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**TNG** LIMITED

ABN 12 000 817 023

# **ANNUAL REPORT**

## 2022

# TNG LIMITED

## CORPORATE DIRECTORY

### DIRECTORS

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Paul Burton	Managing Director and CEO
Neil Biddle	Non-Executive Director and Chairman
Simon Morten	Non-Executive Director
Dr Anthony Robinson	Non-Executive Director

### JOINT COMPANY SECRETARIES

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Paula Raffo  
Tony Bevan

### REGISTERED OFFICE

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### SHARE REGISTRY

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Perth Western Australia 6000

Telephone: (08) 9323 2000

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### 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 2022

## CONTENTS

<b>Chairman and Managing Director's Letter</b>	<b>2</b>
<b>Review of Operations</b>	<b>4</b>
<b>Directors' Report</b>	<b>13</b>
<b>Lead Auditor's Independence Declaration</b>	<b>28</b>
<b>Financial Report</b>	<b>29</b>
Consolidated Statement of Profit or Loss and Other Comprehensive Income	29
Consolidated Statement of Financial Position	30
Consolidated Statement of Cash Flows	31
Consolidated Statement of Changes in Equity	32
<b>Notes to the Financial Statements</b>	<b>33</b>
<b>Directors' Declaration</b>	<b>64</b>
<b>Independent Auditor's Report</b>	<b>65</b>
<b>ASX Additional Information</b>	<b>69</b>
<b>Corporate Governance Statement</b>	<b>71</b>

# CHAIRMAN AND MANAGING DIRECTOR'S LETTER

Dear Shareholders,

**We are pleased to present TNG's 2022 Annual Report and to review what has been an extraordinarily busy, positive and productive – albeit at times challenging – year for the Company.**

As the world emerged from the global COVID-19 pandemic, we have been able to move swiftly to advance our flagship asset, the Mount Peake Vanadium-Titanium-Iron Project ("Mount Peake Project" or "Project") in the Northern Territory, with substantial progress achieved during the year in respect of the project delivery strategy, permitting, project engineering and execution and, importantly, financing.

The rapid and effective implementation of a new development configuration followed the decision to relocate the downstream TIVAN® Processing Facility ("TPF") from Darwin to the Mount Peake mine site last year.

In parallel, we reached agreement with our long-standing strategic engineering partner SMS group ("SMS"), for a revised Project Execution Strategy which has been pragmatically adapted to take into account the seismic changes we have seen in global markets, supply chain management and logistics in the post-COVID world – in particular the impacts of cost inflation.

This agreement cleared the way for us to engage with Clough Projects Australia Pty Ltd ("Clough") our main engineering and construction partner here in Australia. With the continued support of SMS, Clough was engaged to develop the Integrated Plant Layout for the Mount Peake mine site and to undertake critical value engineering and optimisation work.

In June 2022, we cemented this relationship with the appointment of Clough as TNG's Lead Engineer and preferred Engineering, Procurement and Construction ("EPC") Contractor for the delivery of the Mount Peake Project – a very significant milestone for everyone involved with the Project.

Under the Agreement, Clough will prepare a binding fixed-price, lump sum EPC proposal for the Project, subject to completion of any works required and the procurement contracting model.

To support the revised development and execution strategy, our project development team – working with our consultants – has made excellent progress with the revised permitting framework for the integrated mining and processing operation. This included the completion of a successful water bore drilling program designed to support the new water requirements for the integrated operation and preparation of the updated Environmental Impact Assessment.

After many years of patiently advancing our multi-pronged funding strategy for Mount Peake, we have made several key funding breakthroughs in recent months, securing up to A\$800 million in conditional non-binding project financing support from Government-backed funding sources in Australia, Germany and Korea.

This is a direct reflection of the significant progress we have made in advancing the Project as well as the strong relationships we have established with the Northern Territory and Australian Government, the Northern Territory Environmental Protection Authority, and a wide range of other strategic partners, customers and advisors.

Pleasingly, the markets for all our key products have continued to strengthen during the year and the outlook remains robust for the foreseeable future – providing a strong strategic backdrop to our plans to advance the Mount Peake Project towards a Final Investment Decision in the near future.

In terms of our longer-term growth horizons, TNG continued to progress its green energy strategy during the year, with tangible progress achieved with the commercial and technical aspects of our "HySustain™" joint venture with AGV Energy & Technology.

Following a formal request by TNG, the NT Government has reserved a site in Darwin Port's Middle Arm precinct, originally earmarked for the TPF, for this exciting project.

We also progressed our commercialisation strategy for the development of a high-purity Vanadium Electrolyte Production Facility to support the future production of Vanadium Redox Flow batteries in Australia – a venture that will help us to enhance the value of the Mount Peake product suite.

## CHAIRMAN AND MANAGING DIRECTOR'S LETTER

Thanks to the completion of an oversubscribed A\$12.5 million institutional placement in November last year and the receipt of \$3.7 million as a refundable tax offset under the Federal Government's Research & Development tax incentive for eligible R&D activities, the Company finished the 2022 financial year in a strong financial position with cash reserves of \$14.4 million. This puts us in a strong position to execute the next steps in our funding and project development strategy at Mount Peake.

On 20 September 2022, John Elkington and Elizabeth Henson resigned from the TNG Board. On behalf of the Board, we would like to sincerely thank John for his exceptional service to the Company, and also thank Elizabeth for her contribution to TNG.

In conclusion, we would like to extend our sincerest thanks to our loyal and hard-working employees and contractors for their tireless efforts during the year to advance the Mount Peake Project towards development.


Our thanks also to our shareholders for your continued support.

We look forward to sharing in that future with you.

Yours faithfully,



**Neil Biddle**  
Non-Executive Chairman



**Paul Burton**  
Managing Director & CEO

# REVIEW OF OPERATIONS

## 2022 HIGHLIGHTS

### MOUNT PEAKE VANADIUM-TITANIUM-IRON PROJECT

#### Project Development

- Strategic decision to progress development of the Mount Peake Project as a fully-integrated mining and processing operation within TNG's existing Mining Leases at the Mount Peake mine site ("Mine Site").
- Completion of a consolidated plant layout at the mine site for the integrated Mount Peake Project by Clough Projects Australia Pty Ltd ("Clough"), comprising the Beneficiation Plant, the TIVAN® Process Plant and Titanium Pigment Plant (together the "TIVAN® Processing Facility" or the "TPF"), and plant utilities located.
- Engagement of Clough to progress further design and value engineering works for the integrated Project together with TNG Project Team and SMS group ("SMS").
- Agreement reached with SMS for a revised Project Execution Strategy that allows enhanced delivery of key processing infrastructure for the Mount Peake Project.
- Appointment of Clough as TNG's Lead Engineer and preferred Engineering, Procurement and Construction ("EPC") Contractor for the delivery of the Mount Peake Project.

#### Project Finance

- Subsequent to the end of the reporting period, TNG received up to A\$800 million in conditional Letters of Support/Interest for the Mount Peake Project from Australian, German and Korean Government backed funding sources.
- Australian and International Commercial and Investment Banks also issued Letters of Interest to TNG for financing of the Mount Peake Project.

#### Permitting and Approvals

- Successful completion of water bore drilling and evaluation program to provide information for groundwater modelling for additional process water required for the TPF at the Mine Site.
- Completion of all ground-based activities for the Environmental Impact Assessment ("EIA"), with technical report now underway.
- Continuous engagement with the Central Land Council ("CLC") regarding updates to the current Indigenous Land Use Agreement.

### TNG ALTERNATIVE ENERGY

- Commercial and technical parameters for the development of the "HySustain™" project in Darwin progressed by TNG and its green hydrogen technology partner, Malaysian-based energy group AGV Energy & Technology.
- Site in Darwin Port's Middle Arm precinct reserved by the Northern Territory Government for the HySustain™ Darwin Project ahead of formal application and lease negotiations.
- Technology & Process Design Study completed by METS Engineering for the development of a high-purity Vanadium Electrolyte Production Facility to support the commercialisation of Vanadium Redox Flow Battery ("VRFB") technology in Australia and enhance value from the Mount Peake product suite.
- Subsequent to the year-end, TNG executed an agreement with Perth-based Australian energy company Ultra Power Systems to jointly explore opportunities for vanadium electrolyte production and VRFBs in Australia.

### CORPORATE

- A\$12.5 million raised via an oversubscribed institutional share placement .
- \$3.7 million received as a refundable tax offset under the Federal Government's Research & Development ("R&D") tax incentive for eligible R&D activities undertaken during the 2020/2021 financial year.
- Small shareholding sale facility established for certain shareholders with holdings valued at less than A\$500. This facility closed on 4 April 2022 with proceeds paid to Eligible Shareholders on 27 April 2022.

# REVIEW OF OPERATIONS

## MOUNT PEAKE VANADIUM-TITANIUM-IRON PROJECT (TNG: 100%)

### PROJECT SUMMARY

The Mount Peake Project is the Company's flagship project, comprising a world-scale critical and battery minerals deposit located 235km north-west of Alice Springs in the Northern Territory (NT). The Project is well located close to existing key power and transport infrastructure corridors including the Alice Springs-Darwin Railway and the Stuart Highway.

The Company's strategy for the Mount Peake Project is to develop a fully-integrated mining and processing operation 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 a world-first processing technology, known as the TIVAN® Process, which is owned exclusively by TNG.

Mount Peake is a shallow, flat-lying orebody with a JORC Measured, Indicated and Inferred Resource totalling 160 million tonnes grading 0.28%  $V_2O_5$ , 5.3%  $TiO_2$  and 23% Fe. The Mount Peake Project is one of the largest undeveloped vanadium-titanium-iron projects in the world.

