

TNG LIMITED

ABN: 12 000 817 023

ANNUAL REPORT 2014

TNG Limited

Corporate Directory

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DOMESTIC STOCK EXCHANGE

Australian Securities Exchange (ASX)
Code: TNG

INTERNATIONAL STOCK EXCHANGE

German Stock Exchanges
Code: HJI

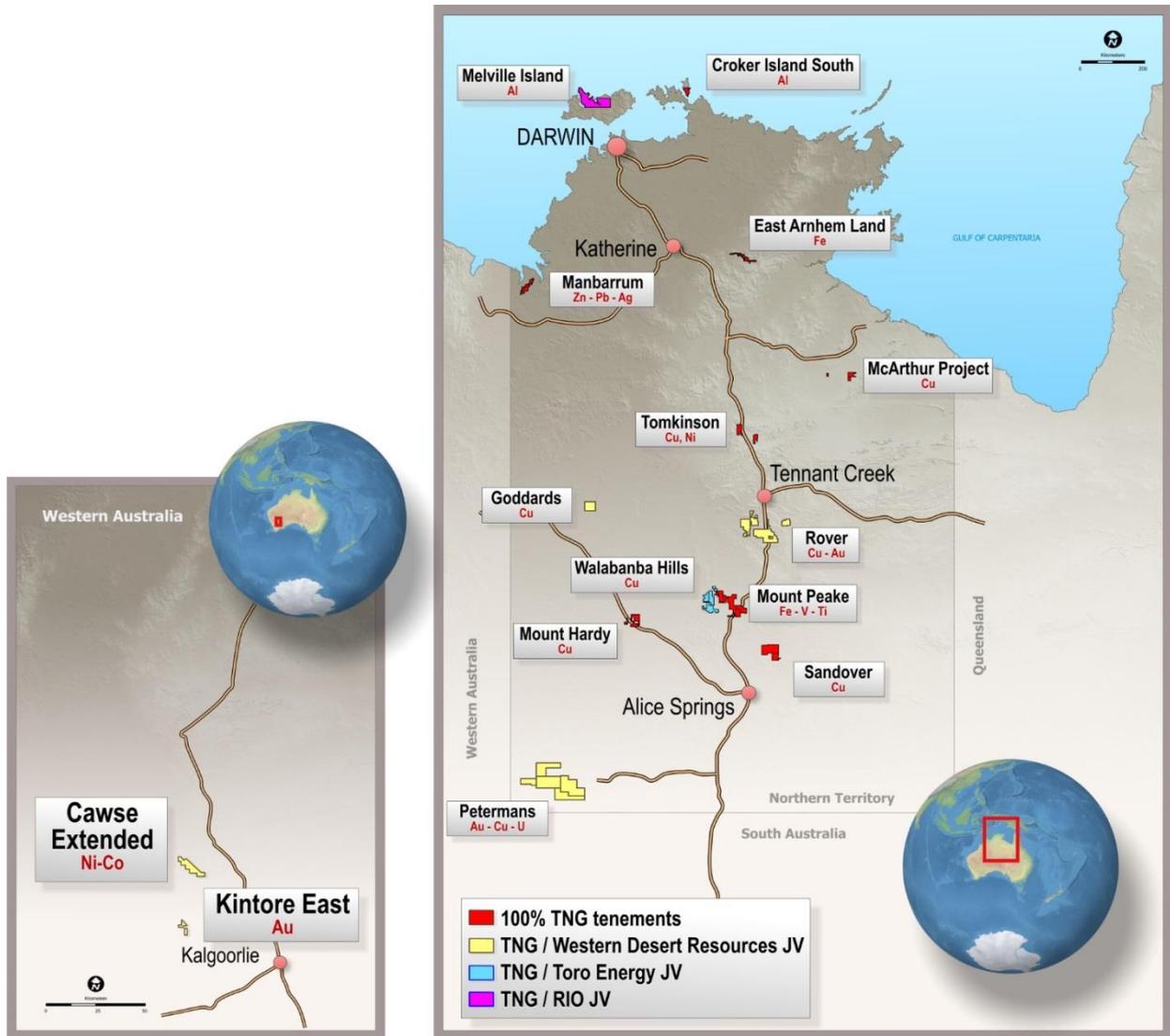
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TNG Limited Review of Operations

Review of Operations

TNG Operations



SUMMARY

TNG's focus throughout the 2014 Financial Year remained on the advancement of its 100%-owned Mount Peake Vanadium-Titanium-Iron Project in the Northern Territory.

Work on the Mount Peake Definitive Feasibility Study (DFS) continues to progress and the development pathway remains on track.

Along with the progression of the DFS, the Company achieved a number of key milestones during the year, including:

Project

- The signing of a series of landmark off-take and development agreements for the Mount Peake project with a powerful global network of partners to help underpin potential future financing, construction, development and operation. Non-binding agreements are now in place with Hyundai Steel Co, WOOJIN, POSCO Engineering & Construction, Gunvor Group and Global Pacific Partners.

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- Submission of a Notice of Intent (NOI) to the Northern Territory Government, marking a key step in the approvals process. The NOI provides formal notification to the Northern Territory Government and other interested parties of TNG's intention to develop the Mount Peake Project.
- Technical Review completed to assess the potential offshore location for the TIVAN processing plant for Mount Peake concentrate in Malaysia. This review highlighted a significant boost to the project economics, including:
 - a reduction in capital costs of A\$43 million;
 - a reduction in operating costs of A\$2 per tonne;
 - an increase in net annual cash flow from A\$395 million to A\$420 million;
 - an increase in Net Present Value (NPV_{8%}) from A\$2.6 billion to A\$2.8 billion; and
 - an increase in pre-tax IRR from 38% to 43%.
- Award of Major Project Status to the Mount Peake Project by the Northern Territory Government. The grant of this status provides a "whole of Government" approach to Mount Peake, recognising it as a designated Major Project of significance to the Northern Territory.

Corporate

- Completion of \$3.5 million capital raising, comprising a Share Purchase Plan, Share Placement and shortfall placement.
- Receipt of Research & Development refund claim totalling \$3,195,992 before costs. The claim covers eligible test work for the 2013 financial year under the Federal Government's R&D tax incentive scheme.
- Acquisition of 100% of TIVAN hydrometallurgical process for titano-magnetite hosted vanadium ores. The consolidation of 100% ownership of the technology within TNG gives the Company greater flexibility in progressing the commercial development of both the Mount Peake Project and the TIVAN® Process.

Mount Peake Project: TNG 100%

The Mount Peake Project is emerging as a world-scale strategic metals project located 235km north-west of Alice Springs in the Northern Territory close to existing key power and transport infrastructure including the Alice Springs-Darwin Railway and the Stuart Highway. With a JORC Measured, Indicated and Inferred Resource totalling 160Mt (118Mt Measured, 20Mt Indicated, 20Mt Inferred), grading 0.28% V₂O₅, 5.3% TiO₂ and 23% Fe, Mount Peake is rapidly emerging as one of the largest new vanadium-titanium-iron projects. The area under licence covers a highly prospective, but poorly explored part of the Western Arunta geological province which offers significant exploration upside for TNG within an extensive 2,000km² 100%-owned ground-holding.

TNG is in the process of completing a Definitive Feasibility Study (DFS) on the Mount Peake Project which is expected to be completed by early 2015. A Pre-Feasibility Study (PFS) completed in 2012 outlined a very robust project capable of generating Life of Mine revenues of \$13.6 billion over a +20-year mine life from the production of high quality and purity products: Vanadium pentoxide, iron-oxide and titanium dioxide. TNG is also reviewing a two-stage development option with a low capital cost start-up development producing magnetite concentrate which has the potential to generate early cash flow.

The Company has identified a potential graphite resource near the Mount Peake project area. If proven the Company would potentially have the unique ability to produce all materials from Mount Peake for the energy storage (battery) and steel industry sectors: namely vanadium pentoxide, iron oxide, titanium dioxide and graphite.

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Strategic development and offtake agreements

Landmark agreement with Hyundai Steel

On 10 July 2014, TNG signed a wide-ranging three-way Memorandum of Understanding (MoU) with global steel giant Hyundai Steel Co., Ltd, paving the way for a potentially company-making funding, development and construction arrangement for the Mount Peake Project.

The non-binding MoU – with Hyundai Steel and leading ferro-vanadium producer, Korean-based WOOJIN IND., CO., Ltd – lays the foundations for TNG to enter into binding agreements with Hyundai Steel for the financing and development of Mount Peake and the potential long term offtake agreements for iron and other products.

Hyundai Steel is a steel-making company headquartered in Incheon and Seoul, South Korea. It is a member of the Hyundai-Kia Automotive Group.

Hyundai Steel is today one of the world's leading electric furnace steelmakers with three new blast furnaces and production sites at Incheon, Pohang and Dangjin in Korea.

The potential for Hyundai Steel to become a cornerstone investor in the Mount Peake Project post completion of the Feasibility Study is now the focus of discussions for future binding agreements.

Development MoU signed with Korea's POSCO E&C

TNG has signed a wide-ranging three-way MoU with major Korean conglomerate POSCO Engineering & Construction (E&C) and its Perth based metallurgical consultants, METS Pty Ltd.

The MoU encompasses completion of the Feasibility Study, potential project finance assistance from the Korean Export Credit Agency (K-ECA) or Korean Banks, and construction and development of the Mount Peake Project.

The MOU provides a unique combined approach to provide efficient and cost effective delivery for the Mount Peake Project, and brings the resources, expertise, financial capability and networks of a major global conglomerate in the resource development and construction field for the development of Mount Peake.

POSCO E&C (part of the POSCO Group) specialises in major project development (Mega Projects). A worldwide total solution provider with over 8,000 employees globally, POSCO E&C had global orders of US\$12 billion and sales of US\$8 billion in 2013. It has a clear vision to become a top-10 global construction company by 2020.

The Company is now in discussions for final tenders for the feasibility and post-feasibility binding agreements.

Long-term strategic agreement with Korea's WOOJIN for vanadium off-take and marketing

TNG signed a Memorandum of Understanding with major Korean-based ferro-vanadium producer WOOJIN IND., CO., LTD., (WJN) in March 2014 in relation to vanadium off-take and marketing for Mount Peake, and on 12 June 2014 signed a Letter of Intent (LOI) with WJN for off-take of a significant portion of its future vanadium pentoxide (V₂O₅) product which paves the way for the completion of binding agreements.

WOOJIN has developed its own proprietary ferro-vanadium (FeV) conversion technology in 1990. The process enables the company to achieve the highest vanadium recovery in the world at a low conversion cost. The addition of this process to the TIVAN® plant would provide further added value products for global distribution.

Under the agreement, TNG may provide samples of its magnetite concentrate and vanadium pentoxide (V₂O₅) for potential future off-take arrangements, with the added potential for technology exchange for TNG to add a WOOJIN FeV plant to its TIVAN® operation, which may potentially be located in Malaysia (see ASX Release – 18 March 2014).

The Company is now focusing on binding agreements.

Long-term strategic agreement with Global Pacific Partners for titanium products

TNG signed a wide-ranging strategic MoU with leading global chemical products distributor Global Pacific Partners ("GPP"), and on 26 August 2014 signed a Letter of Intent with GPP in relation to:

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- The management of TNG's global logistical services for Mount Peake products by GPP, including transport, storage and stock management of products from the mine site to its TIVAN™ processing plant;
- GPP to review and consider pre-production funding of the Mount Peake Project; and
- GPP to distribute and market the off-take of Mount Peake's titanium dioxide products on a fixed rate basis to TNG.

This letter of intent (LOI) represents the next step towards formal agreements between the parties as strategic allies.

GPP, a diversified global chemical distributor, is a division of Soda Ash Holding BV, a Dutch Holding Company that controls a number of chemical distributors globally. This makes it the world's largest independent distributor of soda ash, reselling over 1 million tonnes of soda ash annually throughout Central and South America, Eastern Europe, Oceania and other markets. With global offices and a vast distribution network, the group has chosen GPP to be the strategic platform focusing on growing the chemical distribution business. GPP has established relationships with TiO₂ producers and customers on a global basis.

The Company is now focusing on binding agreements.

Long-term strategic agreement with Gunvor Group for high purity iron products

TNG has signed a wide-ranging strategic MoU with the leading global commodity trading company Gunvor Group ("Gunvor") in relation to the iron products produced from Mount Peake. Founded in 2000, Gunvor Group is one of the world's largest independent commodities trading houses by turnover, creating logistics solutions that safely and efficiently move physical energy, metals and bulk materials from where they are sourced and stored to where they are demanded most.

The Company is now in discussions for binding agreements.

Definitive Feasibility Study

Work continued throughout the 2014 Financial Year on the Mount Peake Definitive Feasibility Study (DFS) delivering encouraging results at a number of levels, including the continued potential for material reductions in both capital and operating costs. These savings, which should enhance project economics, will be further quantified and announced on completion of internal assessment.

The work completed to date, and scheduled, is summarised in detail below.

Metallurgical Test Work

The Company remains of the view that completion of the detailed metallurgical pilot test work programme is critical before the completion of mining plans, engineering and environmental impact studies.

There are six areas of metallurgical test work currently underway or scheduled that form part of the projects critical path, as follows:

- Final optimisation of the HPGR (high pressure grinding rolls) circuit design - COMPLETED
- Final optimisation of magnetic separation test work - COMPLETED
- Final continuous crushing, grinding and magnetic separation at ALS Metallurgy of the bulk sample for the CSIRO pilot plant - COMPLETED
- Final optimisation of bench leach and SX (solvent-extraction) work at ALS Metallurgy - UNDERWAY
- On completion of 1 to 4, a continuous bulk leaching and solvent extraction (CSIRO) run.
- On completion of 5, continuous bulk acid regeneration pilot plant-run in Europe.

The Company is pleased to report that Stages 1 to 3 have been completed and Stage 4 is nearing completion. In addition the Company can confirm the following improvements:

Maximum vanadium recovery:

The magnetite material will be processed through two stages of crushing and two stages of HPGR which is now the current route required to provide the maximum vanadium recovery for the process.

Enhanced magnetic recoveries:

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As a result of the interpretation of the previous testwork results, the design of the two stages of magnetic testwork has resulted in improved recoveries and grades from the magnetic separation testwork.

Improved bulk leach results:

The bulk leach testwork results proved to be better than the preceding bench scale testwork, as well as the Pre-Feasibility Study (PFS) bulk leach results.

Other Work Underway:

Definitive Pilot Plant Test Work (CSIRO)

The Company's metallurgical consultants, METS Pty Ltd, have advised that, due to some logistical delays out of the Company's control, the magnetic concentrate from the 15 tonne bulk sample is now scheduled for delivery to the CSIRO in this current Quarter.

Acid Regeneration/Recycling Test Work (Europe)

The work carried out by the Company's European supplier has been completed and results are in line with expectations and are currently being reviewed. The work focused on three important sections of the proposed plant for the TIVAN® Process. The acid regeneration plant is an integral part of the TIVAN® Process. Results from this programme will be announced once the review has been completed.

The next stages of work for this supplier are to determine the final CAPEX for their acid regeneration plant, to be incorporated into the overall DFS.

Scheduled Work Summary

Continuous Bulk Leaching and Solvent Extraction at CSIRO

Following the processing of the bulk sample Master Composite to generate a magnetite concentrate, the CSIRO pilot plant test run will commence. This is expected during the next Quarter.

Once the CSIRO pilot plant run is complete, the results obtained will deliver final mass and energy balance and engineering and process design criteria information which would allow the final engineering design for the TIVAN® Hydrometallurgical Process Plant to commence.

The data captured from the continuous pilot run will also facilitate the tailings characterisation work on the TiO₂ plant residue stream for Titanium Tailings Storage Facility (TSF) design and lead into the environmental impact assessment (EIS) study.

Continuous Bulk Acid Regeneration (Europe)

Once the CSIRO pilot plant trial is completed, the solvent extraction liquor samples can be sent to the leading European engineering firm for their continuous pilot plant completion and to produce the Iron Oxide (Fe₂O₃) component. At the end of this campaign, a final CAPEX of ±15% and OPEX ±10% for the Acid Regeneration Plant can be determined for inclusion in the DFS.

Once the CAPEX and OPEX data has been compiled, it will be provided to the Feasibility Study managers to incorporate into the Definitive Feasibility Study to allow it to be completed by December 2014. The completion of the DFS within this timeline remains subject to factors beyond TNG's control including availability of third-party equipment, resources and personnel which have had a determinative effect on progress to date.

TIVAN® Plant Location and Engineering

Once the definitive flow sheets for the front end beneficiation and the TIVAN® Hydrometallurgical Plants are confirmed, the Company will be in a position to define and confirm a suitable location for the processing plant as the final key inputs of power and water will be known. At that time, the Company will re-tender for the DFS engineering contractor.

The Company is evaluating all options for the TIVAN® plant location.

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Environmental Impact Study

An extensive amount of work has been completed to date as part of the EIS process by the Company's environmental consultants, GHD. Environmental work completed includes:

- Flora and fauna baseline survey reporting;
- Groundwater investigations (including drilling) of the Mount Peake deposit to determine aquifer properties and the likely volume and quality of groundwater encountered;
- Pump testing of bores to indicate availability of water supply for the project; and
- Finalisation of the Terms of Reference from the Notice of Intent (NOI).

Future work scheduled to run in parallel with finalising the DFS:

- Completion of studies and impact assessment covering flora and fauna, heritage, groundwater, surface water, air quality, noise, traffic, social impacts and economics;
- Implementation of a community consultation programme to advise stakeholders of the Project and to seek their input; and
- Preparation and submission of the draft Environmental Impact Statement (EIS).

Mining, Geology and Geotechnical Studies

Proposals have been obtained to conduct the mining, geology and geotechnical studies required to complete CAPEX and OPEX for the DFS. Financial modelling is scheduled to take place over the last month of the DFS once the CAPEX estimate is completed.

Tailings Storage Facility (TSF) Design

Proposals have been obtained to conduct the Tailings Storage Facility (TSF) design and to complete CAPEX and OPEX estimated for the TSF as part of the DFS process.

The tailings characterisation work is divided into two components and will initially start once a representative sample of the non-magnetic tailings stream is generated from the ALS pilot campaign in February and when representative samples of leach and salt residues are generated from the CSIRO pilot campaign.

Aquifer Search

A comprehensive desktop study has been completed which highlighted a number of high probability targets in close proximity to the Mount Peake mine site. These were drilled in the last drilling programme at Mount Peake however no significant aquifer was delineated. The Company is continuing to work with its consultants on identifying a sustainable water source.

Power Requirements

A significant factor in the location of the TIVAN® processing and beneficiation plant will be availability of sufficient gas. The Company continues to consider all options which will ultimately determine the location of the plant.

Project Finance

The Company remains of the view that the most suitable development path for Mount Peake is to engage a major partner, company or corporate conglomerate to provide development finance, engineering, procurement, design and construction in exchange for project equity and or off-take agreements.

As previously advised, the Company is in discussions with a number of parties in this regard and continues to evaluate all opportunities.

Scoping Study for Offshore Processing Option

As part of the Definitive Feasibility Study for the Mount Peake Project, an independent review was conducted during the reporting period to assess the potential to locate the downstream TIVAN® hydrometallurgical processing plant in Malaysia.

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TNG requested that Snowden Mining Industry Consultants Pty Ltd (Snowden) conduct a review of the July 2012 Mount Peake Pre-Feasibility Study (PFS) (Snowden Review) to consider the effect on the financial results if the TIVAN® plant were located offshore.

The Snowden Review modifies the PFS, which was based on a Mineral Resource estimate reported under the then current guidelines of the 2004 JORC Code. TNG's subsequent Mineral Resource estimate, which was released to the market on 18 March 2013, was reported under the 2012 JORC Code guidelines and this estimate is the subject of the DFS. A financial estimate for this updated estimate is not available yet, as the DFS is ongoing. As such, the Snowden Review is based on the Mineral Resource estimate of 12 October 2011.

Malaysia was selected as a suitable location for the plant (for the purposes of the Snowden review), as it has a number of demonstrated advantages for chemical-type processes such as TIVAN® including direct access and proximity to deep water ports; availability of cost effective power, water and acid; and the availability of land in an area that is environmentally zoned for such processing plants.

This would provide a suitable alternative if an integrated mine and processing facility was not achievable on site at Mount Peake.

Review and comparison:

The Pre-Feasibility assumptions for the PFS financial model (see TNG's ASX release dated 9 July 2012), and the updates to this (see ASX release 6 February 2013 and 20 September 2013), were based on the Mineral Resource estimate of 12 October 2011, and assume mining of 75.9Mt of the October 2011 Resource.

Of this mining inventory, some 15.5Mt is from the Inferred Mineral Resource with the balance being from the Indicated category. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.

The Snowden Review uses the 2012 PFS assumptions and 2011 Mineral Resource, classified in accordance with the 2004 edition of the JORC Code. Full details are available in TNG's ASX Announcements dated 9 July 2012, 6 February 2013 and 20 September 2013. None of the material assumptions have materially changed.

