

**TNG** LIMITED

ABN 12 000 817 023

**ANNUAL  
REPORT**  
2021



## **CORPORATE DIRECTORY**

### **DIRECTORS**

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

### **COMPANY SECRETARY**

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Paula Raffo

### **REGISTERED OFFICE**

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Suite 20, 22 Railway Road  
Subiaco Western Australia 6008

PO Box 1126  
Subiaco Western Australia 6904

Telephone:        (08) 9327 0900

Facsimile:        (08) 9327 0901

Website:          www.tngltd.com.au

Email:              corporate@tngltd.com.au

### **SHARE REGISTRY**

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Computershare Investor Services Pty Limited  
Level 11  
172 St Georges Terrace  
Perth Western Australia 6000

Telephone:        (08) 9323 2000

Facsimile:        (08) 9323 2033

### **AUDITORS**

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KPMG  
235 St Georges Terrace  
Perth WA 6000

### **DOMESTIC STOCK EXCHANGE**

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Australian Securities Exchange (ASX)  
Code: TNG

### **INTERNATIONAL STOCK EXCHANGE**

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German Stock Exchanges  
Code: HJI

# Annual Report 30 June 2021

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# CHAIRMAN AND MANAGING DIRECTOR'S LETTER

Dear Shareholders,

**We are pleased to present TNG's 2021 Annual Report and outline the progress achieved at the Company's world-class Mount Peake Vanadium-Titanium-Iron Project ("Project") in the Northern Territory despite what proved to be another challenging year worldwide due to the ongoing COVID-19 pandemic.**

The health and safety of all members of the TNG team both at home and abroad, as well as the broader community in which we operate, has always been our priority. Since the onset of the pandemic in March 2020, we have been able to implement all necessary measures to ensure everyone's safety throughout this period of uncertainty – including working-from-home arrangements and virtual meetings, with TNG holding its first ever virtual online Annual General Meeting in November 2020.

Despite the COVID-19 restrictions imposed in Australia and worldwide, pre-development activities for the Mount Peake Project advanced during the year with a focus on completing the Front-End Engineering and Design ("FEED") Study, permitting and approvals.

The leading German engineering firm SMS group, was able to progress the detailed FEED Study during the year, culminating in the delivery of the technical Front-End Loading ("FEL")-3 report after the end of the 2021 financial year. This is another significant milestone in the development of this major Project and represents the conclusion of a vast amount of work by a significant number of people in Australia and Germany.

The outcomes of the FEL-3 report and the FEED Study are now being reviewed by our in-house Project Engineering Team and will be dovetailed into the most appropriate project delivery strategy as we move to finalise permitting and project finance.

In terms of permitting and approvals, we submitted a revised Mining Management Plan for the Mount Peake mine site and a Supplement to the Draft Environmental Impact Statement ("EIS") for the Darwin TIVAN® Processing Facility ("DPF") during the year.

The Australian Federal Government has awarded Major Project Status to the Project in recognition of the strategic significance of the Project to Australia in growing and diversifying the nation's critical mineral resources and contributing to the economic development of the Northern Territory – adding to the Major Project Status already awarded by the Northern Territory Government.

In terms of our sales and marketing strategy, during the year we were able to secure binding life-of-mine off-take agreements with Vimson Group for 100% of high-purity

iron ore and with GUNVOR for the remaining 40% of vanadium pentoxide production, completing all of our off-take agreements. This is a major achievement considering the current challenging global market environment and creates a robust commercial foundation to advance the financing and development strategy for the Mount Peake Project.

On the Project funding front, we have appointed the KPMG Corporate Finance project finance team as TNG's global financial advisor. The KPMG team's expertise in global mining projects, strong track record of major transaction achievements in Australia and globally, and existing relationships with anticipated lenders KfW IPEX-Bank and NAIF, adds credibility and is a positive step towards achieving the optimal financing outcome for the Company and its shareholders.

Additionally, as part of the vertical integration strategy for the Project, we have established a green energy subsidiary, TNG Energy, with the dual objective of offsetting carbon emissions from TNG's planned future operations and generating new business opportunities in the alternative energy market to create additional shareholder value.

We have already entered into partnerships with international technology groups with expertise in the development and application of green hydrogen technology and Vanadium Redox Flow Batteries.

The focus on green energy corroborates our vision of establishing TNG as a sustainable resources company capable of delivering maximum benefit to our shareholders as we move forward with the development of the multi-faceted and world-class Mount Peake Project.

In conclusion, the progress we achieved during the year, despite the challenges associated with the COVID-19 pandemic, is due to the hard work and commitment of our senior management group and dedicated team of staff and consultants. We would like to thank them all sincerely for their efforts on behalf of the Company.

We would also like to thank you, our valued and loyal shareholders, for your ongoing support and faith in TNG and in our flagship strategic metals asset.

Yours faithfully,



**John Elkington**  
Non-Executive Chairman



**Paul Burton**  
Managing Director & CEO

# REVIEW OF OPERATIONS

## OVERVIEW

TNG is an Australian 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 ("Mount Peake Project" or "Project") in the Northern Territory.

Located 235km north-west of Alice Springs, the Mount Peake Project is proposed to 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 has received Major Project Status from the Northern Territory and Australian Federal Governments.

TNG is also advancing a green energy strategy with the dual objective of offsetting carbon emissions from its planned future operations and generating new business opportunities in the alternative energy market to create additional shareholder value, with a focus on green hydrogen and vanadium redox flow batteries.

## 2021 HIGHLIGHTS

Key milestones achieved during the financial year relating to the advancement of the Mount Peake Project included:

- Submission of the Supplement to the Draft Environmental Impact Statement for the Darwin TIVAN® Processing Facility.
- Progression of the Front-End Engineering and Design ("FEED") study for the Mount Peake Project by SMS group despite delays experienced due to the COVID-19 crisis, and, subsequent completion of the FEED study following the end of the financial year.
- 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.
- Completion of pre-qualification tender of the majority of non-process infrastructure work streams.
- Issue of an Authority Certificate for mining by the Aboriginal Areas Protection Authority.
- Submission of a Revised Mining Management Plan for the Mount Peake mine site.
- Major Project Status awarded to the Mount Peake Project by the Australian Federal Government.
- Strategic partner development agreement with 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 for the Project.
- Further extension of the term of the debt financing mandate for the Project with KfW IPEX-Bank to 11 December 2021.

Other key milestones achieved during the financial year included:

- Establishment of a Vanadium Redox Flow Battery business unit.
- Heads of Agreement with V-Flow Tech for a joint venture to commercialise Vanadium Redox Flow Battery systems.
- Heads of Agreement with AGV Energy & Technology to collaborate on commercial opportunities for Vanadium Redox Flow Batteries and Green Hydrogen Technology in Malaysia and Australia.
- Completion of a pro rata non-renounceable entitlement issue and shortfall raising approximately \$12.5 million.
- Receipt of \$5.14 million in research and development rebate related to activities undertaken in FY20.
- Appointment of Jonathan Fisher as Chief Financial Officer.

# REVIEW OF OPERATIONS

## MOUNT PEAKE VANADIUM-TITANIUM-IRON PROJECT

### PROJECT SUMMARY AND BUSINESS MODEL

The Mount Peake Project is a world-scale strategic metals project located 235km north-west of Alice Springs, which was discovered by and is 100%-owned by the Company. The Project is well located close to existing key power and transport infrastructure including the Alice Springs-Darwin Railway and the Stuart Highway. Mount Peake is a shallow and flat-lying ore body with a JORC Measured, Indicated and Inferred Resource totalling 160 million tonnes (118 million tonnes Measured, 20 million tonnes Indicated and 22 million tonnes Inferred), grading 0.28%  $V_2O_5$ , 5.3%  $TiO_2$  and 23% Fe. Mount Peake is one of the largest undeveloped vanadium-titanium-iron projects in the world.

The Mount Peake Project has been awarded Major Project Status from both the Australian Federal Government and the Northern Territory Government.

The Company's strategy for the Mount Peake Project is to develop dedicated mining and processing operations to produce three high-value, high-purity products for export – vanadium pentoxide ( $V_2O_5$ ), titanium dioxide pigment ( $TiO_2$ ) and iron oxide ( $Fe_2O_3$ ) - through the application of an innovative processing technology, known as the TIVAN® Process, which is owned exclusively by TNG.

TNG has in place life-of-mine binding off-take agreements for 100% of all products proposed to be produced at the Mount Peake Project with strong offtake counterparties with a multinational presence.

### PROJECT PERMITTING

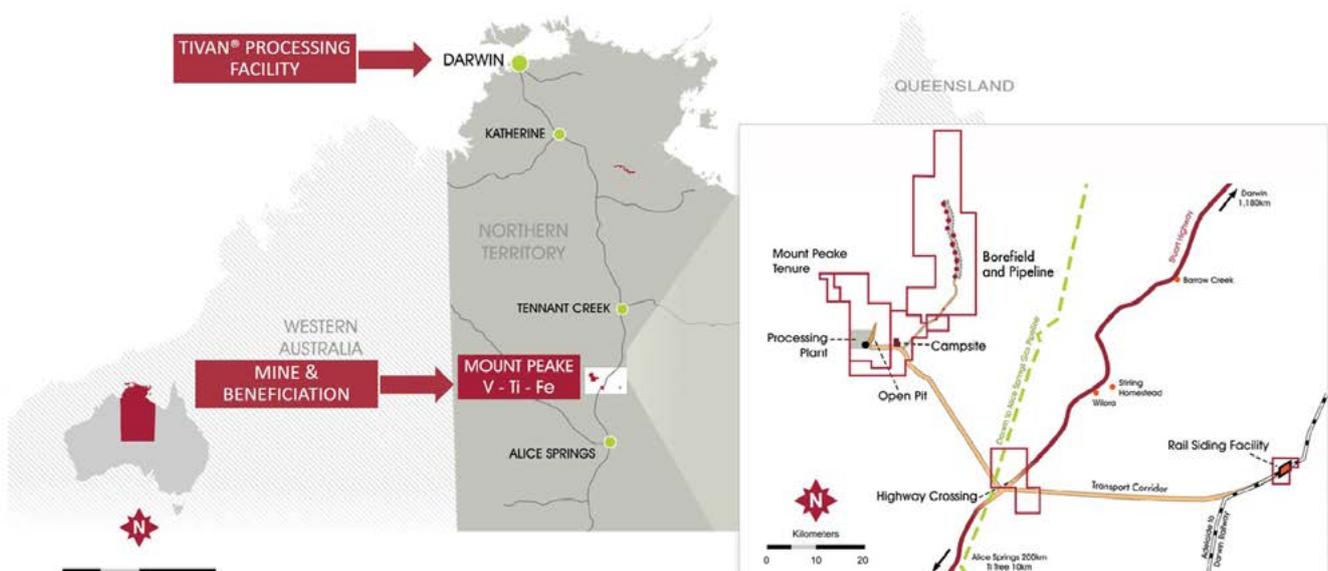
#### Environmental Impact Statement – Darwin TIVAN® Processing Facility

TNG continues to diligently progress the environmental approval process for its proposed Darwin TIVAN® Processing Facility ("DPF"), having submitted a Draft Environmental Impact Statement ("Draft EIS") for the DPF to the Northern Territory Environment Protection Authority ("NT EPA") in October 2019. Following a detailed review of the Draft EIS by the NT EPA and receipt of submissions from the public and government agencies, the Company received a "Direction to Prepare a Supplement to the Draft EIS" from the NT EPA in April 2020.

During the reporting period, in February 2021 the Company submitted its Supplement to the Draft Environmental Impact Statement ("EIS Supplement") for the DPF to the NT EPA. Then in May 2021, TNG received a further "Direction to provide additional information" ("Direction") on the EIS Supplement from the NT EPA. The Direction requires the Company to provide additional information on 23 matters based on submissions from NT Government agencies and the Environment Centre NT.

TNG and its environmental consultant, Animal Plant Mineral ("APM"), completed an assessment of specific scopes of work required to address the matters raised in the Direction following meetings held with the NT EPA and NT Government Departments, in which detailed clarification in relation to requested additional information on the matters raised was provided to the Company and APM.

Figure 1: Proposed locations of Mount Peake Mine Site and TIVAN® Processing Facility.



# REVIEW OF OPERATIONS

As part of the Direction, TNG has been requested to demonstrate that reasonable alternative site locations for the TIVAN® Processing Facility have been properly considered and evaluated using the site selection criteria provided by the NT EPA. The Company's management has prioritised the alternative site assessment and the Company's Project Engineering Team, with assistance from local engineering groups, has prepared a detailed study and cost/benefit assessment, which includes consideration of locating the TIVAN® Processing Facility at the Mount Peake mine site.

A number of additional/updated technical reports are still required to be prepared to satisfy the requirements of the Direction, including: revised air quality assessment, updated noise modelling, visual impact assessment, updated traffic impact assessment, greenhouse gas management plan, biodiversity offset plan, and waste management plan.

TNG expects that the completion timeframe for submission of the requested additional information will be within the 12-month "Submission Period" provided by the NT EPA in the Direction.

## Mining Management Plan ("MMP")

During the reporting period, in November 2020 the Company submitted a Revised MMP for the Mount Peake Mine Site to the Department of Industry, Tourism and Trade ("DITT") of the NT Government. Since then, the Company has been liaising with DITT on the Revised MMP mainly regarding compiling information on the integrated waste landform and ground and surface water management plans for the proposed mine site.

## FRONT-END ENGINEERING AND DESIGN STUDY

During the reporting period, the Company progressed finalisation of the FEED Study for the Mount Peake Project with German-based engineering firm SMS group ("SMS") for the Beneficiation Plant and the DPF.

The scope of work for the FEED Study was divided into four front-end loading ("FEL") phases – namely, FEL-0, FEL-1, FEL-2 and FEL-3. The scope of work covers the process plant equipment required for the mine site Beneficiation Plant and the DPF, including all associated plant and equipment.

The FEED study was completed and the final technical FEL-3 report was submitted by SMS subsequent to the end of the FY21. TNG's in-house Project Engineering Team is undertaking a detailed review of the FEL-3 report, which includes the following deliverables focused on the DPF and its associated plants:

- Plant Design Basis
- Ti-Cons FEL-3 Report (Ti-Cons GmbH is providing the design for the Company's Titanium Pigment Plant operation)

- Como FEL-3 Report (Como Engineers focused on the Mine-site Beneficiation Plant)
- Testwork program, including confirmatory testwork for all process stages
- Process Description
- Process Flow Diagrams (PFD) and Block Flow Diagrams
- Preliminary Piping & Instrumentation Diagrams (PID)
- Major Equipment Lists
- Major Equipment Specifications
- Detailed Scopes
- Plant Layout
- Plots and Arrangement Drawings
- Utility Requirements
- Logistics Concept
- Critical Flaw Analysis
- Mechanical & Electrical Plumbing
- Local Content Providers
- Potential Package Units

The FEL-3 report provided by SMS excluded the outcome of some remaining validation testwork that is currently being finalised, which has taken longer than anticipated due the global COVID-19 restrictions affecting SMS.

## PROJECT EXECUTION MODEL

TNG and SMS are advancing discussions on details of a revised Project Execution Model designed to address the ongoing commercial and logistical challenges associated with the global COVID-19 pandemic.