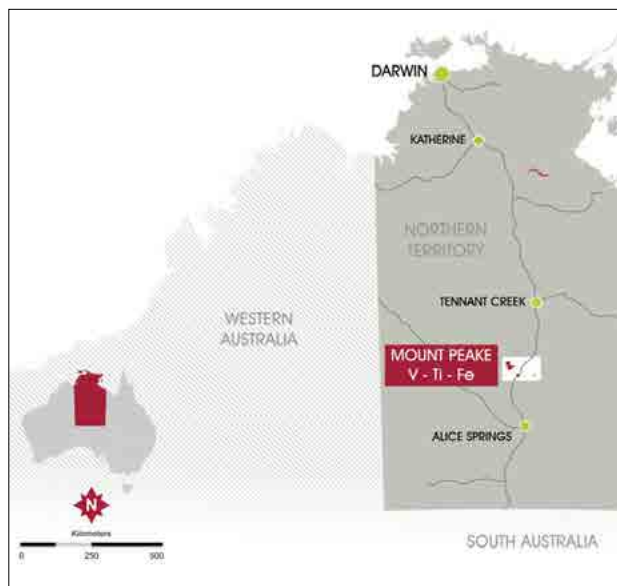



Figure 1. Mount Peake Project location

### PROJECT HIGHLIGHTS

	<b>Major Project Status awarded by the Australian Federal Government and the Northern Territory Government</b>
	<b>Vertically integrated mining and processing operation</b>
	<b>TIVAN® technology enabling production of three high-purity products at commercial grade</b>
	<b>Life of operations of 37 years bringing significant long-term socio-economic benefits to Northern Australia</b>
	<b>Large flat-lying, shallow vanadium-titanium deposit in a tier-1 jurisdiction</b>
	<b>Mining licences and most regulatory permits approvals in place</b>
	<b>Partnerships with Tier 1 development companies and long-term off-take agreements in place for all products with global groups</b>
	<b>VANADIUM AND TITANIUM HAVE BEEN IDENTIFIED BY THE AUSTRALIAN GOVERNMENT AS CRITICAL MINERALS REQUIRED TO UNDERPIN THE ADVANCED TECHNOLOGIES THAT WILL SUPPORT THE GLOBAL PUSH FOR DECARBONISATION.</b>
	

### Key facts

	<b>\$17.5 billion*</b> contribution to Gross Territory Product
	<b>A mine life of 37 years</b>
	<b>\$710 million</b> of minerals royalties
	<b>Exports of \$774 million</b> per annum
	<b>1,600-1,800 jobs</b> during construction
	<b>1,100-1,200 jobs</b> per annum during operation

\* Economic impact results have been developed by ACIL Allen using the Tasman Global computable general equilibrium model. The ACIL Allen reliance and disclaimer found at [www.acilallen.com.au](http://www.acilallen.com.au) applies to all results and information presented in this brochure. Information based on Mount Peake production targets and forecast financial information extracted from ASX Announcement dated September 20 called "Optimised Delivery Strategy for Mount Peake" available on the Company's website on [www.tngltd.com.au](http://www.tngltd.com.au).



# REVIEW OF OPERATIONS

## PROJECT DEVELOPMENT

### Fully integrated operation at the Mine Site

During the year, the Company made the strategic decision to progress a fully-integrated mining and processing operation within its existing Mining Leases at the Mount Peake mine site as a result of the completion of a detailed review of the Middle Arm site in Darwin and alternative sites for the location of the TPF.

The key benefits of a fully integrated operation include: consolidation of common non-process infrastructure; reduction in construction requirements, with the Mine Site being located in a non-cyclonic zone; reduction in solid waste and tailings disposal handling costs; ability to optimise processing layout and simplify commissioning at one location; and an expected lower-risk final permitting process.

In support of the consolidation decision, and in light of the severe restrictions on travel between Europe and Australia due to the COVID-19 pandemic which have impacted SMS' ability to travel and fully assign a team in Australia, the Company appointed Perth-based engineering and construction contractor Clough to work with TNG's Project Team and SMS to develop an updated integrated layout for the Project.

The preliminary integrated layout was developed and delivered by Clough together with TNG's Project Team in November 2021, based on the deliverables prepared under the Front-End Engineering and Design ("FEED") study completed by SMS in July 2021. The integrated layout comprises the beneficiation plant, the TPF and plant utilities located within the Mining Lease footprint of the Mine Site.

### Design and Commercial Work

Following the completion of the preliminary integrated layout, Clough has progressed engineering and design works for the Mount Peake Project and is progressing a revised cost estimate for the integrated operation.

The preparation of a revised cost estimate was ongoing due to delays in sourcing market-based quotes caused by global disruption of supply chains due to the COVID-19 pandemic, higher energy costs (including from the impact of the Ukraine-Russia conflict), long lead times, logistical delays, higher labour costs due to workforce shortages and escalated costs of steel and concrete, which directly affect both equipment and construction costs. TNG is continuing to work closely with Clough to assess the potential impact of these factors on the cost estimate.

### Non-Process Infrastructure ("NPI")

The integrated mining and processing operation at the Mine Site has provided the opportunity to consolidate a number of infrastructure items including power generation, gas supply and communications installations.

The Company has advanced NPI items for tendering processes, which will include BOO (build, own, operate) and BOOT (build, own, operate, transfer) equipment opportunities, and haul road, borefield, and accommodation camp.



Figure 2: Mount Peake Project integrated operation layout (south-east view)



# REVIEW OF OPERATIONS

## PROJECT EXECUTION MODEL

During the reporting period, TNG executed a Heads of Agreement ("Agreement") with Clough for the delivery of the Mount Peake Project. Under the Agreement, Clough has been appointed as TNG's Lead Engineer and preferred EPC Contractor for the delivery of the Project and will prepare a binding fixed-price, lump sum EPC proposal ("EPC Proposal") for the Project, subject to completion of any works required and the procurement contracting model.

TNG and Clough are currently advancing discussions on any additional work that may be required to be undertaken by Clough to facilitate development of the EPC Proposal, with any such work to be confirmed under a separate services agreement including detailed scope, costs and scheduling.

The Company's long-standing strategic engineering partner and metallurgical consultants SMS group was previously contracted to deliver an EPC proposal but, due to disruptions caused by the COVID-19 pandemic, TNG reached agreement with SMS to engage with Australian-based engineering and construction companies for the delivery of the Mount Peake Project. SMS remains involved with confirmatory test and design work and Clough will continue to be supported by SMS.

## PROJECT PERMITTING

### Environmental Approvals

The Company received an environmental approval for the Mine Site in 2018 for the mining and beneficiation operations. As a result of the consolidation of the Project at the Mine Site, TNG has engaged with the Northern Territory Environment Protection Authority ("NT EPA") and has received a clear roadmap from the NT EPA for the updated environmental approval process for further processing for the Mine Site.

TNG's environmental consultant, Animal Plant Mineral ("APM"), has been mandated to progress the environmental assessment for the integrated operation.

All ground-based activities for the updated environmental approval for the integrated Mount Peake Project were completed during the reporting period, with results now being reviewed for inclusion in the final report for submission.

### Native Title Agreement

TNG representatives are progressing discussions with the CLC representatives regarding the consolidation of the Mount Peake Project at the Mine Site and updates to the current Indigenous Land Use Agreement ("ILUA").

An Indigenous Land Use Agreement is in place between TNG, the CLC and the Eynewantheyne Aboriginal

Corporation RNTBC ICN 7947 (Native Title Party).

This agreement was supplemented by an Authority Certificate issued under the NT's sacred sites legislation.

## PROJECT FINANCE

### Debt Finance

Subsequent to the end of the reporting period, TNG received a total of up to A\$800 million in conditional and non-binding Letters of Support/Interest from Australian, German and Korean Government backed funding sources.

The Australian Government's Export Credit Agency ("ECA"), Export Finance Australia ("EFA"), issued a conditional and non-binding Letter of Support for up to A\$300 million of debt funding for the Mount Peake Project.

Federal Republic of Germany Export Credit Agency, Euler Hermes, issued a Letter of Interest including indicative key terms for German ECA financing of up to A\$300 million.

The Korean official Export Credit Agency Korea Trade Insurance Corporation ("K-SURE") issued a conditional Letter of Support for the provision of up to A\$200 million in debt funding for Mount Peake.

In addition, TNG has received expressions of interest from seven Australian and International Commercial and Investment Banks for financing the commercial component of the debt for the Project.

The KPMG Corporate Finance and Germany's KfW IPEX-Bank GmbH ("KfW") have provided advice in assisting TNG to achieve these landmark financing milestones. KPMG Corporate Finance's scope of work is 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, the Northern Australia Infrastructure Facility ("NAIF") and export credit agencies.

### Equity

The Company, with the assistance of KPMG Corporate Finance, continued to progress its strategy for equity financing for the Mount Peake Project, including both institutional investor and strategic equity streams. TNG continues to target increasing institutional presence on its share register to support future project financing equity raising.

As above, KPMG Corporate Finance's scope of work continues to be limited to the provision of advice whilst the responsibility for management decisions rests with the management of TNG.

# REVIEW OF OPERATIONS

## TNG ALTERNATIVE ENERGY

### GREEN HYDROGEN PRODUCTION TECHNOLOGY

The Company executed a Project Development Agreement with Malaysian-based AGV Energy & Technology Sdn Bhd ("AGV") to jointly and exclusively develop green hydrogen production projects in Australia using the "HySustain" integrated technology and logistics solution developed by AGV and its partners.

TNG and AGV are jointly scoping and evaluating an initial HySustain Project in Darwin in the Northern Territory, and are engaged with the Northern Territory Government and potential development partners, including renewable energy providers, on project development planning.

Following a formal request by TNG, the Northern Territory Government reserved a site in Darwin Port's Middle Arm for the HySustain Darwin Project ahead of formal application and lease negotiations.

The reserved site is the previous site proposed to be used for the Mount Peake Project downstream processing facility. TNG previously completed an extensive body of work for this site for Mount Peake, which will significantly benefit planning for HySustain Darwin.

The joint venture has also initiated early engagement with potential off-takers in Asia and prospective financiers on the main future project financing requirements.

