Metal Assets from its other assets. Specifically, the Spin-out is being undertaken to achieve the following commercial objectives:

- to allow TNG to concentrate on the development of its flagship asset, the world class Vanadium Mount Peake project;
- to create a separate entity to focus on the future development of the NT Base Metal Assets;
- to provide separate funding channels for Todd River and the NT Base Metal Assets, thereby allowing the Company to conserve its cash resources for undertaking activities connected with its flagship asset and also enabling each entity to achieve a funding profile more attuned to the stage of development of its respective assets; and
- to make it easier to raise equity to fund the NT Base Metal Assets.

The Spin-out is also considered to be an opportunity for Shareholders to realise maximum value from the NT Base Metal Assets as it will allow the Company to divest these assets which it considers non-core to its strategic objectives and

incubate them in a dedicated company, Todd River, whilst focusing on its flagship Mount Peake project. The Board considers that the value of the NT Base Metal Assets is not recognised in TNG's share price and believes that the time has come to separate and transfer these quality projects into an independent company with specific commodity and management focus.

Once Shareholder approval is obtained for the Spin-Out and In-specie Distribution (and assuming the Company proceeds with the Proposal), it is intended that Todd River will be funded initially by loan funding from TNG. It is then intended that Todd River, as the vehicle then holding the NT Base Metal Assets, will examine its funding options. See section 1.3 below for further details.

Provided approval is obtained from TNG Shareholders at the Meeting and the Company proceeds with the Spin-out, it is intended that the Spin-out will occur by TNG first transferring (or procuring the transferring of) the NT Base Metal Assets to Todd River in consideration for being issued 75,000,000 shares in Todd River. TNG will then distribute and transfer 60,000,000 shares in Todd River (**Todd River Shares**) in specie to TNG's Shareholders on a pro-rata basis (**In-specie Distribution**). See section 1.16(d) below for further details.

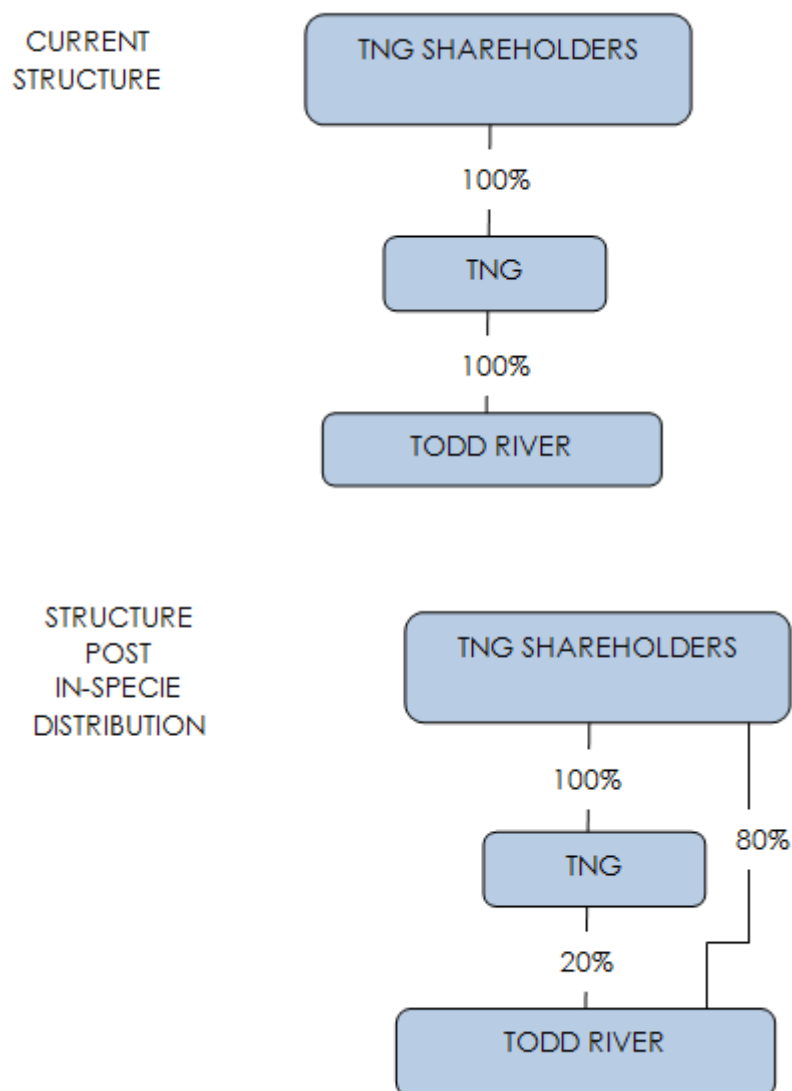
The In-specie Distribution will be effected by an equal reduction of TNG's capital on a pro rata basis. TNG Shareholders will receive an in specie return of capital by way of the distribution of Todd River Shares in proportion to the number of TNG Shares held by them at the Record Date. TNG Shareholders will thereby retain direct ownership of TNG and also indirect ownership of TNG's retained shareholding in Todd River (see the paragraph below for further details). TNG Shareholders will also receive direct ownership of Todd River. Structure diagrams of the proposed arrangements immediately before and after the demerger are set out on page 12 of this Explanatory Statement.

It is proposed that TNG will retain a shareholding of 15,000,000 Todd River Shares. As such, upon completion of the Spin-out and In-specie Distribution, it is expected that TNG will retain a minimum 20% shareholding in Todd River with the approximate remaining 80% interest being held by TNG shareholders directly. This means that post In-specie Distribution, it is anticipated that TNG shareholders will collectively hold an 80% direct interest in Todd River and also a 20% indirect interest via TNG's retained Todd River Shares. Refer to the corporate structure diagrams below for further details.

As well as the commercial objectives outlined above, and assuming the Company proceeds with the Spin-out, it is expected the Spin-out will also:

- (a) give TNG and Todd River a better alignment of the management teams of both companies to achieve 100% focus on their respective project needs;
- (b) help TNG to unlock value for TNG Shareholders, which is not currently reflected in the TNG Share price;
- (c) reduce the diversity of TNG's assets;
- (d) increase the visibility and transparency of the NT Base Metal Assets to Shareholders;
- (e) provide TNG Shareholders with the opportunity to participate in the exploration upside of the NT Base Metal Assets whilst also maintaining their investment exposure to the advanced Mount Peake project.

In the event Resolution 1 is passed and the Company proceeds with the Spin-out, the restructure of TNG and Todd River will occur as follows assuming completion of the In-specie Distribution:



1.2 Realisation of the Proposal

After receipt of Shareholder approval, the Company proposes to achieve the realisation of shareholder value via completion of the Spin-out and In-specie Distribution as set out in Section 1.1 above. The Company believes that the Proposal will allow Todd River the best opportunity to raise the funds required to advance exploration activities on the NT Base Metal Assets, assess any further mining or advanced exploration asset acquisitions and fund its ongoing operational expenditure.

This is the Company's preferred course of action as the Board feels it will be the best means of realising the true value of the NT Base Metal Assets, along with being the most suitable method of raising capital. This course of action will be entirely dependent upon the stability of the global economic environment in the short to medium term.

Following realisation of the Proposal, TNG expects its primary focus will be on developing its Mount Peake project. The Company's present intention as a substantial shareholder of Todd River will be to maintain its shareholding in, and

provide loan funding to, Todd River to attempt to realise value in the NT Base Metal Assets. Refer to Section 1.3 below for further details.

1.3 Prospects for Todd River

Following completion of the Proposal, Todd River will initially operate as an unlisted public company and will be funded by advances from TNG sufficient to pay the initial costs of the Proposal and to cover the estimated minimum exploration expenditure commitments of the NT Base Metal Assets for a minimum period of 12 months (**Loan**).

The terms of the Loan will be as follows:

- (a) **(Amount):** The amount of the Loan will be sufficient to pay the initial costs of the Proposal, to maintain the NT Base Metal Assets in good standing, to cover the estimated minimum exploration expenditure commitments of the NT Base Metal Assets for a minimum period of 12 months and also to advance any exploration activities which the Todd River Board determine may add value to shareholders and which exploration activities are agreed to in advance by TNG after consideration of Todd River's proposed exploration plan. The current estimated amount required for Todd River to carry on its activities for 12 months is \$914,937. Todd River envisages that funds available under the Loan will be applied in the manner set out in Section 1.4 below;
- (b) **(Interest):** TNG may elect to charge interest on the Loan at commercial rates (such interest rate not to exceed 12%);
- (c) **(Security):** The Loan will be unsecured initially although TNG will have the right to require Todd River to grant TNG security over Todd River (or the NT Base Metal Assets) to secure the Loan at a future date, subject at all times to compliance with all applicable laws and regulations;
- (d) **(Drawdown):** Todd River will be able to draw down the Loan on a continual basis and as required. Drawdowns will also be subject to any alternative funding available to Todd River at a given time; and
- (e) **(Repayment):** the Loan will be repayable on the second anniversary of the date of the initial advance of the Loan. Todd River will also have the right to repay the Loan at an earlier date.

Todd River envisages that funds available under the Loan will provide sufficient working capital to maintain the NT Base Metal Assets in good standing and carry out minimum exploration expenditure for a minimum period of 12 months. Refer to Section 1.4 below for further details.

Todd River's business will be created, initially, via the consolidation of the NT Base Metal Assets and later through the pursuit of other opportunities in the resources sector.

It is then envisaged that Todd River will examine all funding options open to it (which may include, on a without limitation basis, a capital raising and listing on the Australian Securities Exchange (**ASX**) subject to the prevailing global economic conditions being sufficiently receptive). However, the Company notes and confirms, that there is no guarantee that the Company will proceed with the Spin-out, or the In-specie Distribution, or that Todd River will seek a listing on the ASX or any other securities exchange.

The Todd River Board will seek to advance the NT Base Metal Assets in the manner in which it considers to be in the best interests of Todd River Shareholders at the relevant time and based on its ability to fund those intentions. This may include, without limitation, conducting an initial public offer (**IPO**) and seeking a listing on an appropriate securities exchange, conducting a private equity raising or seeking a joint venture partner for development of the NT Base Metal Assets.

As well as considering an IPO, Todd River will also consider raising capital via a private equity raising. The Company believes that exploration of the NT Base Metal Assets is sufficiently advanced to attract capital investment from private parties which may realise the value of the NT Base Metal Assets. This course of action will be entirely dependent upon the stability of the global economic environment in the short to medium term.

In the event that an IPO or private equity raising is not considered by the Todd River Board to be viable options for the furtherance of Todd River and the NT Base Metal Assets, Todd River may seek a joint venture partner(s) to assist in funding further exploration of the NT Base Metal Assets in the short to medium term. The Company believes that exploration of the NT Base Metal Assets is sufficiently advanced to attract capital investment from a joint venture partner(s). Again, this course of action will be dependent upon the stability of the global economic environment and also upon the availability of suitable joint venture partners.

