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**TNG LIMITED**

**ABN 12 000 817 023**

**NOTICE OF ANNUAL GENERAL MEETING**

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**The Annual General Meeting will be held at  
The Celtic Club, 48 Ord Street, West Perth, Western Australia  
on Thursday, 19 November 2009 at 9.30am (WST).**

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

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## TNG LIMITED

ABN 12 000 817 023

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### NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of TNG Limited ("**Company**") will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Thursday, 19 November 2009 at 9.30am (WST) ("**Meeting**").

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

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Tuesday 17 November 2009 at 5.00 pm (WST).

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

### AGENDA

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#### Financial, Directors' and Auditors' Report

To receive the Financial Report, Directors' Report and Auditor's Report of the Company and its controlled entities for the financial year ended 30 June 2009.

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#### 1. Resolution 1 – Remuneration Report

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

*"That the Remuneration Report be adopted by the Shareholders on the terms and conditions in the Explanatory Memorandum."*

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#### 2. Resolution 2 – Re-election of Mr John W Barr as a Director

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

*"That Mr John W Barr, who retires in accordance with the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."*

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#### 3. Resolution 3 – Re-election of Mr Neil Biddle as a Director

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

*"That Mr Neil Biddle, who retires in accordance with the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."*

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#### **4. Resolution 4 – Approval to grant Options to Chief Executive Officer Mr Paul Burton**

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

*"That in accordance with ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act, Shareholders approve the issue of 6,000,000 Options to Mr Paul Burton or his nominee on the terms and conditions in the Explanatory Memorandum."*

##### **Voting exclusion**

The Company will disregard any votes cast on this Resolution by Mr Paul Burton and any of his associates. However, the Company will not disregard a vote if:

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

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#### **5. Resolution 5 – Approval to grant Options to Mr John W Barr**

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

*"That, subject to Resolution 2 being duly passed, in accordance with ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act, Shareholders approve the grant of 2,000,000 Options to Mr John W Barr or his nominee on the terms and conditions in the Explanatory Memorandum."*

##### **Voting exclusion**

The Company will disregard any votes cast on this Resolution by Mr John W Barr and any of his associates. However, the Company will not disregard a vote if:

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

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## 6. Resolution 6 – Approval to grant Options to Mr Neil Biddle

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

*"That, subject to Resolution 3 being duly passed, in accordance with ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act, Shareholders approve the grant of 2,000,000 Options to Mr Neil Biddle or his nominee on the terms and conditions in the Explanatory Memorandum."*

### **Voting exclusion**

The Company will disregard any votes cast on this Resolution by Mr Neil Biddle and any of his associates. However, the Company will not disregard a vote if:

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

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## 7. Resolution 7 – Approval to grant Options to Mr Edward Fry

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

*"That in accordance with ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act, Shareholders approve the issue of 2,000,000 Options to Mr Edward Fry or his nominee on the terms and conditions in the Explanatory Memorandum."*

### **Voting exclusion**

The Company will disregard any votes cast on this Resolution by Mr Edward Fry and any of his associates. However, the Company will not disregard a vote if:

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

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## 8. Resolution 8 – Section 195 Approval

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

*"That, for the purposes of section 195(4) of the Corporations Act and for all other purposes, Shareholders approve and authorise the Directors to complete the transactions as contemplated in this Notice."*

For personal use only

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Dated 13 October 2009  
By Order of the Board



Simon Robertson  
Company Secretary

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## TNG LIMITED

ABN 12 000 817 023

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## EXPLANATORY MEMORANDUM

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### Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Wednesday, 19 November 2009 at 9.30am (WST).

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### Financial, Directors' and Auditors Report

Shareholders will be offered the opportunity to discuss the Financial Report, Directors' Report and Auditor's Report for the financial year ended 30 June 2009 at the Meeting - copies of which can be found on the TNG Limited website [www.tngltd.com.au](http://www.tngltd.com.au) or by contacting the Company's registered office on (08) 9327 0900.

Shareholders will be offered the opportunity to ask questions or make comments on the management of the Company.

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### 1. Resolution 1 – Directors' Remuneration

Pursuant to section 250R(2) of the Corporations Act, the Company is required to put the Remuneration Report to the vote of Shareholders. The Financial Report for the year ended 30 June 2009 contains the Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

The provisions of the Corporations Act provide that Resolution 1 need only be an advisory vote of Shareholders.

Accordingly, Resolution 1 is advisory only and does not bind the Directors. Of itself, a failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report. However the Board will take the outcome of the vote into consideration when considering the remuneration policy.

