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**TNG LIMITED**

**ACN 000 817 023**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

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**TIME:** 11.00am (WST)

**DATE:** 20 September 2016

**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

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### **Time and place of Meeting**

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Notice is given that the Meeting will be held at 11.00am (WST) on 20 September 2016 at The Celtic Club, 48 Ord Street, West Perth, WA 6005.

### **Your vote is important**

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

### **Voting eligibility**

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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 11.00am (WST) on 18 September 2016.

### **Voting in person**

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

### **Voting by proxy**

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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**

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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**

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

## **OTHER LEGAL REQUIREMENTS - PROSPECTUS**

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Under applicable ASIC guidelines, the invitation to Shareholders to vote on Resolution 2 of the Notice of Meeting constitutes an “offer” to transfer Todd River Shares to Shareholders pursuant to the In-specie Distribution under Chapter 6D of the Corporations Act and a prospectus is required unless an exemption applies or ASIC provides relief. As no exemptions apply and no relief was obtained, the Company has prepared a prospectus that contains information in relation to Todd River (**Prospectus**).

The Prospectus accompanies this Notice of Meeting and has been lodged with ASIC at the same time as this Notice of Meeting. The Company recommends that all Shareholders read the Prospectus carefully and in conjunction with this Notice of Meeting. The Prospectus also allows Shareholders to sell their Todd River Shares within the first 12 months after receiving them without further disclosure.

There is no information known to the Company that is material to the decision by a Shareholder on how to vote on Resolution 2 other than as disclosed in this Notice of Meeting and Explanatory Statement, the accompanying Prospectus and information that the Company has previously disclosed to Shareholders.

## **PURPOSE OF THIS DOCUMENT**

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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 (or parts of it) 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 2 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 2, as required by section 256C(4) of the Corporations Act.

## **ASIC AND ASX**

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

## **FORWARD LOOKING STATEMENTS**

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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 which the Company operates, 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 issues and changes in law and accounting policies, the adverse impact of wars, terrorism, political, economic or natural disasters, the impact of changes to interest rates, loss of key personnel and delays in obtaining or inability to obtain any necessary Government and regulatory approvals, the ability to service debt and to refinance debt to meet expenditure needs on any future acquisitions, 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**

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This document does not constitute financial product, taxation 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**

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No internet site is part of this Notice of Meeting and Explanatory Statement. The Company maintains an internet site ([www.tngltd.com.au](http://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**

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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 Resolutions 1 and 2, 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 (including the proposed Todd River IPO) 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 will 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 (including the proposed Todd River IPO).
- (d) The interests of Shareholders in Todd River will be diluted by the issue of Todd River Shares under the proposed Todd River IPO.
- (e) 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).
- (f) 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 1.15(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.

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## IMPORTANT NOTICES

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### Key Dates\*

Extraordinary General Meeting to approve the In-specie Distribution of Todd River Shares	20 September 2016
ASX informed of Shareholder approval	20 September 2016
Record Date*	21 November 2016
In-specie Distribution to Shareholders of Todd River Shares*	23 November 2016

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

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. RESOLUTION 1 – APPROVAL TO DISPOSE OF MAJOR ASSET

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 11.4 and for all other purposes, approval is given for the sale of the NT Base Metal Assets to Todd River Resources Limited, a subsidiary entity of the Company, on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a party to the transaction to acquire the NT Base Metal Assets 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.

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#### 2. RESOLUTION 2 – 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 28,000,000 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 28,000,000 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."*

**Dated: 17 August 2016**

**By order of the Board**

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

**PAUL BURTON  
MANAGING DIRECTOR**

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## EXPLANATORY STATEMENT

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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.

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### 1. RESOLUTIONS 1 AND 2 – APPROVAL FOR AN EQUAL REDUCTION OF CAPITAL AND IN-SPECIE DISTRIBUTION AND DISPOSAL OF A MAJOR ASSET

#### 1.1 Background and Overview of the Proposal

The Company is listed on the ASX and owns all of the issued capital of eight Australian subsidiary companies, Connaught Mining NL, Enigma Mining Limited, Tennant Creek Gold (NT) Pty Ltd, Manbarrum Mining Pty Ltd, TNG Gold Pty Ltd, TIVAN Technology Pty Ltd, Todd River Metals Pty Ltd and Todd River Resources Limited (**Todd River**) which together hold interests in the following sixteen diversified exploration projects located in the Northern Territory:

- (a) Mount Peake (Fe-V-Ti) (100%);
- (b) Manbarrum (Zn-Pb-Ag) (100%);
- (c) McArthur River (Cu) (100%);
- (d) Walabanba (Cu-Fe-Ti) (100%);
- (e) Mount Hardy (Cu) (100%);
- (f) Tomkinson (Zn-Pb-Ag-Cu) (100%);
- (g) Stokes Yard (Zn-Cu-Pb-Au) (100%);
- (h) Soldiers Creek (Sn-Ta-Li) (100%);
- (i) Sandover (Cu) (100%);
- (j) Croker Island (Al) (100%);
- (k) Melville Island (Al) (100%);
- (l) Goddards (Cu) (100%);
- (m) Petermanns (Au-Cu-U) (100%);
- (n) Rover (Cu-Au) (20%);
- (o) High Black Range (Fe) (100%) and,
- (p) Cawse (Au) (20%);

The Company's activities have recently been dominated by the progress towards construction and mining of the world class Mount Peake V-Ti-Fe deposit, 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 Manbarrum, McArthur River, Walabanba, Mount Hardy, Tomkinson, Stokes Yard, Soldiers Creek, Sandover, Croker Island, Melville Island, Goddards and Petermanns projects and the Company's 20% interest in the Rover project (**NT Base Metal Assets**). Refer to Schedule 1 for a background summary of each of the NT Base Metal Assets including information on prospectivity and to Section 1.4 of this Explanatory Statement for the proposed work programme and expenditure budget for each project.

As announced on 25 July 2016, the Company is proposing, subject to Shareholder approval, to demerge the NT Base Metal Assets via its subsidiary company Todd

River (**Spin-out**). It is intended that Todd River will undertake an initial public offer of its securities to facilitate an ASX listing in conjunction with the Spin-out (**Todd River IPO**). It is the Company's current intention that the Todd River IPO will include a form of priority offer to existing Shareholders of TNG, whilst also providing an opportunity for new investors to invest in Todd River.

The Company originally obtained Shareholder approval for the Spin-out on 20 May 2015, however the process was deferred due to prevailing market conditions. The original Shareholder approval was valid for approximately six months. In light of the improvement in market conditions for the junior resource and exploration sector seen this year, the Company has decided to proceed with the Spin-out, subject to again obtaining Shareholder approval.

Provided the Company proceeds with the Spin-out, it is intended that it will occur by TNG first transferring (or procuring the transferring of) the NT Base Metal Assets to Todd River in consideration for being issued 35,000,000 shares in Todd River. TNG will then distribute and transfer 28,000,000 shares in Todd River (**Todd River Shares**) in specie to TNG's Shareholders on a pro-rata basis (**In-specie Distribution**). See Section 1.15(d) below for further details. It is proposed that TNG will retain a shareholding of 7,000,000 Todd River Shares.

The In-specie Distribution will only proceed if the following conditions are met (together, the **In-specie Conditions**):

- (a) TNG obtains Shareholder approval for the In-specie Distribution (the subject to Resolutions 1 and 2);
- (b) TNG receives a draft class ruling from the ATO confirming the availability of demerger relief (refer to Section 1.22 below for further details);
- (c) Todd River raises the minimum subscription amount of \$6,000,000 (or such other amount as is required for Todd River to satisfy the assets test pursuant to ASX Listing Rule 1.3) pursuant to a prospectus to be lodged by Todd River for the Todd River IPO; and
- (d) Todd River receiving a letter confirming that the ASX will admit Todd River to the Official List of the ASX, subject to the satisfaction of certain conditions on terms acceptable to Todd River.

Should the In-specie Conditions be satisfied, 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. TNG Shareholders will also receive a direct ownership interest in Todd River. Structure diagrams of the proposed arrangements immediately before and after the Spin-out and Todd River IPO are set out on page 12 of this Explanatory Statement.

From a tax perspective, TNG is re-commencing 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 for income tax purposes. Please refer to Section 1.22 below for further details.