Under the current agreement, SMS was intending to prepare and provide TNG with a fixed-price engineering, procurement and construction ("EPC") proposal for the delivery of the Mount Peake Beneficiation Plant and the DPF following completion and delivery of the FEED. As part of this delivery strategy, SMS had initially proposed to engage Australian-based engineering, manufacturing and construction companies as sub-contractors.

However, ongoing commercial and logistical challenges caused by the global COVID-19 pandemic – including severe restrictions on travel between Europe and Australia, the escalation of construction and engineering costs, global workforce shortages and disruptions to supply chain logistics – are all posing significant challenges to major projects, especially when those are supposed to be undertaken by overseas contractors. Under the prevailing circumstances, TNG considers any "fixed-price EPC proposal" could include substantial extra contingencies for project delivery which may not be in the best interests of the Company.

# REVIEW OF OPERATIONS

In light of this and with the goal of maintaining capital expenditure at an attractive level, TNG and SMS are revising and optimising the model for the delivery of the Mount Peake Project, whereby SMS will continue to provide all downstream processing plant, production and product quality guarantees for the Project and accept local Australian engineering and construction companies to be engaged for the Beneficiation Plant, and any Build Own Operate and Build Own Operate Transfer opportunities.

The Company expects SMS to continue in a major contracting role during the Project's further construction development and implementation phase.

## NON-PROCESS INFRASTRUCTURE ("NPI")

In parallel with the FEED Study, the Company completed pre-qualification tendering and short-listing of proponents for the NPI required at both sites during the reporting period, including mine site accommodation camp, haul road, camp catering, communications, gas supply and power supply. Final commercial phases for the NPI works will progress once the review of the FEED study is finalised.

## MINING

TNG completed an owner-operator study for mine, load and haul of ore and waste, ROM crusher feed and process plant waste removal, during the reporting period, while the tender process for the provision of mining services was undertaken in the previous year. Final commercial phases for the mining contract will progress once the review of the FEED study is finalised.

## OFF-TAKE AGREEMENTS

### Vanadium Pentoxide

During the reporting period, in October 2020, the Company executed a binding life-of-mine ("LOM") 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 LOM agreement with Woojin (Korea) for 60% of TNG's planned vanadium pentoxide production.

### Titanium Dioxide Pigment

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

### Iron Ore

During the reporting period, in July 2020, the Company signed a binding LOM 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.

## PROJECT FINANCE

During the reporting period, 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 development. 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 the Mount Peake Project and has recent experience working on other large project financing deals with KfW IPEX-Bank GmbH ("KfW"), the Northern Australia Infrastructure Facility ("NAIF") and export credit agencies.

### Debt Funding

KfW IPEX-Bank has been appointed as the Company's exclusive senior debt advisor and arranger to lead up to a US\$600 million debt raise for the development of the Mount Peake Project.

TNG has been progressing discussions with KfW and KPMG Corporate Finance regarding the proposed financing structure and supporting due diligence requirements, with the final capital requirements and funding structure expected to be determined following finalisation of the review of the FEED study and the revised Project Execution Model.

As part of the debt funding process, the Company is also in discussions with a number of leading investment groups with the potential for an offer of mezzanine finance.

### Northern Australia Infrastructure Facility

TNG has formally submitted an application to NAIF regarding debt funding for the Project. As part of NAIF's funding assessment process, the Company held meetings with NAIF representatives during the reporting period to provide updates on the Mount Peake Project as well as to discuss NAIF's Indigenous Engagement Strategy.

### Equity Funding

TNG continues to evaluate different options for equity financing for development of the Mount Peake Project. The final equity requirement will only be determined upon confirmation of the level of debt funding available.

# REVIEW OF OPERATIONS

## GREEN ENERGY STRATEGY

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In line with worldwide efforts to reach net-zero greenhouse gas emissions targets, TNG is committed to develop its operations in a carbon-efficient way in order to adequately mitigate climate related risks.

The Company has strategies in place to both enter the alternative energy market and to offset any potential carbon emissions from its future operations through the establishment of partnerships with international technology groups with expertise in the development and application of green hydrogen technology and Vanadium Redox Flow Batteries.

## VANADIUM REDOX FLOW BATTERY BUSINESS

During the reporting period, TNG established a Vanadium Redox Flow Battery ("VRFB") business unit to capitalise on growing demand for green energy generation and storage solutions for the decarbonisation of the global economy, and to support the Company's vertical integration strategy for the Mount Peake Project.

VRFBs use vanadium electrolyte ("VE") to store energy from renewable power generation and are highly scalable for use in a variety of settings. Reliable supply of high-purity VE is critical to the continued growth of the global VRFB market.

VRFBs offer a number of distinct advantages for sustainable large-scale energy storage, having long lifespans of potentially 20-plus years without performance degradation, the ability to discharge without battery damage, the non-flammability of the VE and the ability to recover and re-use the VE at the end of the battery life.

TNG has previously produced at a lab-scale its own high specification VE, and intends to patent and produce VE in commercial quantities to become an Australian supplier of VRFBs.

During the reporting period, the Company signed a Heads of Agreement for an incorporated joint venture with leading Singaporean-based battery technology development company, V-Flow Tech Pte Ltd, to jointly develop and roll-out a VRFB business targeting initial applications at remote regional sites in Australia with a fully integrated renewable energy supply and VRFB storage solution.

Subsequent to the end of the reporting period, TNG engaged Perth-based mineral process engineering group METS Engineering to undertake a technology and process design study for a VE production facility.

## GREEN HYDROGEN PRODUCTION TECHNOLOGY

During the reporting period, the Company signed a Heads of Agreement with Malaysian-based AGV Energy & Technology ("AGV Energy") to progress formal arrangements for collaboration on commercialisation opportunities for VRFB and technologies to produce green hydrogen.

AGV Energy and its partners have developed a technology to produce green hydrogen using the electrolysis of demineralised water and renewable energy ("HySustain"), with the first commercial application planned at a project in Malaysia.

Green hydrogen production is reliant on green electricity production from 100% renewable energy sources. AGV intends to utilise VRFBs as the preferred energy storage system for integration with HySustain.

## SMS JOINT VENTURE

During the reporting period, 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®.

The partnership is in progress; however, it has been delayed due to COVID-19 related travel restrictions for the SMS group.

## ENVIRONMENT, SOCIAL AND GOVERNANCE ("ESG")

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TNG believes that strong community relations, environmental sensitivity and effective corporate governance are all fundamental factors in sustainable development and the Company's ability to deliver long-term stakeholder value.

The Company recognises, considers and respects that environmental issues may arise from its activities and climate change risk has the potential to impact TNG's business and communities.

With the launch of TNG's green energy strategy in late 2020, the Company is focussed on developing its operations in a carbon-efficient way in order to adequately mitigate climate related risks through the development of partnerships for application of green hydrogen and use of Vanadium Redox Flow Batteries.

# REVIEW OF OPERATIONS

TNG also decided to incorporate a waste water recycling plant at its proposed TIVAN® Processing Facility in Darwin as part of optimisation work on the Mount Peake Project to reduce water demand and processing water discharge. This initiative is expected to reduce the DPF's water consumption by 65%, significantly reducing the impact on the environment.

The Company's recognition of the traditional attachment and customary requirements and preservation of culture and customs by Indigenous people in relation to land is reflected in TNG's supportive relationship with Land Councils, native titleholders and the community at large.

TNG has adopted systems of control and accountability as the basis for the administration of corporate governance. It influences how the objectives of the Company are achieved, how risk is monitored and assessed and how performance is optimised.

The Company, through its Board and management, is committed to corporate governance and have adopted the Corporate Governance Principles and Recommendations as published by ASX Corporate Governance Council where practical relative to a company with the size and operations of TNG.

## OTHER PROJECTS

### **KULGERA PROJECT (EL32369 AND EL32370 – 100% TNG)**

TNG was granted Exploration Licences ("EL") for the Kulgera Project during the reporting period. Kulgera is a 1,231km<sup>2</sup> vanadium and titanium exploration project located along the South Australian border in the Northern Territory.

A sampling program was completed with a set of 10 bulk samples submitted for a series of analyses at Nagrom to define sources of concentrate that could be treated using TNG's TIVAN® Process.

### **MOONLIGHT PROJECT (EL32433 AND EL32434 – 100% TNG)**

The Company was also granted Exploration Licences for a 1,594km<sup>2</sup> vanadium exploration project at Moonlight, located 80km west of Daly Waters in the central Northern Territory during FY2021. Planned field work is to be completed by the end of 2021 subject to COVID related travel restrictions.

### **CAWSE EXTENDED MINE PROJECT: NICKEL-COBALT (80%: MESMERIC/20%: TNG)**

The Company has a 20% free-carried interest in the Cawse Extended Mining Lease. Joint venture partners, Mesmeric Enterprises, completed necessary rehabilitation works during the period and continued work within Cawse Extended licences.

## CORPORATE

### **BOARD AND SENIOR MANAGEMENT UPDATE**

On 4 February 2021, non-executive director Greg Durack stepped down from the TNG Board to take up the position of Managing Director and Chief Executive Officer of Juno Minerals Limited, which subsequently listed on the ASX following an IPO.

On 15 February 2021, the Company appointed highly-regarded and experienced senior mining and corporate finance executive Jonathan Fisher as its Chief Financial Officer.

On 16 March 2021, Ms Paula Raffo was appointed as sole Company Secretary while Mr Jason Giltay, who was previously joint Company Secretary with Ms Raffo, focuses on an expanded role as the Company's General Manager Commercial & Corporate Development due to an increase in corporate activities.

### **MEASURES TAKEN IN RESPONSE TO THE COVID-19 PANDEMIC**

Since the World Health Organisation declared the COVID-19 outbreak a pandemic in March 2020, TNG has put in place a range of measures in order to ensure the safety of its employees, directors, consultants, contractors, advisors and the broader community in which it operates.

The Company swiftly implemented working from home arrangements, suspension of face-to-face business meetings and all business travel in Australia and internationally.

In July 2020, the Company returned to normalised working hours and arrangements for its Perth-based project management team and other staff with the provision of flexible working arrangements when required.

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

All necessary health and safety precautions continue to be adhered to, including Government enforced travel restrictions.

# REVIEW OF OPERATIONS

As at 30 June 2021, the Company reviewed its Mineral Resources and Ore Reserves which are as follows:

## MOUNT PEAKE MINERAL RESOURCES AND ORE RESERVES

### MINERAL RESOURCE

The Mount Peake Mineral Resource estimate set out below (Table 1) was released in an ASX Announcement entitled "Additional Information on the Mount Peake Resource" on 26 March 2013 in accordance with the JORC Code (2012).

**Table 1 – Mount Peake Mineral Resource estimate**

Category	Tonnes (Mt)	V <sub>2</sub> O <sub>5</sub> %	TiO <sub>2</sub> %	Fe%	Al <sub>2</sub> O <sub>3</sub> %	SiO <sub>2</sub> %
Measured	118	0.29	5.5	24	8.2	33
Indicated	20	0.28	5.3	22	9.1	34
Inferred	22	0.22	4.4	19	10.0	38
<b>TOTAL</b>	<b>160</b>	<b>0.28</b>	<b>5.3</b>	<b>23</b>	<b>8.6</b>	<b>34</b>

Note: Mineral Resource is inclusive of Ore Reserves. Tonnage and grade figures in tables have been rounded and small discrepancies in totals may occur. The Mineral Resource is reported using a 0.1% V<sub>2</sub>O<sub>5</sub> cut-off. TNG is not aware of any new information or data that materially affects the Mineral Resource estimate included in the ASX Announcement dated 26 March 2013 and all material assumptions and technical parameters underpinning the estimate provided in that announcement continue to apply.

### ORE RESERVE

The Mount Peake Ore Reserve estimate (Table 2) was reported in an ASX Announcement entitled "Mount Peake Feasibility Results" on 31 July 2015 in accordance with the JORC Code (2012).

**Table 2 – Mount Peake Ore Reserve estimate**

Category	Tonnes (Mt)	V <sub>2</sub> O <sub>5</sub> %	TiO <sub>2</sub> %	Fe%
Proven	0	-	-	-
Probable	41.1	0.42	7.99	28.0
<b>TOTAL</b>	<b>41.1</b>	<b>0.42</b>	<b>7.99</b>	<b>28.0</b>

Note: Tonnage and grade figures in tables have been rounded to 2 or 3 significant figures and as a result, small discrepancies may occur due to the effect of rounding. Ore Reserve is reported using a 15% Fe cut-off. TNG is not aware of any new information or data that materially affects the Ore Reserve estimate reported in the ASX Announcement dated 31 July 2015 and all material assumptions and technical parameters underpinning the assessment provided in that announcement continue to apply.

The Company engaged independent consultants to prepare Mineral Resources and Ore Reserves 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;
- Completed statistical analysis and variography for economic elements;
- Estimated grades of economic elements using ordinary kriging and completed model validity checks;
- Classified the Mineral Resource and Ore Reserve estimates in accordance with the JORC Code; and
- Reported the estimates and compiled supporting documentation in accordance with JORC Code guidelines.

# REVIEW OF OPERATIONS

## TENEMENT LIST

As at 8 September 2021, the Group held interests in the following tenements:

Project	Mineral and ancillary Titles	Holder and TNG Equity
Mount Peake	EL27069, EL27070, EL27941, EL29578, EL30483, EL31389, EL31850, ML28341, ML29855, ML29856, ML30686, AA31105, AA32037	Enigma Mining Limited - 100% (Enigma is a wholly owned subsidiary of TNG Limited)
Cawse Extended	M24/547, M24/548, M24/549, M24/550	TNG 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.
Kulgera	EL32369, EL32370	Enigma Mining Limited - 100% (Enigma is a wholly owned subsidiary of TNG Limited)
Moonlight	EL32433, EL32434	Enigma Mining Limited - 100% (Enigma is a wholly owned subsidiary of TNG Limited)
Kintore East	M16/545	Evolution Mining (Mungarri) Pty Ltd TNG 2% gold return interest on production

AA: Access Authority (NT)

EL: Exploration Licence (NT)

M: Mining Lease (WA)

ML: Mining Lease (NT)

## REGULATORY DISCLOSURES

### COMPETENT PERSON'S STATEMENT

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](http://www.tngltd.com.au) and [www.asx.com.au](http://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](http://www.tngltd.com.au) and [www.asx.com.au](http://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](http://www.tngltd.com.au) and [www.asx.com.au](http://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.

# REVIEW OF OPERATIONS

## 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](http://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.

# DIRECTORS' REPORT

The Directors of TNG Limited ("TNG" or "the Company") present their report on the consolidated entity consisting of the Company and the entities it controlled at the end of, or during, the financial year ended 30 June 2021 (hereafter referred to as the "Group").

## DIRECTORS

The names of each person who has been a Director of the Company at any time during or since the end of the financial year, unless noted otherwise, are as follows:

- Mr Paul Burton
- Mr John Elkington
- Mr Simon Morten
- Mr Greg Durack (resigned 4 February 2021)

## PRINCIPAL ACTIVITIES

The principal activities of the Group during the course of the financial year were the continued evaluation and development planning for the Group's Mount Peake Project. There were no significant changes in the nature of those activities of the Group during the year.