The Chairman of the Meeting will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on, the Remuneration Report.

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### 2. Resolution 2 – Re-election of Mr John W Barr

Article 6.3(b)(ii) of the Constitution requires that a Director must retire from office no later than 3 years following that Director's last election.

Article 6.3(f) provides that a Director who retires under Article 6.3(b)(ii) is eligible for re-election.

Pursuant to these Articles, Mr John W Barr will retire and seek re-election.

Mr John W Barr qualified as a Chartered Accountant in 1981 and over the last 28 years has obtained considerable experience in the natural resources sector.

Mr Barr has managed private and public companies, established a number of successful start up companies, dealt with capital restructures, fund raisings, mergers, acquisitions and floats in Australia and internationally.

He has acted as an executive director of companies operating in Australia, Philippines, Indonesia, Vietnam and South Africa.

Mr Barr is also chairman of Cavendish Corporation Limited and a director of Batavia Mining Limited.

The Board believes that Mr Barr has performed his duties and responsibilities as a director diligently and professionally, in the best interests of all Shareholders.

The Board unanimously supports the re-election of Mr John W Barr.

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### **3. Resolution 3 - Re-election of Mr Neil Biddle**

Article 6.3(b)(ii) of the Constitution requires that a Director must retire from office no later than 3 years following that Director's last election.

Article 6.3(f) provides that a Director who retires under Article 6.3(b)(ii) is eligible for re-election.

Pursuant to these Articles, Mr Neil Biddle will retire and seek re-election.

Mr Biddle is a geologist and company director with over 18 years professional and management experience in listed companies involved in mining and exploration and was formerly managing director of Border Gold Limited (1991-1995) and Consolidated Victorian Mines NL (1991-1995). Mr Biddle is also a director of Batavia Mining Limited and West Australian Metals Limited, companies listed on ASX.

The Board believes that Mr Biddle has performed his duties and responsibilities as a director diligently and professionally, in the best interests of all Shareholders.

The Board unanimously supports the re-election of Mr Biddle.

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### **4. Resolution 4 – Approval to grant Options to Chief Executive Officer Paul Burton**

#### **4.1 General**

Resolutions 4 seek Shareholder approval in accordance with Listing Rule 10.11 and Chapter 2E of the Corporations Act grant a total of 6,000,000 Options to Paul Burton (or his nominees).

The Options are unlisted but are transferable. No application for quotation of the Options will be made by the Company until such time as the Company in its absolute discretion determines otherwise.

The Options to be granted to Mr Burton are pursuant to his employment contact as Chief Executive Officer of the Company.

## 4.2 Reason approval required

Shareholder approval is required under Listing Rule 10.11 and section 208 of the Corporations Act because as a Director Mr Burton is a related party of the Company.

Furthermore, Shareholder approval of the grant of Options means that the issue will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

## 4.3 Specific information required by Listing Rule 10.13 and section 219 of the Corporations Act

Listing Rule 10.13 and section 219 of the Corporations Act requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval for the grant of Options:

- (a) Up to 6,000,000 Options will be granted to Mr Burton (or his nominees).
- (b) Each Option will be granted for nil consideration. Each Option entitles the holder to subscribe for one (1) Share at an exercise price of \$0.15, exercisable on or before 15 December 2012.
- (c) The Options are unlisted and transferable. No application for quotation of the Options will be made by the Company until such time as the Company in its absolute discretion determines otherwise. Further terms and conditions of the Options are in Schedule 2.
- (d) The Company will grant the Options no later than one month after the date of the Meeting or such longer period of time as ASX may in its discretion allow.
- (e) Mr Burton has an interest in Resolution 4 and therefore believes it inappropriate to make a recommendation. The non-executive Directors of the Company each recommend the grant of the Options to Mr Burton as it represents part of his remuneration package upon appointment of Chief Executive Officer.
- (f) The dilution effect if all of the Options granted are exercised is as follows:

Current number of Shares on issue	258,055,076
Number of Options to be granted under Resolutions 5 to 7	6,000,000
Dilution effect if all Options granted are exercised	2.3%

- (g) Mr Burton currently has a relevant interest in 600,000 Shares and 1,500,000 Options. 100,000 Shares and 1,500,000 Options are held by Mr Burton and 500,000 Shares are held by the Burton Family Trust, which is a related party of Mr Burton.
- (h) If Shareholders approve the proposed grant of the Options Mr Burton will have a relevant interest in 600,000 Shares and 7,500,000 Options
- (i) A voting exclusion statement is included in the Notice.
- (j) No funds will be raised by the grant of the Options as they are being granted for nil consideration.



