

# TNG LIMITED

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**TNG LIMITED**

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## **NOTICE OF ANNUAL GENERAL MEETING**

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**The Annual General Meeting will be held at  
The Celtic Club, 48 Ord Street, West Perth, Western Australia  
at 12:00pm (WST) on Wednesday 27 November 2013.**

**Shareholders are urged to attend the meeting or vote by lodging the  
proxy form attached to this Notice.**

*This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

***Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on +61 8 9327 0900.***

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# TNG LIMITED

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## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of TNG Limited (the "**Company**") will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Wednesday, 27 November 2013 at 12:00pm (WST) (the "**Meeting**").

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Monday, 25 November 2013 at 4:00pm (WST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Schedule 1.

## AGENDA

### ORDINARY BUSINESS

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#### Part A – Financial and Other Reports

##### Financial and Other Reports

To receive and consider the financial report for the year ended 30 June 2013 and the related Directors' Report, Directors' Declaration and Auditors' Report.

##### Resolution 1 – Adopt Remuneration Report

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That the Remuneration Report of the Company for the financial year ended 30 June 2013 be adopted."

*Under the Corporations Act, this resolution is advisory only and does not bind the Directors or the Company.*

##### **Voting exclusion statement**

*To the extent required by section 250R of the Corporations Act, a vote must not be cast (in any capacity) on Resolution 1 by or on behalf of a member of the Company's key management personnel details of whose remuneration are included in the Remuneration Report or a closely related party of such a member. However, a person (the "voter") may cast a vote as a proxy where the vote is not cast on behalf of such a member or a closely related party of such a member and the voter is either:*

- (a) appointed as a proxy by writing that specifies how the proxy is to vote on Resolution 1; or*
- (b) the chair of the meeting and the appointment of the chair as proxy does not specify how the proxy is to vote on Resolution 1 and expressly authorises the chair to exercise the proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the key management personnel.*

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## Part B – Re-election of Directors

### Resolution 2 – Re-election of Mr Michael Evans

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That Mr Michael Evans, who, having been appointed by the Board as a director since the last annual general meeting, retires in accordance with Article 6.3(j) of the Constitution and, being eligible, offers himself for election, be re-elected as a Director.”

### Resolution 3 – Re-election of Mr Rex Turkington

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That Mr Rex Turkington, who retires in accordance with Article 6.3(c) of the Constitution and, being eligible, offers himself for election, be re-elected as a Director.”

## SPECIAL BUSINESS

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## Part C – Issue of securities to Directors under the TNG Incentive Plans

### Resolution 4 – Approval of issue of Shares and Loan to Mr Michael Evans

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That for the purposes of ASX Listing Rule 10.14, and section 208(1) of the Corporations Act, and for all other purposes, approval is given for:

- (a) the issue and allotment to Mr Michael Evans of 2,000,000 Shares under the TNG Non-Executive Director and Consultant Share Plan, as described in the Explanatory Memorandum; and
- (b) the provision of a Loan to Mr Michael Evans to assist him to acquire 2,000,000 Shares under the TNG Non-Executive Director and Consultant Share Plan, as described in the Explanatory Memorandum.”

#### **Voting Exclusions**

*The Company will disregard any votes cast on this Resolution 4 by a Director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of a Director. However, the Company will not disregard a vote if:*

- (a) *it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or*
- (b) *it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.*

*A vote on this Resolution 4 must not be cast (in any capacity) by or on behalf of Mr Michael Evans or his associates.*

*Also, to the extent required by section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 4 if the person is either a member of the Company's key management personnel or a closely related party of such a member and the appointment does not specify the way the proxy is to vote on Resolution 4. However, the proxy may vote if the proxy is the chair of the meeting and the appointment expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Company's key management personnel.*

### Resolution 5 – Approval of grant of Options to Mr Michael Evans

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That for the purposes of ASX Listing Rule 10.14, section 208(1) of the Corporations Act and for all other purposes, approval is given for the issue and allotment to Mr Michael Evans or his nominee of 2,000,000 Options under the TNG Non-Executive Director and Consultant Option Plan, as described in the Explanatory Memorandum.”

### **Voting Exclusion**

*The Company will disregard any votes cast on this Resolution 5 by a Director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of a Director. However, the Company will not disregard a vote if:*

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or*
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.*

*A vote on this Resolution 5 must not be cast (in any capacity) by or on behalf of Mr Michael Evans or his associates.*

*Also, to the extent required by section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 5 if the person is either a member of the Company's key management personnel or a closely related party of such a member and the appointment does not specify the way the proxy is to vote on Resolution 5. However, the proxy may vote if the proxy is the chair of the meeting and the appointment expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Company's key management personnel.*

## **Resolution 6 – Approval of issue of Shares and Loan to Mr Paul Burton**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.14, section 208(1) of the Corporations Act and for all other purposes, approval is given for:

- (a) the issue and allotment to Mr Paul Burton of 2,000,000 Shares under the TNG Employee Share Plan, as described in the Explanatory Memorandum; and
- (b) the provision of a Loan to Mr Paul Burton to assist him to acquire 2,000,000 Shares under the TNG Employee Share Plan, as described in the Explanatory Memorandum.”

### **Voting Exclusion**

*The Company will disregard any votes cast on this Resolution 6 by a Director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of a Director. However, the Company will not disregard a vote if:*

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or*
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.*

*A vote on this Resolution 6 must not be cast (in any capacity) by or on behalf of Mr Paul Burton or his associates.*

*Also, to the extent required by section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 6 if the person is either a member of the Company's key management personnel or a closely related party of such a member and the appointment does not specify the way the proxy is to vote on Resolution 6. However, the proxy may vote if the proxy is the chair of the meeting and the appointment expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Company's key management personnel.*

## **Resolution 7 – Approval of issue of Shares and Loan to Mr Rex Turkington**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That for the purposes of ASX Listing Rule 10.14, and section 208(1) of the Corporations Act, and for all other purposes, approval is given for:

- (a) the issue and allotment to Mr Rex Turkington of 2,000,000 Shares under the TNG Non-Executive Director and Consultant Share Plan, as described in the Explanatory Memorandum; and
- (b) the provision of a Loan to Mr Rex Turkington to assist him to acquire 2,000,000 Shares under the TNG Non-Executive Director and Consultant Share Plan, as described in the Explanatory Memorandum.”

### **Voting Exclusion**

*The Company will disregard any votes cast on this Resolution 7 by a Director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of a Director. However, the Company will not disregard a vote if:*

- (a) *it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or*
- (b) *it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.*

*A vote on this Resolution 7 must not be cast (in any capacity) by or on behalf of Mr Rex Turkington or his associates.*

*Also, to the extent required by section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 7 if the person is either a member of the Company's key management personnel or a closely related party of such a member and the appointment does not specify the way the proxy is to vote on Resolution 7. However, the proxy may vote if the proxy is the chair of the meeting and the appointment expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Company's key management personnel.*

## **Resolution 8 – Approval of issue of Shares and Loan to Mr Stuart Crow**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That for the purposes of ASX Listing Rule 10.14, and section 208(1) of the Corporations Act, and for all other purposes, approval is given for:

- (a) the issue and allotment to Mr Stuart Crow of 2,000,000 Shares under the TNG Non-Executive Director and Consultant Share Plan, as described in the Explanatory Memorandum; and
- (b) the provision of a Loan to Mr Stuart Crow to assist him to acquire 2,000,000 Shares under the TNG Non-Executive Director and Consultant Share Plan, as described in the Explanatory Memorandum."

### **Voting Exclusion**

*The Company will disregard any votes cast on this Resolution 8 by a Director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of a Director. However, the Company will not disregard a vote if:*

- (a) *it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or*
- (b) *it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.*

*A vote on this Resolution 8 must not be cast (in any capacity) by or on behalf of Mr Stuart Crow or his associates.*

*Also, to the extent required by section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 8 if the person is either a member of the Company's key management personnel or a closely related party of such a member and the appointment does not specify the way the proxy is to vote on Resolution 8. However, the proxy may vote if the proxy is the chair of the meeting and the appointment expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Company's key management personnel.*

## **Resolution 9 – Approval of grant of Options to Mr Zhigang Wang**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That for the purposes of ASX Listing Rule 10.14, section 208(1) of the Corporations Act and for all other purposes, approval is given for the issue and allotment to Mr Zhigang Wang or his nominee of 2,000,000 Options under the TNG Non-Executive Director and Consultant Option Plan, as described in the Explanatory Memorandum."

### **Voting Exclusion**

*The Company will disregard any votes cast on this Resolution 9 by a Director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of a Director. However, the Company will not disregard a vote if:*

- (a) *it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or*

- (b) *it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.*

*A vote on this Resolution 9 must not be cast (in any capacity) by or on behalf of Mr Zhigang Wang or his associates.*

*Also, to the extent required by section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 9 if the person is either a member of the Company's key management personnel or a closely related party of such a member and the appointment does not specify the way the proxy is to vote on Resolution 9. However, the proxy may vote if the proxy is the chair of the meeting and the appointment expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Company's key management personnel.*

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## **Part D – Ratification of prior issues**

### **Resolution 10 – Ratification of issue of Shares under Placement**

To consider and, if thought fit, to pass the following ordinary resolution:

“That for the purposes of ASX Listing Rule 7.4, and for all other purposes, the issue by the Company of 20,784,911 Shares on 15 May 2013, as described in the Explanatory Statement accompanying this Notice of General Meeting, is approved and ratified.”

#### ***Voting Exclusion***

*The Company will disregard any votes cast on this Resolution 10 by any person who participated in the issue and any of their associates. However, the Company will not disregard a vote if:*

- (a) *it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or*
- (b) *it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.*

### **Resolution 11 – Ratification of issue of Free Attaching Options in connection with Share Purchase Plan**

To consider and, if thought fit, to pass the following ordinary resolution:

“That for the purposes of ASX Listing Rule 7.4, and for all other purposes, the issue by the Company of 12,977,711 Free Attaching Options on 15 August 2013, as described in the Explanatory Statement accompanying this Notice of General Meeting, is approved and ratified.”

#### ***Voting Exclusion***

*The Company will disregard any votes cast on this Resolution 11 by any person who participated in the issue and any of their associates. However, the Company will not disregard a vote if:*

- (a) *it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or*
- (b) *it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.*

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## **Part E – Ratification of issue of Shares and Free Attaching Options under Shortfall Placement**

### **Resolution 12 – Ratification of issue of Shares and Free Attaching Options under Shortfall Placement**

To consider and, if thought fit, to pass the following ordinary resolution:

“That for the purposes of ASX Listing Rule 7.4, and for all other purposes, the issue by the Company of up to 6,563,082 Shares and up to 25,911,141 Free Attaching Options, as described in the Explanatory Statement accompanying this Notice of General Meeting, is approved and ratified.”

### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution 12 by any person who participated in the issue and any of their associates. However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## **Part F – Approval of 10% Placement Facility**

### **Resolution 13 – Approval of 10% Placement Facility under Listing Rule 7.1A**

To consider and, if thought fit, to pass the following as a special resolution:

“That pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of (or entry into agreements to issue) Equity Securities representing up to 10% of the issued capital of the Company (calculated in accordance with the formula prescribed in Listing Rule 7.1A.2) on the terms and conditions set out in the Explanatory Memorandum.”

### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution 13 by a person who may participate in the 10% Placement Facility (as defined in the Explanatory Memorandum) and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of shares, if this Resolution 13 is passed, and by any associates of such persons.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## **Part G – Approval of 50,000,000 Share Placement Facility**

### **Resolution 14 – Approval of 50,000,000 Share Placement Facility**

To consider, and if thought fit, pass as an ordinary resolution, with or without amendment, the following:

"That, in accordance with ASX Listing Rule 7.1 and for all other purposes, the Shareholders approve and authorise the Directors to issue up to 50,000,000 Shares ("**Placement Shares**") at an issue price each of not less than 80% of the average market price of Shares over the last five days on which sales of Shares were recorded prior to the date of issue of the Shares or, if there is a prospectus relating to the issue of the Shares, over the last five days on which sales of Shares were recorded prior to the date of the prospectus ("**Placement Facility**") to institutional, professional, sophisticated and other investors on the terms and conditions described in the Explanatory Memorandum."

### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution 14 by a person who may participate in the Placement Facility (as defined in the Explanatory Memorandum) and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of shares, if this Resolution 14 is passed, and by any associates of such persons.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## **OTHER BUSINESS**

To consider any other business which may properly be brought before the meeting in accordance with the Company's Constitution.

### **BY ORDER OF THE BOARD**

A handwritten signature in black ink, appearing to be 'P. Burton', written in a cursive style.

**Paul Burton**  
Managing Director

Dated 7 October 2013



## **EXPLANATORY MEMORANDUM**

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### **Introduction**

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Wednesday, 27 November 2013 at 12:00pm (WST).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions set out in the Notice.

This Explanatory Memorandum includes information to assist Shareholders in deciding how to vote on each of the Resolutions contained in the Notice.

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### **Part A – Financial and Other Reports**

#### **Resolution 1 – Adopt Remuneration Report**

The Corporations Act requires listed companies to put a Remuneration Report relating to director and executive remuneration for each financial year to a resolution of members at their annual general meeting. The Remuneration Report is included in the Directors' Report of the Company's Annual Report.

Under section 250R(3) of the Corporations Act, the vote is advisory only and does not bind the Directors or the Company. However, if at least 25% of the votes cast on the Resolution are voted against adoption of the Remuneration Report at the meeting and then again at the 2014 Annual General Meeting, the Company will be required to put to Shareholders a resolution at the 2014 Annual General Meeting proposing the calling of a further general meeting to consider the election of directors of the Company ("**Spill Resolution**").

If more than 50% of Shareholders vote in favour of a Spill Resolution, the Company would be required to convene a further general meeting ("**Spill Meeting**") within 90 days of the 2014 Annual General Meeting. All of the Directors who were in office when the 2014 Directors' Report was approved by the Directors, other than the Managing Director, would cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved would be the Directors of the Company.

Noting that each Director has a personal interest in their own remuneration from the Company as set out in the Remuneration Report, the Board unanimously recommends that shareholders vote in favour of adopting the Remuneration Report.

Key management personnel details of whose remuneration are included in the Remuneration Report and their closely related parties are prohibited from voting on Resolution 1, except in the circumstances described in the voting exclusion statement set out in the Notice.

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### **Part B – Re-election of Directors**

Article 6.2(b) of the Company's Constitution provides that the Directors may appoint any person as a Director and Article 6.3(j) provides that (unless a Director appointed under Article 6.2(b) has already been re-elected at a general meeting of the Company) that Director must retire at the next annual general meeting, and is eligible for re-election at that meeting.

Article 6.3(c) provides that, if the Company has three or more Directors, one third of the Directors (rounded down to the nearest whole number and excluding the managing director), must retire at each annual general meeting.

Mr Michael Evans was appointed as a Non-Executive Director under Article 6.2(b) since the last annual general meeting. His appointment has not previously been ratified by Shareholders and, accordingly, he will retire at the Meeting and seek re-election for the purposes of Article 6.3(j) of the Company's Constitution.

Mr Rex Turkington, having been appointed as a Non-Executive Director by Shareholders at the annual general meeting held on 21 November 2012 is retiring by rotation and offering himself for re-election in accordance with Article 6.3(c).

## **Resolution 2 – Re-election of Mr Michael Evans**

Resolution 2 seeks the re-election of Mr Michael Evans as a Non-executive Director of the Company. Mr Evans was appointed as a Non-executive Director of the Company on 31 May 2013.

Mr Evans is a highly experienced mining and resource industry executive based in Perth who has extensive executive and board level experience with publicly listed companies in the natural resource sector.

He was until recently the founding Executive Chairman of oil explorer and producer FAR Limited (formerly First Australian Resources), a position he held from 1995. Under Mr Evans' stewardship, FAR established and built up an extensive international oil and gas portfolio spanning Africa, North America and Australia – with industry partners including Amoco, Shell, BHP, BP, Exxon, CNOOC and Woodside.

Prior to that, Mr Evans was Director of a private Asian Investment company based in Hong Kong pursuing resource opportunities in China.

Between 1983 and 1991, he was Joint Managing Director of Forsayth Group, which he, and his co-Managing Director, built from a junior explorer to become a significant gold producer with interests in five producing mines and two projects mines in Australia and overseas.

Mr Evans, a Chartered Accountant, commenced his career with Peat Marwick Mitchell & Co then Price Waterhouse & Co before taking up a lecturing post at Curtin University in the School of Business Law.

Being eligible, Mr Evans offers himself for re-election as a Director.

The Board (other than Mr Evans, who abstained) unanimously recommends that Shareholders vote in favour of this Resolution.

## **Resolution 3 – Re-election of Mr Rex Turkington**

Resolution 3 seeks the re-election of Mr Rex Turkington as a Non-executive Director of the Company. Mr Turkington was first appointed as a Non-Executive Director of the Company by the Directors on 29 November 2011 under Article 6.2(b) and, subsequently, by Shareholders on 21 November 2012 at an annual general meeting of the Company. Mr Turkington is required to retire in accordance with Article 6.3(c) of the Company's Constitution.

Mr Turkington is a highly experienced corporate advisor and economist who has worked extensively in the financial services in Australia, specialising in the exploration and mining sectors. He has extensive experience with equities, derivatives, foreign exchange and commodities, and has participated in numerous corporate initial public offerings and capital raisings for listed exploration and mining companies.

Mr Turkington is currently a Director of an Australian corporate advisory company, offering corporate finance and investor relations advice to listed companies. He holds a first class Honours Degree in economics and is an Associate of the Securities Institute of Australia

Being eligible, Mr Turkington offers himself for re-election as a Director.

