



TNGLIMITED

HALF-YEAR FINANCIAL REPORT

31 December 2007

ABN 12 000 817 023

TNG Limited and its controlled entities

Half Year Financial Report

Company Particulars

Directors

John W Barr	(Chairman)
Neil Biddle	(Managing Director)
Michael Bowen	(Non Executive Director)
Edward Fry	(Non-Executive Director)
Terence Smith	(Non Executive Director)

Company Secretary

Damian Delaney

Registered Office

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Website: www.tngltd.com.au
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Auditors

KPMG

Share Registry

Computershare Investor Services Pty Limited
Level 2
45 St George's Terrace
Perth WA 6000
Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033

Australian Stock Exchange: (Code: TNG)
Stock Exchange Germany: (Code: TNG)

Directors' Report

The Directors present their report together with the consolidated financial report for the half year ended 31 December 2007 and the independent review report thereon.

Directors

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

Name

John W Barr	(Chairman)
Neil Biddle	(Managing director)
Michael Bowen	(Non executive director)
Terence Smith	(Non executive director)
Edward Fry	(Non-executive director)

MANBARRUM ZINC-LEAD-SILVER PROJECT (TNG 100%)

Background

The Manbarrum Project is located 70 Km north east of Kununurra WA and is wholly contained within the Northern Territory.

Manbarrum forms part of TNG's Bonaparte Basin Base Metals strategy which also includes tenements located east and north of Kununurra in Western Australia. The Manbarrum project contains 5 contiguous mining tenements occupying a total area of approximately 550 sq.km

Manbarrum is TNG's flagship project and has been the focus of exploration expenditure over the past 18 months. Total project expenditure to December 2007 is in excess of \$10.5m of which approximately \$8.3m was incurred during 2007 financial year.

TNG proposes to systematically explore the tenements which are highly prospective for multiple Mississippi Valley Type (MVT) zinc-lead-silver deposits. The main areas of interest to date are the Sandy Creek Prospect, and the Djibitgun, Browns and Landandi Prospects. These advanced prospects are all defined by known zinc-lead-silver mineralization supported by historical drilling in conjunction with IP and gravity anomalies.

Furthermore Sandy Creek contains an established resource, presently being updated, and Djibitgun is a new 2007 discovery which contains significant zinc-silver mineralization. An initial resource estimation for Djibitgun is expected to be completed by end March 2008.

2007 Exploration

An extensive exploration program was conducted during 2007 with multiple aims.

1. Diamond and RC drilling to better define and extend the Sandy Creek resource zone and to provide drill core for definitive metallurgical and geotechnical studies.
2. RC drilling to test a large IP anomaly (NEIP) immediately north east of Sandy Creek.
3. Diamond and RC drilling to define an initial resource at Djibitgun and provide samples for initial metallurgical work.
4. IP and gravity surveys at prospect scale to better define historical anomalies and identify new anomalies along the basin margin.
5. Environmental baseline and monitoring surveys.

A summary of the exploration work completed and a table with a drilling analysis is shown below:

- 23,293m of RC drilling
- 14,124m of Diamond Drilling
- 20,614 samples for analysis
- 84 line kilometres of Induced Polarisation (IP)
- 3,000 gravity stations surveyed

A total exploration expenditure of **\$8,395,796** was incurred for the calendar year ended 31 December 2007.

PROSPECT	RC			DD		
	No of holes	m	\$	No of holes	m	\$
Sandy Creek	72	12,173	\$1,480,536	58	12,957.3	\$2,365,356
NEIP	25	3,978	\$514,075	1	205.3	\$40,782
Djibitgun	52	7,142	\$1,069,276	5	961.8	\$203,910
TOTAL	149	23,293	\$3,063,887	64	14,124.40	\$2,610,048

Table 1: Drilling summary, 2007.