In the event that an IPO, private equity raising or joint venture arrangement is not possible, the Company (and Todd River) will consider the sale of the NT Base Metal Assets and will apply the proceeds from any sale to repayment of the Loan and to future investment in new resource development opportunities in Australia and/or overseas. The Company re-iterates that any decision as to future matters will be made at the relevant time bearing in mind the circumstances that exist at that time.

In the short term, Todd River would be focused on exploration activities at the NT Base Metal Assets. Over the medium term, Todd River would be focused on delivering value to its shareholders through the continued exploration and development of the NT Base Metal Assets and any additional assets that may be acquired at a future point in time.

The information contained in this section in respect of the potential future prospects of Todd River should be read together with the risk factors set out in Schedule 4.

1.4 Application of Funds Following Completion of the Proposal

Assuming completion of the Proposal, the Company, at present, envisages that for the first 12 months post Spin-out, Todd River will initially apply funds available under the Loan in the following manner:

- (a) Rents and rates payable on the NT Base Metal Assets

Subject to Shareholder approval being obtained for the Proposal, TNG will transfer (or procure the transfer of) the NT Base Metal Assets to Todd River (as set out above) and Todd River will then be required to pay 100% of the rent and rates and the minimum annual expenditure commitments for the NT Base Metal Assets. For the initial 12 month period, this will amount to approximately \$609,937. Please refer to the

table below for a breakdown of Todd River's intended use of funds from the proceeds of the Loan.

(b) Use of Funds¹

USE	AMOUNT (\$)
EXPLORATION EXPENDITURE	
Tomkinson Project	38,000
Mount Hardy Project	114,958
Walabanba Project	127,291
McArthur Project	130,250
Manbarrum Project	150,458
Subtotal	560,957
RENTS AND RATES	
Tomkinson Project	4,114
Mount Hardy Project	12,615
Walabanba Project	11,141
McArthur Project	5,258
Manbarrum Project	15,852
Subtotal	48,980
COSTS OF THE PROPOSAL	160,000
OFFICE AND ADMINISTRATION	145,000
Total	914,937

1. The above table is a statement of current intentions as at the date of this Notice. As with any budget, intervening events or failure and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Todd River Board reserves the right to alter the way funds are applied on this basis.

The Company confirms that Todd River will have access to sufficient funds (through the Loan) to meet its proposed expenditure requirements for the 12 month period following completion of the Proposal.

1.5 Capital Reduction – General

TNG seeks Shareholder approval under Resolution 1 to enable TNG to reduce its capital by the distribution of specific assets to Shareholders, being 60,000,000 Todd River Shares.

The Corporations Act and the ASX Listing Rules set out the procedure and timing for a capital reduction. Refer to page 6 for an indicative timetable in respect of the Proposal. The alteration to the Company's capital and the In-specie Distribution will become effective from the Record Date provided that after the Record Date has been set the Directors have not provided a notice to ASX stating that the Company does not intend to proceed with the reduction of capital contemplated by Resolution 1.

Generally, the standard record date for a reorganisation of capital of an ASX-listed company is not less than four business days following a general meeting of that company. However, in relation to the In-specie Distribution, the Company has provided for flexibility in the setting of the Record Date, such that the Directors may elect to defer the implementation of the In-specie Distribution until market conditions are more favourable.

As a result, the Record Date is to be set after the date Resolution 1 is passed, by the Directors, to determine entitlements of Shareholders to participate in the In-specie Distribution, such that the Record Date will be not less than five business days after the date on which Resolution 1 is passed and not later than six months after the date on which Resolution 1 is passed.

If the capital reduction proceeds, Shareholders will receive a pro rata entitlement to the 60,000,000 Todd River Shares and each Shareholder's name will be entered on the register of members of Todd River with each TNG Shareholder having deemed to have consented to becoming a Todd River shareholder and being bound by its constitution.

A TNG Shareholder's entitlement to Todd River Shares to be distributed is to be based on the number of TNG Shares held at the Record Date. It is proposed that TNG will retain a shareholding of 15,000,000 Todd River Shares, being a minimum of a 20% shareholding interest.

Due to the outstanding Options on issue in TNG and also because of the potential future issue of Shares by the Company before the Record Date, it is not clear at the date of this Notice how many TNG Shares will be on issue at the Record Date nor therefore what the exact ratio for the In-specie Distribution will be.

Other than as shareholders of TNG or as otherwise set out in this Explanatory Statement, none of the Directors have any interest in Resolution 1.

1.6 Pro forma financial position of TNG and Todd River upon completion of the Proposal

Set out in Schedule 2 is the statement of financial position of the Company as at 31 December 2014 together with the pro forma statement of financial position of the Company following completion of the Proposal.

A pro forma statement of financial position for Todd River, reflecting the proposed balance sheet of Todd River following completion of the Proposal is set out in Schedule 3.

1.7 Advantages and Disadvantages of the Proposal (assuming completion of the Spin-out and In-specie Distribution):

(a) Advantages

- (i) All Shareholders will retain an interest in the NT Base Metal Assets through their individual pro-rata shareholdings in Todd River.
- (ii) All Shareholders will retain approximately their current percentage ownership interest in the capital of TNG. Furthermore, Shareholders will retain an indirect interest and exposure to TNG's retained interest in Todd River.

- (iii) The Directors believe that the market is not attributing any value to the NT Base Metal Assets. A company primarily dedicated to exploring and developing the NT Base Metal Assets may be able to extract additional value from them. The Spin-out should allow for a better focus on the advancement of the NT Base Metal Assets and should enable a more transparent market value to be placed on the NT Base Metal Assets, whilst the Company continues to develop its flagship Mount Peake project. The Spin-out from TNG will mean that both TNG and Todd River will have a primary focus that will not be affected by events or occurrences relating to other projects.
- (iv) Future capital raising should be more achievable by each individual entity as the focus of the funding will be on either specifically, TNG's remaining assets or the NT Base Metal Assets held by Todd River.
- (v) The Spin-out will provide Shareholders with the ability to participate in the exploration upside of the NT Base Metal Assets under a separate company with separate financing capabilities whilst also maintaining their investment exposure to TNG's advanced Mount Peake project.

(b) **Disadvantages**

- (i) Unlike the market for TNG Shares currently held by Shareholders, there is likely to be no liquid market to facilitate the trading of the Todd River Shares for a period of time. For this reason, it may also be difficult to value the Todd River Shares after the implementation of the Proposal.
- (ii) There is no guarantee that the Todd River Shares will rise in value.
- (iii) Following the Loan (detailed above) being exhausted, Todd River will be reliant upon external third parties to obtain any future funding for its operations. As outlined above, Todd River will seek to raise funds to meet its future administration and exploration expenses via one or more of the following: an initial public offer, private equity raising, joint venture arrangement or sale of the NT Base Metal Assets. Any funds raised will be done so on the usual commercial terms applicable to the type of funding sought.
- (iv) There are a number of potential disadvantages arising from Todd River seeking further funding. These include, but are not limited to:
 - (A) dilution of Todd River Shareholders' shareholdings via either an initial public offer or private equity raising;
 - (B) potential change in control via a private equity raising or joint venture arrangement;
 - (C) diminished value for Todd River Shareholders upon the basis of decreased revenue flowing from a joint venture arrangement; and

- (D) loss of prospective exploration assets upon the basis of Todd River selling some or all of its interests in the NT Base Metal Assets.

However, as set out above in Sections 1.3 and 1.4, Todd River has funding sufficient to cover its proposed expenditure requirements for a 12 month period following completion of the Proposal.

- (v) TNG, as a company whose Shares are quoted on ASX, is a disclosing entity and, as such, is subject to regular reporting and disclosure obligations. Following realisation of the Proposal and for so long as Todd River is sole funded and remains an unlisted entity, Todd River will not be obliged to provide the same level of disclosure to its shareholders in relation to its activities as TNG is currently obliged to provide in respect of Todd River as its wholly owned subsidiary. Further, while Todd River remains an unlisted entity, shareholders of Todd River will not be afforded the shareholder protections provided by the ASX Listing Rules.
- (vi) Shareholders may incur additional transaction costs if they wish to dispose of their new investment in Todd River (e.g. brokerage costs).
- (vii) There may be a taxation consequence in respect of the distribution of the Todd River Shares to the Shareholders. Details of the possible general taxation effect of the transaction are set out in Section 1.23 of this Explanatory Statement.
- (viii) The costs relating to Todd River (some of which will initially be incurred by TNG) will include, but are not limited to:
 - (A) ongoing administrative and office expenses required for the day to day running of Todd River;
 - (B) legal fees incurred in the preparation of documentation giving effect to the Proposal; and
 - (C) tax advice obtained in relation to taxation consequences of the Proposal.
- (ix) Fees will not be paid to Todd River's directors until capital raising activities have been undertaken by Todd River. As set out in Section 1.10 below, following receipt of Shareholder approval and completion of the Proposal, the Todd River Board may be different to that of Todd River's present Board and also different to that of the Company's present Board. Following implementation of the Proposal and following the completion of capital raising activities by Todd River, Todd River will assume responsibility for the remuneration of the Todd River Board and will be responsible for all of its own exploration, management and administration expenses (including directors' fees).
- (x) Unless and until Todd River becomes listed on a recognised securities exchange, the Todd River Shares will not have a liquid market and may be difficult to sell. There can be no assurance that Todd River will be listed on a recognised securities exchange or trade at a desired price.

- (xi) As a result of the return of capital, TNG will forego a sizeable percentage of the premium it might have received from a person seeking to acquire a controlling stake in Todd River and its NT Base Metal Assets.
- (xii) Assuming completion of the Spin-out, there will be two separate companies that will require to be funded and will incur costs (being TNG and Todd River) rather than one company as is the case at present (being TNG). This will lead to a duplication of costs to Shareholders in some instances (e.g. directors fees).
- (xiii) Due to the outstanding Options on issue in TNG and also because of the potential future issue of Shares by the Company before the Record Date, it is not clear at the date of this Notice how many TNG Shares will be on issue at the Record Date nor therefore what the exact ratio for the In-specie Distribution will be. Any exercise of Options in TNG before the Record Date will have the effect of lowering the number of Todd River Shares distributed for each Share in TNG. Please refer to section 1.16(d) for further details.

1.8 Failure to achieve completion of the Proposal

Failure to achieve completion of the Proposal may result in a reduced level of exploration expenditure on the NT Base Metal Assets by the Company, or exploration may occur on a delayed timetable. The Company has prioritised its projects and the NT Base Metal Assets are currently considered non-core and of less priority than the Company's flagship Mount Peake project.