A summary of the assumptions upon which the PFS was based, together with information regarding changes made to these assumptions pursuant to the Snowden review are noted below and shown in Appendix 1, ASX Announcement 18 March 2014.

Mount Peake mine site:

At the Mount Peake mine site the following operations are assumed for the purposes of the Snowden Review:

- Mining, beneficiation to produce a magnetite concentrate;
- Magnetite concentrate railed to Darwin Port; and
- Magnetite concentrate shipped to Malaysian port (East coast).

Offshore / Malaysian processing site:

At Malaysia, the following is assumed for the purposes of the Snowden Review:

- TIVAN® process plant constructed and established to produce high purity V₂O₅, TiO₂ and Fe₂O₃ mineral commodities.

Financial results

Following completion of the Snowden Review, the updated financial model for the Mount Peake PFS with a Malaysian option (M op) showed that:

- total capital costs (CAPEX) are reduced by A\$43 million
- total transport cost per product increased from A\$57 to A\$66
- total operating cost (OPEX) per tonne reduced from A\$76 to A\$74
- net annual cash flow increased from A\$395 million to A\$420 million

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- pre-tax Net Present Value (NPV8%) increased from A\$2.6 billion to A\$2.8 billion; and
- pre-tax IRR increased from 38% to 43%.

Life of Mine (LOM) revenues of A\$13.6 billion remained the same as assumptions of product sales and pricing were not changed.

The review also considered the effect of the falling AUD exchange rate and a second comparison was completed at an exchange rate of USD1: AUD 0.9. This gave results of:

- an increase in pre-tax LOM revenues from A\$13.6 billion to A\$15.6 billion;
- an increase in pre-tax net annual cash flow to A\$496 million
- an increase in pre-tax Net Present Value (NPV8%) to A\$3.398 billion; and
- an increase in pre-tax IRR to 46%.

These results enhance the current view of the financial strength of the proposed Mount Peake mining operation and provide strong momentum for TNG's board to progress the evaluation of a Malaysian-based processing plant as part of the DFS.

In addition, the Malaysian Government may provide certain incentives to attract chemical processes to the region, such as potential for multi-year tax free allowances and cost-effective power and water agreements. These potential incentives have not been factored into this financial model.

Future plans:

Based on the strength of the financial outcomes provided by the Snowden Review, TNG has engaged leading environmental consultancy ENVIRON Consulting Services (M) Sdn Bhd, in Malaysia to provide technical and scientific support, to facilitate meetings with the Malaysian Government departments, particularly the Malaysian Industrial Development Authority (MIDA) and for the land selection process.

ENVIRON has successfully completed projects in over 100 countries and has an international reputation for providing high-quality consulting and technical services. Their Malaysian office is ideally suited to assist TNG with its proposed development.

Malaysia's East coast hosts large-scale chemical and heavy industry, with a number of associated industries located along this regional corridor. These include steel mills, titanium dioxide processing, acid production and oil refining. Large deep water ports are also available.

The close proximity of these industries to the proposed TIVAN® plant location would provide immediate benefits, as TIVAN® will require proximity to acid availability, water and cost effective power. The proximity to associated industries such as steel mills and titanium processing also provides the potential for product sales at the process plant gate.

In addition, certain incentives may be available to attract chemical processes to the region, such as the potential for multi-year tax free allowances and cost-effective power and water agreements.

This study indicates that a Malaysian or other offshore location could deliver some very important benefits for the economics of the Mount Peake mining operation.

TNG has commenced discussions with the relevant Malaysian Government departments for approval on a location for the processing facility and to assess suitable locations. These discussions are progressing very positively and the Company hopes to be in a position to decide on the plant location by the end of 2014. This will then enable completion of the Mount Peake DFS.

Acquisition of 100% of TIVAN™ Process

On 1 October 2013, TNG signed a binding agreement with process engineering group Mineral Engineering Technical Services Pty Ltd ("METS") to acquire 100% of the revolutionary TIVAN™ hydrometallurgical process for titano-magnetite hosted vanadium ores, in exchange for METS to share in any future licence and royalty agreements.

This acquisition process was completed in November 2013 following the execution of formal agreements with METS, including an Assignment of the Patent Deed.

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TIVAN™ was developed as a cost-effective alternative to conventional pyro-metallurgical processes for vanadium ores, and forms a central plank of TNG's development plan for the Mount Peake Project. The process is designed to produce high purity vanadium-pentoxide, iron-oxide and titanium-dioxide products.

The consolidation of 100 per cent ownership of the TIVAN™ Process within TNG represents an important milestone for the Company, putting TNG in a strong position to move forward to complete the final commercialisation of the TIVAN™ Process as part of the Mount Peake Definitive Feasibility Study while also providing a potential new business strategy for the Company and its shareholders.

Mount Peake Exploration

During the period, TNG discovered extensive new zones of outcropping magnetite-bearing gabbro with highly anomalous high-grade vanadium and titanium at Mount Peake. The discovery, from mapping and surface rock and lag sampling over regional magnetic targets, has opened up a significant new exploration opportunity surrounding the Mount Peake deposit itself (see ASX Announcement 6th December 2013).

Five areas of significant magnetic highs were identified within a broad zone extending over approximately 25km by 15km surrounding the Mount Peake V-Ti-Fe resource. Each of the five areas were mapped and sampled during November 2013 by the TNG exploration team, with a new area of outcropping gabbro discovered at the Eastern Target, located 5-8km east of the current Mount Peake resource.

A limited Reverse Circulation (RC) drilling program commenced at Mount Peake during the March Quarter, comprising approximately 20 RC holes for 2,000m of drilling. The programme was specifically designed to achieve the following key objectives, namely:

- To explore the magnetic anomalies outlined above;
- To confirm an aquifer identified by TNG's environmental consultants with the potential to provide life-of-mine water reserves for the future mining operation at Mount Peake; and
- To sterilise areas for the ongoing Definitive Feasibility Study (DFS).

Assay results from this programme confirmed significant widths of magnetite gabbro similar to that which hosts the Mount Peake resource to the west.

The encouraging results have highlighted the potential for further additions to the Mount Peake resource base. Further drilling will be required to substantiate this.

Magnetic Target Drilling

Three of the regional magnetic targets were drill tested in March, all of which are located within 8km of the existing resource area. The Eastern magnetic target was geologically mapped and sampled in late 2013 and areas of the gabbro intrusive rock, similar to that which hosts the mineralisation at Mount Peake, were seen at surface over two kilometres of strike.

Surface sampling results from November 2013 were encouraging, with results of up to 0.634% V₂O₅, 24.6% TiO₂ and 48% Fe in magnetic lag material collected in the vicinity of the gabbro outcrop. Rock chip samples results were also anomalous with values of up to 0.134% V₂O₅ and 6.77% TiO₂ seen in outcropping weathered gabbro material. These results confirm the potential of the Eastern Target to host mineralisation similar to that seen within the Mount Peake resource.

The drilling results have outlined the significant strike extent of the gabbro under thin cover compared to the restricted outcrop (2km). It appears to dip shallowly to the west and thickens rapidly from the surface exposures to be over 270m thick in hole 14MPRC001 (300m to the west of the nearest outcrop). This thick intrusive tapers gradually to the south and is open to the north of the centre of the aeromagnetic anomaly.

Drilling has now covered 4.6km of strike of the magnetic feature and has shown that the thickness of the gabbro sill and its magnetite content correlate with the strength of the aeromagnetic signal. The gabbro body, based on the drilling and magnetic geophysical signature, is open to the west and north, and at depth (over the best magnetic response area), indicating significant potential for a resource two or three times larger than Mount Peake. However, further drilling is required to substantiate this.

Full details of these drilling results are provided in the Company's ASX Release – 15 April 2014.

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The West and Southwest Targets were also tested by drilling in March. They both extend over a strike length of around 5km and were partially tested by three and two holes, respectively. These holes outlined magnetite-bearing granite only, with lower potential for economic resources of V-Ti. The North and Northwest Targets are yet to be tested.

Aquifer Drill test work

Airlift testing over the resource indicates that any significant pit de-watering is unlikely, which is supportive for future mine planning. Further assay results will be reported when available.

Other prospects at Mount Peake

The Company has identified significant other mineralisation potential in the Mount Peake area.

Graphite

As previously announced (refer ASX Release – 21 October 2010), TNG has intersected graphite mineralisation in two separate drill holes near the Mount Peake resource. Thick zones (>50m) of graphite were intersected in two holes drilled on a large (1km x 0.5km) airborne EM target to the north-west of the Mount Peake resource. The RC drilling samples provided material sufficient for only very limited metallurgical testwork on the graphite. This was carried out by the Company's metallurgical consultants METS.

From the limited drill material available, the graphite intersected grades between 6-10% Graphitic Carbon and has an average flake size fraction of up to 250 microns in size. A simple flotation test was carried out and returned highly encouraging results with recovery of over 80% of the graphite achieved in the first four minutes of the flotation test, and with iron and silicon recoveries of <10% indicating good selectivity and separation between the graphite and gangue.

This produced a first-pass concentrate averaging 46% Graphitic Carbon. While the results are preliminary, this provides good evidence that the graphite is comparable to some existing Canadian resources (eg, the Bissett Creek Project in Ontario Canada, and MEGA Graphite's North Burgess property in Canada).

Using additional processing circuits, METS advise that the concentrate grade will have the potential to increase up to >89% Graphitic Carbon. Additional metallurgical test work will be planned once the Company has obtained drill core of the graphite intersection, which is expected to take place in the September 2014 Quarter.

Following this testwork and a further review of the mineral potential, the Company is of the view that the Mount Peake area may host significant multiple bodies of graphite mineralisation. A diamond drilling programme comprising two diamond holes commenced on 20 August 2014 to test the graphite mineralisation and provide samples for further metallurgical testwork. Should this be successful, further drilling with then be required to assess the size and economic potential of the occurrences.

If proven, the Company would have the unique ability to produce all materials from Mount Peake for the energy storage (battery) and steel industry sectors: namely vanadium pentoxide, iron oxide, titanium dioxide and graphite.

COPPER

Mount Hardy Copper Project, NT

The Mount Hardy Copper Project is located within the Mount Hardy Copper Field, located approximately 300km north-west of Alice Springs. The project area is situated on the Mount Doreen (SF52-12) and Mount Theo (SF52-08) 1:250,000-scale sheets. Access to the Mount Hardy tenement is via the Tanami Highway. TNG has been the first exploration company to apply modern geophysical and drilling techniques to this highly prospective and historically known copper prospect. The area has broad strong surface mineralisation and six key prospects have been explored to date, confirming that the surface mineralisation extends to depth, with a further 11 geophysical targets remaining to be followed up.

The Company is of the view that the mineralisation at Mount Hardy is similar in style to other identified mineralised prospects including those at KGL's Jervois project and Kidman's Home of Bullion prospect.

TNG has continued a low-cost evaluation of this highly prospective copper project while it assesses the best way of progressing exploration activities without compromising its focus on the flagship Mount Peake Vanadium-Titanium-Iron Project.

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As part of this approach, the Company completed three separate ground geophysical programmes during the 2014 financial year using DHEM (Down Hole EM) and IP (Induced Polarisation).

DHEM surveys utilised a Crone Tx/Rx System Probe with 300x300m 20A loops at a 5Hz Base Frequency and 50msec Time Base. The IP survey in each area was an offset dipole array with a central Tx line and two 100m offset Rx lines, 50m station spacings, and a GDD 2400V/10A Transmitter.

Processing and interpretation work was completed during the June 2014 Quarter. New prospects with drill-ready targets have been outlined at Target #6 and Target #7 at Mount Hardy. In addition to these new areas, further delineation drilling is also planned for the Mount Hardy Prospect, Browns Prospect, EM Target #1 and EM Target #2 at Mount Hardy.

At EM Target #1 DHEM surveying was conducted on two holes (13MHDDH010 and 13MHDDH011) drilled in 2013. Both were drilled to test a strong EM conductor plate interpreted from previous RC drilling and the original HELITEM anomalous conductor zone. Hole 13MHDDH010 returned a broad base metal mineralised zone of 21.0m @ 0.46% Cu, 4.35% Zn, 1.91% Pb and 36g/t Ag, with maximum values reported of 1.88% Cu, 12.05% Zn, 7.25% Pb, and 130g/t Ag (see ASX Release 20 May 2013).

Interpretation of the combined DHEM data from these two holes has allowed a large and strong (750-1800 Siemens Conductance) conductor plate to be interpreted which warrants high priority drill follow-up. The modelled plate measures some 50m x 300m, plunging at around 30 degrees to the NNW. Three holes have been planned to test this plate, both between the intercepts of holes 13MHDDH010 and 011 and down-plunge of hole 13MHDDH011.

At the Mount Hardy Prospect, DHEM surveying of hole 13MHDDH014 drilled on the IP anomaly returned no significant conductor. Previous work in the area has outlined a copper soil anomaly (see ASX Release – 27 September 2012), and drilling returned significant copper hits including 11.0m @ 0.87% Cu, 10.3m @ 1.35% Cu, and 6.0m @ 0.54% Cu (including 1m @ 9.44g/t Au) (see ASX Releases – 18 April, 29 April and 13 May 2013).

The Mount Hardy copper mineralisation appears to be associated with a broad moderate NNW dipping quartz/sericite shear/alteration zone with abundant disseminated sulphides (chalcopyrite and pyrite) that do not interconnect to generate an EM response, but can be outlined by the IP geophysical technique.

This differs from the responses associated with Cu-Zn-Pb mineralisation at Browns and EM Target #1, which have more abundant sulphides and therefore generate a stronger EM response. Further drill testing is planned for the Mount Hardy Prospect, both down-dip and down-plunge of the existing drilling and following the IP response at depth.

Also at the Mount Hardy Project, Induced Polarisation (IP) surveys were completed on three areas during early April 2014. The 2013 IP survey over the Browns Prospect was extended to the west, and two EM conductors (outlined in the 2012 HELITEM survey) were surveyed, each with a single dipole array.

A single dipole array was added to the existing three arrays surveyed in early 2013 (see ASX Release 13 May 2013) at the Browns Prospect. Combined data has been interpreted with the anomaly now closed off to the north-west.

The single existing hole into this IP feature returned 13.0m @ 1.17% Cu, 1.82% Zn and 0.46% Pb from 74m down-hole in hole 13MHDDH015, including 1.0m @ 3.86% Cu, 11.75% Zn, 2.09% Pb (see ASX Release – 13 May 2013).

These base metal grades are hosted by a quartz breccia and, in places, approached massive sulphide composition. This mineralisation is hosted in silici-clastic schists of the Lander Beds Proterozoic rocks, as with other mineralisation seen over the Mount Hardy Project.

The IP target has an extent of around 500m x 200m. While there is no outcropping mineralisation up dip of this drill intersection there is copper mineralisation seen some 200m to the south, which strikes WNW dipping to the NNE.

Mineralisation seen in hole 13MHDDH015 was a blind IP geophysical success, has a coincident chargeability high and resistivity low, and is open in all directions. There is significant potential for more mineralisation within this feature and further drill testing has now been planned.

EM Targets #6 and #7 were outlined in 2012 HELITEM interpretation (see ASX Release – 14 August 2012) and were both mapped in 2013. Shallow transported cover precluded effective geochemical testing and there was no geological explanation for the conductor zones.

Target #6 IP work outlined a shallow and broad weakly chargeable zone consistent with the EM survey that requires drill testing.

TNG Limited

Review of Operations

At EM Target #7, a highly conductive surface layer resulted in little signal being received from deeper in the profile. Despite this, the centre of the IP conductive zone does correspond with the position of the HELITEM anomaly and drill testing is warranted. Both targets represent coincident EM and IP anomalies and are priority drill targets.

In addition to the above work, EM Target #2 at Mount Hardy also requires further drill testing. It was drilled in 2013 (see ASX Release – 20 May 2013) and returned maximum values of 5.9% Cu, 10.5% Zn, 3.4% Pb and 55g/t Ag.

Hole 13MHDDH012 had collapsed and could not be accessed to allow DHEM surveying, however existing EM modelling allows for the design of several high priority follow up drill holes.

The geophysical work completed during the June 2014 Quarter has resulted in two new drill-ready targets being outlined, while four existing prospects now have high priority areas ready for further drill testing.

Walabanba Hills JV: Copper

TNG earning 51% with potential to increase to 80% (all minerals except uranium)

The Walabanba Joint Venture area lies immediately west of TNG's flagship Mount Peake Strategic Metals Project in the Northern Territory, and is considered highly prospective for copper and nickel mineralisation based on previous exploration results.

Three areas were surveyed at the Walabanba Hills Project in April 2014 with a Fixed Loop Ground Electromagnetic (FLEM) system. Each of these areas was originally outlined from interpretation of HELITEM surveys in 2012, with subsequent ground mapping and sampling in 2013.

All areas had mid to late time moderately to strongly conductive zones outlined from the HELITEM work, and the current ground work was designed to better define anomalism to allow for drill targeting.

At EM Target 1c, a 1400 x 1000m area was surveyed and interpretation shows four discrete anomalies that centre on the original conductor with a coincident aeromagnetic high. Anomalies A and B are along the southern flank of a central ground polarisation (EM negative) zone, and have strong (300 Siemens) late time responses that are coincident with anomalous copper geochemistry. Anomaly C is a 500 Siemen south-dipping late time plate, while Anomaly D is a weak circular mid time feature. Drilling testing of Anomalies A, B and C at EM Target 1c is proposed.

A single strong mid-time anomaly at EM Target 1d and is a priority for drill testing.

The third area surveyed covered two adjacent but discrete EM conductor targets (5b and 5c) outlined from the HELITEM interpretation. Interpretation of the FLEM data over these anomalies suggests two moderately-strong conductive bodies are present. It is expected that three holes would be sufficient to adequately test the potential for base metal mineralisation at this location.

In total there are now four new drill-ready targets outlined within the Walabanba Project area, and these will be tested in the next drill programme expected to be later in the September 2014 Quarter.

McArthur River Project: Copper

TNG 100%

McArthur – EL 27711 and EL 30085

The McArthur River tenements, which are located approximately 50km south of McArthur township along the Tablelands Highway, covers part of the prospective McArthur Basin geology, 65km south-west of the McArthur Zinc mine operated by Xstrata, and within the Batten Fault Zone which hosts several other areas of base metal mineralisation, including the recently outlined Teena Deposit (Rox/Teck).

Work completed by TNG during late 2013 outlined three large geochemically anomalous Zn-Cu-Pb zones (following a review of historical exploration data) associated with the Wollgorang Formation (see ASX Announcement on 16th September 2013). ELA 30085 was applied for during 2013 to secure the full 17km of strike extent of prospective stratigraphy. The central anomaly is 3000m long and up to 450m wide with values up to 1400ppm Zn and 670ppm Pb in soil samples. The other zones have results of up to 1,150ppm Cu and 800ppm Zn.

TNG Limited

Review of Operations

The potential of the Wollgorang Formation carbonaceous shales to host stratiform base metal accumulations was confirmed by a programme of field mapping and sampling by TNG geologists, together with relogging of drill core from the tenement area (accessed in the NTGS Core Library) during the December 2013 Quarter.

This large (ca. 125 sqkm) area warrants a programme of geophysical surveying to define drilling targets, and this is planned for the 2014 dry season.

During the June 2014 Quarter TNG was awarded co-funding from the Northern Territory Department of Mines and Energy to test two significant base metal targets at the McArthur River Project. The funds will be used to test two areas with zinc-lead-silver-copper mineralised prospective stratigraphy, significant surface geochemical anomalism and coincident geophysical anomalism.

Two deep diamond drill holes are planned, for a total of 600m, with drilling to commence as soon as the drilling targeting graphite mineralisation at Mount Peake (outlined above) has been completed.

Work completed over the last three years by TNG has confirmed the potential of the central portion of the Wollgorang Formation to host economic zinc-lead-silver-copper mineralisation of a similar style to that found at McArthur River. This unit outcrops over 17km within the tenements and has defined soil geochemical anomalism in three main areas, as outlined in ASX Release of 16 September 2013.

Drilling will test two zones: the Central Zinc and Northeastern Zn-Cu anomalies.

The Central Zinc Zone has anomalous soil geochemistry (both historical and from recent TNG exploration) over an area of 450m x 3000m (at a 250ppm Zn anomalous threshold) with results of up to 1,400ppm Zn and 670ppm Pb, partially coincident patchy copper anomalism and coincident IP anomalies.

The Northeastern Zone is up to 850m long, with zinc soil results of up to 650ppm, copper to 1,000ppm and lead to 520ppm, as well as coincident (down-dip) IP (induced polarisation) geophysical anomalism. Both geochemical/geophysical zones are adjacent to regionally significant faults that may have been conduits for mineralising fluids (see ASX Release – 16 September 2013).

Yah Yah – EL 28509

The Yah Yah tenement, located approximately 50km south-west of the McArthur township, contains the historical Yah Yah copper mine, which produced some 40 tonnes of handpicked, high-grade copper (20-30% Cu) ore prior to 1912. A grab sample collected from a Yah Yah waste dump by CRA Exploration assayed 30.4% Cu. In addition, BHP completed a soil survey which returned best results of up to 562ppm Cu from a 300m wide zone over the old structure.