### VANADIUM ENERGY PROJECT – VANADIUM ELECTROLYTE & BATTERIES

#### Technology and Process Design Study

TNG completed a review of a technology and process design study prepared by METS Engineering for the development of a production facility to produce high-purity vanadium electrolyte ("VE") for the Vanadium Redox Flow Battery ("VRFB") market ("VE Study"). The key outcomes and findings of the VE Study identified:

- The preferred form of vanadium pentoxide as the preferred feedstock for the process, this is planned to be derived from vanadium pentoxide flake (the vanadium product planned to be produced at Mount Peake);
- Preferred process options, with process flowsheets, descriptions and design criteria, and a mass balance, developed for each option; and
- Darwin as the indicative location of the facility with existing ready access to all necessary infrastructure; the next phase of work will also consider the option of a Mount Peake based VE production facility as part of the consolidated mining and processing operation.

Following the successful completion of the VE Study, the Company is also now evaluating the use of VRFBs at its Mount Peake operation and incorporating these into the current non-process infrastructure design and energy supply mix to help further reduce the Project's carbon footprint.

### Collaboration Agreement with Ultra Power Systems

TNG further progressed its vanadium energy strategy after executing a memorandum of understanding for collaboration with Perth-based energy technology company, Ultra Power Systems Pty Ltd ("Ultra"), in July 2022.

Under the Agreement, TNG and Ultra will collaborate on opportunities for the identification, development, and deployment of a combined renewable power generation and VRFB storage system for the Australian market. This includes the production of Ultra's high performing mixed-acid vanadium electrolyte.

The collaboration with Ultra will support TNG's plans to establish a vertically integrated vanadium energy business including the supply of vanadium electrolyte and installation of batteries across a range of industries and remote locations. The parties will consider further formal agreements for collaboration initiatives.

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

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.

The decision to develop the Mount Peake Project as a fully integrated mining and processing operations is expected to deliver a number of important ESG benefits.

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.

# REVIEW OF OPERATIONS

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 (EL – 100% TNG)**

The Company has two granted Exploration Licences ("EL") for the Kulgera Project, a 1,231km<sup>2</sup> vanadium and titanium exploration project located along the South Australian border in the Northern Territory.

A range of chemical and mineralogical analyses are being undertaken on the 2021 sampling. Assessment is ongoing with further test work planned.

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

The Company has Exploration Licences at Moonlight, located 80km west of Daly Waters in the central Northern Territory where vanadium occurrences have been recorded. No field activity was undertaken during FY2022, but the Company aims to establish if these will provide additional vanadium resources.

### **SPRING CREEK (EL – 100% TNG)**

The Company disposed of the Spring Creek Project Exploration Licence in South Australia, for \$75,000 following the end of the reporting period.

### **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 partner, Mesmeric Enterprises, completed necessary rehabilitation works in FY2021. The Company awaits further work programme results from Mesmeric.

## CORPORATE

### **CAPITAL RAISING**

TNG completed a Share Placement at \$0.09 per share to raise A\$12.5 million (before costs) in November 2021 to fund consolidation planning, engineering and approvals, and project financing work streams for the Mount Peake Project, as well as to progress the Company's green energy initiatives.

The Share Placement was strongly supported by a number of new institutional and high net worth investors, as well as by the Company's German-based major shareholder, Deutsche Balaton and associates. Leading investment bank Canaccord Genuity (Australia) Limited was appointed as Lead Manager to the Share Placement.

### **RESEARCH & DEVELOPMENT ("R&D") REBATE**

On 4 May 2022, the Company received an amount of \$3.7 million as a refundable tax offset under the Federal Government's R&D tax incentive scheme for eligible R&D activities related to the Mount Peake Project and the TIVAN® processing technology undertaken during the 2020/2021 financial year.

### **SMALL SHAREHOLDING SALE FACILITY ("FACILITY")**

The Facility was established to reduce the administrative costs of managing small shareholdings valued at less than A\$500 ("Eligible Shareholders") on 14 February 2022 and closed on 4 April 2022.

The proceeds of the Facility were remitted to 551 participating Eligible Shareholders on 27 April 2022, with brokerage and other costs paid by the Company.

# REVIEW OF OPERATIONS

As at 30 June 2022, 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	120	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 quality assurance and quality control (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 30 August 2022, the Group held interests in the following tenements:

Project	Mineral and ancillary Titles	Holder and TNG Equity
Mount Peake	EL27069, EL27941, EL29578, EL30483, EL31389, EL31850, ML28341, ML29855, ML29856, ML30686, AA31105, AA32037	Enigma Mining Limited - 100% (Enigma is a wholly owned subsidiary of TNG Limited)
Mount Peake Calcrete	EL31896	Enigma Mining Limited - 100% (Enigma is a wholly owned subsidiary of TNG Limited)
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)
Sandover	ELA33090, ELA33094, ELA33095, ELA33096, ELA33097, ELA33098, ELA33099, ELA33100, ELA33102, ELA33103, ELA33104, ELA33105, ELA33106	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.
Kintore East	M16/545	Evolution Mining (Mungarri) Pty Ltd TNG 2% gold return interest on production

AA: Access Authority (NT)

EL: Exploration Licence (NT)

ELA: Exploration Licence Application (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 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 2022 (hereafter referred to as the "Group").

## DIRECTORS

The directors of the Company at any time during or since the end of the financial year, unless noted otherwise, are as follows:

**Mr John Elkington (appointed Chair and Non-Executive Director on 1 February 2019; resigned as Chair on 2 September 2022; resigned as a Non-Executive Director on 20 September 2022)**

### 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).

### Other Listed Company Directorships (last three years)

Mr Elkington was a non-executive Director and Chair of Koonenberry Gold Limited from 30 June 2021 to 27 November 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 resignation)

33,334 ordinary shares

2,800,000 non-executive director ("NED") rights expiring on 17 December 2023, subject to achievement of vesting conditions

**Mr Neil Biddle – Chair and Non-Executive Director (appointed on 2 September 2022)**

### Experience, Qualifications & Special Responsibilities

Mr Biddle is a highly experienced geologist and mining executive with a successful career spanning more than 30 years in the exploration and mining industry. Mr Biddle co-founded TNG and was Managing Director between 1998 and 2011 and a Non-Executive Director up until 2013, a period which saw it establish a dominant multi-commodity exploration portfolio in Northern Australia.

He was also the co-founder and a former Executive Director of the successful lithium producer Pilbara Minerals (ASX: PLS) and devised and implemented the strategy which saw that company grow from a junior

micro-cap into a leading global battery materials producer, with a market capitalisation today of almost \$11 billion.

Mr Biddle is a geologist and Corporate Member of the Australasian Institute of Mining and Metallurgy.

### Other Listed Company Directorships (last three years)

Mr Biddle was previously Managing Director of Greenvale Mining (ASX: GRV) from 7 September 2020 to 31 August 2022 and since then is a non-executive Director of GRV. He is also a non-executive Director of battery materials explorer Trek Metals (ASX: TKM) since 4 September 2020. Mr Biddle was a Director of gold explorer Bardoc Gold (ASX: BDC) from 29 June 2017 to 13 April 2022.

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

Nil

**Mr Paul Burton - Managing Director and CEO (appointed a Director on 11 August 2008)**

### 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.

### Other Listed Company Directorships (last three years)

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

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

7,688,889 ordinary shares

11,800,000 performance rights expiring on 17 December 2023, subject to achievement of performance conditions

# DIRECTORS' REPORT

## Mr Simon Morten - Independent Non-Executive Director (appointed on 17 February 2020)

### 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.

### Other Listed Company Directorships (last three years)

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

1,400,000 NED rights expiring on 17 December 2023, subject to achievement of vesting conditions

## Ms Elizabeth Henson (appointed Non-Executive Director on 1 August 2022; resigned as a Non-Executive Director on 20 September 2022)

### Experience, Qualifications & Special Responsibilities

Ms Henson has more than 35 years of international experience in corporate governance, business and tax related matters to the TNG Board.

She was a Senior Tax Partner at PricewaterhouseCoopers ("PwC") based in London between 2007 and 2019, and before that a Director specialising in international tax law.

Ms Henson has a Master of Laws (LLM), Tax, from Queen Mary, University of London; a Bachelor of Laws (LLB) from Rhodes University, South Africa; and a Bachelor of Arts (BA), also from Rhodes University, South Africa.

### Other Listed Company Directorships (last three years)

Ms Henson has been a non-executive Director of ASX- and AIM-listed company Future Metals Plc since 21 October 2021 and of AIM-listed Alba Mineral Resources Plc since 8 December 2020.

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

Nil

## Dr Anthony Robinson - Non-Executive Director (appointed on 20 September 2022)

### Experience, Qualifications & Special Responsibilities

Dr Robinson is an investor, mining consultant and private company director. He has advised on local and global mining and processing operations as well as development projects and programmes in Australia, the Americas, Europe and Africa.

His 25-year career started with a boutique consulting firm based in Perth and Sydney; later he co-owned mining consulting business Momentum Partners, then joined Deloitte as a partner in 2010. His work has assisted multiple small and major resources companies to deliver greenfield and brownfield projects, including capital efficiency, operations readiness, ramp-up, transition, steady state efficiency, and end-of-life shutdown strategy.

Dr Robinson holds a BComm, BEng and PhD (Engineering) from the University of Melbourne.

### Other Listed Company Directorships (last three years)

Dr Robinson 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)

Nil

## JOINT COMPANY SECRETARIES

### 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. Ms Raffo became Joint Company Secretary on 15 September 2022 with the appointment of Mr Tony Bevan.

# DIRECTORS' REPORT

## Mr Tony Bevan

### Experience, Qualifications & Special Responsibilities

Mr Bevan is a Chartered Accountant with a diverse background in listed companies, not for profits and public practice. He is currently the Company Secretary of an ASX listed African mining company and Interim CFO of a large Australian gold producer. Mr Bevan has significant commercial and governance experience including Director/COO of a large Aboriginal Corporation in the Pilbara and Chief Executive Officer, CFO and Company Secretary of an ASX listed civil and mining contractor. Before that, he was an audit and corporate finance partner in major accounting firms.

Mr Bevan was appointed Joint Company Secretary on 15 September 2022.

### 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

A - Number of meetings attended

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

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.

### 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 4 to 12.

The operating loss of the Group after income tax for the year was \$4.895 million (2021: loss \$2.905 million). The Group capitalised \$8.29 million (2021: \$12.0 million) on Exploration and Evaluation for the year.

