TNG LIMITED

ABN 12 000 817 023

2011

ANNUAL REPORT

TNG LIMITED

Corporate Directory

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Australian Securities Exchange (ASX)

Code: TNG

INTERNATIONAL STOCK EXCHANGE

Frankfurt Stock Exchange

Code: HJI

Contents

HIGHLIGHTS & ACHIEVEMENTS

Corporate

- Binding Letter of Intent executed with the leading Chinese State-owned enterprise Jiangsu Eastern China Non-Ferrous Metal Investment Holding Co Ltd., ("ECE"), to establish a strategic partnership to underpin development of the Mount Peake Iron-Vanadium Project.
- The LOI encompasses a proposed $13.4M investment in TNG for a 30 per cent stake at 11 cents per share net of a $2M loan facility to underpin ongoing Pre-Feasibility work at Mount Peake. The initial $2M of funding was received on 7 September 2011.
- ECE to be offered two non-executive Board positions, with the strategic alliance also encompassing technical collaboration via ECE's wholly-owned subsidiary in Darwin.
- Experienced mining executive, Mr Paul Burton, appointed as Managing Director with other Board changes during the year including the retirement of Mr John Barr and Mr Edward Fry from the Board and appointment of experienced corporate executive Mr Stuart Crow as a Director.
- UK-based institutional broker Old Park Lane Capital Plc initiated research coverage on TNG, with a BUY recommendation and a short-term price target of $0.27 per share.

Mount Peake Iron-Vanadium-Titanium Project, NT

- Positive Scoping Study completed by Snowden Mining Industry Consultants confirming the technical and financial robustness of the Project, with average Nett Cash Flow after CAPEX forecast to exceed A$148M per annum from a 2Mtpa operation ramping up to 5Mtpa over a 24-year mine life.
- Second Scoping Study on the production of high-value ferro-vanadium (FeV) confirms the potential to significantly enhance overall project economics, resulting in a 50 per cent increase in forecast Net Cash Flow to A$226M per annum.
- Pre-Feasibility Study commenced in March 2011, managed by the leading international engineering firm Sinclair Knight Merz, and progressing on schedule for completion in October 2011.
- International patent application filed for "TIVAN™" hydrometallurgical process, which was jointly developed last year by TNG and its metallurgical consultants, METS Pty Ltd, for the extraction of vanadium, titanium and iron from titanomagnetite ore.
- Excellent results received from metallurgical diamond drilling and in-fill RC drilling at Mount Peake, confirming the extensive and continuous nature of the orebody – updated JORC resource expected in September 2011. Diamond core was also successfully extracted for pilot plant testwork.
- Two potential new vanadium-bearing magnetite zones identified near the Mount Peake deposit, highlighting the potential of the area and supporting the broader Exploration Target[1] of 500-700Mt.

Other Projects

- Northern Territory copper exploration portfolio further expanded after TNG secured new Exploration Licences covering both a small historic copper mine and numerous known occurrences of copper mineralisation, including grades from surface sampling of up to 30% Cu.

"On the strength of these results, the Board immediately approved the commencement of a Pre-Feasibility Study of the Mount Peake Project, appointing the leading global engineering firm Sinclair Knights Merz (SKM) to manage the Study. It is expected that the PFS will be completed by the Third Quarter of 2011...."

[1] The potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resources.

Letter from the Managing Director

Dear Shareholder,

The past year has proved to be one of the most significant in TNG's history, with the Company substantially increasing exploration and development activities at its Mount Peake Iron-Vanadium-Titanium Project in the Northern Territory following two years of consolidation and repositioning. The company is now well positioned for growth and development.

Our decision to focus on the development of Mount Peake as the foundation for a strategic metals business was motivated by a number of driving factors.

These included the large scale and quality of the resource (a JORC resource of 140 million tonnes with an Exploration Target[1] of 500-700 million tonnes), the favourable demand and price outlook for strategic metals vanadium and titanium and, our success in developing a new hydrometallurgical process capable of recovering all three high value commodities – vanadium, titanium and iron – from the ore.

This process, which has been named the "TIVAN™ process", was developed in conjunction with our metallurgical consultants, METS last year. It opens up the potential for a low-cost development of what is emerging as one of Australia's largest new vanadium projects at Mount Peake by significantly reducing the capital and operating costs normally associated with the conventional pyrometallurgical processing routes.

Once commercially proven, the TIVAN™ process has the potential to be applied to other titanomagnetite vanadium deposits globally, creating other exciting future growth pathways for TNG. In order to protect this valuable Intellectual Property, TNG and METS jointly lodged an international patent application during the year covering the TIVAN™ process.

Many analysts are predicting continued strong demand and high prices for vanadium over the coming decade, with the metal primarily used as a strengthening additive in steel production and some forms of high quality iron, as well as in catalysts for motor vehicles and importantly batteries including Vanadium Redox Batteries (VRB).

At the time of writing this report, vanadium pentoxide (V_2O_5) was trading at approximately US$8/lb, ($16,000/tonne) with ferro-vanadium, which is essentially a refined downstream product, trading at approximately US$30/lb.

"The results of this second Scoping Study confirmed the significant potential to enhance the Mount Peake project economics, increasing the forecast Nett Cash Flow by some 50 per cent to approximately A$226 million per annum...."

As outlined in last year's Annual Report, TNG commissioned a new Scoping Study for the Mount Peake Project which incorporated the TIVAN™ process as well as the updated JORC resource. The results of this Study were received in February 2011, confirming the financial and technical strength of the Project and delivering a significant improvement on the results of the July 2009 Scoping Study.

Preliminary optimisations and financial modelling from the Scoping Study indicated an average Nett Cash Flow after CAPEX of over A$148 million per annum over a 24-year mine life, based on production commencing at 2 million tonnes per annum (Mtpa) and ramping up to 5Mtpa after three years.

In light of the outstanding results of the Scoping Study, TNG decided to evaluate the potential for down stream processing of its V_2O_5 product into higher value ferro-vanadium (FeV). The results of this second Scoping Study confirmed the significant potential to enhance the project economics, increasing the forecast Nett Cash Flow by some 50 per cent to approximately A$226 million per annum.

On the strength of these results, the Board immediately approved the commencement of a Pre-Feasibility Study of the Mount Peake Project, appointing the leading global engineering firm Sinclair Knights Merz (SKM) to manage the Study, with Snowden Mining Industry consultants as Mining consultants and METS to continue with the final process design and engineering work. It is expected that the PFS will be completed by the Third Quarter of 2011.

[1]The potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of Mineral Resources.

A key component of the PFS will be a program of pilot plant testwork to underpin the commercialisation of the TIVAN™ process. A program of diamond drilling was completed at Mount Peake during the year to extract core for this pilot testwork program.

The drilling, which also included a program of in-fill resource drilling, was highly successful, intersecting broad widths of continuous magnetite mineralisation and confirming the scale and quality of the Mount Peake deposit. The results of this drilling will be incorporated in a new JORC compliant resource estimate due in late September.

Given the success of the 2011 Scoping Studies and the scale and potential of the Mount Peake Project, it is not surprising that TNG attracted a substantially increased level of interest during the year, both from investors and potential project and corporate partners.

This culminated in the announcement in August 2011 that TNG had entered into a binding Letter Of Intent to form a strategic partnership with Jiangsu Eastern China Non-Ferrous Metals Investment Holding Company Ltd., (ECE), a leading Chinese State-owned enterprise which is part of the East China Mineral Exploration & Development Bureau.

This agreement – which includes a proposed $13.4 million funding injection at 11 cents per share which will result in ECE acquiring a 30 per cent stake in TNG – will underpin the ongoing Pre-Feasibility Study and pilot plant test work program for Mount Peake. In addition, ECE has provided a $2 million loan facility to deliver interim funding to support our ongoing activities, with the funds being provided under this facility received on 7 September 2011.

ECE is a major Chinese mineral exploration, development and mining group, based in Nanjing, which has been set up since 1955. It has over 4,000 employees and is one of the few organisations authorised by the Chinese Government to carry out geological exploration and scientific research in major State classified projects. ECE has discovered more than 160 ore deposits in China with a potential value of in excess of $10 billion.

We are delighted to have secured ECE as our strategic partner, with the agreement also encompassing technical collaboration between TNG and ECE through their wholly-owned subsidiary in Darwin.

The transaction remains subject to approval by TNG shareholders, FIRB and the Jiangsu Provincial People's Government; once the transaction is completed, ECE will be offered two non-executive positions on the TNG Board. In addition, we have agreed to enter into a separate joint venture covering our exciting emerging McArthur Copper Project in the Northern Territory.

Consistent with our focus on the Mount Peake Project, during the year we signed a definitive Joint Venture agreement with the Sorby Hills Joint Venture enabling it to acquire up to an 80% interest in our Manbarrum Zinc Project in the Northern Territory. We remain extremely optimistic about the future of this project, particularly given the medium term outlook for the zinc market; however, we believe that the best way of realizing value from this Project is by enabling a zinc-focused group with complementary projects in the region to progress its development.

In conclusion, I would like to thank my fellow Directors for their support and hard work during the year. On behalf of the Board, I would also like to thank John Barr and Eddie Fry for their contribution.

The year's achievements would not have been possible without the efforts of a highly dedicated consulting and technical staff group, and the Board thanks everyone involved with the Company for their efforts.

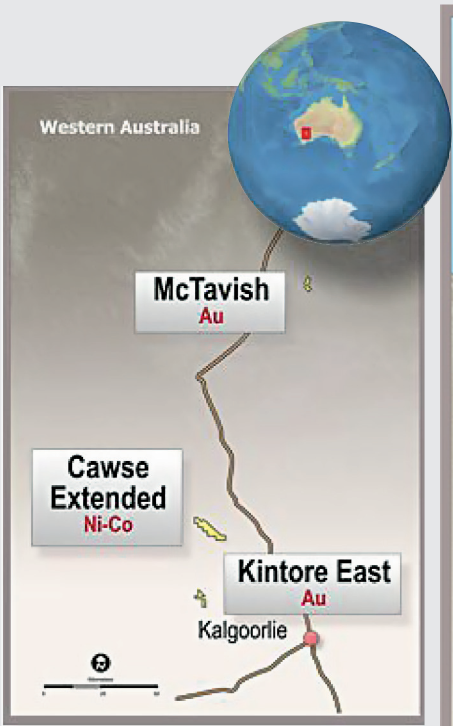
I and the rest of the Board would also like to thank all shareholders for their continued support. We are all looking forward to a very busy and rewarding year ahead. The company is now in an exciting transition phase from explorer to potential producer and with a major cornerstone investor positioned with a platform for growth both corporately and with our projects.

We endeavour to be accessible to all shareholders and stakeholders and I encourage interested parties to contact the Company directly or via our website at: www.tngltd.com.au

Paul E Burton

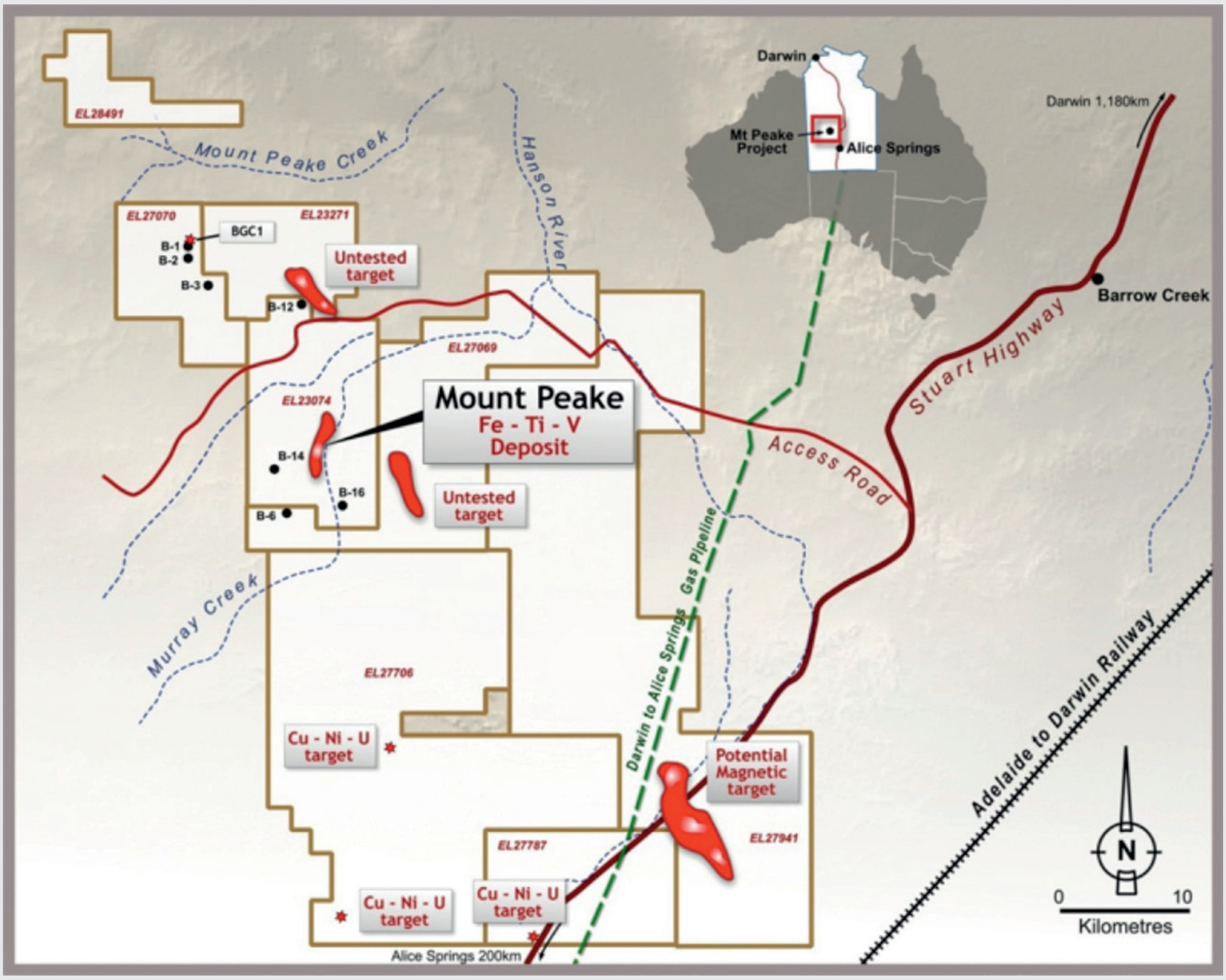
Managing Director

MAP OF OPERATIONS



IRON-VANADIUM-TITANIUM

MOUNT PEAKE PROJECT: TNG 100%



MOUNT PEAKE LOCATION MAP

The Mount Peake Project is located 235km north-northwest of Alice Springs in the highly prospective Arunta Province of the Northern Territory. The Project is strategically located close to existing power and transport infrastructure, including the Alice Springs-Darwin Railway, the Stuart Highway and the new LPG pipeline, 20km to the east.

The project currently has a JORC Inferred Resource estimate of 140Mt @ 0.3% vanadium (V_20_5), 5% titanium (TiO_2) and 24% iron (Fe), with an Exploration Target[1] of 500 – 700Mt with a grade range of 0.2 – 0.4% V_20_5 and 25 – 35% Fe. The Project comprises Exploration Licences covering a total area of more than 2,000 square kilometres in a highly prospective but poorly explored area of the Western Arunta province.

[1]The potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resources.

"TIVAN ™" Hydrometallurgical Process

As reported in last year's Annual Report, the Mount Peake Project received a major boost following the successful development of a new metallurgical process suitable for extracting all three key commmodities from Mount Peake ore.

The new process – which was jointly developed in conjunction with TNG's metallurgical consultants, Perth-based Mineral Engineering Technical Services Pty Ltd ("METS") – has for the first time using hydrometallurgy successfully extracted the valuable metal units of vanadium, titanium and iron from the titanomagnetite ores which make up most of Australia's known vanadium deposits.

METS has extensive experience in conducting metallurgical testwork on vanadium deposits, particularly Australian deposits.

Hydrometallurgical processes for the extraction and recovery of vanadium have been explored previously as a lower cost alternative to the conventional pyrometallurgical process that was used at Australia's only previously operating vanadium project at Windimurra in Western Australia.

The pyrometallurgical process, involving salt roasting followed by water leaching, can pose environmental issues and is also capital intensive and can have a high operating cost.

The hydrometallurgical alternative developed by TNG and METS utilises the combined process of acid leaching, solvent extraction and stripping to selectively recover the metals, demonstrating the amenability of the host rock, a magnetite olivine pyroxenite, to produce a high-grade vanadium concentrate.

Successful test work was undertaken last year using the process on material from Mount Peake, with optimisation testwork improving both the grade and recovery of vanadium pentoxide (V_20_5), iron and titanium dioxide (TiO_2) while also successfully reducing the SiO_2 and Al_2O_3 components to acceptable commercial levels.

Further testwork carried out by TNG/METS has shown that the magnetic concentrate is amenable to hydrometallurgical processing, resulting in very high recoveries of vanadium (98%) and iron (83-99%) in the acid leaching. In addition, successful test work was completed during the year at a Western Australian project owned by another party.

In light of these encouraging results, TNG and METS lodged a joint application for full international patent protection of the new hydrometallurgical process which has been named the TIVAN™ process.

TNG has also commissioned METS to undertake the next phase of metallurgical testwork and pilot plant studies. This will include Solvent Extraction (SX) pilot plant studies over a 26-week period, providing a definitive test of the commercial potential of the TIVAN™ process – scaling up from the bench-scale testwork undertaken to date.

A budget of approximately $700,000 has been established for this next phase of testwork.

Project Scoping Study

TNG commissioned Snowden Mining Industry Consultants to undertake a Scoping Study on the Mount Peake Vanadium Project. This was completed and announced to the market in February 2011.

The Study confirmed the Project's technical and financial strength driven by the development of the new patented hydrometallurgical process. This hydrometallurgical process recovers calcined vanadium pentoxide (V_2O_5), titanium dioxide (TiO_2) and iron oxide (Fe_2O_3) concentrate.

Preliminary optimisations and financial modelling indicates robust economics and returns with an average Nett Cash Flow after CAPEX[2] exceeding $148 million per annum over a 24 year mine life. The financial modelling is based on a production rate of 2Mtpa ramping up after three years to 5Mtpa.