## REVIEW & RESULTS OF OPERATIONS

A review of the operations during the financial year is set out on pages 3 to 11.

The operating loss of the Group after income tax for the year was \$2.905 million (2020: loss \$2.885 million). The Group capitalised \$11.999 million (2020: \$16.397 million) on Exploration and Evaluation for the year.

As at 30 June 2021, the Group held \$11.434 million (2019: \$8.616 million) in cash.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Group during the financial year are detailed in the Review of Operations on pages 3 to 11. In the opinion of the Directors, there were no other significant changes in the state of affairs of the Group that occurred during the financial year under review not otherwise disclosed in this Annual Report.

## DIVIDENDS

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

## SHARE OPTIONS AND RIGHTS

### Unissued shares under options

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

Number of options	Exercise price per option \$	Expiry Date
124,951,916*	\$0.18	30-Nov-21
2,500,000	\$0.15	26-Feb-24
2,500,000	\$0.20	26-Feb-24
5,000,000	\$0.25	26-Feb-24
5,000,000	\$0.30	26-Feb-24

\*Listed options related to a pro rata non-renounceable entitlement issue undertaken by the Company during the reporting period, whereby eligible shareholders could subscribe for one new share at an issue price of \$0.10 together with one free new option.

No options were exercised during or since the end of the reporting period.

### Unissued shares under non-executive director ("NED") rights and performance rights (together the "Rights")

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

	Number of Rights	Vesting period end date
NED Rights	32,500,000	17-Dec-23
Performance Rights	4,200,000	17-Dec-23

Further details about share-based payments to directors and key management personnel are included in the Remuneration Report.

No Rights were exercised during or since the end of the reporting period.

# DIRECTORS' REPORT

## EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the end of the financial year, the Company has continued to progress engineering, permitting and approvals, and planning works related to the proposed development of the Mount Peake Project as well as implementation of TNG's green energy strategy.

As announced on 26 July 2021, the FEED study was completed and the technical FEL-3 report was delivered by SMS group, which is currently being reviewed by TNG's in-house Project Engineering Team.

On 10 August 2021, the Company announced that it has engaged Perth-based mineral process engineering group METS Engineering to undertake a technology and process design study for a vanadium electrolyte production facility for TNG's vanadium redox flow battery business unit.

On 31 August 2021, the Company advised that it has completed a comprehensive assessment of alternative for the TIVAN<sup>®</sup> Processing Facility proposed for Darwin as part of the environmental approvals process for the Mount Peake Project.

On 3 September 2021, TNG announced the execution of a Project Development Agreement with Malaysian-based AGV Energy & Technology Sdn Bhd to jointly and exclusively develop green hydrogen projects in Australia using the HySustain production technology.

In the opinion of the Directors, there are no other matters that have arisen since the end of the financial year that may significantly affect:

- the operations of the Group in future financial years;
- the results of those operations in future financial years; or
- the Group's state of affairs in future financial years.

## LIKELY DEVELOPMENTS

The Group will continue to focus on the pre-development activities of the Mount Peake Project, prioritising the following milestones for the 2022 financial year:

- completion of engineering and design activities;
- securing all required regulatory permits for development;
- progressing the project financing package for development; and,
- progressing towards a Final Investment Decision.

The material business risks faced by the Group that are likely to have an effect on its financial prospects, 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, to continue its pre-development activities for the Mount Peake Project and to finance the development and construction of the Mount Peake Project. There is no assurance that the Group will be successful in raising additional capital on acceptable terms in the future, including to fully finance and develop TNG's projects.
- Exploration and development risks – whilst the Group has already discovered Vanadium-Titanium-Iron resources at the Mount Peake Project, there is a risk that its mineral deposits may not be commercially viable subject to factors outside of the Group's control including development costs, changes in mineralisation, consistency and reliability of ore grades and commodity prices. The Group employs geologists, technical specialists and external consultants where appropriate to address these risks.
- Commodity price and exchange rate risks – as a Group which is focused on the development of its Vanadium-Titanium-Iron project, the Group is exposed to movements in these commodity prices, which are quoted in foreign currency. The Group monitors historical and forecast pricing for these commodities from a range of sources in order to inform its planning and decision making.
- Coronavirus (COVID-19) – the ongoing COVID-19 pandemic is impacting global economic markets and it may result in delays in development, financing and to the government approval processes relating to the Mount Peake Project. The Group is monitoring the situation closely and has considered the impact of COVID-19 on the Group's business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain.
- Climate change regulation – mining of mineral resources is relatively energy intensive and is dependent on the consumption of fossil fuels. Increased regulation and government policy designed to mitigate climate change may adversely affect the Group's cost of operations and adversely impact the financial performance of the Group.

# DIRECTORS' REPORT

## INFORMATION ON DIRECTORS

### MR PAUL BURTON - MANAGING DIRECTOR AND CEO

#### Experience, Qualifications & Special Responsibilities

Mr Burton is an experienced mining executive, having worked in the resources sector throughout Australia and overseas for the last 30 years.

Mr Burton joined TNG Limited in 2007 and was appointed Managing Director in 2009. He has been involved in the discovery and development of TNG's flagship Mount Peake Project. He is also the driving force behind the Company's patented TIVAN® metallurgical process and was instrumental in the creation and listing of Todd River Resources Ltd (ASX:TRT) which was spun out of TNG.

Previous career appointments include senior and executive roles at Anglo American, De Beers, Normandy Mining Ltd and Minotaur Exploration Ltd.

Mr Burton holds a Bachelor of Science Honours degree (BSc Hons) in Geology, and a Master of Science (MSc) degree in Mineral Exploration and Mining from McGill University in Canada. He is a Graduate of the Australian Institute of Company Directors, a Fellow of the Association of Applied Exploration Geochemists, a member of both the Australian and Canadian Institutes of Mining and Metallurgy, and a Member of the British Institute of Directors.

Mr Burton was appointed as a Director of the Company on 11 August 2008.

#### Other Listed Company Directorships

Mr Burton has been a non-executive director of Western Mines Group since 28 October 2020.

Mr Burton was a director of Todd River Resources Limited from June 2014 to January 2019.

#### Director's Interest in Securities (as at the date of this report)

7,688,889 ordinary shares

406,792 listed options at \$0.18 each and expiring on 30 November 2021

11,800,000 performance rights expiring on 17 December 2023

### MR JOHN ELKINGTON - CHAIR AND NON-EXECUTIVE DIRECTOR

#### Experience, Qualifications & Special Responsibilities

Mr Elkington is a highly experienced Australian mining executive and company director. His other roles include operating as an independent mining consultant providing company management, strategic cash-flow modelling and financial analysis, as well as project and risk management advice for consulting, mining and development companies in the mining industry.

Mr Elkington holds a Master of Science degree (Mineral Economics) from the Western Australian School of Mines, Curtin University. He is a Fellow of the Australian Institute of Company Directors (FAICD) and a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM).

Mr Elkington was appointed as a Director of the Company on 1 February 2019.

#### Other Listed Company Directorships

Mr Elkington has been a non-executive Director and Chair of Koonenberry Gold Limited since 30 June 2021.

It is noted that Mr Elkington was a Director and Chair of the Mid West Ports Authority, a Government enterprise, from February 2017 to February 2020.

#### Director's Interest in Securities (as at the date of this report)

33,334 ordinary shares

3,334 listed options at \$0.18 each and expiring on 30 November 2021

2,800,000 non-executive director ("NED") rights expiring on 17 December 2023

# DIRECTORS' REPORT

## MR SIMON MORTEN - INDEPENDENT NON-EXECUTIVE DIRECTOR

### Experience, Qualifications & Special Responsibilities

Mr Morten has 30 years of experience in the titanium pigment industry including extensive expertise in pigment manufacture and processing. He spent most of his career with Cristal, which was recently acquired by Tronox, one of the world's leading vertically integrated producers of high-quality titanium products and zircon, with a diverse global footprint.

Mr Morten holds a Bachelor Degree in Applied Science (Chemistry) from the University of Central Queensland, is a graduate of the Australian Institute of Company Directors, and has served on various Boards that controlled Cristal's interests in Australia, the UK and China.

Mr Morten was appointed as a Director of the Company on 17 February 2020.

### Other Listed Company Directorships

Mr Morten has held no other directorships of publicly listed companies during the last three years.

### Director's Interest in Securities (as at the date of this report)

164,609 ordinary shares

16,461 listed options at \$0.18 each and expiring on 30 November 2021

1,400,000 NED rights expiring on 17 December 2023

## MR GREG DURACK - INDEPENDENT NON-EXECUTIVE DIRECTOR (RETIRED)

### Experience, Qualifications & Special Responsibilities

Mr Durack is a highly experienced metallurgist and mining executive with more than 30 years' global mining experience. He has a distinguished career spanning multiple commodities and projects. His consulting company was the Study Manager for the Definitive Feasibility Study for Pilbara Minerals Limited (ASX:PLS) Pilgangoora Lithium-Tantalum Project in Western Australia's Pilbara region, and was also responsible for the metallurgical test work program and process design for Stages 1 and 2, and part of the process plant commissioning team providing technical input.

Mr Durack is a qualified Chemist (B. App. Sc. in App. Chem. from WAIT, now Curtin University), but in a practical sense worked as a Metallurgist in operations. He is a member of the Australian Institute of Mining and Metallurgy.

Mr Durack was appointed as a Director of the Company on 31 May 2018 and retired on 4 February 2021.

### Other Listed Company Directorships

Mr Durack was appointed Managing Director of Juno Minerals Limited on 20 November 2020.

## COMPANY SECRETARY

### MS PAULA RAFFO

#### Experience, Qualifications & Special Responsibilities

Ms Raffo is a Chartered Secretary with a thorough knowledge and understanding of the corporate governance and investor relations fields, having worked in these areas for the past 15 years. She has previous Board experience having worked with Directors and senior management of both ASX and B3 (Sao Paulo Stock Exchange) companies in industries including metals & mining and insurance. She is an Associate of the Governance Institute of Australia and holds a Bachelor of Business and a Graduate Diploma in Applied Corporate Governance.

Ms Raffo joined the Company in April 2019 as Investor and Public Relations Executive. She was appointed joint Company Secretary on 1 September 2020 and then sole Company Secretary on 16 March 2021, while remaining in her role as TNG's Investor and Public Relations Executive.

### MR JASON GILTAY - RETIRED

#### Experience, Qualifications & Special Responsibilities

Mr Giltay is a senior finance executive with more than 20 years' experience in the areas of corporate finance, commercial management and business strategy. He has extensive experience in the resources industry, having consulted to and worked for a range of resources companies engaged in exploration, project development, operations and mining services. He holds a Bachelor of Commerce and Postgraduate Diploma in HRM from the University of Western Australia.

Mr Giltay joined the Company in July 2018 as General Manager – Commercial. He was appointed Company Secretary on 21 December 2018 and then retired from that position on 16 March 2021 to focus on an expanded role as TNG's General Manager Commercial & Corporate Development.

# DIRECTORS' REPORT

## BOARD MEETINGS

The number of Board meetings held during the financial year, and the attendance of the Directors at each meeting, were as follows:

Director	Board Meetings	
	A	B
Paul Burton	15	15
John Elkington	15	15
Simon Morten	15	15
Greg Durack <sup>1</sup>	9	9

A - Number of meetings attended

B - Number of meetings held during the time the director held office during the year

1 - Retired as a Director on 4 February 2021

Due to the Company's size and level of operations, on 30 May 2019 the Board resolved to suspend the Audit Committee and the Remuneration Committee and have the Board assume these functions.

## REMUNERATION REPORT (AUDITED)

This Remuneration Report, for the year ended 30 June 2021, which has been audited, details the remuneration arrangements for the Key Management Personnel ("KMP") of the Company in accordance with the requirements of the *Corporations Act 2001* and its regulations.

### 1. INTRODUCTION

The Remuneration Report details the remuneration arrangements for KMP who are defined as having the authority and responsibility for planning, directing and controlling the major activities of the Group, and include both Executives and Non-Executive Directors ("NED") for the purpose of this report. The KMP covered in this Remuneration Report are:

#### Executives

- Mr Paul Burton - Managing Director & CEO (appointed a Director on 11 August 2008)
- Mr Jonathan Fisher – Chief Financial Officer (appointed 15 February 2021)
- Mr Jason Giltay - General Manager Commercial & Corporate Development (appointed 8 July 2018) & Company Secretary (appointed 21 December 2018 and retired 16 March 2021)
- Ms Paula Raffo – Investor and Public Relations Executive (appointed 15 April 2019) & Company Secretary (appointed 1 September 2020)

#### Non-Executive Directors

- Mr John Elkington (appointed 1 February 2019)
- Mr Simon Morten (appointed 17 February 2020)
- Mr Greg Durack (appointed 31 May 2018, retired 4 February 2021)

### 2. REMUNERATION GOVERNANCE

The Board is directly responsible for the review of remuneration packages and policies applicable to Senior Executives and Directors as well as oversight of incentive structures, superannuation entitlements and performance evaluation for all Directors.

### 3. EXECUTIVE REMUNERATION ARRANGEMENTS AND PRINCIPLES

#### 3.1 Remuneration principles and strategy

The Company's remuneration policy is designed to align the interests of the KMP with the interests of shareholders, cognisant that the Company's success is driven by its ability to recruit, retain and motivate high-quality personnel and Directors. The Company's remuneration policy is designed as follows:

- Structure remuneration practices to align with the Company's wider objectives and strategies.
- Provide a fixed remuneration component and, where appropriate, offer specific short-term (cash bonuses) and long-term (equity schemes) incentives that align with the Company's performance.
- Establish specific remuneration by taking into account the stage of the Company's development, market conditions and comparable salary levels for companies of a similar size and stage of development, and operating in a similar sector.
- Align remuneration with role, responsibilities and commitment.
- Utilise external independent advice on remuneration on an as required basis.

The Board believes that this remuneration policy is appropriate given the stage of development of the Company and is appropriate in aligning personnel performance with shareholder and business objectives. The Board believes this policy has been effective in attracting and retaining appropriately qualified and experienced personnel to effectively manage the Company's activities and progress the Company's strategies.

## REMUNERATION REPORT (AUDITED) (continued)

### 3.2 Approach to setting remuneration

In FY21, the executive remuneration framework consisted of fixed and variable remuneration as described below.

#### 3.2.1 Fixed remuneration

Fixed remuneration consists of base salary, as well as employer contributions to superannuation funds. Remuneration levels are reviewed annually by the Board through a process that considers individual performance, the market and overall performance of the Company. A senior executive's remuneration is also reviewed on promotion.

#### 3.2.2 Variable remuneration

Variable remuneration consists of performance linked remuneration including short and long-term incentives designed to incentivise and reward Executives for meeting or exceeding specific objectives or as recognition for strong individual performance.

##### *Short-term incentives*

Short-term incentives are provided in the form of cash bonuses and/or salary increases, as set out in individual employment agreements or as determined by the Board. They are used to encourage and reward exceptional performance in the realisation of strategic outcomes and growth in shareholders' wealth.

The Company (through the Board) has the discretion to grant to the Executives additional incentives from time to time in connection with the achievement of significant milestones for the Company or otherwise in recognition of services to the Company.

No short-term incentives were awarded during the reporting period.