The Board (other than Mr Turkington, who abstained) unanimously recommends that Shareholders vote in favour of this Resolution.

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## Part C – Issue of securities to Directors under the TNG Incentive Plans

### Overview of Listing Rules and approvals sought

The Company has in place the following incentive plans (among others):

- (i) TNG Non-executive Director and Consultant Share Plan;
- (ii) TNG Non-executive Director and Consultant Option Plan; and
- (iii) TNG Employee Share Plan.

These incentive plans were approved by Shareholders at the Annual General Meeting held on 21 November 2012. Schedule 2 contains a summary of the TNG Non-executive Director and Consultant Share Plan, schedule 3 contains a summary of TNG Non-executive Director and Consultant Option Plan and schedule 4 contains a summary of the TNG Employee Share Plan. Further details in relation to these incentive plans are set out in the 2012 notice of Annual General Meeting which was released to ASX on 19 October 2012.

### Overview of Listing Rules and approvals sought

#### (a) *Issue of securities to related parties - Listing Rules 10.11 and 10.14*

Listing Rule 10.11 requires a listed entity to obtain shareholder approval for the issue of securities to related parties, which includes a director of the Company.

Listing Rule 10.12, exception 4 provides that approval under Listing Rule 10.11 is not required where securities are to be issued to a person under an employee incentive scheme that has been approved under Listing Rule 10.14. Listing Rule 10.14 requires a listed entity to obtain shareholder approval for the issue of securities (including options) under an 'employee incentive scheme' to certain parties, including a director, or an associate of a director, of the company.

Accordingly, the Company is seeking Shareholder approval under Listing Rule 10.14 before issuing Shares to Mr Paul Burton under the TNG Employee Share Plan, or before issuing any Shares or granting any Options to any of the Non-Executive Directors under the terms of the TNG Non- Executive Director and Consultant Share Plan or the TNG Non-Executive Director and Consultant Option Plan. Resolutions 4, 5, 6, 7, 8 and 9 seek Shareholder approval for the Company to issue Shares or Options (as applicable) to certain of the Company's Directors for the purposes of section 10.14 of the Listing Rules.

All of the information that is required to be provided to Shareholders under Listing Rule 10.15 in order to obtain Shareholder approval under Listing Rule 10.14 for Resolutions 4, 5, 6, 7, 8 and 9 is set out below.

#### (b) *Financial Benefit - Part 2E.1 of the Corporations Act*

The provision of a Loan to Eligible Employees and Eligible Entities (as applicable) to fund the acquisition of Shares issued under the terms of the TNG Employee Share Plan and the TNG Non-Executive Director and Consultant Share Plan will constitute the giving of a financial benefit for the purposes of Part 2E.1 of the Corporations Act.

Section 208(1) of the Corporations Act states that for a public company to give a financial benefit to a related party of the public company (which includes its directors):

- (i) the public company must (i) obtain the approval of the public company's shareholders; and (ii) give the benefit within 15 months after the approval; or
- (ii) the giving of the benefit must fall within an exception set out in sections 210 to 216.

The arm's length and reasonable remuneration exceptions to the requirement for Shareholder approval contained in section 210 and 211 of the Corporations Act may well apply, however, the

Directors consider that it is prudent to seek Shareholder approval for the purposes of section 208 in any event.

All of the information that is material to the decision on how to vote on Resolutions 4, 5, 6, 7, 8 and 9 for the purposes of section 208(1) of the Corporations Act is set out below in respect of the relevant Resolutions.

**(c) *Financial Assistance - Part 2J.3 of the Corporations Act***

The provision of a Loan to Eligible Employees and Eligible Entities to fund the acquisition of Shares issued under the terms of the TNG Employee Share Plan and the TNG Non-Executive Director and Consultant Share Plan will constitute 'financial assistance' for the purposes of Part 2J.3 of the Corporations Act.

Section 260A of the Corporations Act states that a company may financially assist a person to acquire shares in the company only if:

- (i) giving the assistance does not materially prejudice the interests of the company or its shareholders or the company's ability to pay its creditors;
- (ii) the assistance is approved by the shareholders under section 260B; or
- (iii) the assistance is exempt under section 260C.

Section 260C(4) provides that financial assistance is exempt from section 260A if it is given under an 'employee share scheme' that has been approved by a resolution passed at a general meeting of the company. The Company obtained Shareholder approval of the TNG Employee Share Plan under section 260C(4) as an exemption from section 260A of the Corporations Act on 21 November 2012.

As the TNG Non-executive Director and Consultant Share Plan provides for the offer of Shares to consultants, contractors and Non-Executive Directors of the Company it does not fall within the definition of an 'employee share scheme' for the purposes of the Corporations Act and the exemption in section 260C(4) of the Corporations Act does not apply. Accordingly, the Company sought and obtained Shareholder approval under section 260B(1) of the Corporations Act on 21 November 2012 in order to provide Loans (as a form of financial assistance) to Eligible Entities to acquire Shares under the terms of the TNG Non-Executive Director and Consultant Share Plan.

As approvals have already been obtained for the TNG Employee Share Plan and the TNG Non-executive Director and Consultant Share Plan, no further approvals are required in order for the Company to give financial assistance in connection with provision of Loans under those plans.

**Resolution 4 – Approval of issue of Shares to Mr Michael Evans**

Resolution 4 seeks Shareholder approval under Listing Rule 10.14 and section 208(1) of the Corporations Act for the proposed issue of 2,000,000 Shares to Mr Michael Evans under the TNG Non-Executive Director and Consultant Share Plan, and for the proposed Loan to Mr Evans to assist him to acquire such Shares under the TNG Non-Executive Director and Consultant Share Plan.

Mr Evans, as a Non-Executive Director of the Company, is entitled to participate in the TNG Non-Executive Director and Consultant Share Plan. The Board considers that the issue of Shares to Mr Evans under the TNG Non-Executive Director and Consultant Share Plan and the provision of the Loan to Mr Evans to assist him to acquire Shares under the TNG Non-Executive Director and Consultant Share Plan is in the Company's interests as it aligns the interests of Mr Evans as a Non-Executive Director with the interests of the Company's Shareholders.

**(a) *Information required by Listing Rule 10.15***

Listing Rule 10.15 sets out the information that must be provided to Shareholders in order to obtain Shareholder approval under Listing Rule 10.14. The following information is provided in accordance with Listing Rule 10.15:

- (i) Subject to Resolution 4 being passed, the person to acquire Shares under the TNG Non-Executive Director and Consultant Share Plan is Mr Evans, a Non-Executive Director of the Company.
- (ii) Subject to Resolution 4 being passed, Mr Evans will acquire 2,000,000 Shares under the TNG Non-Executive Director and Consultant Share Plan.
- (iii) The issue price payable by Mr Evans for the 2,000,000 Shares will be equal to the volume weighted average actual price at which Shares are traded on the ASX over the 5 trading days up to and including the date the offer is accepted by Mr Evans.
- (iv) Since the last approval, the following Shares have been issued to Directors under the TNG Non-Executive Director and Consultant Share Plan:

Name	Number of Shares received	Price for each Share
Neil Biddle	2,000,000	\$0.139
Stuart Crow	2,000,000	\$0.139
Rex Turkington	2,000,000	\$0.139

The above issues were approved at the 2012 AGM and further details can be found in the notice of AGM released to ASX on 19 October 2012.

- (v) The following Directors, being all the Non-Executive Directors of the Company, are entitled to participate in the TNG Non-Executive Director and Consultant Share Plan:
  - Mr Michael Evans;
  - Mr Stuart Crow;
  - Mr Rex Turkington;
  - Mr Zhigang Wang; and
  - Mr Jianrong Xu.
- (vi) A voting exclusion statement in respect of Resolution 4 is set out in the Notice.
- (vii) Subject to Resolution 4 being passed, at the time of the issue of the 2,000,000 Shares to Mr Evans under the TNG Non-Executive Director and Consultant Share Plan, Mr Evans will be entitled to an interest free Loan to fund the acquisition of the Shares equal to the total amount due and payable in respect of the 2,000,000 Shares. Assuming the issue price for the Shares is equal to the market price of the Shares on 3 October 2013 of \$0.049, the value of the Loan would be \$98,000. The Loan has a term of 5 years. Further details of the terms of the Loan to be provided to Mr Evans are set out in paragraph 4 of Schedule 2 (*Loan*) of this Explanatory Memorandum.
- (viii) It is proposed that Mr Evans will be issued the 2,000,000 Shares in the Company as soon as practicable after (and in any event within 12 months after) the date of the Meeting.

**(b) Information required for the purposes of Chapter 2E of the Corporations Act**

Section 219 of the Corporations Act sets out the information that must be provided to Shareholders in order to obtain Shareholder approval under section 208(1). The following information is provided in accordance with section 219 and corresponding ASIC policy:

- (i) Subject to Resolution 4 being passed, the financial benefit would be given to Mr Evans, a Non-Executive Director of the Company.
- (ii) There are two financial benefits being provided to Mr Evans. The nature of the financial benefits are as follows:
  - (a) issuing Mr Evans 2,000,000 Shares at an issue price equal to the volume weighted average actual price at which Shares are traded on the ASX over the 5 trading days up to and including the date the offer is accepted by Mr Evans under the TNG Non-

Executive Director and Consultant Share Plan (see Schedule 2 of this Explanatory Memorandum for the terms and conditions of this plan). The share price as at 3 October 2013 was \$0.049; and

- (b) providing Mr Evans with a non-recourse, interest free Loan equal to the total amount due and payable in respect of the 2,000,000 Shares to fund the acquisition of the Shares. Assuming the issue price for the Shares is equal to the market price of the Shares on 3 October 2013 of \$0.049, the value the Loan would be \$98,000. The Loan has a term of 5 years. Further details of the terms of the Loan to be provided to Mr Evans will be as set out in paragraph 4 of Schedule 2 (*Loan*) of this Explanatory Memorandum.
- (iii) Assuming the issue price of the Shares is equal to the market price as at 3 October 2013 of \$0.049, the total value of the Shares is \$98,000 and the corresponding total value of the Loan is \$98,000. The value of the financial benefits being provided are:
  - (a) as at a particular point in time, the amount by which the value of the 2,000,000 Shares exceeds the value of the Loan; and
  - (b) the lost opportunity cost to the Company of providing the Loan to Mr Evans on an interest free basis. The value of this loss is based on the lost opportunity cost to the Company, which if the Company held the value of the Loan in cash, would be the value that the Company would earn from holding the value of the Loan in a term deposit bank account for the term of the Loan. On this basis, the value of the lost opportunity cost is the value of the Loan multiplied by an interest rate of 4.5% (which is the interest rate available from the Company's bank on cash term deposits equal to the value of the Loan as at the date of this Notice) multiplied by the term of the Loan. Therefore, the lost opportunity cost of providing the Loan to Mr Evans is  $\$98,000 \times 4.5\% \times 5 = \$22,050$ .
- (iv) The number of Shares to be issued was determined having regard to Mr Evans' performance, current market conditions and other remuneration he is due to receive under his terms of engagement and the issue price was determined in accordance with the terms and conditions of the plan as set out in Schedule 2 of this Explanatory Memorandum.
- (v) The Shares issued to Mr Evans remain at risk and cannot be sold, transferred, assigned, charged or otherwise encumbered by Mr Evans until Mr Evans has remained an Eligible Entity (as defined in the TNG Non-Executive Director and Consultant Share Plan) for 12 months after the date the plan Shares are issued to him (unless this requirement is waived by the Board).
- (vi) Mr Evans' total remuneration package from the Company for the previous financial year and the proposed remuneration for the current financial year are set out below:

Type of remuneration	Amount	
	FY 13 <sup>2</sup>	FY14
Director's fees	\$5,000	\$50,000
Consulting Fees	-	-
Shares <sup>1</sup>	-	\$50,487
Options	-	\$46,000
<b>Total</b>	<b>\$5,000</b>	<b>\$146,487</b>

<sup>1</sup> Independent accounting firm BDO Corporate Finance Pty Ltd has valued the Shares as a put option using a binomial option pricing model as this method captures the value of the Shares after taking into account their outstanding debt obligations. It also used the Black Scholes option pricing model to validate the valuation prices calculated by the binomial option pricing model. Its valuation was based on the following assumptions:

Underlying Security Value	\$0.049
Exercise Price	\$0.049
Valuation Date	2 October 2013
Expiration Date	2 October 2018
Life of the Options	5.00 years
Volatility	85%
Risk free rate	3.33%
Number of options	2,000,000
Valuation per option	\$0.034

Valuation per Tranche	\$68,000
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<sup>2</sup> Mr Evans' remuneration for FY13 was not in respect of a full financial year as Mr Evans was only appointed as a director on 31 May 2013.

(vii) Mr Evans held the following securities in the Company as at the date of this Notice:

Type of security	Number	% <sup>1</sup>
Shares	507,937	0.11
Options	111,111	0.02

<sup>1</sup> Based on 473,376,922 Shares outstanding per the latest Appendix 3B prior to the date of this Notice dated 15 August 2013 and, in the case of Options only, based on the fully diluted number of Shares outstanding assuming all Options granted to Mr Evans are exercised.

(viii) The trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.195	12 November 2012
Lowest	\$0.036	20 August 2013
Last	\$0.049	2 October 2013

- (ix) If the 2,000,000 Shares are issued to Mr Evans, this will increase the number of Shares on issue from 473,376,922 to 481,376,922 (assuming that no other Shares are issued after the date of this Notice (other than those set out in Resolutions 4, 6, 7 and 8) and no Options are exercised) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 0.41%.
- (x) The Board considers that the issue of Shares to Mr Evans under the TNG Non-Executive Director and Consultant Share Plan is in the Company's interests as it aligns the interests of Mr Evans as a Non-Executive Director with the interests of the Company's Shareholders in order to maximise Shareholder value. Further, the issue of the Shares provides cost effective consideration to Mr Evans in his role as a Non-Executive Director.
- (xi) The Board acknowledges the issue of Shares is not consistent with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations since the issue of Shares is being made to a Non-Executive Director. However, the Board considers the issue of Shares to Mr Evans reasonable in the circumstances (and consistent with market practice for some junior resources companies) in order to attract the highest calibre of professionals to the Company, whilst maintaining the Company's cash reserves.
- (xii) The Directors do not make any recommendation to Shareholders in respect of Resolution 4 since this Resolution concerns a Director's remuneration and, as such, there may be a conflict of interest.
- (xiii) Mr Evans has a material personal interest in the outcome of Resolution 4 since he will receive 2,000,000 Shares under the TNG Non-Executive Director and Consultant Share Plan if this Resolution is approved by Shareholders. In accordance with the voting exclusion statements set out in the Notice with respect to Resolution 4, Mr Evans will be excluded from voting on this Resolution at the Meeting.
- (xiv) The Board and the Company are not aware of any other information (other than the information set out in this Explanatory Memorandum) that would be reasonably required by Shareholders to allow them to make a decision as to whether it is in the best interests of the Company to pass the Resolution.

## Resolution 5 – Approval of issue of Options to Mr Michael Evans

Resolution 5 seeks Shareholder approval under Listing Rule 10.14 and section 208(1) of the Corporations Act for the proposed issue of 2,000,000 Options to Mr Michael Evans under the TNG Non-Executive Director and Consultant Option Plan.

The exercise price of the Options will be 1.43 times the five day volume weighted average price of the Company's Shares up to and including the date of the Meeting and the Options will expire three years after

the Options are granted if not previously exercised. If the Options were granted on 3 October, the last practicable date before finalisation of this Notice, the exercise price would have been \$0.07.

Mr Evans, as a Non-Executive Director of the Company, is entitled to participate in the TNG Non-Executive Director and Consultant Option Plan. The Board considers that the issue of Options to Mr Evans under the TNG Non-Executive Director and Consultant Option Plan is in the Company's interests as it aligns the interests of Mr Evans as a Non-Executive Director with the interests of the Company's Shareholders.

**(a) Information required by Listing Rule 10.15**

Listing Rule 10.15 sets out the information that must be provided to Shareholders in order to obtain Shareholder approval under Listing Rule 10.14. The following information is provided in accordance with Listing Rule 10.15:

- (i) Subject to Resolution 5 being passed, the person to acquire Options under the TNG Non-Executive Director and Consultant Option Plan is Mr Evans, a Non-Executive Director of the Company.
- (ii) Subject to Resolution 5 being passed, Mr Evans will acquire 2,000,000 Options under the TNG Non-Executive Director and Consultant Option Plan.
- (iii) The 2,000,000 Options will be issued to Mr Evans for nil consideration (in line with the terms of the TNG Non-Executive Director and Consultant Option Plan, which are summarised in Schedule 3 of this Explanatory Memorandum).
- (iv) Since the last approval, the following Options have been issued to Directors under the TNG Non-Executive Director and Consultant Option Plan:

Name	Number of Options received	Price for each Share
Zhigang Wang	2,000,000	NIL

The above issue was approved at the 2012 AGM and further details can be found in the notice of AGM released to ASX on 19 October 2012.

- (v) The following Directors, being all the Non-Executive Directors of the Company, are entitled to participate in the TNG Non-Executive Director and Consultant Option Plan:
  - Mr Michael Evans;
  - Mr Stuart Crow;
  - Mr Rex Turkington;
  - Mr Zhigang Wang; and
  - Mr Jianrong Xu.
- (vi) A voting exclusion statement in respect of Resolution 5 is set out in the Notice.
- (vii) No loan will be provided in relation to the acquisition of the Options.
- (viii) It is proposed that Mr Evans will be issued the 2,000,000 Options as soon as practicable after (and in any event within 12 months after) the date of the Meeting.



