

TNG LIMITED

ABN 12 000 817 023

and its Controlled Entities

Half-Year Financial Report

31 December 2020

TNG Limited and its controlled entities

Corporate Information

Directors

Paul Burton	(Managing Director & CEO)
John Elkington	(Non-Executive Director and Chairman)
Simon Morten	(Non-Executive Director)

Joint Company Secretaries

Jason Giltay
Paula Raffo

Registered Office

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Subiaco WA 6008

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Email: corporate@tngltd.com.au

Share Registry

Computershare Investor Services Pty Limited
Level 11
172 St Georges Terrace
Perth WA 6000
Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033

Auditor

KPMG
235 St Georges Terrace
Perth WA 6000

Domestic Stock Exchange

Australian Stock Exchange Limited (ASX)
Code: TNG

International Stock Exchange

German Stock Exchange
Code: HJI

TNG Limited and its controlled entities

Directors' Report

The directors of TNG Limited (the "Company" or "TNG") present their report on the consolidated entity, consisting of the Company and its subsidiaries, together with the consolidated financial statements for the six months ended 31 December 2020 and the review report thereon.

DIRECTORS

The Directors of the Company during and since the end of the financial period are:

Paul Burton (Managing Director & CEO)
John Elkington (Non-Executive Director and Chairman)
Greg Durack (Non-Executive Director) (resigned effective as of 4 February 2021)
Simon Morten (Non-Executive Director)

REVIEW OF OPERATIONS

OVERVIEW

TNG Limited ("TNG" or the "Company") is an Australian resource and mineral processing technology company which is progressing towards the development of its 100%-owned world-class Mount Peake Vanadium-Titanium-Iron Project ("Mount Peake Project" or "Project") in the Northern Territory, Australia.

The half year ended 31 December 2020 was marked by substantial progress across key work streams of the comprehensive front-end engineering and design ("FEED") study for the Mount Peake Project, despite restrictions imposed worldwide due to the COVID-19 pandemic, and across permitting and approvals.

The Company has also advanced its green energy strategy with the establishment of a Vanadium Redox Flow Battery business and strategic partnership agreement with SMS group ("SMS") to develop green hydrogen production technology.

HIGHLIGHTS

- Life-of-Mine Off-take Agreement executed with Vimson Group for 100% of planned hematite production for the Mount Peake Project.
- Life-of-Mine Off-take and Marketing Agreement executed with Gunvor (Singapore) for 40% of the planned vanadium pentoxide production for the Mount Peake Project.
- Continued progression of key work streams within the FEED study for the Mount Peake Project.
- Pre-qualification tender of the majority of non-process infrastructure ("NPI") work streams completed.
- Issue of an Authority Certificate for mining by the Aboriginal Areas Protection Authority ("AAPA").
- Submission of a Revised Mining Management Plan for the Mount Peake Mine Site.
- Establishment of a Vanadium Redox Flow Battery business unit.
- Strategic partner development agreement with German based SMS for development of carbon-neutral hydrogen technology to be applied to the TIVAN® Process.
- Appointment of KPMG Corporate Finance project finance team as global financial advisor.
- Raising of \$8.8 million under an Entitlement Issue.
- Further extension of the term of the debt financing mandate with KfW IPEX-Bank GmbH ("KfW") to 11 December 2021.

TNG Limited and its controlled entities

Directors' Report

COVID-19

In July 2020, the Company returned to normalised working hours and arrangements for its project management team and other staff with the provision of flexible working arrangements when required. All necessary health and safety precautions continue to be adhered to.

The Company is closely monitoring the COVID-19 situation in Australia and internationally, including new measures implemented by governments around the world, mainly in Europe, and for any potential impacts on the Project.