As at 30 June 2022, the Group held \$14.442 million (2021: \$11.434 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 4 to 12. 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.

### 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 8 July 2022, the Company received a conditional Letter of Support from EFA that considers the provision of up to A\$300 million of debt funding for the construction of the Mount Peake Project.

On 19 July 2022, the Company announced that the Republic of Germany Export Credit Agency, Euler Hermes, issued Letter of Interest including indicative key terms for German ECA financing of A\$300 million. TNG also announced the receipt of Expressions of Interest from seven lenders active in Mining & Metals and ECA Finance.

On 29 July 2022, the Company announced the appointment of highly-regarded and experienced international company director, Elizabeth Henson, as a non-executive director of the Company, effective from 1 August 2022.

On 1 August 2022, TNG announced that it had received further financial backing with Korean Export Credit Agency K-SURE issuing a letter of support for up to A\$200 million in debt funding for the Mount Peake Project.

On 8 August 2022, the Company gave notice that a General Meeting of Shareholders of the Company will be held at Vibe Hotel, 9 Alvan Street, Subiaco, 6008, Western Australia on 20 September 2022 at 4:00pm (WST), following the receipt of a request from shareholders who together hold at least 5% of the shares in the Company, to call a meeting of shareholders pursuant to s249D of the *Corporations Act 2001* (Cth) to consider resolutions to reconstitute the TNG Board of Directors.

# DIRECTORS' REPORT

On 16 August 2022, the Company announced that it had further strengthened its growth pipeline in battery-related and future-facing strategic minerals after securing an extensive new lithium exploration package, the Sandover Lithium Project, located near the Mount Peake Project.

On 2 September 2022, TNG announced the appointment of highly regarded Australian mining executive Mr Neil Biddle as non-executive Chairman, effective immediately. Following the appointment, Non-Executive Chairman Mr John Elkington transitioned to Non-Executive Director as part of TNG's ongoing board renewal process.

On 16 September 2022, TNG announced that Mr John Elkington and Ms Elizabeth Henson would step down from the TNG Board, and that the Company is undertaking a global search for an experienced mining and operations executive to take the Company forward. On 20 September 2022, Mr Elkington and Ms Henson formally resigned from the Board.

On 20 September 2022, a General Meeting of Shareholders of the Company was held to consider resolutions to reconstitute the TNG Board of Directors. As a result of the General Meeting, Dr Anthony Robinson was appointed as a Non-Executive Director of the Company. No other changes to the Board resulted from the General Meeting.

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 2023 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 COVID-19 pandemic has impacted global economic markets which has resulted in delays in development, financing and to the government approval processes relating to the Mount Peake Project. The Group continues to monitor the situation closely and has considered the impact of COVID-19 on the Group's business and financial performance. However, post-COVID-19 impacts are still affecting major projects worldwide 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.

## 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
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
17,354,824*	\$0.18	20-Dec-24

\*Options issued to Canaccord Genuity on 21 December 2021 as payment for corporate advisory services.



# DIRECTORS' REPORT

All unissued shares are ordinary shares of the Company.

All options expire on the earlier of their expiry date or (excluding the options issued to Canaccord) termination of the employee's employment.

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

No shares were issued on exercise of options during or since the end of the reporting period.

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

All Rights were granted in previous financial years. No Rights have been granted since the end of the previous financial year. During the reporting period, 2,150,000 Rights lapsed in accordance with their terms and conditions.

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

	Number of Rights	Vesting period end date
<b>NED Rights</b>	30,350,000	17-Dec-23
<b>Performance Rights</b>	4,200,000	17-Dec-23

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

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

## ENVIRONMENTAL REGULATION

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

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

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 \$33,589 (2021: \$29,318) exclusive of GST.

## PROCEEDINGS ON BEHALF OF THE GROUP

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

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* (Cth). 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

The Lead Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* (Cth) immediately follows this Directors' Report and forms part of the Directors' Report for the financial year ended 30 June 2022.

## ROUNDING

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.

## REMUNERATION REPORT (AUDITED)

This Remuneration Report, for the year ended 30 June 2022, 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)
- 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)

### 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.

### 3.2 Approach to setting remuneration

In FY22, 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.



## REMUNERATION REPORT (AUDITED) (continued)

### 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, 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 ("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 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.

During the reporting period, the Company did not grant any Options to KMP.

During the reporting period, 2,500,000 Options exercisable at \$0.15 (expiring on 2 Feb 2024) and 2,500,000 Options exercisable at \$0.20 (expiring on 26 Feb 2024) granted to Mr Jonathan Fisher vested in accordance with their terms and conditions. No Options have been converted into Shares.

- *Performance Rights Plan (approved by shareholders at 2018 AGM with approval refreshed at 2021 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 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.

## REMUNERATION REPORT (AUDITED) (continued)

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.

During the reporting period, the Company did not grant any Performance Rights for any KMP under the Performance Rights Plan and no Performance Rights vested in accordance with their terms and conditions.

- *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.

During the reporting period, the Company did not grant any NED Rights for the Non-Executive Directors under the NED Rights Plan and no NED Rights vested in accordance with their terms and conditions.

- *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.

## REMUNERATION REPORT (AUDITED) (continued)

### 3.3 Executive contracts

*Paul Burton - Managing Director & CEO (refer to ASX announcement of 17 October 2014)*

- 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 12 months' written notice or make a payment for any notice period actually worked plus an amount equivalent to the lesser of 12 months' salary and the amount calculated in accordance with section 200F(2)(b) of the Corporations Act 2001 (Cth). Mr Burton 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, subject to annual review.
- 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 - \$270,000 per annum excluding super plus any reasonable expense incurred, subject to annual review).
- 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 - \$190,000 per annum excluding super plus any reasonable expense incurred, subject to annual review)
- Early Termination - three months written notice by either party.

### 3.4 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 Directors note 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.

	2022	2021	2020	2019	2018
Profit/(loss) attributable to owners of the Company	(4,894,658)	(2,904,883)	(2,885,329)	(3,089,785)	(3,329,120)
Dividends paid	-	-	-	-	-
Share price at 30 June	\$0.050	\$0.060	\$0.061	\$0.104	\$0.124
Change in share price	(17%)	(2%)	(41%)	(16%)	(14%)
Return on capital employed	(7%)	(4%)	(4%)	(3%)	(3%)

### 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 2022 and 30 June 2021

	FY2022			FY2021		
	Salary & Fees	Superannuation	Total	Salary & Fees	Superannuation	Total
	\$	\$	\$	\$	\$	\$
<b>Executives</b>						
Paul Burton	476,100	47,610	523,710	476,100	46,621	522,721
Jonathan Fisher <sup>3</sup>	350,000	35,000	385,000	127,885	12,149	140,034
Jason Giltay <sup>4</sup>	266,827	26,683	293,510	245,000	23,275	268,275
Paula Raffo <sup>5</sup>	189,654	18,965	208,619	154,693	14,696	169,389
<b>Directors</b>						
John Elkington <sup>1</sup>	155,300	12,000	167,300	120,900	11,970	132,870
Greg Durack <sup>1,2</sup>	-	-	-	35,692	3,676	39,368
Simon Morten <sup>1</sup>	60,000	6,000	66,000	80,750	5,985	86,735
<b>Total</b>	<b>1,497,881</b>	<b>146,258</b>	<b>1,644,139</b>	<b>1,241,020</b>	<b>118,372</b>	<b>1,359,392</b>

<sup>1</sup> Includes consulting fees, refer to Note 26 (b)

<sup>2</sup> Retired as a Director on 4 February 2021

<sup>3</sup> Appointed CFO on 15 February 2021

<sup>4</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>5</sup> Appointed Company Secretary on 1 September 2020

# DIRECTORS' REPORT

## REMUNERATION REPORT (AUDITED) (continued)

### 5.1.2 Details of Total Remuneration for the year ended 30 June 2022

	Base Remuneration	Short-Term		Long-Term	Total <sup>2</sup>	Proportion of remuneration performance related
	Salary, Fees & Super	Bonus	Other	Share-based payments <sup>1</sup>		
	\$	\$			\$	%
<b>Executives</b>						
Paul Burton	523,710	-	-	317,027	840,737	38%
Jonathan Fisher	385,000	-	-	286,147	671,147	43%
Jason Giltay	293,510	-	-	53,733	347,243	15%
Paula Raffo	208,619	-	-	40,300	248,919	16%
<b>Directors</b>						
John Elkington <sup>3</sup>	167,300	-	-	69,907	237,207	29%
Simon Morten <sup>3</sup>	66,000	-	-	34,953	100,953	35%
<b>Total</b>	<b>1,644,139</b>	<b>-</b>	<b>-</b>	<b>802,067</b>	<b>2,446,206</b>	

<sup>1</sup> Equity-settled remuneration (Non-Cash) based on the value of the performance rights, NED rights and options during the period ended 30 June 2022

<sup>2</sup> Movements in the accrued annual leave and long service leave balances as set out in table 5.1.4 are not included in the total above but form part of the total remuneration for the year

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

### 5.13 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</sup>	86,735	-	3,000	18,933	108,668	17%
<b>Total</b>	<b>1,359,392</b>	<b>-</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 (Non-Cash) based on the value of the performance rights, NED rights and options during the period ended 30 June 2021.

<sup>3</sup> Movements in the accrued annual leave and long service leave balances as set out in table 4.1.4 are not included in the total above but form 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

# DIRECTORS' REPORT

## REMUNERATION REPORT (AUDITED) (continued)

### 5.1.4 Details of Accrued Leave for the year ended 30 June 2022 and 30 June 2021

	FY2022			FY2021		
	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>	27,528	119,027	146,555	23,927	79,350	103,277
Jonathan Fisher <sup>1</sup>	11,398	-	11,398	8,491	-	8,491
Jason Giltay <sup>1</sup>	3,309	-	3,309	4,712	-	4,712
Paula Raffo <sup>1</sup>	12,240	-	12,240	7,873	-	7,873
<b>Total</b>	<b>54,474</b>	<b>119,027</b>	<b>173,501</b>	<b>45,003</b>	<b>79,350</b>	<b>124,353</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 KMP during the reporting period.

