

MANAGING DIRECTOR'S NEW CONTRACT

ASX ANNOUNCEMENT

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ASX CODE: TNG

REGISTERED OFFICE

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DIRECTORS

Jianrong Xu
Paul Burton
Michael Evans
Stuart Crow
Rex Turkington
Wang Zhigang

COMPANY SECRETARY

Simon Robertson

PROJECTS

Mount Peake: Fe-V-Ti
Black Range Iron
Manbarrum: Zn-Pb-Ag
East Rover: Cu-Au
McArthur: Cu-Zn-Pb-Ag
Mount Hardy Cu-Au-Zn-Pb
Sandover Cu-Au
Walabanba Fe-V-Ti-Cu-Au

CONTACT DETAILS

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TNG Limited (ASX: TNG) (**TNG**) is pleased to announce that it has agreed the terms of a new employment services contract with the Company's Managing Director, Mr Paul Burton.

Mr Burton was appointed to the TNG Board of Directors as an Executive Director on 11 August 2008, as Chief Executive Officer in September 2009 and as Managing Director on 1 April 2011.

Mr Burton has over 20 years' experience in exploration and mining within Australia and overseas and has been instrumental in the discovery and development of the Company's flagship Mount Peake Vanadium-Titanium-Iron Project and in advancing its extensive base and ferrous metal exploration asset portfolio in the Northern Territory.

Details of the new agreement are attached.

The Board of TNG welcomes the renewed agreement and looks forward to Mr Burton's continued strong leadership as the Company moves ahead with the financing and development of the Mount Peake Project as the foundation for a world-class strategic metals business and on unlocking the value of its other key assets.

Michael Evans
Acting Chairman

MANAGING DIRECTOR CONTRACT KEY TERMS

Salary

Under the new agreement Mr Burton's initial base salary of \$360,000 plus 9% superannuation remains unchanged. Base Salary will be reviewed annually by TNG to account for CPI and for increases to average base salaries of managing directors and chief executive officers of small to mid-cap Western Australian mining and exploration companies.

Incentive

The Company recognises the importance of incentivising and retaining key personnel and has put in place incentive plans for staff.

Under the new agreement Mr Burton will have the ability to receive an Incentive Bonus based on Market Capitalisation (**MCIB**) equivalent to 15% of base salary, payable when the market capitalisation of TNG reaches trigger points set by the Board: \$50 million; \$100 million; \$200 million; \$300 million; \$400 million; \$500 million; and any additional trigger points as agreed in writing between TNG and Mr Burton from time to time. The incentive will be payable in cash or (subject to shareholder approval) an equivalent amount in TNG shares. If the market capitalisation of TNG remains above a trigger point for a continuous period of at least three months, then base salary will increase (with effect from the end of the three month period) by the amount of the relevant MCIB payment.

As two of the MCIB triggers were reached after the date the triggers were set but prior to the date of execution of the new agreement, the relevant bonus payments must be paid to Mr Burton within 14 days of today.

Subject to shareholder approval to be sought at the 2014 AGM, Mr Burton will be offered four million TNG loan funded shares pursuant to the TNG Employee Share Plan. The offer will be at a price equal to the VWAP of TNG's shares on ASX over the five trading days prior to and including the date on which the Employment Services Agreement was entered into, being an amount of \$0.143. Details of the Employee Share Plan were set out in TNG's notice of 2012 AGM, released to the ASX on 19 October 2012.

Termination

TNG may terminate Mr Burton's employment:

- (a) by giving notice effective immediately for cause or in circumstances of incapacitation;
- (b) by giving a minimum of three months' notice, or payment of salary in lieu thereof, in circumstances where Mr Burton continually neglects his duties under the employment services agreement; or
- (c) without cause, or where Mr Burton ceases to be a director of TNG for any reason, by giving written notice of such termination, in which case TNG must pay Mr Burton for any notice period actually worked plus an amount equivalent to the lesser of 12 months' salary and the amount calculated in accordance with section 200F(2)(b) of the Corporations Act 2001 (Cth).

Mr Burton may terminate his employment by giving TNG a minimum of six months' written notice, in which case TNG will only be required to pay Mr Burton's salary during the notice period. Mr Burton may also terminate his employment by giving TNG a minimum of six months'

written notice should TNG seek to materially amend his position, in which case TNG must pay Mr Burton for any notice period actually worked plus an amount equivalent to the lesser of 12 months salary and the amount calculated in accordance with section 200F(2)(b) of the Corporations Act 2001 (Cth).

Conditional Waiver of 2012 Loan Agreement

In accordance with the terms of the employment services agreement, TNG and Mr Burton have also entered into a Conditional Waiver of 2012 Loan Agreement, which is conditional on shareholder approval. The Conditional Waiver of 2012 Loan Agreement states that if there is a change in control of TNG during the term of the employment services agreement, TNG will absolutely and irrevocably release and forgive Mr Burton from his obligation to repay the loan of \$508,200 owing in respect of the 6 million loan funded shares issued to Mr Burton under the TNG Employee Share Plan on 27 November 2012 (see TNG's notice of 2012 AGM, released to the ASX on 19 October 2012).

Shareholder approval for the Conditional Waiver of 2012 Loan Agreement will be sought at the 2014 AGM to be held in late November. Further details in relation to the Conditional Waiver of 2012 Loan Agreement will be set out in the notice of AGM to be released to ASX and dispatched to shareholders shortly.

Other

The other key terms of the employment services agreement involving responsibilities, confidentiality and statutory leave provisions remain unchanged.