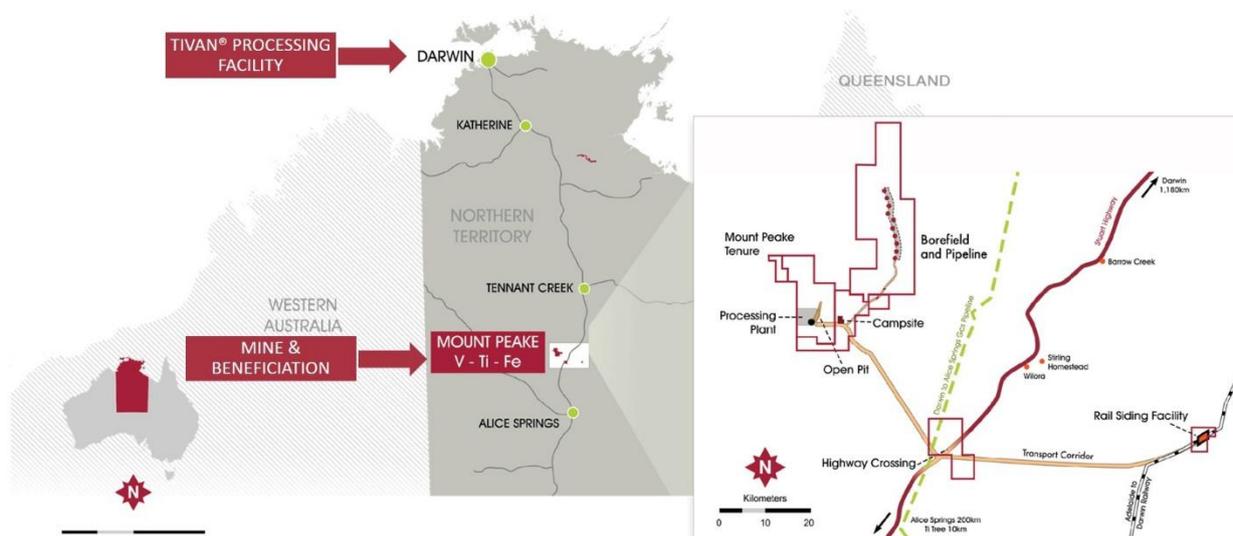
MOUNT PEAKE VANADIUM-TITANIUM-IRON PROJECT

Project Summary

The Mount Peake Project is a world-scale strategic metals project located in the Northern Territory, discovered and 100% owned by TNG. The Project is well positioned close to existing power and transport infrastructure, including the Alice Springs-Darwin Railway and the Stuart Highway. Close to surface and flat lying, the Mount Peake ore body has a Resource of 160 million tonnes grading 0.28% V_2O_5 , 5.3% TiO_2 and 23% Fe, making it one of the largest undeveloped vanadium-titanium-iron projects globally.

The Company's strategy is to produce three high-value, high-purity products – vanadium pentoxide (V_2O_5), titanium dioxide pigment (TiO_2) and iron oxide (Fe_2O_3) – utilising an innovative processing technology, the TIVAN® process, developed and 100% owned by TNG. The Project is proposed to be developed across two sites in the Northern Territory:

- a mine site located on granted mining tenure 235km northwest of Alice Springs in the Northern Territory, including an open pit mining operation and a proposed Beneficiation Plant; and
- an upstream TIVAN® Processing Facility ("DPF"), including a Titanium Pigment Plant, proposed to be located at a site in the Middle Arm Industrial Precinct on the Darwin Harbour.



Project location map

TNG Limited and its controlled entities

Directors' Report

Project Status

During the period, the Company continued to progress planning, design and engineering for the development of the Mount Peake Project, including the comprehensive FEED Study for the Darwin TIVAN® Processing Facility and the Mine Site Beneficiation Plant, which is being undertaken by the leading German-based engineering firm SMS.

In parallel with the FEED study, the Company has completed the tender process and short-listed service providers for the NPI works required at both the DPF and the mine site Beneficiation Plant, which includes haul roads, bore fields, accommodation camp, logistics infrastructure and power supply.

Following completion of the FEED study, SMS will provide to TNG a fixed-price engineering, procurement and construction proposal to deliver the TIVAN® Processing Facility and Beneficiation Plant. The proposal will include production quantity, production rate and product quality guarantees.

The Company also materially advanced permitting for the Project during the reporting period with the submission of a Revised MMP for the Mount Peak Mine Site to the Department of Industry, Tourism and Trade of the Northern Territory Government ("NTG"). The Revised MMP follows the response to all key matters raised by the NTG on the Initial MMP submitted in late 2019.

During the period, the Company was granted an Authority Certificate ("Certificate") for the mine site area by the AAPA. The issue of the AAPA Certificate is a key permit the Company required before any on ground commencement of mining operations for the Mount Peake Project.

