TNG LIMITED

HALF-YEAR FINANCIAL REPORT

31 December 2009

ABN 12 000 817 023

Corporate Information

Directors

John W Barr	(Chairman)
Paul E Burton	(Chief Executive Officer)
Neil G Biddle	(Non-Executive Director)
Edward J Fry	(Non-Executive Director)

Company Secretaries

John W Barr
Simon L Robertson

Registered Office

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Subiaco WA 6008
Telephone: (08) 9327 0900
Facsimile: (08) 9327 0901

Website: www.tngltd.com.au
Email: corporate@tngltd.com.au

Auditor

KPMG
235 St Georges Tce
Perth WA 6000

Share Registry

Computershare Investor Services Pty Limited
Level 2
45 St George's Terrace
Perth WA 6000
Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033

Stock Exchanges

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

Directors' Report

The Directors present their report together with the consolidated financial report for the half year ended 31 December 2009 and the independent review report thereon.

Directors

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

Name	
John W Barr	(Chairman)
Paul E Burton	(Chief Executive Officer)
Neil G Biddle	(Non-Executive Director)
Edward J Fry	(Non-Executive Director)

TNG Operations

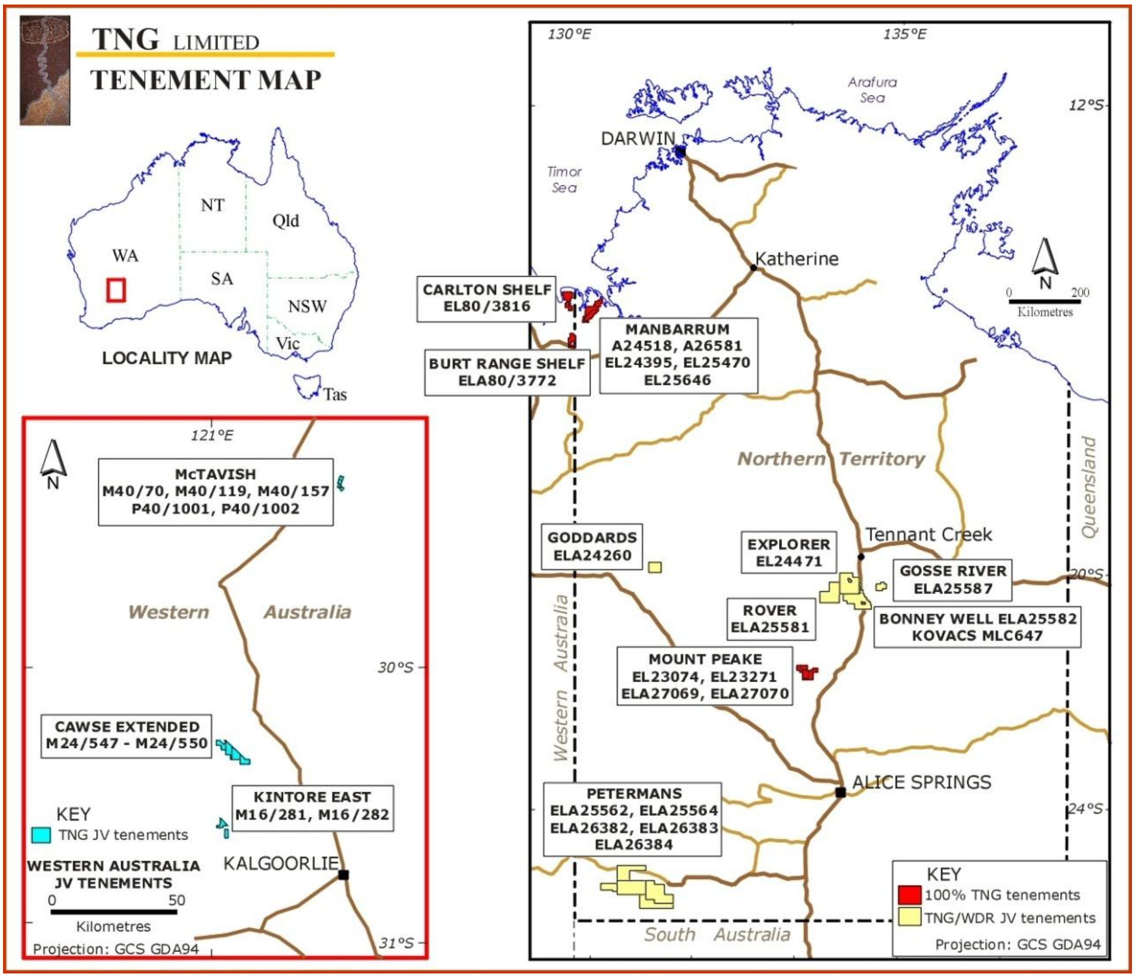

Figure 1: TNG Limited Tenement Map

PROJECTS

Mount Peake Project: Iron – Vanadium – Titanium: TNG 100%

The Mount Peake project area is located on Stirling Station and covers a highly prospective, but poorly explored area of the Western Arunta geological province. The area is prospective for Iron-Vanadium-Titanium and also for Nickel-Copper-PGMs.