The Company's primary purpose in undertaking the Proposal is to separate the NT Base Metal Assets from its other assets. Specifically, the Proposal 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 (including the Todd River IPO), 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.

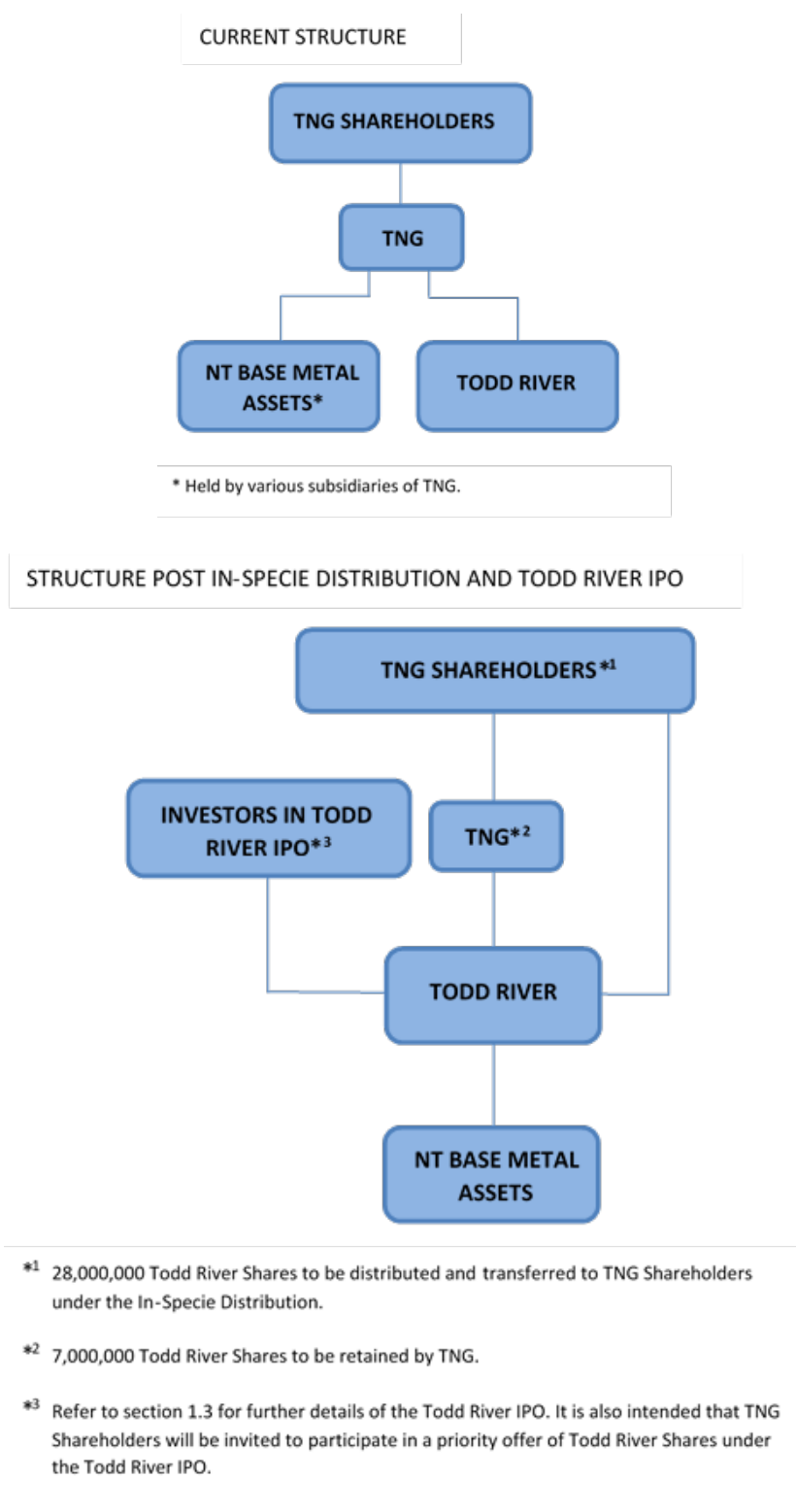
The Spin-out is also considered to be an opportunity for Shareholders to realise maximum value from the NT Base Metal Assets as it will allow the Company to divest these assets which it considers non-core to its strategic objectives and incubate them in a dedicated company, Todd River, whilst focusing 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.

Assuming the Company proceeds with the Proposal, it is intended that Todd River will undertake and be funded by the Todd River IPO. Please refer to Section 1.3 for further details.

As well as the commercial objectives outlined above, and assuming the Company proceeds with the Proposal, it is expected the Proposal 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 considered to be 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 development of the NT Base Metal Assets whilst also maintaining their investment exposure to the advanced Mount Peake project.

In the event Resolutions 1 and 2 are passed, the Company proceeds with the Proposal and the In-specie Conditions are satisfied, the restructure of TNG and Todd River will occur as follows assuming completion of the In-specie Distribution:



## 1.2 Realisation of the Proposal

The Company believes that the Proposal and the Todd River IPO 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 (including the Todd River IPO) 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. TNG completed a Feasibility Study on the Mount Peake project in July 2015, paving the way for development to proceed. TNG is currently progressing financing discussions along with pre-development activities including final permitting and off-take arrangements. Please refer to the Company's ASX announcements platform for further details.

The Company's present intention as a substantial shareholder of Todd River will be to maintain its shareholding in Todd River to attempt to realise value in the NT Base Metal Assets. Refer to Section 1.3 below for further details.

### **1.3 Todd River IPO and Information on Todd River**

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. Todd River presently has no business operations other than by virtue of the proposed holding and proposed exploration of the NT Base Metal Assets. As noted above, it is proposed that TNG will retain a shareholding of 7,000,000 Todd River Shares.

As noted in Section 1.1 above, it is intended that, in conjunction with the Proposal, Todd River will undertake the Todd River IPO to facilitate the admission of Todd River to the official list of, and official quotation of the Todd River Shares by, the Australian Securities Exchange (**ASX**) (subject to the prevailing global economic conditions being sufficiently receptive). Current TNG Shareholders will not be required to contribute additional funds to give effect to the Todd River IPO, although it is the Company's current intention that the Todd River IPO will include a form of priority offer to existing Shareholders of TNG.

At present, it is expected that Todd River will seek to raise up to \$6,000,000 under the Todd River IPO (by the issue of up to 30,000,000 Todd River Shares assuming an issue price of \$0.20 each) pursuant to a prospectus to be lodged around 30 September 2016. Todd River is also considering issuing one free attaching option for every two Todd River Shares issued under the Todd River IPO. Shareholders should note the proposed structure and terms of the Todd River IPO are, at the date of this Notice, indicative only and that Todd River reserves the right to amend the proposed structure and terms (including offering a larger or smaller number of shares or options in Todd River). TNG will keep Shareholders updated in respect of the Todd River IPO.

TNG will be responsible for meeting all required tenement expenditure on the NT Base Metal Assets until completion of the Todd River IPO, at which time Todd River will assume responsibility for all costs associated with the NT Base Metal Assets.

TNG has also agreed to fund Todd River's expenses in respect of the Proposal and the Todd River IPO (e.g. legal and other fees incurred in the preparation of documentation giving effect to the Todd River IPO) which will be capitalised and repaid to TNG from the proceeds of the Todd River IPO.

The Todd River Board will then 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. 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 the Todd River IPO will be successful and result in a listing on ASX.