2007 Exploration Results

Sandy Creek:

High variability was encountered in the drill results commencing with the first diamond hole results in July 2007. This was totally unexpected by TNG however variability in these types of deposits was later noted to be a common occurrence on a global scale. This variability was consistently seen in the results from the central "pipe" zone with high grade, broad zinc intersections occurring nearby low grade or discontinuous zinc grades. Further drilling on different orientations will be required to adequately resolve the controls on mineralization within the central pipe zone.

Procedures were established to test and check the 2006 drill results and also the erratic 2007 drill results from the central pipe zone. The results of the QA-QC check established that there was no reason to doubt the 2006 drill results. Variability in mineralization was the probable cause for non-repeat of results from twinned holes. It was also verified that geological/mineralogical settings within the central zone have the potential for a loss of Zn sulphide during the drilling procedures. Results record highly significant values of **15-35% Zn** from sumps located next to several RC holes. Losses of high grade material from drill core are also evident due to soft fine grained sphalerite-dolomite vug fill being washed out of the vugs. Quantifying this into the resource has proved problematic and modified drill techniques will be utilized in 2008 to improve recoveries of high grade material.

The stratabound mineralization was significantly extended by drilling and now includes very well defined high grade Lead-Silver and Lead-Zinc zones within an extensive halo of contiguous lower grade zinc dominant mineralization. The stratabound mineralisation is contained within a sandy dolomite unit which extends over a 1.2km x 0.3 km zone lying between 20m and 100m vertical depth

Due to a variety of reasons out of TNG's control, there was a significant delay in receipt of results . A full set of results for Sandy Creek was not received until late November 2007, delaying the commencement of the revised resource calculation. The revised resource estimate for Sandy Creek was not completed at the date of this report.

Djibitgun:

Djibitgun is located 17 km north of Sandy Creek. The prospect was known to contain extensive mineralisation based on historical Aquitaine drilling and rock chip sampling. Close spaced 2007 IP and gravity identified numerous anomalies located over areas of known anomalous mineralisation and also over areas not previously tested by Aquitaine.

RC and diamond drilling was conducted over the most prospective areas on 100m x 100m drill hole spacings. A broad zone of oxidized zinc-silver mineralization has been identified over a 1km x .3km zone which contains 2 discrete zones of higher grade zinc and silver. The oxide zone remains open in all directions and is a prime target for a large tonnage deposit. Sufficient drilling has been completed for a preliminary resource estimate which is expected to be released by end first quarter 2008.

Significant zones of primary sulphide (sphalerite galena pyrite) mineralization were also intersected in some of the deeper holes confirming the overlying IP anomaly. The sulphides are considered highly prospective for Sandy Creek style mineralisation and will be further drill tested in 2008.

TNG Limited and its controlled entities Directors' Report

CAWSE EXTENDED NICKEL PROJECT (TNG 20% free carried to production, Norilsk 80%)

Cawse Extended project contains significant nickel-cobalt resources which are contained within granted mining leases adjacent to the Cawse Nickel Project (Norilsk 100%) located 80km north of Kalgoorlie WA.

TNG has recently received upgraded resource and reserve estimates based on 2007 drilling. These will be released when they are signed off as JORC compliant.

Further information is expected to be available by the end of the first quarter 2008.

MOUNT PEAKE NICKEL PROSPECT (TNG 100%)

Comprises two Exploration Licences overlying a concealed ultramafic unit. Previous drilling has identified disseminated nickel sulphides on the ultramafic margin. TNG plans to conduct TEM and IP geophysical surveys prior to defining drill targets.


ROVER, MUSGRAVE, GODDARDS (TNG 100%)

Subsequent to 31 December 2007, these prospects are subject to a farm in agreement with Western Desert Resources Ltd(WDR) whereby WDR may earn up to an 80% interest by expenditure of \$4.0 Million. TNG's retained 20% interest is free carried to final feasibility.

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

The lead auditor's independence declaration is set out on page 6 and forms part of the directors' report for the half-year ended 31 December 2007.