The updated Scoping Study was based on the revised JORC Inferred Resource for Mount Peake published in 2010 of 139.1Mt @ 0.29% V_2O_5, 5.34% TiO_2 and 23.66% Fe. In addition to this resource, TNG has published an Exploration Target[1] of 500-700Mt grading 0.2-0.4% V_2O_5 and 25-35% Fe.

[1] The potential quantity and grade is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resources.

[2] Estimate of capital costs supplied by METS includes both direct and Indirect costs (at a Scoping Level Study of ±35%).

Open pit optimisations were performed based on a 5Mtpa operation, with production commencing at 2Mtpa and ramping up after three years to the long-term processing rate of 5Mtpa.

The initial plant total CAPEX included in the modelling has been estimated by METS to be $370M, with a ±35% accuracy. This would be expanded to 5Mtpa capacity at an additional estimated total CAPEX of $307M after three years, partially funded by cash flow.

Concentrate product would be trucked to a conceptual railhead near Barrow Creek on the Alice Springs-to-Darwin railway line (approximately 70km) and then railed to Darwin (approximately 1,180km) for shipping.

The Company is now evaluating feasibility and pilot plant options.

Ferro-vanadium Scoping Study

In light of the outstanding results of the February 2011 Scoping Study, TNG commissioned Snowdens and METS to undertake a second Scoping Study to evaluate the potential for further processing its V_2O_5 product into highly valuable ferro-vanadium (FeV). This supplementary Scoping Study was completed and announced to the market in April 2011.

The Study confirmed the potential to significantly enhance the Mount Peake project economics through additional downstream processing. The capital cost for constructing the ferro-vanadium plant is estimated at A$43.8 million.

The key findings of this Ferro-Vanadium Scoping Study were:

Mine Life:	23.63 years
Ferro-vanadium processing rate (life-of-mine):	2 Mt /annum
Total FeV metal production:	105,000 tonnes
Total operating costs (excluding royalties):	$5.36/tonne
Preliminary capital estimate[3]:	$43.8M (for stage 1-2 Mtpa)
Nett Cashflow[4]:	$78M/annum
New Total Project Nett Cashflow[4]:	$226/annum

The Ferro-vanadium Scoping Study was based on the same mining parameters as the February 2011 Scoping Study, with the contemplated mining and expansion sequence remaining unchanged except for the construction of a separate FeV plant.

This Study was based on the processing of anticipated V_2O_5 production from a 2Mtpa mining operation over the life of the mine, and did not take into account TNG's plan to increase mining levels to 5Mtpa through a Phase 2 mine expansion. This indicates there is significant potential to further enhance the project economics through additional FeV production under an expanded mining scenario and from the identification of high-grade zones within the currently Inferred Resource.

In order to progress the FeV concept, Snowdens recommended that TNG seek specialist advice on projected price and demand for FeV, conduct further process recovery research and confirmation of process flows and undertake more detailed investigation of capital and operating costs and the financial parameters of a downstream operation. All these will be addressed in the company's Pre-Feasibility Study.

Pre-Feasibility Study

Following the excellent results received from the two Scoping Studies, TNG's Board immediately committed to the commencement of a Pre-Feasibility Study ("PFS") of the Mount Peake Project, appointing the leading global engineering firm, Sinclair Knight Merz ("SKM"), to manage the Study.

The PFS, which is expected to be completed in October 2011, will be based on a conventional open pit mining operation processing 5Mtpa. It will be undertaken in conjunction with the next phase of pilot plant metallurgical test work on the TIVAN™ process.

The PFS will pave the way for a Definitive Feasibility Study next year on potential commercial development options for the Mount Peake Project as the foundation for a long-life, world-scale ferrous metals business in the Northern Territory.

[3] FeV plant capacity capital cost estimate supplied by Snowden and METS includes both direct and Indirect costs (at a Scoping Level Study of ±35%).

[4] Nett Cashflow is defined as the average undiscounted cashflow per annum after all CAPEX (pre-strip CAPEX, initial CAPEX, and expansion CAPEX has been deducted, but ignores cost or source of capital, hedging, tax, depreciation, rehabilitation and salvage.

As part of the PFS, TNG committed to the next phase of metallurgical testwork, including Solvent Extraction (SX) plant studies. This pilot plant testwork will take approximately 26 weeks to complete, providing a definitive test of the commercial potential of the TIVAN™ process, scaling up from the bench-scale testwork undertaken to date.

Environmental & Hydro-geological Studies

TNG also commissioned SKM to undertake a Scoping Study on the preliminary environmental approvals process and baseline ecological survey for the Mount Peake Project, as well as development of a Notice of Intent (NOI) and formal referral of the Project.

Following completion of these tasks, TNG will be informed as to the level of environmental assessment required for the Project (i.e. Public Environmental Review or full Environmental Impact Statement) and will have all the required ecological data suitable for either assessment pathway.

If a full Environmental Impact Statement is required, environmental approvals could take 18 months to three years. Consequently, the timing of these tasks is critical to facilitate development of the mine in a timely fashion.

TNG has also commissioned SKM to undertake preliminary hydro-geological studies on the Mount Peake Project.

Resource expansion and metallurgical testwork drilling

During the year, the Company completed a 4,000m RC drilling program with the following two key objectives:

- to upgrade part of the current Inferred Resource of 139Mt @ 0.29% V_2O_5, 5.34% TiO_2 and 23.66% Fe to Indicated and or Measured status; and
- to extract approximately one tonne of representative ore samples for use in the upcoming metallurgical testwork and pilot plant studies to be undertaken on the Company's hydrometallurgical process.

A total of eight diamond drill holes were also completed, targeted through the central part of the resource to provide representative samples for metallurgical and pilot plant testwork.

All core was sampled at 1m intervals and analysed by X-ray Fluorescence (XRF) to determine accurate element contents.

The results have confirmed the presence of continuous and remarkably homogeneous mineralisation hosted within the magnetite zone, and include the highest vanadium and iron grades intersected to date in un-beneficiated material of up to 0.6% V_20_5 and 32% Fe (see Table 1).

The core results have also confirmed the widest mineralised intersections received to date of up to 145m.

The drilling has also confirmed the shallow nature of the overburden – in places to just 12 metres thickness – which has positive implications for any future mine plan.

Significant Assay results from the diamond drilling program are summarised in Table 1 below:

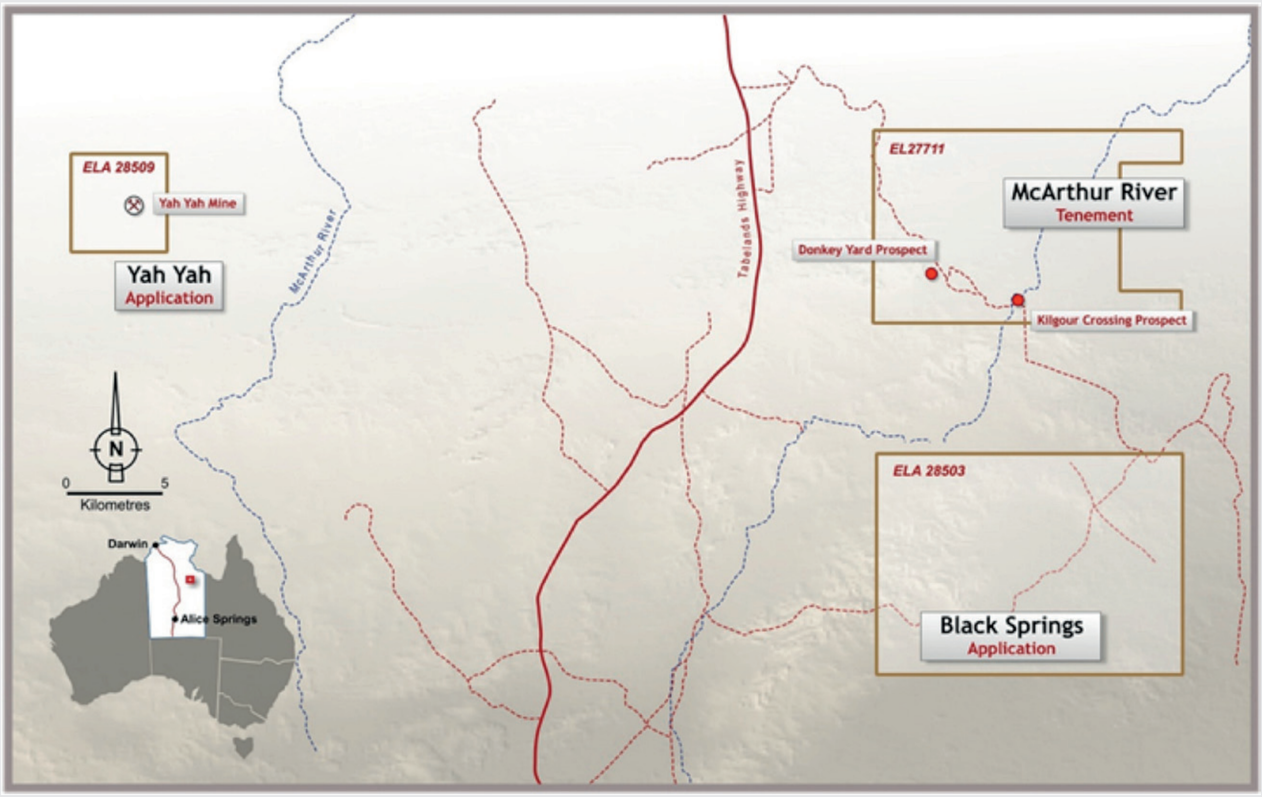
HOLE ID	From (m)	To (m)	Interval Thickness (m)	V_2O_5 (%)	TiO_2 (%)	Fe (%)	LOI 1000	P (%)	Al_2O_3 (%)
DDH 003	48.0	108.0	60.0	0.385	7.40	26.9	1.33	0.109	7.00
DDH 004	11.0	72.0	61.0	0.388	7.44	26.3	2.46	0.094	6.82
DDH 005	**13.2**	**158.7**	**145.5**	**0.391**	**7.26**	**29.4**	**0.36**	**0.083**	**5.93**
Incl.	*20.0*	*74.0*	*50.0*	*0.55*	*32.20*	*9.4*			
DDH 006	**32.0**	**160.0**	**128.0**	**0.338**	**6.26**	**28.8**	**-1.10**	**0.093**	**5.65**
Incl.	*33.0*	*82.0*	*50.0*	*0.45*	*31.10*	*8.5*			
DDH 007	45.0	95.0	50.0	0.387	7.22	28.6	0.03	0.108	6.09
DDH 008	52.0	94.0	42.0	0.434	8.11	29.4	0.28	0.103	6.28
Incl.	*63.0*	*82.0*	*20.0*	*0.48*	*9.08*	*31.9*			
DDH 009	**48.0**	**140.0**	**91.0**	**0.470**	**9.16**	**31.9**	**0.08**	**0.118**	**6.50**
Incl.	*100.0*	*121.0*	*22.0*	*0.58*	*10.20*	*35.7*			
DDH 010	48.0	115.0	66.0	0.385	2.05	26.9	0.11	7.402	7.00
Incl.	*60.0*	*76.0*	*18.0*	*0.49*	*9.40*	*32.5*			

During the year, TNG further expanded its Northern Territory copper exploration portfolio after securing a portfolio of new Exploration Licences (EL) covering both a small historic copper mine and numerous known occurrences of copper mineralisation including grades from historic surface rock chip samples of up to 30% Cu.

The new ELs, which cover a total area over 650km² were explored for base metals in the 1970s by companies Mt Isa Mines, BHP Minerals Pty Ltd and CRA Exploration Pty Ltd, returning numerous anomalous results over a widespread area. No modern exploration for copper has been undertaken since the 1970s.

COPPER

MCARTHUR RIVER PROJECT: TNG 100%



McArthur – EL 27711

The McArthur River tenement, which is 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. The licence has two major copper targets – Kilgour Crossing and Donkey Yard, both of which have been explored intermittently over the past 50 years.

TNG completed an initial reconnaissance exploration programme across the EL 27711 tenement during the June Quarter focusing on historic prospects and geophysical targets.

Image processing and image-based interpretation of "QuickBird" high resolution satellite data was completed and used as the basis for field geological mapping. This confirmed and refined the major structural components defined by earlier exploration work in the Mallapunyah area.

Geological mapping of approximately 50 square kilometres was completed at a scale of 1:10,000 to cover a copper-anomalous corridor within the stromatolitic Proterozoic Wollagorang Formation and a second zone of copper mineralised occurrences within the overlying Mallapunyah Formation.

Copper mineralisation was noted confirming historical locations. These findings imply a level of copper metal saturation at Kilgour, with the concomitant potential to develop significant concentrations of copper under the right geological circumstances. The main copper mineralising type is chalcocite-chalcopyrite mineralised stratigraphic evaporitic sedimentary zones.

A total of 68 rock samples were collected as part of this survey, with results currently awaited. An interpretation of the results of the geological mapping has been merged with the satellite data to produce a preliminary geological map.

This initial reconnaissance work has identified a number of copper exploration prospects, which will be further defined through expanded geological work and additional rock and soil sampling.

In addition to the high priority Kilgour Crossing and Donkey Yard prospects, the reconnaissance program also covered six previously-identified geophysical targets and two copper occurrences identified by the Northern Territory Geological Survey (NTGS), as well as numerous other prospective copper targets identified from previous stream sampling results and prospective geology.

TNG's exploration program at McArthur River is aimed at discovering large-scale sedimentary-hosted copper deposits similar to Mount Isa and Gunpowder in Queensland and the large copper deposits of Zambia and the Democratic Republic of Congo.

Mineralisation at McArthur River is hosted by the Mallapunyah Formation, in two dolomitic and variably bituminous intervals informally termed the 'upper' and 'lower' copper beds, which are 1m to 150mm thick, respectively. Chalcocite and chalcopyrite are present in the 'lower copper bed' along its strike length of 500m. Copper mineralisation in the lower copper bed 5km north of the Kilgour Crossing prospect comprised approximately equal quantities of chalcocite and bornite.

Previous exploration in the area was conducted by companies including Carpentaria Exploration, Australian Geophysicals, Aberfoyle and Mount Isa Mines.

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 hand-picked, 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.

During the year, negotiations with Traditional Owners regarding access to Yah Yah progressed.

TNG plans to complete a thorough rock chip sampling program over the region in order to confirm the scope and tenor of mineralisation, and will potentially also conduct a VTEM survey to map the host rock.

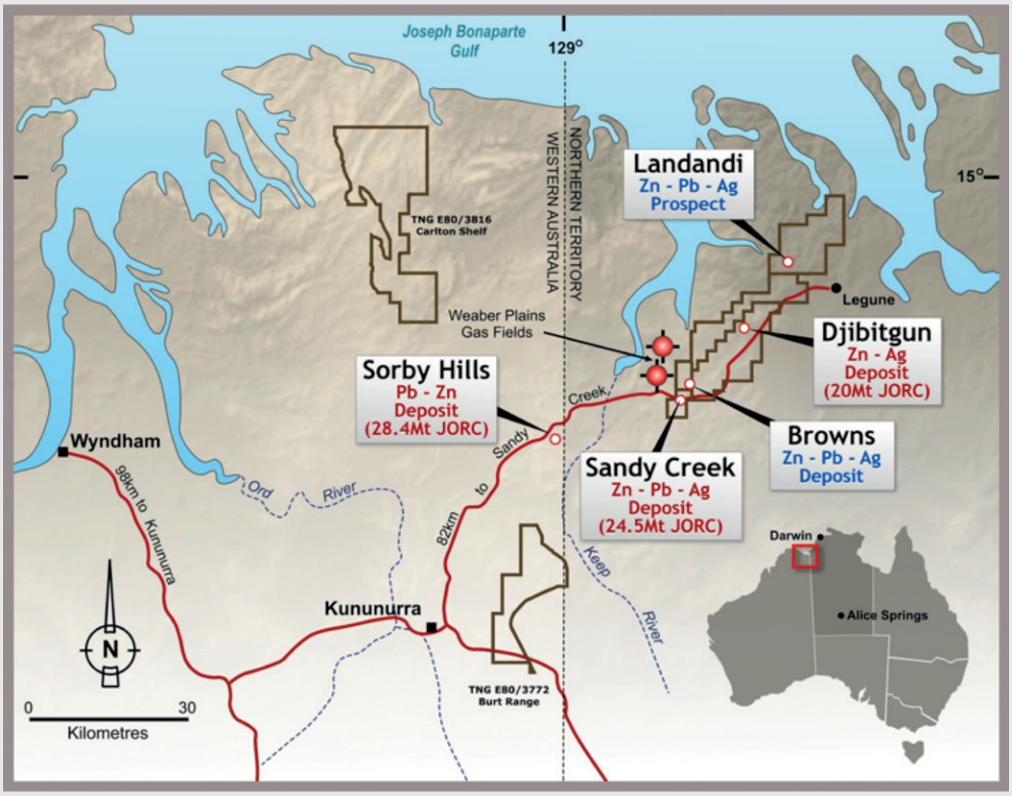
Black Springs – EL 28503

The Black Springs tenement is located 4km south of McArthur EL 27711 covering southern extensions of the prospective McArthur stratigraphy.

During the year, negotiations with Traditional Owners regarding access to Black Springs progressed.

ZINC - LEAD - SILVER

MANBARRUM PROJECT: TNG 100%



MANBARRUM PROJECT LOCATION MAP

The Manbarrum Project remains a significant asset in a highly prospective region, in which the Company maintains a strategic ground holding. Two deposits totalling in excess of 35mt of combined zinc-lead-silver mineralisation has been discovered to date, with a number of untested targets gaining a significant Exploration Target[1] of 80-100Mt with a grade range of 1.5%-2% Zn[1].

Located 82 kilometres north east of the township of Kununurra in the Northern Territory, The Manbarrum Project comprises of three Exploration Licenses and two Authority to Prospect licenses (under section 178) covering a combined area of 407 square kilometres.

[1]The potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resources.