- (k) Mr Burton was appointed Chief Executive Officer of the Company on 1 September 2009 and prior to this appointment was employed by TNG Limited as Exploration Director. Details of remuneration paid to Mr Burton for the year ended 30 June 2009 is set out below:

Salary & Fees	Super	Share-based Payment Options	Total
\$	\$	\$	\$
215,591	19,403	-	234,994

- (l) On the basis of the assumptions set out in Section 5.3(k) of this Explanatory Memorandum, independent accountants BDO Corporate Finance (WA) Pty Ltd has determined the technical value of one Option approximates \$0.043. This valuation imputes a total value of \$258,000 to the Options.
- (m) The market price of Shares would normally determine whether the Directors will exercise the Options or not. If the Options are exercised at a price that is lower than the price at which Shares are trading on ASX, there may be a perceived cost to the Company.
- (n) Historical share price information for the last twelve months is set out in Section 5.3 (m) of this Explanatory Memorandum.
- (o) Other than the information above and otherwise in this Explanatory Memorandum, the Company believes that there is no other information that would be reasonably required by Shareholders to pass Resolutions 7.
- (p) As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required.

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## 5. Resolutions 5 to 7 – Approval to grant Options of Non Executive Directors

### 5.1 General

Resolutions 5 to 7 seek Shareholder approval in accordance with Listing Rule 10.11 and Chapter 2E of the Corporations Act to grant 6,000,000 Options to the Non Executive Directors (or their nominees) as follows:

- Mr John W. Barr                      2,000,000 Options;
- Mr Neil Biddle                        2,000,000 Options; and
- Mr Edward Fry                        2,000,000 Options.

The Options are unlisted but are transferable. No application for quotation of the Options will be made by the Company until such time as the Company in its absolute discretion determines otherwise.

The purpose of the grant of the Options is for the Company to retain directors of high calibre. The Company acknowledges that the grant of Options to non-executive Non Executive Directors is contrary to recommendation 8 of the Principles of Good Corporate Governance and Best Practice Recommendations. However, the Board considers the grant of Options in Resolutions 5-7 to be reasonable in the circumstances given the Company's size, stage of development, and the need to attract and retain directors of high calibre while still maintaining a cash reserve.

## 5.2 Reason approval required

Shareholder approval is required under Listing Rule 10.11 and section 208 of the Corporations Act because the Non Executive Directors are related parties of the Company.

Furthermore, Shareholder approval of the grant of Options means that the issue will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

## 5.3 Specific information required by Listing Rule 10.13 and section 219 of the Corporations Act

Listing Rule 10.13 and section 219 of the Corporations Act requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval for the grant of Options:

- (a) Up to 6,000,000 Options will be granted to the Non Executive Directors (or their nominees) as follows:

Name of Director	Maximum number of Options to be issued
John W. Barr	Up to 2,000,000
Neil Biddle	Up to 2,000,000
Edward Fry	Up to 2,000,000

- (b) Each Option will be granted for nil consideration. Each Option entitles the holder to subscribe for one (1) Share at an exercise price of \$0.15, exercisable on or before 15 December 2012.
- (c) The Options are unlisted and transferable. No application for quotation of the Options will be made by the Company until such time as the Company in its absolute discretion determines otherwise. Further terms and conditions of the Options are in Schedule 2.
- (d) The Company will grant the Options no later than one month after the date of the Meeting or such longer period of time as ASX may in its discretion allow.
- (e) Each Non Executive Director has an interest in the Resolutions under which Options will be granted and therefore believes it inappropriate to make a recommendation. Mr Burton recommends the grant of the Options to the non-executive Directors as it aligns the interests of the Company and its non-executive Directors to maximise Shareholder value.
- (f) The dilution effect if all of the Options granted are exercised is as follows:

Current number of Shares on issue	258,055,076
Number of Options to be granted under Resolutions 5 to 7	6,000,000
Dilution effect if all Options granted are exercised	2.3%

- (g) The current security holdings of the Non Executive Directors are as follows:

Name of Director	Shares	Options
John W. Barr <sup>1</sup>	9,730,000	3,000,000
Neil Biddle <sup>2</sup>	7,033,340	3,000,000
Edward Fry <sup>3</sup>	2,263,392	1,500,000

<sup>1</sup> 2,412,500 Shares are held by Kensington Capital Pty Ltd, 7,317,500 and 3,000,000 Options are held by Kensington Consulting Pty Ltd, which are related parties of Mr John W. Barr.