##### *Long-term incentives*

Long term incentives comprise of shares, share options and performance rights which are granted from time to time to attract and retain talented and high calibre personnel who are able to deliver the Company's business objectives. Incentive securities are also used to ensure remuneration is competitive in relation to the broader market and is linked to role, experience and performance, and to ensure remuneration is compatible with the Company's phase of development and cash position.

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.

- *Option Plan (Approved by shareholders at 2020 AGM)*

The Company previously had in place the TNG Limited Employee Option Plan (applicable to employees and executive Directors) and TNG Limited Non-Executive Director and Consultant Option Plan (applicable to NEDs, contractors and consultants). The Company replaced these plans in 2020 with a single Option Plan ("TNG Option Plan") that is compliant with ASIC Class Order [CO 14/1000].

The Board believes that having the Option Plan in place and the ability to issue Options to employees, Directors and contractors pursuant to the Option Plan provides a suitable mechanism to attract and retain talented and high calibre key management personnel who are able to deliver the Company's business objectives; to attract and retain Directors and contractors to the Company; to ensure remuneration is competitive in relation to the broader market and is linked to role, experience and performance; and, to ensure remuneration is compatible with the Company's phase of development and cash flow position.

Under the TNG Option Plan, Eligible Employees (being a full or part time employee (including an Executive Director, a Non-Executive Director, a contractor, a casual employee or a prospective participant of the Company or its subsidiaries)) may be granted options as part of their remuneration or fees. Each option entitles the holder to subscribe for and be allotted one TNG share at an exercise price per option to be determined by the Board at the time it resolves to make offers of options, having regard to such matters as the Board considers appropriate (but which exercise price will not be less than the market value of a share at that time).

Options are granted for no consideration, may be subject to vesting conditions or vest on grant date and do not carry voting rights or dividend entitlements.

## REMUNERATION REPORT (AUDITED) (continued)

- *Performance Rights Plan (Approved by shareholders at 2018 AGM)*

TNG established the Performance Rights Plan to attract and retain talented key personnel required for the successful delivery of the Mount Peake Project, and to appropriately incentivise its senior leadership team to drive company performance for the benefit of TNG and all shareholders.

The TNG Performance Rights Plan contemplates the issue to Eligible Executives (being actual and prospective full-time, part-time or casual employees, executive Directors (excluding Non-Executive Directors) and consultants) of rights which carry the entitlement to be issued shares on satisfaction of performance conditions determined by the Board ("Performance Rights").

The Performance 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 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.

- *Non-Executive Director (NED) Rights Plan (Approved by the Board in May 2020)*

The NED Rights Plan was established to attract and retain talented Non-Executive Directors and to align the interests of NEDs with those of shareholders in order to increase shareholder value by enabling Eligible NEDs to share in the future growth and profitability of the Company.

The NED Rights Plan contemplates the issue to Eligible NEDs of rights which carry the entitlement to be issued fully-paid ordinary shares on satisfaction of vesting conditions determined by the Board ("NED Rights").

While some corporate governance bodies suggest that NED remuneration should not be linked to performance, in the circumstances of TNG and its current stage of development, the Board considers that it is appropriate to adequately incentivise and reward NEDs (including as an attraction and retention tool) based on performance and achievement of key milestones. The Board is of the view that having

NED Rights vesting linked to performance conditions will not compromise the Board's objectivity and independence and all decisions will continue to be made solely in the interests of TNG and all shareholders.

The key terms of the 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.

- *Company Share Plans*

The TNG Employee Share Plan and TNG Non-Executive Director and Consultant Share Plan (together referred to as the "Company Share Plans") allow certain Group employees to acquire shares of the Company ("Plan Shares"). Employees have been given a limited recourse 5-year interest free loan in which to acquire the Plan Shares.

Loans are not 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 on grant date on which the employees become unconditionally entitled to the shares.

The fair value of the shares issued pursuant to the Company Share Plans 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.

# DIRECTORS' REPORT

## REMUNERATION REPORT (AUDITED) (continued)

### 3.3 Long-term incentives granted in FY21

#### 3.3.1 Options

During the reporting period, the Company granted the following Options to Mr Jonathan Fisher, TNG's Chief Financial Officer, as part of his remuneration package. Details of the Options granted are as follow:

Number of Options Granted	Exercise Price	Vesting Condition
2,500,000	\$0.15	On signing Employment contract
2,500,000	\$0.20	After 12 months employment
5,000,000	\$0.25	Completion of project finance
5,000,000	\$0.30	On first drawdown of project finance

The options have a 12-month vesting period with exercise subject to achieving the applicable milestone, and an expiry date of 26 February 2024.

#### 3.3.2 NED Rights and Performance Rights

During the reporting period, the Company granted NED Rights for the Non-Executive Directors and Performance Rights for key management personnel (together, the "Rights") under the TNG Limited NED Rights and Performance Rights Plans, respectively.

The grant of Rights to the Directors, including the Managing Director, was approved by shareholders at the Company's 2020 AGM held on 30 November 2020.

The Rights will vest only upon satisfaction of the specific vesting condition for each class. Each Right will, upon subsequent exercise, entitle the holder to be issued one ordinary share in TNG.

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.

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

Class	Vesting condition to be met	Weighting	
		NED	KMP
A	Completion of the Mount Peake Project Front-End Engineering and Design Study by SMS group, and receipt of turnkey EPC proposal from SMS group	5%	15%
B	Entry into binding documentation for the acquisition of land for the Darwin Processing Facility with the NT Government	5%	5%
C	Commencement of ground-breaking activities at the Mount Peake Project	20%	20%
D	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%
E	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%
F	TNG 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 Performance Rights, which will exclude any new shares issued after the grant date	30%	20%

During the reporting period, the Company granted 4,200,000 NED Rights to non-executive directors and 20,300,000 Performance Rights to key management personnel (excluding NEDs).

# DIRECTORS' REPORT

## REMUNERATION REPORT (AUDITED) (continued)

### 3.4 Executive contracts

#### *Paul Burton - Managing Director & CEO*

- Term of Agreement: October 2014 until terminated by either party.
- Salary: \$476,100 per annum excluding super plus any reasonable expense incurred.
- Incentive Bonus: An incentive bonus based on market capitalisation ("MCIB") equivalent to 20% of base salary, payable when the market capitalisation of TNG reaches trigger points set by the Board: \$200 million; \$300 million; \$400 million; \$500 million; and any additional trigger points as agreed in writing between TNG and Mr Burton from time to time or at the Board's discretion.
- The incentive will be payable in cash or (subject to shareholder approval) an equivalent amount in TNG shares. If the market capitalisation of TNG remains above a trigger point for a continuous period of at least three months, then base salary will increase (with effect from the end of the three-month period) by the amount of the relevant MCIB payment.
- Early termination: The Company to give six months' written notice or make a payment of six months' salary in lieu. The employee to provide six months' written notice. This applies to any reason other than gross misconduct.

#### *Jonathan Fisher – Chief Financial Officer*

- Term of Agreement: February 2021 until terminated by either party.
- Salary: \$350,000 per annum excluding super plus any reasonable expense incurred.
- Early Termination: three months' written notice by either party.

#### *Jason Giltay – General Manager Commercial & Corporate Development*

- Term of Agreement – July 2018 until terminated by either party (Mr Giltay was appointed General Manager Commercial in July 2018, appointed Company Secretary on 21 December 2018 and retired as Company Secretary on 16 March 2021).
- Salary - \$245,000 per annum excluding super plus any reasonable expense incurred
- Early Termination - three months' written notice by either party.

#### *Paula Raffo – Investor & Public Relations Executive and Company Secretary*

- Term of Agreement – April 2019 until terminated by either party (Ms Raffo was appointed Investor & Public Relations Executive in April 2019 and appointed Company Secretary on 1 September 2020).
- Salary - \$160,000 per annum excluding super plus any reasonable expense incurred
- Early Termination – one month's written notice by either party.

### 3.5 Non-Executive Director remuneration

With respect to the remuneration of Non-Executive Directors:

- The full Board determines the remuneration of the Non-Executive Directors.
- Non-Executive Director remuneration is reviewed annually, based on market practice, duties and accountability.
- The maximum aggregate amount of Directors fees is subject to shareholder approval at a General Meeting.
- To align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and may receive Company Options or Rights if approved by shareholders.

Total remuneration for all Non-Executive Directors, approved by shareholders at the 2015 General Meeting, is not to exceed \$500,000 per annum. The current fee structure is as follows:

- Base fee for the Chairperson is \$120,000 per annum plus superannuation.
- Base fee for the other Non-Executive Directors is \$60,000 per annum plus superannuation.

Non-Executive Directors are not provided with retirement benefits apart from statutory superannuation.

# DIRECTORS' REPORT

## REMUNERATION REPORT (AUDITED) (continued)

### 4. CONSEQUENCES OF PERFORMANCE ON SHAREHOLDER WEALTH

In considering the consolidated entity's performance on shareholder wealth, the Board notes that at this stage of development, as a company pre-planning for development of its primary asset the Mount Peake Project and with no operational assets, there is no relevant direct link between the Company's financial performance and earnings, and the advancement of shareholder wealth.

	2021	2020	2019	2018	2017
Profit/(loss) attributable to owners of the Company	(2,904,883)	(2,885,329)	(3,089,785)	(3,329,120)	(4,436,184)
Dividends paid	-	-	-	-	-
Share price at 30 June	\$0.060	\$0.061	\$0.104	\$0.124	\$0.144
Change in share price	(2%)	(41%)	(16%)	(14%)	8%
Return on capital employed	(4%)	(4%)	(3%)	(3%)	(4%)

### 5. DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION

Details of the nature and amount of each major element of remuneration of each director of the Company, and other key management personnel of the Group are detailed below.

#### 5.1 Details of Remuneration

##### 5.1.1 Details of Base Remuneration for the years ended 30 June 2021 and 30 June 2020

	FY2021			FY2020		
	Salary & Fees	Superannuation	Total	Salary & Fees	Superannuation	Total
	\$	\$	\$	\$	\$	\$
<b>Executives</b>						
Paul Burton	476,100	46,621	522,721	461,451 <sup>1</sup>	43,838	505,289
Jonathan Fisher <sup>2</sup>	127,885	12,149	140,034	-	-	-
Jason Giltay <sup>3</sup>	245,000	23,275	268,275	245,000	23,275	268,275
Paula Raffo <sup>4</sup>	154,693	14,696	169,389	-	-	-
<b>Directors</b>						
John Elkington <sup>5</sup>	120,900	11,970	132,870	163,337 <sup>1</sup>	10,830	174,167
Greg Durack <sup>5,6</sup>	35,692	3,676	39,368	53,897 <sup>1</sup>	5,120	59,017
Simon Morten <sup>5,7</sup>	80,750	5,985	86,735	31,506 <sup>1</sup>	1,817	33,323
John Davidson <sup>8</sup>	-	-	-	33,012	3,136	36,148
<b>Total</b>	<b>1,241,020</b>	<b>118,372</b>	<b>1,359,392</b>	<b>988,203</b>	<b>88,016</b>	<b>1,076,219</b>

<sup>1</sup>Reduction of up to 20% of Directors' salary and fees due to the COVID-19 pandemic, which was capped at a duration of three months from commencement.

<sup>2</sup>Appointed CFO on 15 February 2021

<sup>3</sup>Appointed General Manager Commercial in July 2018, and appointed as Company Secretary on 21 December 2018. Resigned as Company Secretary on 16 March 2021 to take on expanded role of General Manager Commercial & Corporate Development

<sup>4</sup>Appointed Company Secretary on 1 September 2020

<sup>5</sup>Includes consulting fees, refer to Note 26 (b)

<sup>6</sup>Retired as a Director on 4 February 2021

<sup>7</sup>Appointed as a Director on 17 February 2020

<sup>8</sup>Retired as a Director on 7 February 2020

# DIRECTORS' REPORT

## REMUNERATION REPORT (AUDITED) (continued)

### 5.1.2 Details of Total Remuneration for the year ended 30 June 2021

	Base Remuneration		Short-Term	Long-Term	Total <sup>3</sup>	Proportion of remuneration performance related
	Salary, Fees & Super	Bonus	Other <sup>1</sup>	Share-based payments <sup>2</sup>		
	\$	\$				
<b>Executives</b>						
Paul Burton	522,721	-	14,649	171,723	709,093	24%
Jonathan Fisher <sup>4</sup>	140,034	-	-	98,789	238,823	41%
Jason Giltay <sup>5</sup>	268,275	-	-	29,106	297,381	10%
Paula Raffo <sup>6</sup>	169,389	-	-	21,829	191,218	11%
<b>Directors</b>						
John Elkington <sup>7</sup>	132,870	-	6,000	37,866	176,736	21%
Greg Durack <sup>7,8</sup>	39,368	-	3,000	-	42,368	-
Simon Morten <sup>7,9</sup>	86,735	-	3,000	18,933	108,668	17%
<b>Total</b>	<b>1,359,392</b>		<b>26,649</b>	<b>378,246</b>	<b>1,764,287</b>	

<sup>1</sup> Related to refund of directors' fee reduction due to the COVID-19 pandemic, which was then used by the Directors to buy an equivalent value of after-tax amount of TNG shares on-market

<sup>2</sup> Equity-settled remuneration based on the value of the performance rights, NED rights and options granted during the period

<sup>3</sup> Accrued annual leave and long service leave as noted in table 5.1.4 are not included in the total above but forms part of the total remuneration for the year

<sup>4</sup> Appointed CFO on 15 February 2021

<sup>5</sup> Appointed General Manager Commercial in July 2018, and appointed as Company Secretary on 21 December 2018. Resigned as Company Secretary on 16 March 2021 to take on expanded role of General Manager Commercial & Corporate Development

<sup>6</sup> Appointed Company Secretary on 1 September 2020

<sup>7</sup> Includes consulting fees, refer to Note 26 (b)

<sup>8</sup> Retired as a Director on 4 February 2021

<sup>9</sup> Appointed as a Director on 17 February 2020

### 5.1.3 Details of Total Remuneration for the year ended 30 June 2020

	Base Remuneration		Short-Term	Long-Term	Total <sup>1</sup>	Proportion of remuneration performance related
	Salary, Fees & Super	Bonus	Other	Share-based payments		
	\$	\$				
<b>Executives</b>						
Paul Burton	505,289 <sup>2</sup>	95,220	-	-	600,509	16%
Jason Giltay	268,275	25,000	-	-	293,275	9%
<b>Directors</b>						
John Elkington <sup>3</sup>	174,167 <sup>2</sup>	-	-	-	174,167	-
Greg Durack <sup>3,4</sup>	59,017 <sup>2</sup>	-	-	-	59,017	-
Simon Morten <sup>3,5</sup>	33,323 <sup>2</sup>	-	-	-	33,323	-
John Davidson <sup>3,6</sup>	36,148	-	-	-	36,148	-
<b>Total</b>	<b>1,076,219</b>	<b>120,220</b>	<b>-</b>	<b>-</b>	<b>1,196,439</b>	

<sup>1</sup> Accrued annual leave and long service leave as noted in table 5.1.4 are not included in the total above but forms part of the total remuneration for the year

<sup>2</sup> Reduction of up to 20% of Directors' salary and fees due to the COVID-19 pandemic, which was capped at a duration of three months from commencement.