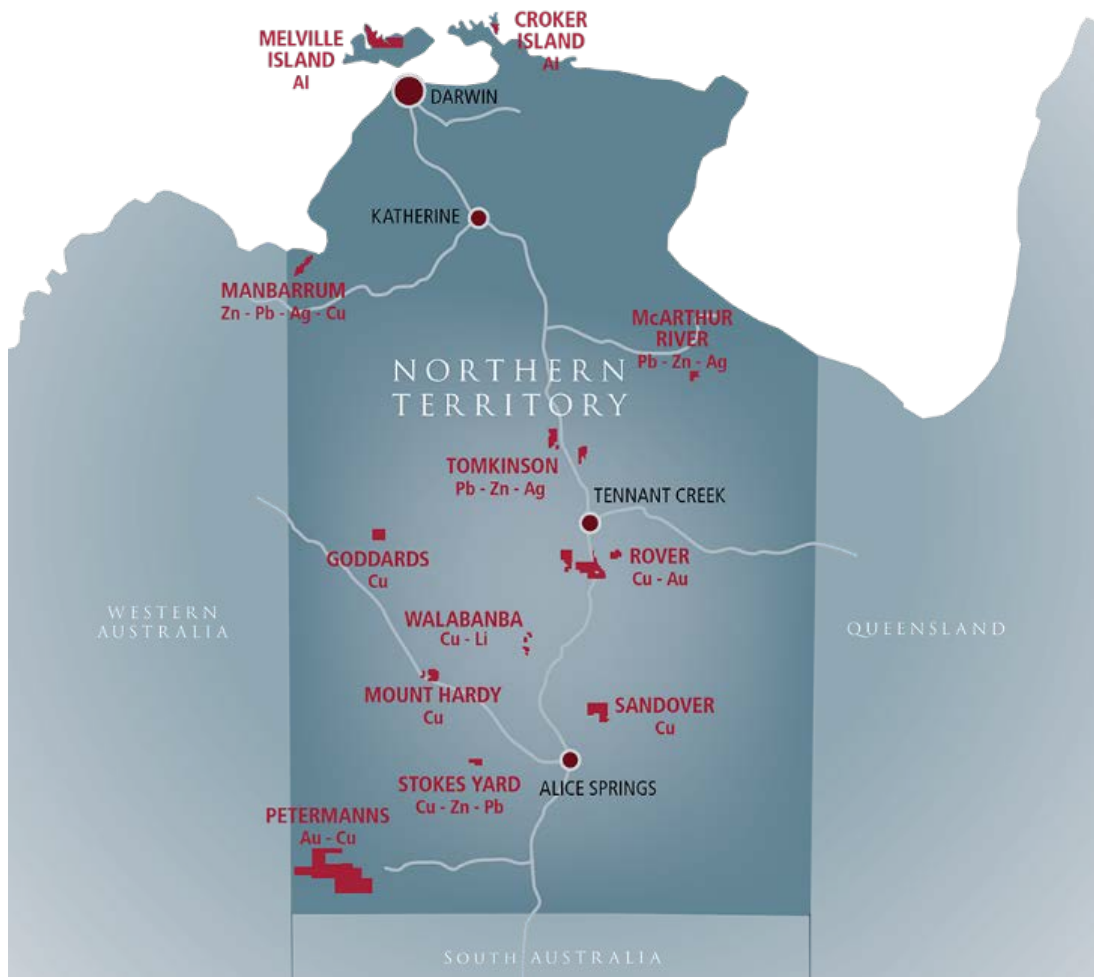
In the short term, Todd River would be focused on exploration activities at the NT Base Metal Assets. Over the medium term, Todd River would be focused on delivering value to its shareholders through the continued exploration and development of the NT Base Metal Assets and any additional assets that may be acquired at a future point in time. Further details will be included in the Todd River IPO prospectus which will be circulated to all TNG Shareholders.

The Todd River IPO will ensure Todd River is financed to continue (or commence) exploration activities on the NT Base Metal Assets aimed at the discovery of a maiden JORC resource, in some cases based on evaluation of targets previously defined by TNG during previous exploration undertaken by TNG. Please refer to Schedule 1 for further details of the NT Base Metal Assets and to Section 1.4 below for the proposed work programme and expenditure budget for each project.

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 Background of the NT Base Metal Assets and proposed Project Development Plan

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 Board believe that the cumulative results

of exploration carried out by TNG over the previous 5-10 years provide a platform on which Todd River can progress future exploration on the NT Base Metal Assets and add value to Todd River. It is hoped this will encourage current TNG Shareholders to maintain their interest in the NT Base Metal Assets via Todd River. Refer to Schedule 1 for further details of the exploration work which has already been undertaken on the NT Base Metal Assets.

Todd River's proposed business model will be to further explore and develop deposits located within the NT Base Metal Assets (where possible) in proximity to established mining operations and infrastructure which demonstrate the ability to be developed into early production opportunities.

Todd River proposes to undertake exploration across the NT Base Metal Assets as outlined below with the intention of demonstrating the economic potential of any potential deposits and defining initial JORC compliant resources across multiple project areas. Todd River also intends to evaluate and pursue other prospective opportunities in the resources sector in line with its strategy to develop high quality assets. Details of the development plan for each project are set out below.

(a) **Manbarrum**

- Resource and Scoping Study
- Metallurgical Testwork
- Prefeasibility Studies

(b) **McArthur River**

- Geophysical surveys
- RC and diamond drilling
- Maiden JORC Resource

(c) **Walabanba**

- RC drilling of EM targets

(d) **Mount Hardy**

- Further drilling and refined target definition
- Maiden JORC Resource

(e) **Tomkinson**

- Data compilation and literature review
- Geological mapping
- Geochemical soil and rock surveys

(f) **Stokes Yard**

- Geological mapping
- Geochemical soil and rock surveys



- Target generation
- RC drilling

(g) **Soldiers Creek**

- Data compilation and literature review
- Geological mapping
- Geochemical soil and rock surveys
- Target generation

(h) **Sandover**

- Data compilation and literature review
- Geological mapping
- Geochemical soil and rock surveys
- Geophysical surveys based on soil results

(i) **Croker**

- Data compilation and literature review
- Geological mapping
- Geochemical soil and rocks surveys

It is currently proposed that the initial exploration program proposed by Todd River for the NT Base Metal Assets will include a total of approximately \$3,500,000 budgeted for the first two financial years as set out in table 1 below. This budget will include exploration expenditure, tenement rents and rates, office and administration costs and salaries as set out in table 2 below.

**Table 1: Expenditure Breakdown by Project Area**

Project Area	Year 1	Year 2	TOTAL
Manbarrum	\$300,000	\$380,000	\$680,000
McArthur River	\$400,000	\$400,000	\$800,000
Walabanba	\$200,000	\$245,000	\$445,000
Mount Hardy	\$350,000	\$400,000	\$750,000
Tomkinson	\$75,750	\$165,000	\$240,750
Stokes Yard	\$100,000	\$165,000	\$265,000
Soldiers Creek	\$46,000	\$64,000	\$110,000
Sandover	\$66,000	\$90,000	\$156,000
Croker Island	\$23,000	\$29,000	\$52,000

<b>TOTAL</b>	<b>\$1,560,750</b>	<b>\$1,938,000</b>	<b>\$3,498,750</b>
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The above table (and the table below) are statements of Todd River's intentions as of the date of this Notice and assumes completion of the Todd River IPO. As with any budget, intervening events including, but not limited to, exploration success or failure and new circumstances have the potential to affect the manner in which the funds are ultimately applied. Todd River reserves the right to alter the way funds are applied on this basis. Further, the above table (and the table below) will be subject to change in the event Todd River amends the proposed structure and terms of the Todd River IPO.

**Table 2: Expenditure Breakdown by Activity**

<b>Expenditure Activity</b>	<b>Year 1</b>	<b>Year 2</b>	<b>TOTAL</b>
Geological Activities – mapping, core logging etc	\$276,500	\$259,000	\$535,500
Geochemical Activities – surveys and analysis	\$144,000	\$133,000	\$277,000
Geophysical – surveys, processing and interpretation	\$132,000	\$30,000	\$162,000
Drilling	\$535,000	\$800,000	\$1,335,000
Rehabilitation	-	\$70,000	\$70,000
Prefeasibility – including metallurgical and environmental	\$105,000	\$210,000	\$315,000
Office Based Studies and Reporting	\$207,000	\$243,500	\$450,500
Administrative costs and overheads, tenement rents	\$161,250	\$192,500	\$353,750
<b>TOTAL</b>	<b>\$1,560,750</b>	<b>\$1,938,000</b>	<b>\$3,498,750</b>

Further details of the development plan and budget proposed for each of the NT Base Metal Assets will be included in the Todd River IPO prospectus. Refer to Schedule 1 for details of the licences which cover each project and previous exploration undertaken. The key risks which will face Todd River and exploration of the NT Base Metal Assets are set out in Schedule 4.

