TNG LIMITED

HALF-YEAR FINANCIAL REPORT

31 December 2014

ABN 12 000 817 023

Corporate Information

Directors

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Paul Burton	(Managing Director)
Stuart Crow	(Non-Executive Director)
Rex Turkington	(Non-Executive Director)
Jianrong Xu	(Non-Executive Director)
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Stock Exchanges

Australian Stock Exchange Limited:	(Code:TNG)
Stock Exchange Berlin, Germany:	(Code:HJI)

REVIEW OF OPERATIONS

TNG Operations

SUMMARY

During the first half of the 2015 Financial Year, TNG continued to focus on advancing its cornerstone asset, the 100%-owned Mount Peake Vanadium-Titanium-Iron Project in the Northern Territory, with work on the Feasibility Study now entering its final phase and the overall development pathway remaining on track. The Feasibility Study is scheduled for completion by mid-2015.

The Company also unveiled plans during the period to spin-off its non-core mineral assets in the Northern Territory into a new wholly owned subsidiary with a potential view to list that is expected to deliver significant value to the Company's shareholders and which is consistent with TNG's focus as a pure-play emerging strategic metals company.

The Company achieved a number of key milestones during the reporting period, including:

Mount Peake – project evaluation and development

- The signing of a series of landmark off-take and development agreements for the Mount Peake project with a powerful global network of partners to help underpin potential future financing, construction, development and operation. A binding Heads of Agreement is now in place with one of China's leading suppliers of steel-related raw materials, Sinometal, encompassing off-take, financing and strategic assistance for magnetite production from Mount Peake. Non-binding agreements are also in place with Hyundai Steel Co, WOOJIN, POSCO Engineering & Construction, Gunvor Group and Global Pacific Partners.

- Significant improvements were made to the front-end design of the TIVAN® process. These changes, which utilise conventional equipment widely used in the resource industry, have been proven to provide higher magnetic concentrate feed grades with consequently lower gangue grades. Key outcomes include:
  - *Enhanced vanadium recoveries at the leach stage of up to 96%, iron recoveries of >85%, and a higher TiO_2 leach residue grade of up to 70% TiO_2; and*
  - *A reduction to the TIVAN® refinery CAPEX for Mount Peake of up to $100M.*

- Key Feasibility Study contracts were awarded to Snowden Mining Industry Consultants for geotechnical work and mining financial analysis.

- Final CSIRO pilot plant results are expected in the March Quarter of 2015, paving the way for completion of the Mount Peake Feasibility Study by mid-year.

- Provisional site locations for the TIVAN® refinery in Malaysia have been received and are under review.

- An extension to the term of the MOU for rail logistics was signed with Genesee & Wyoming Australia Pty Ltd in October 2013. The extension will allow additional time to negotiate terms and conditions for the transport of TNG's magnetite product to Darwin Port.

- Diamond drilling confirmed a thick graphite zone at the BGC1 anomaly at Mount Peake, with a 45.3m continuous down-hole intersection. Metallurgical testwork has returned graphite concentrate grades of +90%.

Corporate

- TNG announced plans to demerge the Company's non-core mineral assets into a new wholly owned subsidiary – "Todd River Resources" – which will become potentially the largest base metals company in the Northern Territory. Key elements of the demerger proposal include:
  - *Todd River Resources will house the substantial Mt Hardy copper, Manbarrum zinc and McArthur River zinc-copper projects, enabling these assets to be fully funded and explored;*
  - *The demerger will unlock significant value for TNG shareholders through an in-specie distribution of shares in Todd River Resources;*
  - *TNG will remain a major shareholder in Todd River Resources.*

- Completion of a fully subscribed $5.5 million share placement, following a strong response from investors.

- Research & Development refund amounting to $1.2 million (before costs) received under the Federal Government's R&D tax incentive scheme.

- Final judgement orders received for the Davis Samuel matter. (Additional information detailed in note 9 of the Financial Statements)

Mount Peake Project: TNG 100%

The Mount Peake Project is emerging as a world-scale strategic metals project located 235km north-west of Alice Springs in the Northern Territory close to existing key power and transport infrastructure including the Alice Springs-Darwin Railway and the Stuart Highway. With a JORC Measured, Indicated and Inferred Resource totalling 160Mt (118Mt Measured, 20Mt Indicated, 20Mt Inferred), grading 0.28% V_2O_5, 5.3% TiO_2 and 23% Fe, Mount Peake is one of the largest new vanadium-titanium-iron projects. The area under licence covers a highly prospective, but poorly explored part of the Western Arunta geological province which offers significant exploration upside for TNG within an extensive 2,000km^2 100%-owned ground-holding.

TNG is in the process of completing a Definitive Feasibility Study (DFS) on the Mount Peake Project which is expected to be completed by mid 2015. A Pre-Feasibility Study (PFS) completed in 2012 outlined a very robust project capable of generating Life of Mine revenues of $13.6 billion over a +20-year mine life from the production of high quality and purity products: vanadium pentoxide, iron-oxide and titanium dioxide. TNG is also reviewing a two-stage development option with a low capital cost start-up development producing magnetite concentrate which has the potential to generate early cash flow and support the broader development of the project.

The Company has also identified a potential graphite resource near the Mount Peake project area. If proven, the Company would potentially have the unique ability to produce all materials from Mount Peake for the energy storage (battery) and steel industry sectors: namely vanadium pentoxide, iron oxide, titanium dioxide and graphite.

Strategic development and off-take agreements

Landmark agreement with Hyundai Steel

On 10 July 2014, TNG signed a wide-ranging three-way Memorandum of Understanding (MOU) with global steel giant Hyundai Steel Co., Ltd, paving the way for a potentially company-making funding, development and construction arrangement for the Mount Peake Project.

The non-binding MOU – with Hyundai Steel and leading ferro-vanadium producer, Korean-based WOOJIN IND., CO., Ltd – lays the foundations for TNG to enter into binding agreements with Hyundai Steel for the financing and development of Mount Peake and potential long term off-take agreements for iron and other products.

Hyundai Steel is a steel-making company headquartered in Incheon and Seoul, South Korea. It is a member of the Hyundai-Kia Automotive Group.

Hyundai Steel is today one of the world's leading electric furnace steelmakers with three new blast furnaces and production sites at Inchon, Pohang and Dangjin in Korea.