<sup>3</sup> Includes consulting fees, refer to Note 26 (b)

<sup>4</sup> Retired as a Director on 4 February 2021

<sup>5</sup> Appointed as a Director on 17 February 2020

<sup>6</sup> Retired as a Director on 7 February 2020

# DIRECTORS' REPORT

## REMUNERATION REPORT (AUDITED) (continued)

### 5.1.4 Details of Accrued Leave for the year ended 30 June 2021 and 30 June 2020

	FY2021			FY2020		
	Annual Leave <sup>1</sup>	Long Service Leave <sup>2</sup>	Total	Annual Leave <sup>1</sup>	Long Service Leave <sup>2</sup>	Total
	\$	\$	\$	\$	\$	\$
<b>Executives</b>						
Paul Burton <sup>1,2</sup>	23,927	79,350	103,277	33,108	79,350	112,458
Jonathan Fisher <sup>1</sup>	8,491	-	8,491	-	-	-
Jason Giltay <sup>1</sup>	4,712	-	4,712	4,711	-	4,711
Paula Raffo <sup>1</sup>	7,873	-	7,873	-	-	-
<b>Total</b>	<b>45,003</b>	<b>79,350</b>	<b>124,353</b>	<b>37,819</b>	<b>79,350</b>	<b>117,169</b>

<sup>1</sup> Includes accrued annual leave not taken over and above base salary detailed within the service contracts item 3.3

<sup>2</sup> Includes accrued long service leave not taken over and above base salary detailed within the service contracts item 3.3

### 5.1.5 Analysis of bonuses included in the remuneration

There was no bonus awarded to any director or Key Management personnel during FY21.

Details of the vesting profile of the short-term incentive cash bonuses awarded as remuneration to each director of the Company, and other key management personnel in FY20 are detailed below.

Short-term incentive bonus – FY2020			
	Included in remuneration \$ (A)	% vested in year	% forfeited in year
Paul Burton <sup>1</sup>	95,220	100%	-
Jason Giltay	25,000	100%	-

(A) Amounts included in remuneration for the financial year were approved by the Board of Directors and represent the amount related to the financial year based on achievement of personal goals and satisfaction of specified criteria.

<sup>1</sup> Mr Paul Burton agreed to use the proceeds from his bonus to cover the costs of the purchase of 2,000,000 Plan Shares as a way to return the investment to the Company.

## 5.2 Equity instruments

All Rights and Options refer to NED rights and performance rights and options over ordinary shares of TNG Limited, which are exercisable on a one-for-one basis under the respective long-term incentive plans.

### 5.2.1 Rights and options over equity instruments granted as compensation

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

Options	Number of options granted during FY2021	Grant date	Fair value per option at grant date \$	Exercise price per option \$	Expiry Date	Number of vested options vested during FY2021
Jonathan Fisher	2,500,000	26-Feb-21	\$0.037	\$0.15	26-Feb-24	-
	2,500,000	26-Feb-21	\$0.031	\$0.20	26-Feb-24	-
	5,000,000	26-Feb-21	\$0.026	\$0.25	26-Feb-24	-
	5,000,000	26-Feb-21	\$0.023	\$0.30	26-Feb-24	-

# DIRECTORS' REPORT

## REMUNERATION REPORT (AUDITED) (continued)

Rights	Number of rights granted during FY2021	Vesting Condition						Grant date	Expiry Date
		Class A	Class B	Class C	Class D	Class E	Class F		
<b>Executives</b>									
Paul Burton	11,800,000	1,770,000	590,000	2,360,000	2,360,000	2,360,000	2,360,000	17-Dec-20	17-Dec-23
Jonathan Fisher	5,000,000	750,000	250,000	1,000,000	1,000,000	1,000,000	1,000,000	26-Feb-21	17-Dec-23
Jason Giltay	2,000,000	300,000	100,000	400,000	400,000	400,000	400,000	17-Dec-20	17-Dec-23
Paula Raffo	1,500,000	225,000	75,000	300,000	300,000	300,000	300,000	17-Dec-20	17-Dec-23
<b>Directors</b>									
John Elkington	2,800,000	140,000	140,000	560,000	560,000	560,000	840,000	17-Dec-20	17-Dec-23
Simon Morten	1,400,000	70,000	70,000	280,000	280,000	280,000	420,000	17-Dec-20	17-Dec-23
Greg Durack <sup>1</sup>	1,400,000	70,000	70,000	280,000	280,000	280,000	420,000	17-Dec-20	N/A

<sup>1</sup> Retired as a Director on 4 February 2021, therefore his NED rights lapsed under the terms of the NED Rights Plan.

All Rights and Options expire on the earlier of their expiry date or termination of the individual's employment. The options have a 12-month vesting period with exercise subject to achieving applicable milestone and an expiry date of 26 February 2024. The total number of Rights to vest will depend on the satisfaction of the vesting conditions/milestones in each class. The vesting period of the Rights will end on 17 December 2023. Details of the vesting conditions/milestones are included in the long-term incentives' discussions on section 3.3 of the Remuneration Report.

### 5.2.2 Exercise of options granted as compensation

During the period no options were exercised by the KMP.

### 5.2.3 Details of equity incentives affecting current and future remuneration

Details of vesting profiles of the Rights and Options held by each key management person of the Company, are detailed below.

	Instrument	Grant date	% vested in year	% forfeited in year	Financial years which grant vest	Expiry date
<b>Executives</b>						
Paul Burton	Rights	11,800,000	17-Dec-20	0%	0%	1-Jul-23 17-Dec-23
Jonathan Fisher	Rights	5,000,000	26-Feb-21	0%	0%	1-Jul-23 17-Dec-23
	Options	15,000,000	26-Feb-21	0%	0%	1-Jul-23 26-Feb-24
Jason Giltay	Rights	2,000,000	17-Dec-20	0%	0%	1-Jul-23 17-Dec-23
Paula Raffo	Rights	1,500,000	17-Dec-20	0%	0%	1-Jul-23 17-Dec-23
<b>Non-Executive Directors</b>						
John Elkington	Rights	2,800,000	17-Dec-20	0%	0%	1-Jul-23 17-Dec-23
Simon Morten	Rights	1,400,000	17-Dec-20	0%	0%	1-Jul-23 17-Dec-23
Greg Durack <sup>1</sup>	Rights	1,400,000	17-Dec-20	0%	100%	1-Jul-23 17-Dec-23

<sup>1</sup> Retired as a Director on 4 February 2021, therefore his NED rights lapsed under the terms of the NED Rights Plan

# DIRECTORS' REPORT

## REMUNERATION REPORT (AUDITED) (continued)

### 5.2.4 Options and rights over equity instruments

The movement during the reporting period, by number of Rights and Options over ordinary shares in TNG Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2020	Granted as remuneration	Exercised	Lapsed	Forfeited	Held at 30 June 2021	Vested during the year	Vested and exercisable at 30 June 2021
<b>Options</b>								
<b>Executive</b>								
Jonathan Fisher	-	15,000,000	-	-	-	15,000,000	-	-
<b>Rights</b>								
<b>Executives</b>								
Paul Burton	-	11,800,000	-	-	-	11,800,000	-	-
Jonathan Fisher	-	5,000,000	-	-	-	5,000,000	-	-
Jason Giltay	-	2,000,000	-	-	-	2,000,000	-	-
Paula Raffo	-	1,500,000	-	-	-	1,500,000	-	-
<b>Directors</b>								
John Elkington	-	2,800,000	-	-	-	2,800,000	-	-
Simon Morten	-	1,400,000	-	-	-	1,400,000	-	-
Greg Durack <sup>1</sup>	-	1,400,000	-	1,400,000	-	-	-	-

<sup>1</sup> Retired as a Director on 4 February 2021, therefore his NED rights lapsed under the terms of the NED Rights Plan

### 5.2.5 Modification of terms of equity-settled share-based payment transactions

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

In the prior reporting period, at the 2019 Annual General Meeting held on 18 November 2019, shareholder approval under section 208(1) of the *Corporations Act 2001* was sought and received to extend the Repayment Date of 4,000,000 Plan Shares granted to Mr Paul Burton on 26 November 2014 by four years to 27 November 2023.

## 6. KEY MANAGEMENT PERSONNEL TRANSACTIONS

### 6.1 Other transactions with key management personnel and their related parties

Key management personnel, or their related parties, may hold positions in other entities that result in them having control or joint control over the financial or operating policies of those entities.

Some of these entities transacted with the Company during the year. The terms and conditions of the transactions with Key Management Personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Key Management Personnel related entities on an arm's length basis.

# DIRECTORS' REPORT

## REMUNERATION REPORT (AUDITED) (continued)

### 6.2 Movements in shares

The movement during the reporting period in the number of ordinary shares in TNG Limited held, directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

	Held at 1 July 2020	Purchases	Received on exercise of options	Sales	Held at 30 June 2021
<b>Executives</b>					
Paul Burton	7,661,110	406,792	-	379,013 <sup>1</sup>	7,688,889
Jonathan Fisher	-	-	-	-	-
Jason Giltay	-	-	-	-	-
Paula Raffo	-	-	-	-	-
<b>Directors</b>					
John Elkington	-	33,334	-	-	33,334
Simon Morten	148,148	16,461	-	-	164,609
Greg Durack <sup>2</sup>	459,496	51,056	-	-	510,552

<sup>1</sup> Sale of a small portion of Mr Burton's holding of TNG shares to allow him to participate in the Company's Entitlement Issue Offer undertaken in November 2020.

<sup>2</sup> Holding at date of retirement

*The audited remuneration report ends here.*

# DIRECTORS' REPORT

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## ENVIRONMENTAL REGULATION

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The Group holds various mineral licences to regulate its activities in Australia. These licences include conditions and regulation with respect to the management and rehabilitation of areas disturbed during the course of its 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.

## INDEMNIFICATION OF DIRECTORS AND OFFICERS

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The Company has agreed to indemnify current and former Directors and officers against all liabilities to another person (other than the Company or a related body corporate), including legal expenses that may arise from their position as Directors and Officers of the Company 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 FOR DIRECTORS AND OFFICERS

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During and since the end of the financial year, the Company has paid premiums to insure each of the Directors and Officers 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 \$29,318 (2020: \$26,663) exclusive of GST.

## PROCEEDINGS ON BEHALF OF THE GROUP

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No person has applied for leave under section 237 of the *Corporations Act 2001* of Court to bring proceedings on behalf of the Group or intervened in any proceeding to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings under section 237 of the *Corporations Act 2001* during the financial year.

## NON-AUDIT SERVICES

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During the year, KPMG provided non-audit services. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised. Refer to Note 7 in the Financial Report.

## LEAD AUDITOR'S INDEPENDENCE DECLARATION

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The Lead Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* immediately follows this Directors' Report and forms part of the Directors' Report for the financial year ended 30 June 2021.

## ROUNDING

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The Group 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 Consolidated Statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This Directors' Report is made in accordance with a resolution of the Directors:



**Paul Burton**  
Managing Director & CEO

17 September 2021

# LEAD 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 audit of TNG Limited for the financial year ended 30 June 2021 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.

KPMG

KPMG

Jane Bailey

Jane Bailey

Partner

Perth

17 September 2021

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# FINANCIAL REPORT

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Other Income	6(a)	184	149
<b>Total Income</b>		<b>184</b>	<b>149</b>
Corporate and administration expenses	6(b)	(918)	(1,574)
Employment expenses	6(c)	(2,012)	(1,490)
Depreciation and amortisation expenses		(179)	(188)
<b>Loss from continuing operations</b>		<b>(2,925)</b>	<b>(3,103)</b>
Finance income	6(a)	33	236
Finance costs	6(a)	(13)	(18)
<b>Net finance income</b>		<b>20</b>	<b>218</b>
<b>Loss before tax</b>		<b>(2,905)</b>	<b>(2,885)</b>
Income tax expense	8	-	-
<b>Loss for the year attributable to the owners of the Company</b>		<b>(2,905)</b>	<b>(2,885)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Equity Investments at FVOCI-net change in fair value	13	408	(127)
Tax effect on other comprehensive income (loss)		-	-
<b>Other comprehensive loss for the year</b>		<b>408</b>	<b>(127)</b>
<b>Total comprehensive loss for the year attributable to the owners of the company</b>		<b>(2,497)</b>	<b>(3,012)</b>
<b>Loss per share (cents per share)</b>			
Basic (loss) per share (cents)	9	(0.24)	(0.26)
Diluted (loss) per share (cents)	9	(0.24)	(0.26)

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

# FINANCIAL REPORT

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	2021 \$'000	2020 \$'000
<b>Assets</b>			
Cash and cash equivalents	11	11,434	8,616
Trade and other receivables	12	231	258
Prepayments		362	358
Other Investments	13	600	192
<b>Current assets</b>		<b>12,627</b>	<b>9,424</b>
Other receivables		67	67
Plant and equipment		42	60
Right-of-use-asset	14	238	350
Exploration and evaluation expenditure	15	53,149	46,288
<b>Non-current assets</b>		<b>53,496</b>	<b>46,765</b>
<b>Total assets</b>		<b>66,123</b>	<b>56,189</b>
<b>Liabilities</b>			
Trade and other payables	16	2,087	2,282
Provisions	17	496	464
Lease Liability	18	158	146
<b>Current liabilities</b>		<b>2,741</b>	<b>2,892</b>
Lease liability	18	95	215
Provisions	17	6	-
<b>Non-current liabilities</b>		<b>101</b>	<b>215</b>
<b>Total liabilities</b>		<b>2,842</b>	<b>3,107</b>
<b>Net assets</b>		<b>63,281</b>	<b>53,082</b>
<b>Equity</b>			
Issued capital	19	114,735	102,595
Reserves	19	(2,948)	(3,356)
Accumulated losses		(48,506)	(46,157)
<b>Total equity</b>		<b>63,281</b>	<b>53,082</b>

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

# FINANCIAL REPORT

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers		184	116
Cash payments in the course of operations		(2,357)	(3,269)
Interest received		41	248
Interest paid		(13)	(18)
<b>Net cash used in operating activities</b>	24	<b>(2,145)</b>	<b>(2,923)</b>
<b>Cash flows from investing activities</b>			
Payments for plant and equipment		(10)	(23)
Payments for exploration and evaluation expenditure		(12,149)	(15,298)
Research and development rebate		5,139	2,185
Security deposits refunded/(paid)		-	(3)
<b>Net cash used in investing activities</b>		<b>(7,020)</b>	<b>(13,139)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		12,535	4,980
Share issue costs		(391)	(259)
Repayments of lease liability		(161)	(157)
<b>Net cash from financing activities</b>		<b>11,983</b>	<b>4,564</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,818</b>	<b>(11,498)</b>
<b>Cash at the beginning of the financial year</b>		<b>8,616</b>	<b>20,114</b>
<b>Cash and cash equivalents at the end of the financial year</b>	11	<b>11,434</b>	<b>8,616</b>

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

# FINANCIAL REPORT

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2021

	Issued Capital \$'000	Accumulated losses \$'000	Reserves \$'000	Total Equity \$'000
<b>Balance at 1 July 2019</b>	<b>97,874</b>	<b>(43,272)</b>	<b>(3,229)</b>	<b>51,373</b>
Other comprehensive income (loss)	-	-	-	-
Net loss for the year	-	(2,885)	-	(2,885)
Equity Investments at FVOCI-net change in fair value	-	-	(127)	(127)
Total comprehensive loss	-	(2,885)	(127)	(3,012)
<b>Transactions with owners recorded directly in equity</b>				
Share placement	4,980	-	-	4,980
Share issue costs	(259)	-	-	(259)
<b>Balance at 30 June 2020</b>	<b>102,595</b>	<b>(46,157)</b>	<b>(3,356)</b>	<b>53,082</b>
<b>Balance at 1 July 2020</b>	<b>102,595</b>	<b>(46,157)</b>	<b>(3,356)</b>	<b>53,082</b>
Other comprehensive income (loss)	-	-	-	-
Net loss for the year	-	(2,905)	-	(2,905)
Equity Investments at FVOCI-net change in fair value	-	-	408	408
Total comprehensive loss	-	(2,905)	408	(2,497)
<b>Transactions with owners recorded directly in equity</b>				
Share placement	12,495	-	-	12,495
Share issue costs	(395)	-	-	(395)
Share based payments	-	556	-	556
Loan funded share plan – loan repaid	40	-	-	40
<b>Balance at 30 June 2021</b>	<b>114,735</b>	<b>(48,506)</b>	<b>(2,948)</b>	<b>63,281</b>

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 1 REPORTING ENTITY

TNG Limited (“TNG” or “the Company”) is a company domiciled in Australia. The address of the Company’s registered office is Suite 20, 22 Railway Road Subiaco, Western Australia 6008.

