

# TNG LIMITED

---

**TNG LIMITED**

**ABN 12 000 817 023**

## **NOTICE OF GENERAL MEETING**

---

**The General Meeting will be held at  
The Celtic Club, 48 Ord Street, West Perth, Western Australia  
on Wednesday, 8 June 2011 at 3pm (WST).**

*This Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

***Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on (08) 9327 0900.***

---

## TNG LIMITED

ABN 12 000 817 023

---

### NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Shareholders of TNG Limited ("**Company**") will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Wednesday, 8 June 2011 at 3pm (WST) ("**Meeting**").

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

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 as Shareholders on Monday 6 June 2011 at 5.00 pm (WST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Schedule 1.

### AGENDA

---

#### 1. Resolution 1 – Election of Mr Stuart Crow as a Director

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

*"That Mr Stuart Crow, who was appointed as a Director during the course of the year and who, being eligible, offers himself for election in accordance with the Constitution, be elected as a Director".*

---

#### 2. Resolution 2 - Approve Grant of Options to Director

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

*"That, subject to the passing of Resolution 1, for the purposes of Listing Rule 10.11 and Chapter 2E of the Corporations Act and for all other purposes, Shareholders approve the grant of 2,000,000 Options to Mr Stuart Crow or his nominees on the terms and conditions in the Explanatory Memorandum."*

##### **Voting Exclusion:**

The Company will disregard any votes cast on this Resolution 2 by, or on behalf of, Mr Crow or his nominees and any of their associates. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or

- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

---

### 3. Resolution 3 – Approve Placement Facility

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

*"That, in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the issue of up to 50,000,000 Shares at an issue price of not less than 80% of the average market price for Shares on the five (5) trading days prior to the date of the issue of the Shares to institutional and sophisticated investors and otherwise on the terms and conditions in the Explanatory Memorandum."*

#### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution 3 by a person who may participate in the issue and might obtain a benefit (except a benefit solely in their capacity as holders of ordinary securities) if the Resolution is passed, or any associate of that person.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) 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.

---

### 4. Resolution 4 – Ratification of prior issue of Options

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

*"That, in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue by the Company of 7,000,000 Options granted to:*

- (a) *Ballyhoo Pty Ltd, a company of which Mr Stuart Crow is a director - 2,000,000 Options; and*
- (b) *Advices Global Invest Ltd - 5,000,000 Options*  
*on the terms and conditions in the Explanatory Memorandum."*

#### **Voting Exclusion:**

The Company will disregard any votes cast on this Resolution 4 by a person who participated in the Option issue and a person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if this Resolution 4 is passed and any associates of those persons. However, the Company need not disregard a vote if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or

- (d) 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.

---

## 5. Resolution 5 – Ratification of prior issue of Shares

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

*"That, in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue by the Company of 25,247,985 Shares each at an issue price of \$0.11 on the terms and conditions in the Explanatory Memorandum."*

### **Voting Exclusion:**

The Company will disregard any votes cast on this Resolution 5 by a person who participated in the Option issue and a person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if this Resolution 5 is passed and any associates of those persons. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) 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.

---

## 6. Resolution 6 – Approval of the TNG Performance Rights Plan

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

*"That, for the purposes of Listing Rule 7.2, Exception 9, as an exception to Listing Rule 7.1 and for all other purposes, Shareholders approve the performance rights plan for employees (including Directors) and contractors of the Company known as the "TNG Performance Rights Plan" and the grant of Performance Rights and the issue of Shares under the Plan, which is summarised in the Explanatory Memorandum."*

### **Voting Exclusion**

The Company will disregard any votes cast on this resolution by any person who may participate in the Employee Plan or any associate of such a person.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) 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.

---

## 7. Questions and Comments

The Chairman will allow a reasonable opportunity for Shareholders at the Meeting to ask questions about or make comments on the management of the Company.

Dated 19 April 2011  
By Order of the Board

A handwritten signature in black ink that reads "S. Robertson". The signature is written in a cursive style with a prominent initial "S" and a trailing flourish.