## 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

No Rights or Options over ordinary shares in the Company were granted as compensation to any Director or key management person during the reporting period. Details on Options that vested during the reporting period are as follow:

Options	Grant date	Fair value per option at grant date \$	Exercise price per option \$	Expiry Date	Number of vested options vested during FY2022
Jonathan Fisher	26-Feb-21	\$0.037	\$0.15	26-Feb-24	2,500,000
	26-Feb-21	\$0.031	\$0.20	26-Feb-24	2,500,000

### 5.2.2 Exercise of options granted as compensation

During the period no options were exercised by any KMP.



# DIRECTORS' REPORT

## REMUNERATION REPORT (AUDITED) (continued)

### 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 as follow:

	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	5,000,000	26-Feb-21	100%	0%	1-Jul-22	26-Feb-24
	Options	10,000,000	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

Rights were granted to the Directors, including the Managing Director, in the previous financial year and were approved by shareholders at the Company's 2020 AGM.

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
<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	5%	15%
<b>B</b>	Entry into binding documentation for the acquisition of land for the Darwin Processing Facility with the NT Government	5%	5%
<b>C</b>	Commencement of ground-breaking activities at the Mount Peake Project	20%	20%
<b>D</b>	Entry into binding documentation to raise an amount of equity finance which is sufficient to support the project financing of the Mount Peake Project	20%	20%
<b>E</b>	Entry into binding documentation to raise an amount of debt finance which is sufficient to support the project financing of the Mount Peake Project	20%	20%
<b>F</b>	TNG 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%

# 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 2021	Granted as remuneration	Exercised	Lapsed	Forfeited	Held at 30 June 2022	Vested during the year	Vested and exercisable at 30 June 2022
<b>Options</b>								
<b>Executive</b>								
Jonathan Fisher	15,000,000	-	-	-	-	15,000,000	5,000,000	5,000,000
<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	-	-

### 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.

## 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.

The following payments were done for consulting fees to Miceva Family Trusts \$0 (2021: \$20,750) of which Simon Morten is a related party. John Elkington was paid \$35,300 during the year for Consulting Services (2021: \$900).

# DIRECTORS' REPORT

## REMUNERATION REPORT (AUDITED) (continued)

### 6.2 Movements in shares

There was no 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, as per below:

	Held at 1 July 2021	Purchases	Received on exercise of options	Sales	Held at 30 June 2022
<b>Executives</b>					
Paul Burton	7,688,889	-	-	-	7,688,889
Jonathan Fisher	-	-	-	-	-
Jason Giltay	-	-	-	-	-
Paula Raffo	-	-	-	-	-
<b>Directors</b>					
John Elkington	33,334	-	-	-	33,334
Simon Morten	164,609	-	-	-	164,609

*The audited remuneration report ends here.*

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

**Paul Burton**  
Managing Director & CEO  
28 September 2022

# 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 2022 there have been:

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

A handwritten signature of the KPMG firm, written in blue ink.

KPMG

A handwritten signature of Glenn Brooks, written in blue ink.

Glenn Brooks

Partner

Perth

28 September 2022

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# FINANCIAL REPORT

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

For the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Other Income	6(a)	-	184
<b>Total Income</b>		<b>-</b>	<b>184</b>
Corporate and administration expenses	6(b)	(1,419)	(918)
Employment expenses	6(c)	(2,773)	(2,012)
Exploration expenses	6(d)	(564)	-
Depreciation and amortisation expenses		(184)	(179)
<b>Loss from continuing operations</b>		<b>(4,940)</b>	<b>(2,925)</b>
Finance income	6(a)	53	33
Finance costs	6(a)	(8)	(13)
<b>Net finance income</b>		<b>45</b>	<b>20</b>
<b>Loss before tax</b>		<b>(4,895)</b>	<b>(2,905)</b>
Income tax expense	8	-	-
<b>Loss for the year attributable to the owners of the Company</b>		<b>(4,895)</b>	<b>(2,905)</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	(403)	408
Tax effect on other comprehensive income (loss)		-	-
<b>Other comprehensive loss for the year</b>		<b>(403)</b>	<b>408</b>
<b>Total comprehensive loss for the year attributable to the owners of the company</b>		<b>(5,298)</b>	<b>(2,497)</b>
<b>Loss per share (cents per share)</b>			
Basic (loss) per share (cents)	9	(0.37)	(0.24)
Diluted (loss) per share (cents)	9	(0.37)	(0.24)

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 2022

	Note	2022 \$'000	2021 \$'000
<b>Assets</b>			
Cash and cash equivalents	11	14,442	11,434
Trade and other receivables	12	409	231
Prepayments		371	362
Other Investments	13	197	600
<b>Current assets</b>		<b>15,419</b>	<b>12,627</b>
Other receivables		95	67
Plant and equipment		32	42
Right-of-use-asset	14	102	238
Exploration and evaluation expenditure	15	57,753	53,149
<b>Non-current assets</b>		<b>57,982</b>	<b>53,496</b>
<b>Total assets</b>		<b>73,401</b>	<b>66,123</b>
<b>Liabilities</b>			
Trade and other payables	16	1,960	2,087
Provisions	17	461	496
Lease Liability	18	103	158
<b>Current liabilities</b>		<b>2,524</b>	<b>2,741</b>
Lease liability	18	8	95
Provisions	17	22	6
<b>Non-current liabilities</b>		<b>30</b>	<b>101</b>
<b>Total liabilities</b>		<b>2,554</b>	<b>2,842</b>
<b>Net assets</b>		<b>70,847</b>	<b>63,281</b>
<b>Equity</b>			
Issued capital	19	126,176	114,735
Reserves	19	(3,351)	(2,948)
Accumulated losses		(51,978)	(48,506)
<b>Total equity</b>		<b>70,847</b>	<b>63,281</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 2022

	Note	2022 \$'000	2021 \$'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers		-	184
Cash payments in the course of operations		(3,293)	(2,357)
Interest received		39	41
Interest paid		(8)	(13)
<b>Net cash used in operating activities</b>	24	<b>(3,262)</b>	<b>(2,145)</b>
<b>Cash flows from investing activities</b>			
Payments for plant and equipment		(16)	(10)
Payments for exploration and evaluation expenditure		(9,022)	(12,149)
Research and development rebate		3,687	5,139
Security deposits refunded/(paid)		(30)	-
<b>Net cash used in investing activities</b>		<b>(5,381)</b>	<b>(7,020)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	19	12,506	12,535
Share issue costs	19	(683)	(391)
Repayments of lease liability	24	(172)	(161)
<b>Net cash from financing activities</b>		<b>11,651</b>	<b>11,983</b>
<b>Net increase in cash and cash equivalents</b>		<b>3,008</b>	<b>2,818</b>
<b>Cash at the beginning of the financial year</b>		<b>11,434</b>	<b>8,616</b>
<b>Cash and cash equivalents at the end of the financial year</b>	11	<b>14,442</b>	<b>11,434</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 2022

	Issued Capital \$'000	Accumulated losses \$'000	Reserves \$'000	Total Equity \$'000
<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
<b>Total comprehensive loss</b>	<b>-</b>	<b>(2,905)</b>	<b>408</b>	<b>(2,497)</b>
<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>
<b>Balance at 1 July 2021</b>	<b>114,735</b>	<b>(48,506)</b>	<b>(2,948)</b>	<b>63,281</b>
Other comprehensive income (loss)	-	-	-	-
Net loss for the year	-	(4,895)	-	(4,895)
Equity Investments at FVOCI-net change in fair value	-	-	(403)	(403)
<b>Total comprehensive loss</b>	<b>-</b>	<b>(4,895)</b>	<b>(403)</b>	<b>(5,298)</b>
<b>Transactions with owners recorded directly in equity</b>				
Share placement	12,500	-	-	12,500
Exercise of Options	6	-	-	6
Share issue costs	(683)	-	-	(683)
Share issue costs (Share based Payment)	(382)	382	-	-
Share based payments	-	1,041	-	1,041
<b>Balance at 30 June 2022</b>	<b>126,176</b>	<b>(51,978)</b>	<b>(3,351)</b>	<b>70,847</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 2022 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

#### Share-based Payments

The Group is required to use assumptions in respect of its fair value models, and the variable elements in these models, used in attributing a value to share based payments as well as the number of awards that will ultimately vest. The Directors have used a model to value options and rights, which requires estimates and judgements to quantify the inputs used by the model. Further information on the assumptions used in determining the fair value of rights and options granted during the period can be found in "Note" 25.

#### 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 BASIS OF PREPARATION (continued)

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.

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 \$4,895,000 and net cash outflows from operating and investing activities of \$8,643,000. As at 30 June 2022, the Group has cash in hand of \$14,442,000 and a working capital surplus of \$12,895,000.

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 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 accelerate work programs or commence development of the Mount Peake Project. 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 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.

### (f) Adoption of new standards

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 BASIS OF PREPARATION (continued)

### Standards not yet adopted

The Group has reviewed the new and revised Standards and Interpretations on issue not yet adopted for the year ended 30 June 2022. As a result of this review the Group has determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to Group Accounting Policies.

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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) 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, Kulgera, Moonlight, Spring Creek, 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(j) (ii).

### (i) Financial Instruments

#### (i) Classification of financial instruments

The Group classifies its financial assets into the following measurement categories:

Those to be measured at fair value (either through other comprehensive income, or through profit or loss); and

Those to be measured at amortised cost

The classification depends on the Group's business model for managing financial assets and the contractual terms of the financial assets' cash flows.

The Group classifies its financial liabilities at amortised cost unless it has designated liabilities at fair value through profit or loss or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

#### (ii) Items at fair value through profit and loss

Items at fair value through profit and loss comprise

- Items for trading
- Items specifically designated as fair value through profit or loss on initial recognition; and
- Debt instruments with contractual terms that do not represent solely payments of principal and interest

Financial instruments held at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in the income statement as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the income statement as they arise.

Where a financial asset is measured at fair value, a credit valuation adjustment is included to reflect the credit worthiness of the counterparty, representing the movement in fair value attributable to changes in credit risk.