Mount Peake Products - Off-Take Agreements

Vanadium Pentoxide

During the period, the Company executed a binding life-of-mine off-take and marketing agreement with global commodity trader Gunvor (Singapore) for 40% of the planned production of 6,000 tonnes per annum of high-purity vanadium pentoxide for the Mount Peake Project. The agreement with Gunvor complements the existing life-of-mine agreement with Wooten (Korea) for 60% of TNG's planned vanadium pentoxide production.

Titanium Dioxide Pigment

The Company has a binding life-of-mine off-take and marketing agreement with market expansion provider DKSH (Switzerland) for a minimum of 75,000 tonnes and up to 100% of TNG's planned titanium dioxide production for the Mount Peake Project.

Iron Ore

During the period, the Company executed a binding life-of-mine off-take agreement with the Vimson Group for 100% of the planned production of 500,000 tonnes per annum of high-grade iron ore fines (+64% Fe) for the Mount Peake Project.

Mount Peake Financing

In September 2020, TNG appointed KPMG Corporate Finance as its global financial advisor for the Mount Peake Project to assist the Company to optimise and execute the debt and equity components for the total project financing requirements for Project development and operations. KPMG Corporate Finance's scope of work will be limited to the provision of advice, whilst the responsibility for management decisions rests with the management of TNG.

KPMG Corporate Finance has a dedicated mining corporate finance team that assists with global-scale projects like Mount Peake and has recent experience working on other large project financing deals with KfW, the Northern Australia Infrastructure Facility ("NAIF") and export credit agencies.

TNG Limited and its controlled entities

Directors' Report

Debt Finance

During the period, TNG extended its mandate with Germany's State-owned KfW, the Company's exclusive senior debt advisor and arranger to lead a debt raise of up to US\$600 million for the development and construction of the Mount Peake Project, to December 2021.

The Company also continued to advance discussions with KfW regarding project financing and structuring. TNG also furthered discussions with NAIF regarding their funding process, following the prior submission of a detailed proposal to NAIF.

Equity

The Company continued evaluating different options for equity financing during the period. However, the final equity requirement will only be determined following completion of the FEED study and confirmation of the level of debt funding available.

Hydrogen Production Technology

In September 2020, the Company entered into a strategic partner agreement with SMS group to develop a CO₂-neutral technology for the production of green hydrogen from various renewable, secondary or fossil hydrocarbon sources by means of plasma pyrolysis, utilising green electrical energy.

This technology, which consumes roughly one-third of the electricity required to produce the same amount of hydrogen by electrolysis of water, could be the preferred reduction agent for TNG's TIVAN[®] Process, marking an important step in the Company's roadmap towards achieving a net zero carbon footprint for TIVAN[®].

Vanadium Redox Flow Battery ("VRFB") Business Unit

In November 2020, the Company established a VRFB business unit via its green energy focused 100%-owned subsidiary, TNG Energy Pty Ltd, as part of its vertical integration strategy for the Mount Peake Project.

TNG's aim is to produce its own vanadium electrolyte and become a commercial supplier of VRFB's targeting greenhouse emission reductions, providing an economic alternative to conventional power generation for standalone off-grid power systems.

The Company subsequently appointed Australian renewable energy companies Generators and Off-Grid Energy to provide business development advice and juwi Renewable Energy to provide specialist technical advice.

OTHER PROJECTS

Kulgera Project (EL – 100% TNG)

During the reporting period, the Company was granted Exploration Licences for the Kulgera Project, a 1,231km² vanadium and titanium exploration project located along the South Australian border in the Northern Territory.

Future planned work programs at Kulgera will be focused on defining sources of concentrate that could be treated using TNG's TIVAN[®] Process and conducting concentrate flowsheet refinement and TIVAN[®] testwork to determine the economics of extraction which could enhance the Mount Peake Project.

Moonlight Project (ELA – 100% TNG)

The Company has submitted Exploration Licence Applications for a vanadium exploration project at Moonlight, located 80km west of Daly Waters in the central Northern Territory. The project tenure has already been advertised by the Northern Territory Government and is now progressing through the normal grant process.

Cawse Extended Mine Project: Nickel-Cobalt (80%: Mesmeric / 20%: TNG)

The Company has a 20% free-carried interest in the Cawse Extended Mining Lease. No further information was supplied by Mesmeric Enterprises during the reporting period.