Signed in accordance with a resolution of the Directors:



John W Barr
Chairman

12 March 2008



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 half-year ended 31 December 2007 there have been:

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


KPMG


J G Robinson
Partner

Perth
12 March 2008

Consolidated Interim Income Statement
For the six months ended 31 December 2007

	Note	2007	2006
		\$	\$
Gain on sale of tenements	7	941,481	-
Other income		514,953	2,626
Total income		1,456,434	2,626
Occupancy expenses		(108,163)	(27,996)
Administrative expenses		(146,379)	(51,290)
Employment expense		(554,995)	(100,157)
Corporate expenses		(892,181)	(398,891)
Depreciation and amortisation expense		(153,456)	(91,913)
Share based payment expense for consultants/employees		(828,641)	(2,241,816)
Impairment of investment in associates		-	(1,914,818)
Change in fair value of investments held for trading		-	592,070
Results from operating activities		(1,227,381)	(4,232,185)
Financial income		196,056	59,038
Financial expense		(20,905)	(1,143)
Net financing income		175,151	57,895
Share of profit in associates accounted for using the equity method		-	231,444
Loss before income tax		(1,052,230)	(3,942,846)
Income tax expense		-	-
Loss for the period		(1,052,230)	(3,942,846)
Earnings per share (cents per share)			
Basic and diluted loss per share		(0.570)	(3.865)

The consolidated interim income statement is to be read in conjunction with the notes to the interim financial statements.

Consolidated Interim Balance Sheet As at 31 December 2007

	Note	31 December 2007	30 June 2007
		\$	\$
Current Assets			
Cash and cash equivalents	3	5,666,238	9,880,637
Trade and other receivables		568,919	281,381
Prepayments		110,021	26,486
Total current assets		<u>6,345,178</u>	<u>10,188,504</u>
Non-Current Assets			
Available-for-sale investments	4	504,443	617,527
Plant and equipment		1,327,407	1,436,806
Exploration and evaluation expenditure	7	15,979,397	9,433,453
Total non-current assets		<u>17,811,247</u>	<u>11,487,786</u>
Total assets		<u><u>24,156,425</u></u>	<u><u>21,676,290</u></u>
Current Liabilities			
Trade and other payables		945,358	1,051,150
Provisions		73,941	32,850
Total current liabilities		<u>1,019,299</u>	<u>1,084,000</u>
Non-current Liabilities			
Interest-bearing liabilities		480,000	480,000
Total non-current liabilities		<u>480,000</u>	<u>480,000</u>
Total liabilities		<u><u>1,499,299</u></u>	<u><u>1,564,000</u></u>
Net assets		<u><u>22,657,126</u></u>	<u><u>20,112,290</u></u>
Equity			
Issued capital	5	20,478,198	15,490,639
Reserves		(219,434)	-
Retained earnings		2,398,362	4,621,651
Total equity		<u><u>22,657,126</u></u>	<u><u>20,112,290</u></u>

The consolidated interim balance sheet is to be read in conjunction with the notes to the interim financial statements.

Consolidated Interim Cash Flow Statement
For the six months ended 31 December 2007

	2007	2006
	\$	\$
Cash flows from operating activities		
Cash receipts in the course of operations	300	-
Cash paid to suppliers and employees	(1,714,404)	(735,976)
Interest received	196,056	59,033
Proceeds from royalties	-	9,877
Net cash used in operating activities	(1,518,048)	(667,066)
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(7,534,967)	(1,917,515)
Payments for plant and equipment	(44,057)	(563,886)
Payments for investments	(106,050)	(386,496)
Proceeds from sale of investments	-	213,020
Net cash used in investing activities	(7,685,074)	(2,654,877)
Cash flows from financing activities		
Proceeds from the issue of shares and options	5,256,000	847,688
Transaction costs from the issue of share capital and options	(267,277)	-
Finance lease payments	-	(8,202)
Net cash received from financing activities	4,988,723	839,486
Net decrease in cash and cash equivalents	(4,214,399)	(2,482,457)
Cash and cash equivalents at 1 July	9,880,637	3,327,132
Cash and cash equivalents at 31 December	5,666,238	844,675

This consolidated statement of cashflows is to be read in conjunction with the notes to the interim financial statements.