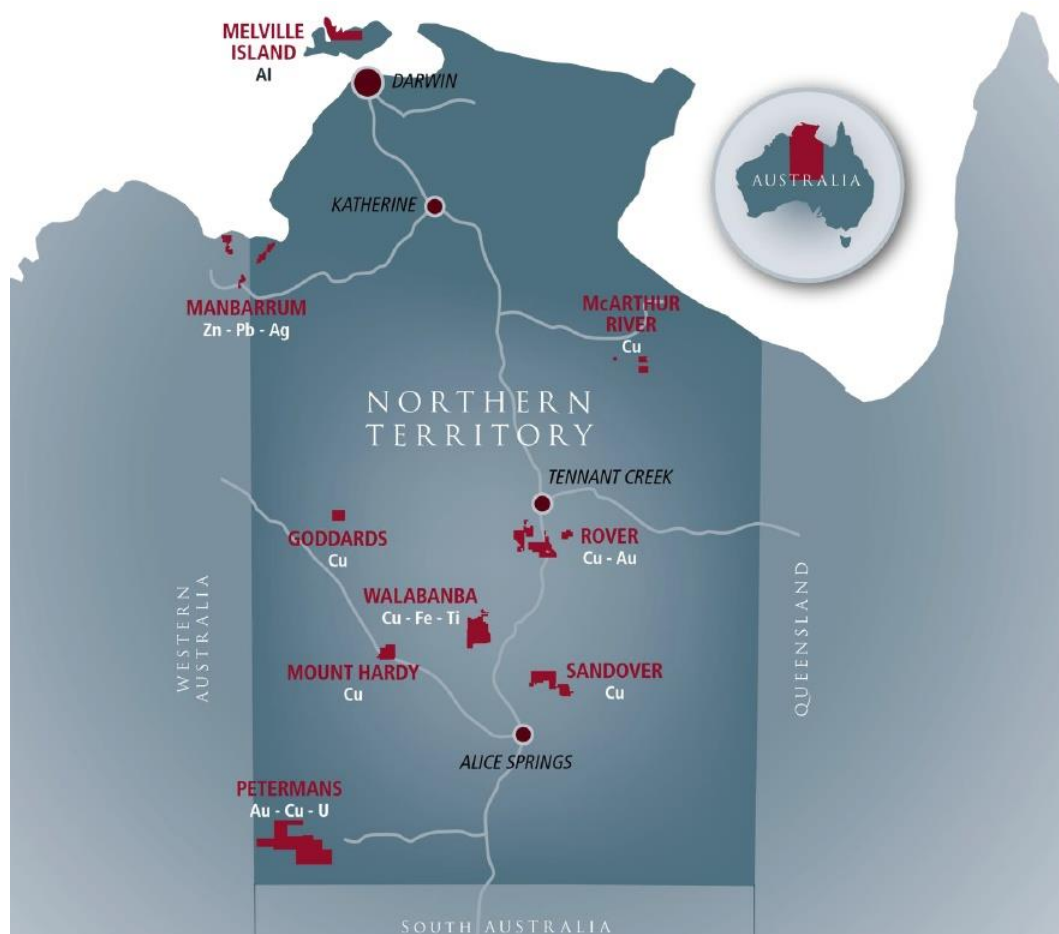
In the event that the Proposal is not successful, the Company may explore alternative methods of funding exploration on the NT Base Metal Assets although a successful outcome cannot be guaranteed.

In the event that completion of the Proposal occurs but Todd River fails to undertake a capital raising activity, the Todd River Board will fund the minimum exploration expenditure, rent and rates of the NT Base Metal Assets for the first twelve month period and the costs of the Proposal via drawing down funds pursuant to the Loan.

Alternatively, Todd River (or TNG, as the case may be) may seek to fund the exploration of the NT Base Metal Assets via either entering into a joint venture arrangement with third parties or selling a portion of the NT Base Metal Assets. For further details on alternative sources of funding, please refer to Section 1.3 above.

1.9 Background of the NT Base Metal Assets

The NT Base Metal Assets are situated in the Northern Territory as shown in the map below:



A summary of each of the NT Base Metal Assets including information on prospectivity is set out in Schedule 1.

The cumulative results of previous exploration work undertaken by TNG on the NT Base Metal Assets have provided a platform on which Todd River can progress further exploration thereby adding value for Shareholders. Refer to Schedule 1 for further details of the exploration work which has already been undertaken on the NT Base Metal Assets.

1.10 Todd River Structure and Board

Todd River was incorporated on 24 June 2014. The current Board of Directors of Todd River is set out below.

Following receipt of Shareholder approval for the Proposal, the Todd River Board may be different to that of Todd River's present Board (and also different to that of the Company's present Board). As at the date of this Notice, Todd River has commenced a search for two independent persons with relevant suitable experience in mining exploration in the Northern Territory and the resources sector in general as potential appointees to the Todd River Board. Assuming Shareholder approval is obtained for Resolution 1, Todd River will then commence the process of seeking the appointment of independent directors to the Todd River Board who will be responsible for the direction of Todd River.

It is also anticipated that further executive appointments may be made in the medium term.

The Todd River Board of Directors presently comprises of:

Mr Michael Evans, B.Bus, ACA, ACIS

Mr Evans, a Chartered Accountant, is a highly experienced mining and resource industry executive based in Perth who has extensive executive and board level experience with publicly listed companies in the natural resource sector.

He was until recently the founding Executive Chairman of oil explorer and producer FAR Limited (formerly First Australian Resources), a position he held from 1995. Prior to that, Mr Evans was Director of a private Asian investment company based in Hong Kong pursuing resource opportunities in China.

Between 1983 and 1991, he was Joint Managing Director of Forsayth Group, which he, and his co-Managing Director, built from a junior explorer to become a significant gold producer with interests in five producing mines and two projects mines in Australia and overseas.

Mr Paul Burton, B.Sc (Hons) Geology (UK), M.Sc Mineral Exploration (Canada), MAusImm, CIMB, FAEG, GAICD, IoD

Mr Burton is a highly experienced Exploration Geologist/Geochemist with over 25 years' experience in Exploration and Mining.

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

Prior to his appointment to the TNG Board, Mr Burton was the Exploration Manager and Exploration Director of TNG, and has been instrumental in establishing the NT Base Metal assets and had significant involvement in their initial exploration.

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

Mr Geoffrey Crow

Mr Crow has more than 28 years experience in all aspects of corporate finance, stockbroking and investor relations in Australia and international markets and has owned and operated his own businesses in these areas for the last sixteen years.

Mr Rex Turkington, BCom(Hons), BCA,GAICD, AAFSI, ADA1 (ASX)

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

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

1.11 Disclosure to ASX

TNG, as an entity with Shares quoted on the Official List of the ASX, is a disclosing entity and, as such, is subject to regular reporting and disclosure obligations. Copies of documents lodged in relation to TNG may be obtained for a fee from, or inspected at, an office of the ASIC or can be accessed at the Company's ASX announcements platform.

1.12 Risk Factors

On successful completion of the Proposal, Shareholders will become shareholders in Todd River and should be aware of the general and specific risk factors which may affect Todd River and the value of its securities. These risk factors are set out in Schedule 4. The risk factors have been reviewed by each of the boards of directors of the Company and Todd River and are considered applicable.

1.13 Effect of Proposed Capital Reduction on the Company

A pro-forma statement of financial position of TNG is contained in Schedule 2 which shows the financial impact of the capital reduction and the Proposal on the Company. Furthermore, the Company, being an ASX listed entity, is subject to the continuous disclosure requirements set out in Chapter 3 of the ASX Listing Rules. As such, the Company is required to lodge quarterly accounts detailing the Company's current financial position. Any use of funds by the Company will be detailed in these quarterly reports and any significant transactions will be disclosed to Shareholders.

1.14 Director's Interests and Recommendations

The table below sets out the number of securities in TNG held by the Directors at the date of the Meeting and also the number of Todd River Shares they are likely to have an interest in if Resolution 1 is passed and implemented:

Director	TNG Shares	Options	Approximate Number of Todd River Shares each Director will receive ¹
Michael Evans	4,507,937	2,111,111	450,793
Paul Burton	13,083,333	166,666	1,308,333
Geoffrey Crow	6,870,538	166,666	687,053
Rex Turkington	7,721,333	166,666	772,133
Zhigang Wang	58,708,643	3,600,000	5,870,864
Jianrong Xu	nil	nil	nil

¹ Assuming a 1 for 10 ratio for the In-specie Distribution for illustrative purposes only. It is not clear at the date of this Notice what the exact ratio for the In-specie Distribution will be. Refer to section 1.16(d) for further details.

After considering all relevant factors, the Directors recommend the Company's Shareholders vote in favour of Resolution 1 for the reasons summarised on page 5 of this Notice.

1.15 Effect of Proposed Capital Reduction on Shareholders in TNG

What will you receive?

If the Proposal is implemented, eligible Shareholders will receive an in specie return of capital by way of the distribution of Todd River Shares in proportion to the number of TNG Shares held by them at the Record Date.

Shareholders are not required to contribute any payment for the Todd River Shares which they are entitled to receive under the Proposal.

What is the impact on your shareholding in the Company?

The number of Shares in the Company that you hold will not change as a result of the Proposal.

If the Proposal is implemented, the value of your Shares in the Company may be less than the value of the TNG Shares held prior to the Proposal being implemented. The size of any decrease cannot be predicted and will be dependent on the value ascribed to the NT Base Metal Assets.

Do you have to do anything to receive your Todd River Shares?

If the Proposal proceeds, you will automatically receive the Todd River Shares you are entitled to receive (unless you are an ineligible overseas Shareholder, in which case you will receive the proceeds), even if you vote against the Proposal or do not vote at all.

Will I be able to trade my Todd River Shares?

If the Proposal is approved by Shareholders and is implemented, a holder of Todd River Shares will be able to sell their Todd River Shares in the future.

However, there may be a limited liquid market for the Todd River Shares until these Shares are listed on a recognised securities exchange. Please refer to Section 1.7(b)(ix) for further details on this risk.

What are the taxation implications of the Proposal?

A general guide to the taxation implications of the Proposal is set out in Section 1.23 of this Explanatory Statement. The description is expressed in terms of the Proposal and is not intended to provide taxation advice in respect of particular circumstances of any Shareholder. **Shareholders should obtain professional advice as to the taxation consequences of the Proposal in their specific circumstances.**

What will happen if Resolution 1 is not approved?

In the event that Shareholder approval of Resolution 1 is not obtained, the Proposal will not proceed and the distribution of Todd River Shares to TNG Shareholders will not occur.

1.16 Additional important information for TNG Shareholders

- (a) The capital structure of TNG as at the date of this Notice is:

Number of Shares	Number of Quoted Options	Number of Unquoted Options
624,443,081	59,672,303 ¹	11,100,000 ²

¹ Exercisable at \$0.08 on or before 31 July 2015.

² Consisting of 1,600,000 Options exercisable at \$0.235 on or before 26 November 2015, 4,000,000 Options exercisable at \$0.057 on or before 26 November 2016, 4,500,000 Options exercisable at \$0.15 on or before 6 June 2017 and 1,000,000 Options exercisable at \$0.15 on or before 4 January 2017.