Discussions with traditional owners are continuing in relation to access.

Sandover Project: Copper: TNG 100% ELA 29252, ELA 29253 and ELA 29254

The Sandover Copper Project tenements are located approximately 100km northeast of Alice Springs just north of the Plenty Highway. The project area is situated on the Alcoota (SF53-10) 1:250,000 scale map sheet. The three tenements (EL's 29252, 29253, and 29254) were granted in late 2012 and cover 1,742km² (553 blocks) in the highly prospective Aileron and Irindina Provinces, some 120-180km to the northeast of Alice Springs.

Access to conduct field programmes over these tenements is subject to agreement with the CLC managed Alcoota Pastoral Leaseholders. Discussions with Traditional Owners are continuing in relation to access.

A geophysical programme comprising ground EM, IP and DHEM is planned to delineate drill targets.

OTHER PROJECTS

Acquisition of new tenements in highly prospective regions of the Northern Territory: Tomkinson Basin area and Roper River area

Tomkinson Project

TNG further expanded its exploration portfolio in the Northern Territory during the 2014 financial year after applying for two new Exploration Licences in the Tomkinson Basin area to the north of Tennant Creek.

TNG Limited

Review of Operations

The tenements are prospective for base metal mineralisation (zinc-copper-lead-silver), with exploration activities to focus on the discovery of deposits of a similar style to the world-class McArthur River Zinc Mine, located some 300km to the north-east.

The Tomkinson Project tenements, comprising ELA 30348 (Helen Springs 50 Sub-blocks) and ELA 30359 (Powell Creek 71 Sub-blocks), which cover a total area of 399 square kilometres, were pegged by Enigma Mining Limited (a wholly-owned subsidiary of TNG Limited) during April 2014.

They are located 100km north of Tennant Creek and fall on the Helen Springs 1:250,000 map sheet area covering parts of the Helen Springs (PPL 1001) and Powell Creek (PPL 948) Pastoral Leases.

This ground covers areas of outcropping and sub-surface sediments belonging to the Proterozoic Tomkinson Basin. In particular, the fine grained siltstone, carbonate and sandstone sediments of the 1660-1610 Ma Namerinni Group, deposited in shallow marine to fluvial environments, are to be targeted.

The Namerinni Group has recently been correlated with the Glyde package of rocks (McArthur Group) in the McArthur Basin that host both the ore at the McArthur River mine (in the HYC Member of the Barney Creek Formation), and mineralisation at several prospects in the Batten Fault Zone, such as the recent Teena discovery by Rox Resources and Teck.

This acquired ground is considered to be highly prospective for deposits of a similar style.

This sequence has been previously extensively explored for diamonds and manganese, but has only seen minor base metal exploration work over the last 20 years.

No base metal drilling has been conducted within the two tenements under application, and no recent geophysical surveys have been conducted that would have detected sulphides associated with this style of base metal mineralisation.

TNG believes there is scope for a significant mineralisation and a cost effective exploration programme across the tenement package, initially utilising airborne electrical geophysical techniques to outline target areas, and then requiring ground geophysics (EM and IP) to guide a programme of follow-up drilling is being planned.

The two tenements are expected to be granted in the September Quarter of 2014, allowing planning and land-holder liaison to commence and field programmes to be started.

Black Range Project

During the reporting period TNG expanded its tenure with two new highly prospective Exploration Licences in the Roper River Iron Province of the Northern Territory, located 450km south-east of Darwin.

The project, known as the Black Range Project, comprises 209km² and adjoin TNG's existing ELs 28218 and 28219, giving a Project total of 259km².

The new tenements, ELA 30207 and ELA 30208 contain significant continuous exposures of the Sherwin Formation, which is the host to all mineralisation seen in the Roper Iron Province. Both Sherwin Iron Limited (ASX: SHD) and Western Desert Resources (ASX: WDR) have significant resources and mining operations in the area.

BHP outlined 27 iron ore deposits between 1955 and 1961 hosted by the Sherwin Iron Formation over 80km of strike. Subsequent exploration has outlined extensions to the Sherwin Formation of over 150km, which is significantly more widespread than previously mapped.

The Black Range Project lies within the western portion of the McArthur Proterozoic sedimentary Basin where it occurs in the upper part of the prospective Roper Group, a sequence of fluvial to marginal marine mudstones and sandstones.

The Sherwin Iron Formation is up to 100m thick and comprises inter-bedded sandstone, siltstone and mudstone, with locally developed oolitic and pisolitic ironstone beds deposited in a fluvial to marginal marine environment. The ironstone beds are typically 2-8m thick and are often exposed along breakaways where they can often be traced for tens of kilometres.

Within the TNG tenements the mapped Sherwin Formation has had no previous exploration targeting its iron potential despite significant exposures.

TNG Limited

Review of Operations

The two new tenements within the Black Range project are likely to be granted in the September Quarter, and TNG is hoping to commence exploration in the 2014 dry season with low cost rock sampling and trenching.

The acquisition of the Roper River iron ore tenements is consistent with the Company's core focus on exploring and developing quality mineral projects in the ferrous and strategic metals space and establishing TNG as the prominent explorer of the Northern Territory.

Manbarrum Zinc-Lead-Silver Project: TNG 100%

In August 2013 TNG signed a binding Term Sheet with Legacy Iron Ore (ASX: LCY) to sell the Manbarrum Project to Legacy for \$5 million.

However Legacy Iron Ore did not meet the terms of the agreement, and the proposed purchase of the Manbarrum Project did not proceed.

TNG now retains 100% ownership of the Manbarrum Project, which contains a substantial inventory of base metals and silver, together with a significant hematite prospect.

Manbarrum is a significant non-core asset for TNG, and the Company will continue to progress other options to realise value from it (and other non-core projects within its portfolio) while maintaining its focus on the flagship Mount Peake Vanadium-Iron-Titanium Project.

With a strong recovery anticipated in zinc and lead prices, and considerable silver potential, this project retains considerable value for TNG shareholders.

Legune Hematite Project

During the March 2014 Quarter, TNG reached agreement with privately owned Chinese resource company Teng Fei Mining Ltd ("Teng Fei") to enter into a new venture covering the Legune high-grade hematite prospect, located on its 100%-owned Manbarrum Zinc-Silver Project in the Northern Territory.

In 2009, TNG sold 100% of the mineral rights for the Legune hematite prospect to Teng Fei for \$1.4 million (see ASX Release – 25 November 2009). Teng Fei is a Darwin-based company backed by a private consortium of Chinese investors with operations in the mining and chemicals industry of China.

Under the new agreement, TNG has secured an immediate 100% interest in the prospect for no consideration, but Teng Fei will retain a 3% royalty on any future production from the tenement.

The Legune hematite prospect was originally discovered by TNG in 2008 (see ASX Announcement – 2 July 2008). High-grade hematite grading up to 67% Fe occurs on top of a hill within the Manbarrum Zinc-Silver Project licence area.

The prospectivity of the hill at the time was considered high and could be the result of either an iron cap to an additional zinc-lead-silver MVT deposit or a prominent ironstone cap produced by the weathering of iron sulphides associated with the prevalent Mississippi Valley Type (MVT) base metal deposits in the area.

Recent reconnaissance exploration, following agreement with the Traditional Owners, has confirmed that the Legune Prospect comprises a low-lying hill with an extensive hematite cap (see Photo 1 below).

It is approximately 900m long and 500m wide with an unknown depth extent. Two rock samples from the main outcrop returned the following assay results from laboratory XRF analysis:

Sample	Fe	SiO₂	P
Description	%	%	%
501691	61.3	5.73	0.016
PB01	67.1	2.29	0.015

TNG Limited

Review of Operations

Later geological mapping confirmed that this outcrop forms part of a large hematite-rich zone. A cliff face on the side of the hill revealed that the hematite appears continuous over at least a 6m vertical section (see Photo 2 below). Portable NITON XRF results confirm that the iron content of the hematite extends over the entire area with a majority of the results having returned assay results over 50% Fe and up to 67% Fe. Chemical analyses results from a Niton XRF portable analyser model XLt. may not be representative of the whole sample, nor should they be seen as a substitute for laboratory based chemical analysis. However Table 1 is the data analysed by ALS laboratory by method analytical method ME-XRF21n which supports the Niton data.

Since the time of concluding the original agreement, TFM has been unable to conduct any work on the area and approached TNG for assistance. Negotiations on this progressed recently when the Manbarrum Project returned to TNG after KBL Mining withdrew from a farm-in arrangement.

The Traditional Owners and AAPA have recently approved access to TNG for drill testing of this hematite hill. It is hoped drill testing will be completed by the end of October 2014.

Western Desert Resources Ltd (WDR) Joint Venture: TNG 100%, (WDR earning 51% with scope to earn up to 80%)

The Rover Project covers three granted exploration licences in the lucrative Tennant Creek goldfields, two of which (EL24471 and EL25581) are in joint venture with TNG Ltd and one (EL28128) is 100% held by WDR.

During the reporting period WDR completed its requirements to earn 80% of the project.

McTavish Project Joint Venure: TNG 2% Royalty, Barmenco 70%

No work was undertaken during the reporting period.

Kintore East Joint Venture: TNG 20%, La Mancha 80%

TNG retains a 2% gold royalty in these prospective tenements. No work was reported by La Mancha.

NICKEL

MINING PROJECTS: Nickel Cawse Extended Joint Venture: TNG 20%, Norilsk 80%

The Cawse laterite nickel operation has been placed on indefinite care and maintenance by Norilsk Nickel Australia.

BAUXITE

Melville Island Licence

In October 2012 TNG formally signed a farm-in and joint venture agreement on its 100% owned Melville Island licence ELA 28617 in the Northern Territory with Rio Tinto Exploration Pty Ltd (RTX). TNG has received an initial cash payment of \$50,000 and RTX will progress negotiations and grant of the licence application for bauxite exploration. Following the grant of the licence RTX must spend \$5M within 4 years to earn 80% equity in the project with TNG retaining 20% equity at which point TNG may elect to contribute, sell or convert its equity to a 2% Net Smelter Royalty (NSR). The Melville Island Exploration licence application has been a strategic licence for TNG being located in a prospective area for bauxite and other minerals. The licence area covers approximately 1,400km.

CORPORATE

Capital raising

In August 2013 TNG raised \$1.2 million before costs through a successful Securities Purchase Plan (SPP).

Under the terms of the SPP, eligible shareholders were offered the opportunity to subscribe for up to \$15,000 worth of fully-paid ordinary TNG shares at an issue price of \$0.045 per share including a free attaching listed option on a 1-for-2 basis. The options will have an exercise price of \$0.08 per share and an expiry date of 31 July 2015.

As outlined in the prospectus for the SPP, any shares not subscribed for by eligible shareholders under the SPP would comprise the shortfall and may be offered to institutional and/or sophisticated investors as a separate placement, at the discretion of the Directors.

TNG Limited

Review of Operations

During the December 2013 Quarter, the Company received applications for the full amount of the shortfall and completed a Shortfall Placement of 51,822,284 shares at \$0.045 per share, plus a free attaching option on the same terms and conditions as the SPP, to raise a further \$2.3 million.

In addition, TNG received commitments for a further \$500,000 worth of shares subject to renewal of the Company's 15% placement capacity at the Company's Annual General Meeting in November 2013. This resolution was subsequently passed at the AGM and a prospectus was lodged with the Australian Securities and Investments Commission on 25 February 2014.

The Offer closed on 6 March 2014, raising a total of \$738,225 (before costs), with the proceeds to be used to further strengthen TNG's balance sheet and support the Company's development plans for the Mount Peake project.

Davis Samuel

The Supreme Court of the Australian Capital Territory delivered judgment on the Davis Samuel case on 1 August, 2013. TNG and its lawyers are considering the judgment (which runs to more than 500 pages) and the Company's options.

The Court gave judgment for the Commonwealth on its claims, including the claim against TNG in relation to the Kanowna Lights securities, but gave judgment for TNG on its counter-claim against ten of the defendants and on TNG's third party notice to Peter John Clark for damages to be assessed.

The court gave leave to both TNG and the Commonwealth to make further submissions on how the Commonwealth's election to recover funds from Mark Endresz impacts on the remedies available to the Commonwealth as against TNG. Subject to this, TNG may be required to deliver up the Kanowna Lights securities to the Commonwealth.

On 7 August 2013, the Court made orders setting out a timetable for hearing submissions from both TNG and the Commonwealth in relation to the effect on the Commonwealth's remedies against TNG of the Commonwealth's election to recover funds paid by TNG to other entities for the Kanowna Lights shares.

TNG has submitted that this election disentitles the Commonwealth to any remedy against TNG.

The judge heard the submissions during December 2013 but the decisions have been reserved.

Appointment of Paul Vollant as General Manager, Business Development

On 1 April 2014 TNG announced the appointment leading international vanadium expert, Mr Paul Vollant, as General Manager, Business Development, effective immediately. Mr Vollant is highly experienced in the sales and marketing of metals and minerals in the commodity sector and has specialised in strategic metals, particularly vanadium and titanium.

This newly created full-time position will include responsibility for establishing the Company's future off-take agreements, building the physical supply train for TNG's commodities, and identifying potential strategic partners for future involvement and investment as it embarks on the development of its Mount Peake Vanadium Project in the Northern Territory.

Based in Shanghai, Mr Vollant is ideally placed to expand TNG's activities cost effectively in the Asian region. TNG will now have a Shanghai office to complement its existing representation by Ms Helen Yang in Beijing, and non-executive Directors Mr Jianrong Xu in Nanjing and Mr Zhigang Wang in Suzhou, reflecting the growing global profile of TNG.

Mr Vollant is a business graduate of the ESDS Business School, in Lyon France, and was formerly with the Noble Group in London and Hong Kong. He is a founding Director of global commodity distribution company Element Commodities that's specialised in vanadium and titanium and a Director of the HLG Group.

TNG is delighted to have secured someone of Mr Vollant's experience and calibre in the global vanadium and titanium sector, with the ability to expand the Company's activities and establish a trading platform for the future.

Appointment of Chairman

During the Quarter Mr Jianrong Xu resigned as Chairman of TNG, and Mr Michael Evans was appointed as acting Chairman of the Company. Mr Xu will remain as a non-executive Director.

The Board extends its thanks to Mr Xu for his services as Chairman, and looks forward to his ongoing contribution to the Company.

TNG Limited

Review of Operations

R&D Refund

TNG lodged a Research & Development refund claim for \$3.2 million for the 2013 financial year under the Federal Government's R&D tax incentive scheme. The Company received the full amount of this R&D claim on 30 August, further strengthening its cash resources.

Under the R&D tax incentive scheme, companies with a turnover of less than \$20 million which undertake research & development activities are entitled to a cash refund of 45 cents per dollar spent on eligible research and development in Australia.

This incentive provides direct assistance for companies like TNG to continue their research and development activities with a view to potentially building further value for shareholders.

TNG's research relates to the commercial extraction of vanadium, titanium and iron units from vanadiferous titanomagnetite using the patented TIVAN™ hydrometallurgical process owned by the Company and Mineral Engineering Technical Services Pty Ltd (METS).

Cash

At 30 June 2014, the Company had cash of \$4,002,158.

Loss before tax for the year

The loss for the financial year ended 30 June 2014 of TNG was \$3,670,228 (2013 restated loss: \$4,617,926). The loss in the prior year has been restated to reflect the accounting treatment of R&D refund received. Refer to Note 3(b) of the financial statements.

Exploration and evaluation expenditure

TNG has continued its exploration and evaluation program over assets held with its focus on Mount Peake. During the year, payments of \$4,194,052 (2013: \$7,364,122) was made in relation to exploration and evaluation activity.

TNG Limited

Corporate Governance

Corporate Governance Statement

The Board of Directors of TNG Ltd (the “Company”) is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

Since the introduction of the ASX Principles of Good Corporate Governance and Best Practice Recommendations (“ASX Guidelines”), the Company has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this report. Commensurate with the spirit of the ASX Guidelines, the Company has followed each Recommendation where the Board has considered the Recommendation to be appropriate. Where, after due consideration, the Company’s corporate governance practices depart from the Recommendations, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

The table below summarises the Company’s compliance with the Corporate Governance Council’s Recommendations during the year ended 30 June 2014.

	Recommendation	Comply Yes / No	Reference / Explanation
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes	Page 22
1.2	Companies should disclose the process for evaluation of the performance of senior executives.	Yes	Page 27
2.1	A majority of the Board should be independent directors.	No	Page 22/27
2.2	The chairperson should be an independent director.	Yes	-
2.3	The roles of chairperson and Managing Director should not be exercised by the same individual.	Yes	Page 22
2.4	The Board should establish a nomination committee.	No	Page 27
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Yes	Page 27
3.1	Establish a code of conduct to guide the directors, the Managing Director, the chief financial officer (or equivalent) and any other key executives as to: <ul style="list-style-type: none"> - the practices necessary to maintain confidence in the Company’s integrity; - the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; - the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	Yes	Page 24
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of the policy.	Yes	Page 27
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity for the Board in accordance with the diversity policy and progress to achieving them.	No	Page 27
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Yes	Page 27
4.1	The Board should establish an audit committee.	Yes	Page 23
4.2	Structure the audit committee so that it consists of: <ul style="list-style-type: none"> - only non-executive directors; - a majority of independent directors; - an independent chairperson, who is not chairperson of the Board; - at least three members. 	Yes	Page 23
4.3	The audit committee should have a formal charter.	Yes	Website

TNG Limited Corporate Governance

	Recommendation	Comply Yes / No	Reference / Explanation
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	Website
6.1	Design and disclose a communications strategy to promote effective communications with shareholders and encourage effective participation at general meetings and disclose their policy or a summary of that policy.	Yes	Website
7.1	The Board or appropriate Board committee should establish policies on risk oversight and management.	Yes	Page 26
7.2	The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	Yes	Page 26
7.3	Disclose whether the Board has received assurance from the CEO or equivalent and CFO that the declaration provided in accordance with CA section 295A is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes	Page 26
8.1	The Board should establish a remuneration committee.	Yes	Page 23
8.2	The remuneration committee should be structured so that it: <ul style="list-style-type: none"> - consists of a majority of independent directors; - is chaired by an independent chair; and - has at least 3 directors. 	Yes	Page 23
8.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	Yes	Page 26

Further information about the Company's corporate governance practices is set out on the Company's website at www.tngltd.com.au.

Board of Directors

Role of the Board and Management

The Board's primary role is the protection and enhancement of medium to long term shareholder value. To fulfil this role, the Board is responsible for the overall Corporate Governance of the consolidated entity including its strategic direction, establishing goals for management and monitoring the achievement of these goals. The Managing Director is responsible to the Board for the day to day management of the Company.

The Board has sole responsibility for the following:

- Appointing and removing the Managing Director and any other executive director and approving their remuneration;
- Appointing and removing the Company Secretary and approving their remuneration;
- Determining the strategic direction of the Company and measuring performance of management against approved strategies;
- Reviewing the adequacy of resources for management to properly carry out approved strategies and business plans;
- Adopting operating and capital expenditure budgets at the commencement of each financial year and monitoring the progress by both financial and non-financial key performance indicators;
- Monitoring the Company's medium term capital and cash flow requirements;

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Corporate Governance

- Approving and monitoring financial and other reporting to regulatory bodies, shareholders and other organisations;
- Determining that satisfactory arrangements are in place for auditing the Company's financial affairs;
- Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and compliance with legislative requirements; and
- Ensuring that policies and compliance systems consistent with the Company's objectives and best practice are in place and that the Company and its officers act legally, ethically and responsibly on all matters.

The Board's role and the Company's corporate governance practices are being continually reviewed and improved as the Company's business develops.

Composition of the Board

The Company currently has the following Board members:

Michael Evans	(Acting Chairman)
Paul Burton	(Managing Director)
Geoffrey Crow	(Non-Executive Director)
Rex Turkington	(Non-Executive Director)
Jianrong XU	(Non-Executive Director)
Wang Zhigang	(Non-Executive Director)

The Company's Constitution provides that the number of Directors shall not be less than three and not more than ten. There is no requirement for any share holding qualification.

The Board composition comprises of 3 non-independent directors. The Board believes that all the individuals on the Board should make, quality and independent judgements in the best interests of the Company and possess skills and experience suitable for building the Company.

The Board considers that its structure has been, and continues to be, appropriate in the context of the Company's history and the size and scale of operations. As the Company's activities change in size, nature and scope, the size of the Board will be reviewed and the optimum number of Directors required for the Board to properly perform its responsibilities and functions assigned.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities, intellectual ability to contribute to Board duties and ability to undertake Board duties and responsibilities.

Directors are initially appointed by the full Board subject to election by shareholders at the next annual general meeting. Under the Company's Constitution the tenure of Directors (other than Managing Director) is subject to reappointment by shareholders not later than the third anniversary following his last appointment. Subject to the requirements of the *Corporations Act 2001*, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a Director. A Managing Director may be appointed for any period and on any terms the Directors think fit and, subject to the terms of any agreement entered into, the Board may revoke any appointment.