**(b) Information required for the purposes of Chapter 2E of the Corporations Act**

Section 219 of the Corporations Act sets out the information that must be provided to Shareholders in order to obtain Shareholder approval under section 208(1). The following information is provided in accordance with section 219 and corresponding ASIC policy:

- (i) Subject to Resolution 5 being passed, the financial benefit would be given to Mr Evans, a Non-Executive Director of the Company.
- (ii) The nature of the financial benefit is granting Mr Evans 2,000,000 Options for nil cash consideration under the TNG Non-Executive Director and Consultant Option Plan (see Schedule 3 of this Explanatory Memorandum for the terms and conditions of this plan). The current share price (as at 3 October 2013) is \$0.049
- (iii) Independent accounting firm BDO Corporate Finance Pty Ltd has determined that the total value of the Options is \$46,000 using a binomial option pricing model (its valuation was also validated using a Black-Scholes pricing model). Its valuation was based on the following assumptions:

Underlying Security Value	\$0.049
Exercise Price	\$0.07
Valuation Date	2 October 2013
Expiration Date	2 October 2016
Life of the Options	3.00 years
Volatility	85%
Risk free rate	3.33%
Number of options	2,000,000
Valuation per option	\$0.023
Valuation per Tranche	\$46,000

- (iv) The number of Options to be granted was determined having regard to Mr Evans' performance, current market conditions and other remuneration he is due to receive under his terms of engagement and the issue price was determined in accordance with the terms and conditions of the plan as set out in Schedule 3 of this Explanatory Memorandum.
- (v) Mr Evans' total remuneration package from the Company for the previous financial year and the estimated remuneration for the current financial year are set out below:

Type of remuneration	Amount	
	FY 13 <sup>2</sup>	FY14
Director's fees	\$5,000	\$50,000
Options <sup>1</sup>	-	\$46,000
Shares	-	\$50,487
<b>Total</b>	<b>\$5,000</b>	<b>\$146,487</b>

<sup>1</sup> Refer Section (b) (iii) above for valuation assumptions.

<sup>2</sup> Mr Evans' remuneration for FY13 was not in respect of a full financial year as Mr Evans was only appointed as a director on 31 May 2013.

- (vi) Mr Evans held the following securities in the Company as at the date of this Notice:

Type of security	Number	% <sup>1</sup>
Shares	507,937	0.11
Options	111,111	0.70

<sup>1</sup> Based on 473,376,922 Shares outstanding per the latest Appendix 3B prior to the date of this Notice dated 15 August 2013 and, in the case of Options only, based on the fully diluted number of Shares outstanding assuming all Options granted to Mr Evans are exercised.

- (vii) The trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.195	12 November 2012
Lowest	\$0.036	20 August 2013

Last	\$0.049	2 October 2013
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- (viii) If the 2,000,000 Options are granted to Mr Evans and are subsequently exercised, a total of 2,000,000 Shares would be allotted and issued. This will increase the number of Shares on issue 473,376,922 to 483,376,922 (assuming that no other Options are exercised and no Shares (other than those set out in Resolutions 4, 6, 7 and 8) are issued with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 0.41%.

The market price for the Shares during the term of the Options would normally determine whether or not the Options are exercised. If, at any time any of the Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Options, there may be a perceived cost to the Company.

- (ix) The Board considers that the grant of Options to Mr Evans under the TNG Non-Executive Director and Consultant Option Plan is in the Company's interests as it aligns the interests of Mr Evans as a Non-Executive Director with the interests of the Company's Shareholders in order to maximise Shareholder value. Further, the grant of the Options provides cost effective consideration to Mr Evans in his role as a Non-Executive Director. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options to Mr Evans on the terms proposed.
- (x) The Board acknowledges the grant of Options is not consistent with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations since the grant of Options is being made to a Non-Executive Director. However, the Board considers the grant of Options to Mr Evans reasonable in the circumstances (and consistent with market practice for some junior resources companies) in order to attract the highest calibre of professionals to the Company, whilst maintaining the Company's cash reserves.
- (xi) The Directors do not make any recommendation to Shareholders in respect of Resolution 5 since this Resolution concerns a Director's remuneration and, as such, there may be a conflict of interest.
- (xii) Mr Evans has a material personal interest in the outcome of Resolution 5 since he will receive 2,000,000 Options under the TNG Non-Executive Director and Consultant Option Plan if this Resolution is approved by Shareholders. In accordance with the voting exclusion statements set out in the Notice with respect to Resolution 5, Mr Evans will be excluded from voting on this Resolution at the Meeting.
- (xiii) The Board and the Company are not aware of any other information (other than the information set out in this Explanatory Memorandum) that would be reasonably required by Shareholders to allow them to make a decision as to whether it is in the best interests of the Company to pass the Resolution.

## **Resolution 6 – Approval of issue of Shares to Mr Paul Burton**

Resolution 6 seeks Shareholder approval under Listing Rule 10.14 and section 208(1) of the Corporations Act for the proposed issue of 2,000,000 Shares to Mr Paul Burton under the TNG Employee Share Plan, and for the proposed Loan to Mr Burton to assist him to acquire such Shares under the TNG Employee Share Plan.

Mr Burton, as the Managing Director of the Company, is entitled to participate in the TNG Employee Share Plan. The Board considers that the issue of Shares to Mr Burton under the TNG Employee Share Plan and the provision of the Loan to Mr Burton to assist him to acquire Shares under the TNG Employee Share Plan is in the Company's interests as it aligns the interests of Mr Burton as the Managing Director with the interests of the Company's Shareholders.

The Shares issued to Mr Burton cannot be sold, transferred, assigned, charged or otherwise encumbered until the restriction conditions (or performance hurdles) set out in paragraph (b)(5) below are satisfied (unless waived by the Board).

**(a) Information required by Listing Rule 10.15**

Listing Rule 10.15 sets out the information that must be provided to Shareholders in order to obtain Shareholder approval under Listing Rule 10.14. The following information is provided in accordance with Listing Rule 10.15:

- (i) Subject to Resolution 6 being passed, the person to acquire Shares under the TNG Employee Share Plan is Mr Burton, the Managing Director of the Company.
- (ii) Subject to Resolution 6 being passed, Mr Burton will acquire 2,000,000 Shares under the TNG Employee Share Plan.
- (iii) The issue price payable by Mr Burton for the 2,000,000 Shares will be equal to the volume weighted average actual price at which Shares were traded on the ASX over the 5 trading days up to and including the date the offer is accepted by Mr Burton.
- (iv) Since the last approval, the following Shares have been issued under the TNG Employee Share Plan:

Name	Number of Shares received	Price for each Share
Paul Burton	6,000,000	\$0.0847

The above issue was approved at the 2012 AGM and further details can be found in the notice of AGM released to ASX on 19 October 2012.

- (v) Mr Burton, as the Managing Director of the Company, is the only Director entitled to participate in the TNG Employee Share Plan.
- (vi) A voting exclusion statement in respect of Resolution 6 is set out in the Notice.
- (vii) Subject to Resolution 6 being passed, at the time of the issue of the 2,000,000 Shares to Mr Burton under the TNG Employee Share Plan, Mr Burton will be entitled to an interest free Loan of \$98,000 (being the total amount due and payable in respect of the 2,000,000 Shares) with a term of 5 years to fund the acquisition of the Shares. Further details of the terms of the Loan to be provided to Mr Burton will be as set out in paragraph 4 of Schedule 4 (*Loan*) of this Explanatory Memorandum.
- (viii) It is proposed that Mr Burton will be issued the 2,000,000 Shares in the Company as soon as practicable after (and in any event within 12 months after) the date of the Meeting.

**(b) Information required for the purposes of Chapter 2E of the Corporations Act**

Section 219 of the Corporations Act sets out the information that must be provided to Shareholders in order to obtain Shareholder approval under section 208(1). The following information is provided in accordance with section 219 and corresponding ASIC policy:

- (i) Subject to Resolution 6 being passed, the financial benefit would be given to Mr Burton, the Managing Director of the Company.
- (ii) There are two financial benefits being provided to Mr Burton. The nature of the financial benefits are as follows:
  - (a) issuing Mr Burton 2,000,000 Shares at an issue price of \$0.049 per Share under the TNG Employee Share Plan (see Schedule 2 for the terms and conditions of this plan). The share price as at 3 October 2013 was \$98,000; and
  - (b) providing Mr Burton with a non-recourse, interest free Loan of \$98,000 (being the total amount due and payable in respect of the 2,000,000 Shares) for a term of 5 years. Further details of the terms of the Loan are set out in paragraph 4 of Schedule 4 (*Loan*) to assist him to acquire the Shares.

- (iii) Assuming the issue price of the Shares is equal to the market price as at 3 October 2013 of \$0.049, the total value of the Shares is \$98,000 and the corresponding total value of the Loan is \$98,000. The value of the financial benefits being provided are:
- (a) as at a particular point in time, the amount by which the value of the 2,000,000 Shares issued to Mr Burton exceeds the value of the Loan; and
  - (b) the lost opportunity cost to the Company of providing the Loan to Mr Burton on an interest free basis. The value of this loss is based on the lost opportunity cost to the Company, which if the Company held the value of the Loan in cash, would be the value that the Company would earn from holding the value of the Loan in a term deposit bank account for the term of the Loan. On this basis, the value of the lost opportunity cost is the value of the Loan multiplied by an interest rate of 4.5% (which is the interest rate available from the Company's bank on cash term deposits equal to the value of the Loan as at the date of this Notice) multiplied by the term of the Loan. Therefore, the lost opportunity cost of providing the Loan to Mr Burton is  $\$98,000 \times 4.5\% \times 5 = \$22,050$ .
- (iv) The number of Shares to be issued was determined having regard to Mr Burton's performance, current market conditions and other remuneration he is due to receive under his employment agreement and the issue price was determined in accordance with the terms and conditions of the plan as set out in Schedule 4 of this Explanatory Memorandum.
- (v) The Shares issued to Mr Burton remain at risk and cannot be sold, transferred, assigned, charged or otherwise encumbered by Mr Burton until Mr Burton has remained an Eligible Employee (as defined in the TNG Employee Share Plan) for 12 months after the date the plan Shares are issued to him (unless this requirement is waived by the Board).
- (vi) Mr Burton's total remuneration package from the Company for the previous financial year and the proposed remuneration for the current financial year are set out below:

Type of remuneration	Amount	
	FY 13	FY14
Director's fees and superannuation	\$392,808	\$394,200
Shares <sup>1</sup>	\$376,274	\$304,214
<b>Total</b>	<b>\$769,082</b>	<b>\$698,414</b>

<sup>1</sup> Independent accounting firm BDO Corporate Finance Pty Ltd has valued the Shares as a put option using a binomial option pricing model as this method captures the value of the Shares after taking into account their outstanding debt obligations. It also used the Black Scholes option pricing model to validate the valuation prices calculated by the binomial option pricing model. Its valuation was based on the following assumptions:

Underlying Security Value	\$0.049
Exercise Price	\$0.049
Valuation Date	2 October 2013
Expiration Date	2 October 2018
Life of the Options	5.00 years
Volatility	85%
Risk free rate	3.33%
Number of options	2,000,000
Valuation per option	\$0.034
Valuation per Tranche	\$68,000

- (vii) Mr Burton held the following securities in the Company as at the date of this Notice:

Type of security	Number	% <sup>1</sup>
Shares	7,083,333	1.50
Options	166,666	0.03

<sup>1</sup> Based on 473,376,922 Shares outstanding per the latest Appendix 3B prior to the date of this Notice dated 15 August 2013 and, in the case of Options only, based on the fully diluted number of Shares outstanding assuming all Options granted to Mr Burton are exercised.

- (viii) The trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.195	12 November 2012
Lowest	\$0.036	20 August 2013
Last	\$0.049	2 October 2013

- (ix) If the 2,000,000 Shares are issued to Mr Burton, this will increase the number of Shares on issue from 473,376,922 to 481,376,922 (assuming that no other Shares are issued after the date of this Notice (other than those set out in Resolutions 4, 6, 7 and 8) and no Options are exercised) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 0.41%.
- (x) The Board considers that the issue of Shares to Mr Burton under the TNG Employee Share Plan is in the Company's interests as it aligns the interests of Mr Burton as an Executive Director with the interests of the Company's Shareholders in order to maximise Shareholder value. Further, the issue of the Shares provides cost effective consideration to Mr Burton in his role as Managing Director.
- (xi) The Directors do not make any recommendation to Shareholders in respect of Resolution 6 since this Resolution concerns a Director's remuneration and, as such, there may be a conflict of interest.
- (xii) Mr Burton has a material personal interest in the outcome of Resolution 6 since he will receive 2,000,000 Shares under the TNG Employee Share Plan if this Resolution is approved by Shareholders. In accordance with the voting exclusion statements set out in the Notice with respect to Resolution 6, Mr Burton will be excluded from voting on this Resolution at the Meeting.
- (xiii) The Board and the Company are not aware of any other information (other than the information set out in this Explanatory Memorandum) that would be reasonably required by Shareholders to allow them to make a decision as to whether it is in the best interests of the Company to pass the Resolution.

## **Resolution 7 – Approval of issue of Shares to Mr Rex Turkington**

Resolution 7 seeks Shareholder approval under Listing Rule 10.14 and section 208(1) of the Corporations Act for the proposed issue of 2,000,000 Shares to Mr Rex Turkington under the TNG Non-Executive Director and Consultant Share Plan, and for the proposed Loan to Mr Turkington to assist him to acquire such Shares under the TNG Non-Executive Director and Consultant Share Plan.

Mr Turkington, as a Non-Executive Director of the Company, is entitled to participate in the TNG Non-Executive Director and Consultant Share Plan. The Board considers that the issue of Shares to Mr Turkington under the TNG Non-Executive Director and Consultant Share Plan and the provision of the Loan to Mr Turkington to assist him to acquire Shares under the TNG Non-Executive Director and Consultant Share Plan is in the Company's interests as it aligns the interests of Mr Turkington as a Non-Executive Director with the interests of the Company's Shareholders.

### **(a) Information required by Listing Rule 10.15**

Listing Rule 10.15 sets out the information that must be provided to Shareholders in order to obtain Shareholder approval under Listing Rule 10.14. The following information is provided in accordance with Listing Rule 10.15:

- (i) Subject to Resolution 7 being passed, the person to acquire Shares under the TNG Non-Executive Director and Consultant Share Plan is Mr Turkington, a Non-Executive Director of the Company.
- (ii) Subject to Resolution 7 being passed, Mr Turkington will acquire 2,000,000 Shares under the TNG Non-Executive Director and Consultant Share Plan.
- (iii) The issue price payable by Mr Turkington for the 2,000,000 Shares will be equal to the volume weighted average actual price at which Shares are traded on the ASX over the 5 trading days up to and including the date the offer is accepted by Mr Turkington.
- (iv) Since the last approval, the following Shares have been issued to Directors under the TNG Non-Executive Director and Consultant Share Plan:

Name	Number of Shares received	Price for each Share
Neil Biddle	2,000,000	\$0.139
Stuart Crow	2,000,000	\$0.139
Rex Turkington	2,000,000	\$0.139

The above issues were approved at the 2012 AGM and further details can be found in the notice of AGM released to ASX on 19 October 2012.

- (v) The following Directors, being all the Non-Executive Directors of the Company, are entitled to participate in the TNG Non-Executive Director and Consultant Share Plan:
- Mr Michael Evans;
  - Mr Stuart Crow;
  - Mr Rex Turkington;
  - Mr Zhigang Wang; and
  - Mr Jianrong Xu.
- (vi) A voting exclusion statement in respect of Resolution 7 is set out in the Notice.
- (vii) Subject to Resolution 7 being passed, at the time of the issue of the 2,000,000 Shares to Mr Turkington under the TNG Non-Executive Director and Consultant Share Plan, Mr Turkington will be entitled to an interest free Loan to fund the acquisition of the Shares equal to the total amount due and payable in respect of the 2,000,000 Shares. Assuming the issue price for the Shares is equal to the market price of the Shares on 3 October 2013 of \$98,000, the value the Loan would be \$98,000. The Loan has a term of 5 years. Further details of the terms of the Loan to be provided to Mr Turkington are set out in paragraph 4 of Schedule 2 (*Loan*) of this Explanatory Memorandum.
- (viii) It is proposed that Mr Turkington will be issued the 2,000,000 Shares in the Company as soon as practicable after (and in any event within 12 months after) the date of the Meeting.

**(b) Information required for the purposes of Chapter 2E of the Corporations Act**

Section 219 of the Corporations Act sets out the information that must be provided to Shareholders in order to obtain Shareholder approval under section 208(1). The following information is provided in accordance with section 219 and corresponding ASIC policy:

- (i) Subject to Resolution 7 being passed, the financial benefit would be given to Mr Turkington, a Non-Executive Director of the Company.
- (ii) There are two financial benefits being provided to Mr Turkington. The nature of the financial benefits are as follows:
- (a) issuing Mr Turkington 2,000,000 Shares at an issue price equal to the volume weighted average actual price at which Shares are traded on the ASX over the 5 trading days up to and including the date the offer is accepted by Mr Turkington under the TNG Non-Executive Director and Consultant Share Plan (see Schedule 2 of this Explanatory Memorandum for the terms and conditions of this plan). The share price as at 3 October 2013 was \$0.049; and
- (b) providing Mr Turkington with a non-recourse, interest free Loan equal to the total amount due and payable in respect of the 2,000,000 Shares to fund the acquisition of the Shares. Assuming the issue price for the Shares is equal to the market price of the Shares on 3 October 2013 of \$98,000, the value the Loan would be \$98,000. The Loan has a term of 5 years. Further details of the terms of the Loan to be provided to Mr Turkington will be as set out in paragraph 4 of Schedule 2 (*Loan*) of this Explanatory Memorandum.