- (b) The proposed capital structure of Todd River will be:

Number of Todd River Fully Paid Ordinary Shares	Number of Todd River Options
75,000,000	nil

- (c) the Record Date will be set after the date Resolution 1 is passed by the Directors;
- (d) 60,000,000 Todd River Shares will be distributed on a pro-rata basis to all holders of ordinary shares in the capital of the Company on the Record Date (**Return Shares**) based on the number of TNG Shares held by such holders at the Record Date. Due to the outstanding Options on issue in TNG and also because of the potential future issue of Shares by the Company before the Record Date, it is not clear at the date of this Notice how many TNG Shares will be on issue at the Record Date nor therefore what the exact ratio for the In-specie Distribution will be. At the date of this Notice, there are 624,443,081 Shares on issue in the Company. Assuming this same number of Shares was on issue at the Record Date, the formula for the In-specie Distribution would be approximately 1 Todd River Share for every 10 TNG Shares held. Any exercise of Options in TNG will have the effect of lowering the number of Todd River Shares distributed for each Share in TNG. Any fractions of entitlement will be rounded down to the next whole number;
- (e) the return of capital will be effected by a pro-rata distribution of the Return Shares in specie proportionately to all of the Company's Shareholders:
- (i) registered as such as at 5.00pm (WST) on the Record Date; or
 - (ii) entitled to be registered as a Shareholder in the Company by virtue of a transfer of Shares executed before 5.00pm (WST) on the Record Date and lodged with the Company at that time.

1.17 Information concerning TNG Shares

The rights attaching to the Shares in TNG will not alter.

For the information of Shareholders, the highest and lowest recorded sale prices of the Company's Shares as traded on ASX during the 12 months immediately preceding the date of this Explanatory Statement, and the respective dates of those sales were:

Date	Highest Price	Date	Lowest Price
14 July 2014	\$0.34	14 April 2014	\$0.065

The latest available closing price of the TNG Shares on ASX prior to the date of this Notice was \$0.17 on 10 May 2015.

1.18 Section 256C of the Corporations Act

The proposed reduction of capital by way of an in specie distribution to Shareholders is an equal capital reduction.

Under Section 256B of the Corporations Act, the Company may only reduce its capital if it:

- (a) is fair and reasonable to Shareholders as a whole;
- (b) does not materially prejudice the Company's ability to pay its creditors; and
- (c) is approved by Shareholders in accordance with Section 256C of the Corporations Act.

The Directors believe that the Proposal is fair and reasonable to Shareholders as a whole and does not materially prejudice the Company's ability to pay its creditors. This is because each TNG Shareholder is treated equally and in the same manner since the terms of the reduction of capital are the same for each TNG Shareholder. The In-specie Distribution is on a pro rata basis, and the proportionate ownership interest of each TNG Shareholder remains the same before and after the Proposal.

In accordance with the Corporations Act:

- (a) the proposed reduction is an equal reduction and requires approval by an ordinary resolution passed at a general meeting of TNG Shareholders;
- (b) this Explanatory Statement and previous ASX announcements set out all information known to TNG that is material to the decision on how to vote on Resolution 1; and
- (c) TNG has lodged with ASIC a copy of this Notice of Meeting and accompanying documentation.

Under the Corporations Act, an offer of securities generally requires disclosure to investors through a disclosure document, typically in the form of a prospectus. ASIC has provided technical relief to the Company to ensure that the In-specie Distribution process does not constitute a breach of the prospectus requirements. Further, the Company has also obtained relief from ASIC from the secondary sale provisions of the Corporations Act to allow Shareholders to on-sell their Todd River Shares without the Company being required to issue a prospectus in respect of those Todd River Shares.

1.19 ASX Listing Rule 7.17

ASX Listing Rule 7.17 provides in part that a listed entity, in offering shareholders an entitlement to securities, must offer those securities pro rata or in such other way as, in the ASX's opinion, is fair in all the circumstances. In addition, there must be no restriction on the number of securities which a shareholder holds before this entitlement accrues. The Proposal satisfies the requirements of ASX Listing Rule 7.17 because the issue of Todd River Shares is being made to TNG Shareholders on a pro rata basis, and there is no restriction on the number of TNG Shares a Shareholder must hold before the entitlement to the Todd River Shares accrues.

1.20 Effect of Shareholder approval

(a) General

If Resolution 1 is approved, TNG Shareholders (as at the Record Date) will receive a pro rata beneficial entitlement to Todd River Shares based on the number of TNG Shares held at the Record Date. The reduction in TNG's capital and the transfer and distribution of Todd River Shares will become effective from the Record Date (provided that after the Record Date has been set the Directors have not provided a notice to ASX stating that the Company does not intend to proceed with the reduction of capital contemplated by Resolution 1). Any fractions of entitlement will be rounded down to the next whole number. Shares in Todd River are to be held subject to its constitution which is in standard form.

The actual dollar value of the proposed return of capital will be an amount equal to the value of the Todd River Shares transferred and distributed to be assessed by the Directors. Please refer to Schedules 2 and 3 for the pro-forma statements of financial position of both TNG and Todd River which show the expected financial impact of the Proposal.

The Board considers the proposed reduction of capital will have no material effect on the interests of TNG Shareholders, except as disclosed in the discussion of the advantages and disadvantages of the reduction set out in Section 1.7 above.

(b) Overseas TNG Shareholders

The In-specie Distribution of the Todd River Shares to overseas TNG Shareholders under the reduction of capital will be subject to legal and regulatory requirements in their relevant overseas jurisdictions. If the requirements of any jurisdiction where a TNG Shareholder is resident are held to restrict or prohibit the distribution of securities as proposed or would impose on TNG an obligation to prepare a prospectus or other similar disclosure document or otherwise impose on TNG an undue burden, the Todd River Shares to which the relevant TNG Shareholder is entitled will not in fact be issued to such Shareholders and instead will be sold by TNG on their behalf, in order that TNG will pay the relevant Shareholder a cash equivalent amount, or otherwise TNG will seek to make alternative arrangements with respect to the relevant Shareholder which are reasonable in all the circumstances.

If TNG elects to sell the Todd River Shares on a relevant TNG Shareholder's behalf, TNG will then account to those Shareholders for the net proceeds of sale after deducting the costs and expenses of the

sale. As the return of capital is being represented and satisfied by the In-specie Distribution and security prices may vary from time to time (assuming a liquid market is available), the net proceeds of sale to such Shareholders may be more or less than the notional dollar value of the reduction of capital. It will be the responsibility of each TNG Shareholder to comply with the laws to which they are subject in the jurisdictions in which they are resident.

(c) **Effect of In-specie Distribution on existing Options**

In accordance with the terms of issue of each of the existing Options in TNG outstanding as at the date Resolution 1 is passed and in accordance with ASX Listing Rule 7.22.3, the exercise price of each such outstanding Option in TNG will be automatically reduced by the same amount as the amount returned in relation to each TNG Share. There will be no early lapsing of any existing TNG Options for any TNG employee or director who holds such Options and who becomes employed by Todd River in lieu of TNG.

1.21 Information on Todd River

In the period following Shareholder approval of the In-specie Distribution, Todd River will examine its funding options (which may include a separate listing on the Australian Securities Exchange (**ASX**)). TNG will keep Shareholders updated of this process.

The mission of Todd River will be to explore the NT Base Metal Assets for a resource that demonstrates the ability to be developed into an early production opportunity. Todd River will also assess other complimentary opportunities that align with this development objective.

Todd River presently has no business operations other than by virtue of the proposed holding and proposed exploration of the NT Base Metal Assets.

1.22 Information concerning Todd River Shares

Todd River Shares are not currently listed for quotation on any stock exchange. There is no guarantee that Todd River will seek a listing on any securities exchange and the Todd River Board may deem that other means of capital raising may be more appropriate at the time funding decisions are made.

A summary of the more significant rights that will attach to the Todd River Shares is set out below. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the Todd River Shareholders. Full details of the rights attaching to the Todd River Shares are set out in Todd River's Constitution, a copy of which is available on request following incorporation.

(a) **General Meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

(b) **Voting Rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- (iii) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend Rights**

Subject to the rights of persons (if any) entitled to shares with special rights to dividends, the Directors may declare a dividend in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the shareholders of such a dividend. The Directors may from time to time pay to shareholders any interim dividend that they may determine. Subject to the rights of any preference shareholders and to the rights of the holders of any shares credited or raised under any special arrangement as to the dividend, the dividend as declared shall be payable proportionately according to the amounts paid up or credited as paid up, on the Shares, and otherwise in accordance with Part 2H.5 of the Corporations Act. Interest may not be paid by the Company in respect of any dividend, whether final or interim.

(d) **Winding-Up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Transfer of Shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia

and the transfer not being in breach of the Corporations Act or the Listing Rules.

(f) **Variation of Rights**

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

1.23 Taxation

The following is a general summary of the Australian taxation consequences for Shareholders who receive Todd River Shares in respect of the In-specie Distribution based on the applicable taxation law as at the date of this Explanatory Statement.

TNG is in the process of seeking a Class Ruling from the Australian Taxation Office (**ATO**) to confirm the taxation implications for Shareholders in respect of the availability of demerger tax relief under Division 125 of the Income Tax Assessment Act 1997 (Cth) (**Demerger Relief**) and the non-application of the integrity rule in section 45B of the Income Tax Assessment Act 1936 (Cth) (Section 45B). TNG's Class Ruling application has been lodged with the ATO and is currently in the initial phase of assessment. It is currently expected that it will take several months for the ATO to make its decision on the application. TNG will update Shareholders accordingly in due course.

The information outlined in this taxation summary is limited solely to the Australian income tax implications of the demerger for Shareholders who hold their shares in TNG on capital account for tax purposes, and not on revenue account. This summary does not provide information relevant to:

- Shareholders who hold their TNG Shares on revenue account (for example, Shareholders who are share traders and certain institutional investors);
- Shareholders whose TNG Shares are subject to the employee share acquisition scheme tax rules and Shareholders who are not the beneficial owners of their TNG Shares;
- Shareholders who acquired, or are taken to have acquired, their TNG Shares prior to 20 September 1985; and
- Shareholders who are subject to the taxation of financial arrangements rules in Division 230 of the ITAA 1997 in relation to gains and losses on their TNG Shares.

The application of tax legislation can vary according to the individual circumstances of each Shareholder. This summary is not intended, and should not be relied upon, as specific taxation advice to any particular Shareholder. The comments in this summary are of a general nature only, may not apply to

your specific circumstances and cannot be relied upon for accuracy or completeness.

Each Shareholder should seek and rely on its own professional taxation advice, specific to its particular circumstances, in relation to the taxation consequences of the proposed transaction. Neither TNG, nor any of its officers or advisers, accepts liability or responsibility with respect to such consequences or the reliance of any Shareholder on any part of the following summary.

Australian taxation implications for Shareholders who chose Demerger Relief if Class Ruling application is successful

Shareholders who are residents of Australia and hold their TNG Shares on capital account for tax purposes will be eligible to choose Demerger Relief. Broadly, Demerger Relief ensures that any capital gains tax (**CGT**) consequences from the Proposal may be deferred, and that any dividend component of a distribution is not taxed in the hands of the Shareholders.

The Distribution is a CGT event for each Shareholder. However, a Shareholder who chooses Demerger Relief may disregard any capital gain under the In-specie Distribution, such that no capital gain or loss will arise on the In-specie Distribution.