Committees of the Board

To assist the Board in carrying out its responsibilities, the Board has established the following committees:

- Audit Committee
- Remuneration Committee (established 27 November 2013)

TNG Limited

Corporate Governance

Audit Committee

Until 26 November 2013 the Audit Committee was comprised of the full Board. From 27 November 2013 the members of the Audit Committee have been:

- Michael Evans (Chairman)
- Geoffrey Crow
- Rex Turkington

The Audit Committee operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports.

Remuneration Committee

On 27 November 2013 the Board established a Remuneration Committee.

Members of the Remuneration Committee are:

- Rex Turkington (Chairman)
- Geoffrey Crow
- Wang Zhigang

The Audit Committee operates under a charter approved by the Board. The Remuneration Committee responsible for making recommendations to the Board on remuneration arrangements for Directors and executives of the Company

Qualifications of committee members

For details of the qualifications of the committee members, the number of Committee meetings held during the year and the attendees at those meetings, refer to the Directors' Report.

Conflicts of Interest

In accordance with the *Corporations Act 2001* and the Company's Constitution, Directors must advise of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists the Director concerned may be excluded at the meeting whilst the item is considered or decided on.

Independent Professional Advice

The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. The engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all Board members.

Ethical Standards

The Board acknowledges the need for continued maintenance of the highest standard of corporate governance practice and ethical conduct by all Directors and employees of the Company.

TNG Limited

Corporate Governance

Code of Conduct for Directors

The Board has adopted a Code of Conduct for Directors to promote ethical and responsible decision-making by the Directors.

The principles of the code are:

- A Director must act honestly, in good faith and in the best interests of the Company as a whole.
- A Director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- A Director must use the powers of office for a proper purpose, in the best interests of the Company as a whole.
- A Director must recognise that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interest of all stakeholders of the Company.
- A Director must not make improper use of information acquired as a director.
- A Director must not take improper advantage of the position of director.
- A Director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Company.
- A Director has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken as a Board.
- Confidential information received by a director in the course of the exercise of directorial duties remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company, or the person from whom the information is provided, or is required by law.
- A Director should not engage in conduct likely to bring discredit upon the Company.
- A Director has an obligation at all times, to comply with the spirit, as well as the letter of the law and with the principles of the Code.

Directors are also obliged to comply with the Company's Code of Ethics and Conduct, as outlined below.

Code of Ethics and Conduct

The Company has implemented a Code of Ethics and Conduct, which provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the Company.

All employees and Directors are expected to:

- respect the law and act in accordance with it;
- respect confidentiality and not misuse Company information, assets or facilities;
- value and maintain professionalism;
- avoid real or perceived conflicts of interest;
- act in the best interests of shareholders;
- by their actions contribute to the Company's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
- perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- act with honesty, integrity, decency and responsibility at all times.

An employee that breaches the Code of Ethics and Conduct may face disciplinary action. If an employee suspects that a breach of the Code of Ethics and Conduct has occurred or will occur, he or she must report that breach to management. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

Dealings in Company Securities

The Company's share trading policy imposes basic trading restrictions on all employees of the Company with 'inside information', and additional trading restrictions on the Directors, Officers, Employees and Consultants of the Company.

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Corporate Governance

'Inside information' is information that:

- is not generally available; and
- if it were generally available, it would, or would be likely to influence investors in deciding whether to buy or sell the Company's securities.

If an employee possesses inside information, the person must not:

- trade in the Company's securities;
- advise others or procure others to trade in the Company's securities; or
- pass on the inside information to others – including colleagues, family or friends – knowing (or where the employee or Director should have reasonably known) that the other persons will use that information to trade in, or procure someone else to trade in, the Company's securities.

This prohibition applies regardless of how the employee or Director learns the information. The securities trading policy provides prescribed closed periods during which Employees are prohibited from dealing in the Company's securities (subject to certain limited exceptions).

In addition to the above, Directors must notify the Company Secretary as soon as practicable, but not later than 2 business days, after they have bought or sold the Company's securities or exercised options. In accordance with the provisions of the Corporations Act and the Listing rules of the ASX, the Company on behalf of the Directors must advise the ASX of any transactions conducted by them in the securities of the Company.

Breaches of this policy will be subject to disciplinary action, which may include termination of employment.

Interests of Other Stakeholders

The Company's objective is to develop and commercialise its exploration tenements to create wealth for shareholders and add value for other stakeholders.

To assist in meeting its objective, the Company conducts its business within the Code of Ethics and Conduct, as above.

Disclosure of Information

Continuous Disclosure to ASX

The Company is committed to complying with the continuous disclosure obligations of the Corporations Act and the ASX Listing Rules to ensure investor confidence and achieve full and fair value for the Company's securities through appropriate disclosure. The Company must immediately notify the market (via an announcement to ASX) of any information concerning the Company which a reasonable person with experience in the minerals industry would expect to have a material effect on the price or value of the Company's securities.

Information need not be disclosed if:

- (i) a reasonable person would not expect the information to be disclosed;
- (ii) the information is confidential and ASX has not formed the view that the information has ceased to be confidential; and
- (iii) one or more of the following applies:
 - (iv) it would breach the law to disclose the information;
 - (v) the information concerns an incomplete proposal or negotiation;
 - (vi) the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
 - (vii) the information is generated for internal management purposes; or
 - (viii) the information is a trade secret.

The Chairman and Managing Director are responsible for interpreting and monitoring the Company's disclosure obligations and where necessary informing the Board. The Company Secretary is responsible for all communications with ASX.

TNG Limited

Corporate Governance

Communication with Shareholders

The Company places considerable importance on effective communications with shareholders.

The Company's communication strategy requires communication with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Company. The strategy provides for the use of systems that ensure a regular and timely release of information about the Company is provided to shareholders. Mechanisms employed include:

- Announcements lodged with ASX;
- ASX Quarterly Cash Flow Reports;
- Half Yearly Report;
- Annual Report.
- Presentations at the Annual General Meeting/General Meetings; and
- Periodic presentations to investors.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and understanding of the Company's strategy and goals.

The Company also posts all reports, ASX and media releases and copies of significant business presentations on the Company's website.

Risk Management

Identification of Risk

The Board is responsible for the oversight of the Company's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Managing Director and Chief Financial Officer (or equivalent) having ultimate responsibility to the Board for the risk management and control framework.

Arrangements put in place by the Board to monitor risk management include:

- regular reporting to the Board in respect of operations and the financial position of the Company; and
- where appropriate the appointment of appropriately skilled consultants to provide independent assessment of operational results and proposals

Integrity of Financial Reporting

The Company's Managing Director and Chief Financial Officer (or equivalent) report in writing to the Board that:

- the consolidated financial statements of the Company and its controlled entity for each half and full year present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with accounting standards;
- the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

Role of Auditor

The Company's auditor is required to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Remuneration Arrangements

All of the Directors with the exception of the Managing Director currently receive a separate Directors' fee of \$50,000 per annum, (reduced from \$60,000 with effect from July 2013) inclusive of statutory superannuation where applicable.

There is no direct link between remuneration paid to any of the Directors and corporate performance such as bonus payments for achievements of key performance indicators.

TNG Limited Corporate Governance

The aggregate amount payable to the Company's Non-Executive Directors for undertaking their duties as Directors must not exceed the maximum annual amount approved by the Company's shareholders (currently \$300,000).

For a full discussion of the Company's remuneration philosophy and framework, and the remuneration received by directors and executives in the current period, please refer to the Remuneration Report, which is contained within the Directors' Report.

Performance Review

The Board has adopted a self-evaluation process to measure its own performance and the performance of its committee. Arrangements put in place by the Board to monitor the performance of the Company's executives include:

- a review by the Board of the Company's financial performance; and
- annual performance appraisal meetings with each individual.

Diversity

The Company recognizes the value contributed to the organization by employing people with varying skills, cultural backgrounds, ethnicity and experience.

In line with the Corporate Governance recommendations, the Company has implemented a Diversity Policy. The Managing Director is responsible for the ongoing implementation of the diversity policy.

As at 30 June 2014, the Company does not have any female Board Members or senior managers (2013: Nil). Of the balance of the Company's employees, 37% are female (2013: 40%).

Compliance with ASX Corporate Governance Recommendations

During the Company's 2013/2014 financial year, the Company complied with the ASX Principles and Recommendations other than in relation to the matters specified below.

Principle Reference	Recommendation Reference	Notification of Departure	Explanation for Departure
2	2.1 2.4	A majority of the Board are not independent directors The Board has not established a separate Nomination Committee.	Given the present size of the Company, the composition of the Board is considered appropriate. The Board will consider the appointment of further independent directors as the Company increases in its size and complexity. The full considers board nominations. The Board considers that at this stage, no efficiencies or other benefits would be gained by establishing a separate Nomination Committee.
3	3.2, 3.3	The Diversity Policy does not include measurable objectives for achieving gender diversity.	The Board considers that, due to the size, nature and stage of development of the Company, setting measurable objectives for the Diversity Policy at this time is not appropriate. The Board will consider setting measurable objectives as the Company increases in size and complexity.

TNG Limited

Directors' Report

The Directors present their report together with the financial report of TNG Limited (TNG or the Company) and of the Group, being the Company and subsidiaries for the financial year ended 30 June 2014 and the auditors report thereon.

DIRECTORS

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

Michael Evans B.Bus, ACA, ACIS
Acting Independent Non-Executive Chairman

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

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

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

Mr Evans is currently non-executive Chairman of ASX and AIM listed Tangiers Petroleum.

Mr Evans was appointed acting chairman on 27 February 2014.

Mr Paul Burton, B.Sc (Hons) Geology (UK), M.Sc Mineral Exploration (Canada), MAusImm, FAEG, MAICD
Managing Director

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

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

Mr Burton has held no other directorships.

Geoffrey Crow
Independent Non-Executive Director

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 currently a non-executive director of unlisted company Iron Ridge Resources Limited.

Rex Turkington, BCom(Hons), BCA,GAICD,AAFSI,ADA1(ASX)
Independent Non-Executive Director

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

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

Mr Turkington is currently non-executive Chairman of ASX listed Key Petroleum Ltd.

Mr Jianrong Xu
Non-independent Non-executive Director

Mr Xu is Deputy Director-General of the East China Mineral Exploration and Development Bureau (ECMED).

TNG Limited

Directors' Report

Mr Xu is the current General Manager of ECE, Deputy Managing Director of Jiangsu Geophysical Society, the Chairman of HK ECE, Hong Kong East China Non-Ferrous International, Mineral Development Co Ltd, Namibia East China Non-ferrous Investments Pty Ltd and other OCMED wholly owned subsidiaries.

Mr Xu is also a director of AIM-listed Company, China Africa Resources Plc.

Mr Xu resigned as chairman on 27 February 2014.

Zhigang Wang

Non-independent Non-Executive Director

Mr Wang is Chairman of Aosu which is part of the Wanlong Group of companies (Wanlong Group) comprising Suzhou Wanlong Electric Group Co. Ltd (Wanlong) and Suzhou Beijia Investment Co Ltd. (Beijia). Wanlong holds 51% of the issued capital of Aosu and Beijia holds the remaining 49%. Mr Wang also holds appointments as Director of Technology Management Department of Wanlong, and is a Director of Beijia.

Mr Wang completed his Bachelor degree in Electrical engineering and automation from Shanghai Electric Power University in 2007, and has gained significant professional experience with major industrial groups in China prior to joining Wanlong and Beijia.

Simon Robertson, B.Bus, CA, M Appl. Fin.

Company Secretary

Mr Robertson gained a Bachelor of Business from Curtin University in Western Australia and Master of Applied Finance from Macquarie University in New South Wales. He is a member of the Institute of Chartered Accountants and the Chartered Secretaries of Australia. Mr Robertson currently holds the position of Company Secretary for a number of publically listed companies and has experience in corporate finance, accounting and administration, capital raisings and ASX compliance and regulatory requirements.

DIRECTORS MEETINGS

The number of Directors' meetings and number of meetings attended by each of the Directors of the Company during the financial year are:

Director	Number of board meetings held during the time the Director held office	Number of board meetings attended	Number of audit committee meetings held during the time the Director held office	Number of audit committee meetings attended	Number of remuneration committee meetings attended	Number of remuneration committee meetings attended
Michael Evans	7	6	2	2	-	-
Paul Burton	7	7	1	1	-	-
Geoffrey Crow	7	7	2	2	1	1
Rex Turkington	7	7	2	2	1	1
Jianrong Xu	7	4	1	1	-	-
Zhigang Wang	7	6	1	1	1	1

PRINCIPAL ACTIVITIES

The principal activities of the Group during the course of the financial year were the exploration and evaluation of its Mount Peake project and Mount Hardy projects; the review of projects for potential acquisition; the management of its other exploration properties and management of its interest in the Manbarrum and Cawse Extended Projects.

There were no other significant changes in the nature of the activities of the Group during the year.

TNG Limited

Directors' Report

REVIEW AND RESULTS OF OPERATIONS

The operating loss of the Group after income tax for the year was \$3,670,228 (2013: loss \$4,617,926). A review of the operations during the financial year is set out on pages 2 to 19.

Material Business Risks

The material business risks faced by the Group that are likely to have an effect on the financial prospects of the Group, and how the Group manages these risks, are:

- Future Capital needs – the Group does not currently generate cash from its operations. The Group will require further funding in order to meet its corporate expenses, continue its exploration activities at its Northern Territory tenements and to complete the Definitive Feasibility Study necessary to assess the economic viability of its Mount Peake Project.
- Exploration and Development Risks – whilst the Group has already discovered Vanadium-Titanium-Iron resources at the Mount Peake Project, the Group may fail to discover additional mineral deposits at its other Northern Territory projects and there is a risk that the Group's mineral deposits may not be economically viable. The Group employs geologists and other technical specialists, and engages external consultants where appropriate to address this risk.
- Commodity Price and Exchange Rate Risks – as a Group which is focused on the development of its Vanadium-Titanium-Iron and Copper projects the Group is exposed to movements in these commodity prices. The Group monitors historical and forecast pricing for these commodities from a range of sources in order to inform its planning and decision making.

DIVIDENDS

No dividends were paid during the year and the Directors do not recommend payment of a dividend.

REMUNERATION REPORT - Audited

1. Principles of Remuneration

This report details the amount and nature of remuneration of each director of the Company and the executives.

Key management personnel (KMP) have authority and responsibility for planning, directing and controlling the activities of the Group, including directors of the company and other executives. Key management personnel comprise the directors of the Company and senior executives for the Group.

The remuneration policy is to provide a fixed remuneration component and a specific equity related component. The Board believes that this remuneration policy is appropriate given the stage of development of the Company and the activities which it undertakes and is appropriate in aligning director and executive objectives with shareholder and business objectives.

The remuneration policy, setting the terms and conditions for the executive Directors and other executives has been developed by the Board and taking into account market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

The Board policy is to remunerate Directors and senior executives at market rates for comparable companies for time, commitment and responsibilities. The full Board performing the role of the Remuneration Committee which determines payments to the non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of Directors fees is subject to approval by shareholders at a General Meeting. Fees for non-executive Directors are not linked to the performance of the economic entity. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and may receive options if approved by shareholders.

TNG Limited

Directors' Report

REMUNERATION REPORT - Audited (continued)

There is no policy currently in place for the KMP to limit their exposure to risk in relation to the shares held and share options granted as part of their remuneration. All remuneration paid to Directors and executive's is valued at cost to the Company and expensed.

Fixed Remuneration

Fixed compensation consists of base compensation being a flat per month director's fee or person's salary as well as employer contributions to superannuation funds. Compensation levels are reviewed annually by the board through a process that considers individual, segment and overall performance of the Group. A senior executive's compensation is also reviewed on promotion.

Performance linked compensation

Performance linked compensation includes long-term incentives designed to reward key management personnel for meeting or exceeding specific objectives or as recognition for strong individual performance. The long-term incentives are provided as shares and options over ordinary shares of the Company under the rules of the TNG share and option plans approved by shareholders on 21 November 2012. The board did not exercise any discretion on the payment of bonuses and options as the plans provide for no such discretion.

Short-term incentive bonus

There were no short term incentive bonuses offered or paid during the year ended 30 June 2014.

Long-term incentive

Long term incentives comprise of shares and share options which are granted from time to time to encourage exceptional performance in the realisation of strategic outcomes and growth in shareholders wealth.

Options

Options are granted for no consideration and do not carry voting rights or dividend entitlements. Options are valued using the Black-Scholes methodology. Option exercise prices are determined based on a premium over and above weighted average share price at grant date. Both the number and exercise price of options issued are at the board's discretion.

Shares

Shares issued under the company share plan cannot be sold, transferred, assigned, charged or otherwise encumbered for 12 months after the date of issue. Shares issued are valued using the Black-Scholes methodology. The number of shares issued is at the board's discretion.

TNG has issued limited Recourse Loans to the value of shares issued under the plans. The loans are repayable in full by the date which is 5 years after the date of issue of the Plan and are interest free. The loans are however, limited recourse, so if the Plan Shares are sold the proceeds will be taken to repay the loan even if the proceeds are less than the value of the loan.

In the event that vesting conditions are not satisfied, the participant or the company must arrange to sell the shares and pay TNG any outstanding loan amount in accordance with the terms of the Share being the higher of the loan amount or sale proceeds from those shares.

Consequence of performance on shareholder wealth

In considering the consolidated entity's performance and benefit for shareholder wealth the Board believe that at this stage of development there is no relevant direct link between revenue & profitability and the advancement of shareholders wealth. For this reason, the group does not currently link revenue and profitability against shareholder wealth.

	2014	2013	2012	2011	2010
Profit/(loss) attributable to owners of the company	(3,670,228)	(\$4,617,926)	(\$3,430,360)	(\$2,147,523)	(\$3,550,378)
Dividends paid	-	-	-	-	-
Share price at 30 June	\$0.19	\$0.05	\$0.08	\$0.07	\$0.04
Return on capital employed	(3%)	(21%)	(13%)	(12%)	(34%)

TNG Limited

Directors' Report

REMUNERATION REPORT - Audited (continued)

Non-executive directors

Fixed remuneration consists of base remuneration being a flat per month director's fee along with long term incentives that may be issued from time to time. Non-executive Directors receive a Directors fee of \$50,000 (2013: \$60,000): per annum. Shareholders have approved Director's fees of an amount of up to \$300,000 cash in aggregate per annum. Superannuation contributions of 9.50% (2013: 9.25%) are paid on these fees as required by law.

Directors and executives may also receive either a salary (plus superannuation guarantee contributions as required by law, currently set at 9.50% (2013: 9.25%), or provide their services via a consultancy arrangement. Directors and executives do not receive any retirement benefits except as stated. Individuals may, however, choose to sacrifice part of their salary to increase payments towards superannuation.

Service Contracts

Michael Evans – Acting Chairman

- Term of Agreement – From appointment on 31 May 2013 until terminated by either party.
- Directors fees - \$50,000 (reduced from \$60,000 with effect from 1 July 2013) per annum excluding super plus any expense incurred.
- Early termination – Not applicable.

Paul Burton - Managing Director

- Term of Agreement – April 2010 until terminated by either party.
- Salary - \$360,000 (Reduced to \$310,000 1 May 2014 to 30 June 2014) per annum excluding super plus any expense incurred.
- Early Termination – The Company to give 6 months written notice or make a payment of 6 months' salary in lieu. The employee to provide 6 months written notice. This applies to any reason other than gross misconduct.

Geoffrey Crow - Non-Executive Director

- Term of Agreement – February 2011 until terminated by either party.
- Directors fees - \$50,000 (reduced from \$60,000 with effect from 1 July 2013) per annum excluding super plus any expense incurred.
- Early termination – Not applicable.

Rex Turkington - Non-Executive Director

- Term of Agreement – November 2011 until terminated by either party.
- Directors fees - \$50,000 (reduced from \$60,000 with effect from 1 July 2013) per annum excluding super plus any expense incurred.
- Additional monies are paid to Katarina Corporation Pty Ltd a related entity of Mr Turkington, for consulting services based on a daily rate, and are included in salary and fees.
- Early termination – Not applicable.

Jianrong Xu - Non-Executive Director

- Term of Agreement – May 2012 until terminated by either party.
- Directors fees - \$50,000 (reduced from \$60,000 with effect from 1 July 2013) per annum excluding super plus any expense incurred.
- Early termination – Not applicable.

Zhigang Wang- Non-Executive Director

- Term of Agreement – January 2012 until terminated by either party.
- Directors fees - \$50,000 (reduced from \$60,000 with effect from 1 July 2013) per annum excluding super plus any expense incurred.
- Early termination – Not applicable.

TNG Limited

Directors' Report

REMUNERATION REPORT - audited (continued)

Scott Rauschenberger – Chief Financial Officer

- Term of Agreement – November 2007 until terminated by either party.
- Salary - \$168,000 (Reduced to \$151,200 during August 2013) per annum excluding super plus any expense incurred.
- Early Termination – 2 months written notice or making a payment of 2 month salary in lieu. This applies to any reason other than gross misconduct.