The potential for Hyundai Steel to become a cornerstone investor in the Mount Peake Project following completion of the Feasibility Study is now the focus of ongoing discussions for future binding agreements.

Strategic Agreement with Sinometal for Mount Peake Stage 1 Development

On 17 November 2014, TNG signed a binding agreement with one of the China's leading suppliers of steel-related raw materials, Sinometal (Shanghai) Co., Ltd., encompassing off-take, financing and strategic assistance for the development of the magnetite from the Mount Peake Project.

This agreement gives TNG access to the expertise, contacts and financial strength of one of China's leading suppliers of steel-related raw materials, significantly enhancing its existing network of global relationships and strategic alliances with key end users and global commodity groups.

As part of the ongoing Mount Peake Feasibility Study, TNG is considering a two-stage development approach where magnetite concentrate is produced and sold prior to refining to produce an early cash-flow for the Company.

TNG has been in discussions with several parties on this matter, with the binding Heads of Agreement (HoA) with Sinometal representing an important step forward for this staged development plan. Sinometal is a major supplier of concentrate into China to customers including Chengde Iron & Steel, one of the country's largest steel producers, and also other Asian markets including to Korea's POSCO and Hyundai Steel.

The significant advantage of the alliance and agreement with Sinometal is that it allows TNG's product the flexibility to be sold into a variety markets and producers, while also securing a strong strategic foothold in China, the world's largest and fastest growing market for steel and steel-related products.

Subject to satisfactory completion of due diligence, the parties will enter into a commercial relationship for the sale of magnetite concentrate to China. The proceeds of such early magnetite concentrate sales have the potential to deliver early cash flow to TNG which will assist at a critical stage of its development.

The binding HoA covers:

- The off-take of 500,000tpa to 1Mtpa of Mount Peake's magnetite concentrate;
- The marketing and sales development of Mount Peake's magnetite concentrate with a focus toward Chengde Iron & Steel Group;
- Pre-production financing of up to A$5 million in return for the subsequent delivery of cargo on favourable terms.

Based on this agreement, TNG will focus on bringing magnetite concentrate to market as competitively and early as possible in order to realise any potential early cash flow, while completing the Feasibility Study on the Mount Peake Project and constructing a TIVAN® refinery.

A 100kg sample of optimised magnetite concentrate has been delivered to Sinometal for testing as part of the due diligence.

Letter of Intent with Gunvor Group

TNG further enhanced its strategic relationship with leasing commodity trading company Gunvor with the signing of a Letter of Intent (LOI) between the companies on 28 November 2014, crystallising the MOU announced in June.

The Letter of Intent (LOI) records the parties' discussions regarding long-term strategic cooperation with respect to specific focus on:

- the exclusive distribution of TNG's high-purity iron product by Gunvor on a global basis;
- the commitment of Gunvor to maximise TNG's product's value through market research, promotion and percentage commission remuneration; and
- other mutually beneficial arrangements.

Following the signing of this LOI, the companies have commenced negotiations over a 180-day negotiating period with the aim of developing a binding off-take agreement for TNG's iron-oxide product under the agreed terms above.

TNG estimates it will produce approximately 900,000 tonnes per annum of 99.9% purity iron oxide (Fe_2O_3) over an initial 20-year mine life. Gunvor has commenced studies to identify suitable markets and pricing for this specialised product.

Letter of Intent with Global Pacific Partners for titanium products

On 26 August 2015, TNG took a further key step towards securing binding agreements for the supply of logistics services, pre-production funding and off-take of titanium products from Mount Peake after signing a Letter of Intent (LOI) with global chemical products distributor Global Pacific Partners (GPP).

The execution of this document follows an initial broad Memorandum of Understanding (MOU), signed between TNG and GPP on 17 June 2014, and defines the scope of future discussion to include the management of TNG's logistics needs by GPP and giving the parties further time to negotiate formal agreements.

The LOI will now focus discussions between the two companies to consider binding agreements on the following:

- A logistics services agreement whereby GPP manages all of TNG's logistics requirements including the transport, storage and stock management of products from the Mount Peake mine site to Malaysia (where its TIVAN™ downstream processing plant is proposed to be located), and from Malaysia to world-wide end users;
- GPP undertaking due diligence and a review of the Mount Peake Project to consider the provision of pre-production funding; and
- A distribution agreement whereby GPP distributes and markets the off-take of Mount Peake's titanium products.

Definitive Feasibility Study

Work continued throughout the first half of the 2015 Financial Year on the Mount Peake Feasibility Study, which continued to deliver encouraging results at a number of levels. The work completed to date, and still scheduled, is summarised in detail below.

TIVAN® Process upgraded and de-risked with new design

TNG achieved a number of important breakthroughs during the reporting period with the ongoing development and commercialisation of the TIVAN® downstream metallurgical process.

The changes, including an optimised design relating mainly to the front-end of the TIVAN® Process, are expected to deliver substantial enhancements to the Mount Peake Project including higher metal recoveries, lower operating costs and a reduction in capital expenditure of up to $100 million.

During 2014 a significant amount of detailed optimisation work was carried out by TNG's team of metallurgical consultants at Perth-based laboratories under the management of METS, with significant input from the CSIRO and a leading European engineering group.

This optimisation work has resulted in significant changes to the front-end of the TIVAN® Process. As a result of these changes, the resultant leach feed material is now of a higher grade with lower gangue material present.

This provides a cleaner feed which has in turn enabled an upgraded design for the main leach operation. Although this has delayed the commencement of the Pilot Plant test work, the new process is expected to have significant advantages by potentially providing a higher recovery and grade for the titanium dioxide product of up to 70% TiO_2, and much higher recoveries of both vanadium and iron – with grades for these products remaining at a high purity of 99.0% for V_20_5, and 99.9% for Fe_20_3.

New magnetic concentrator

A new rare-earth magnetic separation unit was trialled and successfully incorporated into the initial separation stages to improve the recovery of vanadium and titanium. Fine magnetic separation beneficiation testwork involved optimising the grind size. The magnetic separation stages of the process were also successful in rejecting more gangue from the magnetic concentrate.

The aim was to produce higher vanadium, iron and titanium recoveries in the magnetic product and reduce the silica, aluminium and magnesium gangue material than had previously been achieved at the pre-feasibility stage.