Each Shareholder who is eligible for Demerger Relief must recalculate the cost base and reduced cost base of the TNG Shares and the Todd River Shares for CGT purposes. This is done by apportioning the total cost base and reduced cost base of the TNG Shares held by that Shareholder just before the In-specie Distribution between:

- (a) the TNG Shares held by that Shareholder just after the In-specie Distribution; and
- (b) the Todd River Shares distributed to that Shareholder.

The apportionment must be done on a reasonable basis, based on the market values of the TNG Shares and the Todd River Shares just after the In-specie Distribution (to be advised by TNG once the In-specie Distribution is complete), or a reasonable approximation of those market values. These adjustments apply separately to all Shareholders who are eligible for demerger roll-over, regardless of whether or not Demerger Relief is chosen.

TNG is organising a market valuation of Todd River Shares to be undertaken. Further information in this regard will be provided to Shareholders in due course after the In-specie Distribution occurs and following confirmation from the ATO as to the position.

On a future disposal of the Todd River Shares, certain Shareholders (such as individuals and complying superannuation funds) may be entitled to a CGT discount if they have held their Shares for at least 12 months. For these purposes, Shareholders can treat their Todd River Shares as having been acquired on the date that they acquired the corresponding original TNG Shares.

Australian taxation implications for Shareholders who do not choose Demerger Relief if Class Ruling application is successful

An Australian resident Shareholder who holds their TNG shares on capital account and who does not choose Demerger Relief will have the same tax consequences as a Shareholder who chooses Demerger Relief, except that the

Shareholder may make a capital gain to the extent that the capital (i.e. non-dividend) component of the In-specie Distribution (to be advised by TNG once the In-specie Distribution is complete) exceeds the Shareholder's cost base. Conversely, if the capital component is less than the cost base, then the Shareholder's cost base and reduced cost base are reduced by the amount of the capital component.

For the avoidance of doubt, notwithstanding that the Shareholder does not choose Demerger Relief:

- (a) the cost base and reduced cost base of the TNG Shares and the Todd River Shares must still be recalculated in the manner described above;
- (b) for the purposes of determining eligibility for the CGT discount, each Todd River Share will be treated as having been acquired at the time that the corresponding original TNG Share was acquired; and
- (c) to the extent that any part of the In-specie Distribution is a dividend, it will not be assessable income or exempt income of the Shareholder.

Australian taxation implications for non-resident Shareholders if Class Ruling application is successful

Shareholders who are not residents of Australia for tax purposes will not be subject to any Australian CGT consequences unless they hold (either alone or together with their associates) 10% or more of the direct participation interests in TNG at the time of the demerger or for a continuous period of at least 12 months in the 24 months immediately preceding the In-specie Distribution. In the event that the non-resident Shareholder satisfies the 10% ownership requirement, Australian CGT will apply if at the time of the CGT event the market value of the assets in TNG that are Taxable Australian Real Property (**TARP**) exceed the market value of the assets that are not TARP. TARP generally includes Australian land interests including Australian mineral rights.

To the extent that a non-resident Shareholder holds TNG Shares that meet the above conditions, the Shareholder may make a capital gain to the extent that the capital component of the In-specie Distribution (to be advised by TNG once the In-specie Distribution is complete) exceeds the Shareholder's cost base. However, non-resident Shareholders can choose Demerger Relief for their TNG Shares if the Todd River Shares they receive under the demerger are considered taxable Australian property (refer to the explanation above) just after they are acquired.

For the avoidance of doubt, for a non-resident Shareholder:

- (a) the cost base and reduced cost base of the TNG Shares and the Todd River Shares must be recalculated in the manner described above; and
- (b) for the purposes of determining eligibility for the CGT discount, each Todd River Share will be treated as having been acquired at the time that the corresponding original TNG Share was acquired.

The In-specie Distribution will not be subject to dividend withholding tax.

Australian taxation implications if Class Ruling does not confirm availability of Demerger Relief and non-application of Section 45B.

Broadly, if TNG proceeds with the In-specie Distribution in the absence of Demerger Relief, the following taxation consequences may result:

- (a) Shareholders may make a capital gain to the extent that the capital component of the In-specie Distribution exceeds the particular Shareholder's cost base (unless the Shareholder is a non-resident whose Shares do not breach the ownership thresholds described above);
- (b) the cost base and reduced cost base of the TNG Shares will be reduced by the Capital Reduction Amount (unless the Commissioner of Taxation makes a determination to treat all or part of the Capital Reduction Amount as an unfranked dividend);
- (c) the cost base and reduced cost base of the Todd River Shares will be equal to the Capital Reduction Amount Distribution;
- (d) the Todd River Shares will be taken to have been acquired by the Shareholder at the date of the In-specie Distribution for the purposes of determining eligibility for the CGT discount; and
- (e) the excess (if any) of the market value of the Todd River Shares at the time of the In-specie Distribution over the Capital Reduction Amount, and (if the Commissioner of Taxation so determines) all or part of the Capital Reduction Amount, may be treated as an unfranked dividend. This amount would be assessable income for Australian resident Shareholders or subject to dividend withholding tax for non-resident Shareholders (generally at a rate of 30% on the gross amount, subject to any applicable double taxation agreement).

Taxation implications for the Company

The transfer of shares in Todd River from TNG to the TNG Shareholders in respect of the share capital reduction is not expected to have any CGT implications for TNG where Demerger Relief is available.

1.24 Lodgement with the ASIC

The Company has lodged with the ASIC a copy of this Notice and Explanatory Statement in accordance with Section 256C(5) of the Corporations Act. The ASIC and its officers take no responsibility for the contents of this Notice or the merits of the transaction to which this Notice relates.

If Resolution 1 is passed, the reduction of capital is required to take effect in accordance with a timetable approved by ASX. Please refer to page 7 at the front of this Notice for the proposed indicative timetable for completion of the Proposal, which is subject to change by the Company and any requirements of the ASX Listing Rules and the Corporations Act.

1.25 Other Material Information

There is no information material to the making of a decision by a Shareholder in the Company whether or not to approve Resolution 1 (being information that is known to any of the Directors and which has not been previously disclosed to Shareholders in the Company) other than as disclosed in this Explanatory Statement and all relevant Schedules.

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE – SHARES AND OPTIONS

2.1 General

On 6 November 2014, the Company announced the completion of a capital raising of \$5,500,000 through the issue of 55,000,000 Shares at an issue price of \$0.10 per Share together with 1 free attaching Option for every 4 Shares subscribed for and issued (**Capital Raising**).

The Company issued the Shares and Options the subject of the Capital Raising without prior Shareholder approval out of its 15% annual placement capacity.

Resolution 2 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares and Options (**Ratification**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

2.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 55,000,000 Shares and 13,750,000 Options were issued;
- (b) the issue price per Share was \$0.10 and the issue price of the Options was nil as they were issued free attaching with the Shares on a one for four basis;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Options were issued on the terms and conditions set out in Schedule 5;
- (e) the Shares and Options were issued to existing shareholders and clients of Melbourne based CALIBRE Investments and Hong Kong based REORIENT Financial Markets Ltd. None of these subscribers were related parties of the Company; and
- (f) the funds raised from this issue were used to progress completion of the feasibility study of the Company's flagship 100% owned Mount Peake Vanadium-Titanium-Iron project in the Northern Territory.

3. RESOLUTION 3 – NON-EXECUTIVE DIRECTORS' REMUNERATION

ASX Listing Rule 10.17 provides that an entity must not increase the total aggregate amount of directors' fees payable to all of its non-executive directors without the approval of holders of its ordinary securities.

Clause 6.5(a) of the Constitution requires that remuneration payable to the non-executive Directors will not exceed the sum initially set by the Constitution unless otherwise determined by ordinary resolution of Shareholders in general meeting.

The maximum aggregate amount of fees payable to all of the non-executive Directors is currently set at \$300,000, such amount having been approved by Shareholders on 8 November 2007. Resolution 3 seeks Shareholder approval to increase this figure by \$200,000 to \$500,000.

This amount includes superannuation contributions made by the Company for the benefit of non-executive Directors and any fees which a non-executive Director agrees to sacrifice for other benefits. It does not include reimbursement of genuine out of pocket expenses, genuine "special exertion" fees paid in accordance with the Constitution, or securities issued to a non-executive Director under ASX Listing Rule 10.11 or 10.14 with approval of Shareholders.

Whilst there is no current intention that the maximum amount sought will be utilised immediately, the proposed limit is requested to ensure that the Company:

- (a) maintains its capacity to remunerate and retain both existing and any new non-executive directors joining the Board; and
- (b) has the flexibility and ability to attract and retain new non-executive directors whose experience, skills and qualifications are appropriate for the Company as it proceeds with the development of the Mount Peake project.

In the past 3 years, the Company has issued non-executive Directors an aggregate of 18,000,000 Shares and 6,000,000 Options with prior Shareholder approval under ASX Listing Rules 10.11 and 10.14.

Given the interest of the non-executive Directors in this Resolution, the Board makes no recommendation to Shareholders regarding this Resolution.

4. ENQUIRIES

Shareholders are requested to contact TNG's company secretary, Mr Simon Robertson on (+ 61 8) 9327 0900 if they have any queries in respect of the matters set out in this Notice.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company or **TNG** means TNG Limited (ACN 000 817 023).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

Extraordinary General Meeting or **Meeting** means the meeting convened by the Notice.

In-specie Distribution has the meaning given in section 1.1 of the Explanatory Statement.

Key Management Personnel or **KMP** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

NT Base Metal Assets has the same meaning given to that term in Section 1.1 of the Explanatory Statement.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Proposal means the proposed Spin-out and In-specie Distribution as set out in section 1.1 of the Explanatory Statement.

Proxy Form means the proxy form accompanying the Notice.

Record Date means the record date detailed in the indicative timetable for the Proposal set out in page 6 of the Notice.

Resolutions means the resolutions set out in the Notice.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Spin-out has the meaning given in section 1.1 of the Explanatory Statement.

Todd River means Todd River Resources Limited (ACN 600 308 398).

Todd River Share means a fully paid ordinary share in the capital of Todd River.

Todd River Shareholders means a holder of a Todd River Share.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – NT BASE METAL ASSETS

1. MANBARRUM PROJECT

The Manbarrum Project covers a 50 kilometre strike length of the SE margin of the Bonaparte Basin, considered geologically favourable for MVT (Mississippi Valley Type Ag-Pb-Zn) mineralisation.

The project area is located in the north western part of the Northern Territory, on Legune pastoral station, approximately 70km north east of the regional centre of Kununurra (WA).

The Manbarrum Project comprises three exploration tenements and one exploration tenement application: MA24518, MA26581, EL24395 and MLA27357. Tenure details for the licences are shown in Table 1.

Table 1: Manbarrum Project Tenure

Title	Area km ²	Blocks	Grant Date	Expiry Date
EL24395	45	144.36	16/08/05	15/08/15
MA24518	6	16.85	25/08/05	24/08/15
MA26581	6	14.65	1/08/08	31/07/16
MLA27357	2	204H	Pending	-

All the licences are renewable following their expiry and the Company confirms it is in compliance with all licences. The Company will make extension applications for the three exploration tenements listed above.