Simon Robertson  
Company Secretary

## **EXPLANATORY MEMORANDUM**

---

### **Introduction**

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Wednesday, 8 June 2011 at 3pm (WST).

---

### **1. Resolution 1 – Election of Mr Stuart Crow**

Mr Stuart Crow was appointed as a Director on 24 February 2011 by virtue of Article 6.2(b). Under Article 6.3(i), he holds office only until this Meeting and, being eligible, now offers himself for election by the Shareholders pursuant to Article 6.2(c).

Mr Crow has more than 25 years of experience in all aspects of corporate finance and investor relations in Australia and international markets, and has owned and operated his own businesses in these areas for the last twelve years. He brings extensive working knowledge of capital markets to the Board.

The Board unanimously supports the election of Mr Stuart Crow.

---

### **2. Resolution 2 – Approve Grant of Options to Director**

Subject to the passing of Resolution 1, being the election of Mr Stuart Crow, Resolution 2 seeks Shareholder approval in accordance with Listing Rule 10.11 and Chapter 2E of the Corporations Act for the grant of a total of 2,000,000 Options to Mr Crow (or his nominees).

The Options are unlisted but are transferable. No application for quotation of the Options will be made by the Company until such time as the Company in its absolute discretion determines otherwise.

The Company is a small listed company, which is focused on the exploration and development of its Mount Peake Projects. The Company's funds are allocated to specific exploration and development activities. The Board has chosen to grant Options to Mr Crow as a key component of his remuneration in order to retain his services and to provide incentive linked to the performance of the Company.

There are no performance criteria on the Options given the speculative nature of the Company's activities and small management team responsible for its running. It is considered the performance of Mr Crow and the performance of the Company are closely related. As such, the Options granted will generally only be of benefit if Mr Crow performs to the level whereby the value of the Company increases sufficiently to warrant exercising the Options.

The Company acknowledges that the grant of Options to non-executive Directors is contrary to recommendation 8.2 of the Corporate Governance Principles and Recommendations. However, the Board considers the issue of Options in Resolutions 2 to be reasonable in the circumstances given the Company's size, stage of development,

and the need to attract and retain directors of high calibre, whilst still maintaining a cash reserve.

## 2.1 Reason approval required

Shareholder approval is required under Listing Rule 10.11 and section 208 of the Corporations Act because Mr Crow is a related party of the Company.

Furthermore, Shareholder approval of the issue of Options means that the grant will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

## 2.2 Specific information required by Listing Rule 10.13 and section 219 of the Corporations Act

Listing Rule 10.13 and section 219 of the Corporations Act require that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval for the grant:

2,000,000 Options will be granted to Mr Crow (or his nominees).

- (a) Each Option will be granted for nil consideration.
- (b) The terms and conditions of the Options are contained at Schedule 2.
- (c) The Options are unlisted and transferable. No application for quotation of the Options will be made by the Company until such time as the Company in its absolute discretion determines otherwise.
- (d) The Company will grant the Options no later than one (1) month after the date of the Meeting or such longer period of time as ASX may in its discretion allow.
- (e) Mr Crow has an interest in Resolution 2 and therefore is unable to make a recommendation. The other Directors of the Company unanimously recommend the grant of the Options to Mr Crow as it aligns the interest of the Company and Mr Crow to maximise Shareholder value.
- (f) The grant of Options pursuant to Resolution 2 to Mr Crow is subject to Shareholders passing Resolution 1, electing Mr Crow as a Director.
- (g) The dilution effect if all of the Options granted are exercised is as follows:

Current number of Shares on issue	284,803,061
Number of Options to be granted under Resolution 2	2,000,000
Dilution effect if all Options granted are exercised	0.70%

- (h) The current relevant interests in security holdings of Mr Crow is as follows:

Name of Director	Shares	Options
Stuart Crow	402,205	2,000,000

- (i) A voting exclusion statement is included in the Notice.