TNG Limited and its controlled entities

Directors' Report

WORKING CAPITAL

TNG had total cash reserves of \$9.3 million and working capital of \$8.3 million at the end of the reporting period. Subsequent to the end of the reporting period, the Company increased its cash reserves with receipt of a \$5.14 million cash rebate under the Federal Government's Research and Development tax incentive scheme for eligible activities undertaken during the 2019/2020 financial year, and a further \$3.73 million (before costs) via the placement of all of the shortfall from the Company's recent entitlement issue.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 8 and forms part of the Directors' Report for the six months ended 31 December 2020.

ROUNDING OFF

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the condensed consolidated interim financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors.



Paul E Burton
Managing Director & CEO
9 March 2021

TNG Limited and Controlled Entities Auditor's Independence Declaration



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 review of TNG Limited for the half-year ended 31 December 2020 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

KPMG

Jane Bailey

Jane Bailey

Partner

Perth

9 March 2021

TNG Limited and its controlled entities

Half-Year Financial Report

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 31 December 2020

	Note	31 December 2020 \$'000	31 December 2019 \$'000
Other Income		183	-
Total income		183	-
Occupancy expenses		(116)	(105)
Administrative expenses		(43)	(103)
Employment expenses		(722)	(742)
Corporate expenses		(404)	(869)
Depreciation and amortisation expense		(19)	(21)
Results from operating activities		(1,121)	(1,840)
Financial income		14	163
Financial expenses		(7)	(9)
Net financing income/(Expense)		7	154
Loss before income tax		(1,114)	(1,686)
Income tax benefit/(expense)		-	-
Loss for the period		(1,114)	(1,686)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Equity Investments at FVOCI-net change in fair value		189	(139)
Other comprehensive income/(loss) for the period		189	(139)
Total comprehensive loss for the period		(925)	(1,825)
Loss per share (cents per share)			
Basic and diluted loss per share (cents per share)		(0.10)	(0.15)

The condensed consolidated interim statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the condensed consolidated interim financial statements.

TNG Limited and its controlled entities

Half-Year Financial Report

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

		31 December 2020	30 June 2020
	Note	\$'000	\$'000
Current Assets			
Cash and cash equivalents		9,341	8,616
Other receivables	6	5,392	258
Prepayments		335	358
Total current assets		15,068	9,232
Non-Current Assets			
Other receivables	6	67	67
Other investments	7	381	192
Plant and equipment		47	60
Exploration and evaluation assets	8	46,898	46,288
Right-of-use asset	9	270	350
Total non-current assets		47,663	46,957
Total assets		62,731	56,189
Current Liabilities			
Trade and other payables	6	1,104	2,282
Provisions		496	464
Lease liabilities	6,9	137	146
Total current liabilities		1,737	2,892
Non-Current Liabilities			
Lease liabilities	6,9	147	215
Total non-current liabilities		147	215
Total liabilities		1,884	3,107
Net assets		60,847	53,082
Equity			
Issued capital	10	111,248	102,595
Reserves		(3,167)	(3,356)
Accumulated loss		(47,234)	(46,157)
Total equity		60,847	53,082

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

TNG Limited and its controlled entities

Half-Year Financial Report

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

For the half year ended 31 December 2020

	31 December 2020	31 December 2019
	\$'000	\$'000
Cash flows from operating activities		
Cash receipts in the course of operations	183	-
Cash paid to suppliers and employees	(1,179)	(2,106)
Interest received	22	141
Interest paid	(7)	(9)
Net cash (used in) operating activities	(981)	(1,974)
Cash flows from investing activities		
Payments for exploration and evaluation	(6,876)	(8,568)
Research and Development rebate	-	2,185
Acquisition of plant and equipment	(3)	(22)
Payment of security bonds	-	(3)
Net cash (used in) investing activities	(6,879)	(6,408)
Cash flows from financing activities		
Proceeds from issue of shares	8,768	4,980
Loan funded share plan – loan repayment	40	-
Cost of shares issued	(151)	(259)
Payments of lease liabilities	(72)	(68)
Net cash received from financing activities	8,585	4,653
Net increase / (decrease) in cash and cash equivalents	725	(3,729)
Cash and cash equivalents at 1 July	8,616	20,114
Cash and cash equivalents at 31 December	9,341	16,385

This condensed consolidated interim cash flow statement is to be read in conjunction with the notes to the condensed consolidated interim financial statements.