Mississippi Valley style Pb-Zn-Ag mineralisation has been known in the Bonaparte Basin since Elf Aquitaine discovered the Sorby Hills Deposit (40km to the SW of the Manbarrum Project) in 1971. Manbarrum falls on the southeastern margins of the Basin having exposure of the same carbonate stratigraphy that hosts the Sorby Hills resource and historic base metal gossan exposures.

Previous exploration in the Manbarrum area was considerable with Elf Aquitaine and then Triako/BHP exploring along the SE margin of the basin from the 1970's through to the late 1980's, with 19 diamond holes and 50 percussion holes. BHP also completed an IP survey in 1989. The complex basement-controlled Cockatoo Fault zone marks the basin edge and is interpreted as the main hydrothermal fluid pathway for base metals.

1.1 TNG Exploration.

- (a) TNG acquired the tenements between 2005 and mid-2008.
- (b) Exploration work has focused on MVT style mineralisation and initial work focused on surface exploration and gossan evaluation, which quickly progressed to an expansive program including geophysical surveys and interpretation, RAB drilling and follow up RC/DDH drilling and prospect evaluation.
- (c) Gravity and IP geophysical surveys undertaken.
- (d) Surface mapping/sampling to northeast – numerous prospects identified (Winchrope, Landandi, Browns, B-Prospect).

- (e) The project currently has two JORC estimated resources as follows:
 - (i) Sandy Creek comprising 24.4Mt @ 1.81% Zn, 0.45% Pb, and 4.57g/t Ag comprising:
 - (A) Indicated 13.1Mt @ 2.03% Zn, 0.46% Pb, and 4.7g/t Ag; and
 - (B) Inferred 11.3Mt @ 1.51% Zn, 0.23% Pb, and 4.3g/t Ag; and
 - (ii) Djibitgun comprising Inferred Resource totalling 20Mt @16.1g/t Ag (@10g/t Ag cutoff), within which is a base metal resource of: 6.7Mt @ 1.8% Zn, 0.6% Pb, and 14.0g/t Ag (@1% Zn+Pb cutoff).
- (f) Drilling of the western edge of the Browns IP target.
- (g) Legune Iron prospect (high grade hematite) outlined by surface sampling and recent 2014 drilling.
- (h) Geological logging and analysis of the three drilled holes indicated the iron mineralisation was hosted in ferruginous sandstone sediment belonging to the Devonian Cockatoo Formation.
- (i) Metallurgical work to assess recoveries of Zinc, Lead and Silver from the Sandy Creek resource was carried out in 2007.
- (j) Scoping Study to assess the economic viability of the Sandy Creek resource was carried out in 2007.

1.2 Additional Targets and Prospectivity

The area remains highly prospective. Prospective MVT stratigraphy has been outlined over a 50km strike. There is potential to increase the resources at both Sandy Creek and Djibitgun along with the potential for further exploration success at the Browns IP target where only preliminary drilling has been carried out. An extremely good dataset of geochemistry and geophysics now exists and there are several targets requiring further exploration and evaluation.

2. McARTHUR RIVER PROJECT

The McArthur River Project Area comprises two exploration licences (EL27711 and EL 30085) covering a total area of 221.77km² within the McArthur Basin. The project area is located approximately 554km south-east of Darwin and is accessed off the Tablelands Highway. It lies within the Mallapunyah Springs, Kiana and McArthur River Perpetual Pastoral Leases.

The project lies within the geological domain of the McArthur Basin, and in the southwestern portion of the prospective Batten Fault Zone which also hosts the McArthur Zinc mine, and has been partially explored for a variety of commodities including Gold, Copper, Lead, Zinc and diamonds. This exploration is summarised below:

- (a) From 1966 to 1967 the Mallapunyah Dome was geologically mapped, rock chip and extensively soil sampled by Australian Geophysical Limited (**AGPL**). IP geophysical surveys were also carried out around the Dome covering the Wollogorang and Gold Creek Formations.

- (b) From 1967 to 1976 Carpentaria Exploration Pty Ltd undertook stream sediment, soil and rock chip sampling along with a minor geophysical programme.
- (c) In the years following A.O Australia, Shell Company of Australia and Perilya mines returned to the Kilgour prospect however only completed very minor work.
- (d) From 1993 – 1995 Mt Isa Mines completed an extensive stream sediment program over the whole tenement area. Cu, Mn and Zn all returned anomalous results.
- (e) In later years Aberfoyle Resources (1997) and Kiana Project Pty Ltd (2006 – 2007) were granted tenements in the McArthur River area.

AGPL analysed over 3000 -80 mesh soil samples, and several large multi-element anomalous areas were outlined, particularly along the eight kilometre eastern margin of the Mallapunyah Dome.

TNG (through its subsidiary Enigma Mining Limited) has completed two programs of mapping and rock/soil sampling since 2011. Mapping has confirmed both the accuracy of the original (1967 AGPL) geological mapping and established the position and anomalous levels of the soil anomalism outlined by AGPL.

Two reconnaissance holes (14MCDDH001 & 14MCDDH002) were drilled targeting the prospective Wollogorang Formation, which has significant anomalous base metal surface geochemistry. The mineralisation noted in these two holes includes:

- (a) Fine grained pyrite-dominated stratiform sulphides within the host bituminous black shales/siltstones;
- (b) A strong Zn-Pb-Ag elemental association with low Copper;
- (c) Strong coincident IP geophysical anomalies; and
- (d) Stacked mineralisation lenses.

There was a strong correlation between Zinc, Lead and Silver, but Copper values are low within the higher grade Zn-Pb stratiform mineralisation. In addition Copper mineralisation was also recovered during the drilling and noted in rock and geochemical sampling. This mineralisation is indicative of Copper in the district. TNG's exploration is also targeting structurally controlled and/or Redbank-style breccia pipe or stratiform Copper mineralisation.

2.1 Additional Targets and Prospectivity

The area remains highly prospective. The mineralisation noted here on the Mallapunyah Dome is of a similar genesis to the McArthur mine and is worthy of further investigation. These two holes are separated by 5km, are centrally positioned within a 12km zone of surface geochemical anomalism, with the prospective Wollogorang Formation exposed over 17km within TNG's tenements.

There is potential for further targets to be outlined by planned geophysics across the project area. The entire tenement package lies within the Batten Fault Zone, host to all of the significant resources outlined to date in the McArthur Basin including the recent Teena discovery.

3. WALABANBA PROJECT

The Walanbanba Project comprises two exploration licences (EL 27115, EL 27876) adjacent to TNG's Mount Peake Project. The tenements are situated on Anningie and Stirling stations approximately 250km north-northwest of Alice Springs with good access via the Stuart Highway then unsealed station tracks.

Title	Area km ²	Blocks	Grant Date	Expiry Date
EL26848	143.67	45	4/03/2009	3/03/2015*
EL27115	395.45	9	18/09/2009	17/09/2015

* The Company lodged a renewal application in respect of EL26848 for a further 2 year term prior to the expiry date of the licence. A renewal application in respect of EL27115 will be lodged prior to its expiry date.

Being adjacent to the Mount Peake V-Ti-Fe deposit the licences were originally acquired for magnetite hosted V-Ti and also for Cu-Ni-sulphides.

Previous exploration has occurred in the area over the past 40 years in search of Uranium, Gold, base metals and diamonds. Within the tenement boundaries most drilling has been shallow (<10m) targeting gold.

Geophysical surveys over the region targeting magnetic and electro magnetic anomalies were completed by Anglo American Corporation (**Anglo**). Subsequent soil sampling and programmes by Anglo and later Western Mining Corporation (**WMC**) and Aberfoyle identified numerous targets anomalous in Nickel, Copper and Platinum group elements, suggesting the presence of sulphide-bearing intrusive rocks.

During 2010 and 2011 Toro Energy Limited drilled 16 aircore drillholes totalling 2440m (2 holes for 357m in November 2010 and 14 holes for 2083m in October 2011) within EL 26848 and EL 27115. Samples were assayed for As, Ce, Cu, Mo, Ni, Pb, Se, Th, U and W by ICP-MS at ALS laboratories. No significant results were received as part of the programme.

TNG has undertaken the following exploration across the licences:

- (a) A 2012 HELITEM survey over several target areas within the Walabanba project area. Five block areas and four individual transects were flown over the Walabanba project licences for a total of 51 line km at 500 m and 742 at 200m line spacing. Twenty target areas were identified.
- (b) In 2013 fourteen of the identified HELITEM targets were selected for further analysis which involved, ground inspections, sampling and mapping. Anomalous Copper rock and soil sampling results were returned over some targets.

3.1 Additional Targets and Prospectivity

The area remains highly prospective. TNG has identified high priority targets for drilling. Further ground EM surveys are required to identify other targets for drilling. The Walabanba hills area (in the central part of EL26848) also has an existing Tin prospect along the western side of the Walabanba range.

4. MOUNT HARDY PROJECT

The Mount Hardy project is located in the historic Mount Hardy Copper Field in the Northern Territory about 300 km to the northwest of Alice Springs. The project tenements straddle the Tanami Highway approximately 20 kilometres west of the Yuendumu Aboriginal Community and are accessible by road from Alice Springs.

The project comprises three tenements the details of which are outlined below.

Title	Area km ²	Blocks	Grant Date	Expiry Date
EL27892	101.76	32	4/08/2010	3/08/2016
EL28694	203.64	64	1/03/2012	28/02/2018
EL29219	105.96	34	17/09/2012	16/09/2018

Exploration in the Mount Hardy regions has been carried out sporadically since the discovery of the Mount Hardy Copper Field in 1935. There has been very little systematic exploration prior to that of TNG. The Bureau of Mineral Resources (**BMR**) drilled seven diamond holes into the main Mount Hardy Prospect, a historic mine area in the late 1960's.

TNG exploration has comprised:

- (a) A 900 line km HELITEM survey from which 23 anomalies were outlined including a cluster of six over the central Mount Hardy Copper Field.
- (b) Ground EM on strongest six HELITEM targets, sulphide-related conductor plates were outlined on four targets.
- (c) Ground geochemistry, mapping and sampling using pXRF soil sampling over 12 target areas resulting in coincident surface anomalism and EM conductor zones in three areas.
- (d) BMR core from Mount Hardy logged and sampled.
- (e) RC drilling on four EM conductor plates.
 - (i) Confirmed high Copper grades below surface supergene/Oxide material.
 - (ii) DHEM on holes outlined targets warranting further drill testing, with strong conductors outlined (1000 to 2000 Siemens).
 - (iii) Supergene Copper to 20-50m depth with abundant malachite, minor azurite, chrysocolla, and brochantite. Other supergene base metals were in cerussite and hemimorphite.
- (f) Gravity survey highlighted a mineralised structural corridor.
- (g) IP surveys outlined strong conductors at both Mount Hardy and Browns.
 - (i) Strong chargeability zone outlined at Mount Hardy – coincident with mineralisation and defining the dip/strike and plunge of the mineralisation.