**Consolidated Statement Of
Changes In Equity
For the six months ended 31 December 2007**

	Issued Capital \$	Retained Earnings \$	Translation Reserve \$	Option Reserve \$	Fair Value Reserve \$	Total Equity \$
Balance at 1 July 2006	9,346,022	2,813,817	34,214	1,003,370	-	13,197,423
Net change in fair value of available-for-sale-investments	-	-	-	-	2,981,149	2,981,149
Share of associates gains recognised directly in equity	-	-	13,110	-	96,995	110,105
Total income and expenses recognised directly in equity	-	-	13,110	-	3,078,144	3,091,254
Net loss for the period	-	(3,942,846)	-	-	-	(3,942,846)
Total recognised income and expense	-	(3,942,846)	13,110	-	3,078,144	(851,952)
Options exercised	848,888	-	-	-	-	848,888
Option exercise costs	(1,200)	-	-	-	-	(1,200)
Share based payments expense	1,440,000	801,816	-	-	-	2,241,816
Balance at 31 December 2006	11,633,710	(327,213)	47,324	1,003,370	3,078,144	15,435,335
Balance at 1 July 2007	15,490,639	4,621,651	-	-	-	20,112,290
Net change in fair value of available-for-sale-investments	-	-	-	-	(219,434)	(219,434)
Total income and expense recognised directly in equity	-	-	-	-	(219,434)	(219,434)
Net loss for the period	-	(1,052,230)	-	-	-	(1,052,230)
Total recognised income and expense	-	(1,052,230)	-	-	(219,434)	(1,271,664)
In-specie distribution (WDR)	-	(1,999,700)	-	-	-	(1,999,700)
In-specie distribution (WDR)	(1,164)	-	-	-	-	(1,164)
In specie distribution costs	(1,841)	-	-	-	-	(1,841)
Share placement	5,000,000	-	-	-	-	5,000,000
Share placement costs	(250,000)	-	-	-	-	(250,000)
Options exercised	256,000	-	-	-	-	256,000
Option exercise costs	(15,436)	-	-	-	-	(15,436)
Share based payments expense	-	828,641	-	-	-	828,641
Balance at 31 December 2007	20,478,198	2,398,362	-	-	(219,434)	22,657,126

The amounts recognised directly in equity are disclosed net of tax

The consolidated interim statement of changes in equity is to be read in conjunction with the notes to the interim financial statements.

Notes to the condensed consolidated financial statements

1. Statement of significant accounting policies

TNG Limited (the "Company") is a company domiciled in Australia. The condensed consolidated interim financial report of the Company for the six months ended 31 December 2007 comprises the Company and its subsidiaries (together referred to as the "consolidated entity").

(a) Basis of preparation

The condensed consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting*, and the Corporation Act 2001.

The condensed consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated financial report of the consolidated entity as at and for the year ended 30 June 2007.

The condensed consolidated interim financial report is presented in Australian dollars and is prepared on the historical cost basis, except for available-for-sale and held for trading investments that have been measured at fair value.

The condensed consolidated interim financial report was approved by the Board of Directors on 12 March 2008.

(b) Significant accounting policies

Except as described below, the accounting policies applied by the consolidated entity in this condensed consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 30 June 2007.

Australian Accounting Standards and UIG Interpretations that have recently been amended and are effective from 1 July 2007 are outlined below.

AASB-4 Amendments to Australian Accounting Standards arising from ED 51 and other Amendments (April 2007)(AASB 2007-4). This standard is mandatorily applicable for the first time to the December 2007 interim financial report. This standard has had no material impact to the financial statements.

(c) Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial report, the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2007.