Simon Robertson – Company Secretary

- Term of Agreement – August 2009 until terminated by either party.
- Consultancy fee - \$5,500 per month (Reduced to \$4,400 with effect August 2013) plus incidental expenses excluding GST is paid to SLR consulting Pty Ltd a related entity of Mr Robertson.
- Early Termination - 3 months written notice by either party.

2. Directors and Executives officers remuneration

Details of the nature and amount of each major element of remuneration of each key management personnel are:

Directors Remuneration for the year ended 30 June 2014

Consolidated		Short	Post-	Long Term	Total	Value of options as a proportion of remuneration	
		Term	Employment				
	Directors	Salary & Fees	Super-annuation	Share-based Payment Options		%	
		\$	\$	\$	\$		
	Michael Evans	2014	50,000	-	59,726	109,726	59%
	Acting Chairman	2013	5,000	-	-	5,000	-
	Paul Burton	2014	386,060 ¹	35,711	288,367	710,138	41%
	Managing Director	2013	359,141	33,667	376,274	769,082	49%
	Geoffrey Crow	2014	50,000	-	111,162	161,162	69%
	Non-executive	2013	60,000	-	113,479	173,479	65%
	Rex Turkington	2014	50,000	-	111,162	161,162	69%
	Non-executive	2013	87,135	-	113,479	200,614	57%
	Jianrong Xu	2014	50,000	-	-	50,000	-
	Non-executive	2013	60,000	-	-	60,000	-
	Zhigang Wang	2014	50,000	-	73,414	123,414	59%
	Non-executive	2013	60,000	-	71,671	131,671	54%
	Total	2014	636,060	35,711	643,831	1,315,602	49%
		2013	631,276	33,667	674,903	1,339,846	50%

¹ Includes accrued annual leave provision paid out over and above base salary detailed with the service contracts section.

TNG Limited

Directors' Report

REMUNERATION REPORT - audited (continued)

Remuneration of key management personnel for the year ended 30 June 2014

Consolidated		Short Term	Post-Employment	Long Term	Total	Value of options as a proportion of remuneration
		Salary & Fees	Super-annuation	Share-based Payment Options		
<i>Executives</i>		\$	\$	\$	\$	%
Scott L Rauschenberger	2014	192,657 ¹	15,600	46,921	255,178	18%
<i>Chief Financial Officer</i>	2013	163,897	13,919	57,207	235,023	24%
Simon L Robertson	2014	62,392	-	51,251	113,643	45%
<i>Company Secretary</i>	2012	63,000	-	56,740	119,740	47%
Total	2014	255,049	15,600	98,172	368,821	27%
	2013	226,897	13,919	113,947	354,763	47%

¹ Includes accrued annual leave provision paid out over and above base salary detailed with the service contracts section.

3. Shares and options granted as part of remuneration

Details of shares and options in the Company that were granted as compensation to each key management person during the reporting period and details on options that vested during the reporting period are as follows:

Issue	Grant date/ participant entitled	Number	Vesting conditions	Contractual life of option/ Limited recourse share loan
1	Shares granted to Michael Evans on 27 November 2013	2,000,000	1 years' service	5.0 years
1	Shares granted to Paul Burton on 27 November 2013	2,000,000	1 years' service	5.0 years
1	Shares granted to Geoffrey Crow on 27 November 2013	2,000,000	1 years' service	5.0 years
1	Shares granted to Rex Turkington on 27 November 2013	2,000,000	1 years' service	5.0 years
1	Shares granted to Scott Rauschenberger on 27 November 2013	500,000	1 years' service	5.0 years
1	Shares granted to Simon Robertson on 27 November 2013	750,000	1 years' service	5.0 years
2	Options granted to Michael Evans on 27 November 2013	2,000,000	1 years' service	3.0 years
2	Options granted to Zhigang Wang on 27 November 2013	2,000,000	1 years' service	3.0 years

The fair value of equity share options granted is estimated at the grant dates using the Binomial model, taking into account the terms and conditions upon which the options are granted.

Instruments issued during the period

a) Shares and Loans issued under TNG Employee Share Plan and TNG Non-Executive and Consultant Share Plan

11,850,000 shares were issued under the terms of the TNG share plans which were approved by shareholders on 21 November 2012 including 9,250,000 to key management personnel. The Plan Shares issued cannot be sold transferred, assigned, charged or otherwise encumbered for 12 months after the date of issue.

TNG has issued limited Recourse Loans to the value of shares issued under the plans. The loans are repayable in full by the date which is 5 years after the date of issue of the Plan and are interest free. The loans are however, limited recourse, so if the Plan Shares are sold the proceeds will be taken to repay the loan even if the proceeds are less than the value of the loan.

In the event that vesting conditions are not satisfied the participant must arrange to sell the shares and pay TNG any outstanding loan amount in accordance with the terms of the Share Plan.

The ability to exercise the plan shares is conditional upon the employee or consultant remaining employed or contracted to the company. If this performance hurdle is met the shares will be unencumbered after 12 months aiding with staff retention.

TNG Limited

Directors' Report

REMUNERATION REPORT - audited (continued)

The following inputs were used in the measurement of the fair values at grant of the shares and loans:

	Issue 1
Dividend yield	0.00%
Share price at date of grant	\$0.042
Exercise price	\$0.040
Volatility	85%
Risk free rate	3.48%
Expiration date	26 Nov 2018
Binomial valuation	\$0.029

b) Options issued under TNG Non-Executive and Consultant Option Plan

8,500,000 options were issued subject to the terms of the TNG Non-Executive and Consultant option Plan which was approved by shareholders on 21 November 2012 including 4,000,000 to key management personnel.

The ability to exercise the options is conditional upon the employee, consultant remaining employed, or contracted to the company for 12 month's or meeting the prescribed KPI's outlined in their offer letter. If these performance hurdles are met the options will be unencumbered aiding with staff retention and/or prescribed company objectives having been met.

The following inputs were used in the measurement of the fair values at grant date of options:

	Issue 2
Dividend yield	0.00%
Share price at date of grant	\$0.042
Exercise price	\$0.057
Volatility	85%
Risk free rate	3.036%
Expiration date	26 Nov 2016
Binomial valuation	\$0.021

In accordance with AASB2 'Share-based payments' the Group has charged the fair value of share-based payments to the income statement over the vesting period.

4. Exercise of options granted as compensation

During the period no options were exercised by key management personnel.

TNG Limited

Directors' Report

REMUNERATION REPORT – audited (continued)

5. Analysis of options and share rights over equity instruments granted as compensation

Details on shares and options over ordinary shares in the Company that were granted as compensation to each key management person during the reporting period and details on options that vested during the period are as follows:

Directors	Number of options granted during 2014	Number of share rights granted during 2014 ⁽ⁱ⁾	Grant date	Fair value per option at grant date (\$)	Exercise price per option(\$)	Expiry date	Number of options and share rights vested during 2014
Michael Evans	2,000,000	2,000,000	27 Nov 2013	\$0.029/\$0.021	\$0.04/\$0.057	27 Nov 2018	-
Paul Burton	-	2,000,000	27 Nov 2013	\$0.029	\$0.04	27 Nov 2018	6,000,000
Geoffrey Crow	-	2,000,000	27 Nov 2013	\$0.029	\$0.04	27 Nov 2018	2,000,000
Rex Turkington	-	2,000,000	27 Nov 2013	\$0.029	\$0.04	27 Nov 2018	2,000,000
Zhigang Wang	2,000,000	-	27 Nov 2013	\$0.021	\$0.057	27 Nov 2018	2,000,000
Executives							
Scott Rauschenberger	-	500,000	27 Nov 2013	\$0.029	\$0.04	27 Nov 2018	1,000,000
Simon Robertson	-	750,000	27 Nov 2013	\$0.029	\$0.04	27 Nov 2018	1,000,000

⁽ⁱ⁾ This relates to shares issued under the TNG Employee Share Plan, refer to note 24(a).

All ordinary shares issued under the company's share plan during 2014 are entitled to one vote per share at shareholders' meetings.

All shares issued under the share purchase plan expire on the earlier of their expiry date or termination of the individuals employment. The ability to exercise the plan shares is conditional upon the employee or consultant remaining employed or contracted to the company. If these performance hurdles are met, the shares will be unencumbered after 12 months.

All options expire on the earlier of their expiry date or termination of the individual's employment. All options were granted during the financial year. No options have been granted since the end of the financial year.

6. Analysis of movements in options and share rights

Details of vesting profiles of the shares and options granted as remuneration to each key management person of the Group are detailed below.

Directors	Number of options granted during 2014	Number of share rights granted during 2014 ⁽ⁱ⁾	Grant date	% vested in year	% forfeited in year	Date on grant vests	Expired
Michael Evans	2,000,000	2,000,000	27 Nov 2013	-	-	27 Nov 2014	-
Paul Burton	-	2,000,000	27 Nov 2013	-	-	27 Nov 2014	-
Geoffrey Crow	-	2,000,000	27 Nov 2013	-	-	27 Nov 2014	-
Rex Turkington	-	2,000,000	27 Nov 2013	-	-	27 Nov 2014	-
Zhigang Wang	2,000,000	-	27 Nov 2013	-	-	27 Nov 2014	-
Executives							
Scott Rauschenberger	-	500,000	27 Nov 2013	-	-	27 Nov 2014	-
Simon Robertson	-	750,000	27 Nov 2013	-	-	27 Nov 2014	-

⁽ⁱ⁾ This relates to shares issued under the TNG Employee Share Plan, refer to note 24(a).

TNG Limited

Directors' Report

REMUNERATION REPORT - audited (continued)

The movement during the reporting period, by value, of shares and options over ordinary shares in the Company held by each key management person is detailed below.

Directors	Granted in year \$ (A)	Value of options exercised in year \$	Lapsed in year \$	Number of options expired in the year (B)
Michael Evans	100,000	-	-	-
Paul Burton	58,000	-	-	-
Geoffrey Crow	58,000	-	-	-
Rex Turkington	58,000	-	-	-
Zhigang Wang	42,000	-	-	-
Executives				
Scott Rauschenberger	14,500	-	-	-
Simon Robertson	21,750	-	-	-

(A) The value of share or options granted in the year is the fair value of the options calculated at grant date using the Black Scholes options-pricing model. The total value of the options granted is included in the table above. The amount is allocated to remuneration over the vesting periods.

7. Modification of terms of equity-settled share-based payment transactions

No terms of equity-settled share-based payment transactions (including options and rights granted as compensation to a key management person) have been altered or modified by the issuing entity during the reporting period or the prior period.

8. Options over equity instruments

	Held at 1 July 2013	Granted as remuneration	Expired	Exercised	Purchased	Held at 30 June 2014	Vested during the year	Vested and exercisable at 30 June 2014
Directors								
Michael Evans	-	2,000,000	-	-	111,111	2,111,111	111,111	111,111
Paul Burton	-	-	-	-	166,666	166,666	166,666	166,666
Geoffrey Crow	-	-	-	-	166,666	166,666	166,666	166,666
Rex Turkington	-	-	-	-	166,666	166,666	166,666	166,666
Jianrong Xu	-	-	-	-	-	-	-	-
Zhigang Wang	2,000,000	2,000,000	-	-	-	4,000,000	2,000,000	2,000,000
Executives								
Scott Rauschenberger	-	-	-	-	518,556	518,556	518,556	518,556
Simon Robertson	-	-	-	-	-	-	-	-

9. Movements in shares

	Held at 1 July 2013	Purchases	Received on exercise of options	Sales	Other	Held at 30 June 2014
Directors						
Michael Evans	285,715	222,222	-	-	2,000,000	2,507,937
Paul Burton	6,750,000	333,333	-	-	2,000,000	9,083,333
Geoffrey Crow	2,537,205	333,333	-	-	2,000,000	4,870,538
Rex Turkington	3,388,000	333,333	-	-	2,000,000	5,721,333
Jianrong Xu	-	-	-	-	-	-
Zhigang Wang	59,808,643	-	-	-	-	59,808,643
Executives						
Scott Rauschenberger	1,400,000	1,037,112	-	-	500,000	2,937,112
Simon Robertson	1,000,000	-	-	-	750,000	1,750,000

10. Other transactions with key management personal

There were no other transaction with key management personal during the financial year.

The audited remuneration report ends here.

TNG Limited

Directors' Report

DIRECTORS' INTERESTS

The relevant interest of each Director in the shares and options over such instruments issued by the companies within the Group and other related body corporates, as notified by the Directors to the ASX in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

Director	Ordinary Shares	Options over Ordinary Shares
Michael Evans	2,507,937	2,111,111
Paul Burton	9,083,333	166,666
Geoffrey Crow	4,870,538	166,666
Rex Turkington	5,721,133	166,666
Zhigang Wang	56,308,643	3,600,000
Jianrong Xu	-	-

Options granted to directors and officers of the company

During or since the end of the financial year the company did not grant any options to Directors or executives other than those set out at section 5 of the remuneration Report.

Unissued shares under option

At the date of this report unissued ordinary shares of the Company under option are:

Expiry date	Exercise price	Number of options
26 November 2015	\$0.235	2,600,000
26 November 2016	\$0.057	4,000,000
6 June 2017	\$0.150	4,500,000
31 July 2015	\$0.080	46,869,123

Shares issued on exercise of options

During or since the end of the financial year, the Company has issued 621,998 ordinary shares as a result of the exercise of options.

LIKELY DEVELOPMENTS

The Group will continue to develop its Northern Territory exploration projects and manage its interest in the Cawse Extended project.

Additional comments on likely developments of the Group are included under the review of operations and activities and subsequent events of this report.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Group has agreed to indemnify current and former Directors and officers against all liabilities to another person (other than the Group or a related body corporate), including legal expenses that may arise from their position as Directors and officers of the Group and its controlled entities, except where the liability arises out of conduct involving a lack of good faith or for a pecuniary penalty under section 1317G or a compensation order under section 1317H of the Corporations Act 2001.

INSURANCE PREMIUMS

During and since the end of the financial year the company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium was \$11,815 (2013: \$16,275) exclusive of GST.

TNG Limited Directors' Report

ENVIRONMENTAL REGULATIONS

The Group holds various exploration licences to regulate its exploration activities in Australia. These licences include conditions and regulation with respect to the rehabilitation of areas disturbed during the course of its exploration activities. However, the Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

EVENTS SUBSEQUENT TO REPORTING DATE

TNG signs landmark agreement with Hyundai Steel

On 14 July 2014 signed a wide-ranging three-way Memorandum of Understanding (MoU) with global steel giant Hyundai Steel Co., Ltd, part of the Hyundai Automotive Group, paving the way for a potentially company-making funding, development and construction arrangement for its flagship Mount Peake Vanadium Project in the Northern Territory.

TNG Secures LOI for Global logistics, Pre-production funding and Titanium off-take.

On 26 August 2014 TNG announced that it has taken an additional step towards securing binding agreements for the supply of logistics services, pre-production funding and off-take of titanium products from its Mount Peake Vanadium-Titanium-Iron Project after signing a Letter of Intent (LOI) with global chemical products distributor Global Pacific Partners (GPP).

The execution of this document follows an initial broad Memorandum of Understanding (MOU), signed between TNG and GPP on 17 June 2014, by defining the scope of future discussion to include the management of TNG's logistics needs by GPP and giving the parties further time to negotiate formal agreements.

NON AUDIT SERVICES

KPMG, the Group's auditor, did not provide any non-audit services during the year.

AUDITOR INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 40 of the financial report and forms part of the Directors' report for the financial year ended 30 June 2014.

Signed in accordance with a resolution of the Directors.



Paul Burton
Managing Director
23 September 2014



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

To: the directors of TNG Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2014 there have been:

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

A handwritten version of the KPMG logo in blue ink, with the letters 'KPMG' in a cursive, slanted font.

KPMG

A handwritten signature in blue ink, appearing to read 'T. Hart', written in a cursive style.

Trevor Hart
Partner

Perth

23 September 2014

TNG Limited

Financial Report

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the year ended 30 June 2014

	Note	2014 \$	Restated ⁽ⁱ⁾ 2013 \$
Other income	6(a)	35,525	50,000
Total income		35,525	50,000
Corporate and administration expenses	6(c)	(1,727,634)	(2,780,286)
Employment expenses	6(d)	(1,683,402)	(2,061,004)
Depreciation and amortisation expenses	6(e)	(110,850)	(99,650)
Impairment loss on exploration	15	(283,310)	-
Impairment loss on available-for-sale investments	13	(23,000)	-
Results from operating activities		(3,795,671)	(4,890,940)
Financial income		138,472	273,014
Financial expenses	13	(13,029)	-
Net financing income	6(b)	125,443	273,014
Loss before income tax		(3,670,228)	(4,617,926)
Income tax expense	8	-	-
Loss for the year attributable to the owners of the Company		(3,670,228)	(4,617,926)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net change in the value of available for sale financial assets		2,400	(2,400)
Tax effect on other comprehensive income		-	-
Other comprehensive loss for the year		2,400	(2,400)
Total comprehensive loss for the year attributable to the owners of the company		(3,667,828)	(4,620,326)
Loss per share (cents per share)			
Basic earnings/(loss) per share (cents)	9	(0.71)	(1.10)
Diluted earnings/(loss) per share (cents)	9	(0.71)	(1.10)

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

(i) Refer Note 3(b)

TNG Limited

Financial Report

Consolidated Statement of Financial Position As at 30 June 2014

	Note	2014 \$	Restated ⁽ⁱ⁾ 2013 \$
Current assets			
Cash and cash equivalents	11	4,002,158	2,594,530
Trade and other receivables	12	310,946	3,650,382
Prepayments		91,226	123,441
Other investments	13	2,000	97,600
Total current assets		4,406,330	6,465,953
Non-current assets			
Plant and equipment	14	186,721	254,486
Exploration and evaluation expenditure	15	19,389,842	16,802,009
Total non-current assets		19,576,563	17,056,495
Total assets		23,982,893	23,522,448
Current liabilities			
Trade and other payables	16	729,783	2,209,131
Provisions	17	146,076	82,826
Total current liabilities		875,859	2,291,957
Total liabilities		875,859	2,291,957
Net assets		23,107,034	21,230,491
Equity			
Issued capital	18	46,231,981	41,857,594
Reserves		-	(2,400)
Accumulated losses		(23,124,947)	(20,624,703)
Total equity		23,107,034	21,230,491

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

⁽ⁱ⁾ Refer Note 3(b)

TNG Limited

Financial Report

Consolidated Statement of Cash Flows For the year ended 30 June 2014

	Note	2014 \$	Restated ⁽ⁱ⁾ 2013 \$
Cash flows from operating activities			
Cash payments in the course of operations		(2,103,129)	(3,762,217)
Interest received		137,294	307,602
Net cash used in operating activities	23	(1,965,835)	(3,454,615)
Cash flows from investing activities			
Proceeds from sale of shares	13	61,971	-
Joint venture – Initial payment		-	50,000
Payments for plant and equipment		(43,086)	(125,404)
Payment for tenements	15	-	(245,000)
Payments for exploration and evaluation expenditure		(4,194,052)	(7,364,122)
Research and development rebate		3,195,993	2,120,585
Security deposits paid		(21,749)	(40,204)
Net cash used in investing activities		(1,000,923)	(5,604,145)
Cash flows from financing activities			
Net proceeds from issue of shares and exercise of options	18(a)	4,374,386	1,423,016
Net cash received from financing activities		4,374,386	1,423,016
Net increase in cash and cash equivalents		1,407,628	(7,635,744)
Cash at the beginning of the financial year		2,594,530	10,230,274
Cash and cash equivalents at the end of the financial year	11	4,002,158	2,594,530

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

⁽ⁱ⁾ Refer Note 3(b)

TNG Limited

Financial Report

Consolidated Statement of Changes in Equity For the year ended 30 June 2014

	Issued Capital	Accumulated loss Restated ⁽ⁱ⁾	Fair value reserve	Total Equity Restated ⁽ⁱ⁾
	\$	\$	\$	\$
At 1 July 2012	40,434,578	(17,320,235)	-	23,114,343
Loss for the year	-	(4,617,926)	-	(4,617,926)
Other comprehensive income	-	-	(2,400)	(2,400)
Total comprehensive income	-	(4,617,926)	(2,400)	(4,620,326)
Transactions with owners recorded directly in equity				
Share placement	1,454,804	-	-	1,454,804
Share issue costs	(106,788)	-	-	(106,788)
Share based payments expense	-	1,313,458	-	1,313,458
Options exercised	75,000	-	-	75,000
At 30 June 2013	41,857,594	(20,624,703)	(2,400)	21,230,491
At 1 July 2013	41,857,594	(20,624,703)	(2,400)	21,230,491
Loss for the year	-	(3,670,228)	-	(3,670,228)
Other comprehensive income	-	-	2,400	2,400
Total comprehensive income	-	(3,670,228)	-	(3,667,828)
Transactions with owners recorded directly in equity				
Share placement	3,070,227	-	-	3,070,227
Share purchase plan	1,168,000	-	-	1,168,000
Share issue costs	(193,571)	-	-	(193,571)
Options exercised	3,555	-	-	3,555
Share based payments expense	-	1,169,984	-	1,169,984
Loan funded share plan – loan repayment	326,176	-	-	326,176
At 30 June 2014	46,231,981	23,124,947	-	23,107,034

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

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

⁽ⁱ⁾ Refer Note 3(b)

TNG Limited

Notes to the financial statements

1 REPORTING ENTITY

TNG Limited (the 'Company') is a company domiciled in Australia. The address of the Company's registered office is Level 1, 282 Rokeby Road Subiaco, Western Australia 6008. The consolidated financial report of the Company as at and for the year ended 30 June 2014 comprises the Company and its subsidiaries (together referred to as the 'Group'). The Group is a for profit entity and primarily is involved in the exploration of minerals within Australia.