Sandy Creek Zinc Mineral Resource, as at March 2010 at a 1.0% Zn cut-off

Material	Classification	Tonnes	ZN	PB	AG
Oxide	Indicated	575,000	1.45	0.43	5.14
	Inferred	877,000	1.26	0.28	3.24
	Total	1,452,000	1.34	0.34	3.99
Primary	Indicated	12,906,000	2.07	0.57	4.77
	Inferred	10,023,000	1.54	0.30	4.40
	Total	22,929,000	1.84	0.45	4.61
Total		**24,381,000**	**1.81**	**0.45**	**4.57**

Djibitgun Total Ag Mineral Resource

Classification	Resource	Commodity	Tonnes	Zn %	Pb %	Ag g/t
Inferred	Oxide	Silver	19,930,000	0.5	0.2	16.4

Note: *This resource includes 9.5Mt @ 0.6%Zn, 0.2%Pb, 20.2g/t Ag at a lower cut-off grade of +15g/t Ag.*

Djibitgun Zn Mineral Resource

Classification	Resource	Commodity	Tonnes	Zn %	Pb %	Ag g/t
Inferred	Oxide	Zinc	6,720,000	1.8	0.6	14.0

Note: *This resource is reported above a 1% Zn lower cut-off grade, and includes 3.8Mt @ 2.2% Zn, 0.5% Pb, 15.3g/t Ag above a lower cut-off grade of 1.5%Zn.*

In February 2011, TNG signed a Joint Venture Heads of Agreement on its Manbarrum Zinc-Lead-Silver Project in the Northern Territory with the Sorby Hills Joint Venture ("SHJV"), a joint venture between ASX-listed Kimberley Metals Limited (ASX: KBL) and Yuguang (Australia) Pty Ltd, a subsidiary of China's largest lead producer, Hunan Yuguang Gold & Lead Co.

Under the terms of the agreement, TNG will receive a cash payment of $2.5 million, comprising an initial payment of $0.5 million upon the signing of a definitive sales agreement (this payment was received on 17 February 2011) with a final payment of $2 million due by December 2013. In addition, the SHJV must spend a further $2 million on exploration at Manbarrum over the next three field seasons.

On completion of SHJV's total earn-in expenditure of $4.5 million, a formal Joint Venture will be formed between TNG and SHJV for the ongoing development of the Manbarrum Project, with TNG retaining a 49% stake.

The SHJV can elect to increase its stake in the Manbarrum Project to 80% by sole funding all exploration and development activities through to a Decision to Mine, and will have first right to purchase a further 10% stake in the Manbarrum Joint Venture from TNG by making a further payment of $3 million.

The transaction is consistent with TNG's focus on the continued evaluation and development of its flagship Mount Peake Project.

It has been structured so that TNG will retain a 49% interest in the Manbarrum Project, giving it continued exposure to the substantial exploration upside of the Project and the potential for significant synergies to be unlocked by the SHJV through a coordinated exploration and development effort focused on the two projects.

JOINT VENTURE PROJECTS

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

Limited drilling and geophysics was undertaken during the year. A larger exploration programme is planned for 2012.

McTavish Project Joint Venture: TNG 3% Royalty, Crucible

No work was undertaken during the year.

Kintore East Joint Venture: TNG 2% Gold Royalty, La Mancha

TNG retains a 2% gold royalty in these prospective tenements.

OTHER OPPORTUNITIES

TNG has continued its assessment and review of other potential project opportunities both in Australia and overseas.

MINING PROJECTS: 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.

CORPORATE

Transaction with ECE

In August 2011, TNG entered into a binding Letter Of Intent (LOI) to form a strategic partnership with Jiangsu Eastern China Non-Ferrous Metals Investment Holding Company Ltd., (ECE), a leading Chinese State-owned enterprise part of the East China Mineral Exploration & Development Bureau.

ECE is a major Chinese mineral exploration, development and mining group, based in Nanjing, which has been set up since 1955. It has over 4,000 employees and is one of the few organisations authorised by the Chinese Government to carry out geological exploration and scientific research in major State classified projects.

ECE has discovered more than 160 ore deposits in China with a potential value of in excess of $10 billion.

Under the terms of a binding letter of intent between TNG and ECE's wholly-owned subsidiary, Jiangsu Eastern China Non-Ferrous Metals Investment Holding Co., Ltd (ECE):

- ECE's affiliate will subscribe for 122.058 million TNG shares at an issue price of 11 cents per share to raise a total of $13.4 million, giving it a 30% stake following completion of the transaction;
- ECE will be offered two non-executive board positions on the TNG Board;
- A $2 million loan facility to TNG to provide interim working capital prior to the end of August to underpin the ongoing Pre-Feasibility Study and metallurgical test work program on the Mount Peake Project; provided by a private company introduced by ECE; and
- ECE also agree to enter into a separate Joint Venture Agreement through its affiliate in relation to TNG's McArthur Copper Project in the Northern Territory by funding the project.

The transaction is subject to the completion of due diligence, TNG shareholder approval and other regulatory approvals including the Australian Foreign Investment Review Board and Jiangsu Provincial People's Government.

On 7 September 2011, TNG advised that it had received the initial funding injection of $2 million under the terms of the LOI. TNG has received the funds under a loan facility by a private company introduced by ECE. The facility is designed to provide interim working capital prior to completion of the main transaction.

TNG is also pleased to report that the due diligence process is proceeding on schedule with ECE's due diligence clearing the way for the process of obtaining other key approvals. This includes TNG shareholder approval and other regulatory approvals including the Australian Foreign Investment Review Board and Jiangsu Provincial People's Government.

TNG has appointed an Independent Expert for the shareholder Notice of Meeting, and this valuation report and its own due diligence on ECE is nearing completion.

TNG expects the transaction to be completed by November 30th 2011.

Board Changes

During the year, TNG appointed experienced mining executive, Mr Paul Burton, who has held the position of CEO since September 2009, as the Company's Managing Director.

Mr Burton, who was appointed to the TNG Board as a Director on 11 August 2008, has over 20 years' experience in exploration and mining throughout Australia and overseas. He has been involved with the development of all of the Company's projects, in particular the flagship Mount Peake Project.

An Exploration Geologist and Geochemist, Mr Burton previously held the positions of Exploration Manager and Exploration Director with the Company. He has managed successful mineral exploration and feasibility study programs for a range of different commodities including base metals, precious metals, diamonds and ferrous metals, holding senior executive roles with AngloAmerican/De Beers Ltd, Normandy Mining Ltd and Minotaur Exploration Ltd.

Mr Burton's remuneration package as a Managing Director will be on the same terms as his current employment contract.

In addition, Mr John W Barr and Mr Edward Fry resigned as Directors of the Company with effect from 24 February 2011.

Mr Barr tendered his resignation for personal reasons while Mr Fry has decided to step down from the Board due to his growing workload in his consulting business.

Following the changes, Mr Stuart Crow was appointed to the Board as a non-executive Director.

Mr Crow has more than 25 years' experience in all aspects of corporate finance and investor relations in Australia and international markets, and has owned and operated his own businesses in these areas for the last twelve years. He brings extensive working knowledge of capital markets to the Board.

Share Placement & Exercise of Options

During the year, TNG completed a $2.8 million capital raising to accelerate development of the Mount Peake Project.

The share placement, which was made to sophisticated investors, comprised the issue of 25,247,985 shares at an issue price of $0.11 per share to raise a total of $2,777,278, before costs. The placement was undertaken within TNG's existing 15% placement capacity.

In addition, 1,500,000 Options were exercised during the Quarter raising a further $225,000.

Following completion of the share placement and option exercise, TNG has a total of 284,803,062 shares on issue.

Cash and Investments

At year-end, the Company had cash and current investments totalling in excess of $3,745,500.

Davis Samuel

TNG is a party to proceedings instituted by the Commonwealth of Australia (Commonwealth) in the Supreme Court of the Australian Capital Territory in which the Commonwealth claims that it is entitled to a constructive trust over shares held by TNG in Kanowna Lights NL (now Peninsula Minerals Limited). The Commonwealth has claimed that as constructive trustee, TNG is liable to account for the highest market value at which the shares could have been sold; and interest on that market value.

The Commonwealth claims that it is entitled to an amount of $1,274,400 for the value of the Kanowna Lights NL shares and interest thereon since early 2000, bringing the theoretical liability to an expanded maxium of $3,000,000

TNG has issued cross-claims against Davis Samuel and incluiding Messrs Allan Endresz, Peter Cain, William Forge, David Muir and Peter Clark.

TNG is also vigorously defending the Commonwealth claims. The court hearing commenced in June 2008 and concluded in the last quarter of 2008. The court has reserved its decision, which is not expected for some time due to the length of the hearing. It is not possible to predict the likely matter or the timing of an outcome.

Any adverse finding made against TNG which cannot be successfully recovered from cross claims made against other parties may result in TNG being liable to pay up to the amount claimed by the Commonwealth. TNG may also be liable for costs of the proceedings if awarded against it, as well as its own legal cost.

No firm timetable for the decision has been advised to date.

Presentations

During the year the company presented at several international and national conferences.

Appointment of Institutional Broker

TNG appointed UK-based institutional stockbroker Old Park Lane Capital Plc to provide corporate advisory, fundraising and strategic investor relations assistance in the London and European markets.

The appointment, which includes research consultancy services, follows recent investor roadshows by TNG to Europe and the UK during which there was a high level of interest in the Mount Peake Project.

Competent Person's Statement

The information in this report that relates to Exploration Results and Exploration Targets is based on information compiled by Paul Burton who is a Member of The Australasian Institute of Mining and Metallurgy and a Director of TNG Limited. Paul Burton has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Paul Burton consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Mr Damian Connelly, MAAusIMM, Chartered Processional (MET), MMICA, MSME, MSAIMM was responsible for the preparation of the metallurgical test work results reported herein. Mr Connelly has sufficient experience to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of the Exploration Results, Mineral Resources and Ore Reserves'. Mr Connelly consents to the inclusion in the report of the matters based on his information in the form and context in which is appears.

The information in this report that relates to Mineral Resources is based on information compiled by Jeremy Peters who is a Member of The Australasian Institute of Mining and Metallurgy and a full time employee of Snowden Mining Industry Consultants Pty Ltd. Jeremy Peters has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Jeremy Peters consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Board of Directors of TNG Ltd (the "Company") is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

Since the introduction of the ASX Principles of Good Corporate Governance and Best Practice Recommendations ("ASX Guidelines"), the Company has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this report. Commensurate with the spirit of the ASX Guidelines, the Company has followed each Recommendation where the Board has considered the Recommendation to be appropriate. Where, after due consideration, the Company's corporate governance practices depart from the Recommendations, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

The table (right) summarises the Company's compliance with the Corporate Governance Council's Recommendations.

	Recommendation	Comply Yes / No	Reference / Explanation
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes	Page 18
1.2	Companies should disclose the process for evaluation of the performance of senior executives.	Yes	Page 23
2.1	A majority of the Board should be independent directors.	No	Page 24
2.2	The chairperson should be an independent director.	No	Page 24
2.3	The roles of chairperson and Chief Executive Officer (or equivalent) should not be exercised by the same individual.	Yes	Page 19
2.4	The Board should establish a nomination committee.	No	Page 24
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Yes	Page 23
3.1	Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to: - the practices necessary to maintain confidence in the Company's integrity; - the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; - the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	Page 20
3.2	Establish a policy concerning trading in company securities by directors, senior executives and employees and disclose the policy or a summary of that policy.	Yes	Page 21
4.1	The Board should establish an audit committee.	Yes	Page 19
4.2	Structure the audit committee so that it consists of: - only non-executive directors; - a majority of independent directors; - an independent chairperson, who is not chairperson of the Board; - at least three members.	No	Page 24
4.3	The audit committee should have a formal charter.	Yes	Website
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	Website
6.1	Design and disclose a communications strategy to promote effective communications with shareholders and encourage effective participation at general meetings and disclose their policy or a summary of that policy.	Yes	Website
7.1	The Board or appropriate Board committee should establish policies on risk oversight and management.	Yes	Page 22
7.2	The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	Yes	Page 22
7.3	Disclose whether the Board has received assurance from the CEO or equivalent and CFO that the declaration provided in accordance with CA section 295A is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes	Page 22
8.1	The Board should establish a remuneration committee.	No	Page 24
8.2	Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	Yes	Page 23

The Company's corporate governance practices were in place throughout the year ended 30 June 2011.

Further information about the Company's corporate governance practices is set out on the Company's website at www.tngltd.com.au. In accordance with the recommendations of the ASX, information published on the Company's website includes charters (for the Board and its sub-committees), codes of conduct and other policies and procedures relating to the Board and its responsibilities.

Board of Directors

Role of the Board and Management

The Board's primary role is the protection and enhancement of medium to long term shareholder value. To fulfil this role, the Board is responsible for the overall Corporate Governance of the consolidated entity including its strategic direction, establishing goals for management and monitoring the achievement of these goals. The Chief Executive Officer or equivalent is responsible to the Board for the day to day management of the Company.

The Board has sole responsibility for the following:

- Appointing and removing the Chief Executive Officer or equivalent and any other executive director and approving their remuneration;
- Appointing and removing the Company Secretary and approving their remuneration;
- Determining the strategic direction of the Company and measuring performance of management against approved strategies;
- Reviewing the adequacy of resources for management to properly carry out approved strategies and business plans;
- Adopting operating and capital expenditure budgets at the commencement of each financial year and monitoring the progress by both financial and non-financial key performance indicators;
- Monitoring the Company's medium term capital and cash flow requirements;
- Approving and monitoring financial and other reporting to regulatory bodies, shareholders and other organisations;
- Determining that satisfactory arrangements are in place for auditing the Company's financial affairs;
- Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and compliance with legislative requirements; and
- Ensuring that policies and compliance systems consistent with the Company's objectives and best practice are in place and that the Company and its officers act legally, ethically and responsibly on all matters.

The Board's role and the Company's corporate governance practices are being continually reviewed and improved as the Company's business develops.

Composition of the Board

The Company currently has the following Board members:

Mr Paul E Burton	Managing Director
Mr Neil G Biddle	Non-executive Director
Mr Geoffrey S Crow	Non-executive Director

The Company's Constitution provides that the number of Directors shall not be less than three and not more than ten. There is no requirement for any share holding qualification.

The Board composition comprises all non-independent directors. Although there are no independent directrs, the Board believes that all the individuals on the Board can make, and do make, quality and independent judgements in the best interests of the Company and possess the skills and experience suitable for building the Company. Directors having a conflict of interest in relation to a particular item of business must absent themselves from the Board meeting before commencement of discussion on the topic.

The Board considers that its structure has been, and continues to be, appropriate in the context of the Company's history and the size and scale of operations. As the Company's activities increase in size, nature and scope, the size of the Board will be reviewed and the optimum number of Directors required for the Board to properly perform its responsibilities and functions assigned.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities.

Directors are initially appointed by the full Board subject to election by shareholders at the next annual general meeting. Under the Company's Constitution the tenure of Directors (other than Managing Director) is subject to reappointment by shareholders not later than the third anniversary following his last appointment. Subject to the requirements of the *Corporations Act 2001*, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a Director. A Chief Executive Officer or equivalent may be appointed for any period and on any terms the Directors think fit and, subject to the terms of any agreement entered into, the Board may revoke any appointment.

Committees of the Board

To assist the Board in carrying out its responsibilities, the Board has established the following committees:

- Audit Committee

The Audit Committee operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations.

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports.

The Full Board were members of the Audit Committee.

Qualifications of audit committee members

For details of the qualifications of the audit committee members, the number of Audit Committee meetings held during the year and the attendees at those meetings, refer to the Directors' Report.

Conflicts of Interest

In accordance with the *Corporations Act 2001* and the Company's Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists the Director concerned is not present at the meeting whilst the item is considered.

Independent Professional Advice

The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. The engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all Board members.

Ethical Standards

The Board acknowledges the need for continued maintenance of the highest standard of corporate governance practice and ethical conduct by all Directors and employees of the Company.

Code of Conduct for Directors

The Board has adopted a Code of Conduct for Directors to promote ethical and responsible decision-making by the Directors. The code is based on a code of conduct for Directors prepared by the Australian Institute of Company Directors.

The principles of the code are:

- A Director must act honestly, in good faith and in the best interests of the Company as a whole.
- A Director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- A Director must use the powers of office for a proper purpose, in the best interests of the Company as a whole.
- A Director must recognise that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interest of all stakeholders of the Company.
- A Director must not make improper use of information acquired as a director.
- A Director must not take improper advantage of the position of director.
- A Director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Company.
- A Director has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken as a Board.

- Confidential information received by a director in the course of the exercise of directorial duties remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company, or the person from whom the information is provided, or is required by law.
- A Director should not engage in conduct likely to bring discredit upon the Company.
- A Director has an obligation at all times, to comply with the spirit, as well as the letter of the law and with the principles of the Code.

The principles are supported by guidelines as set out by the Australian Institute of Company Directors for their interpretation. Directors are also obliged to comply with the Company's Code of Ethics and Conduct, as outlined below.

Code of Ethics and Conduct

The Company has implemented a Code of Ethics and Conduct, which provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the Company.

All employees and Directors are expected to:

- respect the law and act in accordance with it;
- respect confidentiality and not misuse Company information, assets or facilities;
- value and maintain professionalism;
- avoid real or perceived conflicts of interest;
- act in the best interests of shareholders;
- by their actions contribute to the Company's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
- perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- act with honesty, integrity, decency and responsibility at all times.

An employee that breaches the Code of Ethics and Conduct may face disciplinary action. If an employee suspects that a breach of the Code of Ethics and Conduct has occurred or will occur, he or she must report that breach to management. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

Dealings in Company Securities

The Company's share trading policy imposes basic trading restrictions on all employees of the Company with 'inside information', and additional trading restrictions on the Directors, Officers, Employees and Consultants of the Company.

'Inside information' is information that:

- is not generally available; and
- if it were generally available, it would, or would be likely to influence investors in deciding whether to buy or sell the Company's securities.

If an employee possesses inside information, the person must not:

- trade in the Company's securities;
- advise others or procure others to trade in the Company's securities; or
- pass on the inside information to others – including colleagues, family or friends – knowing (or where the employee or Director should have reasonably known) that the other persons will use that information to trade in, or procure someone else to trade in, the Company's securities.

This prohibition applies regardless of how the employee or Director learns the information (eg. even if the employee or Director overhears it or is told in a social setting).