A financial instrument is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term, or forms part of a portfolio of financial instruments that are managed together and for which there is evidence of a short-term profit taking, or it is a derivative not in a qualifying hedge relationship.

Upon initial recognition, financial instruments may be designated as measured at fair value through profit or loss. A financial asset may only be designated at fair value through profit or loss if doing so eliminates or significantly reduces the measurement or recognition inconsistencies (i.e. eliminates an accounting mismatch) that would otherwise arise from measuring financial assets or liabilities on a different basis.

A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces an accounting mismatch or:

# NOTES TO THE FINANCIAL STATEMENTS

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

- If a host contract contains one or more embedded derivatives
- If financial assets and liabilities are both managed and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy

Where a financial liability is designated at fair value through profit or loss, the movement in fair value attributable to changes in the Group's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income.

### (iii) Recognition and derecognition of financial instruments

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instrument, which is generally on trade date. Loans and receivables are recognised when cash is advanced (or settled) to the borrowers.

Financial assets at fair value through profit or loss are recognised initially at fair value. All other financial assets are recognised initially at fair value plus directly attributable transaction costs.

The Group derecognises a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

A financial liability is derecognised from the balance sheet when the Group has discharged its obligations or the contract is cancelled or expires.

### (iv) Offsetting

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when the Group has a legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

## (j) 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

### (k) 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

### (m) 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.

### (n) 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.

### (o) 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	
		2022 \$'000	2021 \$'000
Trade and other receivables	12	409	231
Cash and cash equivalents	11	14,442	11,434
		14,851	11,665

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 2022					
	Note	Carrying amount \$'000	Contractual cash flows \$'000	<3 months \$'000	>12 months \$'000
Trade and other payables	16	1,960	1,960	1,960	-
Lease liabilities	18	111	111	103	8
		2,071	2,071	2,063	8
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

### 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.

### Currency Risk

The Group has no material exposure to currency risk.

### Profile

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

	Note	Consolidated carrying amount	
		2022 \$'000	2021 \$'000
<b>Variable rate instruments</b>			
Cash and cash equivalents	11	4,442	2,934
<b>Fixed rate instruments</b>			
Cash and cash equivalents	11	10,000	8,500
Security deposits	12	149	214
Security Deposits to Department of Primary Industry & Resources		95	-
Lease Liability	18	(111)	(253)
		14,575	11,395

### 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 \$44,420 (2021: \$29,340).

### 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 \$1,973 (2021: \$6,003). An equal change in the opposite direction would have decreased equity by the same amount.

# NOTES TO THE FINANCIAL STATEMENTS

## 5 FINANCIAL RISK MANAGEMENT (continued)

### 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.

## 6 INCOME AND EXPENSES

	Note	Consolidated	
		2022 \$'000	2021 \$'000
<b>(a) Income</b>			
Other income		-	184
<b>Total income</b>		-	<b>184</b>
Interest income		53	33
Finance income		53	33
Interest expense		(8)	(13)
Finance expense		(8)	(13)
<b>Net finance income</b>		<b>45</b>	<b>20</b>
<b>(b) Corporate and administration expenses</b>			
Travel and accommodation		150	8
Legal fees		35	95
Promotional		320	137
Contractors and consultancy		180	72
Occupancy		62	76
Taxation Fees		100	77
Insurance		68	69
Share registry, ASIC & ASX		140	106
General Office Maintenance		34	90
Accounting costs		11	26
Other		319	162
<b>Total Corporate and Administration</b>		<b>1,419</b>	<b>918</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 6 INCOME AND EXPENSES (continued)

	Note	Consolidated	
		2022 \$'000	2021 \$'000
<b>(c) Employment expenses</b>			
Wages and salaries <sup>1</sup>		1,557	1,309
Other associated personnel expenses		9	9
Increase in liability for long service leave		22	18
Contributions to defined contribution plans		144	120
Share based payments expense		1,041	556
<b>Total Employment expenses</b>		<b>2,773</b>	<b>2,012</b>
<sup>1</sup> Total Wages and Salaries incurred during the year including amounts capitalised to exploration and evaluation was \$2,912,866 (2021: \$2,455,339).			
<b>(d) Impairment on exploration tenement</b>			
Impairment of exploration tenement		564	-
<b>Total Expense</b>		<b>564</b>	<b>-</b>

## 7 AUDITORS' REMUNERATION

	Consolidated	
	2022 \$'000	2021 \$'000
Auditors of the Group - <i>KPMG Australia:</i>		
Audit and review of financial reports	45,080	41,753
Non-Audit fees (Primarily relates to project financing services)	217,868	165,864
<b>Total Auditor's remuneration</b>	<b>262,948</b>	<b>207,617</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 8 INCOME TAX

	Consolidated	
	2022 \$'000	2021 \$'000
A reconciliation between tax expense and pre-tax loss:		
Accounting (loss) before income tax	(4,895)	(2,905)
At the domestic tax rate of 30% (2021: 26%)	(1,468)	(755)
<i>Reconciling items</i>		
Other non-deductible expenses	342	156
Tax losses and temporary differences not brought to account	1,126	599
<b>Income tax expense reported in the income statement</b>	-	-
Unused tax losses carried forward	71,777	68,371
Potential tax benefit @ 25% (2021: 26%)	17,944	17,776
Tax losses offset against deferred tax liabilities	(13,137)	(13,308)
Unrecognised tax benefit	4,807	4,468

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	
	2022 \$'000	2021 \$'000
Deferred income tax relates to the following:		
<i>Deferred Tax Liabilities</i>		
Exploration and evaluation assets	14,173	13,657
<i>Deferred Tax Assets</i>		
Non-current assets	(401)	(211)
Tax only assets	(507)	-
Trade and Other payables/ Accruals	(128)	(138)
Brought forward tax losses offset against deferred tax liabilities	(13,137)	(13,308)
	-	-



# NOTES TO THE FINANCIAL STATEMENTS

## 9 EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 30 June 2022 was based on the loss attributable to ordinary shareholders of \$4,894,658 (2021: loss \$2,904,883) and a weighted average number of ordinary shares on issue during the year ended 30 June 2022 of 1,335,133,223 (2021: 1,193,876,045).

### Loss attributable to ordinary shareholders

	2022 \$'000	2021 \$'000
(Loss) for the period	(4,895)	(2,905)
(Loss) attributable to ordinary shareholders	(4,895)	(2,905)

### Weighted average number of ordinary shares

	2022 Numbers	2021 Numbers
Number of ordinary shares at 1 July	1,249,497,040	1,124,545,124
Effect of shares issued	85,616,438	69,330,921
Effect of options exercised	19,745	-
Weighted average number of ordinary shares at 30 June	1,335,133,223	1,193,876,045
Basic (loss) per share (cents)	(0.37)	(0.24)
Diluted (loss) per share (cents)	(0.37)	(0.24)

### Effect of dilutive securities

TNG's potential ordinary shares as at 30 June 2022 include 15,000,000 Options and 34,550,000 Rights granted to the Eligible Employees and Non-Executive directors at the year ending 2022, and 17,354,824 options issued to Canaccord Genuity. 138,888,889 ordinary shares were issued and 32,923 options were converted into ordinary shares during the period.

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. Diluted earnings per share have been calculated taking consideration of the options with the fixed term. Performance-based employee options are treated as contingently issuable shares because their issue is contingent upon satisfying specified conditions in addition to the passage of time. 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	
	2022 \$'000	2021 \$'000
Cash at bank	4,442	2,934
Short term deposits	10,000	8,500
	14,442	11,434

## 12 TRADE AND OTHER RECEIVABLES

	Consolidated	
	2022 \$'000	2021 \$'000
<b>Current</b>		
Other receivables	19	6
Short term security deposits <sup>1</sup>	149	147
GST receivables	241	78
	409	231

<sup>1</sup>Bank short term deposits of \$46,000 maturing in 11 months 29 days and \$100,000 maturing in 6 months 2 days are paying interest at a weighted average interest rate of 0.70% and 0.80% respectively (2021: 0.50% and 0.23%)

## 13 OTHER INVESTMENTS

Investments in equity instruments	2022		2021	
	Number	\$'000	Number	\$'000
Peninsula Energy Ltd	90,000	14	90,000	15
Spirit Telecom Energy Ltd	17,392	1	17,392	4
Todd River Resources Ltd	7,000,000	182	7,000,000	581
Balance at end of year	7,107,392	197	7,107,392	600

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 2022, management recognised fair value adjustment of negative \$403,050 through other comprehensive income. The decrease in fair value is largely due to the significant decrease in the share price of Todd River Resources.

# NOTES TO THE FINANCIAL STATEMENTS

## 14 RIGHT-OF-USE ASSET

	Consolidated	
	2022 \$'000	2021 \$'000
<b>Cost</b>		
Balance at 1 July	238	350
Additions	22	40
Accumulated depreciation	(158)	(152)
Balance at 30 June	102	238

## 15 EXPLORATION AND EVALUATION EXPENDITURES

	Consolidated	
	2022 \$'000	2021 \$'000
<b>Cost</b>		
Balance at 1 July	53,149	46,288
Exploration and evaluation expenditure	8,855	12,000
Impairment of Tenement Expenditure	(564)	-
Research and development rebate	(3,687)	(5,139)
Balance at 30 June	57,753	53,149
<b>Exploration expenditure capitalised during the year</b>		
Drilling and exploration	1,833	1,267
Feasibility and evaluation	6,458	10,733
Total exploration expenditure	8,291	12,000

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas. At balance date the carrying amount of exploration and evaluation expenditure was \$57,753,068 of which \$57,257,767 was attributable to the Mount Peake project and the remaining balance relating to other current exploration programs.

An impairment of \$564,398 has been recognised as a result of the Group surrendering a tenement (EL27070) forming part of the Mount Peake Project. The tenement was surrendered on 29 July 2021 as non-core to the project, as exploration for and evaluation of mineral resources in the tenement area has not led to the discovery of commercially viable quantities of mineral resources. The amount was previously allocated to exploration and evaluation asset and was expensed in the Statement of Profit and Loss, as exploration expense during the financial year ending 30 June 2022.