This optimisation process was highly successful with results demonstrating the removal of over 70% of the run-of-mine plant feed mass, thereby removing the majority of the gangue material and reducing the grades of this accordingly while increasing the grades of the high-value products V_2O_5, TiO_2 and Fe.

New pre-leach process design

As regeneration of large quantities of acid contributes considerably to the overall capital cost of the Mount Peake Project, a new pre-leach step was investigated. This new pre-leach processing step involves a roasting stage and would utilise conventional equipment which is widely used in the resource industry.

As a result, the incorporation of this processing step is expected to significantly de-risk the overall TIVAN® Process, and will also enable a different acid to be used at the initial leach stage, thereby reducing the size of the downstream acid regeneration plant.

This new acid combination will remain confidential under the current patent pending Intellectual Property of TNG.

This new process addition has a significant positive impact on the process design and capital cost as the previous acid regeneration plant comprised a majority of the plant CAPEX.

New leaching process

The new higher grade and cleaner magnetic concentrate was then leached at optimised leaching conditions, which had been determined from the Feasibility Study bench-scale optimisation leach test work.

The main focus of the investigation was the effect of acid type, acid concentration and temperature on the extraction of vanadium, iron and titanium as well as the gangue minerals magnesium and aluminium. The results show that over 96% vanadium extraction, as well as 84.5% iron extraction, can be achieved with respect to the leach feed – a significant improvement over the pre-feasibility results.

The Company's consultants will continue to work hard to reduce the forecast operating costs in order to achieve TNG's aim to be the world's lowest cost producer of vanadium pentoxide (V_20_5) through the successful development, commercialisation and application of the TIVAN® process.
Further details in the companies announcement of 24 September 2014.

CSIRO Pilot Plant

Updated design drawings have now been completed by CSIRO and METS for the new plant, with test work now underway to optimise the pre-leach process and its integration into the TIVAN® circuit. A modified pilot plant is now under construction to accept this feed material.

Testwork to optimise the pre-leach process and its integration into the TIVAN® circuit was completed during the December Quarter and results are now being assessed by CSIRO. Providing no further tests are required, the final construction of the Pilot Plant will be completed ready for a test run by the end of the March 2015 Quarter.

Malaysian Location

Following meetings with relevant government agencies in Malaysia, TNG has been provisionally offered two suitable land location sites for the TIVAN® refinery. Confirmation of these locations is subject to acceptance of terms and completion of permitting and licensing from the Malaysian authorities. This option is still being explored and work is continuing. The Company has submitted the application for a manufacturing licence as part of the process.

Mining, geology and geotechnical studies

During the reporting period, the Company awarded the contract for geotechnical work to assist with final mine design to leading mining services group Snowden Mining Industry Consultants Pty Ltd ("Snowden").

The geotechnical study will generate a geotechnical model for the entire Mount Peake deposit to identify potential risk areas/mitigation strategies, and enable assessment to determine optimal pit wall slope angles.

Geotechnical drilling commenced in February 2015 to provide logging information and samples for analysis to feed into this study, allowing results to be passed on to the pit design and financial analysis stage.

The program will comprise six diamond drill holes for over 600m of large (PQ) diameter core. The drill core will be geotechnically logged and approximately 200 samples will be collected for geotechnical analysis with several hundred individual tests to be conducted to determine the strength of the wall-rocks surrounding the deposit.

The core will also be geologically logged with mineralised intervals sampled. Three of the holes along the eastern margin of the Mount Peake resource are expected to intersect mineralisation, and these holes will be assayed to complement the resource drilling completed in late 2012. These assay results could potentially add to the existing Mount Peake resource estimate. Drilling is expected to be completed in March.

Aquifer search

Immediately following the geological program of work outlined above, a water drilling program in the broader Mount Peake area will commence over selected paleo-drainage targets. Location of suitable water is required to confirm the source of water for the mining operation, camp supply and magnetite processing plant. This is an essential component of the Feasibility Study, which will allow the study to be delivered by mid-year.

Detailed mining study and financial analysis

The contract for the completion of a detailed mining study and financial analysis has also been awarded to Snowden.

The Mining and Financial Analysis work will deliver an optimised pit design and mine development strategy together with a detailed mining schedule, and will also determine the likely capital and operating (mining CAPEX and OPEX) and mining contractor costs.

A detailed financial analysis and cash flow model for Mount Peake will be a key deliverable from this work.

This study, together with the geotechnical work outlined above, will also tie in with the metallurgical and process plant work currently being conducted by the METS/Midas group, allowing delivery of the final Feasibility Study by June 2015.

Environmental

Work continued with GHD for completion of the Environmental Impact Study (EIS). It is anticipated that the completed EIS will be submitted to the Northern Territory Environment Protection Authority by the end of Q2 2015, around the same time that the Mount Peake Feasibility Study is scheduled for completion.

Transport logistics

During the reporting period TNG extended the term of its non-binding MOU for rail logistics to Darwin port with Genesee & Wyoming Australia Pty Ltd ("G&W"), the rail operator and rolling stock provider for the Northern Territory railway.

The agreement, originally signed on 11 October 2013 for 12 months, was designed to allow G&W to progress a full study on the logistics required to transport TNG's products to the Darwin Port.

This initial study has been completed by G&W with results showing acceptable transport logistics to Darwin Port over other ports for TNG product transport.

The extension will now allow more time for both parties to negotiate preliminary terms and conditions for transport of TNG's magnetite product to Darwin Port and be incorporated into TNG's ongoing Feasibility study.

TNG also has an MOU in place with the NT Government Port Authority for product storage and loading at the Darwin Port.

Under the Feasibility Study plans, it is now likely the magnetite product from Mount Peake will be slurried by pipeline to a rail loading facility. This is subject to final abrasion testwork but provides savings compared to a haul road and on water usage by a water return pipeline.

TNG has taken out an additional Mining Licence Application at the nearest rail point from the proposed operation site, to allow design and planning for the loading facility, de-watering facility and storage.

Other Prospects at Mount Peake

The Company has identified significant other mineralisation potential in the Mount Peake area.

Graphite potential

TNG completed two diamond drill holes targeting graphite mineralisation at Mount Peake during August/ September 2014. The drilling targeted two graphite targets, named BGC1 and G34, and was completed to provide high quality diamond drill core to enable the completion of beneficiation testwork to assess the potential for economic grades to be achieved.