In addition to the above, Directors must notify the Company Secretary as soon as practicable, but not later than 5 business days, after they have bought or sold the Company's securities or exercised options. In accordance with the provisions of the Corporations Act and the Listing rules of the ASX, the Company on behalf of the Directors must advise the ASX of any transactions conducted by them in the securities of the Company.

Breaches of this policy will be subject to disciplinary action, which may include termination of employment.

Interests of Other Stakeholders

The Company's objective is to develop and commercialise its exploration tenements to create wealth for shareholders and add value for other stakeholders.

To assist in meeting its objective, the Company conducts its business within the Code of Ethics and Conduct, as above.

Disclosure of Information

Continuous Disclosure to ASX

The continuous disclosure policy requires all executives and Directors to inform the Chairman, Chief Executive Officer or equivalent or the Company Secretary, of any potentially material information as soon as practicable after they become aware of that information.

Information is material if it is likely that the information would influence investors who commonly acquire securities on ASX in deciding whether to buy, sell or hold the Company's securities.

Information is not material and need not be disclosed if:

(i) A reasonable person would not expect the information to be disclosed or is material but due to a specific valid commercial reason is not to be disclosed; and

(ii) The information is confidential; and

(iii) One of the following applies:

- (i) It would breach a law or regulation to disclose the information;
- (ii) The information concerns an incomplete proposal or negotiation;
- (iii) The information comprises matters of supposition or is insufficiently definite to warrant disclosure;
- (iv) The information is generated for internal management purposes;
- (v) The information is a trade secret;
- (vi) It would breach a material term of an agreement, to which the Company is a party, to disclose the information;
- (vii) The information is data that the release of which may benefit the Company's potential competitors.

The Chairman and Chief Executive Officer (or equivalent) are responsible for interpreting and monitoring the Company's disclosure policy and where necessary informing the Board.
The Company Secretary is responsible for all communications with ASX.

Communication with Shareholders

The Company places considerable importance on effective communications with shareholders.

The Company's communication strategy requires communication with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Company. The strategy provides for the use of systems that ensure a regular and timely release of information about the Company is provided to shareholders. Mechanisms employed include:

- Announcements lodged with ASX;
- ASX Quarterly Cash Flow Reports;
- Half Yearly Report;
- Presentations at the Annual General Meeting/ General Meetings; and
- Annual Report

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and understanding of the Company's strategy and goals.

The Company also posts all reports, ASX and media releases and copies of significant business presentations on the Company's website.

Risk Management

Identification of Risk

The Board is responsible for the oversight of the Company's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Chief Executive Officer (or equivalent) and Chief Financial Officer (or equivalent) having ultimate responsibility to the Board for the risk management and control framework.

Areas of significant business risk to the Company are highlighted in the Key Risk Analysis presented to the Board each year.

Arrangements put in place by the Board to monitor risk management include:

- regular reporting to the Board in respect of operations and the financial position of the Company; and
- reports to the Board by the Chairman of each committee at the next Board meeting following the Committee meeting.

Integrity of Financial Reporting

The Company's Chief Executive Officer (or equivalent) and Chief Financial Officer (or equivalent) report in writing to the Board that:

- the consolidated financial statements of the Company and its controlled entity for each half and full year present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with accounting standards;
- the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

Role of Auditor

The Company's practice is to invite the auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Remuneration Arrangements

The Board has not established a Remuneration Committee responsible for making recommendations to the Board on remuneration arrangements for Directors and executives of the Company.

All of the Directors with the exception of the Managing Director receive a separate Directors' fee of $60,000 per annum, plus statutory superannuation.

In addition:

- Hatched Creek Pty Ltd of which Mr Neil G Biddle is a director, receives consulting fees for Mr Biddle's services under a service agreement approved at the 2007 Annual General Meeting; and
- Ballyhoo Pty Ltd of which Mr Geoffrey S Crow is a director, received a consulting fee for Mr Crow's services; and
- Mr Paul E Burton is also a direct employee of the company on a standard employment contract.

The service agreement for Hatched Creek Pty Ltd has been approved by shareholders and contains a termination clause of a maximum of 12 months ($240,000).

There is no direct link between remuneration paid to any of the Directors and corporate performance such as bonus payments for achievements of key performance indicators.

Remuneration of Directors and key executives is competitively set with the assistance of externally prepared surveys and reports, taking into account the experience and qualifications of each individual.

The aggregate amount payable to the Company's Non-Executive Directors for undertaking their duties as Directors must not exceed the maximum annual amount approved by the Company's shareholders (currently $240,000).

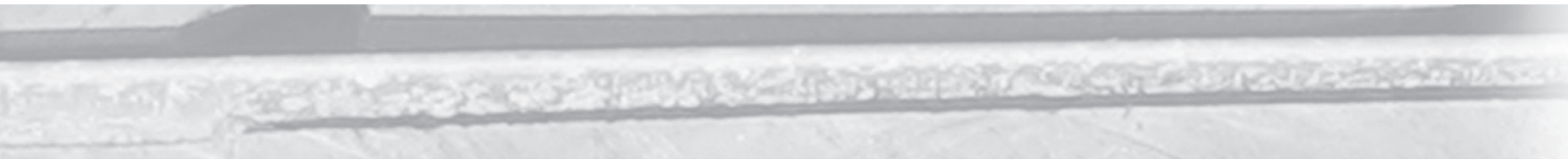
For a full discussion of the Company's remuneration philosophy and framework, and the remuneration received by directors and executives in the current period, please refer to the Remuneration Report, which is contained within the Directors' Report.

Performance Review

The Board has adopted a self-evaluation process to measure its own performance and the performance of its committee during each financial year. Also, an annual review is undertaken in relation to the composition and skills mix of the Directors of the Company.

Arrangements put in place by the Board to monitor the performance of the Company's executives include:

- a review by the Board of the Company's financial performance; and
- annual performance appraisal meetings incorporating analysis of key performance indicators with each individual.



Compliance with ASX Corporate Governance Recommendations

During the Company's 2010/2011 financial year, the Company complied with the ASX Principles and Recommendations other than in relation to the matters specified below.

Principle Reference	Recommendation Reference	Notification of Departure	Explanation for Departure
2	2.1	The Board does not comprise a majority of independent Directors	Whilst only one member of the Board is considered independent, the Board believes that all the individuals on the Board can make, and do make, quality and independent judgements in the best interests of the Company and possess the skills and experience suitable for building the Company. Directors having a conflict of interest in relation to a particular item of business must absent themselves from the Board meeting before commencement of discussion on the topic.
2	2.2	The Chairman is not an independent director	The company has not formally apointed a new chairman since the resignation of the previous chairman but expect that it will do so the near furure. Mr Neil Biddle acts in the role of chairman at meetings of the board.
2	2.4	The Board has not established a separate Nomination Committee	The full Board carries out the role of a Nomination Committee in accordance with its Charter (which is disclosed on the Company's website). The Board considers that at this stage, no efficiencies or other benefits would be gained by establishing a separate Nomination Committee.
4	4.2	The Audit Committee does not comprise a majority of Independent Directors	The role of the Audit Committee is carried out by the full Board. Only one member is an Independent Director.
8	8.1	The Board has not established a separate Remuneration Committee	The full Board carries out the role of a Remuneration Committee in accordance with its Charter (which is disclosed on the Company's website). Due to the relatively small size of the Board, the Board considers that a separate Remuneration Committee would not add efficiency to the process of determining the level of remuneration for the directors and key executives. When considering matters of remuneration, the Board functions in accordance with the Remuneration Committee Charter which requires that shareholders approve the maximum aggregate remuneration for Non-Executive Directors (after the Board recommends the actual payments to directors) and that Executive remuneration and other terms of employment are reviewed annually by the remuneration committee having regard to performance, relevant comparative information and expert advice.

DIRECTORS' REPORT

The Directors present their report together with the financial report of TNG Limited (the company) and of the Group, being the company and subsidiaries, and the Group's interest in a jointly controlled entity for the financial year ended 30 June 2011 and the auditors report thereon.

DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are:

Neil G Biddle, B.App.Sc(Geology), M.Aus.IMM

Non-Executive Director

Mr Biddle was appointed in 1998. He has over 20 years professional and management experience in listed public companies involved in mining and exploration.

During the last four years, Mr Biddle has served as a director of Sherwin Iron Limited and Marenica Energy Ltd.

Mr Biddle is currently a director of Sturt Resources Ltd.

Mr Paul Burton, B.Sc (Hons) Geology (UK), M.Sc Mineral Exploration (Canada), MAusImm, FAEG, MAICD

Managing Director

Mr Burton is an Exploration Geologist/Geochemist with over 20 years experience in Exploration and Mining.

Mr Burton is experienced in running successful exploration programs for a variety of commodities. He has held consulting and senior management roles with major exploration companies.

Mr Burton has held no other directorships.

Mr Burton was appointed as Managing Director on 1 April 2011.

Geoffrey S Crow, qualifications

Non-Executive Director

Mr Crow has more than 25 years experience in all aspects of corporate finance and investor relations in Australia and international markets, and has owned and operated his own businesses in these areas for the last twelve years.

Mr Crow has held no other public directorships.

Mr Geoffrey S Crow was appointed Director on 24 February 2011.

John W Barr, CA, FAICD

Chairman

Mr Barr resigned as Director on 24 February 2011.

Edward J Fry

Non-Executive Director

Mr Fry resigned as Director on 24 February 2011.

DIRECTORS MEETINGS

The number of Directors' meetings and number of meetings attended by each of the Directors of the Company during the financial year are:

Director	Number of board meetings held during the time the Director held office	Number of board meetings attended	Number of audit meetings held during the time the Director held office	Number of audit meetings attended
Neil G Biddle	7	6	1	0
Paul E Burton	7	7	1	1
Geoffrey S Crow	2	2	0	0
John W Barr	5	5	1	1
Edward J Fry	5	4	1	0

PRINCIPAL ACTIVITIES

The principal activities of the Group during the course of the financial year were the exploration and evaluation of its Mount Peake project; the review of projects for potential acquisition; the management of its other exploration properties and management of its interest in the Manbarrum and Cawse Extended Projects.

There were no other significant changes in the nature of the activities of the Group during the year.

REVIEW AND RESULTS OF OPERATIONS

The operating loss of the Group after income tax for the year was $2,147,523 (2010: loss $3,550,378). A review of the operations during the financial year is set out on pages 2 to 16.

DIVIDENDS

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

REMUNERATION REPORT - Audited

1. Principles of Remuneration

This report details the amount and nature of remuneration of each director of the Company and the executives receiving the highest remuneration.

Key management personnel (KMP) have authority and responsibility for planning and controlling the activities of the Company and the Group, including Directors of the Company and other Executives. Key management personnel comprise of the S300A directors of the Company and the Group including the five most highly remunerated Company and the Group executives.

The remuneration policy is to provide a fixed remuneration component and a specific equity related component. The Board believes that this remuneration policy is appropriate given the stage of development of the Company and the activities which it undertakes and is appropriate in aligning director and executive objectives with shareholder and business objectives.

The remuneration policy, setting the terms and conditions for the executive Directors and other executives has been developed by the Board after seeking professional advice and taking into account market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

REMUNERATION REPORT (continued)

The Board policy is to remunerate Directors at market rates for comparable companies for time, commitment and responsibilities. The full Board performing the role of the Remuneration Committee which determines payments to the non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of Directors fees is subject to approval by shareholders at a General Meeting. Fees for non-executive Directors are not linked to the performance of the economic entity. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and may receive options if approved by shareholders.

There is no policy currently in place for the KMP to limit their exposure to risk in relation to the shares held and share options granted as part of their remuneration. All remuneration paid to Directors and executives is valued at cost to the Company and expensed.

Fixed Remuneration

Fixed compensation consists of base compensation being a flat per month directors fee as well as employer contributions to superannuation funds. Compensation levels are reviewed annually by the board through a process that considers individual, segment and overall performance of the group. A senior executives compensation is also reviewed on promotion.

Performance linked compensation

Performance linked compensation includes long-term incentives designed to reward key management personnel for meeting or exceeding specific objectives or as recognition for strong individual performance.

The long-term incentives are provided as options over ordinary shares of the Company under the rules of the Executive Share Option Plan. The board did not exercise any discretion on the payment of bonuses and options as the plans provide for no such discretion.

Short-term incentive bonus

There were no short term incentive bonuses offered or paid during the year ended 30 June 2011.

Long-term incentive

Long term incentives comprise of share options which are granted from time to time to encourage exceptional performance in the realisation of strategic outcomes and growth in shareholders wealth. Options are granted for no consideration and do not carry voting rights or dividend entitlements. Options are valued using the Black-Scholes methodology.

Option exercise prices are determined based on a premium over and above weighted average share price at grant date. Both the number and exercise price of options issued are at the board's discretion.

Consequence of performance on shareholder wealth

In considering the consolidated entity's performance and benefit for shareholder wealth the Board believe that at this stage of the consolidated entity's development there is no relevant direct link between revenue & profitability and the advancement of shareholders wealth. For this reason, the consolidated entity does not currently link revenue and profitability against shareholder wealth.

	2011	2010	2009	2008	2007
Profit/(loss) attributable to owners of the company	($2,147,523)	($3,550,378)	($10,028,995)	($2,421,829)	($5,652,091)
Dividends paid	-	-	-	-	-
Share price at 30 June	$0.07	$0.04	$0.04	$0.09	$1.09
Return on capital employed	(12%)	(34%)	(101%)	(14%)	(4%)

REMUNERATION REPORT (continued)

Non-executive directors

Fixed remuneration consists of base remuneration being a flat per month directors fee. Non-executive Directors receive a Directors fee of $60,000 per annum. Shareholders have approved Directors fees of an amount of up to $300,000 cash in aggregate per annum. Superannuation contributions of 9% are paid on these fees as required by law.

Directors and executives may also receive either a salary (plus superannuation guarantee contributions as required by law, currently set at 9%), or provide their services via a consultancy arrangement. Directors and executives do not receive any retirement benefits except as stated. Individuals may, however, choose to sacrifice part of their salary to increase payments towards superannuation.

Service Contracts

Neil G Biddle - Non-Executive Director

- Term of Agreement - December 1998 until terminated by either party.
- Directors fees - $60,000 per annum excluding super plus any expense incurred.
- Additional monies are paid to Hatched Creek Pty Ltd a related entity of Mr Biddle, for consulting services as approved by shareholders.
  As consideration for making available the services, the company shall pay the contractor a daily rate up to a total maximum of $20,000 per month.
- Early termination (Consultancy services) - The Company to give 12 months written notice or make a payment of 12 months fees in lieu. The consultant to provide 12 months written notice.

Paul E Burton - Managing Director

- Term of Agreement - April 2010 until terminated by either party.
- Salary - $310,000 per annum excluding super plus any expense incurred.
- Early Termination - The Company to give 3 months written notice or make a payment of 3 months salary in lieu. The employee to provide 6 months written notice. This applies to any reason other than gross misconduct.

Geoffrey S Crow - Non-Executive Director

- Term of Agreement - February 2011 until terminated by either party.
- Directors fees - $60,000 per annum excluding super plus any expense incurred.
- Additional monies are paid to Ballyhoo Pty Ltd a related entity of Mr Crow, for consulting services based on a daily rate.
- Early termination - Not applicable.

Scott L Rauschenberger - Chief Financial Officer

- Term of Agreement - November 2007 until terminated by either party.
- Salary - $160,000 per annum excluding super plus any expense incurred.
- Early Termination - 2 months written notice or making a payment of 1 month salary in lieu. This applies to any reason other than gross misconduct.
- Scott L Rauschenberger is remunerated by TNG Ltd at a current annual salary of $160,000 excluding superannuation. Mr Rauschenberger salary is recharged to Sherwin Iron Ltd and Sturt Resources Ltd on a pro rata basis for financial services rendered.

Simon L Robertson - Company Secretary

- Term of Agreement - August 2009 until terminated by either party.
- Consultancy fee - $5,000 per month excluding GST is paid to SLR consulting Pty Ltd a related entity of Mr Robertson.
- Early Termination - 3 months written notice by either party.

REMUNERATION REPORT (continued)

2. Directors and Executives officers remuneration

Details of the nature and amount of each major element of remuneration of each director of the Company and relevant Group executives who receive the highest remuneration and other key management personnel are:

Directors remuneration for the year ended 30 June 2011

Consolidated		Short Term		Post Employment	Long Term		
Directors		Salary & Fees	Other	Super	Share-based Payment Options	Total	Value of options as a proportion of remuneration
		$	$	$	$	$	%
Neil G Biddle	2011	150,000	-	1,800	-	151,800	-
Non-executive	2010	157,682	-	3,600	65,217	226,499	29%
Paul E Burton	2011	305,124	-	24,400	-	329,524	-
Managing Director	2010	268,055	-	22,763	195,650	486,468	40%
Geoffrey S Crow[1]	2011	18,795	-	-	54,435	73,230	74%
Non-executive	2010	-	-	-	-	-	-
John W Barr[2]	2011	337,012	-	2,349	-	339,361	-
Chairman	2010	145,500	-	3,600	65,217	214,317	30%
Edward D Fry[3]	2011	32,684	-	2,349	-	35,033	-
Non-executive	2010	77,833	-	3,600	65,217	146,650	44%
Total	2011	843,615	-	30,898	54,435	928,948	6%
	2010	649,070	-	33,563	391,301	1,073,934	36%

1 Geoffrey S Crow was appointed as a director on 24 February 2011

2 John W Barr resigned as a director on 24 February 2011

3 Edward D Fry resigned as a director on 24 February 2011

Remuneration of executives who received the highest remuneration for the year ended 30 June 2011

Consolidated		Short Term		Post Employment	Long Term		
Executives		Salary & Fees	Other	Super	Share-based Payment Options	Total	Value of options as a proportion of remuneration
		$	$	$	$	$	%
Scott L Rauschenberger[4]	2011	72,058	-	6,988	-	79,045	-
Chief Financial Officer	2010	86,103	-	7,373	16,304	109,780	15%
Simon L Robertson	2011	57,500	-	-	-	57,500	-
Company Secretary	2010	53,100	-	-	16,304	69,404	23%
Total	2011	129,558	-	6,988	-	136,546	-
	2010[5]	139,203	-	7,373	32,608	179,184	18%

4 Scott L Rauschenberger is remunerated by TNG Ltd at a current annual salary of $160,000 excluding superannuation. Mr Rauschenberger salary is recharged to Sherwin Iron Ltd and Sturt Resources Ltd on a pro rata basis for services rendered.