- (j) No funds will be raised by the grant of the Options as they are being issued for nil consideration.
- (k) Shareholders have previously approved an aggregate amount of up to \$300,000 to be paid as directors fees.
- (l) Mr Crow has been paid \$4,174 in directors fees since he was appointed on 24 February 2011 to the date of this Notice. Ballyhoo Pty Ltd, a Company of which Mr Crow is a director, provides public relations services to the Company. Since its appointment, Ballyhoo Pty Ltd has been paid \$18,700 by the Company for providing these services. In addition, Ballyhoo Pty Ltd has been granted 2,000,000 Options (to which Shareholder ratification is being sought under Resolution 4) as part of its arrangements with the Company.
- (m) On the basis of the assumptions below, the Company has determined the technical value of one (1) Option approximates A\$0.053. This valuation imputes a total value of A\$106,000 to the Options.

The value may go up or down after that date as it will depend on the future price of a Share. Black & Scholes methodology has been used, together with the following assumptions:

- (i) interest rate set at the bank accepted bill 180 day rate of 5.12%;
  - (ii) the date of valuation for the purposes of settling the current market value of a Share is 18 April 2011 2011;
  - (iii) at this date the Share price was A\$0.125 which is the price used in the valuation;
  - (iv) the standard deviation of returns of the Options is set at 105% which is based on the Company's historical data; and
  - (v) the Options will be exercisable upon issue.
- (n) The market price of Shares would normally determine whether the Directors will exercise the Options or not. If the Options are exercised at a price that is lower than the price at which Shares are trading on ASX, there may be a perceived cost to the Company.

- (o) Historical share price information for the last twelve (12) months is as follows:

	<b>Price</b>	<b>Date</b>
<b>Highest</b>	\$0.235	7 February 2011
<b>Lowest</b>	\$0.038	30 August 2010
<b>Last</b>	\$0.125	18 April 2011

- (p) Other than the information above and otherwise in this Explanatory Memorandum, the Company believes that there is no other information that would be reasonably required by Shareholders to pass Resolution 2.
- (q) As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required.



---

### **3. Resolution 3 – Approve Placement Facility**

#### **3.1 General**

Resolution 3 seeks Shareholders' approval pursuant to ASX Listing Rule 7.1 for the Directors to allot and issue up to 50,000,000 Shares (**Placement Shares**) under the placement facility.

The effect of passing Resolution 3 will be to allow the Directors to issue the Shares during the three (3) month period after the Meeting (or a longer period, if permitted by ASX), without using up the Company's 15% placement capacity under Listing Rule 7.1. The Company has not yet made any agreement or arrangement to issue the Placement Shares or the number of Shares to be issued, other than the limit of 50,000,000.

#### **3.2 Specific Information Required by ASX Listing Rule 7.3**

For the purposes of Listing Rule 7.3 information regarding the Placement Facility is provided as follows:

- (a) The maximum number of Shares the Company proposes to issue is 50,000,000.
- (b) The Placement Shares will be issued no later than three (3) months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules).
- (c) The Placement Shares will be issued at a minimum issue price of not less than 80% of the average market price for Shares on the five (5) trading days prior to the date of the issue.
- (d) The allottees have not yet been identified but they will not be related parties or associates of related parties of the Company and will be investors exempt from the disclosure requirements under the Corporations Act.
- (e) The Shares to be issued will be fully paid ordinary shares in the capital of the Company.
- (f) The funds raised will be used for working capital purposes including expenditure in respect to the Mount Peake Project and other assets of the Company.
- (g) Allotment of the Placement Shares may occur progressively.
- (h) A voting exclusion statement is included in the Notice.

---

### **4. Resolution 4 – Ratification of prior issue of Options**

#### **4.1 General**

Resolution 4 seeks Shareholder ratification in accordance with Listing Rule 7.4 for the prior issue of Options to the Company's consultants.

Listing Rule 7.4 provides that an issue of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and Shareholders subsequently approve it.

## **4.2 Specific Information Required by ASX Listing Rule 7.4**

For the purposes of Shareholder ratification of the issue of the Options to the Company's consultants and the requirements of Listing Rule 7.4, information is provided as follows:

- (a) The number of Options allotted by the Company was 7,000,000.