## 16 TRADE AND OTHER PAYABLES

	Consolidated	
	2022 \$'000	2021 \$'000
<b>Current</b>		
Trade payables	1,183	343
Accruals	455	1,421
Other payables	322	323
	1,960	2,087

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

# NOTES TO THE FINANCIAL STATEMENTS

## 17 PROVISIONS

	Consolidated	
	2022 \$'000	2021 \$'000
<b>Employee provisions</b>		
<b>Current</b>		
Annual leave	323	317
Long-service leave	138	179
	461	496
<b>Employee provisions</b>		
<b>Non- Current</b>		
Long-service leave	22	6
	22	6
Balance at 1 July	502	464
Net provisions recognised/(used) during the year	(19)	38
Balance at 30 June	483	502

## 18 LEASE LIABILITY

	Consolidated	
	2022 \$'000	2021 \$'000
Balance as at 1 July	253	361
Additions	22	40
Interest expense	8	13
Lease repayments	(172)	(161)
Balance at 30 June	111	253
Current liability	103	158
Non-current liability	8	95
	111	253

# NOTES TO THE FINANCIAL STATEMENTS

## 19 ISSUED CAPITAL AND RESERVES

	Consolidated	
	2022 \$'000	2021 \$'000
Issued and paid-up share capital	126,176	114,735

### (a) Movements in shares on issue

	2022		2021	
	Number	\$'000	Number	\$'000
Balance at the beginning of year	1,249,497,040	114,735	1,124,545,124	102,595
Share placement	138,888,889	12,500	124,951,916	12,495
Share issue costs	-	(683)	-	(395)
Share issue costs (Share Based Payments)	-	(382)	-	-
Options Exercised	32,293	6	-	-
Loan Funded Share Plan – loan repaid	-	-	-	40
Balance at the end of year	1,388,418,222	126,176	1,249,497,040	114,735

During the reporting period, the Company completed a Share Placement at \$0.09 per share to raise A\$12.5 million (before costs). A total of 138,888,889 new shares were issued.

Additionally, an amount of \$5,813 was received from the exercise of 32,293 quoted options (ASX: TNGOB) at \$0.18 per option, and the remaining 124,919,623 quoted options expired on 30 November 2021.

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

Refer to Note 25 for details of employee share-based payments.

On 21 December 2021, the Company issued 17,354,824 unquoted options exercisable at \$0.18 with a 3-year expiry to Canaccord Genuity as payment for corporate advisory services. The fair value of these unquoted options has been measured using the Black Scholes option pricing model and has been shown as a reduction in equity. The inputs used in the measurement of the fair values at grant date of the options were as follows:

Item	Options
Underlying security spot price	\$0.077
Exercise price	\$0.180
Valuation date	21-Dec 21
Expiry date	20-Dec 24
Life of the Options (years)	3.00
Share price volatility	75%
Risk - free rate	0.960%
Dividend yield	Nil
Number of Options	17,354,824
Valuation per Option	\$0.022
Valuation per Tranche	\$381,806

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 19 ISSUED CAPITAL AND RESERVES (continued)

### Reserves

	Consolidated	
	2022 \$'000	2021 \$'000
Fair Value through other comprehensive income reserve <sup>1</sup>	1,205	802
Transaction Reserve <sup>2</sup>	2,146	2,146
<b>Total Reserves</b>	<b>3,351</b>	<b>2,948</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.

## 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	
	2022 \$'000	2021 \$'000
Exploration commitments payable not provided for in the financial report:		
Within one year	1,391	848



# NOTES TO THE FINANCIAL STATEMENTS

## 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	
	2022 \$'000	2021 \$'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	197	167
	197	167

The Group has various security deposits totalling \$244,146 representing bank guarantees of \$45,946 for the office lease in Perth, \$1,083 for site office in Alice Springs (NT), \$100,000 for Central Land Council (NT), and \$2,085 related to tenement management. \$95,032 was 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 2022.

## 22 DEED OF CROSS GUARANTEE

Pursuant to *ASIC Corporations (Wholly owned Companies) Instrument 2016/785* the whollyowned 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 22 DEED OF CROSS GUARANTEE (continued)

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 2022 is set out as follows:

	Consolidated	
	2022 \$'000	2021 \$'000
Other Income	-	184
<b>Total Income</b>	<b>-</b>	<b>184</b>
Corporate and administration expenses	(1,418)	(917)
Employment expenses	(2,773)	(2,012)
Depreciation and amortisation expenses	(183)	(179)
Exploration Expenses	(564)	-
<b>Loss from continuing operations</b>	<b>(4,938)</b>	<b>(2,924)</b>
Finance income	53	33
Finance costs	(8)	(13)
<b>Net finance income</b>	<b>45</b>	<b>20</b>
<b>Loss before tax</b>	<b>(4,893)</b>	<b>(2,904)</b>
Income tax expense	-	-
<b>Loss for the year</b>	<b>(4,893)</b>	<b>(2,904)</b>
<b>Items that will not be reclassified to profit or loss</b>		
Equity investments at FVOCI-net change in fair value	(403)	408
Tax effect on other comprehensive income	-	-
<b>Other comprehensive loss for the income (loss) for the year</b>	<b>(403)</b>	<b>408</b>
<b>Total comprehensive loss for the year</b>	<b>(5,296)</b>	<b>(2,496)</b>
<b>Statement of Comprehensive income and retained earnings</b>		
<b>Profit (loss) before income tax</b>	<b>(4,893)</b>	<b>(2,904)</b>
Share-based payments	1,041	556
Share Issue costs (Share Based Payments)	382	-
<b>Movements in retained earnings</b>	<b>(3,470)</b>	<b>(2,348)</b>
Retained earnings at beginning of the year	(49,599)	(47,251)
<b>Retained earnings at end of year</b>	<b>(53,069)</b>	<b>(49,599)</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 22 DEED OF CROSS GUARANTEE (continued)

Statement of Financial Position	Consolidated	
	2022 \$'000	2021 \$'000
Cash assets	14,442	11,433
Trade and other receivables	408	230
Prepayments	371	362
Other investments	197	600
<b>Total current assets</b>	<b>15,418</b>	<b>12,625</b>
Other investments	-	-
Other receivables	95	67
Plant and equipment	32	42
Loan and borrowings from related parties	(1,086)	(1,091)
Right-of-use-asset	102	238
Exploration and evaluation expenditure	57,750	53,149
<b>Total non-current assets</b>	<b>56,893</b>	<b>52,405</b>
<b>Total assets</b>	<b>72,311</b>	<b>65,030</b>
Trade and other payables	1,961	2,087
Provision	461	496
Lease liability	103	158
<b>Total current liabilities</b>	<b>2,525</b>	<b>2,741</b>
Lease liability	8	95
Provision	22	6
<b>Total non-current liabilities</b>	<b>30</b>	<b>101</b>
<b>Total liabilities</b>	<b>2,555</b>	<b>2,842</b>
<b>Net assets</b>	<b>69,755</b>	<b>62,188</b>
Issued capital	126,176	114,735
Reserves	(3,351)	(2,948)
Retained earnings	(53,069)	(49,599)
<b>Total equity</b>	<b>69,756</b>	<b>62,188</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 23 CONSOLIDATED ENTITIES

Subsidiaries	Country of Incorporation	2022 % of Ownership	2021 % 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 Mining Limited

## 24 NOTES TO THE STATEMENTS OF CASH FLOWS

### Reconciliation of cash flows from operating activities

	Consolidated	
	2022 \$'000	2021 \$'000
Net profit/(loss) for the period	(4,895)	(2,905)
Add/(less) non-cash items:		
Depreciation and amortisation	184	179
Interest expense	8	13
Share based expense	1,041	556
Share issue costs (Share Based Payments)	382	-
Impairment expense	564	-
	(2,716)	(2,157)
<b>Change in assets and liabilities:</b>		
Change in current payables and provisions	(176)	(16)
Change in current receivables and prepayments	(370)	28
<b>Net cash used in operating activities</b>	<b>(3,262)</b>	<b>(2,145)</b>

### Reconciliation of lease liabilities arising from financing activities

	Consolidated	
	2022 \$'000	2021 \$'000
Lease liability at 1 July	(253)	(361)
Additions	(22)	(40)
Interest expense	(8)	(13)
Lease liability at 30 June	111	253
<b>Net cash used in financing activities</b>	<b>(172)</b>	<b>(161)</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 \$144,115 for the financial year ended 30 June 2022 (2021: \$119,758).

### Share-based payments

Details of the types of share-based payments for the Key Management Personnel have been included in the remuneration report.

This is a non-cash expense recognised, based on the value of the Performance Rights/Options

Total share-based expenses for FY22 were \$1,040,788 (2021: 555,790).

#### (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 with approval refreshed at the Annual General Meeting on 30 November 2021. 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	2022	2021
Outstanding balance at the beginning of the year	15,000,000	-
Granted	-	15,000,000
Vested	5,000,000	-
Lapsed	-	-
Forfeited	-	-
Outstanding balance at the end of the year	15,000,000	15,000,000
Vested and exercisable at the end of the year	5,000,000	-

# NOTES TO THE FINANCIAL STATEMENTS

## 25 EMPLOYEE BENEFITS (continued)

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

Performance Rights	2022	2021
Outstanding balance at the beginning of the year	32,500,000	-
Granted	-	32,700,000
Vested	-	-
Lapsed	2,150,000	200,000
Forfeited	-	-
Outstanding balance at the end of the year	30,350,000	32,500,000
Vested and exercisable at the end of the year	-	-

NED Rights	2022	2021
Outstanding balance at the beginning of the year	4,200,000	-
Granted	-	5,600,000
Vested	-	-
Lapsed	-	1,400,000
Forfeited	-	-
Outstanding balance at the end of the year	4,200,000	4,200,000
Vested and exercisable at the end of the year	-	-

The Rights have the following vesting conditions:

Class	Vesting condition to be met	Weighting	
		NED Rights	Performance Rights
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	210,000	4,552,500
B	Entry into binding documentation for the acquisition of land for the Darwin Processing Facility with the NT Government	210,000	1,517,500
C	Commencement of ground-breaking activities at the Mount Peake Project	840,000	6,070,000
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	840,000	6,070,000
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	840,000	6,070,000
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	1,260,000	6,070,000

# 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	
	2022 \$'000	2021 \$'000
<b>Key Management Personnel</b>		
Short-term	2,446	1,764
Post-employment	54	45
Share Based Expense (Non-Cash)	697	321
	3,197	2,130

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 Miceva Family Trusts \$0 (2021: \$20,750) of which Simon Morten is a related party. John Elkington was paid \$35,300 during the year for Consulting Services (2021: \$900). These have been included in the directors' remuneration.