## **1.5 Capital Reduction – General**

TNG seeks Shareholder approval under Resolution 2 to enable TNG to reduce its capital by the distribution of specific assets to Shareholders, being 28,000,000 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 2.

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 depending on the timing of satisfaction of the In-specie Conditions.

As a result, the Record Date to determine entitlements of Shareholders to participate in the In-specie Distribution is to be set by the Directors after the date Resolution 2 is passed, such that the Record Date will be not less than five business days after the date on which Resolution 2 is passed and not later than six months after the date on which Resolution 2 is passed.

If the capital reduction proceeds, Shareholders will receive a pro rata entitlement to the 28,000,000 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 7,000,000 Todd River Shares.

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 Resolutions 1 or 2.

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

Set out in Schedule 2 is the statement of financial position of the Company as at 30 June 2016 together with the unaudited pro forma statement of financial position of the Company following completion of the Proposal and Todd River IPO.

A pro forma statement of financial position for Todd River, reflecting the proposed balance sheet of Todd River following completion of the Proposal and the Todd River IPO 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 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 7,000,000 Todd River Shares.
- (iii) The Directors believe that the market is attributing minimal value to the NT Base Metal Assets. The Board believe this may be due to TNG's multi-commodity project mix and that 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 and subsequent Todd River IPO 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) The Board believes that investors and the Company would benefit from the Company having a simplified corporate strategy. Different TNG Shareholders (and potential investors) have preferences for different assets within TNG's asset portfolio, however the current corporate structure with its diversified commodity interests does not allow for delivery of a simplified corporate strategy. The Proposal will allow both TNG and Todd River to adopt a simplified corporate strategy.
- (v) Future capital raising are expected to 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.
- (vi) 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) There is no guarantee that the Todd River Shares will rise in value.
- (ii) There are a number of potential disadvantages arising from Todd River seeking further funding (including pursuant to the Todd River IPO). These include, but are not limited to:
  - (A) dilution of Todd River Shareholders' shareholdings via the Todd River IPO or future equity raisings (see Section 1.15(b) for further details); and
  - (B) uncertainty regarding Todd River's ability to raise required funding.
- (iii) Shareholders may incur additional transaction costs if they wish to dispose of their new investment in Todd River (e.g. brokerage costs).
- (iv) 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 1.22 of this Explanatory Statement.
- (v) The costs relating to Todd River and the Proposal (some of which will initially be incurred by TNG) will include, but are not limited to:

- (A) legal and other fees incurred in the preparation of documentation giving effect to the Proposal and the Todd River IPO; and
  - (B) tax advice obtained in relation to taxation consequences of the Proposal.
- (vi) Remuneration will not be paid to Todd River's directors until the Todd River IPO has been completed. As set out in Section 1.9 below, following receipt of Shareholder approval and completion of the Proposal and the Todd River IPO, 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 completion of the Todd River IPO, 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' remuneration).
  - (vii) 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.
  - (viii) Assuming completion of the Spin-out, there will be two separate companies that will require to be funded and will incur ongoing administrative 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).
  - (ix) 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 1.15(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. This may include, but is not limited to, entering into a joint venture arrangement with third parties or selling a portion of the NT Base Metal Assets.

## **1.9 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 Resolutions 1 and 2, Todd River then intends to seek the appointment of independent directors to the Todd River Board who will be responsible for the direction of Todd River. Remuneration has not been paid to date and will not be paid to Todd River's directors until the Todd River IPO has been completed. The final composition of the Todd River board and proposed remuneration will be confirmed by the Company at a future date with further details to be included in the prospectus for the Todd River IPO.

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 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 and is the Managing Director of TNG.

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 member of both the Australian and Canadian Institutes 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 Crow is a Non-Executive Director of TNG.

**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 Honours Degree in economics, is a graduate of the Australian Institute of Company Directors and is an Associate of the Securities Institute of Australia. Mr Turkington is a Non-Executive Director of TNG.

## 1.10 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 can be accessed at either the Company's ASX announcements platform or the Company's website.

## 1.11 Risk Factors

On successful completion of the Proposal and Todd River IPO, 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.

## 1.12 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.

## 1.13 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 Resolutions 1 and 2 are passed and implemented:

Director	TNG Shares	Options	Approximate Number of Todd River Shares each Director will receive <sup>1</sup>
Paul Burton	13,249,999	-	490,741
Geoffrey Crow	7,037,204	-	260,637
Rex Turkington	7,887,999	-	292,148

<sup>1</sup> Assuming a 1 for 27 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 1.15(d) for further details.

After considering all relevant factors, the Directors recommend the Company's Shareholders vote in favour of Resolutions 1 and 2 for the reasons summarised in Sections 1.1 and 1.7 of this Notice.

## 1.14 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 TNG Shares may be less than the value held prior to the Proposal being implemented due to the removal of the NT Base Metal Assets from the Company's asset portfolio. 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?*

You must hold TNG Shares on the Record Date in order to receive your entitlement of Todd River Shares pursuant to the In-specie Distribution. 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 and assuming completion of the Todd River IPO, a holder of Todd River Shares will be able to sell their Todd River Shares in the future.

### *What are the taxation implications of the Proposal?*

A general guide to the taxation implications of the Proposal is set out in Section 1.22 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 Resolutions 1 and 2 are not approved?*

In the event that Shareholder approval of Resolutions 1 and 2 is not obtained, the Proposal will not proceed and the distribution of Todd River Shares to TNG Shareholders will not occur.



## 1.15 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
751,772,713	-	5,500,000 <sup>1</sup>

<sup>1</sup> Consisting of 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 post completion of the Proposal and the Todd River IPO will be:

Type of security	Number (assuming \$6,000,000 is raised under the Todd River IPO)	%
<b>Fully paid ordinary shares</b>		
TNG Shareholders	28,000,000	43.08
TNG	7,000,000	10.77
Todd River IPO <sup>1</sup>	30,000,000	46.15
<b>Total Shares</b>	65,000,000	100
<b>Options<sup>2</sup></b>	15,000,000	

<sup>1</sup> As at the date of this Notice, it is expected that Todd River will seek to raise up to \$6,000,000 (by the issue of up to 30,000,000 shares at \$0.20 each). Todd River's current intention is that the Todd River IPO will include a priority offer to TNG Shareholders. Shareholders should note the proposed structure and terms of the Todd River IPO are, at the date of this Notice, indicative only and that Todd River reserves the right to amend the proposed structure and terms (including offering a larger or smaller number of shares or options in Todd River).

<sup>2</sup> As at the date of this Notice, Todd River is also considering issuing one free attaching option (on terms still to be determined) for every two Todd River Shares issued under the Todd River IPO.

Shareholders should note that the capital structure outlined above is indicative only and that Todd River has the discretion to amend the capital structure without notice.

- (c) the Record Date will be set after the date Resolution 2 is passed by the Directors and depends on the satisfaction of the In-specie Conditions. Refer to Section 1.5 for further details;
- (d) 28,000,000 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 751,772,713 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 27 TNG Shares held. Any exercise of Options in TNG or further issue of TNG Shares 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.

### 1.16 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
10 September 2015	\$0.29	14 January 2016	\$0.097

The latest available closing price of the TNG Shares on ASX prior to the date of this Notice was \$0.125 on 15 August 2016.

### 1.17 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 accompanying Prospectus and previous ASX announcements set out all information known to TNG that is material to the decision on how to vote on Resolution 2; and
- (c) TNG has lodged with ASIC a copy of this Notice of Meeting and accompanying Prospectus.

#### **1.18 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.

#### **1.19 ASX Listing Rule 11.4**

ASX Listing Rule 11.4 provides that an entity must not dispose of a major asset if, at the time of the disposal, it is aware that the person acquiring the asset intends to issue or offer securities with a view to becoming listed. ASX Listing Rule 11.4 further provides that an entity must do each of the following if one of its child entities holds the major asset:

- It must not sell securities in the child entity with a view to the child entity becoming listed.
- It must make sure that the child entity does not issue securities with a view to becoming listed.

ASX Listing Rule 11.4 does not apply if the holders of ordinary securities in the entity approve of the disposal without a pro rata offer of securities being made to the holders of the ordinary securities in the entity.