The consolidated financial report of the Company as at and for the year ended 30 June 2021 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 consolidated financial statements are general purpose financial statements which have 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 statements comply with International Financial Reporting Standards (IFRS) and Interpretations adopted by the International Accounting Standards Board (IASB).

### (b) Basis of measurement

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

- investments in equity instruments (FVOCI);
- share based payments are measured at fair value; and
- lease liability

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. The Group 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 Consolidated Financial Statements and Directors’ Report have been rounded off to the nearest thousand dollars (\$000), unless otherwise stated.

### (d) Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

## Critical Judgements

### Assumptions and estimation uncertainties

Exploration and evaluation assets

The ultimate recovery 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.

# 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 agreed to externally available information where 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 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.

Coronavirus (COVID-19) – the outbreak of the coronavirus disease (COVID-19) is impacting global economic markets and it may result in delays in development, financing and to the government approval processes relating to the Mount Peake Project. The Group is monitoring the situation closely and has considered the impact of COVID-19 on the Group's business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain.

### (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.

During the year, the Group incurred a loss after tax of \$2,905,000 and net cash outflows from operating and investing activities of \$9,165,000. As at 30 June 2021, the Group has cash in hand of \$11,434,000 and a working capital surplus of \$9,886,000.

The Group's principal activities are the continued evaluation and development planning of the Group's Mount Peake Project. The Group will require further funding to meet its ongoing obligations and, subject to the results of its ongoing exploration and engineering activities, expand or accelerate its work programs. The Directors believe that the Group will be able to secure further funding as it has demonstrated, in the past, its ability to successfully raise additional funds, which is in part attributed to the opportunity presented by the Group's Mount Peake Project – a large global scale project in a stable and pro-development jurisdiction, underpinned by a new processing technology that is targeted to produce three high-quality product streams, and which has attracted a number of development partners.

The Group has a number of potential additional funding options available to it, including potential farm-in arrangements or strategic project investment or other similar arrangements. If necessary, the Group can delay exploration and engineering expenditures, and can also institute cost saving measures to further reduce corporate and administrative costs.

The Directors have approved the cashflow forecast which shows that the Group has sufficient cash to meet its obligations, as and when they become due, for at least 12 months from the date of signing of the financial statements. On this basis, the Directors believe the use of the going concern basis of preparation in the financial statements is appropriate.

# NOTES TO THE FINANCIAL STATEMENTS

## 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's entities.

### (a) Basis of preparation

#### (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) Loss of control of a subsidiary

When the Group loses control over a subsidiary it derecognises the assets and liabilities of the subsidiary, and any related and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

#### (iii) 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.

### (b) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

#### Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax payable also includes any tax liability arising from the declaration of dividends.

#### Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting or taxable profit or loss
- temporary differences related to investments in subsidiaries, associates or jointly controlled entities to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future
- taxable temporary differences arising on the initial recognition of goodwill

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

Unrecognised deferred income tax assets are reassessed at each reporting 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

### 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. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax consolidated group are recognised by TNG Limited (as the head company of the tax-consolidated group).
- Entities within the tax-consolidated group have not entered into a tax sharing or tax funding agreement with TNG Limited. The effect of not having entered into a tax sharing or tax funding agreement is that whilst TNG Limited (as the head company of the tax-consolidated group) will be liable for the income tax debts of the tax-consolidated group that are applicable to the period of consolidation, income tax debts may be recovered from subsidiary members in certain circumstances.

### (c) Goods and services tax

- (i) Revenues, expenses and assets are recognised net of the amount of GST except 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.

### (d) 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) 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

### (iii) 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

Right-of-use-asset Depreciation is over the shorter of the useful life of the asset and the lease term, unless the title to the asset transfers at the end of the lease term, in which case depreciation is over the useful life.

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

### (e) 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.

### (f) AASB 16 Leases

Lessees recognise a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases (12 months or less) and leases of low-value items. Lessors classify leases as finance or operating leases.

#### Accounting policy

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from the lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments
- variable lease payment that are based on an index or a rate
- the option to renew the lease

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the fund necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are assets with a replacement value of less than US\$5,000.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

### (g) 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 Mineral Resources before the technical feasibility and commercial viability of extracting a Mineral Resource 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.

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 areas 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 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 exists 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.

Where a potential impairment is indicated, an assessment is performed for each Cash Generating Unit [CGU] (consisting of Mount Peake, Cawse Extended and Kintore East) which is no larger than the area of interest. The Group performs impairment testing in accordance with accounting policy 3(i)(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.

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI equity instrument; or FVTPL. The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Cash and cash equivalents and other receivables classified as amortised cost are subject to impairment testing and 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 investment in equity instrument financial asset is recognised in equity Fair Value through Other Comprehensive Income (FVOCI).

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 or amortisation, if no impairment loss had been recognised.

### (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 TNG Employee Share Plan and TNG Non-Executive Director and Consultant Share Plan (together referred to as the "Company Share Plans") allow 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. Such loans have 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 on grant date on which the employees become unconditionally entitled to the shares.

The fair value of the shares issued pursuant to the Company Share Plans are measured using the Black Scholes pricing model, taking into account the terms and conditions upon which the in-substance options granted. The amount recognised as an expense is adjusted to reflect the actual number of shares that vest.

The fair value of the Options and the Classes A to E of the NED Rights and Performance Rights (together the "Rights") has been measured using the Black Scholes option pricing model. The fair value of Class F of the Rights has been measured using a barrier up-and-in trinomial option pricing model with a Parisian barrier adjustment, to reflect that the market capitalisation condition is assessed using a volume weighted price over 20-day period.

Employee benefits received are accounted as Options and Rights under AASB2: Share-based Payment. Information in relation to Options and Rights is set out in Note 25.

#### (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, Rights and share options granted to employees as per AASB 133.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

### (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.

### (m) Income and Expenses

#### a. Leases (AASB 16)

Lease payments under leases (AASB 16) are apportioned between the finance charge and the reduction of the liability. The finance charge is allocated to each period during the lease term so as to produce a constant period rate of interest on the remaining balance of the liability.

#### b. Finance income and expenses

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

Finance expenses comprise of interest expense on borrowings, loss on held for trading investments and lease liability on right-of-use assets. All borrowing costs are recognised in profit or loss using the effective interest method or incremental borrowing rate.

#### c. 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) Segment reporting

Segment results that are reported to the Board 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.

## 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 investment in equity instruments (FVOCI) is determined by reference to their quoted bid price at the reporting date and is considered to be a level 1 in the fair value hierarchy.

# NOTES TO THE FINANCIAL STATEMENTS

## 4 DETERMINATION OF FAIR VALUES (continued)

### (ii) Share-based payment transactions

The fair value of employee options and classes A-E of the Rights are 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.

The fair value of Class F of the Rights is measured using a barrier up-and-in trinomial option pricing model with a Parisian barrier adjustment, to reflect that the market capitalisation condition is assessed using a volume weighted price over a 20-day period.

Information in relation to share based payments for Options and Rights is set out in Note 25.

### (iii) Right-of-use-assets & Lease Liability

The right-of-use-asset is measured at cost at the commencement date less any depreciation. Additionally, the cost is subsequently adjusted for any remeasurement of the lease liability resulting from reassessment or lease modifications.

However, the initial measurement of the lease liability is the present value of lease payments over the lease term, discounted using the interest rate implicit in the lease if it can be determined, otherwise at the lessee's incremental borrowing rate.

## 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 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.

### Cash and cash equivalents

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating. Cash and cash equivalents are held with Australian banks rated AA- by Standard & Poor's.

### 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

# NOTES TO THE FINANCIAL STATEMENTS

## 5 FINANCIAL RISK MANAGEMENT (continued)

### 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:

	Note	Consolidated Carrying amount	
		2021 \$'000	2020 \$'000
Trade and other receivables	12	231	258
Cash and cash equivalents	11	11,434	8,616
		11,665	8,874

None of the Group's trade and other receivables are past due.

### 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:

### Consolidated

30 June 2021	Note	Carrying amount \$'000	Contractual cash flows \$'000	<3 months \$'000	>12 months \$'000
Trade and other payables	16	2,087	2,087	2,087	-
Lease liabilities	18	253	253	40	95
		2,340	2,340	2,127	95

30 June 2020	Note	Carrying amount \$'000	Contractual cash flows \$'000	<3 months \$'000	>12 months \$'000
Trade and other payables	16	2,282	2,282	2,282	-
Lease liabilities	18	361	361	36	325
		2,643	2,643	2,318	325

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 5 FINANCIAL RISK MANAGEMENT (continued)

### 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.

### Profile

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

	Note	Consolidated carrying amount	
		2021 \$'000	2020 \$'000
<b>Variable rate instruments</b>			
Cash and cash equivalents	11	2,934	1,616
<b>Fixed rate instruments</b>			
Cash and cash equivalents	11	8,500	7,000
Security deposits	12	214	214
Lease Liability	18	(253)	(361)
		11,395	8,469

### 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 \$29,340 (2020: \$16,160).

### Sensitivity analysis

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.

### Investments in equity instrument (FVOCI)

All of the Group's equity investments are listed on the ASX. For such investments classified as investment in equity instrument, a 1% increase in the share price at the reporting date, would have increased equity by \$6,003 (2020: \$19,256). An equal change in the opposite direction would have decreased equity by the same amount.

### 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 engineering, 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 6 INCOME AND EXPENSES

	Note	Consolidated	
		2021 \$'000	2020 \$'000
<b>(a) Income</b>			
Other income		184	149
<b>Total income</b>		<b>184</b>	<b>149</b>
Interest income		33	236
Finance income		33	236
Interest expense		(13)	(18)
Finance expense		(13)	(18)
<b>Net finance income</b>		<b>20</b>	<b>218</b>

Other income consists of temporary boosting cash flow for Employers under the Government Stimulus Package due to the impact of Covid-19 pandemic. The payment is equal to the lesser of 100 percent of PAYG withheld on employees' salary and wages (up from 50 percent) or \$50,000 for both the year ended 30 June 2020 and 30 June 2021.

The Group received the first half amounting to \$50,000 as at 30 June 2020, and the remaining \$50,000 was received in three instalments from July 2020 to October 2020.

Additionally, an incentive from the Federal Government on the Job-keeper program was received which broadly comprised a wage subsidy to help businesses keep staff employed. From 30 March 2020 to 27 September 2020, the subsidy of \$1,500 per fortnight, per eligible employee was received. TNG had participated in the program and lodged the monthly declaration on the job-keeper payments until September 2020. The Group received \$115,500 for the job keeper payments as at 30 June 2021 (2020: \$99,000).

On 16 March 2020, the Government of Western Australia announced that a one-off grant of \$17,500 would be given to employers, whose annual Australian taxable wages were between \$1 million and \$4 million to assist in managing the impacts of Covid-19.

TNG was approved for the one-off grant of \$17,500 as part of the Covid-19 Payroll Tax relief measures. The amount was received in August 2020.

	Consolidated	
	2021 \$'000	2020 \$'000
<b>(b) Corporate and administration expenses</b>		
Travel and accommodation	8	161
Legal fees	95	280
Promotional	137	244
Contractors and consultancy	72	229
Occupancy	76	64
Taxation Fees	77	74
Insurance	69	53
Share registry, ASIC & ASX	106	109
General Office Maintenance	90	152
Accounting costs	26	77
Other	162	131
<b>Total Corporate and Administration</b>	<b>918</b>	<b>1,574</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 6 INCOME AND EXPENSES (continued)

	Consolidated	
	2021 \$'000	2020 \$'000
<b>(c) Employment expenses</b>		
Wages and salaries <sup>1</sup>	1,309	1,339
Other associated personnel expenses	9	17
Increase (Decrease) in liability for long service leave	18	33
Contributions to defined contribution plans	120	101
Share based payments expense	556	-
<b>Total Employment expenses</b>	<b>2,012</b>	<b>1,490</b>

<sup>1</sup>Total Wages and Salaries incurred during the year including amounts capitalised to exploration and evaluation was \$2,419,207 (2020: \$2,449,502).

## 7 AUDITORS' REMUNERATION

	Consolidated	
	2021 \$	2020 \$
Auditors of the Group - <i>KPMG Australia:</i>		
Audit and review of financial reports	41,753	41,100
Tax Advice	-	15,525
Monthly Retainer Service for Debt Finance	150,700	-
Northern Territory Benefit Plan Work	15,164	-
<b>Total Auditor's remuneration</b>	<b>207,617</b>	<b>56,625</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 8 INCOME TAX

	Consolidated	
	2021 \$'000	2020 \$'000
A reconciliation between tax expense and pre-tax loss:		
Accounting (loss) before income tax	(2,905)	(2,885)
At the domestic tax rate of 26% (2020: 27.5%)	(755)	(793)
<i>Reconciling items</i>		
Other non-deductible expenses	156	130
Tax losses and temporary differences not brought to account	599	663
<b>Income tax expense reported in the income statement</b>	-	-
Unused tax losses carried forward	68,371	65,844
Potential tax benefit @ 26% (2020: 27.5%)	17,776	18,107
Tax losses offset against deferred tax liabilities	(13,308)	(12,115)
Unrecognised tax benefit	4,468	5,992

All unused tax losses were incurred by Australian entities.

Potential future income tax benefits net of deferred tax liabilities attributable to income 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	Consolidated	
	2021 \$'000	2020 \$'000
Deferred income tax relates to the following:		
<i>Deferred Tax Liabilities</i>		
Exploration and evaluation assets	13,657	12,587
<i>Deferred Tax Assets</i>		
Other	(349)	(472)
Brought forward tax losses offset against deferred tax liabilities	(13,308)	(12,115)
	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## 9 EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 30 June 2021 was based on the loss attributable to ordinary shareholders of \$2,904,883 (2020: loss \$2,885,329) and a weighted average number of ordinary shares on issue during the year ended 30 June 2021 of 1,193,876,045 (2020: 1,120,009,401).