\$10,100 was outstanding at 30 June 2022 (2021: \$0).

## 27 PARENT ENTITY INFORMATION

As at, and throughout, the financial year ending 30 June 2022 the parent entity of the Group was TNG Limited.

	2022 \$'000	2021 \$'000
Current assets	14,814	11,844
Non-current assets	56,680	51,665
Total assets	71,494	63,509
Current liabilities	840	916
Non-current liabilities	133	259
Total liabilities	973	1,175
Issued capital	126,176	114,735
Reserves	12,822	11,803
Accumulated losses	(68,477)	(64,204)
Total shareholders' equity	70,521	62,334
Loss for the year	(4,274)	(2,857)
Total comprehensive loss for the year	(4,677)	(2,449)

### 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.

Operating lease commitments	2022 \$'000	2021 \$'000
Operating lease commitments are payable as follows:		
Within one year	-	-
Between one year and 5 years	-	-
	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## 27 PARENT ENTITY INFORMATION (continued)

Contingent Liabilities	2022 \$'000	2021 \$'000
<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 8 July 2022, the Company received a conditional Letter of Support from EFA that considers the provision of up to A\$300 million of debt funding for the construction of the Mount Peake Project.

On 19 July 2022, the Company announced that the Republic of Germany Export Credit Agency, Euler Hermes, issued Letter of Interest including indicative key terms for German ECA financing of A\$300 million. TNG also announced the receipt of Expressions of Interest from seven lenders active in Mining & Metals and ECA Finance.

On 29 July 2022, the Company announced the appointment of highly-regarded and experienced international company director, Elizabeth Henson, as a non-executive director of the Company, effective from 1 August 2022.

On 1 August 2022, TNG announced that it had received further financial backing with Korean Export Credit Agency K-SURE issuing a letter of support for up to A\$200 million in debt funding for the Mount Peake Project.

On 8 August 2022, the Company gave notice that a General Meeting of Shareholders of the Company will be held at Vibe Hotel, 9 Alvan Street, Subiaco, 6008, Western Australia on 20 September 2022 at 4:00pm (WST), following the receipt of a request from shareholders who together hold at least 5% of the shares in the Company, to call a meeting of shareholders pursuant to s249D of the *Corporations Act 2001* (Cth) to consider resolutions to reconstitute the TNG Board of Directors.

On 16 August 2022, the Company announced that it had further strengthened its growth pipeline in battery-related and future-facing strategic minerals after securing an extensive new lithium exploration package, the Sandover Lithium Project, located near the Mount Peake Project.

On 2 September 2022, TNG announced the appointment of highly regarded Australian mining executive Mr Neil Biddle as non-executive Chairman, effective immediately. Following the appointment, Non-Executive Chairman Mr John Elkington transitioned to Non-Executive Director as part of TNG's ongoing board renewal process.

On 16 September 2022, TNG announced that Mr John Elkington and Ms Elizabeth Henson would step down from the TNG Board, and that the Company is undertaking a global search for an experienced mining and operations executive to take the Company forward. On 20 September 2022, Mr Elkington and Ms Henson formally resigned from the Board.

On 20 September 2022, a General Meeting of Shareholders of the Company was held to consider resolutions to reconstitute the TNG Board of Directors. As a result of the General Meeting, Dr Anthony Robinson was appointed as a Non-Executive Director of the Company. No other changes to the Board resulted from the General Meeting.

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 2022 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

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 63, and the Remuneration Report in pages 18 to 27 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 2022 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 2022.

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 28 September 2022



## 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 2022 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 2022;
- 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; and
- 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 (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

#### 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.

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# INDEPENDENT AUDITOR'S REPORT



## Exploration and evaluation expenditure capitalised (\$57,753,000)

Refer to Note 15 to the Financial Report

### The key audit matter

Exploration and evaluation expenditure capitalised (E&E) is a key audit matter due to the:

- Significance of the activity to the Group's business and balance sheet (being 79% of total assets); and
- Greater level of audit effort to evaluate the Group's application of the requirements of the industry specific accounting standard AASB 6 *Exploration for and Evaluation of Mineral Resources*, in particular the conditions allowing capitalisation of relevant expenditure and assessment of impairment indicators for the Mt Peake area of interest. The presence of impairment indicators would necessitate a detailed analysis by the Group of the value of E&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.

In assessing the conditions allowing capitalisation of relevant expenditure, we focused on 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&E activities.

In assessing the presence of impairment indicators, we focused on those that may draw into question the commercial continuation of E&E activities for the Mount Peake project. In addition to the assessments above and given the financial position of the Group, we paid particular attention to:

- The Group's determination of whether the E&E are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- The ability of the Group to fund the continuation of activities.

### How the matter was addressed in our audit

Our audit procedures included:

- Evaluating the Group's accounting policy to recognise E&E using the criteria in the accounting standard;
- Assessing the Group's current rights to tenure, particularly for the Mt Peake project, by checking the ownership of the relevant licenses to government registries. We also tested for compliance with conditions, such as minimum expenditure requirements, on a sample of licenses;
- Testing the Group's additions to E&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;
- Evaluating documents, such as minutes of Board meetings and ASX announcements for consistency with the Group's stated intentions for continuing E&E activities. We corroborated this through interviews with key operational and finance personnel;
- 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 of interest; and
- Assessing the Group's cash flow budget to identify planned expenditure for Mount Peake, for evidence of the ability to fund continued activities.



## 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; and
- 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.

# INDEPENDENT AUDITOR'S REPORT



## Report on the Remuneration Report

### Opinion

In our opinion, the Remuneration Report of TNG Limited for the year ended 30 June 2022 complies with *Section 300A* of the *Corporations Act 2001*.

A handwritten signature in blue ink that reads 'KPMG'.

KPMG

### 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 18 to 27 of the Directors' report for the year ended 30 June 2022.

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

A handwritten signature in blue ink that reads 'Glenn Brooks'.

Glenn Brooks

*Partner*

Perth

28 September 2022



## 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 1,388,418,222 fully paid ordinary shares on issue. There are 5,862 holders of these ordinary shares as at 24 August 2022. 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.

### Substantial shareholders as at 24 August 2022

Substantial holders in the Company are set out below:

Shareholder	Units	% Units
Deutsche Balaton and Associates	170,463,093	12.28%
Grant Francis Wilson	122,494,092	8.82%
V. M. Salgaocar & Bro. (Singapore) Pte. Ltd	110,692,082	7.97%

### Twenty largest shareholders as at 24 August 2022

Rank	Name	Units	% Units
1	V M Salgaocar & Bro (Singapore) Pte Ltd	110,692,082	7.97
2	Mr Warren William Brown + Mrs Marilyn Helena Brown <WWB Investments P/L S/F A/C>	85,575,000	6.16
3	Sparta AG	81,222,223	5.85
4	Aosu Investment and Development Co Pty Ltd	56,208,643	4.05
5	Delphi Unternehmensberatung Aktiengesellschaft	52,918,758	3.81
6	Deutsche Balaton Aktiengesellschaft	36,322,112	2.62
7	Mr Grant Francis Wilson	19,016,169	1.37
8	Mr Adam Furst	17,701,327	1.27
9	SMS Investments S A	14,700,000	1.06
10	Citicorp Nominees Pty Limited	12,498,937	0.90
11	BNP Paribas Nominees Pty Ltd ACF CLEARSTREAM	11,394,873	0.82
12	Mr Grant Francis Wilson	8,544,115	0.62
13	BNP Paribas Noms Pty Ltd <DRP>	8,146,872	0.59
14	Leigh Martin Marine Pty Ltd	8,094,358	0.58
15	Mr Todd Brouwer	7,041,111	0.51
16	HSBC Custody Nominees (Australia) Limited	7,031,430	0.51
17	Mr James Lindesay Napier Aitken	7,000,000	0.50
18	W W B Investments Pty Ltd	6,475,000	0.47
19	Mr Jeffrey Jay Johns	5,660,041	0.41
20	Mr Bruno Dimasi + Mrs Jennifer Louise Dimasi <The Dimasi Family S/F A/C>	5,050,000	0.36
<b>Totals: Top 20 holders of Ordinary Fully Paid Shares (Total)</b>		<b>561,293,051</b>	<b>40.43</b>
<b>Total Remaining Holders Balance</b>		<b>827,125,171</b>	<b>59.57</b>

# ASX ADDITIONAL INFORMATION

## Distribution of listed equity securities as at 24 August 2022

Category	Number of Holders	% Units
1 – 1,000	111	0.00
1,001 – 5,000	191	0.06
5,001 – 10,000	992	0.57
10,001 – 100,000	3,113	9.12
100,001 and over	1,455	90.25
<b>Total</b>	<b>5,862</b>	<b>100.00</b>

The number of shareholders holding less than a marketable parcel is 192.

## Unquoted securities

The Company has the following unquoted securities:

Category	Number of Unquoted Securities
NED Rights	4,200,000
Performance Rights	30,350,000
Employee Options	15,000,000
Unquoted Options	17,354,824

## 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:

- (a) at meetings of members or classes of members each member entitled to vote may vote in person or by proxy or attorney; and
- (b) on a show of hands every person present who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each fully paid ordinary share held.

## Unquoted Securities

There are no voting rights attached to either NED Rights, Performance Rights, Employee Options or Unquoted 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 24 August 2022

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 24 August 2022.

# CORPORATE GOVERNANCE STATEMENT

## Corporate Governance Statement

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 2022 and remains current at the date of this report, with reference to the Corporate Governance Principles and Recommendations 4th 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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