TNG Limited and its controlled entities

Half-Year Financial Report

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2020

	Issued Capital	Accumulated loss	Fair Value Reserve	Total Equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2019	97,874	(43,272)	(3,229)	51,373
Equity Investment at FVOCI-net change in fair value			(139)	(139)
Net loss for the period	-	(1,686)	-	(1,686)
Total comprehensive Income (loss) for the period	-	(1,686)	(139)	(1,825)
<i>Transactions with owners, recorded directly in equity</i>				
Share placement	4,980	-	-	4,980
Cost of share issue	(259)	-	-	(259)
Balance at 31 December 2019	102,595	(44,958)	(3,368)	54,269
Balance at 1 July 2020	102,595	(46,157)	(3,356)	53,082
Equity Investment at FVOCI-net change in fair value	-	-	189	189
Net loss for the period	-	(1,114)	-	(1,114)
Total comprehensive loss for the period	-	(1,114)	189	(925)
<i>Transactions with owners, recorded directly in equity</i>				
Share placement	8,768	-	-	8,768
Loan funded share plan – loan repayment	40	-	-	40
Cost of share issue	(155)	-	-	(155)
Share based payments expense	-	37	-	37
Balance at 31 December 2020	111,248	(47,234)	(3,167)	60,847

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

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

TNG Limited and Controlled Entities

Notes to the consolidated financial statements

1. Corporate Information

TNG Limited (the “Company”) is a for-profit company limited by shares, incorporated and domiciled in Australia, and whose shares are publicly traded.

The condensed consolidated interim financial report as at and for the half year ended 31 December 2020 comprises the Company and its subsidiaries (together referred to as the “Group”). The Group is a for profit entity and is primarily involved in the exploration, evaluation and development of mineral assets within Australia.

2. Basis of Preparation and Accounting Policies

Basis of preparation

The condensed consolidated interim financial statements for the half -year ended 31 December 2020 has been prepared in accordance with AASB134 Interim Financial Reporting and the Corporations Act 2001.

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 30 June 2020 which are available upon request from the Company’s Registered Office or at www.tngltd.com.au.

The Half-Year Financial Report was approved by the Board of Directors on 9 March 2021.

Significant accounting policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2020.

3. Estimates

The preparation of the Half Year 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 Half-Year Financial Report, the significant judgements made by management in applying the Group’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 2020.

TNG Limited and Controlled Entities

Notes to the consolidated financial statements

4. 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.

Whilst not immediately required, the Group may need to raise additional funds to meet its ongoing obligations and subject to the results of its ongoing exploration and engineering activities, expand or accelerate its work programs. Additional sources of funding available to the Group include capital raising from new or existing shareholders, or through farm-in or similar arrangements. If necessary, Directors can curtail discretionary expenditure to preserve cash reserves.

The Directors have reviewed the Group's overall financial position and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group has sufficient funds available for at least 12 months and when required will be able to raise further funding. If necessary, the Group can curtail spending should it be required and institute cost saving measures to further reduce corporate and administrative costs.

5. Segment information

The Board has determined that the Group has one reportable segment, being mineral exploration and evaluation in Australia, consequently the Group does not report segmented operations.

6. Financial Assets and Financial Liabilities

Set out below is an overview of financial assets (other than cash and short-term deposits) and financial liabilities, held by the Group at 31 December 2020.

	31 December 2020 6 months \$'000	30 June 2020 12 months \$'000
<i>Financial assets at amortised cost</i>		
Other receivables – R&D rebate	5,139	-
Other Receivables- Other	320	325
Total financial assets	5,459	325
<i>Financial liabilities at amortised cost</i>		
Trade and other payables	1,104	2,282
Obligations under leases		
Current	137	146
Non-current	147	215
Total financial liabilities	1,388	2,643

TNG Limited and Controlled Entities

Notes to the consolidated financial statements

7. Other Investments

	31 December 2020 6 months \$'000	30 June 2020 12 months \$'000
Balance at the beginning of the period	192	319
Revaluation recognised in other comprehensive income	189	(127)
Balance at the end of the period	381	192

The group's investments in equity securities are classified as Investment in equity securities (FVOCI). Subsequent to initial recognition, they are measured at fair value. Gains and losses on revaluation (i.e. changes in fair value) of asset are recognised in other comprehensive income (FVOCI). During the reporting period, TNG recognised a fair value adjustment of \$188,743 through other comprehensive income.