5 Prior year salary and fee values have been adjusted to include the movement in annual leave provisions.

REMUNERATION REPORT (continued)

The fair value of the options is calculated at the date of grant using the Black-Scholes model and is allocated to each reporting period evenly over the period from grant date to vesting date. These options vest on grant date and are exercisable immediately. The value disclosed above is a portion of the fair value of the options allocated to this reporting period. The terms 'director' and 'executive' have been treated as mutually exclusive for the purposes of this disclosure.

Grant Date	Expiry Date	Number	Fair Value per Option	Exercise Price
8 Jun 2011	15 Dec 2012	2,000,000	$0.027	$0.15

TNG limited is involved in mineral exploration and Group performance is in part measured by exploration success, the share based payment compensation of directors and executives in the remuneration report is not dependent on the satisfaction of individual performance conditions.

3. Options granted as part of remuneration

Details of options over ordinary shares in the Group that were granted as compensation to each key management person during the reporting period and details on options that vested during the reporting period are as follows:

Key Management	Number of options granted during 2011	Grant date	Fair value per option at grant date($)	Exercise price per option ($)	Expiry date	Number of options vested during 2011
Geoffrey S Crow	2,000,000	8 June 2011	$0.027	$0.15	15 Dec 2012	2,000,000

The fair value of options granted is calculated at the date of grant using the Black-Scholes model.

No options have been granted since the end of the financial year. The options were provided at no cost to the recipients.

4. Exercise of options granted as compensation

During the reporting period, no shares were issued on the exercise of options previously granted as compensation.

5. Analysis of options and rights over equity instruments granted as compensation

Details of vesting profiles of the options granted as remuneration to each key management person of the Group are detailed below.

Options granted

Directors	Number	Date	% vested in year	% forfeited in year (A)	Financial years in which grant vests
Geoffrey S Crow	2,000,000	8 June 2011	100%	-	2011

[1] *Geoffrey S Crow was appointed as a director on 24 February 2011*

(A) The % forfeited in the year represents the reduction from the maximum number of options available to vest due to performance criteria not being achieved.

REMUNERATION REPORT (continued)

6. Analysis of movements in options

	Granted in year $(A)	Value of options exercised in year $ (B)	Lapsed in year $ (C)
Directors			
Geoffrey S Crow[1]	54,435	-	-

[1] *Geoffrey S Crow was appointed as a director on 24 February 2011*

(A) The value of options granted in the year is the fair value of the options calculated at the grant date using the Black Scholes option-pricing model. The total value of the options granted is included in the table above. This amount is allocated to remuneration over the vesting period.

(B) The value of options exercised during the year is calculated as the market price exercised after deducting the price paid to exercise the option.

(C) The value of the options that lapsed during the year represents the benefit forgone and is calculated at the date the option lapsed using the Black Scholes option pricing model assuming performance criteria had been achieved.

7. Modification of terms of equity-settled share-based payment transactions

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

The audited remuneration report ends here.

DIRECTORS' INTERESTS

The relevant interest of each Director in the shares and options over such instruments issued by the companies within the Group and other related body corporates, as notified by the Directors to the ASX in accordance with S205G(1) of the *Corporations Act 2001*, at the date of this report is as follows:

Director	Ordinary Shares	Options over Ordinary Shares
Neil G Biddle	6,633,340	2,000,000
Paul E Burton	750,000	7,500,000
Geoffrey S Crow	402,205	4,000,000

Options granted to directors and officers of the company

During or since the end of the financial year the company did not grant any options to Directors or executives other than those set out at section 5 of the remuneration Report.

Unissued shares under option

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

Expiry date	Exercise price	Number of options
31 December 2011	$0.32	1,800,000
15 December 2012	$0.15	21,100,000

Shares issued on exercise of options

During or since the end of the financial year, the Company issued ordinary shares as a result of the exercise of options as follows (there are no amounts unpaid on the shares issued):

Number of shares	Amount paid on each share
1,500,000	$0.15

ETHICAL STANDARDS

All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group. Every employee has a nominated supervisor to whom they may refer any issues arising from their employment.

Code of Conduct

This code of conduct sets out the standard which the Board, management and employees of the Group are encouraged to comply with when dealing with each other, shareholders and the broader community.

Commitment of the Board and Management to Corporate Code of Conduct

The Board and management approve and endorse this code of conduct and support the code and all it strives to achieve.

The Board and management encourage all staff to consider the principles of the code and use them as a guide to determining how to respond when acting on behalf of the Group.

Responsibilities to Shareholders and the Financial Community generally

The Group aims:

To increase shareholder value within an appropriate framework which safeguards the rights and interests of the Group's shareholders and the financial community; and

To comply with systems of control and accountability which the Group has in place as part of its corporate governance with openness and integrity.

Responsibilities to Clients, Customers and Consumers

The Group is to comply with all legislative and common law requirements which affect its business, in particular those in respect of occupational health and safety, the environment, native title and cultural heritage. Any transgression from the applicable legal rules is to be reported to the Chief Executive Officer (or equivalent) as soon as a person becomes aware of such a transgression.

Employment Practices

The Group will employ the best available staff and consultants with skills required to carry out vacant positions.

The Group will ensure a safe work place and maintain proper occupational health and safety practices commensurate with the nature of the Group's business and activities.

Responsibility to the Community

The Group will recognise, consider and respect environmental issues which arise in relation to the Group's activities and comply with all applicable legal requirements.

Responsibility to the Individual

The Group recognises and respects the rights of individuals and to the best of its ability will comply with the applicable legal rules regarding privacy, privileges, private and confidential information.

Obligations Relative to Fair Trading and Dealing

The Group will deal with others in a way that is fair and will not engage in deceptive practices.

ETHICAL STANDARDS (continued)

Conflicts of Interest

The Board, management and employees must not involve themselves in situations where there is a real or apparent conflict of interest between them as individuals and the interests of the Group. Where a real or apparent conflict of interest arises the matter should be brought to the attention of the Chairman in the case of a Board member or the CEO, the CEO in the case of a member of management and a supervisor in the case of an employee, so that it may be considered and dealt with in an appropriate manner for all concerned.

Compliance with the Code

Any breach of compliance with this code is to be reported directly to the Chief Executive Officer (or equivalent) or Chairperson, as appropriate.

Periodic Review of Code

The Group will monitor compliance with the code periodically by liaising with the Board, management and staff especially in relation to any areas of difficulty which arise from the code and any other ideas or suggestions for improvement of the code. Suggestions for improvements or amendments to the code can be made at any time by providing a written note to the Chief Executive Officer (or equivalent).

Incorporation of Code of Conduct for executives

The Code of Conduct for executives forms part of this Corporate Code of Conduct.

All executives will:

1. Actively promote the highest standards of ethics and integrity in carrying out their duties for the Group.

2. Disclose any actual or perceived conflicts of interest of a direct or indirect nature of which they become aware and which they believe could compromise in any way the reputation or performance of the Group.

3. Respect confidentiality of all information of a confidential nature which is acquired in the course of the Group's business and not disclose or make improper use of such confidential information to any person unless specific authorisation is given for disclosure or disclosure is legally mandated.

4. Deal with the Group's customers, suppliers, competitors and each other with the highest level of honesty, fairness and integrity and to observe the rule and spirit of the legal and regulatory environment in which the Group operates.

5. Protect the assets of the Group to ensure availability for legitimate business purposes and ensure all corporate opportunities are enjoyed by the Group and that no property, information or position belonging to the Group or opportunity arising from these are used for personal gain or to compete with the Group.

6. Report any breach of this code of conduct to the chairperson, who will treat reports made in good faith of such violations with respect and in confidence.

LIKELY DEVELOPMENTS

The Group will continue to develop its Northern Territory exploration projects and manage its interest in the Cawse Extended project.

Additional comments on likely developments of the Group are included under the review of operations and activities and subsequent events of this report.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Group has agreed to indemnify current and former Directors and officers against all liabilities to another person (other than the Group or a related body corporate), including legal expenses that may arise from their position as Directors and officers of the Group and its controlled entities, except where the liability arises out of conduct involving a lack of good faith or for a pecuniary penalty under section 1317G or a compensation order under section 1317H of the *Corporations Act 2001.*

INSURANCE PREMIUMS

The Directors have not included details of the amount of the premium paid in respect of the Directors' and Officers' liability insurance contracts, as such disclosure is prohibited under the terms of the contract.

ENVIRONMENTAL REGULATIONS

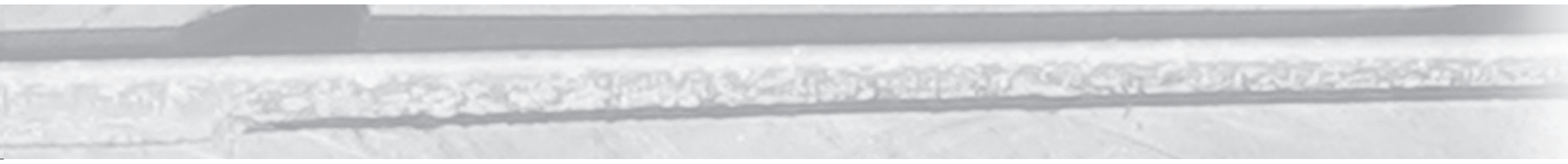
The consolidated entity holds various exploration licences to regulate its exploration activities in Australia. These licences include conditions and regulation with respect to the rehabilitation of areas disturbed during the course of its exploration activities. However, the Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

EVENTS SUBSEQUENT TO REPORTING DATE

On 3 August 2011, TNG signed a binding letter of intent with Jiangsu Eastern China Non-Ferrous Metals Investment Holding Company Ltd (ECE).

Under the terms:

- ECE's affiliate will subscribe for 122,058,000 TNG shares at an issue price of 11 cents per share to raise a total of $13,400,000, giving it a 30% stake following completion of the transaction which must occur no later than 30 November 2011;
- ECE will be offered two non-executive board positions on the TNG Board;
- A $2,000,000 loan facility to TNG to provide interim working capital to underpin the ongoing Pre-Feasibility Study and metallurgical test work program on the Mount Peak Project; provided by a private company introduced by ECE. If completion occurs on or before the completion date, 30 November 2011, TNG shall repay the loan amount including interest within 2 business days. If completion does not occur on or before the completion date TNG will repay the loan and along with accrued interest within 21 days unless the Lender elects to convert the loan into shares; and
- ECE also agree to enter into a separate Joint Venture Agreement through its affiliate in relation to TNG's McArthur Copper Project in the Northern Territory by funding the project.



The transaction is subject to the completion of due diligence, TNG shareholder approval and other regulatory approvals including the Australian Foreign Investment Review Board and Jingsu Provincial People's Government.

On 7 September 2011 TNG received the initial loan funding of $2,000,000 from ECE.

NON AUDIT SERVICES

KPMG, the Group's auditor, did not perform any other services in addition to their statutory duties.

AUDITOR INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 36 of the financial report and forms part of the Directors' report for the financial year ended 30 June 2011.

Signed in accordance with a resolution of the Directors.

Neil G Biddle

Non-executive Director
28 September 2011

KPMG

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

To: the directors of TNG Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2011 there have been:

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

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

KPMG

KPMG

Denise McComish

Partner

Perth

28 September 2011

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2011

	Note	2011 $	2010 $
Gain on sale of tenements		-	1,315,292
Other income	6(a)	3,836	60,682
Total income		3,836	1,375,974
Corporate and administration expenses	6(c)	(1,704,401)	(1,242,388)
Employment expenses	6(d)	(1,132,674)	(902,834)
Depreciation and amortisation expenses	6(e)	(40,499)	(122,606)
Impairment loss on exploration	15	-	(3,251,458)
Results from operating activities		(2,873,738)	(4,143,312)
Financial income		113,480	177,079
Financial expenses		-	(18)
Net financing income	6(b)	113,480	177,061
Loss before income tax		(2,760,258)	(3,966,251)
Income tax benefit	8	612,735	415,873
Net Loss for the year		(2,147,523)	(3,550,378)
Other comprehensive income			
Net change in the value of available for sale financial assets		(202,272)	242,727
Tax effect on other comprehensive income		60,682	(72,818)
Other comprehensive income for the year		(141,590)	169,909
Total comprehensive income for the year		(2,289,113)	(3,380,469)
Loss per share (cents per share)			
Basic loss per share (cents)	9	(0.807)	(1.376)
Diluted loss per share (cents)	9	(0.807)	(1.376)

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

Consolidated Statement of Financial Position
As at 30 June 2011

	Note	2011 $	2010 $
Current assets			
Cash and cash equivalents	11	3,210,387	2,907,429
Other receivables	12	351,097	258,044
Prepayments		99,070	38,363
Other investments	13	535,113	769,601
Total current assets		4,195,667	3,973,437
Non-current assets			
Plant and equipment	14	98,195	79,911
Exploration and evaluation expenditure	15	10,401,797	8,814,265
Total non-current assets		10,499,992	8,894,176
Total assets		14,695,659	12,867,613
Current liabilities			
Trade and other payables	16	1,148,983	517,568
Provisions	17	108,520	67,325
Total current liabilities		1,257,503	584,893
Total liabilities		1,257,503	584,893
Net assets		13,438,156	12,282,720
Equity			
Issued capital	18	27,135,277	24,308,487
Reserves		192,754	334,344
Retained earnings		(13,889,875)	(12,360,111)
Total equity		13,438,156	12,282,720

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

Consolidated Statement of Cash Flows
For the year ended 30 June 2011

	Note	2011 $	2010 $
Cash flows from operating activities			
Cash payments in the course of operations		(2,188,831)	(1,491,116)
Interest received		134,765	178,343
Research and development rebate		673,416	343,055
Net cash used in operating activities	23	(1,380,650)	(969,718)
Cash flows from investing activities			
Proceeds from sale of tenements		-	1,400,000
Joint venture – Initial payment		500,000	-
Capital returns from investments		-	60,682
Payments for plant and equipment		(79,678)	(18,748)
Payments for exploration and evaluation expenditure		(1,550,424)	(2,210,320)
Security deposits paid		(13,080)	(6,655)
Net cash used in investing activities		(1,143,182)	(775,041)
Cash flows from financing activities			
Net proceeds on issue of shares and exercise of options		2,826,790	-
Net cash received from financing activities		2,826,790	-
Net increase/(decrease) in cash and cash equivalents		302,958	(1,744,759)
Cash at the beginning of the financial year		2,907,429	4,652,188
Cash and cash equivalents at the end of the financial year	11	3,210,387	2,907,429

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

Consolidated Statement of Changes in Equity
For the year ended 30 June 2011

	Issued Capital $	Retained Earnings $	Fair value reserve $	Total $
At 1 July 2009	24,308,487	(9,255,630)	164,435	15,217,292
Profit for the period	-	(3,550,378)	-	(3,550,378)
Other comprehensive income	-	-	169,909	169,909
Total comprehensive income	-	(3,550,378)	169,909	(3,380,469)
Transactions with owners recorded directly in equity				
Share based payments expense	-	445,897	-	445,897
At 30 June 2010	24,308,487	(12,360,111)	334,344	12,282,720

At 1 July 2010	24,308,487	(12,360,111)	334,344	12,282,720
Profit for the period	-	(2,147,523)	-	(2,147,523)
Other comprehensive income	-	-	(141,590)	(141,590)
Total comprehensive income	-	(2,147,524)	(141,590)	(2,289,113)
Transactions with owners recorded directly in equity				
Share placement	2,777,280	-	-	2,777,280
Options exercised	225,000	-	-	225,000
Share issue costs	(175,490)	-	-	(175,490)
Share based payments expense	-	617,684	-	617,684
Prior year adjustment	-	75	-	75
At 30 June 2011	27,135,277	(13,889,875)	192,754	13,438,156

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

The Consolidated Statement of Changes in Equity is to read in conjunction with the notes to the financial statements.

1 Reporting Entity

TNG Limited (the 'Company') is a company domiciled in Australia. The address of the Company's registered office is Level 1, 282 Rokeby Road Subiaco, Western Australia 6008. The consolidated financial report of the Company as at and for the year ended 30 June 2011 comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group primarily is involved in the exploration of minerals within Australia (see note (10)).

2 Basis of Preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial report of the Group complies with International Financial Reporting Standards and Interpretations adopted by the International Accounting Standards Board.

(b) Basis of measurement

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

- financial instruments at fair value through profit or loss are measured at fair value;
- available-for-sale financial assets are measured at fair value;
- share based payments are measured at fair value.

The methods used to measure fair values are discussed further in Note 4.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of all entities in the Group.

(d) Use of estimates and judgements

Set out below is information about.

- Critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements; and
- Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

Critical judgements

Estimates and assumption

i. Exploration and evaluation assets

The ultimate recoupment of the value of exploration and evaluation assets is dependent on successful development and commercial exploitation: or alternatively, sale, of the underlying mineral exploration properties.

The Group undertakes at least on an annual basis, a review for indicators of impairment of these assets. Should an indicator of impairment exist, there is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts.

2 Basis of Preparation (continued)

The key areas of estimation and judgement that are considered in this review included:

- Recent drilling results and reserves resource estimates;
- Environmental issues that may impact the underlying tenements;
- The estimated market value of assets at the review date;
- Independent valuations of underlying assets that may be available;
- Fundamental economic factors such as mineral prices, exchange rates and current and anticipated operating cost in the industry;
- The groups market capitalisation compared to its net assets.

Information used in the review process is rigorously tested to externally available information as appropriate.

Changes in these estimates and assumptions as new information about the presence or recoverability of an ore reserve becomes available, may impact the assessment of the recoverable amount of exploration and evaluation assets. If, after having capitalised the expenditure under accounting policy 3(g), a judgement is made that recovery of the expenditure is unlikely, an impairment loss is recorded in the income statement in accordance with accounting policy 3(h). The carrying amounts of exploration and evaluation assets are set out in note 15.

(e) Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

As a result of the ECE transaction on 3 August 2011 the group secured a $2,000,000 loan facility along with an expected $13,400,000 share placement. The share placement is subject to the completion of due diligence, TNG shareholder approval and other regulatory approvals including the Australian Foreign Investment Review Board and Jingsu Provincial People's Government.