The Options were issued for nil consideration.

Other than the exercise price which is fixed at \$0.15 the terms and conditions of the Options are the same as those contained in Schedule 2.

The allottees for the Options were are as follows:

- (i) 2,000,000 Options to Ballyhoo Pty Ltd (of which Mr Stuart Crow is a director). The Options were issued on 3 August 2010, prior to Mr Crow's appointment as a Director of TNG on 24 February 2011. The Options were issued to Ballyhoo Pty Ltd as part of the arrangements whereby Ballyhoo Pty Ltd provides public relations services to the Company.
- (ii) 5,000,000 Options to Advides Global Invest Ltd

There were no funds raised from the issue of these Options.

The issues of the Options were within the 15% limit permitted by ASX Listing Rule 7.1 at the time of each issue.

---

## **5. Resolution 5 – Ratification of Share issue**

### **5.1 General**

On 10 March 2011 the Company issued 25,247,985 Shares, each at an issue price of \$0.11.

The Shares were issued within the Company's 15% annual limit permitted under Listing Rule 7.1 without the need for Shareholder approval. The effect of Shareholders passing Resolution 5 ratifying the issue of the Shares will be to restore the Company's ability to issue further capital to the maximum 15% limit during the next twelve (12) months.

### **5.2 Specific Information required by Listing Rule 7.5**

Listing Rule 7.5 requires that the following information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 7.4:

- (a) The number of Shares issued by the Company was 25,247,985.
- (b) The Shares were issued at an issue price of \$0.11 each.
- (c) The Shares issued are fully paid ordinary shares in the capital of the Company.
- (d) The Shares were issued to investors that were not related parties or associates of related parties of the Company and were investors exempt from the disclosure requirements under the Corporations Act. The funds raised by the issue of the Shares are to be used to continue the development of the Company's Mount Peake Project and for general working capital purposes.
- (e) A voting exclusion statement is included in the Notice.

---

## 6. Resolution 6 – Approval of the TNG Performance Rights Plan

### 6.1 Background

The Directors seek Shareholder approval for the establishment of the TNG Performance Rights Plan (**Plan**) including the grant of Performance Rights to Directors under the Plan.

The Plan has been designed to reward performance based on materially improved Company performance in terms of growth in the value of the Company and resulting increases in Shareholder value.

The Plan provides for the issuance of performance share rights (**Performance Rights**) which, upon a determination by the Board that the performance conditions attached to the Performance Rights have been met, will result in the issue of one Share in the Company for each Performance Right.

The Company wishes to exempt issues of securities under the Plan from contributing towards the rolling annual limit of 15% of issued Shares prescribed by Listing Rule 7.1. This limit otherwise applies to all new issues of equity securities made without Shareholder approval. Shareholder approval of the Plan is therefore sought under Listing Rule 7.2, Exception 9, whereby the Shareholders may approve in advance the issue of securities made under the Plan as an exception to the limit under Listing Rule 7.1.

No securities have been issued under the Plan and the Plan has not previously been approved by Shareholders.

Pursuant to the rules of the ASX, Shareholders must re-approve the Plan and all unallocated Performance Rights issuable pursuant thereto every three years.

Further information about the Plan is set out below. A copy of the Plan can be obtained by contacting the Company.

Resolution 6 is an ordinary resolution.

### 6.2 Reasons for the Plan

To achieve its corporate objectives, the Company needs to attract and retain its key staff, whether employees or contractors. The Board believes that grants made to eligible participants under the Plan will provide a powerful tool to underpin the Company's employment strategy, and that the implementation of the Plan will:

- (a) enable the Company to recruit and retain the talented people needed to achieve the Company's business objectives;
- (b) link the reward of key staff with the achievements of strategic goals and the long term performance of the Company;
- (c) align the financial interest of participants of the Plan with those of Shareholders; and
- (d) provide incentives to participants of the Plan to focus on superior performance that creates Shareholder value.

### 6.3 Outline of the Plan

This section gives a brief outline of how the Board intends to implement initial participation under the rules of the proposed Plan.