8. Exploration, evaluation and engineering expenditure

Cost	31 December 2020 6 months \$'000	30 June 2020 12 months \$'000
Balance at the beginning of the period	46,288	32,076
Exploration and evaluation expenditure	5,749	16,397
Research and development rebate	(5,139)	(2,185)
Balance at the end of the period	46,898	46,288

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 sheet date the carrying amount of exploration and evaluation expenditure was \$46,897,675 of which \$46,768,504 was attributable to the Mount Peake Project and the balance relating to Cawse Extended and other exploration projects.

TNG Limited and Controlled Entities

Notes to the consolidated financial statements

9. Leases

Lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate and assessment of whether it will exercise a purchase, extension or termination option or there is a revised-in substance fixed lease payment.

Cost	31 December 2020 6 months \$'000	30 June 2020 12 months \$'000
Balance at the beginning of the period	361	488
Additions	-	12
Cancellation of Lease Option to renew	(6)	-
Interest expense	7	18
Lease repayments	(78)	(157)
Lease liability at the end of the period	284	361
Comprising:		
Current	137	146
Non-current	147	215
	284	361

Right-of-use-assets are measured at the amount equal to the lease liability at inception adjusted by the amount of depreciation relating to that lease recognised in the balance sheet as at 31 December 2020.

Cost	31 December 2020 6 months \$'000	30 June 2020 12 months \$'000
Balance at the beginning of the period	350	488
Additions	-	12
Cancellation of Lease Option to renew	(6)	-
Depreciation expense	(74)	(150)
Closing carrying value at the end of the period	270	350

The Group leases offices, shed and office equipment between 1 and 5 years with in some cases, options to extend.

TNG Limited and Controlled Entities

Notes to the consolidated financial statements

10. Issued Capital

	31 December 2020 6 months \$'000	30 June 2020 12 months \$'000
Issued and paid-up share capital	111,248	102,595

Movements in shares on issue

	31 December 2020 6 months		30 June 2020 12 months	
	Number	\$'000	Number	\$'000
Balance at the beginning of the period	1,124,545,124	102,595	1,070,994,327	97,874
Capital raisings	87,681,874	8,768	53,550,797	4,980
Loan funded share plan - loan repayment	-	40	-	-
Share issue costs	-	(155)	-	(259)
Balance at 31 December 2020	1,212,226,998	111,248	1,124,545,124	102,595

During the reporting period, the Company completed a pro rata non-renounceable Entitlement Issue to eligible shareholders at \$0.10 per new share. A total of 87,681,874 new shares were issued raising a total amount of \$8,768,187 (before costs). A total of 87,681,874 listed options were also issued at no cost to participants.

Additionally, an amount of \$39,500 was received from the repayment of the purchase of 500,000 Plan Shares under the Company's Non-Executive Director and Consultant Share Plan.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

TNG Limited and Controlled Entities

Notes to the consolidated financial statements

11. Subsequent events

On 21 January 2021, the Company announced that it had received firm commitments to place all of the shortfall from its recently closed non-renounceable pro rata entitlement issue through Sanlam Private Wealth to raise \$3.73 million (before costs) via the issue of 37,270,042 shares at \$0.10 per share, and 37,270,042 listed options at nil cost. The shortfall securities were issued on 29 January 2021.

On 22 January 2021, the Company announced that it had received an amount of \$5.14m as a refundable tax offset under the Federal Government's Research and Development ("R&D") tax incentive scheme for eligible R&D activities undertaken during the 2019/2020 financial year. This amount was recognized under 'Other Receivables' at 31 December (refer note 6). TNG's R&D activities relate to its 100%-owned Mount Peake Vanadium-Titanium-Iron Project in the Northern Territory and TIVAN® processing technology.

On 1 February 2021, the Company announced that it had submitted the Supplement to the Company's Draft Environmental Impact Statement for its proposed Darwin TIVAN® Processing Facility, part of its 100%-owned Mount Peake Vanadium-Titanium-Iron Project, to the Northern Territory Environmental Protection Authority.

On 4 February 2021, Mr Greg Durack, resigned as a Non-Executive Director of the Company to take up the position of Managing Director and Chief Executive Officer of another resources company which is preparing to list on the ASX.

On 15 February 2021, highly experienced mining executive Mr Jonathan Fisher commenced employment as Chief Financial Officer of the Company.