The $2,000,000 loan facility is repayable on the completion of the transaction unless the lender elects to convert the loan facility to shares. Should the transaction not be completed by 30 November 2011 the Group would need to raise additional funds to repay the $2,000,000 loan facility. The Directors are of the opinion that the Group would be able to raise the additional capital required to meet this obligation.

Notwithstanding the Group recorded a loss for the year ended 30 June 2011 of $2,147,523, the directors consider there are reasonable grounds to believe the company will be able to pay its debts as and when they fall due and payable as current assets exceeded current liabilities by $2,938,164.

Accordingly the going concern basis of preparation remains appropriate.

3 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial report from the date that control commences until the date that control ceases.

3 **Significant Accounting Policies (continued)**

(ii) Transactions eliminated on consolidation

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the entity.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Gains and losses are recognised as the contributed assets are consumed or sold by the associates, if not consumed or sold by the associate, when the Group's interest in such entities is disposed of.

(b) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted at the balance sheet date.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of transaction, affects neither the accounting profit nor taxable profit or loss. In respect of taxable temporary differences associated with investments in subsidiaries and associates except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised.

When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. When the deductible temporary difference is associated with investments in subsidiaries and associates in which case a deferred tax asset is only recognised tothe extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Statement of Comprehensive Income.

3 Significant Accounting Policies (continued)

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Research and Development rebates refunded from the Australian Tax Office are offset against Income Tax Benefit in the Statement of Comprehensive Income.

(c) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST except:

(i) Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;

(ii) Receivables and payables are stated with the amount of GST included;

(iii) The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet;

(iv) Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows; and

(v) Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(d) Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses. The cost of property and equipment at 1 July 2004, the date of transition to AASBs, was determined by reference to its fair value at that date. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Where parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

(ii) Leased assets

Leases in terms of which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. Lease payments are accounted for as described in note 3(m).

(iii) Subsequent costs

The Group recognises in the carrying amount of an item of plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the Statement of Comprehensive Income as an expense as incurred.

3 Significant Accounting Policies (continued)

(iv) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. The estimated useful lives in the current and comparative periods are as follows:

Leasehold improvements	4 years
Plant and equipment	3 to 8 years
Fixtures and fittings	3 to 8 years
Buildings	40 years

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

(e) Foreign currency translation

Transactions in foreign currencies are translated to the functional currency of the Group at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date.

Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

(f) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade dates, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits.

Accounting for finance income and expense is discussed in note 3(l)(iii).

Available-for-sale financial assets

The Group's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3(h)) and foreign exchange gains and losses on available-for-sale monetary items (see note 3(e)), are recognised as a separate component of equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit and loss.

3 Significant Accounting Policies (continued)

Investments at fair value through profit and loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest method.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment loss.

(ii) Share capital

Ordinary shares

Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit.

(g) Intangible assets

Exploration and evaluation assets

Exploration for and evaluation of mineral resources is the search for mineral resources after the entity has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the mineral resource. Accordingly, exploration and evaluation expenditure are those expenditures by the Group in connection with the exploration for and evaluation of minerals resources before the technical feasibility and commercial viability of extracting a mineral resources are demonstrable.

Accounting for exploration and evaluation expenditures is assessed separately for each 'area of interest'. An 'area of interest' is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit.

Expenditure incurred on activities that precede exploration and evaluation of mineral resources, including all expenditure incurred prior to securing legal rights to explore an area, is expensed as incurred. For each area of interest the expenditure is recognised as an exploration and evaluation asset where the following conditions are satisfied:

a) The rights to tenure of the area of interest are current; and

3 Significant Accounting Policies (continued)

b) At least one of the following conditions is also met:

(i) The expenditure is expected to be recouped through successful development and commercial exploitation of an area of interest, or alternatively by its sale; or

(ii) Exploration and evaluation activities in the area of interest have not, at reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of 'economically recoverable reserves' and active and significant operations in, or in relation to, the area of interest are continuing. Economically recoverable reserves are the estimated quantity of product in an area of interest that can be expected to be profitably extracted, processed and sold under current and foreseeable conditions.

Exploration and evaluation assets include:

- Acquisition of rights to explore;
- Topographical, geological, geochemical and geophysical studies;
- Exploratory drilling, trenching, and sampling; and
- Activities in relation to evaluating the technical feasibility and commercial viability of extracting the mineral resource.

General and administrative costs are allocated to, and included in, the cost of exploration and evaluation assets only to the extent that those costs can be related directly to the operational activities in the area of interest to which the exploration and evaluation assets relate. In all other instances, costs are expensed as incurred.

Exploration and evaluation assets are transferred to Development Assets once technical feasibility and commercial viability of an area of interest is demonstrable. Exploration and evaluation assets are assessed for impairment, and any impairment loss is recognised, prior to be reclassified.

The carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective area of interest.

Impairment testing of exploration and evaluation assets

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability or facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Exploration and evaluation assets are tested for impairment when any of the following facts and circumstances exist:

- The term of exploration licence in the specific area of interest has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area are not budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities on mineral resources and the decision was made to discontinue such activities in the specified area; or
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recovered in full from successful development or by sale.

Where a potential impairment is indicated, an assessment is performed for each CGU which is no larger than the area of interest. The company performs impairment testing in accordance with accounting policy 3(h)(ii).

3 Significant Accounting Policies (continued)

(h) Impairment

(i) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised in profit and loss if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

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

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

3 Significant Accounting Policies (continued)

(i) Employee benefits

(i) Share based payments

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(ii) Short term benefit

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

(iii) Defined contribution funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the income statement as incurred.

(j) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all diluted potential ordinary shares, which comprise convertible notes and share options granted to employees.

(k) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

(l) Income and Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense and spread over the term of lease.

3 Significant Accounting Policies (continued)

(ii) Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(iii) Finance income and expenses

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, foreign currency gains, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

(iv) Sale of goods

Income from the sale of tenements and assets held for trading are recognised when significant risk and rewards of ownership of the goods passes to the customer provided that the amount of revenue and the costs incurred or to be incurred can be measured reliably.

(m) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Other leases are operating leases which are not recognised on the Group's Statement of Financial Performance.

(n) Segment reporting

As of 1 July 2009 the Group determines and presents operating segments based on the information provided by the Board of directors who collectively are the Group's Chief Operating Decision Maker ("CODM"). This change in accounting policy is due to the adoption of IFRS 8 Operating Segments. Previously operating segments were determined and presented in accordance with AASB 14 Segment Reporting. The new accounting policy in respect of segment operating disclosures is presented as follows.

Comparative segment information has been re-presented in conformity with the transitional requirement of such standard. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share. An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses. All operating segments' operating results are regularly reviewed by the CODM to make decisions about the resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The above change has had no impact on disclosure or comparative financial information.

3 Significant Accounting Policies (continued)

(o) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2011, but have not been applied in preparing this financial report.

(i) AASB 9 *Financial Instruments* includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 will become mandatory for the Group's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier. The Group has not yet determined the potential effect of the standard.

(ii) AASB 124 *Related Party Disclosures* (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The amendments, which will become mandatory for the Group's 30 June 2012 financial statements, are not expected to have any impact on the financial statements.

(iii) AASB 2009-5 *Further amendments to Australian Accounting Standards arising from the Annual Improvements Process* affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Group's 30 June 2012 financial statements, are not expected to have significant impact on the financial statements.

(iv) AASB 11 *Joint Arrangements*, which becomes mandatory for the Group's 30 June 2014 financial statements and could change the classification and measurement of investments in jointly controlled entities. The Group does not plan to adopt this standard early and the extent of the impact has not been determined.

(v) Amended AASB 119 *Employee Benefits*, which becomes mandatory for the Group's 30 June 2014 financial statements and could change the definition of short-term and other long-term employee benefits and some disclosure requirements. The Group does not plan to adopt this standard early and the extent of the impact has not been determined.

4 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Equity investments

The fair value of financial assets at fair value through profit or loss and available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date.

(ii) Other receivables, trade and other payables

Other receivables, trade and other payables are short term in nature. As a result, the fair value of these instruments is considered to approximate its fair value.

(iii)Share-based payment transactions

The fair value of employee options is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

5 Financial Risk Management

Overview

This note presents information about the Group's exposure to credit, liquidity and market risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Group does not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the group through regular reviews of the risks.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. For the Company it arises from receivables due from subsidiaries.

Presently, the Group undertakes exploration and evaluation activities exclusively in Australia. At the balance sheet date there were no significant concentrations of credit risk for the Group other than cash.

5 Financial Risk Management (continued)

Credit risk (continued)

Cash and cash equivalent

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating. The Group also has its term deposits spread between a number of approved deposit taking institutions so the consolidated balance is covered under the Commonwealth governments Bank deposit Guarantee scheme.

Trade and other receivables

As the Group operates primarily in exploration activities it does not carry a material balance of trade receivables and therefore is not exposed to credit risk in relation to trade receivables.

The Group has established an allowance for impairment that represents its estimate of incurred losses in respect of loans to subsidiaries and investments. The management does not expect any counterparty to fail to meet its obligations. Other receivables mainly comprise of GST receivables.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

		Consolidated	
		Carrying amount	
	Note	2011	2010
		$	$
Trade and other receivables	12	351,097	258,044
Cash and cash equivalents	11	3,210,387	2,907,429
		3,561,484	3,165,473

Impairment losses

None of the Group's other receivables are past due (2010: nil).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by monitoring forecast and actual cash flows.

5 Financial Risk Management (continued)

Liquidity risk (continued)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Consolidated

30 June 2011

	Carrying amount	Contractual cash flows	<3 months	3-6 mths	6-24 mths	>2 years
Trade and other payables	1,148,983	(1,148,983)	(1,148,983)	-	-	-
	1,148,983	(1,148,983)	(1,148,983)	-	-	-

30 June 2010

	Carrying amount	Contractual cash flows	<3 months	3-6 mths	6-24 mths	>2 years
Trade and other payables	517,568	(517,568)	(517,568)	-	-	-
	517,568	(517,568)	(517,568)	-	-	-

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is not exposed to currency risk and at balance sheet date the Group holds no financial assets or liabilities which are exposed to foreign currency risk.

Interest rate risk

The Group is exposed to interest rate risk (primarily on its cash and cash equivalents and loans and borrowings), which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Group does not use derivatives to mitigate these exposures.

The Group adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in high interest bearing accounts.

5 Financial Risk Management (continued)

Market risk (continued)

Profile

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

	Note	Consolidated Carrying amount 2011 $	2010 $
Variable rate instruments			
Cash and cash equivalents	11	1,210,387	907,429
Fixed rate instruments			
Cash and cash equivalents	11	2,000,000	2,000,000
Security deposits	12	137,357	124,277
		2,137,357	2,124,277

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased or decreased the Group's equity and profit or loss by $12,103 (2010: $9,074).

Other Market Price Risk

Other Equity price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

Investments are managed on an individual basis and material buy and sell decisions are approved by the Board of Directors. The primary goal of the Group's investment strategy is to maximise investment returns.

The Group's investments are solely in listed equity instruments and options. Equity instruments are classified as available-for-sale and are carried at fair value with fair value changes recognised directly in equity until derecognised. Options are classified as held for trading and are carried at fair value with fair value changes recognized in statement of comprehensive income.

5 Financial Risk Management (continued)

Market risk (continued)

The following table details the breakdown of the investment assets and liabilities held by the Group:

30 June 2011	Note	Quoted market price (Level 1) $	Valuation technique Market Observable inputs (Level 2) $	Valuation technique Non market Observable inputs (Level 3) $
Available for sale assets	13	525,909	-	-
Held for trading	13	9,204	-	-
Total equity investments		535,113	-	-

30 June 2010	Note	Quoted market price (Level 1) $	Valuation technique Market Observable inputs (Level 2) $	Valuation technique Non market Observable inputs (Level 3) $
Available for sale assets	13	728,181	-	-
Held for trading	13	41,420	-	-
Total equity investments		769,601	-	-

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of the listed equity investments are based on quoted market prices (level 1).

Reconciliation of fair value movements	Level 1	
	2011 $	2010 $
Opening balance	769,601	511,022
Other comprehensive income	(202,272)	242,727
Financial income/(expense)	(32,216)	15,852
Closing balance	535,113	769,601
Total gain/(loss) stated in the table above for assets held at the end of the period	(32,216)	15,852

5 Financial Risk Management (continued)

Sensitivity analysis

The Group's available for sale equity investments and options held for trading are listed on the Australian Securities Exchange. A 10% increase in prices at 30 June 2011 would have increased equity by $52,590 (2010: $72,818) and increased profit and loss by $920 (2010: $4,142); an equal change in the opposite direction would have decreased equity by $52,590 (2010: $72,818) and decreased profit and loss by $920 (2010: $4,142). The group has determined that this is a reasonable shift in the market prices.

Commodity Price Risk

The Group operates primarily in the exploration and evaluation phase and accordingly the Group's financial assets and liabilities are subject to minimal commodity price risk.

Capital Management

The group has defined its capital as paid up share capital.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets or reduce debt. The Group's focus has been to raise sufficient funds through equity to fund exploration and evaluation activities.

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

6 Income and Expenses

	Consolidated	
	2011	**2010**
	$	**$**
(a) Other income		
Capital returns from investments	-	60,682
Other income	3,836	-
Total Income	3,836	60,682

(b) Net financial income		
Interest income	145,696	161,227
Change in fair value of investments held-for-trading	(32,216)	15,852
Finance Income	113,480	177,079
Interest expense	-	(18)
Finance expense	-	(18)
Net finance income/(expense)	113,480	177,061

6 Income and Expenses (continued)

	Note	Consolidated 2011 $	Consolidated 2010 $
(c) Corporate and Administration expenses			
Travel and accommodation		148,720	216,685
Directors fees		146,000	179,251
Legal fees		228,475	88,698
Promotional		278,631	58,173
Office on-charges		(389,885)	(453,614)
Contractors and consultancy		514,029	265,035
Occupancy		255,802	229,226
Other		522,629	658,934
Total Corporate and Administration		1,704,401	1,242,388

The Group invoiced another party $389,885 (2010: $453,614) for the reimbursement of office and administration costs during the year and incurred $190,550 in operating lease expenses.

	Note	Consolidated 2011 $	Consolidated 2010 $
(d) Employment expenses			
Wages and salaries		444,259	421,555
Other associated personnel expenses		15,197	2,684
Contributions to defined contribution plans		55,534	32,698
Equity settled share- based payment transaction	24	617,684	445,897
Total Employment expenses		1,132,674	902,834
(e) Depreciation and amortisation			
Depreciation of:			
Plant and equipment	14	38,195	60,179
Leasehold improvements	14	2,304	62,427
Total depreciation		40,499	122,606

7 Auditors' Remuneration

	Consolidated	
	2011	2010
	$	$
Auditors of the Group		
KPMG Australia:		
Audit and review of financial reports	50,049	45,000
	50,049	45,000

8 Income Tax

	Consolidated	
	2011	2010
	$	$
A reconciliation between tax expense and pre-tax loss:		
Accouting loss before income tax	(2,760,258)	(3,966,251)
At the domestic interest tax rate of 30% (2010: 30%)	(828,077)	(1,189,875)
Expenditure not deducted for income tax purposes		
Share-based payments	185,305	133,769
Other non-deductible	94,471	51,910
Tax losses and temporary differences not brought to account	608,983	931,378
Other tax offsets		
Research and Development rebate	(673,417)	(343,055)
Income tax benefit reported in the income statement	(612,735)	(415,873)
Unused tax losses	21,169,883	19,439,276
Potential tax benefit @ 30%	6,350,965	5,831,783
Tax losses offset against tax liabilities	(2,726,748)	(2,001,090)
Unrecognised tax benefit	3,624,217	3,830,693
Reconciliation of income tax benefit		
Current tax expense		
Research and development rebate	(673,417)	(343,055)
Deferred tax expense		
Other comprehensive income	60,682	72,818
	(612,735)	415,873

8 Income Tax (continued)

All unused tax losses were incurred by Australian entities

Potential future income tax benefits net of deferred tax liabilities attributable to tax losses (both consolidated and Parent Entity) have not been brought to account because the Directors do not believe it is appropriate to regard realisation of the future income tax benefits as probable.

The benefits of these tax losses will only be obtained if:

(i) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;

(ii) the conditions for deductibility imposed by tax legislation continue to be complied with; and

(iii) no changes in tax legislation adversely affect the Group in realising the benefit.

Deferred income tax

Balance Sheet	Consolidated	
	2011	2010
	$	$
Deferred income tax relates to the following:		
Deferred Tax Liabilities		
Exploration and evaluation assets	2,726,748	1,930,746
Other	-	70,344
Deferred Tax Assets – tax losses		
Other deferred tax assets used to offset deferred tax liabilities	(2,726,748)	(2,001,090)
	-	-

Tax Consolidation Legislation

TNG Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation from 1 July 2003. The accounting policy in relation to this legislation is set out in note 3(b).

The entities have not entered into a tax funding agreement.

9 Earnings Per Share

The calculation of basic earnings per share for the year ended 30 June 2011 was based on the loss attributable to ordinary shareholders of $2,147,523 (2010: loss $3,550,378) and a weighted average number of ordinary shares on issue during the year ended 30 June 2011 of 266,262,678 (2010: 258,055,077).

9 Earnings Per Share (continued)

Loss attributable to ordinary shareholders

	2011 $	2010 $
Loss for the period	(2,147,523)	(3,550,378)
Loss attributable to ordinary shareholders	(2,147,523)	(3,550,378)

Weighted average number of ordinary shares

	2011 Numbers	2010 Numbers
Number of ordinary shares at 1 July	258,055,077	258,055,077
Effect of shares issued	8,207,601	-
Weighted average number of ordinary shares at 30 June	266,262,678	258,055,077

At balance sheet date the Group has options which were not yet exercised as per note 18.

Potential ordinary shares are not considered dilutive as their conversion does not show an inferior view of the earnings performance of the Group. Accordingly diluted earnings per share is the same as the basic earnings per share.