As Todd River is currently a child entity of the Company that will undertake the Todd River IPO with a view to becoming listed, the Company must obtain shareholder approval for the disposal of the NT Base Metal Assets to Todd River.

#### **1.20 Effect of Shareholder approval**

##### **(a) General**

If Resolution 2 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 In-specie Conditions have been satisfied and 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 2). 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 and Todd River IPO.

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 2 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 concerning Todd River Shares**

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.

**(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.

## 1.22 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 will be re-commencing 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). Once TNG has re-lodged its Class Ruling application with the ATO it is 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 will organise 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.

#### **1.23 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 2 is passed, the reduction of capital is required to take effect in accordance with a timetable approved by ASX. Please refer to page 6 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.

#### **1.24 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 Resolutions 1 and 2 (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.

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**2. 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.

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## GLOSSARY

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**\$** 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.

**ATO** means the Australian Taxation Office.

**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.

**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 Conditions** has the meaning given in Section 1.1 of the Explanatory Statement.

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

**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.

**Prospectus** has the meaning given on page 3 of this Notice.

**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 IPO** means the initial public offer of Todd River Shares to facilitate the admission of Todd River to the official list of, and official quotation of the Todd River Shares by, the ASX.

**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.

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## SCHEDULE 1 – NT BASE METAL ASSETS

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### 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 four exploration tenements and one mining lease application: MA24518, MA26581, EL24395, EL25646 and MLA27357.

Title	Area km <sup>2</sup>	Area km <sup>2</sup> Blocks	Grant Date	Expiry Date
EL24395	144.36	45	16/08/05	15/08/17
EL25646	63.00	19	23/08/07	22/08/17
MA24518	16.85	6	25/08/05	24/08/17
MA26581	14.65	6	1/08/08	31/07/16*
MLA27357	204H	2	Pending	-

\* A two year renewal has been lodged for this licence in July 2016.

All the licences are renewable for a two year period following their expiry.

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 granted exploration licences (EL27711 and EL30085) covering a total area of 221.77km<sup>2</sup> 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.

Title	Area km <sup>2</sup>	Blocks	Grant Date	Expiry Date
EL27711	170.77	52	9/07/2010	8/07/2016*
EL30085	52.51	16	11/04/2014	10/04/2020
ELA28309	29.55	9	In moratorium until 30/05/17	

\* A two year renewal has been lodged for this licence in July 2016.

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 25km within the 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 Walabanba Project comprises two exploration licences (EL26848 and EL27115) 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 <sup>2</sup>
EL26848	143.68
EL27115	28.77

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 and 2014 fourteen of the identified HELITEM targets were selected for further analysis which involved ground FLEM geophysical surveys, 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 geological-geophysical targets for immediate drill testing. Further ground EM surveys are required to identify other targets for drilling. The Walabanba hills area (in the central part of EL26848) also has a number of existing tin prospects which form part of the historic Anningie Tin Field.



#### 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 granted Exploration Licences (EL27892, EL28694 and EL29219).

Title	Area km <sup>2</sup>
EL27892	101.76
EL28694	203.64
EL29219	105.96

\* A two year renewal will be submitted prior to the expiry date.

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 granted Exploration Licences and one Exploration Licence Application 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 <sup>2</sup>
EL30348	163
EL30359	231.69
ELA31265	164.52

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 exploring a prospective yet relatively untested area.

### 6. STOKES YARD

The Stokes Yard Exploration Licence (EL30131) is located approximately 180km west of Alice Springs and 50km west of the Glen Helen resort in the West MacDonnell Ranges.

Title	Area km <sup>2</sup>	Blocks	Grant Date	Expiry Date
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EL30131	50.42	16	11/08/2014	10/08/2020
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The Stokes Yard Zn-Cu-Pb-Ag prospect is located with the tenement and similar mineralisation (Ulpuruta) and two Cu-Zn-(Au) (Haasts Bluff, Mount Larrie) prospects are known nearby in the geological province.

The Stokes Yard mineralisation is hosted in a mylonite zone containing outcrops of mineralised tremolite schist, forsterite marble and less common actinolite-bearing schist.

Previous work at Stokes Yard was carried out in the 1960's with extensive rock chip sampling and an IP survey being undertaken by ASARCO (Australia) Pty Ltd. A number of shallow excavations and trenches were already present at the site at this time and a small amount of rhodenite had been sold for ornamental purposes. Results of results up to 26% Zn, 7.5% Pb, 7.5% Cu, and 130ppm Ag were returned from the sampling and six anomalies were identified from the IP survey, the first of which coincides with the visible surface mineralisation.

Five shallow diamond drillholes were drilled at the Stokes Yard prospectus by the NTGS in 1972.

Northern Mining Limited operated tenure across the Stokes Yard prospect from 2006 though limited exploration was undertaken. Rock chip samples collected in 2007 returned results of up to 27.5% Zn. Geophysical magnetic and radiometric surveys were undertaken but the data was never completely processed or interpreted. A number of unforeseen events and lack of funds contributed to the licence being surrendered in 2013, but Northern Minerals considered the prospectivity of the licence to be high.

## 7. 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 <sup>2</sup>	Blocks	Application Date
ELA29252	645.22	212	21/3/2012
ELA29253	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.

## 8. SOLDIERS CREEK

This Exploration Licence Application (ELA31209) covers the Soldiers Creek Pegmatite Field both within and surrounding the Soldiers Creek Granite. There are a number of tin and tantalum prospects within the area that have both alluvial and colluvial/eluvial placer workings and hard rock pegmatite-hosted cassiterite

and tantalite content. The Soldiers Creek Granite is recognised as being a highly differentiated S-type granite, with high Rb, Cs, Li, Ga, Sn, Y and K/Ba contents.

The area is considered prospective for significant economic concentrations of tin and tantalum, as well as other pegmatite-hosted and greissen related elements and minerals.

## 9. 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 140.87km<sup>2</sup> 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 tenement. Later drilling on the area covered by the proposed 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 tenement.

## 10. 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 1387.67km<sup>2</sup> 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 Milikapati 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.

## 11. GODDARDS

The Goddards (Tanami East) tenement (ELA 24260) lies about 400 km west of Tennant Creek and covers 462.3 km<sup>2</sup>. 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.

## 12. 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 <sup>2</sup> )	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 Petermanns licence falls within the Heads of Agreement with WDR (noted above) whereby WDR can earn interest in the project. WDR has currently not earned an interest in the project.

### 13. ROVER

The following licences fall under a Joint Venture 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) EL25581

The East Rover Prospect Area (EL25581) 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 566.63km<sup>2</sup> 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) ELA25582

ELA 25582 (1,207 km<sup>2</sup>) 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. ELA25582 is considered to have potential for gold and base metals.

#### (c) ELA25587

ELA 25587 (248.2 km<sup>2</sup>) lies about 60 km southeast of Tennant Creek in Northern Territory. It was applied for on 6 September 2006 and approval is still pending. ELA25587 is considered to have potential for gold and base metals.

### JORC Competent Person's Statement

The information in this Notice that relates to Mineral Resources, Ore Reserves, Exploration Results and Exploration Targets 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.

For further details on the NT Base Metal Assets, please refer to the Company's 2015 Annual Report and previous announcements, which are available from the Company's ASX announcements platform and website ([www.tngltd.com.au](http://www.tngltd.com.au)).