Notes to the condensed consolidated financial statements

2. Segment information

Segment information is presented in the condensed consolidated interim financial statements in respect of the consolidated entity's business segments, which are the primary basis of segment reporting. The business segment reporting format reflects the consolidated entity's management and internal reporting structure. Inter-segment pricing is determined on an arm's length basis.

Business Segments

The consolidated entity comprises of the following main business segments:

Exploration Exploration and development on mineral tenements.

Investments Investments in publicly listed and other companies.

Geographical Segments

The consolidated entities business segments all operate in Australia.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and expenses.

Primary Reporting - Business Segments

Six months ended 31 December 2007	Exploration	Investments	Total
	\$	\$	\$
Revenue			
External segment revenue	941,481	-	941,481
Total segment revenue			941,481
Other unallocated revenue			711,009
Total revenue			<u>1,652,490</u>
Result			
Segment result	941,481	-	941,481
Profit of associates			-
Unallocated corporate revenues and expenses			(1,993,711)
Loss from ordinary activities before income tax			<u>(1,052,230)</u>
Six months ended 31 December 2006	Exploration	Investments	Total
	\$	\$	\$
Revenue			
External segment revenue	-	-	-
Total segment revenue			-
Other unallocated revenue			61,664
Total revenue			<u>61,664</u>
Result			
Segment result	(158,710)	(1,322,748)	(1,481,458)
Profit of associates			231,444
Unallocated corporate revenues and expenses			(2,692,832)
Loss from ordinary activities before income tax			<u>(3,942,846)</u>

Notes to the condensed consolidated financial statements

3. Cash and cash equivalents

	31 December 2007	30 June 2007
	\$	\$
Cash	5,548,555	9,763,637
Short term bank deposits	117,683	117,000
	<u>5,666,238</u>	<u>9,880,637</u>

4. Available-for-sale investments

At fair value	31 December 2007	30 June 2007
	\$	\$
Shares – listed	<u>504,443</u>	<u>617,527</u>

Available-for-sale investments consists of:

- (1) Investment in Thor Mining PLC, a company listed on the Australian Stock Exchange (“ASX”) and the Alternative Investment Market (“AIM”) and which operates in mineral exploration.

At 31 December 2007 the company held 1,093,817 shares in Thor Mining PLC. The listed share price of Thor Mining PLC was \$0.19 per share which equated to a total market value of \$207,825. The company also holds warrants in Thor Mining PLC of \$50,864;

- (2) Investment in Batavia, a company listed on the ASX and which operates in mineral exploration.

At 31 December 2007, the company held 2,045,454 shares in Batavia. The listed share price of Batavia was \$0.12 per share which equated to a total market value of \$245,454;

- (3) Investment in Western Desert Resources (“WDR”), a company listed on the ASX and which operates in uranium exploration.

At 31 December 2007, the company held 1,502 shares in WDR. The listed share price of WDR was \$0.25 per share which equated to a total market value of \$376.

5. Capital

	December 2007	June 2007
	\$	\$
Issued and paid-up share capital		
198,683,315 (June 2007: 182,092,405) ordinary shares, fully paid	20,476,575	15,490,639
(a) Movements in shares on issue	2007	2006
	Number	Number
Balance at 1 July	182,092,405	100,628,983
Options Exercised	1,500,000	5,552,588
Share Placement	<u>9,090,910</u>	<u>3,000,000</u>
Balance at 31 December	<u>198,683,315</u>	<u>109,181,571</u>

Notes to the condensed consolidated financial statements

6. Share-based payments

The terms and conditions of the employee share option plans are disclosed in the consolidated financial report as at and for the year ended 30 June 2007. In November and December 2007, further grants were made to consultants and key management personnel respectively.

The terms and conditions of the grants made during the six months ended 31 December 2007 are as follows:

Grant Date	Number of Instruments	Vesting conditions	Contractual life of options
26 November 2007	200,000	Immediately	1.9 years
19 December 2007	1,500,000	Immediately	2.3 years

Fair value of share option and assumptions for the six months ended 31 December 2007:

Grant Date	26-Nov-07	19-Dec-07
Fair value at grant date	\$0.173	\$0.177
Share price	\$0.50	\$0.40
Exercise price	\$0.75	\$0.49
Expected volatility	80%	80%
Risk free interest rate (based on government bonds)	6.65%	6.82%
Expected dividends	-	-
Option Life	2 years	2-3 years

The basis of measuring fair value is consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2007.