TNG contracted Mineral Engineering Technical Services (METS) to design a metallurgical testwork program to determine if the graphite from Mount Peake could form a saleable concentrate (generally requiring >80% graphite grade). Work involved compositing the individual samples and then a series of flotation/cleaner stages to produce a final concentrate of graphite at a certain size fraction.

Composites of BGC1 and G34 achieved concentrate grades of 60-70% in the initial work, while a second cleaner stage would give significantly improved final concentrate grades. Follow-up testwork was carried out on two BGC1 composites, including a new and higher grade composite (BGC1 HG) – with a grade of over 7% C graphite.

Both these samples returned final concentrate grades in excess of 90% graphite (see Table 4 below), indicating that saleable product could be generated from the BGC1 graphite prospect.

Table 4. Final flotation testwork summary details.

Composite	Feed Grade (% Graphite)	Concentrate Grade (% Graphite)	Concentrate Recovery
BGC1	4.26	92.0%	78.0%
BGC1 HG	7.92	93.2%	52.6%

Full details of the metallurgical testwork results are provided in the Company's ASX Announcement dated 4 December 2014.

If proven, the Company would have the unique ability to produce all materials from Mount Peake for the energy storage (battery) and steel industry sectors: namely vanadium pentoxide, iron oxide, titanium dioxide and graphite.

COPPER

Mount Hardy Copper Project: TNG 100%

The Mount Hardy Copper Project is located within the Mount Hardy Copper Field, located approximately 300km north-west of Alice Springs. The project area is situated on the Mount Doreen (SF52-12) and Mount Theo (SF52-08) 1:250,000-scale sheets. Access to the Mount Hardy tenement is via the Tanami Highway. TNG has been the first exploration company to apply modern geophysical and drilling techniques to this highly prospective and historically known copper prospect. The area has broad strong surface mineralisation and six key prospects have been explored to date, confirming that the surface mineralisation extends to depth, with a further 11 geophysical targets remaining to be followed up.

The Company is of the view that the mineralisation at Mount Hardy is similar in style to other identified mineralised prospects including those at KGL's Jervois project and Kidman's Home of Bullion prospect.

The Mount Hardy Copper Project is part of a portfolio of non-core base metal assets held by TNG in the Northern Territory which are intended to be included in the demerger of Todd River Resources, planned for later this year (see Corporate section below). This is consistent with TNG's focus on advancing its world-class Mount Peake Vanadium-Titanium-Iron Project to development.

Walabanba Hills Copper JV: TNG earning 51% with potential to increase to 80% (all minerals except uranium)

The Walabanba Joint Venture area lies immediately west of TNG's flagship Mount Peake Strategic Metals Project in the Northern Territory, and is considered highly prospective for copper and nickel mineralisation based on previous exploration results.

The Walabanba Hills Copper Project is part of a portfolio of non-core base metal assets held by TNG in the Northern Territory which are intended to be included in the demerger of Todd River Resources, planned for later this year (see Corporate section below). This is consistent with TNG's focus on advancing its world-class Mount Peake Vanadium-Titanium-Iron Project to development.

McArthur River Copper Project: TNG 100%

The McArthur River tenements, which are located approximately 50km south of McArthur township along the Tablelands Highway, covers part of the prospective McArthur Basin geology, 65km south-west of the McArthur Zinc mine operated by Xstrata, and within the Batten Fault Zone which hosts several other areas of base metal mineralisation, including the recently outlined Teena Deposit (Rox/Teck).

Two reconnaissance scout holes were drilled during the reporting period targeting the prospective Wollogorang Formation within the McArthur River Project, which has significant anomalous base metal surface geochemistry extending over 9km (see ASX Announcement – 20 August 2014).

Drilling was co-funded by the Northern Territory Department of Mines and Energy (NTDME) (see ASX Announcement – 27 June 2014).

The mineralisation noted in these two holes has many similarities with that seen at the McArthur River Zinc Mine 60km to the north, including:

- Fine grained pyrite-dominated stratiform sulphides hosted by bituminous black shales;
- Zn-Pb-Ag elemental association with low copper;
- Strong IP geophysical anomalies; and
- Stacked mineralisation lenses.

All mineralisation found in the central "Ovoid Beds portion" of the Wollogorang Formation. Zinc in fine sphalerite is associated with very fine grained stratiform sulphides (pyrite and galena) in highly bituminous black shales.

Full details of all assay results are provided in the Company's ASX Announcement dated 18 December 2014.

Maximum assay values were 2,020ppm zinc, 380ppm Pb, and 2,140ppm Cu, with nine values of zinc over 0.1%. There was a strong correlation between zinc, lead and silver, but copper values are low within the higher grade Zn-Pb stratiform mineralisation. Sulphide contents of up to 6% were returned.

Analyses of copper in hole 14MCDDH002 from 19.0 to 20.0m returned 0.21% Cu in a core sample displaying both malachite and azurite (copper carbonate minerals). This mineralisation is supergene in nature and unrelated to the stratiform zinc mineralisation, but shows that there is significant copper elsewhere in the system. TNG's exploration is also targeting structurally controlled and/or Redbank-style breccia pipe copper mineralisation.

While both holes have over twenty metres of very encouraging fine grained sulphidic shales (60-85m in hole 14MCDDH001 and 81-104m in hole 14MCDDH002), only part is significantly sphalerite-rich.

With the very extensive geochemical anomalous zone there is potential for higher zinc, copper, lead and silver grades within this unit elsewhere on TNG's 100% owned ground in this highly prospective area.

Each hole has anomalous surface geochemistry associated with the outcropping position of the central part of the Wollogorang Formation (Ovoid Beds) and an IP anomaly corresponding with the down dip (0-100m below surface) position of this horizon. Assay results in each hole correspond closely with the surface geochemistry values (250-2500ppm Zn), despite being found in primary sulphides and up to 500m down-dip.

As part of a follow-up exercise, rock samples were collected during routine cross-section traversing related to the drilling detailed above.

During this process, a significant area of surface outcropping rocks containing malachite and chalcocite (copper-bearing minerals) were noted and collected in a large zone of brecciated shale near the base of the prospective Wollogorang Formation to the west of hole 14MCDDH002.