<sup>2</sup> 7,033,340 Shares and 150,000 Options are held by Biddle Partners Pty Ltd and 2,850,000 Options held by Hatched Creek Pty Ltd, which are related parties of Mr Neil Biddle.

<sup>3</sup> 1,513,392 Shares and 500,000 Options held by Mr Edward Fry, 750,000 Shares and by 1,000,000 Options are held by Gimbulki Holdings Pty Ltd, which is a related party of Mr Edward Fry.

- (h) If Shareholders approve the proposed grant of the Options, the Non Executive Directors securityholding will be:

Name of Director	Shares	Options
John W. Barr <sup>1</sup>	9,730,000	5,000,000
Neil Biddle <sup>2</sup>	7,033,340	5,000,000
Edward Fry <sup>3</sup>	2,263,392	3,500,000

- (i) A voting exclusion statement is included in the Notice.
- (j) No funds will be raised by the grant of the Options as they are being granted for nil consideration.
- (k) Shareholders have previously approved an aggregate amount of up to \$300,000 to be paid as directors fees. The Non Executive Directors have resolved that each Director shall receive the amount of \$40,000 per annum as Non Executive Directors' fees plus statutory superannuation.

In addition entities associated with the Non Executive Directors provide geological and management consulting services to the Company based on normal commercial terms and charged on a time basis. Amounts invoiced to the

Company and Non Executive Directors Fees in the twelve months to 30 June 2009 are as follows:

Non Executive Directors	Salary & Fees	Super	Share-based Payment Options	Total
	\$	\$	\$	\$
John W Barr Chairman	160,702	3,600	-	164,302
Neil G Biddle Non-executive	161,636	3,600	-	165,236
Edward Fry Non-executive	140,622	3,600	-	144,222

- (l) On the basis of the assumptions below, independent accountants BDO Corporate Finance (WA) Pty Ltd has determined the technical value of one Option approximates \$0.043. This valuation imputes a total value of \$258,000 to the Options.

The value may go up or down after that date as it will depend on the future price of a Share. Black & Scholes methodology has been used, together with the following assumptions:

- (i) interest rate set at the Commonwealth Government securities rate of 5.1%;
  - (ii) the date of valuation is for the purposes of settling the current market value of a Share is 30 September 2009;
  - (iii) at this date the Share price was \$0.09 which is the price used in the valuation;
  - (iv) the standard deviation of returns of the Options is set at 85% which is based on the Company's historical data; and
  - (v) the Options will not be exercised any earlier than 15 December 2012.
- (m) The market price of Shares would normally determine whether the Non Executive Directors will exercise the Options or not. If the Options are exercised at a price that is lower than the price at which Shares are trading on ASX, there may be a perceived cost to the Company.
- (n) Historical share price information for the last twelve months is as follows:

	Price	Date
<b>Highest</b>	\$0.11	14/9/2009
<b>Lowest</b>	\$0.02	17/2/2009
<b>Last</b>	\$0.09	12/10/2009

- (o) Other than the information above and otherwise in this Explanatory Memorandum, the Company believes that there is no other information that would be reasonably required by Shareholders to pass Resolutions 5 to 7.
- (p) As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required.

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## **6. Resolution 8 – Section 195 Approval**

Section 195 of the Corporations Act essentially provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a “material personal interest” are being considered.

Some of the Directors may have a material personal interest in the outcome of Resolutions 4 to 7. In the absence of this Resolution 8, the Directors may not be able to form a quorum at directors meetings necessary to carry out the terms of Resolutions 4 to 7.

The Directors have accordingly exercised their right under section 195(4) of the Corporations Act to put the issue to Shareholders to resolve upon.

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

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

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

## Schedule 1 - Definitions

In this Explanatory Memorandum, Notice and Proxy Form:

"**Annual Report**" means the 2009 annual report of the Company and its controlled entities a copy of which was lodged with ASX.

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

"**ASIC**" means the Australian Securities and Investments Commission.

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

"**Auditor's Report**" means the auditor's report on the Financial Report.

"**Board**" means the board of Directors.

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

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

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

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

"**Directors' Report**" means the annual directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.

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

"**Financial Report**" means the 2009 annual financial report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.

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

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

"**Notice**" means this notice of meeting.

"**Option**" means an option over an unissued Share exercisable at \$0.15 on or before 15 December 2012 on the terms and conditions in Schedule 2.

"**Principals of Good Corporate Governance & Best Practice**" means the Principles of Good Corporate Governance and Best Practice Recommendations published by the ASX.