7. Exploration, Evaluation and Development Expenditure

Cost	31 December 2007	30 June 2007
	\$	\$
Balance at the beginning of the period	9,433,453	7,058,279
Exploration expenditure	6,545,944	2,275,174
Balance at the end of the period	<u>15,979,397</u>	<u>9,433,453</u>
Drilling	4,387,401	1,546,776
Analysis	444,138	68,596
Sale of tenements	(1,135,089)	(200,000)
Other	2,849,493	959,802
	<u>6,545,944</u>	<u>2,275,174</u>

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.

During the period tenements with a carrying value of \$1,135,089 were sold to Western Desert Resources (WDR) for 10 million ordinary shares in WDR valued at \$0.20 (\$2,000,000). The gain on sale of \$941,481 is reflected in the consolidated interim income statement. These shares were subsequently distributed to shareholders via an in specie distribution on the 13 of September 2007.

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8. Subsequent events

Since balance date, falls in global and local markets have affected the fair value of the available-for-sale investments held by the TNG Limited at 31 December 2007 as follows:

Unrealised loss of \$97,022 or 19% on investments held at 31 December 2007 and which remain on hand at 20 February 2008.

No adjustment has been made to the fair value of available-for-sale investments of \$504,443 recognised in the condensed consolidated financial statements.

9. 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	
	2007	2006
	\$	\$
Litigation		
Constructive trust claim over the Kanowna Securities. Refer below.	277,000	277,000
Guarantees		
A guarantee has been provided to support unconditional environmental performance bonds	117,000	70,000
Indemnities¹	-	-
Total estimated contingent liabilities	394,000	347,000

¹ 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 31 December 2007.

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 Securities 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.

The Commonwealth of Australia (the Commonwealth) in proceedings in the Supreme Court of the Australian Capital Territory claimed that it was entitled to a constructive trust over the Kanowna Securities and obtained an injunction preventing TNG from selling or otherwise disposing of them. The Commonwealth has claimed that as constructive trustee. The Commonwealth gave an undertaking as to damages.

Subsequently, in September 1999, Davis Samuel purported to rescind the December 1998 Settlement Agreement.

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The Commonwealth is on notice that if TNG suffers damages as a result of the Commonwealth's injunction, and the Commonwealth ultimately fails to prove its constructive trust claim, TNG will claim the damages from the Commonwealth.

The above matter is on for mention on 14 March 2008 with a potentially listing for trial in June 2008.

Legal action against Davis Samuel

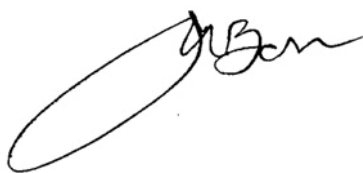
TNG, as a party to the proceedings instituted by the Commonwealth, issued cross-claims against Davis Samuel and several other parties including Messrs Allan Endresz, Peter Cain, William Forge, David Muir and Peter Clark.

Directors' Declaration

In the opinion of the directors of TNG Limited ("the Company"):

- 1 the financial statements and notes set out on pages 7 to 16, are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2007 and of its performance, as represented by the results of its operations and its cash flows, for the half year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- 2 there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'JW Barr', is written over a large, light-colored oval shape.

John W Barr
Chairman

12 March 2008



Independent auditor's review report to the members of TNG Limited

Report on the financial report

We have reviewed the accompanying half-year financial report of TNG Limited, which comprises the consolidated interim balance sheet as at 31 December 2007, income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies and other explanatory notes 1 to 9 and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of TNG Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of TNG Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.


KPMG


J.G. Robinson
Partner

Perth
12 March 2008