10 Segment Information

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

11 Cash And Cash Equivalents

	Consolidated	
	2011 $	2010 $
Cash	3,210,387	2,907,429

12 Other Receivables

	Consolidated	
	2011	2010
	$	$
Current		
Trade receivables	54,445	-
Other receivables	12,424	76,304
Bank short term security deposits	137,357	124,277
GST receivables	146,871	57,463
	351,097	258,044

Bank short term deposits maturing between 30 - 90 days are paying interest at a weighted average interest rate of 5.52% (90 day deposits 2010: 5.64%).

13 Other Investments

	Consolidated	
	2011	2010
	$	$
Current investments		
Financial assets held for trading	9,204	41,420
Available-for-sale investments	525,909	728,181
	535,113	769,601

Available-for-sale investments

Available-for-sale investments consist of shares in companies listed on the Australian Securities Exchange ("ASX") which operate in mineral exploration.

	Consolidated	
	2011	2010
	$	$
Balance at 1 July	728,181	485,454
Change in fair value	(202,272)	242,727
Balance at 30 June	525,909	728,181

13 Other Investments (continued)

Financial assets held for trading

Investments carried as financial assets held for trading consists of options in companies listed on the Australian Securities Exchange ("ASX") which operate in mineral exploration.

	Note	Consolidated 2011 $	2010 $
Balance at 1 July		41,420	25,568
Change in fair value	6(b)	(32,216)	15,852
		9,204	41,420

14 Plant & Equipment

	Consolidated 2011 $	2010 $
Cost		
Leasehold improvements		
Balance at 1 July	250,379	250,379
Additions	28,655	-
Balance at 30 June	279,034	250,379
Plant and equipment		
Balance at 1 July	545,941	506,296
Additions	30,128	39,645
Disposal	(4,662)	-
Balance at 30 June	571,407	545,941
Accumulated Depreciation		
Leasehold improvements		
Balance at 1 July	248,754	186,327
Depreciation charge for the year	2,304	62,427
Disposal	-	-
Balance at 30 June	251,058	248,754
Plant and equipment		
Balance at 1 July	467,655	407,476
Depreciation charge for the year	38,195	60,179
Disposal	(4,662)	-
Balance at 30 June	501,188	467,655

14 Plant & Equipment (continued)

	Consolidated 2011 $	Consolidated 2010 $
Carrying amounts		
Leasehold improvements		
At 1 July	1,625	64,052
At 30 June	27,976	1,625
Plant and equipment		
At 1 July	78,286	98,820
At 30 June	70,219	78,286
Total	98,195	79,911

15 Exploration and Evaluation Expenditure

	Consolidated 2011 $	Consolidated 2010 $
Cost		
Balance at 1 July	8,814,265	9,940,111
Exploration expenditure	2,087,532	2,210,320
Sale of tenements	-	(84,708)
Joint venture – Initial payment	(500,000)	-
Impairment	-	(3,251,458)
Balance at 30 June	10,401,797	8,814,265
Drilling and analysis	383,370	638,728
Analysis	896,913	-
Other expenditure including Metallurgical test work and salaries	807,249	1,571,592
Total exploration expenditure	2,087,532	2,210,320

15 Exploration and Evaluation Expenditure (continued)

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas. At balance date the carrying amount of exploration and evaluation expenditure was $10,401,797 of which $5,180,700 is attributable to the significant exploration of the consolidated entity's Manbarrum project, $1,253,000 to Cawse Extended, with the balance relating to other current exploration programs including Mount Peake.

Manbarrum

On 9 February 2011 TNG signed a Joint venture Agreement on the Manbarrum project with the Sorby Hills Joint Venture ("SHJV"). The SHJV is a Joint Venture between ASX listed Kimberley Metals Limited (ASX: KBL) and Yuguang (Australia) Pty Ltd.

Under the terms of the agreement the SHJV must spend $4,500,000 to earn a 51% interest in the project. TNG will receive a cash payment of $2,500,000, comprising an initial payment of $500,000 received in 2011 and a final payment of $2,000,000 due by December 2013. In addition, the SHJV must spend a further $2,000,000 on exploration at Manbarrum over the next three field seasons. The final payment of $2,000,000 is contingent upon SHJV electing to participate in the Joint Venture.

On completion of earn-in a formal Joint Venture will be formed between TNG and SHJV for the ongoing development of the Manbarrum Project, with TNG retaining a 49% stake.

The SHJV can elect to increase its stake in the Manbarrum Project to 80% by sole funding all exploration and development activities through to a Decision to Mine. On SHJV earning 80% interest, TNG may maintain its 20% interest or sell a 20% interest to SHJV for $3,000,000 (CPI indexed) with a 2% NSR or convert it 20% interest to a 3% NSR.

Cawse Extended

Norilsk Nickel Australia ("Norilsk') has placed the Cawse Nickel operations (100% Norilsk) on indefinite care and maintenance which will delay any recommencement of mining operations at Cawse Extended. They have recently indicated that there will be a gradual restart of their Australian operations of which Cawse forms a part but are yet to confirm any definative timeframe.

The Directors of TNG remain of the belief that Cawse Extended is an important part of the overall Cawse operations. They also recognise that one of the keys to re-opening the Cawse operations is plant size and efficiency. The resources located on the Joint Venture tenements will be an integral part of this strategy but this could take some time to achieve.

The tenements in relation to the Cawse extended project have been tested for impairment using a royalty valuation method resulting in a estimated value of $5,012,000. Given the current economic climate and state of operations, a more conservative valuation of $1,253,000 has been assessed by management.

16 Trade and Other Payables

	Consolidated	
	2011	2010
	$	$
Current		
Trade payables	843,963	263,839
Other	305,020	253,729
	1,148,983	517,568

17 Provisions

	Consolidated 2011 $	Consolidated 2010 $
Employee provisions		
Current		
Balance at 1 July	67,325	40,233
Provisions made/used during the year	41,195	27,092
Balance at 30 June	108,520	67,325

18 Capital

	Consolidated 2011 $	Consolidated 2010 $
Issued and paid-up share capital	27,135,277	24,308,487

(a) Movements in shares on issue

	2011 Number	2011 $	2010 Number	2010 $
Balance at the beginning of year	258,055,077	24,308,487	258,055,077	24,308,487
Share placement	25,247,985	2,777,280	-	-
Options exercised	1,500,000	225,000	-	-
Share issue costs	-	(175,490)	-	-
Balance at end of year	284,803,062	27,135,277	258,055,077	24,308,487

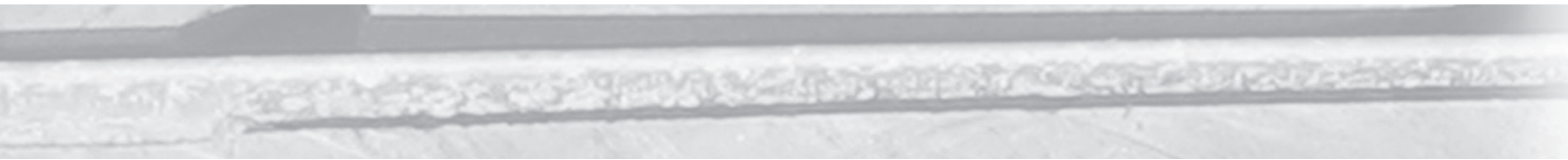
In March 2011 the general meeting of shareholders decided on the issuance of 25,247,985 ordinary shares at an exercise price of $0.11 per share (2010: 0). All issued shares are fully paid.

Additionally, 1,500,000 thousand ordinary shares were issued as a result of the exercise of vested options arising from the 2010 share option programme granted to key management (see the 2010 consolidated financial statements of the Group) (2010: 0). Options were exercised at an average price of $0.15 per option. All issued shares are fully paid.

Terms and conditions of contributed equity

Holders of ordinary shares are entitled to receive dividends that may be declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds from liquidation.



18 Capital (continued)

Effective 1 July 1998, the Company Law Review Act abolished the concept of par value shares and authorised capital. Accordingly, the Company does not have authorised capital or par value in respect of its issued shares.

(b) Options on issue

		Number at the end of the year	
Expiry Date	**Exercise Price**	**2011**	**2010**
31 December 2011 (unlisted)	$0.38	1,800,000	1,800,000
31 August 2011 (unlisted)	$0.15	500,000	500,000
15 December 2012 (unlisted)	$0.15	21,100,000	13,600,000

Please refer to note 24 for the details of options on issue.

Terms and conditions of options

Share options carry no rights to dividends and no voting rights.

(c) Dividends

No dividends were declared or paid during the 2011 financial year.

	Consolidated	
Dividend franking account	**2011**	**2010**
	$	**$**
30% franking credits available to shareholders of TNG for subsequent financial years	1,008,568	1,008,568

The above available amounts are based on the balance of the dividend franking account at year end adjusted for franking credits that the entity may be prevented from distributing in subsequent years.

19 Commitments

Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State governments. These requirements are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial report.

	Consolidated	
	2011	**2010**
	$	**$**
Exploration commitments payable not provided for in the financial report:		
Within one year	411,685	85,044
Operating lease commitments		
Operating lease commitments comprise premises and office equipment and are payable as follows:		
Within one year	185,052	187,550
Between one year and 5 years	786,092	-
	971,144	187,550

20 Contingent Liabilities

The details and estimated maximum amounts of contingent liabilities that may become payable are set out below.
The Directors are not aware of any circumstance or information which could lead them to believe that these liabilities will crystallise and consequently no provisions are included in the financial statements in respect of these matters.

	Consolidated	
	2011	2010
	$	$
Litigation		
Constructive trust claim over the Kanowna Securities. Refer below.	2,146,687[1]	2,146,687[1]
Guarantees		
A guarantee has been provided to support unconditional environmental performance bonds	137,357	117,000
Total estimated contingent liabilities	2,284,044	2,263,687

1 The Commonwealth claims that it is entitled to an amount of $2,146,687 representing a claim of $1,274,000 for the value of the Kanowna Light NL shares and interest thereon since early 2000 (to the date of the claim). TNG may also be liable for the Commonwealths costs which are not included in the contingent liability figure above.

Indemnities have been provided to Directors and certain executive officers of the Company in respect of liabilities to third parties arising from their positions, except where the liability arises out of conduct involving a lack of good faith.
No monetary limit applies to these agreements and there are no known obligations outstanding at 30 June 2011.

Constructive Trust Claim

Resolution of matters arising from 1998.

In the period September to December 1998 management control of TNG was held by interests associated with Davis Samuel Pty Ltd (Davis Samuel). The Davis Samuel nominee Directors committed TNG to a series of transactions involving expenditure totalling $1,526,000. The Australian Stock Exchange Ltd (ASX) ruled that the transactions required shareholder approval. Shareholders subsequently voted against approving the transactions.

In December 1998, TNG entered into a settlement agreement with Davis Samuel and its Directors which effectively provided for the repayment of the funds expended, and TNG would in turn transfer its shares and options in Kanowna Lights Limited (the Kanowna Securities) to Davis Samuel.

The Commonwealth of Australia (the Commonwealth) in proceedings in the Supreme Court of the Australian Capital Territory claimed that it was entitled to a constructive trust over the Kanowna Securities and obtained an injunction preventing TNG from selling or otherwise disposing of them. The Commonwealth has claimed that as constructive trustee, TNG is liable to account for the highest value of the shares at the time they were acquired. The Commonwealth gave an undertaking as to damages.

Subsequently, in September 1999, Davis Samuel purported to rescind the December 1998 Settlement Agreement.

The Commonwealth is on notice that if TNG suffers damages as a result of the Commonwealth's injunction, and the Commonwealth ultimately fails to prove its constructive trust claim, TNG will claim the damages from the Commonwealth.

The Commonwealth claims that it is entitled to $1,274,000 for the value of the Kanowna Lights shares plus about $1m interest since early 2000. If TNG is unsuccessful in the proceedings, it may also be liable to pay the Commonwealth costs, bringing the total liability to an expected maximum of $3,000,000.

TNG, as a party to the proceedings instituted by the Commonwealth, issued cross-claims against Davis Samuel and several other parties including Messrs Allan Endresz, Peter Cain, William Forge, David Muir and Peter Clark.

TNG is also vigorously defending the Commonwealth claims. The court hearing commenced in June 2008 and concluded in the last quarter of 2008. The court has reserved its decision, which is not expected for some time due to the length of the hearing. It is not possible to predict the likely outcome or its timing.

Any adverse finding made against TNG which cannot be successfully recovered from cross claims made against other parties may result in TNG being liable to pay up to the amount claimed by the Commonwealth. TNG may also be liable for costs of the proceedings if awarded against it, as well as its own legal cost.

21 Deed Of Cross Guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998 the wholly owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports and Directors reports.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor, payment in full, in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act 2001, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the Deed are Connaught Mining NL and Enigma Mining Limited. In accordance with the terms of the Class Order a consolidated income statement and consolidated balance sheet comprising the entities that are party to the Deed as set out below.

	Consolidated	
Statement of Financial Position	**2011**	**2010**
	$	**$**
Cash assets	3,195,220	2,905,969
Trade and other receivables	318,482	218,844
Prepayments	99,070	36,539
Other investments	535,113	769,601
Total current assets	4,147,885	3,930,953
Other investments	-	-
Plant and equipment	97,598	69,398
Intercompany loan	5,482,830	5,746,284
Exploration and evaluation expenditure	4,965,145	3,108,314
Total non-current assets	10,545,573	8,923,996
Total assets	14,693,458	12,854,949
Trade and other payables	1,146,782	504,904
Provision	108,520	67,325
Total current liabilities	1,255,302	572,229
Total liabilities	1,255,302	572,229
Net assets	13,438,156	12,282,720
Issued capital	27,135,277	24,308,487
Reserves	192,754	334,344
Retained earnings	(13,889,875)	(12,360,111)
Total equity	13,438,156	12,282,720

Statement of Comprehensive Income and retained earnings	Consolidated 2011 $	2010 $
Loss before income tax	(2,147,523)	(3,550,378)
Share based payments	617,684	445,897
Movement in retained earnings	(1,529,839)	(3,104,481)
Retained earnings at beginning of year	(12,360,111)	(9,255,630)
Retained earnings at end of year	(13,389,950)	(12,360,111)

22 Consolidated Entities

Subsidiaries	Country of Incorporation	2011 % of Ownership	2010 % of Ownership
Connaught Mining NL	Australia	100	100
Enigma Mining Limited	Australia	100	100
Tennant Creek Gold (NT) Pty Ltd	Australia	100	100
Manbarrum Mining Pty Ltd	Australia	100	100
TNG Energy Pty Ltd[1]	Australia	100	100

[1] Direct subsidiary of Enigma Limited

23 Notes To The Statements Of Cash Flows

Reconciliation of cash flows from operating activities

	Consolidated 2011 $	2010 $
Net loss for the period	(2,147,492)	(3,550,378)
Add/(less) items classified as investing/financing activities:		
Gain on sale of tenements	-	(1,315,292)
Return of capital from investments	-	(60,682)
Add/(less) non-cash items:		
Depreciation and amortisation	40,499	122,606
Share based payments	617,684	445,897
Gain on Held for trading investments	32,216	(15,852)
Impairment of exploration costs	-	3,251,458
Tax effect on other comprehensive income	60,681	(72,818)
	(1,396,412)	(1,195,061)
Change in assets and liabilities:		
Increase/(decrease) in current payables, borrowing and provisions	562,305	267,555
(Increase)/decrease in current receivables	(51,227)	(42,212)
Net cash used in operating activities	(885,333)	(969,718)

24 Employee Benefits

	Note	Consolidated 2011 $	2010 $
Aggregate liability for employee benefits, including on-costs			
Current			
Employee benefits provision	17	108,520	67,325

Defined contribution superannuation funds

The Group made contributions to the employees nominated superannuation funds. The amount recognised as an expense was $55,534 for the financial year ended 30 June 2011 (2010: $32,698).

Share-based payments

Summary of options over unissued ordinary shares granted.

During the financial year 5,000,000 options were issued to Advides Global Investments (Option series 11) and 2,000,000 options were issued to Geoffrey S Crow (Option series 12).

The following share-based payment arrangements are in existence:

Option series	Number	Not vested	Grant date	Expiry date	Exercise price $	Fair Value at grant date $	Vesting date
2	500,000	-	5 Apr 2007	31 Dec 2011	$0.380	$0.289	31 May 2007
6	100,000	-	5 Apr 2007	31 Dec 2011	$0.380	$0.289	31 Dec 2007
2	500,000	-	5 Apr 2007	31 Dec 2011	$0.380	$0.289	31 May 2008
6	100,000	-	5 Apr 2007	31 Dec 2011	$0.380	$0.289	31 Dec 2008
2	500,000	-	5 Apr 2007	31 Dec 2011	$0.380	$0.289	31 May 2009
6	100,000	-	5 Apr 2007	31 Dec 2011	$0.380	$0.289	31 Dec 2009
7	250,000	-	25 Aug 2008	31 Aug 2011	$0.150	$0.036	31 Aug 2008
7	250,000	-	25 Aug 2008	31 Aug 2011	$0.150	$0.036	31 Jan 2009
8	11,500,000	-	24 Nov 2009	15 Dec 2012	$0.150	$0.033	24 Nov 2009
9	600,000	-	24 Dec 2009	15 Dec 2012	$0.150	$0.037	24 Dec 2009
10	2,000,000[1]	-	3 Jun 2010	15 Dec 2012	$0.150	$0.015	3 June 2010
11	5,000,000	-	8 Feb 2011	15 Dec 2012	$0.150	$0.107	8 Feb 2011
12	2,000,000	-	8 Jun 2011	15 Dec 2012	$0.150	$0.027	8 June 2011

[1] Issued in August 2010

24 Employee Benefits (continued)

The fair value of equity share options granted is estimated at the issue date using the Black-Scholes model, taking into account the terms and conditions upon which the options are granted. The following table lists the inputs to the model used for the years ended 30 June 2011.