### Loss attributable to ordinary shareholders

	2021 \$'000	2020 \$'000
(Loss) for the period	(2,905)	(2,885)
(Loss) attributable to ordinary shareholders	(2,905)	(2,885)

### Weighted average number of ordinary shares

	2021 Numbers	2020 Numbers
Number of ordinary shares at 1 July	1,124,545,124	1,070,994,327
Effect of shares issued	69,330,921	53,550,797
Weighted average number of ordinary shares at 30 June	1,193,876,045	1,120,009,401
Basic (loss) per share (cents)	(0.24)	(0.26)
Diluted (loss) per share (cents)	(0.24)	(0.26)

### Effect of dilutive securities

TNG's potential ordinary shares at 30 June 2021 are 15,000,000 Options and 36,700,000 Rights granted to the Eligible Employees and Non-Executive directors during the year. There are 124,951,916 listed options issued during the period.

The listed options have not been included in the calculation of diluted earnings per share as the market price exceeds the exercise price (AASB paragraph 47).

The Rights are treated as Contingency Issuable shares as per AASB 133 paragraph 56. At the reporting date, the vesting conditions were not met and therefore the Rights have not been included in the calculation of diluted earnings per share.

The options granted to the employee have been treated as per AASB 133 paragraph 47A-48 and diluted earnings per share have been calculated taking them into consideration. However, rounding creates the same amount for basic and diluted earnings per share.

## 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 Group's assets are located in one geographical segment being Australia.

# NOTES TO THE FINANCIAL STATEMENTS

## 11 CASH AND CASH EQUIVALENTS

	Consolidated	
	2021 \$'000	2020 \$'000
Cash at bank	2,934	1,616
Short term deposits	8,500	7,000
	11,434	8,616

## 12 TRADE AND OTHER RECEIVABLES

	Consolidated	
	2021 \$'000	2020 \$'000
<b>Current</b>		
Other receivables	6	46
Short term security deposits <sup>1</sup>	147	147
GST receivables	78	65
	231	258

<sup>1</sup>Bank short term deposits of \$46,000 maturing 11 months 29 days and \$100,000 maturing in 6 months are paying interest at a weighted average interest rate of 0.50% and 0.23% respectively (2020: 0.55%)

## 13 OTHER INVESTMENTS

Investments in equity instruments	2021		2020	
	Number	\$'000	Number	\$'000
Peninsula Energy Ltd	90,000	15	90,000	6
Spirit Telecom Energy Ltd	17,392	4	17,392	4
Todd River Resources Ltd	7,000,000	581	7,000,000	182
Balance at end of year	7,107,392	600	7,107,392	192

The Group's investments in equity securities are classified as Investment in equity instruments (FVOCI). Subsequent to initial recognition, they are measured at fair value. Gains or losses on revaluation of asset are recognised in other comprehensive income (FVOCI). At 30 June 2021, management recognised fair value adjustment of positive \$407,808 through other comprehensive income. The increase in fair value is largely due to the significant increase in the share price of Todd River Resources.

# NOTES TO THE FINANCIAL STATEMENTS

## 14 RIGHT-OF-USE ASSET

	Consolidated	
	2021 \$'000	2020 \$'000
<b>Cost</b>		
Initial recognition 1 July 2020	350	488
Additions	40	12
Accumulated depreciation	(152)	(150)
Balance at 30 June	238	350

## 15 EXPLORATION AND EVALUATION EXPENDITURES

	Consolidated	
	2021 \$'000	2020 \$'000
<b>Cost</b>		
Balance at 1 July	46,288	32,076
Exploration and evaluation expenditure	12,000	16,397
Research and development rebate	(5,139)	(2,185)
Balance at 30 June	53,149	46,288
<b>Exploration expenditure capitalised during the year</b>		
Drilling and exploration	1,267	1,628
Feasibility and evaluation	10,733	14,769
Total exploration expenditure	12,000	16,397

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 engineering, exploration and evaluation expenditure was \$53,148,729 of which \$52,946,635 was attributable to the Mount Peake project and the balance relating to other current exploration programs.

## 16 TRADE AND OTHER PAYABLES

	Consolidated	
	2021 \$'000	2020 \$'000
<b>Current</b>		
Trade payables	343	462
Accruals	1,421	1,514
Other payables	323	306
	2,087	2,282

Trade payables are normally settled on a 30-day basis.

# NOTES TO THE FINANCIAL STATEMENTS

## 17 PROVISIONS

	Consolidated	
	2021 \$'000	2020 \$'000
<b>Employee provisions</b>		
<b>Current</b>		
Annual leave	317	297
Long-service leave	179	167
	496	464
<b>Employee provisions</b>		
<b>Non- Current</b>		
Long-service leave	6	-
	6	
Balance at 1 July	464	329
Net provisions recognised/(used) during the year	38	135
Balance at 30 June	502	464

## 18 LEASE LIABILITY

	Consolidated	
	2021 \$'000	2020 \$'000
Lease liability at transition	361	488
Additions	40	12
Interest expense	13	18
Lease repayments	(161)	(157)
Balance at 30 June	253	361
Current liability	158	146
Non-current liability	95	215
	253	361

# NOTES TO THE FINANCIAL STATEMENTS

## 19 ISSUED CAPITAL AND RESERVES

	Consolidated	
	2021 \$'000	2020 \$'000
Issued and paid-up share capital	114,735	102,595

### (a) Movements in shares on issue

	2021		2020	
	Number	\$'000	Number	\$'000
Balance at the beginning of year	1,124,545,124	102,595	1,070,994,327	97,874
Share placement	124,951,916	12,495	53,550,797	4,980
Share issue costs	-	(395)	-	-
Loan Funded Share Plan – loan repaid	-	40	-	-
Balance at the end of year	1,249,497,040	114,735	1,124,545,124	102,595

### 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.

### Reserves

	Consolidated	
	2021 \$'000	2020 \$'000
Fair Value through other comprehensive income reserve <sup>1</sup>	802	1,210
Transaction Reserve <sup>2</sup>	2,146	2,146
<b>Total Reserves</b>	<b>2,948</b>	<b>3,356</b>

Transaction Reserve is used to record the fair value of shares accounted for during the in-specie distribution.

<sup>1</sup> Reflects the movement in fair value of investments in equity instrument (FVOCI).

<sup>2</sup> In 2017, TNG demerged its assets via its subsidiary Todd River Resources to create a base metal focused exploration company. TNG transferred \$7,000,000 of the NT base Metal Assets to Todd River Resources in consideration of 35,000,000 shares at a deemed issue price of \$0.20 per share. 28,000,000 of these shares were distributed and transferred via an in specie distribution to TNG's shareholders on a pro-rata basis. The in specie distribution was accounted for at the fair value of the assets distributed and the remainder was accounted for in the Share capital account.

# NOTES TO THE FINANCIAL STATEMENTS

## 20 COMMITMENTS

### Tenement 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 and Territory 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	
	2021 \$'000	2020 \$'000
Exploration commitments payable not provided for in the financial report:		
Within one year	848	823

## 21 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	
	2021 \$'000	2020 \$'000
<b>(a) Guarantees - Parent</b>		
A guarantee has been provided to support unconditional office lease performance bonds	47	47
	47	47
<b>(b) Guarantees - Subsidiary</b>		
A guarantee has been provided to support unconditional environmental performance bonds	167	167
	167	167

The Group has various security deposits totalling \$213,979 representing bank guarantees of \$45,946 for the office lease in Perth, \$1,083 for site office in Alice Springs (NT) and \$100,000 for Central Land Council (NT). Another \$66,950 was also paid directly to the Department of Primary Industry and Resources for various tenements for the Mount Peake Project for rehabilitation guarantee which is accounted for as non-current assets.

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 2021.

# NOTES TO THE FINANCIAL STATEMENTS

## 22 DEED OF CROSS GUARANTEE

Pursuant to *ASIC Corporations (Wholly owned Companies) Instrument 2016/785* 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 Instrument 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 of any debt 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, 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. A consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, for the year ended 30 June 2021 is set out as follows:

	Consolidated	
	2021 \$'000	2020 \$'000
Other Income	184	149
<b>Total Income</b>	<b>184</b>	<b>149</b>
Corporate and administration expenses	(917)	(1,572)
Employment expenses	(2,012)	(1,490)
Depreciation and amortisation expenses	(179)	(188)
<b>Loss from continuing operations</b>	<b>(2,924)</b>	<b>(3,101)</b>
Finance income	33	236
Finance costs	(13)	(18)
<b>Net finance income</b>	<b>20</b>	<b>218</b>
<b>Loss before tax</b>	<b>(2,904)</b>	<b>(2,883)</b>
Income tax expense	-	-
<b>Loss for the year</b>	<b>(2,904)</b>	<b>(2,883)</b>
<b>Items that will not be reclassified to profit or loss</b>		
Equity investments at FVOCI-net change in fair value	408	(127)
Tax effect on other comprehensive income	-	-
<b>Other comprehensive loss for the income (loss) for the year</b>	<b>408</b>	<b>(127)</b>
<b>Total comprehensive loss for the year</b>	<b>(2,496)</b>	<b>(3,011)</b>
<b>Statement of Comprehensive income and retained earnings</b>		
<b>Profit (loss) before income tax</b>	<b>(2,904)</b>	<b>(2,883)</b>
<b>Share-based payments</b>	<b>556</b>	<b>-</b>
<b>Movements in retained earnings</b>	<b>(2,348)</b>	<b>(2,883)</b>
Retained earnings at beginning of the year	(47,251)	(44,368)
<b>Retained earnings at end of year</b>	<b>(49,599)</b>	<b>(47,251)</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 22 DEED OF CROSS GUARANTEE (continued)

Statement of Financial Position	Consolidated	
	2021 \$'000	2020 \$'000
Cash assets	11,433	8,615
Trade and other receivables	230	258
Prepayments	362	358
Other investments	600	10
<b>Total current assets</b>	<b>12,625</b>	<b>9,241</b>
Other investments	-	182
Other receivables	67	67
Plant and equipment	42	60
Loan and borrowings from related parties	(1,091)	(1,093)
Right-of-use-asset	238	350
Exploration and evaluation expenditure	53,149	46,288
<b>Total non-current assets</b>	<b>52,405</b>	<b>45,854</b>
<b>Total assets</b>	<b>65,030</b>	<b>55,095</b>
Trade and other payables	2,087	2,282
Provision	496	464
Lease liability	158	146
<b>Total current liabilities</b>	<b>2,741</b>	<b>2,892</b>
Lease liability	95	215
Provision	6	-
<b>Total non-current liabilities</b>	<b>101</b>	<b>215</b>
<b>Total liabilities</b>	<b>2,842</b>	<b>3,107</b>
<b>Net assets</b>	<b>62,188</b>	<b>51,988</b>
Issued capital	114,735	102,595
Reserves	(2,948)	(3,356)
Retained earnings	(49,599)	(47,251)
<b>Total equity</b>	<b>62,188</b>	<b>51,988</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 23 CONSOLIDATED ENTITIES

Subsidiaries	Country of Incorporation	2021 % of Ownership	2020 % 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 <sup>1</sup>	Australia	100	100
TNG Gold Pty Ltd	Australia	100	100
TIVAN Technology Pty Ltd	Australia	100	100

<sup>1</sup> Direct subsidiary of Enigma Limited

## 24 NOTES TO THE STATEMENTS OF CASH FLOWS

### Reconciliation of cash flows from operating activities

	Consolidated	
	2021 \$'000	2020 \$'000
Net profit/(loss) for the period	(2,905)	(2,885)
Add/(less) non-cash items:		
Depreciation and amortisation	179	188
Interest expense	13	18
Share based expense	556	-
	(2,157)	(2,679)
<b>Change in assets and liabilities:</b>		
Change in current payables and provisions	(16)	(296)
Change in current receivables and prepayments	28	52
<b>Net cash used in operating activities</b>	<b>(2,145)</b>	<b>(2,923)</b>

### Reconciliation of lease liabilities arising from financing activities

	Consolidated	
	2021 \$'000	2020 \$'000
Lease liability at transition 1 July	(361)	(488)
Additions	(40)	(12)
Interest expense	(13)	(18)
Lease liability at 30 June	253	361
<b>Net cash used in financing activities</b>	<b>(161)</b>	<b>(157)</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 25 EMPLOYEE BENEFITS

### Defined contribution superannuation funds

The Group made contributions to employee's nominated superannuation funds. The amount recognised as an expense was \$119,758 for the financial year ended 30 June 2021 (2020: \$100,559).

### Share-based payments

During the financial year 32,500,000 performance rights, 4,200,000 NED rights and 15,000,000 options were granted to employees and Non-Executive Directors with vesting conditions as an employee benefit.

Share based payments for the Directors and Key Management Personnel have been included in the remuneration report.

Total share-based expenses for FY21 were \$555,790 (2020: 0).

#### (a) Types of share-based payments

The Group has the following incentive securities plans in place.

##### Option Plan

The Group previously had in place the TNG Limited Employee Option Plan (applicable to employees and executive Directors) and TNG Limited Non-Executive Director and Consultant Option Plan (applicable to NEDs, contractors and consultants). The Company replaced these plans with a single Option Plan that is in compliance with ASIC Class Order [CO 14/1000] at the Annual General Meeting on 30 November 2020. Under the TNG Option Plan, Eligible Employees may be granted options over unissued ordinary shares of TNG Limited as part of their remuneration and as specified in the plan rules.

##### Performance Rights Plan

The TNG Performance Rights Plan was established and approved at the Annual General Meeting on 29 November 2018. Under the Performance Rights Plan, Eligible Executives may be granted performance rights as part of their remuneration. The performance rights carry the entitlement to issue shares on satisfaction of performance conditions determined by the Board.

##### Non-Executive Director (NED) Rights Plan

The NED Rights Plan was established and approved by the Board of Directors in May 2020. The NED Rights Plan contemplates the issue to Eligible NEDs of rights which carry the entitlement to be issued shares on satisfaction of vesting conditions determined by the Board.