2 BASIS OF PREPARATION

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report of the Group also complies with International Financial Reporting Standards and Interpretations adopted by the International Accounting Standards Board.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- financial instruments at fair value through profit or loss are measured at fair value ;
- available-for-sale financial assets are measured at fair value; and
- share based payments are measured at fair value.

The methods used to measure fair values are discussed further in Note 4.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of all entities in the Group.

(d) Use of estimates and judgements

Set out below is information about:

- Critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements; and
- Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

Critical Judgements

Estimates and assumptions

i. Exploration and evaluation assets

The ultimate recoupment of the value of exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale, of the underlying mineral exploration properties.

The Group undertakes at each reporting date, a review for indicators of impairment of these assets. Should an indicator of impairment exist, there is significant estimation and judgments in determining the inputs and assumptions used in determining the recoverable amounts.

TNG Limited

Notes to the financial statements

2 BASIS OF PREPARATION (CONTINUED)

The key areas of estimation and judgement that are considered in this review included:

- Recent drilling results and reserves/resource estimates;
- Environmental issues that may impact the underlying tenements;
- The estimated market value of assets at the review date;
- Independent valuations of underlying assets that may be available;
- Fundamental economic factors such as mineral prices, exchange rates and current and anticipated operating cost in the industry; and
- The group's market capitalisation compared to its net assets.

Information used in the review process is rigorously tested to externally available information as appropriate.

Changes in these estimates and assumptions as new information about the presence or recoverability of an ore reserve becomes available, may impact the assessment of the recoverable amount of exploration and evaluation assets. If, after having capitalised the expenditure under accounting policy 3(g), a judgement is made that recovery of the expenditure is unlikely, an impairment loss is recorded in the profit or loss in accordance with accounting policy 3(h). The carrying amounts of exploration and evaluation assets are set out in note 15 .

ii. Share based payments

The share based payments are recognised in accordance with the Company's accounting policy (refer note 3(i)(i)) where the value of the share based payment is expensed from the grant date to vesting date. This valuation includes estimates and judgements about volatility, risk free rates, dividend yields, and underlying share price. Changes in these estimates and assumptions could impact on the measurement of share based payments.

(e) Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial report from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Gains and losses are recognised as the contributed assets are consumed or sold by the associates, if not consumed or sold by the associate, when the Group's interest in such entities is disposed of.

TNG Limited

Notes to the financial statements

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) Jointly controlled operations

A jointly controlled operation is a joint venture carried on by each venture using its own assets in pursuit of the joint operations. The consolidated financial statements include the assets that the Group controls and the liabilities that it incurs in the course of pursuing the joint operation, and the expenses that the Group incurs and its share of the income that it earns from the joint operation.

(b) Reclassification of financial information

Previously the Company classified Research and Development tax offset claim as Other Income in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. However, as the nature of the item is akin to a government grant, and relates to expenditure capitalised as exploration and evaluation expenditure, the claim should have been deducted against the related asset. Accordingly the following restatements have been made:

The twelve months ended 30 June 2013 total income and accumulated losses included \$5,316,578 income of Research and Development tax offset claim. In the 30 June 2013 Restated Consolidated Statement of Profit or Loss and Other Comprehensive Income and Restated Consolidated Statement of Changes in Equity, the other income and related accounts have been reduced by this amount.

The twelve months ended 30 June 2013 net cash used in operating activities included the receipt of \$2,120,585 from the Research and Development offset claim. In the 30 June 2013 Restated Consolidated Cash flow Statement net cash used in operating activities has been increased by this amount to net cash used of (\$3,454,615) and net cash used in investing activities has been reduced by this amount to net cash used of (\$5,604,145).

The total Research and Development tax offset claim for the year ended 30 June 2013 was \$5,316,578 and therefore the 30 June 2013 Restated Consolidated Statement of Financial Position exploration and evaluation expenditure assets and related accounts have been reduced by this amount. This restatement has no impact to the opening balances as at 1 July 2012.

The impact of the reclassification on the prior period is shown in the table below:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	12 months ended 30 June 2013	
	Before reclassification	After reclassification
	\$	\$
Other income	5,366,578	50,000
Total income	5,366,578	50,000
Profit/(Loss) from operating activities	425,638	(4,890,940)
Loss before income tax	698,652	(4,617,926)
Profit/(loss) for the period	698,652	(4,617,926)
Total comprehensive income/(loss) for the period	696,252	(4,620,326)
Basic and diluted earnings/(loss) per share	0.166	(1.10)

Consolidated Cash Flow Statement

	12 months ended 30 June 2013	
	Before reclassification	After reclassification
	\$	\$
Net cash(used in)/from operating activities	(1,334,030)	(3,454,615)
Net cash used in investing activities	(7,724,730)	(5,604,145)

TNG Limited

Notes to the financial statements

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidated Statement of Financial Position

	As at 30 June 2013	
	Before reclassification \$	After reclassification \$
Exploration and evaluation expenditure	22,118,587	16,802,009
Total non-current assets	22,373,073	17,056,495
Total assets	28,839,026	23,522,448
Net assets	26,547,069	21,230,491
Accumulated losses	(15,308,125)	(20,624,703)
Total equity	26,547,069	21,230,491

Consolidated Statement of Changes in Equity

	12 months ended 30 June 13			
	Before reclassification	After reclassification	Before reclassification	After reclassification
	Accumulated loss	Accumulated loss	Total Equity	Total Equity
Net profit/(loss) for the period	698,652	(4,617,926)	698,652	(4,617,926)
Total comprehensive income for the period	698,652	(4,617,926)	696,252	(4,620,326)
Balance at 30 June 2013	(15,308,125)	(20,624,703)	26,547,069	21,230,491

(c) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted at statement of financial position date.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of transaction, affects neither the accounting profit nor taxable profit or loss. In respect of taxable temporary differences associated with investments in subsidiaries and associates except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised.

When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. When the deductible temporary difference is associated with investments in subsidiaries and associates in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

TNG Limited

Notes to the financial statements

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(i) Tax consolidation

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is TNG Limited.

The current and deferred tax amounts for the tax-consolidated group are allocated among the companies in the group using a group allocation approach whereby each company in the tax-consolidated group is allocated current and deferred taxes in a systematic manner which is consistent with the broad principles of AASB 112, based on the underlying tax effect of transactions and balances within those companies.

In order to determine the allocation of current and deferred tax amounts allocated to the companies, each company prepares a tax calculation which includes the tax effect of inter-company transactions that are part of the group's normal business activities but excludes inter-company dividends and any capital gains arising on the intra group transfer of assets that would occur but for the parties being members of the tax consolidated group.

Current tax expense / income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised by the Company as amounts payable (receivable) to / (from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

TNG Limited

Notes to the financial statements

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Nature of tax funding arrangements and tax sharing agreements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to / from the head entity equal to the current tax liability / (asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable / (payable) equal in amount to the tax liability / (asset) assumed. The inter-entity receivables / (payables) are at call.

(d) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST except:

- (i) Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- (ii) Receivables and payables are stated with the amount of GST included;
- (iii) The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet;
- (iv) Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows; and
- (v) Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(e) Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Where parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

(ii) Leased assets

Leases in terms of which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. Lease payments are accounted for as described in note 3(m).

(iii) Subsequent costs

The Group recognises in the carrying amount of an item of plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the Statement of Comprehensive Income as an expense as incurred.

TNG Limited

Notes to the financial statements

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iv) Depreciation

Depreciation is charged to the profit and loss on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. The estimated useful lives in the current and comparative periods are as follows:

Leasehold improvements	4 years
Plant and equipment	3 to 8 years
Fixtures and fittings	3 to 8 years

The residual value, the useful life and the depreciation method applied to an asset are reassessed annually.

(f) Foreign currency translation

Transactions in foreign currencies are translated to the functional currency of the Group at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to Australian dollars at the foreign exchange rate ruling at that date.

Foreign exchange differences arising on translation are recognised in the profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

(g) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade dates, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits.

Accounting for finance income and expense is discussed in note 3(l).

Available-for-sale financial assets

The Group's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3(h) and foreign exchange gains and losses on available-for-sale monetary items (see note 3(e)), are recognised as a separate component of equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit and loss.

TNG Limited

Notes to the financial statements

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments at fair value through profit and loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest method.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment loss.

(ii) Share capital

Ordinary shares

Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit.

(h) Intangible assets

Exploration and evaluation assets

Exploration for and evaluation of mineral resources is the search for mineral resources after the entity has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the mineral resource. Accordingly, exploration and evaluation expenditure are those expenditures by the Group in connection with the exploration for and evaluation of minerals resources before the technical feasibility and commercial viability of extracting a mineral resources are demonstrable.

Accounting for exploration and evaluation expenditures is assessed separately for each 'area of interest'. An 'area of interest' is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit.

TNG Limited

Notes to the financial statements

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenditure incurred on activities that precede exploration and evaluation of mineral resources, including all expenditure incurred prior to securing legal rights to explore an area, is expensed as incurred. For each area of interest the expenditure is recognised as an exploration and evaluation asset where the following conditions are satisfied:

- a) The rights to tenure of the area of interest are current; and
- b) At least one of the following conditions is also met:
 - (i) The expenditure is expected to be recouped through successful development and commercial exploitation of an area of interest, or alternatively by its sale; or
 - (ii) Exploration and evaluation activities in the area of interest have not, at reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of 'economically recoverable reserves' and active and significant operations in, or in relation to, the area of interest are continuing. Economically recoverable reserves are the estimated quantity of product in an area of interest that can be expected to be profitably extracted, processed and sold under current and foreseeable conditions.

Exploration and evaluation assets include:

- Acquisition of rights to explore;
- Topographical, geological, geochemical and geophysical studies;
- Exploratory drilling, trenching, and sampling; and
- Activities in relation to evaluating the technical feasibility and commercial viability of extracting the mineral resource.

General and administrative costs are allocated to, and included in, the cost of exploration and evaluation assets only to the extent that those costs can be related directly to the operational activities in the area of interest to which the exploration and evaluation assets relate. In all other instances, costs are expensed as incurred.

Exploration and evaluation assets are transferred to Development Assets once technical feasibility and commercial viability of an area of interest is demonstrable. Exploration and evaluation assets are assessed for impairment, and any impairment loss is recognised, prior to being reclassified.

The carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective area of interest.

Impairment testing of exploration and evaluation assets

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

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

- The term of exploration licence in the specific area of interest has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area are not budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities on mineral resources and the decision was made to discontinue such activities in the specified area; or
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recovered in full from successful development or by sale.

TNG Limited

Notes to the financial statements

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Where a potential impairment is indicated, an assessment is performed for each CGU which is no larger than the area of interest. The company performs impairment testing in accordance with accounting policy 3(h)(ii).

(i) Impairment

(i) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised in profit and loss if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation of amortisation, if no impairment loss had been recognised.

TNG Limited

Notes to the financial statements

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Employee benefits

(i) Share based payments

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The loan funded share plan allows certain Group employees to acquire shares of the Company. Employees have been given a limited recourse 5 year interest free loan in which to acquire the shares. The loan has not been recognised in the statement of financial position as the Company only has recourse to the value of the shares. The arrangement is accounted for as an in-substance option over ordinary shares. The grant date fair value of the shares granted to employees is recognised as an employee expense with a corresponding increase in equity over the period during which the employees become unconditionally entitled to the shares. The fair value of the loan funded shares granted are measured using the Black Scholes pricing model, taking into account the terms and conditions upon which the in-substance options were granted. The amount recognised as an expense is adjusted to reflect the actual number of shares that vest.

(ii) Short term benefit

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

(iii) Defined contribution funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the profit or loss as incurred.

(k) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all diluted potential ordinary shares, which comprise convertible notes and share options granted to employees.

(l) Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

TNG Limited

Notes to the financial statements

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Income and Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense and spread over the term of lease.

(ii) Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(iii) Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognised as it accrued, using the effective interest method.

Finance expenses comprise interest expense on borrowings and loss on held for trading investments. All borrowing costs are recognised in profit or loss using the effective interest method.

(iv) Government grants

The Group recognises the refundable research and development tax incentive (received under the tax legislation passed in 2011) as a government grant. This incentive is refundable to the Group regardless of whether the Group is in a tax payable position and is deducted against capitalised exploration and evaluation expenditure. Government grants are recognised when there is reasonable assurance that (a) the Group will comply with the conditions attaching to them; and (b) the grants will be received.

(n) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Other leases are operating leases which are not recognised on the Group's Statement of Financial Position.

(o) Segment reporting

Segment results that are reported to the Group's Managing Director (the chief operating Decision Maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group operated predominately in one business segment and in one geographical location in both current and previous years.

TNG Limited

Notes to the financial statements

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are available for early adoption for annual periods beginning after 1 July 2013, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group, except for the following standards which become mandatory from 1 July 2013. The Group does not plan to adopt these standards early and the extent of the impact has not been determined.

IFRS 9 Financial Instruments (2010), IFRS Financial Instruments (2009)

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additional changes relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

IFRS 9 (2010) and (2009) are effective for annual periods beginning on or after 1 January 2015, with early adoption permitted. The adoption of these standards is expected to have an impact on the Groups financial assets, but no impact on the Group's financial liabilities.

(q) Changes in accounting policy

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2013.

(i) AASB10 Consolidated Financial Statements

AASB 10 introduces a single control model to determine whether an investee should be consolidated. AASB 10 changes the definition of control such that an investor controls an investee when:

- a) It has power over an investee;
- b) It is exposed, or has rights, to variable returns from its involvement with the investee; and
- c) It has the ability to use its power to affect its returns.

All three of these criteria must be met for an investor to have control over an investee.

The directors concluded that there would be no impact to the consolidated financial statements.

(ii) AASB 12 Disclosure of Interests in Other Entities

AASB 12 brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. There were no effect to the consolidated financial statements.

(iii) AASB13 Fair Value Measurement

AASB 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout Australian Accounting Standards. Subject to limited exceptions, AASB 13 is applied when fair value measurements or disclosures are required or permitted by other AASBs. The Group has applied AASB 13 for the first time in the current year and requires prospective application from 1 April 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard to comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by AASB 13 for the 2013 comparative period. The application of AASB 13 does not have any material impact on the amounts recognised in the consolidated financial statements.

TNG Limited

Notes to the financial statements

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iv) **AASB 119 Employee Benefits**

AASB 119 (2011) changes the definition of short-term and long-term employee benefits to clarify the distinction between the two. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The directors do not anticipate that the amendments to AASB 119 will have a significant effect on the Group's consolidated financial statements. These changes do not impact the financial statements.

(v) **AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements**

The change amends AASB 124 Related Party Disclosures to remove the individual key management personnel (KMP) disclosures required by Australian specific paragraphs from the consolidated notes to the financial statements and record in the Directors' Remuneration Report within the Directors' Report. The adoption of this amendment has transferred the individual key management personnel disclosures (reconciliation of equity holdings and other transaction with key management personnel) from the notes of the consolidated financial statements to the remuneration report.

(vi) **AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle**

The change amends a number of pronouncements as a result of the 2009-2011 annual improvements cycle. These changes do not impact the financial statements.

4 DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) **Equity investments**

The fair value of financial assets at fair value through profit or loss and available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date.

(ii) **Other receivables, trade and other payables**

Other receivables, trade and other payables are short term in nature. As a result, the fair value of these instruments is considered to approximate its fair value.

(iii) **Share-based payment transactions**

The fair value of employee options is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

TNG Limited

Notes to the financial statements

5 FINANCIAL RISK MANAGEMENT

Overview

This note presents information about the Group's exposure to credit, liquidity and market risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Group does not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables and cash and cash equivalents. For the Company it also arises from receivables due from subsidiaries.

Presently, the Group undertakes exploration and evaluation activities exclusively in Australia. At the statement of financial position date there were no significant concentrations of credit risk for the Group other than cash and the Research and Development receivable, received since year-end.

Cash and cash equivalent

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating.

Trade and other receivables

As the Group operates primarily in exploration activities it does not carry a material balance of trade receivables and therefore is not exposed to credit risk in relation to trade receivables. A Research and Development receivable contained in other receivables was received since year-end.

The Group has established an allowance for impairment that represents its estimate of incurred losses in respect of loans to subsidiaries and investments. This is recorded in the Company and has no effect on the Group and as it eliminates on consolidation. The management does not expect any counterparty to fail to meet its obligations. Other receivables mainly comprise of GST receivables.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

		Consolidated Carrying amount	
	Note	2014 \$	2013 \$
Trade and other receivables	12	310,946	3,650,382
Cash and cash equivalents	11	4,002,158	2,594,530
		4,313,104	6,244,912

None of the Group's trade and other receivables are past due (2013: nil).

TNG Limited

Notes to the financial statements

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by monitoring forecast and actual cash flows.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Consolidated

30 June 2014

	Note	Carrying amount	Contractual cash flows	<3 months
Trade and other payables	16	729,783	(729,783)	(729,783)
		729,783	(729,783)	(729,783)

30 June 2013

		Carrying amount	Contractual cash flows	<3 months
Trade and other payables	16	2,209,131	(2,209,131)	(2,209,131)
		2,209,131	(2,209,131)	(2,209,131)

Market risk

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

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

Currency risk

The Group is not exposed to currency risk and at statement of financial position date the Group holds no financial assets or liabilities which are exposed to foreign currency risk.

Interest rate risk

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

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

TNG Limited

Notes to the financial statements

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (continued)

Profile

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

	Note	Consolidated	
		Carrying amount	
		2014	2013
		\$	\$
Variable rate instruments			
Cash and cash equivalents	11	1,002,158	594,530
Fixed rate instruments			
Cash and cash equivalents	11	3,000,000	2,000,000
Security deposits	12	201,084	179,336
		3,201,084	2,179,336

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased or decreased the Group's equity and profit or loss by \$10,021 (2013: \$5,945).

Other Market Price Risk

Other Equity price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

Investments are managed on an individual basis and material buy and sell decisions are approved by the Board of Directors. The primary goal of the Group's investment strategy is to maximise investment returns.

The Group's investments are solely in listed equity instruments. Equity instruments are classified as available-for-sale and are carried at fair value with fair value changes recognised directly in equity until derecognised.

TNG Limited

Notes to the financial statements

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (continued)

The following table details the breakdown of the investment assets and liabilities held by the Group:

30 June 2014	Note	Quoted market price (Level 1) \$	Valuation technique Market observable inputs (Level 2) \$	Valuation technique Non market Observable inputs (Level 3) \$
Available for sale assets	13	2,000	-	-
Total equity investments		2,000	-	-

30 June 2013	Note	Quoted market price (Level 1) \$	Valuation technique Market observable inputs (Level 2) \$	Valuation technique Non market Observable inputs (Level 3) \$
Available for sale assets	13	97,600	-	-
Total equity investments		97,600	-	-

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of the ASX listed equity investments are based on quoted market prices (Level 1).

Reconciliation of fair value movements	Level 1		Level 3	
	2014	2013	2014	2013
	\$	\$	\$	\$
Opening balance	97,600	-	-	100,000
Other comprehensive income		-	-	-
Sales of investments	(61,971)	-	-	-
Impairment loss	(23,000)	-	-	-
Transfers out of Level 3 to Level 1	-	100,000	-	(100,000)
Total gains and losses recognised in other comprehensive income	2,400	(2,400)	-	-
Loss on sale	(13,029)	-	-	-
Closing balance	2,000	97,600	-	-
Total loss stated in the table above for assets held at the end of the period	2,400	(2,400)	-	-

TNG Limited

Notes to the financial statements

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

Sensitivity analysis

The Group's available for sale equity investments are held in listed Australian companies. The Group's exposure to equity price risk is not significant.

The Group operates primarily in the exploration and evaluation phase and accordingly the Group's financial assets and liabilities are subject to minimal commodity price risk.

Capital Management

The Group has defined its capital as paid up share capital net of accumulated losses.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets or reduce debt. The Group's focus has been to raise sufficient funds through equity to fund exploration and evaluation activities.