#### ***Participation***

Carefully designed equity plans are widely considered to be very effective in providing long term incentives to staff. As well, they are used to attract and retain staff by providing them with the opportunity to participate in the creation of a valuable personal asset – a financial stake in the Company.

As part of the Company's strategy, the Board wishes to be in a position to grant Performance Rights under the Plan to employees (including Directors) and eligible contractors, to achieve the objectives outlined above. A Performance Right is a right to be issued a Share upon satisfaction of certain vesting conditions that are attached to the Performance Right, as determined by the Board. In accordance with the requirements of the Listing Rules, prior Shareholder approval will be required before any Director or related party of the Company can participate in the Plan.

#### ***Overview of the Plan Rules and terms and conditions***

The main features of the Plan (and the terms and conditions to be attached to the Plan) are summarised as follows:

- (a) **Eligible Participants:** The eligible participants under the Plan are employees (including Directors) and contractors of the Company and its subsidiaries.
- (b) **Limits on Entitlements:** The Plan has a fixed maximum percentage of Shares that are issuable under the Plan. The maximum number of Shares that is issuable under the Plan, when combined with the number of Shares issued during the previous five years pursuant to the Plan or any other employee incentive scheme of the Company but disregarding any offer made, or Performance Rights acquired or Shares issued by way of or as a result of:
  - an offer to a person situated at the time of receipt of the offer outside Australia; or
  - an offer that did not need disclosure to investors because of section 708 of the Corporations Act; or
  - an offer made under a disclosure document,must not exceed 5% of the total number of issued Shares.
- (c) **Consideration:** Performance Rights are granted for no consideration. Upon Performance Rights vesting under the Plan, Shares will be issued for no consideration.
- (d) **Vesting:** The Performance Rights granted under the Plan and the performance conditions that must be satisfied in order for the Performance Rights to vest, at which time the Company is then obliged to issue a specified number of Shares to the participant, are established by the Board and expressed in a written offer (the “Offer”) made by the Company to the eligible participant which is subject to acceptance by the eligible participant within a specified period. The performance conditions may include one or more of work performance, of a minimum period of time, achievement of specific performance objectives by the participant and/or by the Company or such other performance objectives as the Board may determine

and set out in the Offer. The Board will determine whether performance conditions have been met and Performance Rights therefore have vested. Upon Performance Rights becoming vested, the Company shall issue Shares to the participant, without any further action being required on the part of the participant.

- (e) **Term & Lapse:** Performance Rights have a term as the Board may determine in its absolute discretion and specify in the Offer and are subject to lapsing if performance conditions are not met by the relevant measurement date or expiry date (if no other measurement date is specified) or if employment is terminated for cause or in circumstances other than as described in the next paragraph. If a contractor is terminated for any reason, the contractor's Performance Rights which have not vested will lapse.
- (f) **Retirement, Disability, Redundancy or Death:** Under the Plan, upon the retirement, total and permanent disability, redundancy or death of an employee, performance conditions will be deemed to have been satisfied or waived and Shares shall be issued. In relation to contractors, if at any time prior to the expiry of Performance Rights the contractor dies, the contractor's legal personal representative shall be entitled to receive the Performance Rights and exercise any rights in respect of the Performance Rights that may exist.
- (g) **Forfeiture:** If a participant acts fraudulently or dishonestly or is in breach of his or her obligations to the Company, the Board will have the discretion to deem any Performance Rights to have lapsed and deem any Performance Rights that have become Shares to be forfeited.
- (h) **Assignment:** Without approval of the Board, Performance Rights may not be transferred, assigned or novated, except, upon death, a participant's legal personal representative may elect to be registered as the new holder of such Performance Rights and exercise any rights in respect of them.
- (i) **Takeover Bid or Change of Control:** All Performance Rights automatically vest in the event of (i) a takeover bid (as defined in the Corporations Act) is announced, has become unconditional and the person making the takeover bid has a relevant interest in 50% or more of the Shares of the Company, (ii) a change of control of the Company, or (iii) approval by the court of a merger by way of scheme of arrangement.
- (j) **Alteration in Share Capital:** The Board is empowered to make, without being required to seek shareholder approval, appropriate adjustments to Performance Rights in the event of a reconstruction of the Share capital of the Company.
- (k) **No Participation Rights:** There are no participation rights or entitlements inherent in the Performance Rights and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights.
- (l) **Amendments Without Shareholder Approval:** The Plan provides that the Board may make the following amendments without Shareholder approval:
  - amendments of a "housekeeping" or ministerial nature including without limiting the generality of the foregoing, any amendment for the purpose of curing any ambiguity, error or omission in the Plan or any terms and conditions or to correct or supplement any provision of the Plan or any terms and conditions that is inconsistent with any other provision of the Plan or any terms and conditions;
  - amendments necessary to comply with the provisions of applicable law (including without limitation, the Listing Rules);