**SCHEDULE 2 – TNG PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016**

**TNG LIMITED (Consolidated Group)**

<b>BALANCE SHEET</b>	<b>Audited 31-Dec 2015</b>	<b>Unaudited 30-Jun 2016</b>	<b>Adjustments</b>	<b>Proforma Post In-specie Distribution 30-June-2016 (unaudited)</b>
<b>Current Assets</b>				
Cash and cash equivalents	6,224	7,167	-	7,167
Other receivables	339	222	-	222
Prepayments	135	77	-	77
Investment TRR	-	-	1,400 <sup>1</sup>	1,400
Other investments	101	46	-	46
<b>Total Current Assets</b>	<b>6,799</b>	<b>7,512</b>	<b>1,400</b>	<b>8,912</b>
<b>Non-Current Assets</b>				
Plant & equipment	155	118	-	118
Exploration and evaluation	24,625	26,823	9,239 <sup>2</sup>	17,584
<b>Total Non-Current Assets</b>	<b>24,780</b>	<b>26,941</b>	<b>-</b>	<b>17,702</b>
<b>Total Assets</b>	<b>31,579</b>	<b>34,453</b>	<b>-</b>	<b>26,614</b>
<b>Current Liabilities</b>				
Trade and other payables	837	760	-	760
Provisions	265	309	-	309
<b>Total Current Liabilities</b>	<b>1,102</b>	<b>1,069</b>	<b>-</b>	<b>1,069</b>
<b>Current Liabilities</b>				
Other payables	255	255	-	255
<b>Total Non-Current Liabilities</b>	<b>255</b>	<b>255</b>	<b>-</b>	<b>255</b>
<b>Total Liabilities</b>	<b>1,357</b>	<b>1,324</b>	<b>0</b>	<b>1,324</b>
<b>Net Assets</b>	<b>30,222</b>	<b>33,129</b>	<b>-7,839</b>	<b>25,290</b>
<b>Equity</b>				
Issued capital	60,557	64,944	5,600 <sup>1</sup>	59,344
Reserves	99	44	-	44
Accumulated losses	-30,434	-31,859	2,239 <sup>3</sup>	-34,098
<b>Total Equity</b>	<b>30,222</b>	<b>33,129</b>	<b>-7,839</b>	<b>25,290</b>

Notes

1. Being the fair value of the NT Base Metal Assets transferred to Todd River (\$7 million) split between investment retained by TNG (20%) and distributed to TNG Shareholders (80%).
2. Being the carrying value of the NT Base Metal Assets transferred to Todd River.



3. Being an impairment charge being the difference between the carrying value of the NT Base Metal Assets and the fair value of the NT Base Metal Assets transferred to Todd River.

**SCHEDULE 3 – TODD RIVER PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016**

**TODD RIVER RESOURCES LIMITED**

<b>BALANCE SHEET</b>	Unaudited 31-Dec 2015	Unaudited 30-Jun 2016	Adjustments	Proforma Post In-specie Distribution 30-June-2016 (unaudited)
<b>Current Assets</b>				
Cash and cash equivalents	0	-	5,340 <sup>1</sup>	5,340
Other receivables	-	-	-	-
Prepayments	-	-	-	-
Other investments	-	-	-	-
<b>Total Current Assets</b>	<b>0</b>	<b>-</b>	<b>5,340</b>	<b>5,340</b>
<b>Non-Current Assets</b>				
Plant & equipment	-	-	-	-
Exploration and evaluation	-	-	7,000 <sup>2</sup>	7,000
<b>Total Non-Current Assets</b>	<b>-</b>	<b>-</b>	<b>7,000</b>	<b>7,000</b>
<b>Total Assets</b>	<b>0</b>	<b>-</b>	<b>12,340</b>	<b>12,340</b>
<b>Current Liabilities</b>				
Trade and other payables	187	212	-	212
Provisions	0	-	-	-
<b>Total Current Liabilities</b>	<b>187</b>	<b>212</b>	<b>-</b>	<b>212</b>
<b>Total Liabilities</b>	<b>187</b>	<b>212</b>	<b>-</b>	<b>212</b>
<b>Net Assets</b>	<b>-187</b>	<b>-</b>	<b>12,340</b>	<b>12,128</b>
<b>Equity</b>				
Issued capital	1	1	5,340 <sup>1</sup>	6,001
Other Equity Contribution	0	-	7,000 <sup>2</sup>	7,000
Accumulated losses	-188	213	-	873
<b>Total Equity</b>	<b>-187</b>	<b>-</b>	<b>12,340</b>	<b>12,128</b>

Notes

1. Todd River is intending to undertake a capital raising by the issue of up to 30,000,000 Todd River Shares at an issue price of \$0.20 each to raise up to \$6 million under the Todd River IPO. The pro-forma takes into account this proposed capital raising less estimated capital raising cost of \$0.66 million.
2. Being the fair value of the NT Base Metal Assets transferred from TNG and associated accounting treatment of this amount as another equity contribution.



## 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
<p><b>Failure of Todd River to raise capital</b></p>	<p>Todd River's capital requirements will depend on numerous factors. Exploration costs and pursuit of its business plan will reduce Todd River's cash reserves, which may not be replaced through future operations, should these prove unsuccessful or perform below expectations. Todd River would in such cases be dependent on seeking additional capital elsewhere, whether through equity, debt or joint venture financing, to support long term exploration and evaluation of the NT Base Metal Projects.</p> <p>Todd River is likely to require further financing and undertake future capital raisings. There is a risk that Todd River may fail to raise sufficient capital to develop the NT Base Metal Assets in the future in addition to amounts raised under the Todd River IPO. 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.</p> <p>The Board can give no assurance as to the levels of future borrowings or further capital raisings that will be required to meet the aims of Todd River to develop the NT Base Metal Assets. No assurance can be given that Todd River will be able to procure sufficient funding at the relevant times on the terms acceptable to it.</p> <p>Any additional future equity financing will dilute existing shareholders, and any debt financing, if available, may involve</p>

Risk	Description
	<p>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>
<p><b>TNG not retaining NT Base Metal Assets</b></p>	<p>Under the Proposal, TNG (or its subsidiaries) will be transferring all of the NT Base Metal 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><b>Exploration and Development Success</b></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>


Risk	Description
	<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><b>Resource estimates</b></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 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><b>Status of NT Base Metal Assets</b></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</p>

Risk	Description
	tenements being forfeited by the company.
<b>Operations</b>	<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 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>
<b>Environmental and other regulatory risks</b>	<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>

Risk	Description
	It is Todd River's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.
<b>Native Title</b>	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.
<b>Economic conditions</b>	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.



## Lodge your vote:

 **Online:**  
[www.investorvote.com.au](http://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](http://www.intermediaryonline.com)

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

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

## Proxy Form

XX



### Vote online

- Go to [www.investorvote.com.au](http://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: 999999**

**SRN/HIN: I9999999999 PIN: 99999**

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 11.00am (AWST) Sunday, 18 September 2016**

### 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](http://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

I ND

## 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 Tuesday, 20 September 2016 at 11.00am (AWST) and at any adjournment or postponement of that meeting.

### 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 to dispose of major asset	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Approval for an equal reduction of capital and In-specie Distribution	<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

200916A

Computershare +

**TNG LIMITED**  
**(ACN 000 817 023)**  
**(COMPANY)**

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## **SHORT FORM PROSPECTUS**

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For an offer to transfer Todd River Shares to Shareholders of TNG Limited pursuant to a Capital Reduction by way of In-specie Distribution being the subject of the Capital Reduction Resolution in the Notice of Meeting dated 17 August 2016 and to facilitate secondary trading of those Todd River Shares.

### **IMPORTANT INFORMATION**

This Prospectus is important and requires your immediate attention. You should read this Prospectus in its entirety and consult your professional adviser in respect of the contents of this Prospectus.

This Prospectus is a short form prospectus prepared in accordance with Section 712 of the Corporations Act. This Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type, but refers to parts of other documents lodged with the ASIC, the contents of which are therefore taken to be included in this Prospectus.

The TNG Directors consider an investment in the Todd River Shares that will be distributed and transferred under this Prospectus and the Capital Reduction Resolution, to be speculative.

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## 1. IMPORTANT NOTICE

### 1.1 General

This Prospectus is dated 18 August 2016 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Todd River Shares may be offered or transferred on the basis of this Prospectus later than 13 months after the date of this Prospectus.

This Prospectus, including the Notice of Meeting which is incorporated by reference into this Prospectus, is important and should be read in its entirety. If you do not fully understand this Prospectus or are in any doubt as to how to deal with it, you should consult your professional adviser immediately. This Prospectus does not constitute an offer in any place in which or to any person to whom it would not be lawful to make such an offer.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company in connection with this Prospectus.

In making representations in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to Shareholders and professional advisers whom Shareholders may consult.

Defined terms and abbreviations used in this Prospectus are explained in section 6 of this Prospectus.

### 1.2 Short Form Prospectus

This Prospectus is a short form prospectus issued in accordance with Section 712 of the Corporations Act. This means this Prospectus alone does not contain all the information that is generally required to satisfy the disclosure requirements of the Corporations Act. Rather, it incorporates all other necessary information by reference to information contained in the Notice of Meeting lodged with ASIC on 18 August 2016.