- (iii) Assuming the issue price of the Shares is equal to the market price as at 3 October 2013 of \$0.049, the total value of the Shares is \$98,000 and the corresponding total value of the Loan is \$98,000. The value of the financial benefits being provided are:
- (a) as at a particular point in time, the amount by which the value of the 2,000,000 Shares exceeds the value of the Loan; and
  - (b) the lost opportunity cost to the Company of providing the Loan to Mr Turkington on an interest free basis. The value of this loss is based on the lost opportunity cost to the Company, which if the Company held the value of the Loan in cash, would be the value that the Company would earn from holding the value of the Loan in a term deposit bank account for the term of the Loan. On this basis, the value of the lost opportunity cost is the value of the Loan multiplied by an interest rate of 4.5% (which is the interest rate available from the Company's bank on cash term deposits equal to the value of the Loan as at the date of this Notice) multiplied by the term of the Loan. Therefore, the lost opportunity cost of providing the Loan to Mr Turkington is  $\$98,000 \times 4.5\% \times 5 = \$20,050$ .
- (iv) The number of Shares to be issued was determined having regard to Mr Turkington's performance, current market conditions and other remuneration he is due to receive under his terms of engagement and the issue price was determined in accordance with the terms and conditions of the plan as set out in Schedule 2 of this Explanatory Memorandum.
- (v) The Shares issued to Mr Turkington remain at risk and cannot be sold, transferred, assigned, charged or otherwise encumbered by Mr Turkington until Mr Turkington has remained an Eligible Entity (as defined in the TNG Non-Executive Director and Consultant Share Plan) for 12 months after the date the plan Shares are issued to him (unless this requirement is waived by the Board).
- (vi) Mr Turkington's total remuneration package from the Company for the previous financial year and the proposed remuneration for the current financial year are set out below:

Type of remuneration	Amount	
	FY 13	FY14
Director's fees	\$60,000	\$50,000
Consulting Fees <sup>2</sup>	\$27,135	-
Shares <sup>1</sup>	\$113,479	\$127,008
<b>Total</b>	<b>\$200,614</b>	<b>\$177,008</b>

<sup>1</sup> Independent accounting firm BDO Corporate Finance Pty Ltd has valued the Shares as a put option using a binomial option pricing model as this method captures the value of the Shares after taking into account their outstanding debt obligations. It also used the Black Scholes option pricing model to validate the valuation prices calculated by the binomial option pricing model. Its valuation was based on the following assumptions:

Underlying Security Value	\$0.049
Exercise Price	\$0.049
Valuation Date	2 October 2013
Expiration Date	2 October 2018
Life of the Options	5.00 years
Volatility	85%
Risk free rate	3.33%
Number of options	2,000,000
Valuation per option	\$0.034
Valuation per Tranche	\$68,000

<sup>2</sup> Mr Turkington may receive consulting fees for additional services based on a rate of \$1,500 per day.

- (vii) Mr Turkington held the following securities in the Company as at the date of this Notice:

Type of security	Number	% <sup>1</sup>
Shares	3,721,133	0.79
Options	166,666	0.03

<sup>1</sup> Based on 473,376,922 Shares outstanding per the latest Appendix 3B prior to the date of this Notice dated 15 August 2013 and, in the case of Options only, based on the fully diluted number of Shares outstanding assuming all Options granted to Mr Turkington are exercised.

- (viii) The trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.195	12 November 2012
Lowest	\$0.036	20 August 2013
Last	\$0.049	2 October 2013

- (ix) If the 2,000,000 Shares are issued to Mr Turkington, this will increase the number of Shares on issue from 473,376,922 to 481,376,922 (assuming that no other Shares are issued after the date of this Notice (other than those set out in Resolutions 4, 6, 7 and 8) and no Options are exercised) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 0.41%.
- (x) The Board considers that the issue of Shares to Mr Turkington under the TNG Non-Executive Director and Consultant Share Plan is in the Company's interests as it aligns the interests of Mr Turkington as a Non-Executive Director with the interests of the Company's Shareholders in order to maximise Shareholder value. Further, the issue of the Shares provides cost effective consideration to Mr Turkington in his role as a Non-Executive Director.
- (xi) The Board acknowledges the issue of Shares is not consistent with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations since the issue of Shares is being made to a Non-Executive Director. However, the Board considers the issue of Shares to Mr Turkington reasonable in the circumstances (and consistent with market practice for some junior resources companies) in order to attract the highest calibre of professionals to the Company, whilst maintaining the Company's cash reserves.
- (xii) The Directors do not make any recommendation to Shareholders in respect of Resolution 7 since this Resolution concerns a Director's remuneration and, as such, there may be a conflict of interest.
- (xiii) Mr Turkington has a material personal interest in the outcome of Resolution 7 since he will receive 2,000,000 Shares under the TNG Non-Executive Director and Consultant Share Plan if this Resolution is approved by Shareholders. In accordance with the voting exclusion statements set out in the Notice with respect to Resolution 7, Mr Turkington will be excluded from voting on this Resolution at the Meeting.
- (xiv) The Board and the Company are not aware of any other information (other than the information set out in this Explanatory Memorandum) that would be reasonably required by Shareholders to allow them to make a decision as to whether it is in the best interests of the Company to pass the Resolution.

## **Resolution 8 – Approval of issue of Shares to Mr Stuart Crow**

Resolution 8 seeks Shareholder approval under Listing Rule 10.14 and section 208(1) of the Corporations Act for the proposed issue of 2,000,000 Shares to Mr Stuart Crow under the TNG Non-Executive Director and Consultant Share Plan, and for the proposed Loan to Mr Crow to assist him to acquire such Shares under the TNG Non-Executive Director and Consultant Share Plan.

Mr Crow, as a Non-Executive Director of the Company, is entitled to participate in the TNG Non-Executive Director and Consultant Share Plan. The Board considers that the issue of Shares to Mr Crow under the TNG Non-Executive Director and Consultant Share Plan and the provision of the Loan to Mr Crow to assist him to acquire Shares under the TNG Non-Executive Director and Consultant Share Plan is in the Company's interests as it aligns the interests of Mr Crow as a Non-Executive Director with the interests of the Company's Shareholders.

### **(a) Information required by Listing Rule 10.15**

Listing Rule 10.15 sets out the information that must be provided to Shareholders in order to obtain Shareholder approval under Listing Rule 10.14. The following information is provided in accordance with Listing Rule 10.15:



- (i) Subject to Resolution 8 being passed, the person to acquire Shares under the TNG Non-Executive Director and Consultant Share Plan is Mr Crow, a Non-Executive Director of the Company.
- (ii) Subject to Resolution 8 being passed, Mr Crow will acquire 2,000,000 Shares under the TNG Non-Executive Director and Consultant Share Plan.
- (iii) The issue price payable by Mr Crow for the 2,000,000 Shares will be equal to the volume weighted average actual price at which Shares are traded on the ASX over the 5 trading days up to and including the date the offer is accepted by Mr Crow.
- (iv) Since the last approval, the following Shares have been issued to Directors under the TNG Non-Executive Director and Consultant Share Plan:

Name	Number of Shares received	Price for each Share
Neil Biddle	2,000,000	\$0.139
Stuart Crow	2,000,000	\$0.139
Rex Turkington	2,000,000	\$0.139

The above issues were approved at the 2012 AGM and further details can be found in the notice of AGM released to ASX on 19 October 2012.

- (v) The following Directors, being all the Non-Executive Directors of the Company, are entitled to participate in the TNG Non-Executive Director and Consultant Share Plan:
  - Mr Michael Evans;
  - Mr Stuart Crow;
  - Mr Rex Turkington;
  - Mr Zhigang Wang; and
  - Mr Jianrong Xu.
- (vi) A voting exclusion statement in respect of Resolution 8 is set out in the Notice.
- (vii) Subject to Resolution 8 being passed, at the time of the issue of the 2,000,000 Shares to Mr Crow under the TNG Non-Executive Director and Consultant Share Plan, Mr Crow will be entitled to an interest free Loan to fund the acquisition of the Shares equal to the total amount due and payable in respect of the 2,000,000 Shares. Assuming the issue price for the Shares is equal to the market price of the Shares on 3 October 2013 of \$0.049, the value the Loan would be \$98,000. The Loan has a term of 5 years. Further details of the terms of the Loan to be provided to Mr Crow are set out in paragraph 4 of Schedule 2 (*Loan*) of this Explanatory Memorandum.
- (viii) It is proposed that Mr Crow will be issued the 2,000,000 Shares in the Company as soon as practicable after (and in any event within 12 months after) the date of the Meeting.

**(b) Information required for the purposes of Chapter 2E of the Corporations Act**

Section 219 of the Corporations Act sets out the information that must be provided to Shareholders in order to obtain Shareholder approval under section 208(1). The following information is provided in accordance with section 219 and corresponding ASIC policy:

- (i) Subject to Resolution 8 being passed, the financial benefit would be given to Mr Crow, a Non-Executive Director of the Company.
- (ii) There are two financial benefits being provided to Mr Crow. The nature of the financial benefits are as follows:
  - (a) issuing Mr Crow 2,000,000 Shares at an issue price equal to the volume weighted average actual price at which Shares are traded on the ASX over the 5 trading days up to and including the date the offer is accepted by Mr Crow under the TNG Non-

Executive Director and Consultant Share Plan (see Schedule 2 of this Explanatory Memorandum for the terms and conditions of this plan). The share price as at 3 October 2013 was \$0.049; and

- (b) providing Mr Crow with a non-recourse, interest free Loan equal to the total amount due and payable in respect of the 2,000,000 Shares to fund the acquisition of the Shares. Assuming the issue price for the Shares is equal to the market price of the Shares on October 2013 of \$98,000, the value the Loan would be \$98,000. The Loan has a term of 5 years. Further details of the terms of the Loan to be provided to Mr Crow will be as set out in paragraph 4 of Schedule 2 (*Loan*) of this Explanatory Memorandum.
- (iii) Assuming the issue price of the Shares is equal to the market price as at 3 October 2013 of \$0.049, the total value of the Shares is \$98,000 and the corresponding total value of the Loan is \$98,000. The value of the financial benefits being provided are:
  - (a) as at a particular point in time, the amount by which the value of the 2,000,000 Shares exceeds the value of the Loan; and
  - (b) the lost opportunity cost to the Company of providing the Loan to Mr Crow on an interest free basis. The value of this loss is based on the lost opportunity cost to the Company, which if the Company held the value of the Loan in cash, would be the value that the Company would earn from holding the value of the Loan in a term deposit bank account for the term of the Loan. On this basis, the value of the lost opportunity cost is the value of the Loan multiplied by an interest rate of 4.5% (which is the interest rate available from the Company's bank on cash term deposits equal to the value of the Loan as at the date of this Notice) multiplied by the term of the Loan. Therefore, the lost opportunity cost of providing the Loan to Mr Crow is  $\$98,000 \times 4.5\% \times 5 = \$22,050$ .
- (iv) The number of Shares to be issued was determined having regard to Mr Crow's performance, current market conditions and other remuneration he is due to receive under his terms of engagement and the issue price was determined in accordance with the terms and conditions of the plan as set out in Schedule 2 of this Explanatory Memorandum.
- (v) The Shares issued to Mr Crow remain at risk and cannot be sold, transferred, assigned, charged or otherwise encumbered by Mr Crow until Mr Crow has remained an Eligible Entity (as defined in the TNG Non-Executive Director and Consultant Share Plan) for 12 months after the date the plan Shares are issued to him (unless this requirement is waived by the Board).
- (vi) Mr Crow's total remuneration package from the Company for the previous financial year and the proposed remuneration for the current financial year are set out below:

Type of remuneration	Amount	
	FY 13	FY14
Director's fees	\$60,00	\$50,000
Consulting Fees	-	-
Shares <sup>1</sup>	\$113,479	\$127,008
<b>Total</b>	<b>\$173,479</b>	<b>\$177,008</b>

<sup>1</sup> Independent accounting firm BDO Corporate Finance Pty Ltd has valued the Shares as a put option using a binomial option pricing model as this method captures the value of the Shares after taking into account their outstanding debt obligations. It also used the Black Scholes option pricing model to validate the valuation prices calculated by the binomial option pricing model. Its valuation was based on the following assumptions:

Underlying Security Value	\$0.049
Exercise Price	\$0.049
Valuation Date	2 October 2013
Expiration Date	2 October 2018
Life of the Options	5.00 years
Volatility	85%
Risk free rate	3.33%
Number of options	2,000,000
Valuation per option	\$0.034
Valuation per Tranche	\$68,000

- (vii) Mr Crow held the following securities in the Company as at the date of this Notice:

Type of security	Number	% <sup>1</sup>
Shares	2,870,538	0.58
Options	166,666	0.03

<sup>1</sup> Based on 473,376,922 Shares outstanding per the latest Appendix 3B prior to the date of this Notice dated 15 August 2013 and, in the case of Options only, based on the fully diluted number of Shares outstanding assuming all Options granted to Mr Crow are exercised.

- (viii) The trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.195	12 November 2012
Lowest	\$0.036	20 August 2013
Last	\$0.049	2 October 2013

- (ix) If the 2,000,000 Shares are issued to Mr Crow, this will increase the number of Shares on issue from 473,376,922 to 481,376,922 (assuming that no other Shares are issued after the date of this Notice (other than those set out in Resolutions 4, 6, 7 and 8) and no Options are exercised) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 0.41%.
- (x) The Board considers that the issue of Shares to Mr Crow under the TNG Non-Executive Director and Consultant Share Plan is in the Company's interests as it aligns the interests of Mr Crow as a Non-Executive Director with the interests of the Company's Shareholders in order to maximise Shareholder value. Further, the issue of the Shares provides cost effective consideration to Mr Crow in his role as a Non-Executive Director.
- (xi) The Board acknowledges the issue of Shares is not consistent with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations since the issue of Shares is being made to a Non-Executive Director. However, the Board considers the issue of Shares to Mr Crow reasonable in the circumstances (and consistent with market practice for some junior resources companies) in order to attract the highest calibre of professionals to the Company, whilst maintaining the Company's cash reserves.
- (xii) The Directors do not make any recommendation to Shareholders in respect of Resolution 8 since this Resolution concerns a Director's remuneration and, as such, there may be a conflict of interest.
- (xiii) Mr Crow has a material personal interest in the outcome of Resolution 8 since he will receive 2,000,000 Shares under the TNG Non-Executive Director and Consultant Share Plan if this Resolution is approved by Shareholders. In accordance with the voting exclusion statements set out in the Notice with respect to Resolution 8, Mr Crow will be excluded from voting on this Resolution at the Meeting.

The Board and the Company are not aware of any other information (other than the information set out in this Explanatory Memorandum) that would be reasonably required by Shareholders to allow them to make a decision as to whether it is in the best interests of the Company to pass the Resolution.

## Resolution 9 – Approval of issue of Options to Mr Zhigang Wang

Resolution 9 seeks Shareholder approval under Listing Rule 10.14 and section 208(1) of the Corporations Act for the proposed issue of 2,000,000 Options to Mr Zhigang Wang under the TNG Non-Executive Director and Consultant Option Plan.

The exercise price of the Options will be 1.43 times the five day volume weighted average price of the Company's Shares up to and including the date of the Meeting and the Options will expire three years after the Options are granted if not previously exercised. If the Options were granted on 3 October 2013, the last practicable date before finalisation of this Notice, the exercise price would have been \$0.070.

Mr Wang, as a Non-Executive Director of the Company, is entitled to participate in the TNG Non-Executive Director and Consultant Option Plan. The Board considers that the issue of Options to Mr Wang under the

TNG Non-Executive Director and Consultant Option Plan is in the Company's interests as it aligns the interests of Mr Wang as a Non-Executive Director with the interests of the Company's Shareholders.

As the Company is not seeking Shareholder approval under item 7 section 611 of the Corporations Act for the future increase in Mr Wang' voting power upon exercise of the Options under Item 7 of section 611, Mr Wang may only exercise the 2,000,000 Options granted to him if the 3% creep exception provided for in item 9 of section 611 of the Corporations Act (or another exception) is available.

**(a) Information required by Listing Rule 10.15**

Listing Rule 10.15 sets out the information that must be provided to Shareholders in order to obtain Shareholder approval under Listing Rule 10.14. The following information is provided in accordance with Listing Rule 10.15:

- (ix) Subject to Resolution 9 being passed, the person to acquire Options under the TNG Non-Executive Director and Consultant Option Plan is Mr Wang, a Non-Executive Director of the Company.
- (x) Subject to Resolution 9 being passed, Mr Wang will acquire 2,000,000 Options under the TNG Non-Executive Director and Consultant Option Plan.
- (xi) The 2,000,000 Options will be issued to Mr Wang for nil consideration (in line with the terms of the TNG Non-Executive Director and Consultant Option Plan, which are summarised in Schedule 3 of this Explanatory Memorandum).
- (xii) Since the last approval, the following Options have been issued to Directors under the TNG Non-Executive Director and Consultant Option Plan:

Name	Number of Options received	Price for each Share
Zhigang Wang	2,000,000	NIL

The above issue was approved at the 2012 AGM at the 2012 AGM and further details can be found in the notice of AGM released to ASX on 19 October 2012.

- (xiii) The following Directors, being all the Non-Executive Directors of the Company, are entitled to participate in the TNG Non-Executive Director and Consultant Option Plan:
  - Mr Michael Evans;
  - Mr Stuart Crow;
  - Mr Rex Turkington;
  - Mr Zhigang Wang; and
  - Mr Jianrong Xu.
- (xiv) A voting exclusion statement in respect of Resolution 9 is set out in the Notice.
- (xv) No loan will be provided in relation to the acquisition of the Options.
- (xvi) It is proposed that Mr Wang will be issued the 2,000,000 Options as soon as practicable after (and in any event within 12 months after) the date of the Meeting.