The Directors are not aware of any other matters or circumstances which have arisen since 31 December 2020 that have significantly affected or may significantly affect:

- a) the Company's operations in future years, or
- b) the results of those operations in future financial years, or
- c) the Company's state of affairs in future financial years.

TNG Limited and Controlled Entities Directors' Declaration

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

- 1 the condensed consolidated interim financial statements and notes set out on pages 9 to 18, are in accordance with the *Corporations Act 2001*, including:
 - (a) giving a true and fair view of the financial position of the Group as at 31 December 2020 and of its performance for the six months 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 and the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Paul E Burton
Managing Director & CEO

9 March 2021

TNG Limited and Controlled Entities Independent Auditor's Review Report



Independent Auditor's Review Report

To the shareholders of TNG Limited

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying *Half-year Financial Report* of TNG Limited.

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 does not comply with the *Corporations Act 2001*, including:

- Giving a true and fair view of the *Group's* financial position as at 31 December 2020 and of 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*.

The *Half-year Financial Report* comprises:

- Condensed consolidated interim statement of financial position as at 31 December 2020.
- Condensed consolidated statement of profit or loss and other comprehensive income, Condensed consolidated interim statement of changes in equity and Condensed consolidated interim cash flow statement for the Half-year ended on that date.
- Notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information.
- The Directors' Declaration.

The *Group* comprises TNG Limited (the Company) and the entities it controlled at the Half-year's end or from time to time during the Half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

TNG Limited and Controlled Entities

Independent Auditor's Review Report



Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- The preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- Such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 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*.

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.

KPMG

KPMG

Jane Bailey

Jane Bailey
Partner
Perth
9 March 2021

TNG Limited and Controlled Entities

Half-Year Financial Report

REGULATORY DISCLOSURES

Competent Person's Statements

The information in this report related to the Mount Peake Mineral Resource estimates is extracted from an ASX Announcement entitled "Additional Information on the Mount Peake Resource" dated 26 March 2013 in accordance with the JORC Code (2012) and is available to view on www.tngltd.com.au and www.asx.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resource estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are represented have not been materially modified from the original market announcement.

The information in this report related to the Mount Peake Ore Reserve estimates is extracted from an ASX Announcement entitled "Mount Peake Feasibility Results" dated 31 July 2015 in accordance with the JORC Code (2012) and is available to view on www.tngltd.com.au and www.asx.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Ore Reserve estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are represented have not been materially modified from the original market announcement.

The information in this report related to the Kulgera Project Mineral Resource estimates is extracted from an ASX Announcement entitled "TNG expands tenure with existing JORC resource" dated on 8 July 2020 in accordance with the JORC Code (2012) and is available to view on www.tngltd.com.au and www.asx.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resource estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are represented have not been materially modified from the original market announcement.

Production Targets and Financial Information

Information in relation to Mount Peake production targets and financial information included in this report is extracted from an ASX Announcement dated 11 September 2019 called "Optimised Delivery Strategy for Mount Peake" available on the Company's website on www.tngltd.com.au. The Company confirms that all material assumptions underpinning the production target and financial information set out in the announcement released on 11 September 2019 continue to apply and have not materially changed.

Forward-Looking Statements

This report has been prepared by TNG Limited. This report is in summary form and does not purport to be all inclusive or complete. Recipients should conduct their own investigations and perform their own analysis in order to satisfy themselves as to the accuracy and completeness of the information, statements and opinions contained.

This report is for information purposes only. Neither this nor the information contained in it constitutes an offer, invitation, solicitation or recommendation in relation to the purchase or sale of TNG Limited shares in any jurisdiction. This report does not constitute investment advice and has been prepared without taking into account the recipient's investment objectives, financial circumstances or particular needs and the opinions and recommendations in this announcement are not intended to represent recommendations of particular investments to particular persons. Recipients should seek professional advice when deciding if an investment is appropriate. All securities transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments.

To the fullest extent permitted by law, TNG Limited, its officers, employees, agents and advisers do not make any representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of any information, statements, opinions, estimates, forecasts or other representations contained in this report. No responsibility for any errors or omissions from this arising out of negligence or otherwise is accepted.

This report may include forward looking statements. Forward looking statements are only predictions and are subject to risks, uncertainties and assumptions which are outside the control of TNG Limited. Actual values, results or events may be materially different to those expressed or implied.