In referring to the Notice of Meeting, the Company:

- (a) identifies the Notice of Meeting as being relevant to the offer of Todd River Shares under this Prospectus and contains information that will provide Shareholders and their professional advisers to assist them in making an informed assessment of:
  - (i) the rights and liabilities attaching to the Todd River Shares; and
  - (ii) the assets and liabilities, financial position and performance, profits and losses and prospects of Todd River;
- (b) refers Shareholders and their professional advisers to section 3 of this Prospectus which summarises the material information in the Notice of Meeting deemed to be incorporated in this Prospectus;

- (c) informs Shareholders and their professional advisers that they are able to obtain, free of charge, a copy of the Notice of Meeting by contacting the Company at its registered office during normal business hours during the period of the Offer; and
- (d) advises that the information in the Notice of Meeting will be primarily of interest to Shareholders and their professional advisers or analysts.

### **1.3 Exposure Period**

The Corporations Act prohibits the Company from distributing and transferring the Todd River Shares to the Shareholders during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the distribution and transfer of Todd River Shares. As the General Meeting will be held on 20 September 2016, the Exposure Period will have ended by the time the In-specie Distribution occurs, assuming Shareholders approve the Capital Reduction Resolution.

This Prospectus (including the Notice of Meeting) will be made generally available during the Exposure Period by being posted on TNG's website <http://www.tngltd.com.au/>. A paper copy will be made available to Australian residents on request to TNG during the Exposure Period.

### **1.4 Forwarding-looking statements**

This Prospectus may contain forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the TNG Directors and management. The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law. These forward looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements.

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## 2. THE OFFER

### 2.1 Terms and Conditions of the Offer

The terms and conditions of the Offer are set out in the Notice of Meeting accompanying this Prospectus.

In broad terms, the Notice of Meeting includes the Capital Reduction Resolution pursuant to which TNG proposes an equal reduction of capital (of an amount assessed by TNG Directors) to be satisfied by the distribution and transfer of 28,000,000 Todd River Shares to be held by TNG to Shareholders registered as such on the Record Date in proportion to their respective holdings of Shares as at that date.

The In-specie Distribution will only proceed if the following conditions are met (together, the **Transaction Conditions**):

- (a) TNG obtains Shareholder approval for the In-specie Distribution pursuant to the Capital Reduction Resolution (Resolution 2) and also Resolution 1 in the Notice of Meeting;
- (b) TNG receives a draft class ruling from the ATO confirming the availability of demerger relief (refer to section 1.22 of the Notice of Meeting for further details);
- (c) Todd River raises the minimum subscription amount of \$6,000,000 (or such other amount as is required for Todd River to satisfy the assets test pursuant to ASX Listing Rule 1.3) pursuant to a prospectus to be lodged by Todd River for the Todd River IPO; and
- (d) Todd River receiving a letter confirming that the ASX will admit Todd River to the official list of the ASX, subject to the satisfaction of certain conditions on terms acceptable to Todd River.

Under ASIC Regulatory Guide 188, the issue of the Notice of Meeting with the Capital Reduction Resolution constitutes an offer by TNG of the transfer of the Todd River Shares to be distributed and transferred to eligible Shareholders pursuant to Chapter 6D of the Corporations Act and accordingly TNG has prepared this Prospectus to accompany the Notice of Meeting.

Shareholders should note that the In-specie Distribution of the Todd River Shares to overseas Shareholders under the Capital Reduction will be subject to legal and regulatory requirements in their relevant overseas jurisdictions. If the requirements of any jurisdiction where a 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 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 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 Shareholder to comply with the laws to which they are subject in the jurisdictions in which they are resident.

## **2.2 Effect of the Offer on the Company**

The principal effects of the Offer will be that the Company ceases to hold the 28,000,000 Todd River Shares to be distributed and transferred to the Shareholders and that the share capital of the Company will be reduced by the amount to be assessed by the TNG Directors as the market value of such Todd River Shares.

The purpose of the Offer is set out in section 2.1 of this Prospectus.

## **2.3 Action Required by Shareholders**

No action is required to be taken by Shareholders under this Prospectus. Should Shareholder approval be obtained for the Capital Reduction Resolution, the Transaction Conditions are satisfied and the Capital Reduction proceeds to be implemented, then the Todd River Shares will be distributed and transferred to eligible Shareholders in accordance with the terms of the Capital Reduction Resolution and TNG's constitution, whether you voted for or against the Capital Reduction Resolution or did not vote at all (or did not attend the Meeting).

In accordance with ASIC Class Order 07/10, no application form is required to be completed or returned to participate in the proposed distribution and transfer of Todd River Shares under the Capital Reduction and no application form is included in or accompanies this Prospectus.

If you have any queries regarding this Prospectus, please contact the Company Secretary on +61 8 9327 0900.



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### **3. NOTICE OF MEETING INFORMATION DEEMED TO BE INCORPORATED IN PROSPECTUS**

#### **3.1 Short Form Prospectus**

This Prospectus is a short form prospectus prepared in accordance with Section 712 of the Corporations Act. This means that this Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type. However, it incorporates by reference information contained in the Notice of Meeting that has been lodged with the ASIC.

#### **3.2 Included Information**

The Notice of Meeting contains all information that Shareholders require in relation to the Capital Reduction and the Notice of Meeting in its entirety is deemed to be incorporated in this Prospectus. The material provisions of the Notice of Meeting are summarised below in section 3.3 and will primarily be of interest to Shareholders and their professional advisers or analysts.

The Notice of Meeting will be dispatched to all Shareholders with this Prospectus. In addition, the Notice of Meeting will be made generally available during the Application Period by being posted on the Company's website (<http://www.tngltd.com.au/>).

#### **3.3 Notice of Meeting - Summary of Material Provisions of Notice of Meeting**

In accordance with Section 712 of the Corporations Act, set out below is a summary of the information contained in the Notice of Meeting that is deemed to be incorporated in this Prospectus to assist Shareholders and their professional advisers for the purposes of making an informed investment decision in relation to the Todd River Shares.

The sections referred to in this section 3.3 are references to sections in the Notice of Meeting.

(a) **Important Information Section**

This section sets out potential advantages and disadvantages of, and the recommendations of the TNG Directors in respect of, the Capital Reduction.

(b) **Important Notices Section**

This section sets out the indicative timetable for the Capital Reduction.

(c) **Section 1.1 – Background and Overview of the Proposal**

This section provides an overview of the Company, the Capital Reduction and In-specie Distribution, the NT Base Metal Assets, the Transaction Conditions and the commercial objectives of the Capital Reduction.

(d) **Section 1.2 – Realisation of the Proposal**

This section gives details on the realisation of the Capital Reduction and the Todd River IPO and the Company's intentions and proposals following completion of the same.

(e) **Section 1.3 – Todd River IPO and information on Todd River**

This section provides information on Todd River (including its future prospects and plans) and an overview of the Todd River IPO.

(f) **Section 1.4 – Background of the NT Base Metal Assets and proposed Project Development Plan**

This section gives background on each of the NT Base Metal Assets and details of the proposed exploration program and budget for each project.

(g) **Sections 1.5, 1.14 and 1.17 – Capital Reduction**

These sections provide information on the Capital Reduction including the legal procedure required to be followed by the Company, the effect of the Capital Reduction on the Shareholders and a statement by the TNG Directors that they believe the Capital Reduction is fair and reasonable to Shareholders as a whole and does not materially prejudice the Company's ability to pay its creditors.

(h) **Sections 1.6, 1.12 and Schedules 2 and 3 – Pro Forma Financial Information**

These sections and schedules to the Notice of Meeting contain the unaudited pro forma statement of financial position of the Company assuming completion of the Capital Reduction and Todd River IPO (based on the statement of financial position of the Company as at 30 June 2016) and the pro forma statement of financial position for Todd River reflecting the proposed balance sheet of Todd River again assuming completion of the Capital Reduction and Todd River IPO.

(i) **Section 1.7 – Advantages and Disadvantages of the Proposal**

This section sets out further information on the principle advantages and disadvantages to Shareholders of the Capital Reduction and Todd River IPO.

(j) **Section 1.8 – Failure to achieve completion of the Proposal**

This section sets out the Company's potential future plans in the event the Capital Reduction and Todd River IPO do not complete.