**(b) Information required for the purposes of Chapter 2E of the Corporations Act**

Section 219 of the Corporations Act sets out the information that must be provided to Shareholders in order to obtain Shareholder approval under section 208(1). The following information is provided in accordance with section 219 and corresponding ASIC policy:

- (xiv) Subject to Resolution 9 being passed, the financial benefit would be given to Mr Wang, a Non-Executive Director of the Company.

- (xv) The nature of the financial benefit is granting Mr Wang 2,000,000 Options for nil cash consideration under the TNG Non-Executive Director and Consultant Option Plan (see Schedule 3 of this Explanatory Memorandum for the terms and conditions of this plan). The current share price (as at the date of this Notice) is \$0.049.
- (xvi) Independent accounting firm BDO Corporate Finance Pty Ltd has determined that the total value of the Options is \$46,000 using a binomial option pricing model (its valuation was also validated using a Black-Scholes pricing model). Its valuation was based on the following assumptions:

Underlying Security Value	\$0.049
Exercise Price	\$0.07
Valuation Date	2 October 2013
Expiration Date	2 October 2016
Life of the Options	3.00 years
Volatility	85%
Risk free rate	3.33%
Number of options	2,000,000
Valuation per option	\$0.023
Valuation per Tranche	\$46,000

- (xvii) The number of Options to be granted was determined having regard to Mr Wang' performance, current market conditions and other remuneration he is due to receive under his terms of engagement and the issue price was determined in accordance with the terms and conditions of the plan as set out in Schedule 3 of this Explanatory Memorandum.
- (xviii) Mr Wang's total remuneration package from the Company for the previous financial year and the estimated remuneration for the current financial year are set out below:

Type of remuneration	Amount	
	FY 13	FY14
Director's fees	\$60,000	\$50,000
Options <sup>1</sup>	\$71,671	\$46,000
<b>Total</b>	<b>\$131,671</b>	<b>\$96,000</b>

<sup>1</sup> Refer Section (b) (iii) above for valuation assumptions.

- (xix) Mr Wang held the following securities in the Company as at the date of this Notice:

Type of security	Number	% <sup>1</sup>
Shares	59,808,643	12.63
Options	2,000,000	0.42

<sup>1</sup> Based on 473,376,922 Shares outstanding per the latest Appendix 3B prior to the date of this Notice dated 15 August 2013 and, in the case of Options only, based on the fully diluted number of Shares outstanding assuming all Options granted to Mr Wang are exercised.

- (xx) The trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.195	12 November 2012
Lowest	\$0.036	20 August 2013
Last	\$0.049	2 October 2013

- (xxi) If the 2,000,000 Options are granted to Mr Wang and are subsequently exercised, a total of 2,000,000 Shares would be allotted and issued. This will increase the number of Shares on issue 473,376,922 to 483,376,922 (assuming that no other Options are exercised and no Shares (other than those set out in Resolutions 4, 6, 7 and 8) are issued with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 0.41%.

The market price for the Shares during the term of the Options would normally determine whether or not the Options are exercised. If, at any time any of the Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Options, there may be a perceived cost to the Company.

- (xxii) The Board considers that the grant of Options to Mr Wang under the TNG Non-Executive Director and Consultant Option Plan is in the Company's interests as it aligns the interests of Mr Wang as a Non-Executive Director with the interests of the Company's Shareholders in order to maximise Shareholder value. Further, the grant of the Options provides cost effective consideration to Mr Wang in his role as a Non-Executive Director. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options to Mr Wang on the terms proposed.
- (xxiii) The Board acknowledges the grant of Options is not consistent with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations since the grant of Options is being made to a Non-Executive Director. However, the Board considers the grant of Options to Mr Wang reasonable in the circumstances (and consistent with market practice for some junior resources companies) in order to attract the highest calibre of professionals to the Company, whilst maintaining the Company's cash reserves.
- (xxiv) The Directors do not make any recommendation to Shareholders in respect of Resolution 9 since this Resolution concerns a Director's remuneration and, as such, there may be a conflict of interest.
- (xxv) Mr Wang has a material personal interest in the outcome of Resolution 9 since he will receive 2,000,000 Options under the TNG Non-Executive Director and Consultant Option Plan if this Resolution is approved by Shareholders. In accordance with the voting exclusion statements set out in the Notice with respect to Resolution 9, Mr Wang will be excluded from voting on this Resolution at the Meeting.
- (xxvi) The Board and the Company are not aware of any other information (other than the information set out in this Explanatory Memorandum) that would be reasonably required by Shareholders to allow them to make a decision as to whether it is in the best interests of the Company to pass the Resolution.

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## Part D – Ratification of prior issues

### Resolution 10 – Ratification of issue of Shares under Placement

On 8 May 2013, the Company announced it had received firm commitments in relation to a placement of 14,285,714 Shares at a price of \$0.07 each raising \$1,000,000 before costs (**Placement**).

On 15 May 2013, the Company announced it received applications in respect to an additional 6,499,197 Shares, bringing the total amount raised under the Placement to \$1.454 million.

On 15 May 2013, the Placement was completed and 20,784,911 Shares were issued pursuant to the Placement.

ASX Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period which exceed 15% of the number of issued ordinary securities at the beginning of the 12 month period, except with the prior approval of shareholders in general meeting. ASX Listing Rule 7.4 provides an exception to ASX Listing Rule 7.1 such that where a company in general meeting subsequently approves a previous issue of securities made without approval under ASX Listing Rule 7.1, those securities are deemed to have been issued with shareholder approval for the purpose of ASX Listing Rule 7.1 (provided the issue did not breach ASX Listing Rule 7.1).

The issue of Shares under the Placement has restricted the Company's ability to issue further equity securities without shareholder approval. Shareholder approval is sought pursuant to ASX Listing Rule 7.4 to reinstate the Company's capacity to issue equity securities representing up to 15% of its issued ordinary capital, if required, without prior shareholder approval.

For the purposes of ASX Listing Rule 7.5, the following information is provided to shareholders:

- (a) the total number of securities issued under the Placement was 20,784,911 Shares;
- (b) the Shares were issued at an issue price of \$0.07 per Share, to raise a total of \$1.454 million before issue costs;

- (c) the Shares were issued on the same terms as all other fully paid ordinary shares in the Company;
- (d) the Shares were issued to sophisticated and professional investors and other investors falling within the terms of section 708 of the Corporations Act who were not related parties of the Company;
- (e) as announced to ASX on 8 May 2013, the proceeds of the Placement will be directed to ongoing exploration activities at the Company's Mount Hardy copper project; and
- (f) a voting exclusion statement in respect of Resolution 10 is set out in the Notice.

The Board unanimously recommends that shareholders vote in favour of this resolution.

### **Resolution 11 – Ratification of issue of Free Attaching Options in connection with Share Purchase Plan**

On 2 July 2013, the Company announced that it was offering eligible shareholders the opportunity to participate in a Share Purchase Plan (**SPP**) to acquire up to \$15,000 worth of Shares. Under the SPP, eligible shareholders who subscribed for Shares were also offered one free attaching option (**Free Attaching Option**) for every 2 Shares subscribed for. Offers of Free Attaching Options were made under a transaction specific prospectus which was lodged with ASIC on 1 July 2013 and released to ASX on 2 July 2013 (**Prospectus**).

The SPP closed on 9 August 2013 and on 15 August 2013 the Company issued 25,955,494 Shares under the SPP and 12,977,711 Free Attaching Options under the Prospectus.

While the issue of Shares under the SPP fell within an exception to ASX Listing Rule 7.1, the issue of Free Attaching Options under the Prospectus has restricted the Company's ability to issue further equity securities without shareholder approval. Shareholder approval is sought pursuant to ASX Listing Rule 7.4 to reinstate the Company's capacity to issue equity securities representing up to 15% of its issued ordinary capital, if required, without prior shareholder approval.

For the purposes of ASX Listing Rule 7.5, the following information is provided to shareholders in relation to the issue of Free Attaching Options in connection with the issue of Shares under the SPP:

- (a) the total number of Free Attaching Options issued was 12,977,711;
- (b) the Free Attaching Options were issued for free;
- (c) Each Free Attaching Option will have an exercise price of \$0.08 per Free Attaching Option and will expire on 31 July 2015 and will otherwise be issued on the terms set out in section 4.5 of the Prospectus (a copy of that section is reproduced in schedule 5);
- (d) the allottees of the Free Attaching Options were eligible shareholders who elected to participate in the SPP;
- (e) as announced to ASX on 2 July 2013, funds raised under the SPP will be used to progress the ongoing Definitive Feasibility Study on the Company's flagship Mount Peake Iron-Vanadium-Titanium Project in the Northern Territory, as well as to progress its other exploration projects and for general working capital; and
- (f) a voting exclusion statement in respect of Resolution 11 is set out in the Notice..

The Board unanimously recommends that shareholders vote in favour of this resolution.

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## Part E – Ratification of Issue of Shares and Free Attaching Options under Shortfall Placement

### Resolution 12 – Ratification of Issue of Shares and Free Attaching Options under Shortfall Placement

As mentioned above, on 2 July 2013, the Company announced that it was offering eligible shareholders the opportunity to participate in an SPP to acquire up to \$15,000 worth of Shares.

Under the SPP, any Shares not subscribed for by eligible shareholders comprised the SPP Shortfall and may be offered to institutional or sophisticated investors as a separate placement at the discretion of the Directors (**SPP Shortfall Offer**). Subscribers under the SPP Shortfall Offer will be offered Shares at the same issue price at which the eligible shareholders were offered Shares under the SPP, together with 1 Free Attaching Option for every 2 Shares subscribed for.

Between the date of the Notice and the date of the Annual General Meeting, the Company proposes to make the SPP Shortfall Offer. The Company is seeking ratification of the issue of Shares and Options under the SPP Shortfall Offer (to the extent required) pursuant to ASX Listing Rule 7.4. The amount raised under the SPP was capped at \$3,500,000. This means that the overall number of Shares that could be issued under the SPP was capped at 77,777,777 (subject to rounding) and the number of Free Attaching Options that could be issued under the Prospectus was capped at 38,888,888 (subject to rounding).

On 15 August 2013, the Company issued 25,955,494 Shares and 12,977,711 Free Attaching Options to eligible shareholders. Therefore, the maximum number of Shares and Free Attaching Options that can now be issued under the Shortfall Placement are 51,822,283 and 25,911,141 respectively.

The Company will seek to issue the maximum number of Shares possible (45,259,201) under its Listing Rule 7.1A capacity. The Company is seeking ratification for the issue under ASX Listing Rule 7.1 of the balance of up to 6,563,082 Shares and up to 25,911,141 Free Attaching Options (or such lower numbers of Shares and Free Attaching Options as are issued pursuant to ASX Listing Rule 7.1 under the SPP Shortfall Offer between the date of this Notice and the date of the Company's AGM).

Shareholder approval is sought pursuant to ASX Listing Rule 7.4 to reinstate the Company's capacity to issue equity securities representing up to 15% of its issued ordinary capital, if required, without prior shareholder approval.

For the purposes of ASX Listing Rule 7.5, the following information is provided to shareholders:

- (a) the maximum number of securities issued or to be issued under the Shortfall Placement pursuant to the Company's ASX Listing Rule 7.1 capacity is 6,563,082 Shares and 25,911,141 Free Attaching Options;
- (b) the Shares will be issued at an issue price of 4.5 cents per Share and the Free Attaching Options will be issued for free, to raise a total of \$295,338.69 before issue costs;
- (c) the Shares will be issued on the same terms as all other fully paid ordinary shares in the Company. Each Free Attaching Option will have an exercise price of \$0.08 per Free Attaching Option and will expire on 31 July 2015 and will otherwise be issued on the terms set out in section 4.5 of the Prospectus (a copy of that section is reproduced in schedule 5);
- (d) the allottees of the Shares and Free Attaching Options will be sophisticated or professional investors (or other investors falling within an exception in section 708 of the Corporations Act);
- (e) as announced to ASX on 2 July 2013, funds raised under the SPP (including the SPP Shortfall Offer) will be used to progress the ongoing Definitive Feasibility Study on TNG's flagship Mount Peake Iron-Vanadium-Titanium Project in the Northern Territory, as well as to progress its other exploration projects and for general working capital; and
- (f) a voting exclusion statement in respect of Resolution 12 is set out in the Notice.

The Board unanimously recommends that shareholders vote in favour of this resolution.



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## Part F – 10% Placement Facility

### Resolution 13 – Approval of the 10% Placement Facility under Listing Rule 7.1A

Listing Rule 7.1A enables eligible entities to issue (or agree to issue) Equity Securities representing up to 10% of their issued share capital through placements for up to 12 months after their annual general meetings (“**10% Placement Facility**”). A 10% Placement Facility is in addition to an eligible entity’s 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue (or agree to issue) Equity Securities under a 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (see paragraph (c) (Formula for calculating 10% Placement Facility) below).

#### Description of Listing Rule 7.1A

##### (a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an annual general meeting (which requires the approval of 75% of the votes cast by Shareholders present and eligible to vote on the Resolution).

##### (b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

##### (c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained Shareholder approval at an annual general meeting may issue or agree to issue, during the period of approval, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

where:

- A** is the number of fully paid ordinary securities on issue 12 months before the date of issue or agreement:
- (i) plus the number of fully paid ordinary securities issued in the 12 months under an exception in Listing Rule 7.2;
  - (ii) plus the number of partly paid ordinary securities that became fully paid in the 12 months;
  - (iii) plus the number of fully paid ordinary securities issued in the 12 months with approval of holders of ordinary securities under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid ordinary securities under the entity’s 15% placement capacity without Shareholder approval pursuant to Listing Rule 7.1 or ratification pursuant to Listing Rule 7.4;
  - (iv) less the number of fully paid ordinary securities cancelled in the 12 months.

*Note that “A” has the same meaning in Listing Rule 7.1 when calculating an entity’s 15% placement capacity.*

**D** is 10%.

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of holders of ordinary securities under Listing Rules 7.1 or 7.4.

**(d) Listing Rule 7.1 and Listing Rule 7.1A**

As mentioned above, the ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 473,376,922 shares and has capacity to issue:

- (i) 34,126,180 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being obtained under Resolution 13 at the meeting, 45,259,201 Shares under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue (or entry into an agreement to issue) of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to paragraph (c) (Formula for calculating 10% Placement Facility) above).

**(e) Minimum issue price**

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the volume weighted average price ("VWAP") of Equity Securities in the same class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 trading days of the date in paragraph (i), the date on which the Equity Securities are issued.

**(f) 10% placement period**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained to the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(the "10% Placement Period").

**Specific information required by Listing Rule 7.3A**

In accordance with Listing Rule 7.3A, information is provided in relation to the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than the amount described in paragraph (e) (Minimum issue price) above.
- (b) If Resolution 13 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' economic interest may be diluted if the Equity Securities are issued at a discount. Further, the existing Shareholders' voting power in the Company will be diluted by up to 9.09%. There is a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the approval at the annual general meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the Equity Securities and also on the Company's share price post issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the current share price and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice (see paragraph (c) (Formula for calculating 10% Placement Facility) above).

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro-rata entitlement offer or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved by Shareholders at this AGM or at future Shareholder meetings; and
- (ii) two examples where the issue price of ordinary securities has changed – in one example it has decreased by 50% and in another it has increased by 50% against the current share price (which, for the purposes of this table, is \$0.049 as at 3 October 2013).

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		Assuming 50% decrease in issue price	Issue price	50% increase in issue price
<b>Current Variable A</b> 473,376,922 Shares on issue	<b>Number of shares that could be issued under 10% Placement Facility</b>	47,337,692 Shares	47,337,692 Shares	47,337,692 Shares
	<b>Funds that could be raised</b>	\$1,159,773	\$2,319,547	\$3,479,320
<b>50% increase in current Variable A</b> Assuming 678,888,017 Shares on issue	<b>Number of shares that could be issued under 10% Placement Facility</b>	67,888,802 Shares	67,888,802 Shares	67,888,802 Shares
	<b>Funds that could be raised</b>	\$1,663,276	\$3,326,551	\$4,989,827
<b>100% increase in current Variable A</b> Assuming 905,184,022 Shares	<b>Number of shares that could be issued under 10% Placement Facility</b>	90,518,402 Shares	90,518,402 Shares	90,518,402 Shares
	<b>Funds that could be raised</b>	\$2,217,701	\$4,435,402	\$6,653,103

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) In each case, an issue of the maximum number of shares under the 10% Placement Facility would dilute the Shareholders as at the date immediately prior to the issue by up to 9.09 %. For example, based on the current number of shares as at the date of this Notice, existing Shareholders would have 473,376,922 votes out of a total post-issue number of shares of 520,714,614 shares, representing 9.09 % of the post-issue total number of shares (or a dilution of 9.09 %).
- (iii) The table does not show the economic dilution that may be caused to a particular Shareholder's shareholding by reason of placements under the 10% Placement Facility.