Grant date	5 April 2007	25 Aug 2008	24 Nov 2009	24 Dec 2009	3 June 2010[1]	8 Feb 2011	8 June 2011
Dividend yield	-	-	-	-			
Underlying security spot price	$0.42	$0.072	$0.07	$0.08	$0.05	$0.15	$0.08
Exercise price	$0.38	$0.15	$0.15	$0.15	$0.15	$0.15	$0.15
Standard deviation of returns	80.00%	100%	88.74%	88.74%	88.74%	151.60%	98.99%
Risk free rate	6.09%	4.58%	5.10%	5.10%	5.04%	5.12%	5.12%
Expiration period	4-7 years	3 years	3.1 years	2.9 years	2.5 years	1.85 years	1.52 years
Black Scholes valuation	$0.289	$0.036	$0.033	$0.036	$0.014	$0.106	$0.027
Vesting Period	Immediately	Immediately	Immediately	Immediately	12 months	Immediately	Immediately

[1] Issued in August 2010

Employee expenses

	Note	Consolidated 2011 $	Consolidated 2010 $
Share options granted in 2010 equity settled		-	445,897
Share options granted in 2011 equity settled		617,684	-
Total expense/(income) recognised as employee expenses	6(d)	617,684	445,897

The number and weighted average exercise prices of share options is as follows:

	Consolidated			
	Weighted average exercise price 2011	Number of options 2011	Weighted average exercise price 2010	Number of options 2010
Outstanding at 1 July	0.28	15,900,000	0.47	16,500,000
Forfeited during the period	-	-	0.38	(14,200,000)
Exercised during the year	0.15	(1,500,000)	-	-
Granted during the period	0.15	9,000,000	0.15	13,600,000
Outstanding during the period	0.16	23,400,000	0.28	15,900,000
Exercisable at 30 June	0.16	23,400,000	0.19	15,900,000

The options outstanding at 30 June 2011 have an exercise price in the range of $0.15 to $0.32 and a weighted average contractual life of 1.36 years.

Options granted to Directors are disclosed under Note 25.

25 Key Management Personnel Disclosures

(a) Details of key management personnel

Directors

Neil G Biddle	(Non-executive Director)
Paul E Burton	(Managing Director)
Geoffrey S Crow[1]	(Non-executive Director)
John W Barr[2]	(Chairman)
Edward J Fry[3]	(Non-executive Director)

Executives

Scott L Rauschenberger	(Chief Financial Officer)
Simon L Robertson	(Company Secretary)

[1] Geoffrey S Crow was appointed director on 24 February 2011

[2] John W Barr resigned as director on 24 February 2011

[3] Edward J Fry resigned as director on 24 February 2011

(b) Compensation of key management personnel

Compensation by category

	Consolidated	
	2011	**2010**
	$	**$**
Key Management Personnel		
Short-term	973,173	788,273
Post-employment	37,886	40,936
Share-based payments	54,435	423,909
	1,065,494	1,253,118

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

(c) Equity instruments

All options refer to options over ordinary shares of TNG, which are exercisable on a one for one basis as approved by shareholders.

Options and rights over equity instruments

During the reporting period, the following options over ordinary shares were granted to Directors and executives and approved by shareholders.

The movement during the reporting period in the number of options over ordinary shares in TNG held, directly, indirectly or beneficially, by each key management personnel, including their personally-related entities, is as follows:

25 Key Management Personnel Disclosures (continued)

Movements in Options

	Held at 1 July 2010	Granted as remuneration	Expired	Exercised	Other	Held at 30 June 2011	Vested during the year	Vested and exercisable at 30 June 2011
Directors								
Neil G Biddle	2,000,000	-	-	-	-	2,000,000	-	2,000,000
Paul E Burton	7,500,000	-	-	-	-	7,500,000	-	7,500,000
Geoffrey S Crow[1]	-	2,000,000	-	-	2,000,000[1]	4,000,000	2,000,000	4,000,000
John W Barr[2]	2,000,000	-	-	-	(2,000,000)[3]	-	-	-
Edward J Fry[3]	2,000,000	-	-	-	(2,000,000)[2]	-	-	-
Executives								
Scott L Rauschenberger	500,000	-	-	-	-	500,000	-	500,000
Simon L Robertson	1,000,000	-	-	-	-	1,000,000	-	1,000,000

[1] Geoffrey S Crow was appointed director on 24 February 2011. 2,000,000 options were previously issued to Ballyhoo Pty Ltd of which Mr Crow is a director.

[2] John W Barr resigned as director on 24 February 2011

[3] Edward J Fry resigned as director on 24 February 2011

	Held at 1 July 2009	Granted as remuneration	Expired	Exercised	Other	Held at 30 June 2010	Vested during the year	Vested and exercisable at 30 June 2010
Directors								
John W Barr	3,000,000	2,000,000	(3,000,000)	-	-	2,000,000	-	2,000,000
Neil G Biddle	3,000,000	2,000,000	(3,000,000)	-	-	2,000,000	-	2,000,000
Edward J Fry	1,500,000	2,000,000	(1,500,000)	-	-	2,000,000	-	2,000,000
Paul E Burton	1,500,000	6,000,000	-	-	-	7,500,000	-	7,500,000
Executives								
Scott L Rauschenberger	-	500,000	-	-	-	500,000	-	500,000
Simon L Robertson	500,000	500,000	-	-	-	1,000,000	-	1,000,000

No amounts remain unpaid on the options exercised during the financial year at year end.

25 Key Management Personnel Disclosures (continued)

Equity holdings and transactions

The movement during the reporting period in the number of ordinary shares of TNG held, directly, indirectly or beneficially, by each key management personnel, including their personally-related entities is as follows:

	Held at 1 July 2010	Purchases	Received on exercise of options	Sales	Other[1]	Held at 30 June 2011
Directors						
Neil G Biddle	7,033,340	-	-	(400,000)	-	6,633,340
Paul E Burton	750,000	-	-	-	-	750,000
Geoffrey S Crow[1]	-	-	-	-	402,205[1]	402,205
John W Barr[2]	9,730,000	-	-	-	(9,730,000)[2]	-
Edward J Fry[3]	2,297,892	-	-	-	(2,297,892)[3]	-
Executives						
Scott L Rauschenberger	400,000	-	-	-	-	400,000

[1] Geoffrey S Crow was appointed director on 24 February 2011.

[2] John W Barr resigned as director on 24 February 2011

[3] Edward J Fry resigned as director on 24 February 2011

	Held at 1 July 2009	Purchases	Received on exercise of options	Sales	Other[1]	Held at 30 June 2010
Directors						
John W Barr	9,980,000	-	-	(250,000)	-	9,730,000
Neil G Biddle	7,033,340	-	-	-	-	7,033,340
Edward J Fry	2,297,892	-	-	-	-	2,297,892
Paul E Burton	750,000	-	-	-	-	750,000
Executives						
Scott L Rauschenberger	400,000	-	-	-	-	400,000

No shares were granted to key management personnel during the reporting period in 2010 and 2011. No shares were held by related parties of key management personnel.

(d) Other transactions with key management personnel

A number of key management personnel, or their personally-related entities, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Company or its subsidiaries in the reporting period. Their terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

The aggregate amounts recognised during the year relating to specified key management personnel and their personally-related entities, were total revenue of $Nil and total net expense after reimbursement of office costs of $48,493 (2010: $16,000). Details of the transactions are as follows:

25 Key Management Personnel Disclosures (continued)

	Transaction	Note	2011	2010
Specified Directors			$	$
Neil G Biddle	Corporate charters	(i)	12,500	16,000
Geoffrey S Crow	Consultancy services	(ii)	35,993	-
			48,493	16,000

(i) The Group used the services of Hannan Street Corporate Charters, an entity of which Mr Neil G Biddle is a related party. This amount forms part of salaries and fees balance contained within remuneration report.

(ii) The Group used the services of Ballyhoo Pty Ltd, an entity of which Mr Geoffrey S Crow is a related party.

Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms.

The Group invoiced a director related entity of Mr Biddle $389,885 (2010: $453,614) for the reimbursement of salaries and office and administration costs during the year.

26 Interest In Joint Venture Operations

Joint venture operations

			Consolidated			
Joint venture party	**Joint venture**	**Principal activities**	**Interest**		**Exploration expenditure**	
			2011	**2010**	**2011**	**2010**
			%	**%**	**$**	**$**
Norilsk Nickel Cawse Ltd	Cawse Extended	Nickel/Cobalt	20.00	20.00	-	-

Other interests in operations

La Mancha Pty Ltd	Kintore East	Gold	N/A – 2% Gold return interest	17.55	-	-
Crucible	McTavish	Gold	N/A - 3% Gross royalty	N/A - 3% Gross royalty	-	-

Exploration expenditure represents direct expenditure incurred by the Group.

TNG Limited has seperate Joint Venture agreements with both Western Desert Resources Ltd ("WDR") and the Sorby Hills Joint Venture ("SHJV") with respect to its non-core mineral exploration projects in the Northern Territory. Formal joint ventures will be formed betwen TNG and these parties upon completion of successful earn-ins.

Sorby Hills Joint Venture ("SHJV")

On 9 February 2011 TNG signed a Joint venture agreement on the Manbarrum project with the Sorby Hills Joint Venture ("SHJV"). The SHJV is a Joint Venture between ASX listed Kimberley Metals Limited (ASX: KBL) and Yuguang (Australia) Pty Ltd.

Under the terms of the agreement, TNG will receive a cash payment of $2,500,000, comprising an initial payment of $500,000 and a final payment of $2,000,000 due by December 2013. In addition, the SHJV must spend a further $2,000,000 on exploration at Manbarrum over the next three field seasons.

26 Interest In Joint Venture Operations (continued)

On completion of earn-in a formal Joint Venture will be formed between TNG and SHJV for the ongoing development of the Manbarrum Project, with TNG retaining a 49% stake.

The SHJV can elect to increase its stake in the Manbarrum Project to 80% by sole funding all exploration and development activities through to a Decision to Mine on SHJV earning 80% interest, TNG may maintain its 20% interest or sell a 20% interest to SHJV for $3,000,000 (CPI indexed) with a 2% NSR or convert it 20% interest to a 3% NSR.

27 Parent Entity Information

As at, and throughout, the financial year ending 30 June 2011 the parent entity of the Group was TNG Ltd.

	2011 $	2010 $
Current assets	3,486,280	3,151,440
Total assets	14,262,692	12,808,838
Current liabilities	849,481	573,531
Total liabilities	849,481	573,531
Issued capital	27,135,277	24,308,487
Retained earnings	(13,914,820)	(12,407,524)
Option reserve	192,754	334,344
Total shareholders' equity	13,413,211	12,235,307
Profit or loss of the parent entity	(2,147,523)	(1,182,188)
Total comprehensive income of the parent entity	(2,289,113)	(1,012,279)

Tax consolidation

TNG and its 100% owned Australian subsidiaries formed a tax consolidated group with effect from 1 July 2003. TNG is the head entity of the tax consolidated group. Members of the group have not entered into a tax sharing agreement.

The parent entity has entered into a Deed of Cross Guarantee with its subsidiaries. Refer note 21 for details.

Operating lease commitments

Operating lease commitments are payable as follows:

Within one year	185,052	183,975
Between one year and 5 years	786,092	-
	971,144	183,975

For contingent liabilities in relation to the parent entity, please refer to note 20.

28 Events Subsequent To Balance Date

On 3 August 2011 TNG signed a binding letter of intent with Jiangsu Eastern China Non-Ferrous Metals Investment Holding Company Ltd (ECE).

Under the terms:

- ECE's affiliate will subscribe for 122,058,000 TNG shares at an issue price of 11 cents per share to raise a total of $13,400,000, giving it a 30% stake following completion of the transaction which must occur no later than 30 November 2011;
- ECE will be offered two non-executive board positions on the TNG Board;
- A $2,000,000 loan facility to TNG to provide interim working capital to underpin the ongoing Pre-Feasibility Study and metallurgical test work program on the Mount Peak Project; provided by a private company introduced by ECE. If completion occurs on or before the completion date, 30 November 2011, TNG shall repay the loan amount including interest within 2 business days. If completion does not occur on or before the completion date TNG will repay the loan and along with accrued interest within 21 days unless the Lender elects to convert the loan into shares; and
- ECE also agree to enter into a separate Joint Venture Agreement through its affiliate in relation to TNG's McArthur Copper Project in the Northern Territory by funding the project.

The transaction is subject to the completion of due diligence, TNG shareholder approval and other regulatory approvals including the Australian Foreign Investment Review Board and Jingsu Provincial People's Government.

On 7 September 2011 TNG received the initial loan funding of $2,000,000 from ECE.

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

(a) the financial statements and notes, and the Remuneration report in the Director's report, set out on pages 25 to 30, are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2011 and of its performance, for the financial year ended on that date; and

(ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and *Corporation Regulations 2001*;

(b) the financial report also complies with International Financial Reporting standards as disclosed in note 2 (a)

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

2 There are reasonable grounds to believe that the Company and the group entities identified in note 21 will be able to meet any obligation or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and the controlled entities pursuant to ASIC Class Order 98/1418.

3 The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer (or equivalent) and chief financial officer for the financial year ended 30 June 2011

Signed in accordance with the resolution of the directors:

Neil G Biddle
Non-executive Director
Dated at Perth 28 September 2011

KPMG

Independent auditor's report to the members TNG Limited

Report on the financial report

We have audited the accompanying financial report of TNG Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2011, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 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 year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Independence

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

Auditor's opinion

In our opinion:

a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the Group's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Report on the remuneration report

We have audited the Remuneration Report included in pages 26 to 31 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of TNG Limited for the year ended 30 June 2011, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Denise McComish
Partner

Perth

28 September 2011

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

Shareholdings (as at 27 September 2011)

Substantial shareholders

Substantial holders in the Company are set out below:

Shareholder	Number	Percentage
MR WARREN WILLIAM BROWN + MRS MARILYN HELENA BROWN	25,800,000	9.06%
CBH RESOURCES LTD	16,194,065	4.98%
HSBC CUSTODY NOMINEES (AUST) LIMITED	11,928,966	4.62%

Class of shares and voting rights

(a) at meetings of members or classes of members each member entitled to vote may vote in person or by proxy or attorney; and

(b) on a show of hands every person present who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share held.

On-market buy-back

There is no current on-market buy-back.

Distribution of equity securities as at 27 September 2011

Category	Ordinary Shares
1 – 1,000	53,603
1,001 – 5,000	1,346,142
5,001 – 10,000	3,016,085
10,001 – 100,000	38,319,879
100,001 and over	242,067,352
	284,803,061

The number of shareholders holding less than a marketable parcel is 563.

Twenty largest shareholders as at 27 September 2011

Rank	Name	Units	% of Units
1.	WWB INVESTMENTS P/L S/F A/C	13,148,124	4.62
2.	CBH RESOURCES LIMITED	10,000,000	3.51
3.	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	9,284,606	3.26
4.	KENSINGTON CONSULTING PTY LTD	7,924,999	2.78
5.	MR WARREN WILLIAM BROWN + MRS MARILYN HELENA BROWN	6,051,876	2.12
6.	BIDDLE PARTNERS PTY LTD <BIDDLE SUPER FUND A/C>	5,869,903	2.06
7.	MR WARREN WILLIAM BROWN + MRS MARILYN HELENA BROWN	5,000,000	1.76
8.	MR JOHN CAMPBELL SMYTH <SMYTH SUPER FUND A/C>	5,000,000	1.76
9.	CBH RESOURCES LIMITED	4,194,065	1.47
10.	MRS MEGAN BROUWER	4,057,645	1.42
11.	MR ALISTAIR WANSBONE MACKIE	3,895,500	1.37
12.	CENTRE CORPORATION PTY LIMITED <T & AV LILLIS FAMILY A/C>	3,596,695	1.26
13.	BONOS PTY LTD	3,078,331	1.08
14.	TEAS NOMINEES PTY LTD <THE SMITH SUPER FUND A/C>	2,965,887	1.04
15.	ASHTON DRILLING SERVICES PTY LTD	2,500,000	0.88
16.	TEAS NOMINEES PTY LTD <SUPER FUND A/C>	2,500,000	0.88
17.	SHERWIN IRON LIMITED	2,301,287	0.81
18.	MR BENJAMIN SLOAN BUTCHER	2,251,303	0.79
19.	BRACKEN SERVICES PTY LTD <B & M PROPERTY A/C>	2,032,730	0.71
20.	CAXTON STREET AGENCIES PTY LTD <CAXTON ST AGENCIES S/F A/C>	2,000,000	0.70
Totals: Top 20 holders of FULLY PAID SHARES (GROUPED)		97,652,951	34.29
Total Remaining Holders Balance		187,150,110	65.71

The Group holds an interest in the following tenements or tenement applications:

Project	Tenements	Equity
Mount Peake	EL23271, EL23074, EL27069, EL27070, EL27706, EL27787, EL27941, EL28941, MLA28341	100%
McArthur River	EL27711, EL28503, ELA28509	100%
Melville Island	ELA28617	100%
East Arnhem Land	EL28218, EL28219	100%
Manbarrum JV	A24518, A26581, EL24395,EL2547, EL25646, EL25470, E80/3772, E80/3816	100%
Warramunga/Rover JV	EL24471, EL25581, ELA25582, ELA25587, MLC647	Joint Venture
Peterman Ranges	ELA26383, ELA25564, ELA26384, ELA25562, ELA26382	Joint Venture
Goddard's	ELA24260	Joint Venture
Cawse Extended	M24/547, M24/548, M24/549, M24/550	20% free carried to production, or can be converted to a 2% net smelter return on ore mined. Unicorn Pit is now excised and a wet tonne royalty applies.
Kintore East	P16/2370, P16/2371, P16/2372, P16/2373, P162374, P16/2459	Diluting from 49% to 2% gold return interest on production. Current percentage interest is 23.75%.
McTavish	M40/77, M40/119, M40/157, P40/1193, P40/1194	3% gross royalty (third party retains a 25% interest in TNG's interest)

Legend

A: Authorisation (equivalent or Exploration Licence)
E: Exploration Licence (W.A)
EL: Exploration Licence (N.T)
ELA: Exploration Licence Application
M: Mining Lease (W.A)
MLC: Mineral Lease Central (N.T)
MLA: Mineral Lease Application (N.T)
P: Prospecting Licence (W.A)

Unlisted Options

Unlisted options exercisable @ $0.32 expiring 31 December 2011

Total on issue	1,800,000
Number of holders	2
Holders with 20% or more:	
Paul E Burton	1,500,000

Unlisted options exercisable @ $0.15 expiring 15 December 2012

Total on issue	21,100,000
Number of holders	7
Holders with 20% or more:	
Paul E Burton	6,000,000
Advides Global Investments Ltd	5,000,000

TNG LIMITED