- amendments respecting administration of the Plan;
- any amendment respecting termination provisions of the Plan or any terms and conditions;
- any amendments respecting any form of financial assistance by the Company under the Plan;
- the addition or modification of a cashless exercise feature;
- amendments necessary to suspend or terminate the Plan;
- amendments to address possible adverse tax implications in respect of the Plan arising from, amongst other things, adverse rulings from the Commissioner of Taxation, changes to tax legislation (including an official announcement by the Commonwealth of Australia) and/or changes in the interpretation of tax legislation by a court of competent jurisdiction; and
- any other amendment, whether fundamental or otherwise, which does not require shareholder approval under the Plan (refer to the bullet point list in the paragraph below for a list of amendments that require shareholder approval) or applicable law (including without limitation, the Listing Rules).

The Plan provides that the following amendments must be approved by the Shareholders:

- amendments to the maximum number of Performance Rights issuable under the Plan;
- any amendment to the amendment provision of the Plan; and
- amendments required to be approved by shareholders under applicable law (including without limitation, the Listing Rules).

(m) **Suspension or Termination:** The Board may suspend or terminate the Plan at any time, without notice, but the suspension or termination will not affect any existing grants of Performance Rights already made.

#### 6.4 Specific information required under Listing Rule 7.2

In accordance with the requirements of Listing Rule 7.2 Exception 9(b) the following information is provided:

- (a) the term of the Plan has been summarised within this Explanatory Memorandum;
- (b) no securities have been issued under the Plan and this is the first approval sought under Listing Rule 7.2 Exception 9 with respect to the Plan; and
- (c) a voting exclusion statement has been included for the purpose of Resolution 6.

---

## **7. Action to be taken by Shareholders**

Shareholders should read this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a "proxy") to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions provided. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

## Schedule 1 - Definitions

In this Explanatory Memorandum, Notice and Proxy Form:

**"Article"** means an article of the Constitution.

**"ASX"** means ASX Limited ABN 98 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

**"Board"** means the board of Directors.

**"Company"** means TNG Limited ABN 12 000 817 023.

**"Constitution"** means the constitution of the Company.

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

**"Director"** means a director of the Company.

**"Explanatory Memorandum"** means the explanatory memorandum to the Notice.

**"Listing Rules"** means the Listing Rules of ASX.

**"Meeting"** has the meaning given in the introductory paragraph of the Notice.

**"Mount Peake Project"** means the Company's Iron-Vanadium-Titanium project located in the Northern Territory.

**"Notice"** means this notice of meeting.

**"Placement Shares"** has the meaning in section 3.1 of the Explanatory Memorandum.

**"Proxy Form"** means the proxy form attached to the Notice.

**"Resolution"** means a resolution contained in this Notice.

**"Schedule"** means a schedule to this Notice.

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

**"Shareholder"** means a shareholder of the Company.

**"WST"** means Western Standard Time, being the time in Perth, Western Australia.

In this Notice, words importing the singular include the plural and vice versa.



## Schedule 2 – Terms and Conditions of Options

(a) **Entitlement**

The Options entitle the holder to subscribe for one (1) Share upon the exercise of each Option.