- (iv) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
  - (v) The issue of Equity Securities under the 10% Placement Facility consists only of shares (since this is the only class of listed securities the Company has on issue at the date of this Notice).
  - (vi) The base issue price is assumed to be \$0.049, being the closing price of the shares on ASX on 3 October 2013.
  - (vii) The issue price is assumed to be the current share price as at \$0.049 (rather than being based on the 15 trading day VWAP).
  - (viii) No options are exercised before the issue of Equity Securities under the 10% Placement Facility.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 13 for the issue of Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue Equity Securities under the 10% Placement Facility for the following purposes:
- (i) non-cash consideration for the acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
  - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards acquisitions of new assets or investments (including expenses associated with such acquisitions or repayment of debt drawn down to fund such acquisitions), for capital expenditure on the Company's current assets for continued exploration and development of its current projects and/or for general working capital.
- The Company may issue such Equity Securities for non-cash consideration.
- The Company will comply with its disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities under the 10% Placement Facility.
- (e) The Company's allocation policy for issues of new shares under the 10% Placement Facility is dependent on the prevailing market conditions at the time of any proposed issue. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to, without limitation, the following factors:
- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing Shareholders can participate and other forms of equity and debt financing;
  - (ii) the effect of the issue of the Equity Securities on the control of the Company;
  - (iii) the financial situation and solvency of the Company; and
  - (iv) advice from corporate, financial and broking advisers (if applicable).
- (f) The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new shareholders who are not related parties or associates of a related party of the Company.
- (g) The total number of equity securities issued by the Company in the 12 months preceding the date of the AGM (assuming the maximum number of Shares is issued under the Shortfall Placement) is 160,226,541 representing 36.9% of the total number of equity securities on issue at the commencement of that 12 month period.
- (h) Set out below are the details of all issues of Equity Securities by the Company during the 12 months preceding the date of the Annual General Meeting:

Date of issue:	27 November 2012
Number issued and type of security issued:	(a) 10,275,000 Shares (b) 3,000,000 unlisted options
Summary of terms:	(a) fully paid ordinary shares  (b) unlisted options with exercise price of \$0.235, expiry date of 26 November 2015.  The terms of these securities are described in more detail in the Company's 2012 notice of Annual General Meeting released to ASX on 19 October 2012.
Names of persons who received securities or basis on which those persons was determined:	(a) 10,275,000 Shares issued to eligible employees under TNG Employee Share Plan (6,000,000 Shares were issued to Mr Paul Burton).  (b) 3,000,000 unlisted options issued (2,000,000 options were issued to Mr Zhigang Wang and 1,000,000 were issued to a consultant to the Company) under TNG Non-executive Director and Consultant Option Plan
Price:	(a) 6,000,000 Shares at \$0.0847 and 4,275,000 Shares at \$0.139  (b) Nil  <u>Value at time of issue</u>  (a) \$0.13 per share  (b) \$0.061 per option (valued using Black-Scholes option pricing model)  <u>Value at date of Notice</u>  (a) \$0.049 per share  (b) \$0.006 per option (valued using Black-Scholes option pricing model)
Discount to market price (if any):	6,000,000 Shares issued at \$0.0847 (which was 34.8% discount to the market price on the date of issue).  4,275,000 Shares issued at \$0.139 (which was 0% discount to the market price on the date of issue).
Total cash consideration received:	No cash consideration was received.  (a) the 10,275,000 fully paid ordinary shares were issued under TNG Employee Share Plan. Pursuant to that plan, the Company provided eligible employees loans to assist them to acquire the shares. The current value of the 10,275,000 Shares issued is \$503,475.00 (based on the closing share price at the date of this Notice, which was \$0.049 per share).

	(b) the 3,000,000 unlisted options were issued under TNG Non-executive Director and Consultant Option Plan. Pursuant to that plan, the Company provided loans to Mr Zhigang Wang and to a consultant to the Company to assist them to acquire the options. The current value of the 3,000,000 options issued is \$18,000.00 (based on the option value at the date of this Notice, which was \$0.006 per option, calculated using Black-Scholes option pricing model).
Amount of cash consideration spent:	N/A
Use of cash consideration:	N/A
Intended use for remaining amount of cash (if any):	N/A

Date of issue:	11 December 2012
Number issued and type of security issued:	9,000,000 Shares
Summary of terms:	Fully paid ordinary shares  The terms of these securities are described in more detail in the Company's 2012 notice of Annual General Meeting released to ASX on 19 October 2012.
Names of persons who received securities or basis on which those persons was determined:	9,000,000 shares issued under TNG Non-executive Director and Consultant Share Plan. 2,000,000 Shares were issued to each of Messrs Biddle, Turkington and Crow and 3,000,000 were issued to consultants to the Company.
Price:	\$0.139 per share  <u>Value at time of issue</u>  (a) \$0.125 per share  <u>Value at date of Notice</u>  (a) \$0.049 per share
Discount to market price (if any):	The price of \$0.139 was 0% discount to the market price on the date of issue.
Total cash consideration received:	No cash consideration was received for the 9,000,000 shares issued under TNG Non-executive Director and Consultant Share Plan. Pursuant to that plan, the Company provided loans to Messrs Biddle, Turkington and Crow and the consultants to assist them to acquire the shares.  The current value of the 9,000,000 Shares issued is \$441,000.00 (based on the closing share price at

	the date of this Notice, which was \$0.049 per share).
Amount of cash consideration spent:	N/A
Use of cash consideration:	N/A
Intended use for remaining amount of cash (if any):	N/A
Date of issue:	18 December 2012
Number issued and type of security issued:	500,000 Shares issued upon exercise of options
Summary of terms:	Fully paid ordinary shares
Names of persons who received securities or basis on which those persons was determined:	Shares issued to option holders upon exercise of options
Price	\$0.15
Discount to market price (if any):	The price of \$0.15 was 0% discount to the market price on the date of issue. The closing price on the date of issue was \$0.105.
Total cash consideration received:	\$75,000
Amount of cash consideration spent:	\$75,000
Use of cash consideration:	Employee salaries, office rental and legal expenses.
Intended use for remaining amount of cash (if any):	N/A

Date of issue:	15 May 2013
Number issued and type of security issued:	20,784,911 Shares
Summary of terms:	Fully paid ordinary shares
Names of persons who received securities or basis on which those persons was determined:	20,784,911 Shares issued to sophisticated and professional investors pursuant to a placement announced to ASX on 8 May 2013.
Price:	\$0.07 per share
Discount to market price (if any):	0% (share price at issue was \$0.07)
Total cash consideration received:	\$1.45 million
Amount of cash consideration spent:	\$1.45 million

Use of cash consideration:	<p>The proceeds of the placement were directed to the payment of the following expenses:</p> <table> <tr> <td>Raising costs</td><td>\$107,000</td></tr> <tr> <td>Company overheads (including employee salaries, office rental and legal expenses)</td><td>\$258,000</td></tr> <tr> <td>Exploration Drilling (Mount Hardy Copper Project)</td><td>\$308,000</td></tr> <tr> <td>Definitive Feasibility Study expenditure:</td><td></td></tr> <tr> <td>    Engineering</td><td>\$149,000</td></tr> <tr> <td>    Mettallurgy</td><td>\$628,000</td></tr> </table>	Raising costs	\$107,000	Company overheads (including employee salaries, office rental and legal expenses)	\$258,000	Exploration Drilling (Mount Hardy Copper Project)	\$308,000	Definitive Feasibility Study expenditure:		Engineering	\$149,000	Mettallurgy	\$628,000
Raising costs	\$107,000												
Company overheads (including employee salaries, office rental and legal expenses)	\$258,000												
Exploration Drilling (Mount Hardy Copper Project)	\$308,000												
Definitive Feasibility Study expenditure:													
Engineering	\$149,000												
Mettallurgy	\$628,000												
Intended use for remaining amount of cash (if any):	N/A												

Date of Issue	15 August 2013
Number issued and type of security issued:	<p>(a) 25,955,494 Shares</p> <p>(b) 12,977,711 Free Attaching Options</p>
Summary of terms:	<p>(a) fully paid ordinary shares</p> <p>(b) listed free attaching options with exercise price of \$0.08, expiry date of 31 July 2015.</p> <p>The terms of these securities are described in more detail in the SPP and Prospectus released to ASX on 2 July 2013.</p>
Names of persons who received securities or basis on which those persons was determined:	<p>(a) 25,955,494 Shares issued to eligible shareholders who elected to participate in the SPP</p> <p>(b) 12,977,711 Free Attaching Options issued to Shareholders who participated in the SPP under the Prospectus released to ASX on 2 July 2013</p>
Price:	<p>(a) Shares were issued at 4.5 cents per Share</p> <p>(b) Free Attaching Options were issued for free</p>
Discount to market price (if any):	Shares were issued at 16.68% discount to the average closing price of Shares on ASX over the five trading days prior to the date of the announcement of the SPP and 0% discount to the market price of Shares on ASX on the issue date. The closing price on the date of issue was \$0.04.
Total cash consideration received:	\$1.2 million



Amount of cash consideration spent:	\$1.2 million												
Use of cash consideration:	<p>The proceeds of the placement were directed to the payment of the following expenses:</p> <table> <tr> <td>Raising costs</td><td>\$85,000</td></tr> <tr> <td>Company overheads (including employee salaries, office rental and legal expenses)</td><td>\$285,000</td></tr> <tr> <td>Exploration Drilling (Mount Hardy Copper Project)</td><td>\$97,000</td></tr> <tr> <td>Definitive Feasibility Study expenditure:</td><td></td></tr> <tr> <td>Engineering</td><td>\$391,000</td></tr> <tr> <td>Environmental</td><td>\$342,000</td></tr> </table>	Raising costs	\$85,000	Company overheads (including employee salaries, office rental and legal expenses)	\$285,000	Exploration Drilling (Mount Hardy Copper Project)	\$97,000	Definitive Feasibility Study expenditure:		Engineering	\$391,000	Environmental	\$342,000
Raising costs	\$85,000												
Company overheads (including employee salaries, office rental and legal expenses)	\$285,000												
Exploration Drilling (Mount Hardy Copper Project)	\$97,000												
Definitive Feasibility Study expenditure:													
Engineering	\$391,000												
Environmental	\$342,000												
Intended use for remaining amount of cash (if any):	N/A												

- (i) Further issues of Equity Securities may be made prior to the AGM pursuant to the SPP Shortfall Offer, as described above, on the same terms as the SPP.
- (j) A voting exclusion statement is included in the Notice.

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## Part G – Approval of 50,000,000 Share Placement Facility

### Resolution 13 – Approval of 50,000,000 Share Placement Facility

Resolution 13 seeks Shareholders' approval pursuant to ASX Listing Rule 7.1 for the Directors to allot and issue the Shares under the Placement Facility. The effect of passing Resolution 13 will be to allow the Directors to issue the Shares during the three month period after the Meeting (or a longer period, if allowed by ASX), without using up the Company's 15% placement capacity under ASX Listing Rule 7.1.

The Company has not yet made any agreement or arrangement to issue the Shares or the number of Shares to be issued (other than the limit of 50,000,000 Shares), and there is no certainty that it will proceed with the issue.

### Specific Information Required by ASX Listing Rule 7.3

For the purposes of ASX Listing Rule 7.3 information regarding the Placement Facility is provided as follows:

- (a) The maximum number of securities the Company can issue under the Placement Facility is 50,000,000 Shares.
- (b) The Shares under the Placement Facility will be issued no later than three months after the date of the Meeting (or such longer period of time as ASX may, in its discretion, allow pursuant to a waiver of ASX Listing Rule 7.3.2).
- (c) The Shares to be issued under the Placement Facility will be issued by the Company at an issue price Shares calculated in accordance with ASX Listing Rule 7.3.3 of at least 80% of the average market price for Shares over the last five days on which sales of Shares were recorded prior to the date of issue of the Shares or, if there is a prospectus relating to the issue of the Shares, over the last five days on which sales of Shares were recorded prior to the date of the prospectus.

- (d) As subscriptions to the Placement Facility have not yet been arranged, the allottees will be identified at the Directors' discretion but will not be related parties or associates of related parties of the Company.
- (e) The Shares to be issued will be fully paid ordinary shares in the capital of the Company.
- (f) The funds raised will be used for working capital purposes including expenditure in respect to the Mount Peake definitive feasibility study and other projects.
- (g) Issue of the Shares to be issued under the Placement Facility may occur progressively.
- (h) A voting exclusion statement is included in the Notice.

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## **Action to be taken by Shareholders**

Shareholders should read this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

### **Proxies**

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions provided. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

## Schedule 1 - Definitions

In this Explanatory Memorandum, Notice and Proxy Form:

**AGM** means annual general meeting.

**Article** means an article of the Constitution.

**Associates** has the same meaning as in the Corporations Act.

**ASX** means ASX Limited ABN 98 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

**Auditors' Report** means the auditors' report included in the annual report for the year ended 30 June 2013

**Board** means the board of Directors.

**Chairman** means the person appointed to the chair of the Meeting convened by this Notice.

**Company** means TNG Limited ABN 12 000 817 023.

**Constitution** means the constitution of the Company.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Director** means a director of the Company.

**Directors' Declaration** means the directors' declaration included in the annual report for the year ended 30 June 2013

**Directors' Report** means the directors' report included in the annual report for the year ended 30 June 2013

**Eligible Entity** means:

- (a) a non-executive director of a Group Company; or
- (b) a consultant or contractor of the Group Company whom an offer of Shares can be made without disclosure because of section 708 of the Corporations Act (such as a consultant or contractor who is a "sophisticated" or "professional investor" or to whom an offer falls within section 708(1) of the Corporations Act),

but excludes full and part time employees of Group Companies.

**Equity Securities** has the same meaning as in the Listing Rules.

**Explanatory Memorandum** means the explanatory memorandum to the Notice.

**Free Attaching Option** means an option issued pursuant to the prospectus lodged with ASIC on 1 July 2013 and released to ASX on 2 July 2013.

**Group Company** means the Company or any of its Subsidiaries.

**Loan** means the loan granted to Eligible Entities under the TNG Non-Executive Director and Consultant Share Plan.

**Listing Rules** means the Listing Rules of ASX.

**Meeting** has the meaning given in the introductory paragraph of this Notice.

**Notice** means this notice of meeting.

**Option** means an option issued (or to be issued, as applicable) the TNG Non-Executive Director and Consultant Option Plan to subscribe for and be allotted Shares.

**Proxy Form** means the proxy form attached to this Notice.

**Relevant Interest** has the same meaning as that given in sections 608 and 609 of the Corporations Act.

**Remuneration Report** means the remuneration report included in the annual report for the year ended 30 June 2013

**Resolution** means a resolution contained in this Notice.

**Schedule** means a schedule to this Notice.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a shareholder of the Company.

**Subsidiary** has the meaning given to it by section 46 of the Corporations Act.

**TNG Non-executive Director and Consultant Share Plan** means the Non-Executive Director and consultant share plan under which Eligible Entities may be issued Shares, at the determination of the Board.

**TNG Non-executive Director and Consultant Option Plan** means the Non-Executive Director and consultant share plan under which Eligible Entities may be issued Options, at the determination of the Board.

**WST** means Western Standard Time, being the time in Perth, Western Australia.

## Schedule 2 – Summary of TNG Non-Executive Director and Consultant Share Plan

A summary of the key terms of the TNG Non-Executive Director and Consultant Plan are set out below.

### 1. Entitlement to Participate

The Board may from time to time determine that an Eligible Entity (being a Non-Executive Director of a Group Company, or a consultant or contractor of the Group Company to whom an offer of Shares can be made without disclosure because of section 708 of the Corporations Act (such as a consultant or contractor who is a “sophisticated” or “professional” investor or to whom an offer falls within section 708(1) of the Corporations Act), but excluding any of their Associates and any full and part time employees of Group Companies) may participate in the plan and the extent of that participation. In making that determination, the Board must consider:

- (i) the office held by, or services provided by, the Eligible Entity to the relevant Group Company;
- (ii) the length of office or service of the Eligible Entity with the Group;
- (iii) the potential contribution of the Eligible Entity to the growth and profitability of the Group; and
- (iv) any other matters which the Board considers relevant.

### 2. Offer

The Company may, in its absolute discretion, make an offer to issue Shares pursuant to the plan (the “**Plan Shares**”) to any Eligible Entity (including an Eligible Entity who has previously received an Offer) upon such terms as the Board may determine.

### 3. Issue Price

The issue price of the Plan Shares offered will be determined by the Board in its absolute discretion and may be a nominal or nil amount. However, where a Loan is offered in relation to the Plan Shares, the issue price must be equal to the volume weighted average actual price at which Shares were traded on the ASX over the 5 trading days up to and including (i) the date the offer was accepted; or (ii) if earlier, the date on which the Eligible Entity accepted their employment contract where it includes an entitlement to receive, or to be offered, Plan Shares.

### 4. Loan

The Company may, in its absolute discretion, grant a Loan to an Eligible Entity for the purpose of purchasing Plan Shares under an offer.

Where the Company decides to offer a Loan to an Eligible Entity to acquire Plan Shares, the offer for the Plan Shares must include:

- (i) the maximum amount of the Loan (which must not exceed the Share Payment in respect of the Plan Shares offered); and
- (ii) the Loan repayment date.

Where an Eligible Entity lodges an acceptance form agreement to a Loan, and the Company accepts that acceptance form:

- (i) a loan agreement is deemed to arise between the Company and the Eligible Entity on the terms and conditions set out in this paragraph 4 (*Loan*);
- (ii) the Company is deemed to loan the amount agreed in the acceptance form (the “**Loan Amount**”) to the Eligible Entity at the time the Company issues the Plan Shares; and

- (iii) the Eligible Entity is deemed to direct the Company to apply the entire Loan Amount towards paying the Share Payment in full or in part in respect of the Plan Shares being acquired under the offer.

### **Interest**

The Loan will be interest free unless the Company and the Eligible Entity agree otherwise or the offer specifies otherwise.

### **Cash dividends**

An Eligible Entity who accepts an offer and acquires Plan Shares under the plan (a “Participant”) is deemed to have irrevocably directed the Company to apply any cash dividends in respect of the Plan Shares held by the Participant to repayment of any outstanding Loan Amount under the Participant’s Loan. Any surplus of the cash dividend after repayment of the Loan will be paid to the Participant.

### **Repayment**

The Loan will be repayable in full on the loan repayment date specified in the offer unless earlier repayment is otherwise required under the plan.

A Participant may repay all or part of its Loan at any time prior to the loan repayment date.