- (ii) Strong coincident chargeability/conductivity zone at Browns – blind at surface.
- (h) HQ/NQ Diamond drilling completed: EM 1, 2, and 4 and Mount Hardy/Browns IP targets.

4.1 Additional Targets and Prospectivity

There are eight HELITEM and two Induced Polarisation (IP) conductors which remain to be tested. Follow-up ground EM should be undertaken to further assess the potential of these targets. Mount Hardy and Browns IP targets require further drill testing and six regional structural targets have been identified for mapping and soil geochemistry surveys.

The area remains highly prospective. Two mineralising systems appear to have been intersected probably related to the nearby Mt Doreen granite complex. Drilling has only tested targets to a maximum depth of 200m and many anomalies still remain.

5. TOMKINSON PROJECT

The Tomkinson Project tenements are located between 130-170km to the north of Tennant Creek and 200-250km south of Daly Waters. The tenements straddle the Stuart Highway and are located immediately to the east of the Alice Springs-Darwin railway and gas pipeline.

The Tomkinson Project comprises two Exploration Licence Applications lying within the Proterozoic Tomkinson Basin. The fine-grained siltstone, carbonate and sandstone of the Namerinni Group that lie within the project area have recently been correlated with rocks that host the McArthur River Mine.

Title	Area km ²	Blocks	Application Date
ELA 30348	163	50	22/04/14
ELA 30359	231.69	71	28/04/14

Previous exploration has been mainly targeted at Diamonds and Manganese with only minor base metal exploration work being conducted over the last 20 years. No recent drilling or modern geophysical surveys have targeted the base metal exploration potential.

The project area is considered highly prospective for base metal (Zn-Pb-Ag-Cu) mineralisation based on the world-class McArthur River Zinc Mine, which is hosted in similar age stratigraphy in the McArthur Basin to the northeast. The tenements represent a greenfields opportunity for TNG exploring a prospective yet relatively untested area.

6. SANDOVER PROJECT

The Sandover project is prospective for base and precious metals and located approximately 120km northeast of Alice Springs consisting of two Exploration Licence Applications. The licence areas are outlined below.

Title	Area km ²	Blocks	Application Date
ELA 29252	645.22	212	21/3/2012
ELA 29253	224.29	71	5/01/2012

Access to the tenements is via the Stuart and Plenty Highways from Alice Springs and then a series of station tracks and fence lines. The area is situated on the Alcoota (SF53-10) 1:250,000 scale map sheet and lies within the Alcoota Perpetual Pastoral Lease.

Very little exploration has been carried out within the license areas with limited soil, rock and stream sampling undertaken since the late 1960s with no significant anomalies being identified. Mica mines, established on pegmatite dykes, operated until the 1950s.

7. CROKER ISLAND

Croker Island is located in the Arafura Sea off Arnhem Land and is considered to hold potential for bauxite mineralisation.

Croker Island is located about 240 km northeast of Darwin and is separated from the mainland by the Bowen Strait. The island has limited infrastructure and is generally accessed by sea.

EL 29164 is still under application and covers 140.87km² over the southern part of the island.

Prior to TNG's application for the Croker Island tenement in 2011 the following exploration work was undertaken by previous workers in the 1950s and 1960s:

- (a) Rio Tinto Exploration conducted reconnaissance work on the bauxite deposits of Croker Island in 1957 as part of their regional Arnhem Land bauxite investigations.
- (b) In 1958 the Reynolds Metals Company (**RMC**) started field work to map the occurrences of bauxite in order to identify targets for follow up drilling. Drilling (method not documented) was completed on 300 m centres northeast of Mission Bay. The mineralised areas identified are located north of the proposed TNG tenement. Later drilling on the area covered by the proposed TNG tenement was completed on 1600 m centres. No lateritic bauxite was identified.
- (c) During 1964 United Uranium as part of a larger exploration programme explored the island for bauxitic laterites based on aerial (helicopter) surveys followed by detailed ground surveys. Grab sampling was confined to areas north of the proposed TNG tenement.

8. MELVILLE ISLAND PROJECT

The Melville Island Project is under a joint venture farm in agreement with Rio Tinto, whereby Rio Tinto will earn interest in the project by effecting grant of the licence and conducting exploration.

ELA 28617 is still under application and covers 1387.67km² in the northwestern part of the island.

Previous exploration work in and around the proposed Melville Island Tenement was carried out by:

- (a) In 1958 the Australian Mining and Smelting Company investigated bauxite occurrences in the Snake Bay area due west of the Milikapiti settlement. The company sunk three shafts to an average depth of about 3 metres. Samples collected from the shafts returned moderate

grades and high reactive silica contents which did not decrease with depth. The company decided that no further work was warranted.

- (b) Swiss Aluminium Mining Australia Pty Ltd undertook geochemical sampling of bauxite occurrence at Cache Point. This is located just to the north east of the eastern most tenement boundary.
- (c) Gravity surveys were undertaken over Melville and Bathurst islands between 1956 and 1959 by Santos Ltd.
- (d) During February 1992 and February 1994 RGC Exploration Pty Ltd (RGC) undertook heavy mineral sands exploration along the northern and northeast coastlines of Melville and Bathurst Islands. Exploration consisted along with aerial photograph mapping, auger and aircore drilling. The drilling results were poor with only shallow scattered heavy mineral occurrences being identified. Bauxite was identified by RGC while clearing roads however chemical analysis returned high levels of reactive silica and no further work on the bauxite potential was undertaken.

9. GODDARDS

The Goddards (Tanami East) tenement (ELA 24260) lies about 400 km west of Tennant Creek and covers 462.3 km². The application was submitted on 15 April 2004 and approval is still pending. The area is accessible via bitumen road between Tennant Creek and the old Warrego Mine Site and then unsealed tracks/roads.

The exposed strata in the project area is dominated by Paleozoic sandstones, calcareous units and metasediments which in many areas are capped by Tertiary and Quaternary laterites, gravels and sands. Weak Copper Oxide mineralisation associated with veins hosted in a dolomite unit was discovered in the mid-1970s by Peko Mines Limited which undertook aerial geophysical surveys, rock chip sampling and general geological reconnaissance.

The Goddards licence falls within a Heads of Agreement with WDR Resources (**WDR**) whereby WDR can earn interest in the project. WDR has currently not earned an interest in the project.

10. PETERMANN'S PROJECT

The Petermann's Project consists of five exploration licence applications in the Northern Territory, approximately 400 km southwest of Alice Springs. The project area is relatively unexplored. The tenements are considered to be highly prospective for Gold, base metals, rare earths and Nickel Sulphides and possibly Uranium.

Title	Area (blocks)	Area (km ²)	Application Date
ELA25562	305	945.4	23/08/06*
ELA25564	500	1,550	23/08/06*
ELA26382	131	406.4	16/08/07*
ELA26383	420	1,303	16/08/07*
ELA26384	293	910.7	16/08/07**

* The application process is continuing on these applications.

** This application is in moratorium for a 5 year period pending Native Title approval.

The Peterman's licence falls within the Heads of Agreement with WDR whereby WDR can earn interest in the project. WDR has currently not earned an interest in the project.

11. WDR JV LICENCES

The following licences also fall within the Heads of Agreement with WDR. WDR is the registered holder of the licences and has an 80% interest in the base metals rights on the licences with the remaining 20% interest held by the Company's subsidiary Tennant Creek Gold (NT).

(a) ROVER

The East Rover Prospect Area (EL 25581) is located approximately 60 km southwest of Tennant Creek in the central part of the Northern Territory. Access to the area from Tennant Creek is via the Stuart Highway and then unsealed roads and tracks west to the Kunayungku Outstation then another 30 km to the Rover Camp. An unsealed track south of the camp allows access into the northern part of the tenement. The tenement can also be accessed from the east by means of station tracks which run off the Stuart Highway.

The current licence area covers 566.63km² and the area is prospective for Tennant Creek-style Gold, Copper and Bismuth mineralisation.

The only exploration previously conducted in the area was that undertaken by Geopeko Ltd in the period 1973 to 1976. This work consisted of an airborne magnetic survey, ground magnetic surveys and diamond drilling. Three diamond drill holes were drilled on a magnetic anomaly - Explorer 124. The Wiso Basin sediments intersected in the holes consisted of shales, siltstones and sandstones, about 90 m thick. The basement rocks were found to be feldspar porphyry, diorite and microdiorite with moderate to strong disseminated magnetite, which explains the magnetic anomaly.

(b) MCLAREN PROJECT

The McLaren exploration license application, ELA 25582 (1,207 km²) lies about 75 km south of Tennant Creek in Northern Territory. It was applied for on 11 September 2006 and is still in the application phase. The McLaren ELA is considered to have potential for Gold and base metals.

(c) GOSSE RIVER PROJECT

The Gosse River exploration license application, ELA 25587 (248.2 km²) lies about 60 km southeast of Tennant Creek in Northern Territory. It was applied for on 6 September 2006 and approval is still pending. The Gosse River ELA is considered to have potential for gold and base metals.

12. JORC COMPETENT PERSONS STATEMENT

The information in this Notice that relates to Exploration Results is based on, and fairly represents, information and supporting documentation compiled by Exploration Manager Mr Kim Grey B.Sc. and M. Econ. Geol. Mr Grey is a member

of the Australian Institute of Geoscientists, and a full time employee of TNG Limited. Mr Grey has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Grey consents to the inclusion in the Notice of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources is based on information compiled by Kim Grey who is a Member of The Australasian Institute of Mining and Metallurgy, an employee of TNG Limited. Kim Grey has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Kim Grey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported."

For further details on the NT Base Metal Assets, please refer to the Company's 2014 Annual Report which is available from the Company's ASX announcements platform and website (www.tngltd.com.au).