#### (b) Summary and movement of incentive securities on issue

Options	2021	2020
Outstanding balance at the beginning of the year	-	-
Granted	15,000,000	-
Vested	-	-
Lapsed	-	-
Forfeited	-	-
Outstanding balance at the end of the year	15,000,000	-
Vested and exercisable at the end of the year	-	-

The Options have the following exercise prices and vesting conditions:

Number of Options Granted	Exercise Price	Vesting Condition
2,500,000	\$0.15	On signing Employment contract
2,500,000	\$0.20	After 12 months employment
5,000,000	\$0.25	Completion of project finance
5,000,000	\$0.30	On first drawdown of project finance

# NOTES TO THE FINANCIAL STATEMENTS

## 25 EMPLOYEE BENEFITS (continued)

<b>Performance Rights</b>	<b>2021</b>	<b>2020</b>
Outstanding balance at the beginning of the year	-	-
Granted	32,700,000	-
Vested	-	-
Lapsed	200,000	-
Forfeited	-	-
Outstanding balance at the end of the year	32,500,000	-
Vested and exercisable at the end of the year	-	-

<b>NED Rights</b>	<b>2021</b>	<b>2020</b>
Outstanding balance at the beginning of the year	-	-
Granted	5,600,000	-
Vested	-	-
Lapsed	1,400,000	-
Forfeited	-	-
Outstanding balance at the end of the year	4,200,000	-
Vested and exercisable at the end of the year	-	-

The Rights have the following vesting conditions:

<b>Class</b>	<b>Vesting condition to be met</b>	<b>Weighting</b>	
		<b>NED Rights</b>	<b>Performance Rights</b>
<b>A</b>	Completion of the Mount Peake Project Front-End Engineering and Design Study by SMS group, and receipt of turnkey EPC proposal from SMS group	210,000	4,875,000
<b>B</b>	Entry into binding documentation for the acquisition of land for the Darwin Processing Facility with the NT Government	210,000	1,625,000
<b>C</b>	Commencement of ground-breaking activities at the Mount Peake Project	840,000	6,500,000
<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	840,000	6,500,000
<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	840,000	6,500,000
<b>F</b>	TNG 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 Performance Rights, which will exclude any new shares issued after the grant date	1,260,000	6,500,000

# NOTES TO THE FINANCIAL STATEMENTS

## 25 EMPLOYEE BENEFITS (continued)

### (c) Fair value determination

The fair value of the Options and the Classes A to E of the Rights has been measured using the Black Scholes option pricing model. The fair value of Class F of the Rights has been measured using a barrier up-and-in trinomial option pricing model with a Parisian barrier adjustment, to reflect that the market capitalisation condition is assessed using a volume weighted price over a 20-day period.

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payments plans were as follows:

Options	Tranche A	Tranche B	Tranche C	Tranche D
Fair value at grant date	\$ 0.037	\$ 0.031	\$ 0.026	\$ 0.023
Share price at grant date	\$ 0.094	\$ 0.094	\$ 0.094	\$ 0.094
Exercise price	\$ 0.150	\$ 0.200	\$ 0.250	\$ 0.300
Expected volatility	80%	80%	80%	80%
Expected life	3	3	3	3
Expected dividends	-	-	-	-
Risk-free interest rate (based on government bonds)	0.115%	0.115%	0.115%	0.115%

Rights	Class A-E	Class F
Fair value at grant date	\$ 0.094	\$ 0.039
Share price at grant date	\$ 0.094	\$ 0.094
Exercise price	-	-
Expected volatility	80%	80%
Expected life	2.81	2.81
Expected dividends	-	-
Risk-free interest rate (based on government bonds)	0.115%	0.115%

## 26 RELATED PARTIES

### (a) Compensation of key management personnel

Key management personnel compensation comprised the following:

Compensation by category	Consolidated	
	2021 \$'000	2020 \$'000
<b>Key Management Personnel</b>		
Short-term	1,764	1,196
Post-employment	45	38
	1,809	1,234

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

# NOTES TO THE FINANCIAL STATEMENTS

## 26 RELATED PARTIES (continued)

### (b) Other transactions with key management personnel

The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

The following payments were also paid for consulting fees to Southern Mining Consultants \$0 (2020: \$49,337) and Miceva Family Trusts \$20,750 (2020: \$12,375) of which John Elkington and Simon Morten are related parties respectively. John Elkington was paid \$900 during the year for Consulting Services (2020: 0). These have been included in the directors' remuneration.

None were outstanding at 30 June 2021 (2020: \$0).

## 27 PARENT ENTITY INFORMATION

As at, and throughout, the financial year ending 30 June 2021 the parent entity of the Group was TNG Limited.

	2021 \$'000	2020 \$'000
Current assets	11,844	9,073
Non-current assets	51,665	44,298
Total assets	63,509	53,371
Current liabilities	916	922
Non-current liabilities	259	361
Total liabilities	1,175	1,283
Issued capital	114,735	102,595
Reserves	11,803	10,839
Accumulated losses	(64,204)	(61,346)
Total shareholders' equity	62,334	52,088
Loss for the year	(2,857)	(2,844)
Total comprehensive loss for the year	(2,449)	(2,971)

# NOTES TO THE FINANCIAL STATEMENTS

## 27 PARENT ENTITY INFORMATION (continued)

### 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 the effect that the Company guarantees debts in respect of certain subsidiaries. Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed are disclosed in Note 22.

<b>Operating lease commitments</b>	<b>2021 \$'000</b>	<b>2020 \$'000</b>
Operating lease commitments are payable as follows:		
Within one year	-	-
Between one year and 5 years	-	-
	-	-
<b>Contingent Liabilities</b>	<b>2021 \$'000</b>	<b>2020 \$'000</b>
<b>Guarantees</b>		
A guarantee has been provided to support unconditional Office lease performance bonds	47	47
<b>Total estimated contingent liabilities</b>	47	47

## 28 EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to the end of the financial year, the Company has continued to progress engineering, permitting and approvals, and planning works related to the proposed development of the Mount Peake Project as well as implementation of TNG's green energy strategy.

As announced on 26 July 2021, the FEED study was completed and the technical FEL-3 report was delivered by SMS group, which is currently being reviewed by TNG's in-house Project Engineering Team.

On 10 August 2021, the Company announced that it has engaged Perth-based mineral process engineering group METS Engineering to undertake a technology and process design study for a vanadium electrolyte production facility for TNG's vanadium redox flow battery business unit.

On 31 August 2021, the Company advised that it has completed a comprehensive assessment of alternative sites for the TIVAN® Processing Facility proposed for Darwin as part of the environmental approvals process for the Mount Peake Project.

On 3 September 2021, TNG announced the execution of a Project Development Agreement with Malaysian-based AGV Energy & Technology to jointly and exclusively develop green hydrogen projects in Australia using the HySustain production technology.

Other than as mentioned above, or elsewhere in this report, financial statements or notes thereto, at the date of this report there are no other matters or circumstances which have arisen since 30 June 2021 that have significantly affected or may significantly affect:

- the Consolidated Entity's operations in future years, or
- the results of those operations in future financial years, or
- the Consolidated Entity's state of affairs in future financial years.

# DIRECTORS' DECLARATION

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

1. The consolidated financial statements and notes, that are set out on pages 29 to 61, and the Remuneration Report in pages 16 to 26 in the Directors' Report, 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 2021 and of its performance, for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Corporation Regulations 2001, and
2. There are reasonable grounds to believe that the Company "and Group" will be able to pay its debts as and when they become due and payable.
3. There are reasonable grounds to believe that the Company and the group entities identified in note 23 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 those group entities pursuant to *ASIC Corporations (Wholly owned Companies) Instrument 2016/785*.

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 2021.

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 & CEO

Dated 17 September 2021



## Independent Auditor's Report

To the shareholders of TNG Limited

### Report on the audit of the Financial Report

#### Opinion

We have audited the **Financial Report** of TNG Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2021.
- 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 then ended.
- Notes including a summary of significant accounting policies.
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

#### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with 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* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

#### Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

# INDEPENDENT AUDITOR'S REPORT



Carrying value of exploration and evaluation expenditure (\$53,149,000)	
Refer to Note 15 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>The carrying value of exploration and evaluation expenditure (E&amp;E) is a key audit matter due to the:</p> <ul style="list-style-type: none"> <li>• significance of the activity to the Group's business; and</li> <li>• greater level of audit effort to evaluate the Group's application of the requirements of the industry specific accounting standard AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, in particular the conditions allowing capitalisation of relevant expenditure and assessment of impairment indicators for the area of interest with the most significant capitalised E&amp;E, being Mount Peake. The presence of impairment indicators would necessitate a detailed analysis by the Group of the value of E&amp;E, therefore given the criticality of this to the scope and depth of our work, we involved senior team members to challenge the Group's determination that no such indicators existed.</li> </ul> <p>In assessing the conditions allowing capitalisation of relevant expenditure, we focused on:</p> <ul style="list-style-type: none"> <li>• Documentation available regarding rights to tenure, via licensing, and compliance with relevant conditions, to maintain current rights to an area of interest and the Group's intention and capacity to continue the relevant E&amp;E activities; and</li> <li>• The Group's determination of whether the E&amp;E are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale.</li> </ul> <p>In assessing the presence of impairment indicators, we focused on those that may draw into question the commercial continuation of E&amp;E activities for Mount Peake. In addition to the assessments above and given the financial position of the Group, we paid particular attention to:</p> <ul style="list-style-type: none"> <li>• The Group's determination of whether the E&amp;E are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale;</li> <li>• The ability of the Group to fund the continuation of activities; and</li> <li>• Results from latest activities regarding the existence or otherwise of economically recoverable reserves at Mount Peake provided by an external expert.</li> </ul>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• We evaluated the Group's accounting policy to recognise exploration and evaluation assets using the criteria in the accounting standard.</li> <li>• For Mount Peake, we assessed the Group's current rights to tenure by checking the ownership of the relevant licences to government registries and evaluating agreements in place with other parties. We also tested for compliance with conditions, such as minimum expenditure requirements, on a sample of licences.</li> <li>• We tested the Group's additions to E&amp;E for the year by evaluating a statistical sample of recorded expenditure for consistency to underlying records, the capitalisation requirements of the Group's accounting policy and the requirements of the accounting standard.</li> <li>• We evaluated documents, such as minutes of Board meetings and ASX announcements for consistency with the Group's stated intentions for continuing E&amp;E in Mount Peake. We corroborated this through interviews with key operational and finance personnel.</li> <li>• We analysed the Group's determination of recoupment through successful development and exploitation of the area by evaluating the Group's documentation of planned future/continuing activities including work programmes and project and corporate budgets for a sample of areas.</li> <li>• We obtained the budget to identify planned expenditure and funding requirements for Mount Peake, for evidence of the ability to fund continued activities.</li> <li>• We compared the results from the external expert engaged by the Group regarding the existence of economically recoverable reserves for consistency with the treatment of E&amp;E.</li> </ul>

# INDEPENDENT AUDITOR'S REPORT



## Other Information

Other Information is financial and non-financial information in TNG Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

## Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*.
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf)  
This description forms part of our Auditor's Report.



## Report on the Remuneration Report

### Opinion

In our opinion, the Remuneration Report of TNG Limited for the year ended 30 June 2021 complies with *Section 300A* of the *Corporations Act 2001*.

### Directors' responsibilities

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 responsibilities

We have audited the Remuneration Report included in pages 16 to 26 of the Directors' report for the year ended 30 June 2021.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Jane Bailey

Jane Bailey  
Partner  
Perth  
17 September 2021

## 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.

The Company has 1,249,497,040 fully paid ordinary shares on issue. There are 5,634 holders of these ordinary shares as at 8 September 2021. Shares are quoted on the Australian Securities Exchange under the code TNG and on European Stock Exchanges, including the Frankfurt Stock Exchange under the code HJI.

The Company also has 124,951,916 listed options on issue with an exercise price of \$0.18 each.

### Substantial shareholders as at 8 September 2021

Substantial holders in the Company are set out below:

Shareholder	Units	% Units
Deutsche Balaton and Associates	153,463,093	12.28%
V. M. Salgaocar & Bro. (Singapore) Pte. Ltd	110,692,082	8.86%
W W B Investments and Associates	93,333,333	7.47%

### Twenty largest shareholders as at 8 September 2021

Rank	Name	Units	% Units
1	V M Salgaocar & Bro (Singapore) Pte Ltd	110,692,082	8.86
2	Mr Warren William Brown + Mrs Marilyn Helena Brown <WWB Investments P/L S/F A/C>	85,575,000	6.85
3	Sparta AG	72,222,223	5.78
4	Aosu Investment and Development Co Pty Ltd	56,208,643	4.50
5	Delphi Unternehmensberatung Aktiengesellschaft	48,418,758	3.88
6	Deutsche Balaton Aktiengesellschaft	32,822,112	2.63
7	SMS Investments S A	14,700,000	1.18
8	Mr Adam Furst	13,754,947	1.10
9	BNP Paribas Nominees Pty Ltd ACF Clearstream	10,875,454	0.87
10	Leigh Martin Marine Pty Ltd	10,000,000	0.80
11	Citicorp Nominees Pty Limited	9,615,680	0.77
12	HSBC Custody Nominees (Australia) Limited	7,823,614	0.63
13	Mr Todd Brouwer	7,041,111	0.56
14	W W B Investments Pty Ltd	6,475,000	0.52
15	Mr Jeffrey Jay Johns	5,660,041	0.45
16	Mr Ernie Roosendaal + Mrs Sylvia Roosendaal <The Roosendaal S/F A/C>	5,000,010	0.40
17	Mr Leigh Charles Martin	5,000,000	0.40
18	Mr Bruno Dimasi + Mrs Jennifer Louise Dimasi <The Dimasi Family S/F A/C>	4,944,445	0.40
19	BNP Paribas Nominees Pty Ltd Six Sis Ltd <DRP A/C>	4,509,789	0.36
20	Mr Zhigang Wang	4,300,000	0.34
<b>Totals: Top 20 holders of Ordinary Fully Paid Shares (Total)</b>		<b>515,638,909</b>	<b>41.27</b>
<b>Total Remaining Holders Balance</b>		<b>733,858,131</b>	<b>58.73</b>

# ASX ADDITIONAL INFORMATION

## Distribution of listed equity securities as at 8 September 2021

Category	Number of Holders	% Units
1 – 1,000	263	0.00
1,001 – 5,000	566	0.16
5,001 – 10,000	861	0.54
10,001 – 100,000	2,615	8.35
100,001 and over	1,329	90.94
<b>Total</b>	<b>5,634</b>	<b>100.00</b>

The number of shareholders holding less than a marketable parcel is 961.

## Unquoted securities

The Company has the following unquoted securities issued under employee incentive schemes:

Category	Number of Unquoted Securities
NED Rights	4,200,000
Performance Rights	32,500,000
Options	15,000,000

## Voting rights

Fully Paid Ordinary Shares

The voting rights attaching to the Company's fully paid ordinary shares, as set out in the Company's constitution, are as follows:

- at meetings of members or classes of members each member entitled to vote may vote in person or by proxy or attorney; and
- 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 fully paid ordinary share held.

## Listed Options

There are no voting rights attached to the listed options.

## Unquoted Securities

There are no voting rights attached to either NED Rights, Performance Rights or Options.

## On-market buy-back

There currently no on-market buy-back being undertaken by the Company.

## Item 7 of Section 611 of the Corporations Act

No issues of securities approved under Item 7 of section of 611 of the Corporations Act are yet to be completed.

## Restricted securities as at 8 September 2021

8,000,000 shares which were issued in previous years pursuant to the Company's share plans remain on issue. A "Holding lock" in relation to these shares was put in place in accordance with the terms and conditions of the original offer. This holding lock will remain in place until certain restrictions are satisfied unless waived by the Board.

There were no securities on issue subject to voluntary escrow as at 8 September 2021.

# CORPORATE GOVERNANCE STATEMENT

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The Board of Directors 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.

TNG's Corporate Governance Statement ("Statement"), as approved by the Board of Directors, sets out the main corporate governance practices in place throughout the financial year ended 30 June 2021 and remains current at the date of this report, with reference to the *Corporate Governance Principles and Recommendations 4<sup>th</sup> Edition* of the ASX Corporate Governance Council.

The Company's Statement and copies or summaries of the TNG policies referred to in it are published on TNG's website at: <https://www.tngltd.com.au/corporate/corporate-governance/>

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TNG LIMITED

ABN 12 000 817 023