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

"**Remuneration Report**" means the remuneration report of the Company contained in the Directors' Report.

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

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

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

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

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

## Schedule 2 – Terms and Conditions of Options

(a) Entitlement

The Options entitle the holder to subscribe for one (1) Share upon the exercise of each Option.

(b) Exercise Price

The exercise price of each Option is \$0.15.

(c) Expiry Date

Each Option expires 15 December 2012.

(d) Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date.

(e) Notice of Exercise

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

(f) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the Shares of the Company.

(g) Quotation of Shares on exercise

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

(h) Timing of issue of Shares

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

(i) issue the Share; and

(ii) do all such acts matters and things to obtain

(A) the grant of quotation for the Share on ASX no later than 5 days from the date of exercise of the Option; and

(B) receipt of cleared funds equal to the sum payable on the exercise of the Options.

(i) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days

after the issue is announced. This will give the holder of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

(j) Adjustment for bonus issues of Shares

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

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

(k) Adjustment for rights issue

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E [P - (S+D)]}{N+1}$$

O = the old Exercise Price of the Option.

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

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

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

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

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

(l) Adjustments for reorganisation

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

(m) Quotation of Options

The Options will be unlisted Options. No application for quotation of the Options will be made by the Company until such time as the Company in its absolute discretion determines otherwise. Should the Company make an application for quotation of the Options and the ASX accepts the application for quotation of the options then the options will be listed Options from time to time that the ASX accepts such application.



(n) Options transferable

The Options are transferable.

(o) Lodgement Instructions

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

**PROXY FORM**

The Company Secretary  
TNG Limited

**For information on returning this proxy form please see instructions over the page.**

I/We <sup>1</sup> \_\_\_\_\_

of \_\_\_\_\_

being a Shareholder/Shareholders of the Company and entitled to \_\_\_\_\_

votes in the Company, hereby appoint <sup>2</sup> \_\_\_\_\_

or failing such appointment the chairman of the annual general meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Thursday, 19 November 2009 at 9.30am (WST) and at any adjournment thereof in the manner indicated below or, in the absence of indication, as he thinks fit. If 2 proxies are appointed, the proportion or number of votes of this proxy is authorised to exercise is \* [ ]% of the Shareholder's votes\*/ [ ] of the Shareholder's votes.

**INSTRUCTIONS AS TO VOTING ON RESOLUTIONS**

**IMPORTANT:**

If the chairman of the Annual General Meeting is to be your proxy and you have not directed your proxy how to vote on Resolutions 2 and 5 please tick this box. By marking this box you acknowledge that the chairman of the Annual General Meeting may exercise your proxy even if he has an interest in the outcome of Resolutions 2 and 5 and that votes cast by him, other than as proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the chairman of the Annual General Meeting will not cast your votes on Resolutions 2 and 5 and your votes will not be counted in computing the required majority if a poll is called on this Resolution.

The chairman of the Annual General Meeting intends to vote undirected proxies in favour of the Resolutions.

The proxy is to vote for or against the Resolution referred to in the Notice as follows:

		For	Against	Abstain
Resolution 1	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr John W Barr as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Mr Neil Biddle a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of issue of Options to Chief Executive Officer Mr P Burton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of issue of Options to Mr J W Barr	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of issue of Options to Mr N Biddle	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval of issue of Options to Mr E Fry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Section 195 approval	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

For personal use only

**Authorised signature/s** This section **must** be signed in accordance with the instructions below to enable your voting instructions to be implemented.

Individual or Shareholder 1	Shareholder 2	Shareholder 3
<input type="text"/>	<input type="text"/>	<input type="text"/>
Sole Director and Sole Company Secretary	Director	Director/Company Secretary
<input type="text"/>	<input type="text"/>	<input type="text"/>
Contact Name	Contact Daytime Telephone	Date

<sup>1</sup>Insert name and address of Shareholder <sup>2</sup> Insert name and address of proxy \*Omit if not applicable

**Proxy Notes:**

A Shareholder entitled to attend and vote at the annual general meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that annual general meeting. If the Shareholder is entitled to cast 2 or more votes at the annual general meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that annual general meeting, the representative of the body corporate to attend the annual general meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the annual general meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

**Return of Proxy Forms**

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the Company's office as set out below not less than 48 hours prior to the time of commencement of the annual general meeting (WST).

Facsimile: +618 9327 0901

Post:

PO Box 1126  
Subiaco WA 6904

Delivery: Level 1  
282 Rokeby Road  
Subiaco WA 6008