Analytical results from this surface rock chip sampling were reported subsequent to the end of the reporting period, and included exceptional high copper grades of 47% Cu and 48% Cu. Full details of the results are reported in the Company's ASX Announcement dated 16 February 2015.

This high-grade copper sample provides significant encouragement that economic grade copper mineralisation may also be found within the tenement package. A program of rock sampling, geological mapping, and geophysics covering this significantly anomalous area has been designed and may be conducted early in the coming dry season.

The McArthur River Project is part of a portfolio of non-core base metal assets held by TNG in the Northern Territory which are intended to be included in the demerger of Todd River Resources, planned for later this year (see Corporate section below). This is consistent with TNG's focus on advancing its world-class Mount Peake Vanadium-Titanium-Iron Project to development.

Yah Yah – EL 28509

The Yah Yah tenement, located approximately 50km south-west of the McArthur township, contains the historical Yah Yah copper mine, which produced some 40 tonnes of handpicked, high-grade copper (20-30% Cu) ore prior to 1912. A grab sample collected from a Yah Yah waste dump by CRA Exploration assayed 30.4% Cu. In addition, BHP completed a soil survey which returned best results of up to 562ppm Cu from a 300m wide zone over the old structure.

Discussions with traditional owners are continuing in relation to access.

Sandover Project: Copper: TNG 100%
ELA 29252, ELA 29253 and ELA 29254

The Sandover Copper Project tenements are located approximately 100km northeast of Alice Springs just north of the Plenty Highway. The project area is situated on the Alcoota (SF53-10) 1:250,000 scale map sheet. The three tenements (EL's 29252, 29253, and 29254) were granted in late 2012 and cover 1,742km^2 (553 blocks) in the highly prospective Aileron and Irindina Provinces, some 120-180km to the northeast of Alice Springs.

The Sandover Project is part of a portfolio of non-core base metal assets held by TNG in the Northern Territory which are intended to be included in the demerger of Todd River Resources, planned for later this year (see Corporate section below). This is consistent with TNG's focus on advancing its world-class Mount Peake Vanadium-Titanium-Iron Project to development.

OTHER PROJECTS

Legune Hematite Project

TNG completed a drilling program at the Legune Iron Prospect in early-mid October 2014, following clearance from Aboriginal Areas Protection Authority (AAPA) and the Traditional Owners. Full details of drill hole locations, drilling and sampling details are provided in the Company's ASX Announcement dated 18 December 2014.

Three holes were completed for a total of 158m. All holes were collared on Legune Hill and above the exposures seen in the breakaway on the south side of the hill. Geological logging and analysis indicated the iron mineralisation was hosted in ferruginous sandstone sediment belonging to the Devonian Cockatoo Formation.

A consistent layer of ochrous hematite can be mapped through all three holes dipping very gently away from the exposures on the south-eastern side of the hill. The mineralisation is very shallow, with all high grade hematite less than 20 metres from surface. The hematite layer is open down dip, both to the west and to the north.

The significant hematitic iron ore intersections (at 50% and 40% Fe cut-offs) are listed below:

Hole No.	Interval	Thickness	Grade Fe (%)
14LHDDH001	4.9 to 9.2m	**4.3m**	**59.1% Fe, including**
	6.0 to 7.0m	1.0m	63.5% Fe
14LHDDH002	13.1 to 17.0m	**3.9m**	**59.4% Fe, including**
	15.0 to 16.0m	1.0m	64.0% Fe
14LHDDH003	17.0 to 17.6m	0.6m	43.8% Fe

The >50% Fe intersections have low silica, phosphorus and alumina, and the higher grade material would appear to be acceptable as commercial grade IODEX 62% Fe feedstock.

The Legune Hill covers a 900 x 500m area, and with a thickness of 4-6m there is potential for several million tonnes of hematite material of this grade. Additional tonnage potential exists further to the west and north. Note: Drilling to date is of a very preliminary nature and insufficient to outline a Mineral Resource.

This project will remain in TNG after the proposed demerger.

Black Range Project

The two new tenements within the Black Range Project were granted in August and cover approximately 60km of strike of the Sherwin Iron formation, host to existing iron resources being exploited by Western Desert Resources (ASX:WDR) and Sherwin Iron (ASX: SHD).

This project will remain in TNG after the proposed demerger.

Manbarrum Zinc-Lead-Silver Project: TNG 100%

Located 82 kilometres north east of the township of Kununurra in the Northern Territory, The Manbarrum Project comprises three Exploration Licenses and two Authority to Prospect licenses (under section 178) covering a combined area of 407 square kilometres. The Project comprises a series of Mississippi Valley-style lead-zinc-silver deposits which TNG discovered in 2007. Two deposits totalling more than 35Mt of combined zinc-lead-silver mineralisation have been discovered to date, with a number of untested targets.

The Manbarrum Project is part of a portfolio of non-core base metal assets held by TNG in the Northern Territory which are intended to be included in the demerger of Todd River Resources, planned for later this year (see Corporate section below). This is consistent with TNG's focus on advancing its world-class Mount Peake Vanadium-Titanium-Iron Project to development.

Tomkinson Project

The two tenements here should be granted early in 2015 allowing planning for field work in 2015. The target is the Namerinni Formation, at time equivalent of the host sequence from the McArthur River Zn-Pb-Ag-Cu mine in the McArthur Basin to the northeast.

The Tomkinson Project is part of a portfolio of non-core base metal assets held by TNG in the Northern Territory which are intended to be included in the demerger of Todd River Resources, planned for later this year (see Corporate section below). This is consistent with TNG's focus on advancing its world-class Mount Peake Vanadium-Titanium-Iron Project to development.

Western Desert Resources Ltd (WDR) Joint Venture: TNG 100%,
(WDR earning 51% with scope to earn up to 80%)

The Rover Project covers three granted exploration licences in the lucrative Tennant Creek goldfields, two of which (EL24471 and EL25581) are in joint venture with TNG Ltd and one (EL28128) is 100% held by WDR.

Rover is part of a portfolio of non-core base metal assets held by TNG in the Northern Territory which are intended to be included in the demerger of Todd River Resources, planned for later this year (see Corporate section below). This is consistent with TNG's focus on advancing its world-class Mount Peake Vanadium-Titanium-Iron Project to development.