The Loan will become repayable in full where:

- (i) the Participant ceases to be an Eligible Entity for any reason;
- (ii) the Participant suffers an Event of Insolvency (defined as where (a) a person is, or is deemed to be, insolvent, or is declared bankrupt; or (b) a liquidator, provisional liquidator, receiver, manager or administrator is appointed in respect of the person or any of the person’s assets);
- (iii) the Participant breaches any condition of the Loan or the plan; or
- (iv) a Restriction Condition in relation to the Plan Shares subject of the Loan is not satisfied by the due date, or becomes incapable of satisfaction in the opinion of the Board (and is not waived),

and, in such circumstances and where:

- (i) a Restriction Condition in relation to the Plan Shares subject to the Loan is not satisfied, or is incapable of being satisfied in the opinion of the Board (and is not waived), the Plan Shares must be sold by the Participant and the sale proceeds applied to repay the Loan in accordance with paragraph 9 (*Unfulfilled Restriction Condition*) below;
- (ii) all Restriction Conditions in relation to the Plan Shares have either been satisfied or are waived, the Company must promptly by written notice advise the Participant of the Loan Amount outstanding (if any) and that outstanding Loan Amount is due and payable. Where a Participant fails to repay the outstanding Loan Amount within 30 days of the date of written notice from the Participant (or such later date as approved by the Board), the Company must sell the Plan Shares and apply the sale proceeds in accordance with paragraph 9 (*Unfulfilled Restriction Condition*) below (except where the sale proceeds exceed the outstanding Loan Amount the Participant may keep the remainder).

A Participant may not transfer or otherwise deal with a Plan Share until the Loan Amount in respect of that Plan Share has been repaid in full unless they are selling the Plan Shares in accordance with paragraph (ii) above.

### **Limited Recourse Loan**

A Loan will be non-recourse except for the Participant’s obligation under paragraph (ii) directly above.

In the event the sale proceeds from the sale of Plan Shares are less than any outstanding Loan Amount, the Sale Proceeds will be deemed to have satisfied the outstanding Loan Amount in relation to those Plan Shares in full and the Participant will have no further liability to the Company in respect of the Loan.

## **5. Rights Attaching to Plan Shares**

A Participant will, from and including the Issue Date, be the legal owner of the Plan Shares allotted and issued under the plan and will be entitled to dividends (subject to the paragraph 5 (*Cash dividends*) above) and to exercise voting rights attached to the Plan Shares.

Each Plan Share will be issued on the same terms and conditions as the Company's issued Shares (other than in respect of transfer restrictions imposed by the plan) and it will rank equally with all other issued Shares from the issue date except for entitlements which have a record date before the issue date.

## **6. Restrictions on Dealing in Plan Shares**

The Plan Shares will be quoted on ASX. However, except as otherwise provided in this plan, a Participant may not sell, transfer, assign, mortgage, charge or otherwise encumber a Plan Share until the end of any applicable Restriction Period (where 'Restriction Period' is defined as the period commencing on the date of issue of the Plan Share and ending on the later of:

- (i) the date all Restriction Conditions that apply to that Plan Share (if any) are satisfied or waived by the Board; and
- (ii) the date any Loan in relation to the Plan Shares is repaid in full or otherwise discharged under this plan.)

## **7. Dealing with Plan Shares after Restriction Period**

Following expiry of the Restriction Period, a Participant may deal with its Plan Shares as it sees fit, subject to compliance with any securities trading policy applying to Eligible Entities and to compliance with legal requirements including the "insider trading" rules.

## **8. Hedging**

Participants are prohibited from entering into transactions in financial products issued over the Company's securities by third parties which operate to limit the economic risk relating to their unvested entitlements under the plan.

## **9. Unfulfilled Restriction Condition**

### ***Sale of Plan Shares***

Where a Restriction Condition in relation to Plan Shares is not satisfied by the due date, or becomes incapable of satisfaction in the opinion of the Board, the Participant must, unless the Restriction Condition is waived by the Board:

- (i) arrange to sell the Plan Shares as soon as reasonably practicable either on the ASX or to an investor who falls within an exemption under section 708 of the Corporations Act provided that the sale must be at a price that is no less than 80% of the volume weighted average price at which Shares were traded on the ASX on the 10 trading days before the sale date; and
- (ii) apply the sale proceeds in the following priority:
  - first, to pay the Company any outstanding Loan Amount (if any) in relation to the Plan Shares (subject to paragraph 4 (*Limited Recourse Loan*);
  - second, to the extent the sale proceeds are sufficient, the Participant may keep an amount equal to any cash consideration paid by the Participant or Loan Amount repayments (including any cash dividends applied to the Loan Amount) made by or on behalf of the Participant. The Participant acknowledges that the Company is not liable to repay the Participant any cash consideration or Loan Amount repayments;
  - third, to settle any tax liability that the Participant may have solely in respect of the sale of the Plan Shares or dividends received and applied against the Loan (provided the Participant can demonstrate how that tax liability arises); and

lastly, any remainder to be paid by the Participant to the Company to cover its costs of managing the plan.

### ***Ceasing Engagement before Restriction Conditions satisfied***

Where the person who was initially offered the Plan Shares ceases to be a non-executive director, consultant or contractor of a Group Entity and, at that time, there are Restriction Conditions in relation to those Plan Shares that are unsatisfied or are incapable of satisfaction in the opinion of the Board (and they are not waived), the Company must, subject to the Corporations Act and the ASX Listing Rules, sell the Plan Shares in accordance with paragraph 9 (*Sale of Plan Shares*) of this Plan.

## **10. Exceptions to Dealings and Sale**

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Where:

- (i) the Participant dies; or
- (ii) the Eligible Entity to whom the offer was originally made ceases to be a non-executive director, consultant or contractor of a Group Entity as a result of:
  - (A) bona fide retirement from the workforce (unless the retirement happens within six (6) months of the date of the issue of the Plan Shares); or
  - (B) total and permanent disability,

the Board may in its sole and absolute discretion elect to waive any of the Restriction Conditions applying to the Participant's Plan Shares and (provided any Loan has been repaid) permit the Participant (or their personal legal representative) to sell, transfer, assign, mortgage, charge or otherwise encumber the Participant's Plan Shares.

## **11. Capital Reorganisation**

If there is any reorganisation of the issued capital of the Company (including any subdivision, consolidation, reduction, return or cancellation), the number of Plan Shares will be adjusted by the Board accordingly in line with the Corporations Act and the Listing Rules.

## **12. Bonus and Rights Issues**

Subject to the plan, a Participant, upon allotment of Plan Shares, will enjoy all rights attaching to Shares of the Company including the right to participate in bonus issues and rights issues in respect of the Plan Shares.

## **13. Takeover, Scheme or Winding Up**

The Board may, in its absolute discretion and subject to such conditions as it sees fit, waive a Restriction Condition applying to a Plan Share where:

- (i) **(Takeover)**: a Takeover Bid for the Company's issued Shares is made and the bidder obtains voting power (as defined in the Corporations Act) in the Company of 50% or more and the takeover offers are made or declared unconditional (which includes where the takeover offers are unconditional other than for the happening of the events or circumstances set out in section 652C(1) and (2) of the Corporations Act or the condition set out in section 625(3) of the Corporations Act);
- (ii) **(Compromise or Arrangement)**: a court approves under Section 411(4)(b) of the Corporations Act a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies;



- (iii) (**other control transaction**): an event or transaction by which an entity obtains or is to obtain voting power (as defined in the Corporations Act) in the Company of 50% or more is approved or accepted by a majority of members of the Company; or
- (iv) (**Winding Up**): the Company passes a resolution for voluntary winding up or an order is made for the compulsory winding up of the Company.

#### 14. Alterations to the Plan

- (i) Subject to paragraphs (ii) and (iii) below (and to the Listing Rules and all applicable laws), the Board may at any time by written instrument amend all or any of the terms and conditions, including this paragraph.
- (ii) Any amendment to the terms and conditions must not materially reduce the rights of any Participant in respect of their Plan Shares held at the date of the amendment, unless the amendment is introduced primarily:
  - (C) for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legislation governing or regulating the maintenance or operation of the Plan or similar plans;
  - (D) to correct any manifest error or mistake;
  - (E) to take into consideration possible adverse tax implications in respect of the plan arising from, amongst others, changes to tax legislation and/or changes in the interpretation of tax legislation by a court of competent jurisdiction;
  - (F) for the purpose of enabling the Participants generally (but not necessarily each Participant) to receive a more favourable taxation treatment in respect of their participation in the plan; or
  - (G) to enable the plan or any member of the Group to comply with the constitution of a Group Company, the Corporations Act or the Listing Rules.
- (iii) Subject to paragraph (ii) above, any amendment made under paragraph (i) above may be given retrospective effect as specified in the written instrument by which the amendment is made.

#### 15. Governing Law

The terms and conditions of this plan shall be governed by and construed in accordance with the laws for the time being in force in Western Australia.

## Schedule 3 - Summary of TNG Non-Executive Director and Consultant Option Plan

A summary of the key terms of the TNG Non-Executive Director and Consultant Option Plan are set out below.

### 1. Entitlement to Participate

The Board may offer Options to Eligible Entities (being a Non-Executive Director of a Group Company, or a consultant or contractor of the Group Company to whom an offer of Shares can be made without disclosure because of section 708 of the Corporations Act (such as a consultant or contractor who is a “sophisticated” or “professional” investor or to whom an offer falls within section 708(1) of the Corporations Act), but excluding full and part time employees of Group Companies) having regard to:

- (i) the office held by, or services provided by, the Eligible Entity to the relevant Group Company;
- (ii) the length of office or service of the Eligible Entity with the Group;
- (iii) the potential contribution of the Eligible Entity to the growth and profitability of the Group; and
- (iv) any other matters which the Board considers relevant.

### 2. Offer

Options must be issued on the terms of these terms and conditions and each Eligible Entity or an Associate (where “Associate” is defined as a nominee of an Eligible Entity, which nominee is an “associate” of the Eligible Entity within the meaning given to that term in the *Income Tax Assessment Act 1936* (Cth)) who accepts an offer and acquires an Option issued under the plan (a “Participant”) will be taken to have agreed to be bound by these terms and conditions on acceptance of any offer of Options.

### 3. Issue Price

No amount is payable on the issue of Options.

### 4. Option Terms

#### **Entitlement**

Subject to these terms and conditions:

- (i) each Option entitles the holder to subscribe for and be allotted one 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); and
- (ii) the Company must allot Shares on exercise of Options in accordance with the Listing Rules.

#### **Shares to rank *pari passu***

Shares issued on the exercise of Options will rank *pari passu* with all existing Shares from the date of issue and will be entitled to those dividends which have a record date for determining entitlements after the date of issue.

#### **Exercise of Options**

- (i) An Option is exercisable by the holder lodging a notice of exercise of Option and application for Shares, together with the exercise price for each Share to be issued on exercise and the relevant Option certificate, with the Company Secretary.
- (ii) Except as authorised or approved by the Board, Options may not be exercised during periods during which Eligible Entities are not permitted to trade in the Company’s securities pursuant to the Company’s securities trading policy from time to time.

- (iii) Options may only be exercised by a Participant at the times and in the numbers set by the Board at the time of offer of the Options, provided that:
- (A) the Board may stipulate that Options may only be exercised if the Company (or a business division) or the Participant (or the relevant Eligible Entity) achieves stipulated performance benchmarks; and
  - (B) the Board may determine (at any time) that some or all Options are exercisable immediately if:
    - (1) **(Takeover)**: a Takeover Bid for the Company's issued Shares is made and the bidder obtains voting power (as defined in the Corporations Act) in the Company of 50% or more and the takeover offers are made or declared unconditional (which includes where the takeover offers are unconditional other than for the happening of the events or circumstances set out in section 652C(l) and (2) of the Corporations Act or the condition set out in section 625(3) of the Corporations Act);
    - (2) **(Compromise or Arrangement)**: a court approves under section 411(4)(b) of the Corporations Act a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies;
    - (3) **(other control transaction)**: an event or transaction by which an entity obtains or is to obtain voting power (as defined in the Corporations Act) in the Company of 50% or more is approved or accepted by a majority of members of the Company; or
    - (4) **(Winding Up)**: the Company passes a resolution for voluntary winding up or an order is made for the compulsory winding up of the Company.

### ***Transfer***

Options may not be transferred.

### ***Quotation of Options***

Options will not be quoted on ASX.

### ***Quotation of Shares***

The Company will make an application to ASX for official quotation of Shares issued on the exercise of Options, if other Shares of the Company are listed at that time.

### ***Future issues of Shares***

A Participant may only participate in new issues of securities to Shareholders if the Option has been exercised, if that is permitted by its terms, and the Shares allotted in respect of the Option before the record date for determining entitlements to the issue.

### ***Bonus issue***

If the Company makes a bonus issue of Shares or other securities pro rata to Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Shares have been allotted in respect of an Option before the record date for determining entitlements to the bonus issue then the number of securities over which the Option is exercisable will be increased by the number of securities which the Option holder would have received if the Option had been exercised before the record date for the bonus issue.

### ***Rights issue***

If the Company makes an offer of Shares pro rata to all or substantially all shareholders in accordance with the ASX Listing Rules (other than a bonus issue or an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) for a subscription price which is less than the market price (defined below as “P”) and no Shares have been allotted in respect of an Option before the record date for determining entitlements to the pro rata issue then the exercise price per Option will be reduced according to the following formula:

$$O^1 = O - \frac{E(P - (S + D))}{N + 1}$$

where:

$O^1$  = the new exercise price of each Option;

$O$  = the old exercise price of each Option;

$E$  = the number of underlying securities into which one Option is exercisable;

$P$  = the average market price of Shares (weighted by reference to volume) sold in the ordinary course of trading on the ASX during the five trading days before the ex rights date or ex entitlements date;

$S$  = the subscription price (application money plus calls) for new Shares issued under the pro rata issue;

$D$  = any dividends due but not yet paid on existing Shares (except those to be issued under the pro rata issue); and

$N$  = the number of Shares required to be held to receive a right to one new Share.

The number of Shares which the Participant is entitled to subscribe for on exercise of the Option will not change.

### ***Reorganisations***

In the event of any reorganisation of the capital of the Company, the rights of an Option holder will be changed to the extent necessary to comply with the Listing Rules applying to such reorganisation at the time of the reorganisation.

### ***Advice***

The Company must give notice to each Participant of any adjustment to the number of Shares which the Participant is entitled to subscribe for or be issued on exercise of an Option or the exercise price per Share in accordance with the Listing Rules.

### ***Dividends and rights to vote***

An Option carries no right to a dividend and no right to a vote.

### ***Hedging***

Participants (and the relevant Eligible Entity where the Participant is an Associate of the Eligible Entity) are prohibited from entering into transactions in financial products issued over the Company's securities by third parties which operate to limit the economic risk relating to their unvested entitlements under the plan.

## **5. Overriding Restrictions on Issue and Exercise**

Notwithstanding any of these terms and conditions or the terms of any Option, no Option may be offered, issued or exercised if to do so:

- (i) would contravene the Corporations Act or the Listing Rules; or

- (ii) would contravene the local laws or customs of an Eligible Entity's country of residence or in the opinion of the Board would require actions to comply with those local laws or customs which are impractical.

## **6. Alterations to the Plan**

- (i) Subject to paragraphs (ii) and (iii) below (and to the Listing Rules and all applicable laws), the Board may at any time by written instrument amend all or any of the terms and conditions, including this paragraph.
- (ii) Any amendment to the terms and conditions must not materially reduce the rights of any Participant in respect of their Options held at the date of the amendment, unless the amendment is introduced primarily:
  - (A) for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legislation governing or regulating the maintenance or operation of the Plan or similar plans;
  - (B) to correct any manifest error or mistake;
  - (C) to take into consideration possible adverse tax implications in respect of the plan arising from, amongst others, changes to tax legislation and/or changes in the interpretation of tax legislation by a court of competent jurisdiction;
  - (D) for the purpose of enabling the Participants generally (but not necessarily each Participant) to receive a more favourable taxation treatment in respect of their participation in the plan; or
  - (E) to enable the plan or any member of the Group to comply with the constitution of a Group Company, the Corporations Act or the Listing Rules.
- (iii) Subject to paragraph (ii) above, any amendment made under paragraph (i) above may be given retrospective effect as specified in the written instrument by which the amendment is made.

## **7. Governing Law**

The terms and conditions of this plan shall be governed by and construed in accordance with the laws for the time being in force in Western Australia.

## Schedule 4 – Summary of TNG Employee Share Plan

A summary of the key terms of the TNG Employee Share Plan are set out below.

### 1. Entitlement to Participate

The Board may from time to time determine that an Eligible Employee (being an Executive Director of a Group Company or a full or part time employee of a Group Company, but excluding any of their Associates) may participate in the plan and the extent of that participation. In making that determination, the Board must consider:

- (i) the seniority of the Eligible Employee and the position the Eligible Employee occupies with the relevant Group Company;
- (ii) the length of service of the Eligible Employee with the Group;
- (iii) the record of employment of the Eligible Employee with the Group;
- (iv) the potential contribution of the Eligible Employee to the growth and profitability of the Group; and
- (v) any other matters which the Board considers relevant.

### 2. Offer

The Company may, in its absolute discretion, make an offer to issue Shares pursuant to the plan (the “**Plan Shares**”) to any Eligible Employee (including an Eligible Employee who has previously received an Offer) upon such terms as the Board may determine.

### 3. Issue Price

The issue price of the Plan Shares offered will be determined by the Board in its absolute discretion and may be a nominal or nil amount. However, where a Loan is offered in relation to the Plan Shares, the issue price must be equal to the volume weighted average actual price at which Shares were traded on the ASX over the 5 trading days up to and including (i) the date the offer was accepted; or (ii) if earlier, the date on which the Eligible Employee accepted their employment contract where it includes an entitlement to receive, or to be offered, Plan Shares.