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

6 INCOME AND EXPENSES

	Consolidated	
	2014	Restated ⁽ⁱ⁾ 2013
	\$	\$
(a) Other income		
Other income	35,525	50,000
Total Income	35,525	50,000

⁽ⁱ⁾ Refer Note 3(b)

(b) Net financial income

Interest income	138,472	273,014
Finance Income	138,472	273,014
Loss on sale of available for sale investments	(13,029)	-
Finance expense	(13,029)	-
Net finance income	125,443	273,014

TNG Limited

Notes to the financial statements

6 INCOME AND EXPENSES (CONTINUED)

	Note	Consolidated	
		2014	2013
		\$	\$
(c) Corporate and Administration expenses			
Travel and accommodation		250,339	366,306
Directors fees		250,000	300,000
Legal fees		295,986	449,461
Promotional		241,172	513,698
Contractors and consultancy		218,216	474,098
Occupancy		305,102	298,488
Occupancy on-charges		(170,053)	(116,636)
Other		336,872	494,871
Total Corporate and Administration		1,727,634	2,780,286

The Group invoiced other parties \$170,053 (2013: \$116,636) for the reimbursement of office and administration costs during the year and incurred \$211,409 (2013: \$222,430) in operating lease expenses.

(d) Employment expenses

Wages and salaries ¹		378,255	671,227
Other associated personnel expenses		2,045	24,991
Increase in liability for long service leave		100,429	-
Contributions to defined contribution plans		35,689	51,328
Equity settled share- based payment transaction	24	1,169,984	1,313,458
Total Employment expenses		1,686,402	2,061,004

¹Total Wages and Salaries incurred during the year including amounts capitalised to exploration and evaluation was \$1,384,049(2013: \$1,691,051).

(e) Depreciation and amortisation

Depreciation of:			
Leasehold improvements	14	32,690	31,219
Plant and equipment	14	40,975	31,408
Software	14	10,158	12,170
Motor vehicles	14	22,166	19,913
Furniture and fixtures	14	4,861	4,940
Total depreciation		110,850	99,650

7 AUDITORS' REMUNERATION

	Consolidated	
	2014	2013
	\$	\$
Auditors of the Group		
<i>KPMG Australia:</i>		
Audit and review of financial reports	48,000	59,025
Tax compliance and advisory services	-	10,000
	48,000	69,025

TNG Limited

Notes to the financial statements

8 INCOME TAX

	Consolidated 2014 \$	Restated ⁽ⁱ⁾ 2013 \$
A reconciliation between tax expense and pre-tax loss:		
Accounting (loss) before income tax	(3,670,228)	(4,617,926)
At the domestic tax rate of 30% (2013: 30%)	(1,101,068)	(1,385,378)
<i>Reconciling items</i>		
Share-based payments – non deductible for income tax purposes	350,995	394,037
Other non-deductible expenses	25,880	139,859
Tax losses and temporary differences not brought to account	724,193	611,044
Accounting expenditure subject to research and development claim	-	240,437
Income tax expense reported in the income statement	-	-
Unused tax losses	31,873,220	26,491,221
Potential tax benefit @ 30%	9,561,966	7,947,336
Tax losses offset against tax liabilities	(5,041,134)	(5,875,174)
Unrecognised tax benefit	4,520,832	2,072,192
Reconciliation of income tax expense		
Current tax expense	-	-
Other comprehensive income	-	-
	-	-

(i) Refer Note 3(b)

All unused tax losses were incurred by Australian entities

Potential future income tax benefits net of deferred tax liabilities attributable to tax losses (both consolidated and Parent Entity) have not been brought to account because the Directors do not believe it is appropriate to regard realisation of the future income tax benefits as probable.

The benefits of these tax losses will only be obtained if:

- (i) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- (ii) the conditions for deductibility imposed by tax legislation continue to be complied with; and
- (iii) no changes in tax legislation adversely affect the Group in realising the benefit.

Deferred income tax

	Statement of financial position 2014 \$	Consolidated 2013 \$
Deferred income tax relates to the following:		
<i>Deferred Tax Liabilities</i>		
Exploration and evaluation assets	5,105,794	5,922,043
Other	353	1,688
<i>Deferred Tax Assets</i>		
Other	(65,012)	(48,557)
Brought forward tax losses offset against deferred tax liabilities	(5,041,134)	(5,875,174)
	-	-

TNG Limited

Notes to the financial statements

8 INCOME TAX (CONTINUED)

Tax Consolidation Legislation

TNG Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation from 1 July 2003. The accounting policy in relation to this legislation is set out in note 3(c).

The entities have not entered into a tax funding agreement

9 EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 30 June 2014 was based on the loss attributable to ordinary shareholders of \$3,670,228 (2013: loss \$4,617,926) and a weighted average number of ordinary shares on issue during the year ended 30 June 2014 of 518,442,381 (2013: 421,240,396).

Loss attributable to ordinary shareholders

	2014 \$	Restated ⁽ⁱ⁾ 2013 \$
Profit/(Loss) for the period	(3,670,228)	(4,617,926)
Profit/(Loss) attributable to ordinary shareholders	(3,670,228)	(4,617,926)

⁽ⁱ⁾ Refer Note 3(b)

Weighted average number of ordinary shares

	2014 Numbers	2013 Numbers
Number of ordinary shares at 1 July	447,421,428	406,861,517
Effect of shares issued	71,020,953	14,350,112
Weighted average number of ordinary shares at 30 June	518,442,381	421,211,629

Effect of dilutive securities

TNG's potential ordinary shares at 30 June 2014, being its options, are not considered dilutive as the conversion of these options would result in a decrease in the net loss per share.

At balance date the Group has options which were not yet exercised as per note 18.

10 SEGMENT INFORMATION

The Board has determined that the Group has one reportable segment, being mineral exploration in Australia. As the Group is focused on mineral exploration, the Board monitors the Group based on actual versus budgeted consolidated results. This internal reporting framework is the most relevant to assist the Board in making decisions regarding the Group and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

All of the Groups assets are located in one geographical segment being Australia.

TNG Limited

Notes to the financial statements

11 CASH AND CASH EQUIVALENTS

	Consolidated	
	2014 \$	2013 \$
Cash	4,002,158	2,594,530

12 TRADE AND OTHER RECEIVABLES

	Consolidated	
	2014 \$	2013 \$
Current		
Trade receivables	20,879	8,871
Other receivables	7,492	3,202,308
Bank short term security deposits	201,085 ¹	179,336
GST receivables	81,490	259,867
	310,946	3,650,382

¹Bank short term deposits maturing between 30 - 60 days are paying interest at a weighted average interest rate of 2.91% (30-60 day deposits 2013: 3.21%).

13 OTHER INVESTMENTS

	Consolidated	
	2014 \$	2013 \$
Current investments		
Available-for-sale investments	2,000	97,600
	2,000	97,600

Available-for-sale investments

Available-for-sale investments consist of shares in listed Australian companies operating in mineral exploration.

	Note	Consolidated	
		2014 \$	2013 \$
Balance at 1 July		97,600	100,000
Change in fair value		2,400	(2,400)
Sale proceeds		(61,971)	-
Impairment		(23,000)	-
Loss on sale	6(b)	(13,029)	-
Balance at 30 June		2,000	97,600

TNG Limited

Notes to the financial statements

14 PLANT & EQUIPMENT

	Consolidated	
	2014 \$	2013 \$
Cost		
Furniture and fittings		
Balance at 1 July	83,621	81,530
Additions	-	2,091
Balance at 30 June	83,621	83,621
Leasehold improvements		
Balance at 1 July	381,502	365,278
Additions	-	16,224
Balance at 30 June	381,502	381,502
Motor vehicles		
Balance at 1 July	88,906	57,677
Additions	-	31,229
Balance at 30 June	88,906	88,906
Plant and equipment		
Balance at 1 July	481,963	413,263
Additions	43,084	68,700
Balance at 30 June	525,047	481,963
Software		
Balance at 1 July	135,486	128,326
Additions	-	7,160
Balance at 30 June	135,486	135,486
Accumulated Depreciation		
Furniture and fittings		
Balance at 1 July	67,509	62,569
Depreciation charge for the year	4,861	4,940
Balance at 30 June	72,370	67,509
Leasehold improvements		
Balance at 1 July	307,425	276,206
Depreciation charge for the year	32,690	31,219
Balance at 30 June	340,115	307,425
Motor vehicles		
Balance at 1 July	24,477	4,564
Depreciation charge for the year	22,166	19,913
Balance at 30 June	46,643	24,477
Plant and equipment		
Balance at 1 July	394,226	362,818
Depreciation charge for the year	40,975	31,408
Balance at 30 June	435,201	394,226
Software		
Balance at 1 July	123,354	111,184
Depreciation charge for the year	10,158	12,170
Balance at 30 June	133,512	123,354

TNG Limited

Notes to the financial statements

14 PLANT & EQUIPMENT (CONTINUED)

Carrying amounts	Consolidated	
	2014 \$	2013 \$
Furniture and fittings		
At 1 July	16,111	18,961
At 30 June	11,251	16,111
Leasehold improvements		
At 1 July	74,077	89,072
At 30 June	41,387	74,077
Motor vehicles		
At 1 July	64,429	53,113
At 30 June	42,263	64,429
Plant and equipment		
At 1 July	87,737	50,445
At 30 June	89,846	87,737
Software		
At 1 July	12,132	17,142
At 30 June	1,974	12,132
Total	186,721	254,486

15 EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	2014 \$	Restated ⁽ⁱ⁾ 2013 \$
Cost		
Balance at 1 July	16,802,009	13,396,389
Exploration expenditure	2,871,143	8,477,198
Purchase of tenements	-	245,000
Research and development rebate	-	(5,316,578)
Impairment	(283,310)	-
Balance at 30 June	19,389,842	16,802,009
Exploration expenditure capitalised during the year		
Drilling and exploration	1,332,144	4,540,399
Feasibility and evaluation	1,538,999	3,936,799
Total exploration expenditure	2,871,143	8,477,198

⁽ⁱ⁾ Refer Note 3(b)

TNG Limited

Notes to the financial statements

15 EXPLORATION AND EVALUATION EXPENDITURE (CONTINUED)

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas. At balance date the carrying amount of exploration and evaluation expenditure was \$19,389,842 of which \$5,453,740 is attributable to the entity's Manbarrum project, \$10,295,289 attributable to the Mount Peake project and the balance relating to Cawse Extended and other current exploration programs.

Manbarrum

Management reassessed the carrying value of its Manbarrum tenements by engaging independent consultants to conduct and external valuation. The indicative value provided by the consultants was higher than the carrying value of the tenements. As a result, management concluded that there was no need to impair the value of the Manbarrum tenements.

Cawse Extended

Norilsk Nickel Australia ("Norilsk") has placed the Cawse Nickel operations (100% Norilsk) on indefinite care and maintenance which will delay any recommencement of mining operations at Cawse Extended.

16 TRADE AND OTHER PAYABLES

	Consolidated	
	2014	2013
	\$	\$
Current		
Trade payables	508,552	727,114
Other	221,231	1,482,017
	<u>729,783</u>	<u>2,209,131</u>

17 PROVISIONS

	Consolidated	
	2014	2013
	\$	\$
Employee provisions		
Current		
Defined contribution superannuation fund provision	45,646	82,826
Liability for long-service leave	100,430	-
	<u>146,076</u>	<u>82,826</u>
Balance at 1 July	82,826	76,840
Net provisions recognised/(used) during the year	63,250	5,986
Balance at 30 June	<u>146,076</u>	<u>82,826</u>

TNG Limited

Notes to the financial statements

18 CAPITAL

	Consolidated	
	2014	2013
	\$	\$
Issued and paid-up share capital	46,231,981	41,857,594

(a) Movements in shares on issue

	2014		2013	
	Number	\$	Number	\$
Balance at the beginning of year	447,421,428	41,857,594	406,861,517	40,434,578
Share placement	68,227,280	3,070,227	20,784,911	1,454,804
Share purchase plan	25,955,494	1,168,000	-	-
Options exercised	44,444	3,555	500,000	75,000
Employee, director and consultant shares	12,350,000 ¹	-	19,275,000	-
Loan funded shares loan – proceeds	-	326,175	-	-
Share issue costs	-	(193,571)	-	(106,788)
Balance at end of year	553,998,646	46,231,981	447,421,428	41,857,594

¹ 11,850,000 shares were issued for no initial consideration subject to the terms of the TNG share plans which were approved by shareholders on 21 November 2012. A further 500,000 share were issued to consultants in lieu of services rendered.

Terms and conditions of contributed equity

Holders of ordinary shares are entitled to receive dividends that may be declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds from liquidation.

Effective 1 July 1998, the Company Law Review Act abolished the concept of par value shares and authorised capital. Accordingly, the Company does not have authorised capital or par value in respect of its issued shares.

(b) Options on issue

Expiry Date	Exercise Price	Number at end of year	
		2014	2013
26 November 2015 (unlisted)	\$0.235	3,000,000	3,000,000
26 November 2016 (unlisted)	\$0.057	4,000,000	-
4 June 2017 (unlisted)	\$0.150	4,500,000	-
31 July 2015 (listed)	\$0.080	47,046,899	-

Please refer to note 24 for the details of options on issue.

Terms and conditions of options

Share options carry no rights to dividends and no voting rights.

(c) Dividends

No dividends were declared or paid during the 2014 financial year.

Dividend franking account	Consolidated	
	2014	2013
	\$	\$
30% franking credits available to shareholders of TNG for subsequent financial years	1,008,568	1,008,568

The above available amounts are based on the balance of the dividend franking account at year end adjusted for franking credits that the entity may be prevented from distributing in subsequent years.

TNG Limited

Notes to the financial statements

19 COMMITMENTS

Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State governments. These requirements are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial report.

	Consolidated	
	2014 \$	2013 \$
Exploration commitments payable not provided for in the financial report:		
Within one year	1,749,000	1,097,000
Operating lease commitments		
Operating lease commitments comprise premises and office equipment and are payable as follows:		
Within one year	209,489	209,519
Between one year and 5 years	197,922	406,199
	407,411	615,718

The Group leases its corporate head office under an operating lease. The lease runs for 5 years with an option to renew the lease after that date. Lease payments are increased every year to reflect market rentals. The Group also has minor leases for storage facilities and office equipment.

20 CONTINGENT LIABILITIES

The details and estimated maximum amounts of contingent liabilities that may become payable are set out below. The Directors are not aware of any circumstance or information which could lead them to believe that these liabilities will crystallise and consequently no provisions are included in the financial statements in respect of these matters.

	Consolidated	
	2014 \$	2013 \$
Guarantees		
A guarantee has been provided to support unconditional environmental performance bonds	114,319	106,870
Total estimated contingent liabilities	114,319	106,870

Indemnities have been provided to Directors and certain executive officers of the Company in respect of liabilities to third parties arising from their positions, except where the liability arises out of conduct involving a lack of good faith. No monetary limit applies to these agreements and there are no known obligations outstanding at 30 June 2014.

Constructive Trust Claim

Resolution of matters arising from 1998.

In the period September to December 1998 management control of TNG was held by interests associated with Davis Samuel Pty Ltd (Davis Samuel). The Davis Samuel nominee Directors committed TNG to a series of transactions involving expenditure totalling \$1,526,000. The Australian Stock Exchange Ltd (ASX) ruled that the transactions required shareholder approval. Shareholders subsequently voted against approving the transactions.

In December 1998, TNG entered into a settlement agreement with Davis Samuel and its Directors which effectively provided for the repayment of the funds expended, and TNG would in turn transfer its shares and options in Kanowna Lights Limited (the Kanowna Securities) to Davis Samuel.

TNG Limited

Notes to the financial statements

20 CONTINGENT LIABILITIES (CONTINUED)

The Commonwealth of Australia (the Commonwealth) in proceedings in the Supreme Court of the Australian Capital Territory has claimed that it is entitled to a constructive trust over certain shares and options held by TNG in Kanowna Lights Limited (the Kanowna Securities) as a result of circumstances arising in the late 1990s when management control of TNG was held by interests associated with Davis Samuel Pty Ltd (Davis Samuel). The Commonwealth has obtained an injunction preventing TNG from selling or otherwise disposing of the Kanowna Securities.

The Commonwealth has claimed that as constructive trustee, TNG is liable to account for the market value of the shares at the time they were acquired. The Commonwealth gave an undertaking as to damages.

In December 1998, TNG entered into a settlement agreement with Davis Samuel and its directors which provided for the repayment of the funds expended by TNG, in exchange for the transfer of the Kanowna Securities to Davis Samuel. Subsequently, in September 1999, Davis Samuel purported to rescind the December 1998 settlement agreement.

TNG, as a party to the proceedings instituted by the Commonwealth, issued cross-claims against Davis Samuel and several other parties including Messrs Allan Endresz, Peter Cain, William Forge, David Muir and Peter Clark. TNG vigorously defended the Commonwealth claims. The court hearing commenced in June 2008 and concluded in the last quarter of 2008. The court reserved its decision, which was handed down on 1 August 2013.

The decision handed down on 1 August 2013 gave judgment for the Commonwealth on its claims, including the claim against TNG in relation to the Kanowna Securities, but has given leave to both TNG and the Commonwealth to make further submissions on how the Commonwealth's election to recover funds from Mark Endresz impacts on the remedies available to the Commonwealth as against TNG. Subject to this, TNG may be required to deliver up the Kanowna Securities to the Commonwealth, or an amount equal to their assessed value (possibly plus interest).

The Court also gave judgment for TNG on its counterclaim against ten of the defendants and on TNG's third party notice to Peter John Clark for damages to be assessed and to indemnify it against the Commonwealth's claim. In addition, the Court confirmed that TNG has an interest in funds and real property as a result of TNG paying over amounts as a consequence of various entities breaching fiduciary duties owed to TNG or assisting in those breaches. The recoverability of the full amount of any judgment in TNG's favour will depend on the ability to pay of those parties who are liable.

The above decision required further hearings and determinations to take place before final orders are made. As a result, any cost to TNG and or recoverable by it on its counter claims cannot be reliably measured at this point in time. These further hearings took place in November and December 2013, but the decisions have been reserved.

If the outcome of this matter is not favourable to TNG, TNG will be liable to deliver the Kanowna Securities (or their value, possibly with interest) to the Commonwealth, and may also be liable for costs of the proceedings if awarded against it.

¹The Kanowna Light securities in dispute were placed in escrow in prior years, as a result they no longer form part of TNGs balance sheet.

TNG Limited

Notes to the financial statements

20 CONTINGENT LIABILITIES (CONTINUED)

Subscription agreement

On 7 November 2011, TNG signed the subscription agreement with the East China Mineral Exploration & Development Bureau ("ECE"), formalising the previously announced strategic partnership.

In summary, the Subscription Agreement provided that:

the Subscribers agreed to subscribe for and the Company agrees to issue 122,058,455 Shares as follows:

- (i) 62,249,812 Shares to Ao-Zhong; and
- (ii) 59,808,643 Shares to Aosu.

The Company also represents and warrants to the Subscribers that any liability which any court may order the Company to pay in respect of legal proceedings known as *The Commonwealth v TNG Limited* (Davis Samuel Claim) will not exceed a value of \$500,000.

If this representation and warranty is found to be incorrect (following the final determination of the Davis Samuel Claim after any avenues of appeal which any party to the Davis Samuel Claim elects to pursue have been exhausted), the Company will be liable to pay as liquidated damages to the Subscribers an amount that is the lesser of:

- (a) \$1,500,000; or
- (b) court ordered liability (including for damages and costs other than the Company's own legal costs incurred before the date of the Subscription Agreement) x 29.999%.

The Subscribers were unwilling to enter into the Subscription Agreement unless the Company included this clause to compensate the Subscribers (up to a cap of \$1,500,000) in respect of any liability incurred as a result of the Davis Samuel Claim (if the Company's liability exceeds \$500,000). Whilst the Company is anticipating it will continue to incur legal costs, as identified above, it is vigorously defending the claim. The Company does not anticipate that its liability (as defined in the Subscription Agreement) in respect of the Davis Samuel Claim will exceed \$500,000.

21 DEED OF CROSS GUARANTEE

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998 the wholly owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports and Directors reports.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor, payment in full, in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act 2001, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the Deed are Connaught Mining NL and Enigma Mining Limited. In accordance with the terms of the Class Order a consolidated statement of comprehensive income, and consolidated statement of financial position comprising the entities that are party to the Deed as set out below.