Other Projects

The following are also part of a portfolio of non-core base metal assets held by TNG in the Northern Territory which are intended to be included in the demerger of Todd River Resources, planned for later this year (see Corporate section below). This is consistent with TNG's focus on advancing its world-class Mount Peake Vanadium-Titanium-Iron Project to development.

- McTavish Project Joint Venure: TNG 2% Royalty, Barminco 70%
- Kintore East Joint Venture: TNG 20%, La Mancha 80%
- Melville Island Bauxite Project
- Nickel Cawse Extended Joint Venture: TNG 20%, Norilsk 80% *(The Cawse laterite nickel operation has been placed on indefinite care and maintenance by Norilsk Nickel Australia and is subject to a sale agreement by Norilsk Nickel.)*

CORPORATE

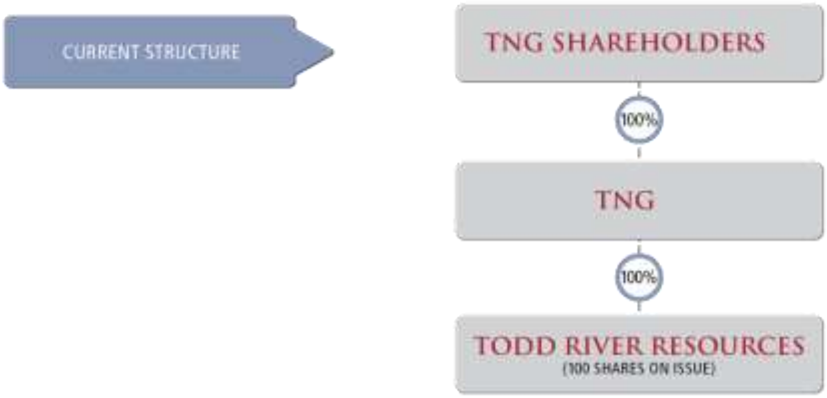
Planned Demerger of Non-Core Assets

TNG has announced preliminary plans to spin-off the Company's non-core assets into a new wholly owned subsidiary with a potential view to list.

The new wholly owned subsidiary will be named "Todd River Resources", and its assets will include the Mt Hardy, Manbarrum and McArthur River Projects – potentially making it the largest base metals company in the Northern Territory.

TNG believes the spin-off of these non-core assets is the best way to accelerate the development of these advanced projects and deliver value to shareholders, whilst enabling the Company to focus on the development of its core ferrous metals business, centred on the Mount Peake Project, the TIVAN® Process and its iron ore tenements.

The proposed structure of the Todd River Resources IPO is outlined below:



TNG shareholders will receive significant value in Todd River Resources through an in-specie distribution, with TNG to also remain a major shareholder.

A timetable for the proposed Initial Public Offer (IPO) will be announced in due course.

Capital raising

During the reporting period, TNG raised $5.5M through a share placement to institutional and sophisticated investors.

The Company announced plans to raise $5 million (before costs) on 24 October 2014, however subsequently received commitments for an additional $500,000 (before costs) over and above the $5 million.

As a result, the offer under TNG's Prospectus released to the ASX on 27 October 2014 was fully subscribed.

Shares were issued under the share placement at a price of $0.10 each. As part of the placement, investors were also issued with 1 free attaching listed option exercisable at $0.08 on or before 31 July 2015 (ASX: TNGO) for every 4 shares subscribed for in the placement.

A total of 55,000,005 new shares and 13,750,000 options were issued under the share placement.

The placement was arranged and managed by Hong Kong-based REORIENT Financial Markets Ltd and Melbourne-based CALIBRE Investments, for the offshore offering and the Australian offering respectively.

The funds raised will be used to progress completion of the Mount Peake Feasibility Study.

Research & Development Tax Refund

TNG received a Research & Development refund amounting to approximately $1.2 million under the Federal Government's R&D tax incentive scheme.

Under the R&D tax incentive scheme, companies with a turnover of less than $20 million which undertake research & development activities are entitled to a cash refund of 45 cents per dollar spent on eligible research and development in Australia.

This incentive provides direct assistance for companies like TNG to continue their research and development activities with a view to potentially building further value for shareholders. TNG's research relates to the commercial extraction of vanadium, titanium and iron units from vanadiferous titanomagnetite using the Company's 100%-owned TIVAN® hydrometallurgical process.

The R&D claim will further strengthen the Company's cash resources, enabling it to continue to progress feasibility and development activities at Mount Peake.

Davis Samuel

Final judgment has been handed down in the proceedings by the Commonwealth of Australia against TNG and other unrelated parties including former invalidly appointed directors of TNG. Materially, TNG was ordered to pay the Commonwealth $695,308.10. TNG has paid this sum and accrued interest and will retain the shares and options which it holds in Peninsula Energy Limited (formerly Kanowna Lights Limited) which were the subject of the dispute between it and the Commonwealth.

TNG obtained judgment against other parties in the action for an indemnity against the Commonwealth's claim plus a total of $3,597,303.02 damages plus costs. It is however doubtful that there will be any substantial recovery of this judgment debt as the Commonwealth also obtained judgment in a greater sum against the same people and companies and they appear to have minimal assets. TNG also has a charge over 2 of the defendant's properties from which they hope to recover $261,060 in cash plus the right to a court ordered payment of $37,500, which was received subsequent to 31 December 2014. TNG has a contingent liability to the Commonwealth for costs which is difficult to quantify.

TNG has appealed against the Commonwealth's judgment against it and the other defendants have appealed against the whole of the decision.

Cash and Investments

TNG had total cash reserves of $7.059m at the end of the reporting period.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 15 and forms part of the directors' report for the half-year ended 31 December 2014.