SCHEDULE 2 – TNG PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

TNG LIMITED (Consolidated Group)

BALANCE SHEET	Audited 30-Jun 2014	Unaudited 31-Dec 2014 (Unaudited)	Adjustments	Proforma Post in-specie distribution 31-Dec 2014 (Unaudited)
Current Assets				
Cash and equivalents	4,002,158	7,058,908	-	7,058,908
Other receivables	310,946	474,306	-	474,306
Prepayments	91,226	276,416	-	276,416
Investment TRR	-	-	3,268,000	3,268,000
Other investments	2,000	74,000	-	74,000
Total Current Assets	4,406,330	7,883,630	3,268,000	11,151,630
Non-Current Assets				
Plant & equipment	186,721	140,889	-	140,889
Exploration and evaluation	19,389,842	19,986,354	(8,597,000)	11,389,354
Total Non-Current Assets	19,576,563	20,127,243	(8,597,000)	11,530,243
Total Assets	23,982,893	28,010,873	(5,329,000)	22,681,873
Current Liabilities				
Trade and other payables	729,783	1,648,025	-	1,648,025
Provisions	146,076	191,819	-	191,819
Total Current Liabilities	875,859	1,839,844	-	1,839,844
Total Liabilities	875,859	1,839,844	-	1,839,844
Net Assets	23,107,034	26,171,029	(5,329,000)	20,842,029
Equity				
Issued capital	46,231,981	51,586,728	(6,877,600)	44,709,128
Reserves	-	72,000	-	72,000
Accumulated losses	(23,124,947)	(25,487,699)	1,548,600	(23,939,099)
Total Equity	23,107,034	26,171,029	(5,329,000)	20,842,029

SCHEDULE 3 – TODD RIVER PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

Todd River Resources Limited

BALANCE SHEET	Audited 30-Jun 2014	Unaudited 31-Dec 2014 (Unaudited)	Adjustments	Proforma Post in-specie distribution 31-Dec 2014 (Unaudited)
Current Assets				
Cash and cash equivalents	0	100	-	100
Total Current Assets	0	100	-	100
Non-Current Assets				
Exploration and evaluation	0	-	8,597,000	8,597,000
Total Non-Current Assets	0	-	8,597,000	8,597,000
Total Assets	0	100	8,597,000	8,597,100
Current Liabilities				
Trade and other payables	0	62,641	-	62,641
Total Current Liabilities	0	62,641	-	62,641
Total Liabilities	0	62,641	-	62,641
Net Assets	0	(62,541)	8,597,000	8,534,459
Equity				
Issued capital	100	100	-	100
Other Equity Contribution	0	-	8,597,000	8,597,000
Accumulated losses	0	(62,641)	-	(62,641)
Total Equity	100	(62,541)	8,597,000	8,534,459

SCHEDULE 4 – KEY RISK FACTORS FACING TODD RIVER

The business, assets and operations of Todd River will be subject to certain risk factors that have the potential to influence its operating and financial performance in the future. These risks can impact on the value of an investment in its securities and include those highlighted in the table below.

The risk factors set out below ought not to be taken as exhaustive of the risks faced by Todd River or by investors in Todd River. The below factors, and others not specifically referred to below, may in the future materially affect the financial performance of Todd River and the value of the Todd River Shares. Therefore, the Todd River Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those shares.

Risk	Description
Low liquidity	Unless and until Todd River becomes listed on a recognised securities exchange, the Todd River Shares will not have a liquid market and may be difficult to sell. There can be no assurance that Todd River will be listed on a recognised securities exchange or trade at a desired price.
Failure of Todd River to raise capital and/or list on a recognised securities exchange	<p>There is a risk that Todd River may fail to raise sufficient capital to develop the NT Base Metal Assets in the future. The current downturn in international equity markets and general instability and uncertainty in the global economic environment means that equity funding may be difficult to obtain and the Directors may form the view that any fundraising activities should be deferred until the global economic environment stabilises. Further, the Directors may deem that listing Todd River may not be appropriate and that other forms of funding should be sought. There is no guarantee that these private future funding sources or opportunities to invest directly in the NT Base Metal Assets will eventuate.</p> <p>Any additional future equity financing will dilute existing shareholders, and any debt financing, if available, may involve restrictions on Todd River's operating activities and business strategy. If Todd River is unable to obtain additional funding as needed, it may be required to reduce the scope of its operations or scale back its business plans or exploration programmes, as the case may be or forfeit rights to some or all of its projects which could have a material adverse effect on Todd River's activities.</p>
TNG not retaining NT Base Metal Assets	Under the Proposal, TNG (or its subsidiaries) will be transferring all of the NT Base Metal

Risk	Description
	<p>Assets to Todd River. Accordingly, Shareholders need to be aware that any investment made in TNG upon the basis of the NT Base Metal Assets should be undertaken in the knowledge that TNG (or its subsidiaries) will not be holding those assets. However, investors in TNG who hold TNG Shares on the Record Date will receive Shares in Todd River and so will continue to have an ownership interest in the NT Base Metal Assets.</p>
<p>Exploration and Development Success</p>	<p>The NT Base Metal Assets are prospective and are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings. Notwithstanding the experience, knowledge and careful evaluation Todd River will bring to exploration of the NT Base Metal Assets, there is no assurance that a significant mineral resource will be identified. Even if identified, other factors such as technical difficulties, geological conditions, adverse changes in Government policy or legislation or lack of access to sufficient funding may mean that the resource is not economically recoverable or may otherwise preclude Todd River from successfully exploiting the resource.</p> <p>The exploration costs of Todd River will be based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect Todd River's viability.</p> <p>The prospects of Todd River should be considered in the light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly in the exploration sector which has a high level of inherent uncertainty.</p>
<p>Resource estimates</p>	<p>Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates which were valid when made may change significantly when new</p>

Risk	Description
	<p>information becomes available. In addition, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should Todd River encounter mineralisation or formations different from those predicted by past sampling and drilling, resource estimates may have to be adjusted and this may affect the viability of future operations.</p>
<p>Status of NT Base Metal Assets</p>	<p>All mining tenements which Todd River will hold an interest in or may acquire either by application, sale and purchase or farm-in are regulated by the applicable State mining legislation.</p> <p>There is no guarantee that applications will be granted as applied for (although Todd River has no reason to believe that tenements will not be granted in due course). Various conditions may also be imposed as a condition of grant. In addition the relevant minister may need to consent to any transfer of tenement to Todd River.</p> <p>Renewal of titles is made by way of application to the relevant department. There is no guarantee that a renewal will be automatically granted other than in accordance with the applicable State mining legislation. In addition, the relevant department may impose conditions on any renewal, including relinquishment of ground.</p> <p>Further, there are a number of conditions that Todd River must satisfy with respect to the NT Base Metal Assets to keep them in good standing. These include but are not limited to licence fee payments, annual reporting requirements and annual filing requirements. Any failure by Todd River to satisfy these conditions may lead to tenements being forfeited by the company.</p>
<p>Operations</p>	<p>The operations of Todd River may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction</p>

Risk	Description
	<p>costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.</p> <p>Having been incorporated on 24 June 2014, Todd River does not have any significant operating history, although it should be noted that Todd River's directors have between them significant operational experience. No assurances can be given that Todd River will achieve commercial viability through the successful exploration and/or mining of its license interests. Until Todd River is able to realise value from its projects, it is likely to incur ongoing operating losses.</p> <p>Further, regulatory approvals are required prior to any work being undertaken on the ground. The granting of such approvals may take time to achieve and no guarantees can be given that the approvals will be granted in the required timeframe or at all.</p>
<p>Environmental and other regulatory risks</p>	<p>Todd River's operations are and will be subject to environmental regulation. Environmental regulations are likely to evolve in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance and assessments of proposed projects. Environmental regulations could impact on the viability of Todd River's projects. Todd River may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining or other activities for which it was not responsible.</p> <p>It is Todd River's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.</p>
<p>Native Title</p>	<p>Todd River may, from time to time, need to negotiate with any native title claimant for access rights to its tenements. In addition, agreement will need to be reached with native title claimants and/or holders in the event of mining. There may be significant delays and costs associated with these negotiations and to reach agreement acceptable to all relevant parties.</p>

Risk	Description
Economic conditions	<p>General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on Todd River's exploration, development and production activities, as well as on its ability to fund those activities. If activities cannot be funded, there is a risk that the NT Base Metal Assets may have to be surrendered or not renewed. General economic conditions may also affect the value of Todd River Shares and its valuation regardless of its actual performance.</p>

SCHEDULE 5 – TERMS AND CONDITIONS OF OPTIONS ISSUED UNDER THE CAPITAL RAISING

The Options issued under the Capital Raising were issued on the following terms and conditions:

(a) **Entitlement**

Subject to adjustment in accordance with these terms and conditions, each Option entitles the Optionholder to subscribe for one (1) unissued Share upon payment of the Exercise Price before the Expiry Date.

(b) **Exercise Price**

The exercise price of each Option is \$0.08 (**Exercise Price**).

(c) **Expiry Date**

An Option is exercisable at any time after the date of grant and on or before 5.00pm (WST) on 31 July 2015 (**Expiry Date**). Options that are not exercised by the Expiry Date lapse.

(d) **Notice of Exercise**

The Options may be exercised by notice in writing to the Company and payment of the Exercise Price for each Option being exercised. Any notice of exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

(e) **Minimum number of Options exercised**

The Optionholder may not exercise less than 1,000 Options at any one time, unless the Optionholder has less than 1,000 Options in which event the Optionholder must exercise all their Options together.

(f) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the Shares of the Company on issue at the date of issue of the Shares.

(g) **Quotation of Options**

Application will be made by the Company to ASX for Official Quotation of the Options.

(h) **Quotation of Shares on exercise**

Application will be made by the Company to ASX for Official Quotation of Shares issued upon the exercise of the Options.

(i) **No certificate**

No certificate will be issued if the Options are granted quotation on ASX.

(j) **Timing of issue of Shares**

After an Option is validly exercised, the Company must as soon as possible:

- (i) issue the Share; and

- (ii) do all such acts matters and things to obtain the grant of quotation for the Share on ASX no later than 10 business days from the date of exercise of the Option.

(k) **Participation in new issues**

An Option holder may participate in new issues of securities to holders of Shares only if and to the extent that:

- (i) an Option has been exercised; and
- (ii) a Share has been issued in respect of the exercise before the record date for determining entitlements to the new issue.

The Company must give notice to the Optionholder of any new issue not less than 6 Business Days before the record date for determining entitlements to the issue.

(l) **Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(m) **Adjustment for rights issue**

If the Company makes a pro-rata issue of Shares to existing Shareholders (other than a bonus issue) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E [P - (S+D)]}{N+1}$$

- O = the old Exercise Price of the Option.
- E = the number of underlying Shares into which one (1) Option is exercisable.
- P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.
- S = the subscription price of a Share under the pro-rata issue.
- D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro-rata issue).
- N = the number of Shares with rights or entitlements that must be held to receive a right to one (1) new Share.

(n) **Adjustments for reorganisation**

If there is any reconstruction of the issued share capital of the Company, the rights of the Optionholder may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

(o) **Options transferable**

The Options are transferable. Options may be transferred in the same manner as Shares unless classified as restricted securities under the Listing Rules and may be exercised by any other person or body corporate.


(p) **Exercise instructions**

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Options with the appropriate remittance should be lodged at the Company's share registry.

(q) **Voting and dividend rights**

The Options carry no rights to vote at a meeting of Shareholders, and no rights to dividends.

Lodge your vote:

 **Online:**
www.investorvote.com.au

 **By Mail:**
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

┌ 000001 000 TNG
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form



Vote online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 137761

SRN/HIN: I999999999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



 **For your vote to be effective it must be received by 10.30am (WST) Monday, 18 May 2015**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** →

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of TNG Limited hereby appoint

the Chairman of the Meeting OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Extraordinary General Meeting of TNG Limited to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Wednesday, 20 May 2015 at 10.30am (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolution: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 3 (except where I/we have indicated a different voting intention below) even though Resolution 3 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 3 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Approval for an Equal Reduction of Capital and In-specie Distribution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Ratification of Prior Issue - Shares and Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Non-executive Director's Remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date ____ / ____ / ____

TNG

200515A

Computershare +