	2014	Consolidated Restated ⁽ⁱ⁾ 2013
	\$	\$
Statement of Comprehensive Income and retained earnings		
<i>Profit/(loss) before income tax</i>	(3,670,280)	(4,615,613)
Share based payments	1,169,984	1,313,458
<i>Movement in retained earnings</i>	(2,500,296)	(3,302,155)
Retained earnings at beginning of year	(20,624,703)	(17,323,653)
<i>Retained earnings at end of year</i>	(23,125,104)	(15,309,230)

TNG Limited

Notes to the financial statements

21 DEED OF CROSS GUARANTEE (CONTINUED)

Statement of Financial Position	Consolidated	
	2014	Restated ⁽ⁱ⁾
	\$	\$
Cash assets	4,000,819	2,591,513
Trade and other receivables	279,946	3,619,382
Prepayments	-	14,879
Other investments	2,000	97,600
Total current assets	4,282,765	6,323,374
Plant and equipment	186,721	254,485
Intercompany loan	5,708,722	5,707,506
Exploration and evaluation expenditure	13,682,039	11,237,592
Total non-current assets	19,577,482	17,199,583
Total assets	23,860,247	23,522,957
Trade and other payables	707,723	2,210,745
Provision	45,647	82,826
Total current liabilities	753,370	2,293,571
Total liabilities	753,370	2,293,571
Net assets	23,106,877	21,229,386
Issued capital	46,231,981	41,857,594
Reserves	-	(2,400)
Retained earnings	(23,125,104)	(20,625,808)
Total equity	23,106,877	21,229,386

⁽ⁱ⁾ Refer Note 3(b)

22 CONSOLIDATED ENTITIES

Subsidiaries	Country of Incorporation	2014 % of Ownership	2013 % of Ownership
Connaught Mining NL	Australia	100	100
Enigma Mining Limited	Australia	100	100
Tennant Creek Gold (NT) Pty Ltd	Australia	100	100
Manbarrum Mining Pty Ltd	Australia	100	100
TNG Energy Pty Ltd ¹	Australia	100	100
Todd River Resources Limited	Australia	100	-
Todd River Metals Pty Ltd ²	Australia	100	-

¹ Direct subsidiary of Enigma Limited

² Direct subsidiary of Todd River Resources Limited

TNG Limited

Notes to the financial statements

23 NOTES TO THE STATEMENTS OF CASH FLOWS

Reconciliation of cash flows from operating activities

	Consolidated	
	2014	2013
	\$	\$
Net profit/(loss) for the period	(3,670,228)	(4,617,926)
Add/(less) items classified as investing/financing activities:		
Research and development rebate	-	3,195,994
Add/(less) non-cash items:		
Depreciation and amortisation	110,850	99,650
Share based payments	1,169,984	1,313,458
Loss on Available for sale investments	13,029	-
Impairment of Available for sale investments	23,000	-
Impairment of exploration costs	283,309	-
	(2,070,056)	(8,824)
Change in assets and liabilities:		
Change in current payables, borrowing and provisions	85,193	(271,594)
Change in current receivables	19,028	(3,174,197)
Net cash used in operating activities	(1,965,835)	(3,454,615)

⁽ⁱ⁾ Refer Note 3(b)

24 EMPLOYEE BENEFITS

Defined contribution superannuation funds

The Group made contributions to the employees nominated superannuation funds. The amount recognised as an expense was \$35,689 for the financial year ended 30 June 2014 (2013: \$51,327).

Share-based payments

During the year the following shares and option were issued:

Details of shares and options in the Company that were granted as compensation to each key management person during the reporting period and details on options that vested during the reporting period are as follows:

Issue	Grant date/ participant entitled	Number	Vesting conditions	Contractual life of option
1	Shares granted to employees on 27 November 2013	2,100,000	1 years' service	5.0 years
1	Shares granted to consultants on 27 November 2013	1,750,000	1 years' service	5.0 years
1	Shares granted to directors on 27 November 2013	8,000,000	1 years' service	5.0 years
2	Options granted to directors on 27 November 2013	4,000,000	1 years' service	3.0 years
3	Share granted to consultants on 28 March 2014	500,000	-	-
4	Options granted to consultants on 4 June 2014	1,500,000	Nil	3.0 years
4	Options granted to consultants on 4 June 2014	3,000,000	KPI	3.0 years

TNG Limited

Notes to the financial statements

24 EMPLOYEE BENEFITS (CONTINUED)

The fair value of equity share options granted is estimated at the grant dates using the Binomial model, taking into account the terms and conditions upon which the options are granted.

Instruments issued during the period

a) Shares and Loans issued under TNG Employee Share Plan and TNG Non-Executive and Consultant Share Plan

11,850,000 shares were issued subject to the terms of the TNG share plans which were approved by shareholders on 21 November 2012. The Plan Shares issued cannot be sold transferred, assigned, charged or otherwise encumbered for 12 months after the date of issue.

TNG has issued limited Recourse Loans to the value of shares issued under the plans. The loans are repayable in full by the date which is 5 years after the date of issue of the Plan and are interest free. The loans are however, limited recourse, so if the Plan Shares are sold the proceeds will be taken to repay the loan even if the proceeds are less than the value of the loan.

In the event that vesting conditions are not satisfied the participant must arrange to sell the shares and pay TNG any outstanding loan amount in accordance with the terms of the Share Plan.

The ability to exercise the plan shares is conditional upon the employee or consultant remaining employed or contracted to the company. If this performance hurdle is met the shares will be unencumbered after 12 months aiding with staff retention.

The following inputs were used in the measurement of the fair values at grant of the shares and loans:

	Issue 1
Dividend yield	0.00%
Share price at date of grant	\$0.042
Exercise price	\$0.040
Volatility	85%
Risk free rate	3.48%
Expiration date	26 Nov 2018
Binomial valuation	\$0.029

b) Options issued under TNG Non-Executive and Consultant Option Plan

8,500,000 options were issued subject to the terms of the TNG Non-Executive and Consultant option Plan which was approved by shareholders on 21 November 2012.

The ability to exercise the options is conditional upon the employee, consultant remaining employed, or contracted to the company for 12 month's or meeting the prescribed KPI's outlined in their offer letter. If these performance hurdles are met the options will be unencumbered aiding with staff retention and/or prescribed company objectives having been met.

The following inputs were used in the measurement of the fair values at grant date of options:

	Issue 2	Issue 4
Dividend yield	0.00%	0.00%
Share price at date of grant	\$0.042	\$0.16
Exercise price	\$0.057	\$0.15
Volatility	85%	85%
Risk free rate	3.036%	3.036%
Expiration date	26 Nov 2016	5 June 2017
Binomial valuation	\$0.021	\$0.092

TNG Limited

Notes to the financial statements

24 EMPLOYEE BENEFITS (CONTINUED)

c) Share issued to consultants

500,000 shares were issued to consultants in lieu of services rendered.

The following inputs were used in the measurement of the fair values at grant date of options:

	Issue 3
Dividend yield	-
Share price at date of grant	\$0.07
Exercise price	-
Volatility	-
Risk free rate	-
Expiration date	-
Market valuation	\$0.07

In accordance with AASB2 'Share-based payments' the Group has charged the fair value of share-based payments to the income statement over the vesting period.

Employee expenses

	Note	Consolidated	
		2014	2013
		\$	\$
Share options granted in 2014 equity settled		1,169,984	1,313,458
Total expense/(income) recognised as employee expenses	6(d)	1,169,984	1,313,458

The number and weighted average exercise prices of share options is as follows:

	Consolidated			
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	2014	2014	2013	2013
	\$		\$	
Outstanding at 1 July	0.235	3,000,000	0.150	21,100,000
Expired during the period	-	-	0.150	(22,400,000)
Exercised during the year	-	-	0.150	(500,000)
Granted during the period	0.106	8,500,000	0.203	4,800,000
Outstanding during the period	0.140	11,500,000	0.235	3,000,000
Exercisable at 30 June	0.207	4,500,000	0.235	3,000,000

The options outstanding at 30 June 2014 have an exercise price ranging from \$0.057 to \$0.235 and a weighted average contractual life of 2.35 years.

Options granted to Directors are disclosed in the remuneration report.

TNG Limited

Notes to the financial statements

25 RELATED PARTIES

(a) Compensation of key management personnel

Key management personnel compensation comprised the following:

Compensation by category

	Consolidated	
	2014	2013
	\$	\$
<i>Key Management Personnel</i>		
Short-term	891,109	995,995
Post-employment	51,311	47,586
Share-based payments	742,002	978,850
	1,684,422	2,022,431

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

(b) Other transactions with key management personnel

During the year no related party transactions were conducted with key management personnel of the company. During 2013 consulting fees were paid to Hatched Creek Pty Ltd (\$27,135) and Katrina Corporation Pty Ltd (\$27,135) of which Neil Biddle and Rex Turkington were related parties of respectively.

26 INTEREST IN JOINT VENTURE OPERATIONS

Joint venture operations

Joint venture party	Joint venture	Principal activities	Consolidated			
			Interest		Exploration expenditure	
			2014	2013	2014	2013
			%	%	\$	\$
Norilsk Nickel Cawse Ltd	Cawse Extended	Nickel/Cobalt	20.00	20.00	-	-

Other interests in operations

La Mancha Pty Ltd	Kintore East	Gold	N/A – 2% Gold return interest	N/A – 2% Gold return interest	-	-
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Exploration expenditure represents direct expenditure incurred by the Group.

TNG Limited

Notes to the financial statements

27 PARENT ENTITY INFORMATION

As at, and throughout, the financial year ending 30 June 2014 the parent entity of the Group was TNG Ltd.

	2014 \$	Restated ⁽ⁱ⁾ 2013 \$
Current assets	4,264,331	6,160,007
Total assets	25,358,428	28,627,997
Current liabilities	660,221	777,069
Total liabilities	660,221	777,069
Issued capital	46,231,981	41,857,594
Retained earnings	(21,533,763)	(19,320,834)
Fair value reserve	-	(2,400)
Total shareholders' equity	24,698,218	22,534,350
Profit or loss of the parent entity	(3,382,904)	(4,597,715)
Total comprehensive income of the parent entity	(3,382,904)	(4,600,115)

⁽ⁱ⁾ Refer Note 3(b)

Tax consolidation

TNG and its 100% owned Australian subsidiaries formed a tax consolidated group with effect from 1 July 2003. TNG is the head entity of the tax consolidated group. Members of the group have not entered into a tax sharing agreement.

The parent entity has entered into a Deed of Cross Guarantee with its subsidiaries. Refer note 21 for details.

Operating lease commitments

	2014 \$	2013 \$
Operating lease commitments are payable as follows:		
Within one year	209,489	209,519
Between one year and 5 years	197,922	406,199
	407,411	615,718

For contingent liabilities in relation to the parent entity, please refer to note 20.

28 EVENTS SUBSEQUENT TO BALANCE DATE

No material subsequent events were recorded subsequent to balance date.

TNG Limited Directors Declaration

- 1 In the opinion of the directors of TNG Limited (the "Company"):
 - (a) the financial statements and notes, and the Remuneration report in the Director's report, set out on pages 30 to 37, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Accounting Standards and Corporation Regulations 2001, and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 2 There are reasonable grounds to believe that the Company and the group entities identified in note 21 will be able to meet any obligation or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and the controlled entities pursuant to ASIC Class Order 98/1418.
- 3 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer (or equivalent) and Chief Financial Officer for the financial year ended 30 June 2014
- 4 the directors draw attention to note 2(a) of the consolidated financial statements which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with the resolution of the directors:



Paul Burton
Managing Director
Dated at Perth 23 September 2014



Independent auditor's report to the members of TNG Limited

Report on the financial report

We have audited the accompanying financial report of TNG Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2014, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 28 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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



Auditor's opinion

In our opinion:

- (a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Restatement of comparative balances

Without modification to the opinion expressed above, we draw attention to Note 3(b) of the financial report, which discloses the comparative balances which have been restated to comply with Australian Accounting Standards.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of TNG Limited for the year ended 30 June 2014, complies with Section 300A of the *Corporations Act 2001*.

KPMG

Trevor Hart
Partner

Perth

23 September 2014

TNG Limited

ASX Additional Information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

Shareholdings (as at 22 September 2014)

Substantial shareholders

Substantial holders in the Company are set out below:

Shareholder	Number
AO-ZHONG INTERNATIONAL MINERAL RESOURCES PTY LTD	62,249,812
MR WARREN WILLIAM BROWN + MRS MARILYN HELENA BROWN	57,160,000
AOSU INVESTMENT AND DEVELOPMENT CO PTY LTD	56,308,643

Class of shares and voting rights

(a) at meetings of members or classes of members each member entitled to vote may vote in person or by proxy or attorney; and

(b) on a show of hands every person present who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share held.

On-market buy-back

There is no current on-market buy-back.

Distribution of equity securities as at 31 August 2014

Category	Number of equity security holders		
	Ordinary Shares	Listed shares	Unlisted shares
1 – 1,000	156	1	-
1,001 – 5,000	518	4	-
5,001 – 10,000	520	0	-
10,001 – 100,000	1,605	140	-
100,001 and over	546	76	4
	3,445	221	4

The number of shareholders holding less than a marketable parcel is 276.

Unlisted Options

Unlisted options exercisable @ \$0.235 expiring 26 November 2015

Total on issue	2,600,000
Number of holders	2
Holder with 20% or more:	2
Wang Zhigang	1,600,000
Helen Yang	1,000,000

Unlisted options exercisable @ \$0.057 expiring 26 November 2016

Total on issue	4,000,000
Number of holders	2
Holder with 20% or more:	2
Michael Evans	2,000,000
Wang Zhigang	2,000,000

Unlisted options exercisable @ \$0.15 expiring 5 June 2017

Total on issue	4,500,000
Number of holders	1
Holder with 20% or more:	1
Paul Vollant	4,500,000

TNG Limited

ASX Additional Information

Restricted securities

During the year 11,850,000 shares were issued pursuant to the Company's loan funded share plans. In accordance with the terms and conditions of the offers made a "Holding lock" has been placed on the shares for a period of 1 year from the date of issue being 27/11/2013 until certain restrictions are satisfied (unless waived by the board). Further details of the plans are set out in the notice of meeting for the 2012 Annual General Meeting.

Twenty largest shareholders as at 22 September 2014

Rank	Name	Units	% of Units
1.	AO-ZHONG INTERNATIONAL MINERAL RESOURCES PTY LTD	62,249,812	11.22%
2.	MR WARREN WILLIAM BROWN + MRS MARILYN HELENA BROWN	57,160,000	10.31%
3.	AOSU INVESTMENT AND DEVELOPMENT CO PTY LTD	56,308,643	10.15%
4.	PAUL BURTON	9,083,333	1.64%
5.	J P MORGAN NOMINEES AUSTRALIA	7,994,674	1.44%
6.	TOP CLASS HOLDINGS PTY LTD	7,550,000	1.36%
7.	MR ADAM FURST	6,964,938	1.26%
8.	MR TODD BROUWER	6,676,667	1.20%
9.	REX TURKINGTON	5,721,333	1.03%
10.	MRS JENNIFER LYNNE WESTERMAN	5,585,138	1.01%
11.	MR BENJAMIN SLOAN BUTCHER	5,474,861	0.99%
12.	STUART CROW	4,870,538	0.88%
13.	MRS JENNIFER LYNNE WESTERMAN	3,220,000	0.58%
14.	MR BENJAMIN SLOAN BUTCHER	2,878,905	0.52%
15.	TURMOYLE PTY LTD	2,676,758	0.48%
16.	MR PHILIP MAXFIELD	2,600,000	0.47%
17.	CENTRE CORPORATION PTY LIMITED	2,521,695	0.45%
18.	TEAS NOMINEES PTY LTD	2,500,000	0.45%
19.	MR JOHN HALLILEY	2,290,000	0.41%
20.	MR KEVIN EDWARD DEEVES	2,250,000	0.41%
Totals: Top 20 holders of FULLY PAID SHARES (GROUPED)		256,577,295	46.27%
Total Remaining Holders Balance		297,999,127	53.73%

Twenty largest option holders as at 22 September 2014

Rank	Name	Units	% of Units
1.	MR WARREN WILLIAM BROWN + MRS MARILYN HELENA BROWN	12,850,000	27.42%
2.	MR ADAM FURST	4,035,062	8.61%
3.	KEVIN BARRY BUILDING SERVICE	3,691,221	7.88%
4.	MR TODD BROUWER	3,333,333	7.11%
5.	MR ADAM DAVID BOREHAM	1,709,054	3.65%
6.	MR DARREN WILLIAMS	1,000,000	2.13%
7.	MR BRUNO DIMASI &	988,333	2.11%
8.	AUSPIPE PTY LTD	683,079	1.46%
9.	MRS ANDREA THACKRAY	660,001	1.41%
10.	BONOS PTY LTD	555,000	1.18%
11.	MR TIMOTHY CHARLES STENHOUSE	550,000	1.17%
12.	MR SCOTT RAUSCHENBERGER	518,556	1.11%
13.	DMT INVESTMENTS PTY LTD	516,666	1.10%
14.	MR LAURENCE ANTONY ALLARD	426,777	0.91%
15.	MR JULIAN CHRISTOPHER HAILES &	410,000	0.87%
16.	MS KAREN CHURK YIU LAI	406,222	0.87%
17.	MR BRUNO DIMASI &	400,000	0.85%
18.	JOHN WARDMAN & ASSOCIATES	400,000	0.85%
19.	MR MARK ANDREW LINNEY	397,222	0.85%
20.	GG & DT SUPER PTY LTD	349,746	0.75%
Totals: Top 20 holders of LISTED OPTIONS EXPIRING ON 31/07/2015 @ \$0.08		33,880,272	72.29%
Total Remaining Holders Balance		12,988,851	27.71%

TNG Limited

ASX Additional Information

The Group holds an interest in the following tenements or tenement applications:

Project	Tenements	Equity
Mount Peake	L27069, EL27070, , EL27787, EL27941, EL28941, EL29578, ELR29627, ELA29867, MLA28341, MLA29855, MLA29856	100%
McArthur River	EL27711, EL30085	100%
Melville Island	ELA28617	100% (Farm in agreement)
Croker Island	ELA29164	100%
East Arnhem Land	EL28218, EL28219	100%
High Black Range	ELA30207, ELA30208	100%
Mount Hardy	EL27892, ELA29219 EL 28694	100%
Manbarrum	A24518, A26581, EL24395, EL25646, EL25470, MLA27357	100%
Sandover	EL29252, EL29253, EL29254	100%
Walabanba Hills	EL26848, EL27115, EL27876	100% (Farm in agreement)
Tomkinson	ELA30348, ELA30359	100%
Warramunga/Rover JV	EL24471, EL25581, ELA25582, ELA25587, MLC647	49% (Farm in agreement)
Peterman Ranges	ELA26383, ELA25564, ELA26384, ELA25562, ELA26382	100% (Farm in agreement)
Goddard's	ELA24260	100% (Farm in agreement)
Cawse Extended	M24/547, M24/548, M24/549, M24/550	20% free carried to production, or can be converted to a 2% net smelter return on ore mined. Unicorn Pit is now excised and a wet tonne royalty applies.
Kintore East	P16/2370, P16/2371, P16/2372, P16/2373, P16/2374,	Diluting from 49% to 2% gold return interest on production. Current percentage interest is 23.75%.

Legend

- A: Authorisation (equivalent or Exploration Licence)
- E: Exploration Licence (W.A)
- EL: Exploration Licence (N.T)
- ELA: Exploration Licence Application
- M: Mining Lease (W.A)
- MLC: Mineral Lease Central (N.T)
- MLA: Mineral Lease Application (N.T)
- P: Prospecting Licence (W.A)

TNG Limited

ASX Additional Information

Mineral Resources

As at 30 June 2014 the company has reviewed its Mineral resources which are as follows:

Mount Peake Resource (JORC 2012)

Year	Project	Category	Tonnes	V ₂ O ₅ %	TiO ₂ %	Fe%	Al ₂ O ₃ %	SiO ₂ %
2013/14	Mount Peake	Measured	118	0.29	5.5	24	8.2	33
2013/14	Mount Peake	Indicated	20	0.28	5.3	22	9.1	34
2013/14	Mount Peake	Inferred	22	0.22	4.4	19	10	38
2013/14	Mount Peake	Total	160	0.28	5.3	23	8.6	34

This resource is unchanged from 30 June 2013.

Manbarrum (JORC 2004)

Material	Classification	Tonnes	ZN	PB	AG
Oxide	Indicated	575,000	1.45	0.43	5.14
	Inferred	877,000	1.26	0.28	3.24
	Total	1,452,000	1.34	0.34	3.99
Primary	Indicated	12,906,000	2.07	0.57	4.77
	Inferred	10,023,000	1.54	0.30	4.40
	Total	22,929,000	1.84	0.45	4.61
Total		24,381,000	1.81	0.45	4.57

Djibitgun Total Ag Mineral Resource

Classification	Resource	Commodity	Tonnes	Zn %	Pb %	Ag g/t
Inferred	Oxide	Silver	19,930,000	0.5	0.2	16.4

Note: This resource includes 9.5Mt @ 0.6% Zn, 0.2% Pb, 20.2g/t Ag at a lower cut-off grade of +15g/t Ag

Djibitgun Zn Mineral Resource

Classification	Resource	Commodity	Tonnes	Zn %	Pb %	Ag g/t
Inferred	Oxide	Zinc	6,720,000	1.8	0.6	14.0

Note: This resource is reported above a 1% Zn lower cut-off grade, and includes 3.8Mt @ 2.2% Zn, 0.5% Pb, 15.3g/t Ag above a lower cut-off grade of 1.5% Zn.

This resource is unchanged from 30 June 2013.

The Company engaged independent consultants to prepare Resource estimates.

In the course of doing so the consultants have:

- Reviewed TNG's assay and QAQC data.
- Generated electronic models that represent the interpreted geology, mineralisation and oxidation profiles, based on drilling and geological information supplied by TNG.
- Complete statistical analysis and variography for economic elements.
- Estimated grades of economic elements using ordinary kriging and completed model validity checks.
- Classified the Mineral Resource estimate in accordance with the JORC Code (JORC, 2012 and 2004), as applicable.
- Reported the estimates and compiled supporting documentation in accordance with JORC Code guidelines.