

## UPDATE ON PROPOSED GRANT OF PERFORMANCE RIGHTS AND NON-EXECUTIVE DIRECTOR RIGHTS

Australian resource and mineral processing technology company TNG Limited (ASX: TNG) ("TNG" or the "Company") advises that its Board of Directors has resolved to revise the structure of the previously-announced proposed grant of Performance Rights and Non-Executive Directors Rights (together, "**Rights**").

As announced on 21 May 2020, the Company proposes to make offers of up to 36.5 million Rights to Directors and eligible executives, employees and consultants under the TNG Limited Performance Rights Plan and the recently-established TNG Limited NED Rights Plan (together, the "**Rights Plans**").

The Board of Directors has subsequently resolved to revise the structure of the proposed offers of Rights, with a greater focus on the delivery of major project milestones related to the delivery of TNG's flagship Mount Peake Vanadium-Titanium-Iron Project in the Northern Territory.

The changes to the structure of the proposed Rights are summarised as follow:

- Former Class A, which related to the execution of off-take agreements for all products to be produced at Mount Peake, has been removed as a class given the targeted completion of these outstanding agreements during the next quarter.
- The weightings of all classes have been revised with a greater allocation to the revised Classes C to F, which relate to the major project milestones (ie, ground breaking activities, and equity and debt financing) and the TNG market capitalisation milestone. The weighting towards revised Classes C to F has increased from 50% to 80% of the total number of proposed Rights to be granted for eligible executives, employees and consultants, and from 60% to 90% for Non-Executive Directors.
- Class F (formerly Class G) has been amended, with the TNG target market capitalisation increasing from A\$300 million to A\$500 million, and any new shares issued after the grant of the Rights now excluded from the market capitalisation calculation.

Please refer to Annexure A for further details on the revised structure of the proposed grant of Rights.

The Board believes that the revised structure adequately focuses on the achievement of the key project development milestones, while still delivering on the objectives of the Rights offers of attracting, retaining and incentivising the key personnel required for the successful delivery of Mount Peake and driving company performance for the benefit of all shareholders. All other areas of the proposal remain the same.

The proposed grant of Rights to Directors is subject to shareholder approval, which is intended to be sought at the Company's 2020 Annual General Meeting later this year. The grant of Rights to eligible executives, employees and consultants will be made subject to the approval by shareholders of the proposed grants of Rights to Directors.

Authorised by:

**John Elkington**  
Chairman

25 June 2020

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**About TNG**

TNG is a Perth based resource and mineral processing technology company focussing on building a world-scale strategic metals business based on its flagship 100%-owned Mount Peake Vanadium-Titanium-Iron Project in the Northern Territory. Located 235km north of Alice Springs, Mount Peake will be a long-life project producing a suite of high-quality, high-purity strategic products for global markets including vanadium pentoxide, titanium dioxide pigment and iron ore fines. The project, which is expected to be a top-10 global producer, has received Major Project Facilitation status from the Northern Territory Government.

## Annexure A – Summary of key terms of Rights

The revised proposed Rights are structured in different classes as detailed below, with each class of Rights subject to different vesting conditions. The Rights classes will be the same for Performance Rights and NED Rights, with the same vesting conditions to apply.

The total number of Rights to vest will depend on the satisfaction of the vesting conditions in each class. The vesting period for the Rights is three (3) years from the date of grant of Rights.

Unlisted Rights	Number proposed to be granted to Directors including the Managing Director (subject to shareholder approval)	Number proposed to be issued to eligible executives, employees and contractors	Principle Terms	Issue Price
Class A	2,050,000	2,900,000	The unlisted Rights will be issued under the terms of the Rights Plans.	Nil
Class B	870,000	1,000,000		
Class C	3,480,000	3,800,000		
Class D	3,480,000	3,800,000		
Class E	3,480,000	3,800,000		
Class F	4,040,000	3,800,000		
<b>Total</b>	<b>17,400,000</b>	<b>19,100,000</b>		

Class	Vesting Condition	Weighting	
		Non-Executive Directors	Eligible executives, employees & consultants
<b>A</b>	Completion of the Mount Peake Project Front-End Engineering and Design (FEED) Study by SMS group, and receipt of a turnkey EPC proposal from SMS group	5%	15%
<b>B</b>	Entry into binding documentation for the acquisition of land for the Darwin Processing Facility by the NT Government	5%	5%
<b>C</b>	Commencement of ground-breaking activities at the Mount Peake Project	20%	20%
<b>D</b>	Entry into binding documentation to raise an amount of equity finance which is sufficient to support the project financing of the Mount Peake Project	20%	20%
<b>E</b>	Entry into binding documentation to raise an amount of debt finance which is sufficient to support the project financing of the Mount Peake Project	20%	20%
<b>F</b>	TNG's market capitalisation reaching A\$500 million based on a volume weighted average price of TNG shares over 20 consecutive trading days on which TNG shares have traded multiplied by the number of issued shares on the day of the grant of the Rights, which will exclude any new shares issued after the grant date.	30%	20%

The TNG Limited Performance Rights Plan was approved by shareholders at TNG's 2018 Annual General Meeting (see Notice of Annual General Meeting released to ASX on 16 October 2018 for further details). The key terms of the TNG Limited NED Rights Plan are the same as the key terms of the Performance Rights Plan, except that NED Rights may only be issued to non-executive Directors. To date, the Company has not issued any Rights under the Rights Plans.

Rights will vest only upon satisfaction of certain key performance/vesting conditions as set by the Board of Directors and will entitle the holder to one fully-paid TNG ordinary share for each vested right.

Each Right will, upon vesting and exercise, result in the issue of one ordinary share in the Company. No issue price or exercise price is payable for the Rights. The Board will determine (in its sole discretion) the extent to which the relevant vesting conditions have been satisfied. Rights may vest (and be exercised into shares) progressively as vesting conditions are satisfied.