(k) **Section 1.9 – Todd River Structure and Board**

This section provides information on the Todd River Directors.

(l) **Section 1.11 and Schedule 4**

This section and schedule to the Notice of Meeting set out certain of the key general and specific risk factors which may affect Todd River and the value of its securities.

(m) **Section 1.13 – Directors' interests and Recommendations**

This section sets out the number of securities in the Company held by the TNG Directors at the date of the Notice of Meeting and the number of

Todd River Shares they are likely to have an interest in assuming completion of the Capital Reduction.

(n) **Sections 1.15 and 1.16 – Additional Information**

These sections provide additional information in respect of the Capital Reduction including the current capital structure of the Company, the proposed capital structure of Todd River assuming completion of the Capital Reduction and Todd River IPO and information in relation to the trading prices of the Shares.

(o) **Section 1.20 – Effect of shareholder approval**

This section outlines the effect the Capital Reduction will have on eligible Shareholders, the treatment of overseas Shareholders and the effect the Capital Reduction will have on the existing options for Shares on issue in the Company.

(p) **Section 1.21 – Information concerning Todd River Shares**

This section gives a summary of the more significant rights attaching to the Todd River Shares to be distributed and transferred to the Shareholders pursuant to the Capital Reduction.

(q) **Section 1.22 – Taxation**

This section provides a general summary of the Australian taxation consequences for Shareholders who receive Todd River Shares in respect of the Capital Reduction based on applicable taxation law as at the date of the Notice of Meeting. Information is also given in respect of the Company's application to seek a class ruling from the ATO in respect of the availability of demerger tax relief.

The summary is not intended, and should not be relied upon, as specific taxation advice to any particular Shareholder. The comments in the summary are of a general nature only, may not apply to a Shareholder's 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 Capital Reduction. 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 summary.

(r) **Schedule 1 – NT Base Metal Assets**

This schedule to the Notice of Meeting gives background information on each NT Base Metal Asset including details of the licences and licence applications making up each project as well as any previous exploration undertaken on, and potential prospectivity of, each such project. This section also contains a JORC competent person's statement in respect of the NT Base Metal Assets.

A copy of the Notice of Meeting accompanies this Prospectus.

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## **4. ADDITIONAL INFORMATION**

### **4.1 Interests of Todd River Directors**

Other than as set out below or elsewhere in this Prospectus or the Notice of Meeting:

- (a) no Todd River Director holds, or during the last two years before lodgement of this Prospectus with the ASIC, held, an interest in:
  - (i) the formation or promotion of Todd River;
  - (ii) property acquired or proposed to be acquired by Todd River in connection with its formation or promotion or the Offer; or
  - (iii) the Offer; and
- (b) except as set out in section 4.2 or the Notice of Meeting, no amounts, whether in cash or Shares or otherwise, have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Todd River Director, either to induce him to become, or to qualify, as a Todd River Director or otherwise for services rendered in connection with the formation or promotion of Todd River or the Offer.

### **4.2 Remuneration of Todd River Directors**

Todd River has not paid remuneration to its Board since incorporation to the date of this Prospectus and will not pay remuneration to its Board until the Todd River IPO has been completed.

Following receipt of Shareholder approval for the Capital Reduction, the Todd River Board may be different to that of Todd River's present Board (and also that of the Company's present Board). For further details, please refer to section 1.9 (Todd River Structure and Board) of the Notice of Meeting.

The final composition of the Todd River Board and proposed remuneration following implementation of the Capital Reduction will be confirmed by the Company at a future date with further details to be included in the prospectus for the Todd River IPO.

### **4.3 Interests of Experts and Others**

Other than as set out below or elsewhere in this Prospectus or the Notice of Meeting, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- (b) promoter of the Company or Todd River;

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company or Todd River;
- (b) any property acquired or proposed to be acquired by the Company or Todd River in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of Todd River or the Company; or
- (b) the Offer.

Steinepreis Paganin has acted as lawyers to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin approximately \$5,000 (exclusive of GST) in respect of these services.

#### 4.4 Consents

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

#### 4.5 Substantial Todd River Shareholders

As at the date of this Prospectus, Todd River is a wholly owned subsidiary of the Company.

Based on information known at the date of this Prospectus and assuming Todd River raises \$6,000,000 under the Todd River IPO, those persons holding 5% or more of the Todd River Shares on issue following implementation of the Capital Reduction and completion of the Todd River IPO are shown in the table below.

Todd River Shareholder	Todd River Shares	% shareholding interest in Todd River
TNG Limited	7,000,000	10.77

#### **4.6 Litigation**

As at the date of this Prospectus, Todd River is not involved in any legal proceedings and the TNG Directors are not aware of any legal proceedings pending or threatened against Todd River.

#### **4.7 Dividend Policy**

The Company anticipates that significant expenditure will be incurred in the furtherance of Todd River's development. These activities are expected to dominate the two year period following implementation of the Capital Reduction and completion of the Todd River IPO. Accordingly, the Company does not expect Todd River to declare any dividends during that period.

Any future determination as to the payment of dividends by Todd River will be at the discretion of the Todd River Directors and will depend on the availability of distributable earnings and operating results and financial condition of Todd River, future capital requirements and general business and other factors considered relevant by the Todd River Directors. No assurance in relation to the payment of dividends by Todd River or franking credits attaching to dividends can be given by the Company.

#### **4.8 Privacy**

TNG collects personal information about its Shareholders' holdings of Shares in accordance with the Corporations Act. TNG will share that personal information with its advisers and service providers and with Todd River and its advisers and service providers in connection with the Capital Reduction and In-specie Distribution.

Shareholders can contact TNG's Share Registry, Computershare Investor Services Pty Limited on 1300 787 272 (within Australia) or +61 8 9323 2000 (outside Australia) if they have any questions about their personal information.

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5. **TNG DIRECTORS' AUTHORISATION**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the TNG Directors.

In accordance with Section 720 of the Corporations Act, each TNG Director has consented to the lodgement of this Prospectus with the ASIC.



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**Paul Burton**  
**Managing Director**  
**For and on behalf of**  
**TNG Limited**

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## 6. GLOSSARY

**Application Period** means the period commencing at the end of the Exposure Period and ending on the date that the Meeting is held.

**ASIC** means the Australian Securities and Investments Commission.

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

**ATO** means the Australian Taxation Office.

**Capital Reduction** means the equal reduction of capital of the Company proposed to be satisfied by the In-specie Distribution and transfer to eligible Shareholders (in proportion to their holdings of Shares) of 28,000,000 of the Todd River Shares to be issued by Todd River to TNG as consideration for the acquisition of the NT Base Metal Assets.

**Capital Reduction Resolution** means Resolution 2 of the Notice of Meeting to be put to Shareholders at the General Meeting to approve the Capital Reduction.

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

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

**Explanatory Statement** means the explanatory statement accompanying and forming part of the Notice of Meeting.

**Exposure Period** means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act.

**General Meeting** means the general meeting of the Company convened by the Notice of Meeting.

**In-specie Distribution** means the proposed in-specie distribution and transfer of 27,000,000 Todd River Shares by TNG to eligible Shareholders.

**Notice of Meeting** means the Notice of General Meeting and Explanatory Statement of the Company dated 17 August 2016.

**NT Base Metal Assets** has the meaning given in section 1.1 of the Notice of Meeting.

**Offer** means the offer of Todd River Shares to Shareholders pursuant to the Notice of Meeting.

**Prospectus** means this short form prospectus prepared in accordance with section 712 of the Corporations Act.

**Record Date** means the record date for determining entitlements to the distribution and transfer of Todd River Shares under the Capital Reduction to be set by the TNG Directors in accordance with section 1.5 of the Notice of Meeting.

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

**Shareholder** means a registered holder of a Share.



**TNG Director** means a director of the Company as at the date of this Prospectus.

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

**Todd River Director** means a current director of Todd River.

**Todd River IPO** means the initial public offer of Todd River Shares to facilitate the admission of Todd River to the official list of, and official quotation of the Todd River Shares by, the ASX.

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

**Todd River Option** means an option to acquire a Todd River Shares.

**Transaction Conditions** has the meaning given in section 2.1 of this Prospectus.