Signed in accordance with a resolution of the Directors

Paul E Burton
Managing Director

13 March 2015

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of TNG Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2014 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Trevor Hart
Partner

Perth

13 March 2015

Condensed Consolidated Interim Statement of Profit and Loss and other Comprehensive Income
For the six months ended 31 December 2014

	Note	31 December 2014 $	31 December 2013 $
Other income		68,655	35,525
Total income			35,525
Occupancy expenses		(55,800)	(71,656)
Administrative expenses		(71,735)	(56,053)
Employment expense		(262,085)	(223,048)
Corporate expenses		(1,096,586)	(697,056)
Depreciation and amortisation expense		(48,662)	(54,956)
Share based payment expense for consultants/employees		(338,543)	(776,957)
Other expenses	6	(739,670)	-
Loss on sale of investments held for trading		-	(9,551)
Impairment loss on tenements		(211,947)	(151,627)
Results from operating activities		(2,756,373)	(2,005,379)
Financial income		61,555	48,948
Financial expenses		(6,477)	-
Net financing income/(Expense)		55,078	48,948
Loss before income tax		(2,701,295)	(1,956,431)
Income tax benefit/(expense)		-	-
Profit/(Loss) for the period		(2,701,295)	(1,956,431)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Net change in the fair value of available-for-sale financial		72,000	(9,000)
Other comprehensive income/(loss) for the period		72,000	(9,000)
Total comprehensive income/(loss) for the period		(2,629,295)	(1,965,431)
Earnings/(loss) per share (cents per share)			
Basic and diluted earnings/(loss) per share (cents per share)		(0.47)	(0.40)

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

Condensed Consolidated Interim Statement of Financial Position
As at 31 December 2014

	Note	31 December 2014	30 June 2014
		$	$
Current Assets			
Cash and cash equivalents		7,058,908	4,002,158
Other receivables		474,306	310,946
Prepayments		276,416	91,226
Other investments		74,000	2,000
Total current assets		7,883,630	4,406,330
Non-Current Assets			
Plant and equipment		140,889	186,721
Exploration and evaluation expenditure	7	19,986,354	19,389,842
Total non-current assets		20,127,243	19,576,563
Total assets		28,010,873	23,982,893
Current Liabilities			
Trade and other payables		1,648,025	729,783
Provisions		191,819	146,076
Total current liabilities		1,839,844	875,859
Total liabilities		1,839,844	875,859
Net assets		26,171,029	23,107,034
Equity			
Issued capital	8	51,586,728	46,231,981
Reserves		72,000	-
Accumulated loss		(25,487,699)	(23,124,947)
Total equity		26,171,029	23,107,034

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

Condensed Consolidated Interim Cash Flow Statement
For the six months ended 31 December 2014

	31 December 2014 $	31 December 2013 $
Cash flows from operating activities		
Cash receipts in the course of operations	155,974	118,260
Cash paid to suppliers and employees	(2,009,761)	(1,441,188)
Interest received	44,195	50,366
Net cash (used in)/from operating activities	(1,809,592)	(1,272,562)
Cash flows from investing activities		
Payments for exploration and evaluation	(1,824,405)	(2,432,211)
Research and Development tax offset claim	1,275,771	3,195,993
Payments for plant and equipment	(2,830)	-
Payments for issue of security bonds	63,060	(15,364)
Payments for term deposits over 90 days	-	(1,000,000)
Proceeds from sale of investments	-	15,449
Net cash used in investing activities	(488,404)	(236,133)
Cash flows from financing activities		
Proceeds from issue of shares	5,569,501	3,500,002
Net proceeds on exercise of options	124,815	-
Cost of shares issued	(339,569)	(138,927)
Net cash received from financing activities	5,354,747	3,361,075
Net increase/(decrease) in cash and cash equivalents	3,056,751	1,852,380
Cash and cash equivalents at 1 July	4,002,158	2,594,530
Cash and cash equivalents at 31 December	7,058,909	4,446,910

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

Condensed Consolidated Interim Statement of Changes in Equity
For the six months ended 31 December 2014

	Issued Capital $	Accumulated loss Restated $	Fair Value Reserve $	Total Equity Restated $
Balance at 1 July 2013	41,857,594	(20,624,703)	(2,400)	21,230,491
Net change in fair value of available-for-sale-investments reclassified to profit and loss	-	-	(9,000)	(9,000)
Net loss for the period	-	(1,956,431)	-	(1,956,431)
Total comprehensive income for the period	-	(1,956,431)	(9,000)	(1,965,431)
Transactions with owners, recorded directly in equity				
Share placement	2,332,002	-	-	2,332,002
Share purchase plan	1,168,000	-	-	1,168,000
Cost of share issue	(138,927)	-	-	(138,927)
Share based payment expense	-	776,957	-	776,957
Balance at 31 December 2013	**45,218,669**	**(21,804,177)**	**(11,400)**	**23,403,092**
Balance at 1 July 2014	46,231,981	(23,124,947)	-	23,107,034
Net profit for the period	-	(2,701,295)		(2,701,295)
Net change in fair value of available-for-sale-investments reclassified to profit and loss	-	-	72,000	72,000
Total comprehensive income for the period	-	(2,701,295)	72,000	(2,629,295)
Transactions with owners, recorded directly in equity				
Options exercised	124,815	-	-	124,815
Share placement	5,500,000	-	-	5,500,000
Share purchase plan	69,500	-	-	69,500
Cost of share issue	(339,568)	-	-	(339,568)
Share based payment expense	-	338,543	-	338,543
Balance at 31 December 2014	**51,586,728**	**(25,487,699)**	**72,000**	**26,171,029**

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

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

Notes to the condensed consolidated interim financial statements

1. Reporting entity

TNG Limited (the "Company") is a for-profit company domiciled in Australia. The condensed consolidated interim financial report of the Company for the six months ended 31 December 2014 comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in jointly controlled entities.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2014 is available upon request from the Company's registered office at 1/282 Rokeby Rd Subiaco 6008 or at www.tngltd.com.au

2. Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with AASB 134 *Interim Financial Reporting*, and the Corporation Act 2001.

The condensed consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated financial report of the Group as at and for the year ended 30 June 2014.

The consolidated interim financial report was approved by the Board of Directors on 13 March 2015.

3. Significant accounting policies

The accounting policies applied by the Group in this condensed consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2014.

There has been no new and revised standards and interpretation applicable for the current half year which have resulted in changes to the Group's presentation of, or disclosure in, its interim financial statements.

4. Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Except as described below, in preparing this condensed consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2014.