### 4. Loan

The Company may, in its absolute discretion, grant a Loan to an Eligible Employee for the purpose of purchasing Plan Shares under an offer.

Where the Company decides to offer a Loan to an Eligible Employee to acquire Plan Shares, the offer for the Plan Shares must include:

- (i) the maximum amount of the Loan (which must not exceed the Share Payment in respect of the Plan Shares offered); and
- (ii) the Loan repayment date.

Where an Eligible Employee lodges an acceptance form agreement to a Loan, and the Company accepts that acceptance form:

- (i) a loan agreement is deemed to arise between the Company and the Eligible Employee on the terms and conditions set out in this paragraph 4 (*Loan*);
- (ii) the Company is deemed to loan the amount agreed in the acceptance form (the “**Loan Amount**”) to the Eligible Employee at the time the Company issues the Plan Shares; and

- (iii) the Eligible Employee is deemed to direct the Company to apply the entire Loan Amount towards paying the Share Payment in full or in part in respect of the Plan Shares being acquired under the offer.

### **Interest**

The Loan will be interest free unless the Company and the Eligible Employee agree otherwise or the offer specifies otherwise.

### **Cash dividends**

An Eligible Employee who accepts an offer and acquires Plan Shares under the plan (a “**Participant**”) is deemed to have irrevocably directed the Company to apply any cash dividends in respect of the Plan Shares held by the Participant to repayment of any outstanding Loan Amount under the Participant’s Loan. Any surplus of the cash dividend after repayment of the Loan will be paid to the Participant.

### **Repayment**

The Loan will be repayable in full on the loan repayment date specified in the offer unless earlier repayment is otherwise required under the plan.

A Participant may repay all or part of its Loan at any time prior to the loan repayment date.

The Company will have a lien over the Plan Shares in respect of which a Loan Amount is outstanding and the Company will be entitled to sell those Plan Shares in accordance with the terms of this plan.

The Loan will become repayable in full where:

- (i) the Participant ceases to be an Eligible Employee for any reason;
- (ii) the Participant suffers an Event of Insolvency (defined as where (a) a person is, or is deemed to be, insolvent, or is declared bankrupt; or (b) a liquidator, provisional liquidator, receiver, manager or administrator is appointed in respect of the person or any of the person’s assets);
- (iii) the Participant breaches any condition of the Loan or the plan; or
- (iv) a restriction condition (being a condition set out in an offer that must be satisfied (unless waived by the Board in its absolute discretion) before the Plan Shares can be sold, transferred, assigned, charged or otherwise encumbered (“**Restriction Condition**”)) in relation to the Plan Shares subject of the Loan is not satisfied by the due date, or becomes incapable of satisfaction in the opinion of the Board (and is not waived),

and, in such circumstances and where:

- (i) a Restriction Condition in relation to the Plan Shares subject to the Loan is not satisfied, or is incapable of being satisfied in the opinion of the Board (and is not waived), the Plan Shares must be sold and the sale proceeds applied to repay the Loan in accordance with paragraph 9 (*Unfulfilled Restriction Condition*) below;
- (ii) all Restriction Conditions in relation to the Plan Shares have either been satisfied or are waived, the Company must promptly by written notice advise the Participant of the Loan Amount outstanding (if any) and that outstanding Loan Amount is due and payable. Where a Participant fails to repay the outstanding Loan Amount within 30 days of the date of written notice from the Company (or such later date as approved by the Board), the Company must sell the Plan Shares and apply the sale proceeds in accordance with paragraph 9 (*Unfulfilled Restriction Condition*) below (except where the sale proceeds exceed the outstanding Loan Amount the Company must pay the remainder, less any amount necessary to cover the reasonable expenses associated with selling the Plan Shares, to the Participant).

A Participant may not transfer or otherwise deal with a Plan Share until the Loan Amount in respect of that Plan Share has been repaid in full.

### **Limited Recourse Loan**

A Loan will be non-recourse except against the Plan Shares held by the Participant to which the Loan relates.

In the event the sale proceeds from the sale of Plan Shares are less than any outstanding Loan Amount, the Sale Proceeds will be deemed to have satisfied the outstanding Loan Amount in relation to those Plan Shares in full and the Participant will have no further liability to the Company in respect of the Loan and the Company will have no further recourse to the Participant in relation to the Loan.

### **5. Rights Attaching to Plan Shares**

A Participant will, from and including the Issue Date, be the legal owner of the Plan Shares allotted and issued under the plan and will be entitled to dividends (subject to the paragraph 4 (*Cash dividends*) above) and to exercise voting rights attached to the Plan Shares.

Each Plan Share will be issued on the same terms and conditions as the Company's issued Shares (other than in respect of transfer restrictions imposed by the plan) and it will rank equally with all other issued Shares from the issue date except for entitlements which have a record date before the issue date.

### **6. Restrictions on Dealing in Plan Shares**

The Plan Shares will be quoted on ASX. However, except as otherwise provided in this plan, a Participant may not sell, transfer, assign, mortgage, charge or otherwise encumber a Plan Share until the end of any applicable Restriction Period (where 'Restriction Period' is defined as the period commencing on the date of issue of the Plan Share and ending on the later of:

- (i) the date all Restriction Conditions that apply to that Plan Share (if any) are satisfied or waived by the Board; and
- (ii) the date any Loan in relation to the Plan Shares is repaid in full or otherwise discharged under this plan.)

### **7. Dealing with Plan Shares after Restriction Period**

Following expiry of the Restriction Period, a Participant may deal with its Plan Shares as it sees fit, subject to compliance with any securities trading policy applying to Eligible Employees and to compliance with legal requirements including the "insider trading" rules.

### **8. Hedging**

Participants are prohibited from entering into transactions in financial products issued over the Company's securities by third parties which operate to limit the economic risk relating to their unvested entitlements under the plan.

### **9. Unfulfilled Restriction Condition**

#### **Sale of Plan Shares**

Where a Restriction Condition in relation to Plan Shares is not satisfied by the due date, or becomes incapable of satisfaction in the opinion of the Board, the Company must, unless the Restriction Condition is waived by the Board:

- (i) arrange to sell the Plan Shares as soon as reasonably practicable either on the ASX or to an investor who falls within an exemption under section 708 of the Corporations Act provided that the sale must be at a price that is no less than 80% of the volume weighted average price at which Shares were traded on the ASX on the 10 trading days before the sale date; and
- (ii) apply the sale proceeds in the following priority:
  - first, to pay the Company any outstanding Loan Amount (if any) in relation to the Plan Shares (subject to paragraph 4 (*Limited Recourse Loan*) and the Company's reasonable costs in selling the Shares;



second, to the extent the sale proceeds are sufficient, to repay the Participant any cash consideration paid by the Participant or Loan Amount repayments (including any cash dividends applied to the Loan Amount) made by or on behalf of the Participant. The Participant acknowledges that the Company is not liable to repay the Participant any cash consideration or Loan Amount repayments except to the extent covered by the remaining sale proceeds;

third, to settle any tax liability that the Participant may have solely in respect of the sale of the Plan Shares or dividends received and applied against the Loan (provided the Participant can demonstrate how that tax liability arises); and

lastly, any remainder to the Company to cover its costs of managing the plan.

### ***Ceasing Employment before Restriction Conditions satisfied***

Where the person who was initially offered the Plan Shares ceases to be an Eligible Employee and, at that time, there are Restriction Conditions in relation to those Plan Shares that are unsatisfied or are incapable of satisfaction in the opinion of the Board (and they are not waived), the Company must, subject to the Corporations Act and the ASX Listing Rules, sell the Plan Shares in accordance with paragraph 9 (*Sale of Plan Shares*) of this Plan.

## **10. Exceptions to Dealings and Sale**

### ***Good leaver***

Where:

- (i) the Participant dies; or
- (ii) the Eligible Employee to whom the offer was originally made ceases to be employed as a result of:
  - (A) bona fide retirement from the workforce (unless the retirement happens within six (6) months of the date of the issue of the Plan Shares);
  - (B) bona fide redundancy; or
  - (C) total and permanent disability,

the Board may in its sole and absolute discretion elect to waive any of the Restriction Conditions applying to the Participant's Plan Shares and (provided any Loan has been repaid) permit the Participant (or their personal legal representative) to sell, transfer, assign, mortgage, charge or otherwise encumber the Participant's Plan Shares.

## **11. Capital Reorganisation**

If there is any reorganisation of the issued capital of the Company (including any subdivision, consolidation, reduction, return or cancellation), the number of Plan Shares will be adjusted by the Board accordingly in line with the Corporations Act and the Listing Rules.

## **12. Bonus and Rights Issues**

Subject to the plan, a Participant, upon allotment of Plan Shares, will enjoy all rights attaching to Shares of the Company including the right to participate in bonus issues and rights issues in respect of the Plan Shares.

## **13. Takeover, Scheme or Winding Up**

The Board may, in its absolute discretion and subject to such conditions as it sees fit, waive a Restriction Condition applying to a Plan Share where:

- (i) **(Takeover):** a Takeover Bid for the Company's issued Shares is made and the bidder obtains voting power (as defined in the Corporations Act) in the Company of 50% or more and the

takeover offers are made or declared unconditional (which includes where the takeover offers are unconditional other than for the happening of the events or circumstances set out in section 652C(l) and (2) of the Corporations Act or the condition set out in section 625(3) of the Corporations Act);

- (ii) **(Compromise or Arrangement):** a court approves under Section 411(4)(b) of the Corporations Act a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies;
- (iii) **(other control transaction):** an event or transaction by which an entity obtains or is to obtain voting power (as defined in the Corporations Act) in the Company of 50% or more is approved or accepted by a majority of members of the Company; or
- (iv) **(Winding Up):** the Company passes a resolution for voluntary winding up or an order is made for the compulsory winding up of the Company.

#### 14. Limit on number of Plan Shares

The Company must take reasonable steps to ensure that the number of Plan Shares offered by the Company under this Plan when aggregated with:

- (i) the number of Shares issued during the previous 5 years under the plan (or any other employee share plan extended only to Eligible Employees); and
- (ii) the number of Shares that would be issued if each outstanding offer for Shares (including options to acquire unissued Shares) under any employee share scheme (as defined in the Corporations Act) of the Company were to be exercised or accepted,

but disregarding any offer made, or option acquired or share issued by way of or as a result of:

- (i) the making of an offer or invitation to a person situated at the time of receipt of the offer or invitation outside Australia; or
- (ii) an “excluded offer” or “excluded invitation” (each as defined in the Corporations Law as in force prior to the commencement of Schedule 1 to the Corporate Law Economic Reform Program Act (1999)); or
- (iii) an offer which did not need disclosure because of section 708 of the Corporations Act; or
- (iv) an offer made under a disclosure document,

does not exceed 5% of the total number of Shares on issue at the time of an offer.

#### 15. Alterations to the Plan

- (i) Subject to paragraphs (ii) and (iii) below (and to the Listing Rules and all applicable laws), the Board may at any time by written instrument amend all or any of the terms and conditions, including this paragraph.
- (ii) Any amendment to the terms and conditions must not materially reduce the rights of any Participant in respect of their Plan Shares held at the date of the amendment, unless the amendment is introduced primarily:
  - (A) for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legislation governing or regulating the maintenance or operation of the Plan or similar plans;
  - (B) to correct any manifest error or mistake;
  - (C) to take into consideration possible adverse tax implications in respect of the plan arising from, amongst others, changes to tax legislation and/or changes in the interpretation of tax legislation by a court of competent jurisdiction;

- (D) for the purpose of enabling the Participants generally (but not necessarily each Participant) to receive a more favourable taxation treatment in respect of their participation in the plan; or
  - (E) to enable the plan or any member of the Group to comply with the constitution of a Group Company, the Corporations Act or the Listing Rules.
- (iii) Subject to paragraph (ii) above, any amendment made under paragraph (i) above may be given retrospective effect as specified in the written instrument by which the amendment is made.

## **16. Governing Law**

The terms and conditions of this plan shall be governed by and construed in accordance with the laws for the time being in force in Western Australia.

## Schedule 5 – Section 4.5 of Prospectus

Set out below is a copy of section 4.5 of the Prospectus which contains the terms of the Free Attaching Options.

### " 4.5 Rights and liabilities attaching to the Options

The Options to be granted under this Prospectus will be granted on the following terms and conditions:

(a) Entitlement

Subject to adjustment in accordance with these terms and conditions, each Option entitles the Optionholder to subscribe for one (1) unissued Share upon payment of the Exercise Price before the Expiry Date.

(b) Exercise Price

The exercise price of each Option is \$0.08 (Exercise Price).

(c) Expiry Date

An Option is exercisable at any time after the date of grant and on or before 5.00pm (WST) on 31 July 2015 (Expiry Date). Options that are not exercised by the Expiry Date lapse.

(d) Notice of Exercise

The Options may be exercised by notice in writing to the Company and payment of the Exercise Price for each Option being exercised. Any notice of exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

(e) Minimum number of Options exercised

The Optionholder may not exercise less than 1,000 Options at any one time, unless the Optionholder has less than 1,000 Options in which event the Optionholder must exercise all their Options together.

(f) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the Shares of the Company on issue at the date of this Prospectus.

(g) Quotation of Shares on exercise

Application will be made by the Company to ASX for official quotation of Shares issued upon the exercise of the Options.

(h) No certificate

No certificate will be issued if the Options are granted quotation on ASX.

(i) Timing of issue of Shares

After an Option is validly exercised, the Company must as soon as possible:

(i) issue the Share; and

(ii) do all such acts matters and things to obtain the grant of quotation for the Share on ASX no later than 10 business days from the date of exercise of the Option.

(j) Participation in new issues

An Optionholder may participate in new issues of securities to holders of Shares only if and to the extent that:

- (i) an Option has been exercised; and
- (ii) a Share has been issued in respect of the exercise before the record date for determining entitlements to the new issue.

The Company must give notice to the Optionholder of any new issue not less than 6 Business Days before the record date for determining entitlements to the issue.

(k) Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(l) Adjustment for rights issue

If the Company makes a pro-rata issue of Shares to existing Shareholders (other than a bonus issue) the Exercise Price of an Option will be reduced according to the following formula:

New exercise price =  $O - E [P - (S+D)]$

$N+1$

O = the old Exercise Price of the Option.

E = the number of underlying Shares into which one (1) Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro-rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro-rata issue).

N - the number of Shares with rights or entitlements that must be held to receive a right to one (1) new Share.

(m) Adjustments for reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the Optionholder may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

(n) Quotation of Options

Application for quotation of the Options has been made by the Company.

(o) Options transferable

The Options are transferable. Options may be transferred in the same manner as Shares unless classified as restricted securities under the ASX Listing Rules and may be exercised by any other person or body corporate.

(p) Exercise instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Options with the appropriate remittance should be lodged at the Company's share registry.

(q) Voting and dividend rights

The Options carry no rights to vote at a meeting of Shareholders, and no rights to dividends."

## Lodge your vote:



### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

### For all enquiries call:

(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

000001 000 TNG  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Proxy Form

For your vote to be effective it must be received by 12:00pm (WST) Monday, 25 November 2013

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the information tab, "Downloadable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form** ➔



View the annual report, 24 hours a day, 7 days a week:

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

To view and update your securityholding:

**[www.investorcentre.com](http://www.investorcentre.com)**

#### Your secure access information is:

**SRN/HIN: I9999999999**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

☐

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

## Proxy Form

Please mark ☒ to indicate your directions

### STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of TNG Limited hereby appoint

☐

the Chairman  
of the Meeting

OR



**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of TNG Limited to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Wednesday, 27 November 2013 at 12:00pm (WST) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 4, 5, 6, 7, 8 and 9 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 4, 5, 6, 7, 8 and 9 are connected directly or indirectly with the remuneration of a member of the key management personnel, which includes the Chairman.

**Important Note:** For Resolutions 4 to 9, this express authority is also subject to you marking the box in the section below.

If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 4, 5, 6, 7, 8 and 9 by marking the appropriate box in step 2 below.

**Important for Resolutions 4 to 9:** If the Chairman of the Meeting is (or becomes) your proxy and you have not directed the Chairman how to vote on Resolutions 4 to 9 below, please mark the box in this section. If you do not mark this box and you have not otherwise directed your proxy how to vote on Resolutions 4 to 9, the Chairman of the Meeting will not cast your votes on Resolutions 4 to 9 and your votes will not be counted in computing the required majority if a poll is called on these resolutions. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolutions 4 to 9 of business.

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I/We acknowledge that the Chairman of the Meeting may exercise my/our proxy even if the Chairman has an interest in the outcome of Resolutions 4 to 9 and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

### STEP 2 Items of Business



**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain		For	Against	Abstain
Resolution 1 Adopt Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 8 Approval of issue of Shares and Loan to Mr Stuart Crow	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Mr Michael Evans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 9 Approval of grant of Options to Mr Zhigang Wang	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Re-election of Mr Rex Turkington	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 10 Ratification of issue of Shares under Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Approval of issue of Shares and Loan to Mr Michael Evans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 11 Ratification of issue of Free Attaching Options in connection with Share Purchase Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Approval of grant of Options to Mr Michael Evans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 12 Ratification of issue of Shares and Free Attaching Options under Shortfall Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Approval of issue of Shares and Loan to Mr Paul Burton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 13 Approval of 10% Placement Facility under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 Approval of issue of Shares and Loan to Mr Rex Turkington	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 14 Approval of 50,000,000 Share Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

### SIGN

**Signature of Securityholder(s)** *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact  
Name

\_\_\_\_\_

Contact  
Daytime  
Telephone

\_\_\_\_\_

Date / /