(b) **Exercise Price**

The exercise price of each Option will be the greater of:

(i) \$0.15; or

(ii) 1.35 times the average market price for Shares on the five (5) trading days up to and including the date of the Company's annual general meeting (**Exercise Price**).

(c) **Expiry Date**

Each Option expires 15 December 2012 (**Expiry Date**).

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date.

(e) **Notice of Exercise**

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

(f) **Shares Issued on Exercise**

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

(g) **Quotation of Shares on Exercise**

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

(h) **Timing of issue of Shares**

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

(i) issue the Share; and

(ii) do all such acts matters and things to obtain

(A) the grant of quotation for the Share on ASX no later than 5 days from the date of exercise of the Option; and

(B) receipt of cleared funds equal to the sum payable on the exercise of the Options.

(i) **Participation in New Issues**

There are no participation rights or entitlements inherent in the Options and holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give the holder of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

(j) **Adjustment for Bonus Issues of Shares**

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

(i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and

(ii) no change will be made to the Exercise Price.

(k) **Adjustment for Rights Issue**

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option will be reduced according to the following formula:

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

O = the old Exercise Price of the Option.

E = the number of underlying Shares into which one (1) Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one (1) new share.

(l) **Adjustments for Reorganisation**

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

(m) **Quotation of Options**

The Options will be unlisted Options. No application for quotation of the Options will be made by the Company until such time as the Company in its absolute discretion determines otherwise. Should the Company make an application for quotation of the Options and the ASX accepts the application for quotation of the options then the options will be listed Options from time to time that the ASX accepts such application.

(n) **Options transferable**

The Options are transferable.

(o) **Lodgement Instructions**

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



**PROXY FORM**

The Company Secretary  
TNG Limited

**For information on returning this proxy form please see instructions over the page.**

I/We <sup>1</sup> \_\_\_\_\_

of \_\_\_\_\_

being a Shareholder/Shareholders of the Company and entitled to \_\_\_\_\_

votes in the Company, hereby appoint <sup>2</sup> \_\_\_\_\_

or failing such appointment the chairman of the general meeting as my/our proxy to vote for me/us on my/our behalf at the General Meeting of the Company to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Wednesday, 8 June 2011 at 3.00pm (WST) and at any adjournment thereof in the manner indicated below or, in the absence of indication, as he thinks fit. If 2 proxies are appointed, the proportion or number of votes of this proxy is authorised to exercise is \* [ ]% of the Shareholder's votes\*/ [ ] of the Shareholder's votes.

**INSTRUCTIONS AS TO VOTING ON RESOLUTIONS**

**IMPORTANT:**

If the chairman of the Meeting is to be your proxy and you have not directed your proxy how to vote on the Resolutions please tick this box. By marking this box you acknowledge that the chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of Resolutions and that votes cast by him, other than as proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the chairman of the Meeting will not cast your votes on the Resolutions and your votes will not be counted in computing the required majority if a poll is called on these Resolutions.

The chairman of the Meeting intends to vote undirected proxies in favour of the Resolutions.

The proxy is to vote for or against the Resolution referred to in the Notice as follows:

		For	Against	Abstain
Resolution 1	Election of Mr Stuart Crow as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Grant of Options to Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approve Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of prior issue of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Ratification of prior issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of TNG Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Authorised signature/s** This section **must** be signed in accordance with the instructions below to enable your voting instructions to be implemented.

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

<sup>1</sup>Insert name and address of Shareholder <sup>2</sup> Insert name and address of proxy \*Omit if not applicable

**Proxy Notes:**

A Shareholder entitled to attend and vote at the general meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that general meeting. If the Shareholder is entitled to cast 2 or more votes at the general meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that general meeting, the representative of the body corporate to attend the general meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the general meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

**Return of Proxy Forms**

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the Company's office as set out below not less than 48 hours prior to the time of commencement of the general meeting (WST).

Facsimile: +618 9327 0901

Post:

PO Box 1126  
Subiaco WA 6904

Delivery: Level 1  
282 Rokeby Road  
Subiaco WA 6008