5. Segment information

The Board has determined that the Group has one reportable segment, being mineral exploration in Australia. As the Group is focused on mineral exploration, the Board monitors the Group based on actual versus budgeted consolidated results. This internal reporting framework is the most relevant to assist the Board in making decisions regarding the Group and its on-going exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

Notes to the condensed consolidated interim financial statement

6. Other expenses

	31 December 2014 $	31 December 2013 $
Legal judgement – Davis Samuel (*Refer note 9)*	695,308	-
Other	44,362	-
	739,670	-

7. Exploration and evaluation expenditure

Cost	31 December 2014 6 months $	30 June 2014 12 months $
Balance at the beginning of the period	19,389,842	16,802,009
Exploration and evaluation expenditure	2,084,230	2,871,143
Impairment	(211,947)	(283,310)
Research and development rebate	(1,275,771)	-
Balance at the end of the period	19,986,354	19,389,842

8. Capital

Issued and paid-up share capital	31 December 2014 $	30 June 2014 $
621,783,833 (June 2014: 553,998,646) ordinary shares, fully paid	51,586,728	46,231,981

Movements in shares on issue	Number	$
Balance as at 1 July 2014	553,998,646	46,231,981
Share issue – Directors (i)	12,000,000	-
Loan funded share loan - proceeds	-	69,500
Options exercised	785,182	124,815
Share placement	55,000,005	5,500,000
Share issue cost	-	(339,568)
Balance as at 31 December 2014	621,783,833	51,586,728

(i) Granted in the form of limited recourse loans (refer Note 10)

Notes to the condensed consolidated interim financial statements

9. Contingent liabilities

Draft Disclosure

Final judgment has been handed down in the proceedings by the Commonwealth of Australia against TNG and other unrelated parties including former invalidly appointed directors of TNG. Materially, TNG was ordered to pay the Commonwealth $695,308.10. TNG has paid this sum and accrued interest and will retain the shares and options which it holds in Peninsula Energy Limited (formerly Kanowna Lights Limited) which were the subject of the dispute between it and the Commonwealth.

TNG obtained judgment against other parties in the action for an indemnity against the Commonwealth's claim plus a total of $3,597,303.02 damages plus costs. It is however doubtful that there will be any substantial recovery of this judgment debt as the Commonwealth also obtained judgment in a greater sum against the same people and companies and they appear to have minimal assets. TNG also has a charge over 2 of the defendant's properties from which they hope to recover $261,060 in cash plus the right to a court ordered payment of $37,500, which was received subsequent to 31 December 2014. TNG has a contingent liability to the Commonwealth for costs which is difficult to quantify.

TNG has appealed against the Commonwealth's judgment against it and the other defendants have appealed against the whole of the decision.

Subscription Agreement

On 7 November 2011 TNG signed the subscription agreement with the East China Mineral & Development Bureau. Under the subscription agreement, if TNG's liability arising out of the court proceedings referred to above exceeds $500,000, TNG must pay liquidated damages to the subscribers in an amount not exceeding $1,500,000 being 29.999% of its court ordered liability. TNG's liability for and the amount of any payment is unknown until the appeal has been concluded.

10. Share based payments

During the half year ended 31 December 2014 the following shares and options were granted:

Issue	Grant date/ participant entitled	Number	Vesting conditions	Contractual life of option
1	Shares granted to directors on 26 November 2014	4,000,000	1 years' service	5.0 years
2	Shares granted to directors on 26 November 2014	8,000,000	1 years' service	5.0 years
3	Shares granted to consultants on 20 December 2014[(i)]	1,500,000	1 years' service	5.0 years
4	Options granted to consultants on 23 Dec 2014 [(i)]	1,000,000	1 years' service	2.0 years
5	Shares granted to consultants in lieu of services on 23 Dec 2014 [(i)]	100,000	-	-
6	Options granted to consultants in lieu of services on 6 Nov 2014	319,833	-	0.7 years

(i) Issued January 2015

The fair value of equity share options granted is estimated at the grant dates using the Binomial model, taking into account the terms and conditions upon which the options are granted .

Listed shares (issue 5) and listed options (issue 6) issued to consultants in lieu of services rendered were valued at quoted market price at the date grant.

Notes to the condensed consolidated interim financial statements

Instruments issued during the period

a) Shares and Loans issued under TNG Non-Executive and Consultant Share Plan

13,500,000 shares were issued subject to the terms of the TNG share plans which were approved by shareholders on 21 November 2012. The Plan Shares issued cannot be sold transferred, assigned, charged or otherwise encumbered for 12 months after the date of issue.

TNG has issued limited Recourse Loans to the value of shares issued under the plans. The loans are repayable in full by the date which is 5 years after the date of issue of the Plan and are interest free. The loans are however, limited recourse, so if the Plan Shares are sold the proceeds will be taken to repay the loan even if the proceeds are less than the value of the loan.

In the event that vesting conditions are not satisfied the participant must arrange to sell the shares and pay TNG any outstanding loan amount in accordance with the terms of the Share Plan.

The following inputs were used in the measurement of the fair values at grant of the shares and loans:

	Issue 1	Issue 2	Issue 3
Dividend yield	0.00%	0.00%	0.00%
Share price at date of grant	$0.085	$0.085	$0.078
Exercise price	$0.143	$0.087	$0.079
Volatility	95%	95%	95%
Risk free rate	2.64%	2.64%	2.64%
Expiration date	26 Nov 2019	26 Nov 2019	20 Dec 2019
Binomial valuation	$0.056	$0.062	$0.057

b) Options issued under TNG Non-Executive and Consultant Option Plan

1,000,000 options were issued subject to the terms of the TNG Non-Executive and Consultant option Plan which was approved by shareholders on 21 November 2012.

The following inputs were used in the measurement of the fair values at grant date of options:

	Issue 4
Dividend yield	0.00%
Share price at date of grant	$0.079
Exercise price	$0.150
Volatility	95%
Risk free rate	2.27%
Expiration date	23 Dec 2016
Binomial valuation	$0.028

11. Subsequent events

No material subsequent events were recorded subsequent to balance date.

Directors' Declaration

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

1 the condensed consolidated financial statements and notes set out on pages 16 to 23, are in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the financial position of the Group as at 31 December 2014 and of its performance, for the six months ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

2 there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

Paul E Burton
Director

13 March 2015

Independent auditor's review report to the members of TNG Limited

We have reviewed the accompanying half-year financial report of TNG Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2014, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of TNG Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of TNG Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

Trevor Hart
Partner

Perth

13 March 2014