Resource:

The Mount Peake Project currently has a JORC inferred resource estimate of 139mt @ 0.29% V_20_5, 5.30% $Ti0_2$, 32.5% Fe. Metallurgical testwork has shown the ore upgrades by standard magnetic process to 1.2% V_2O_5, 17%TiO_2, 55% Fe. Drilling during the quarter was aimed at testing extensions to the mineralisation.

Metallurgical Test Work:

Further testwork aimed at optimising the grade and recovery continued positively, with both Pyrometallurgical techniques and hydrometallurgical techniques, being progressed.

Overall, it showed that the Mount Peake deposit ore has no mineralogical issues that would inhibit the response of the ore to magnetic separation beneficiation. The ore is not refractory and highly amenable to hydrometallurgical processing. The hydrometallurgical test route allows more than a single product being generated, which could have a positive impact on the project economics.

Stirling Deeps Project: Nickel – Copper – Platinum Group Minerals: TNG 100%

During the financial period, 2 diamond holes were completed targeting the nickel-copper and platinum group minerals potential of the large mafic system.

The drilling intersected minor sulphides at variable intervals in the core. These have been sampled and submitted for analysis. Results are awaited.

A review of all Airborne Electro-Magnetic (AEM) data commenced with acquisition of the data.. Existing AEM anomalies are being reviewed and a drill programme of any significant targets will be planned for 2010.

As a result of this initial review a **significant basement conductor, BGC1** has been established.

The original survey covered a large portion of the Mount Peake project area as well as surrounding tenements held by other companies at that time. 20 high priority targets were originally selected from this survey but were not followed up. TNG now has access to all targets and anomalies.

TNG's previous joint venture partners also carried out a ground EM moving loop survey over seven of the selected AEM targets. Target B1 was found to indicate a strong basement conductor and was modelled to be at approximately 300 metres depth.

This was subsequently drilled in 2006 to a depth of 314m intersecting significant intervals from 205m – 265m containing graphitic biotite schist with traces of base metal mineralisation. Petrological work indicated that this mineralisation had potentially been remobilised from a nearby source.

In 2006 a ground-based moving loop EM traverse along the conductive trend of the B1 anomaly at a survey line spacing of 400 metres was carried out. The results of this work delineated a **strong basement conductor**.

EL 27070 covers the anomaly B1 and surrounding area. EL 27063 covers other magnetic and EM targets from the previous surveys. A full reassessment of the data has been carried out and, as a result of this work, has confirmed a **significant basement conductor** located to the north of B1, with a time constant in the 30-40 msec, and strikes of approximately 800m at a depth of 120m.

TNG considers the BGC1 anomaly to be a high priority target which will be added to its Nickel-Copper-PGM exploration programme for 2010 in this highly prospective area.

The other magnetic and AEM targets are being reviewed for potential analogies to the Mount Peake Gabbro which hosts the existing V_20_5 – $Ti0_2$ – Fe resource.

Manbarrum Project: Zinc-Lead-Silver, Iron-Ore: TNG 100%.

Sandy Creek Deposit:

Results from the single large diameter (PQ) diamond drill hole have confirmed the existence of all Zinc and lead mineralisation intersected in previous RC drill holes. This is a significant result and confirms TNG's and its resource consultants view that the Diamond Drill results have biased low and are therefore providing a lower overall grade to the resource.

TNG commissioned independent consultants to undertake a complete review of the Sandy Creek resource, including remodeling the geological and mineralisation modes in light of the new drilling information, with the aim of a new JORC resource estimation including all RC drill data.

Browns Prospect

Analytical results of drill core have confirmed MVT-style zinc mineralisation was intersected in all diamond drill hole. These results are considered highly positive given the size of the Browns target. A reverse circulation drilling programme will be planned for the 2010 field season, to assess the resource potential if this priority prospect.

Legune Iron Ore Prospect

During the financial year a Mineral Rights Agreement was signed with Chinese backed Teng Fei Mining Ltd (TFM).

The agreement provides for the 100% sale by TNG of the rights to explore and advance the Legune Iron Ore prospect.

Under the agreement TFM has paid $1.4 million. The sale does not affect TNG's interests in the Manbarrum Project.

JOINT VENTURE PROJECTS

Western Desert Resources Ltd. (WDR) Joint Venture
Rover Joint Venture: EL 25581, 24471

TNG 100%, (WDR initially earning in to 51% with the ability to earn 80%)

WDR has a farm-in agreement with TNG over two granted exploration licences (EL24471 and EL25581). The agreement requires WDR to spend $500,000 to earn a 51% interest in the tenements. WDR should complete the initial spend shortly. WDR can then elect to spend an additional $850,000 over 30 months to earn a further 29% share for a total 80% interest in the tenements.

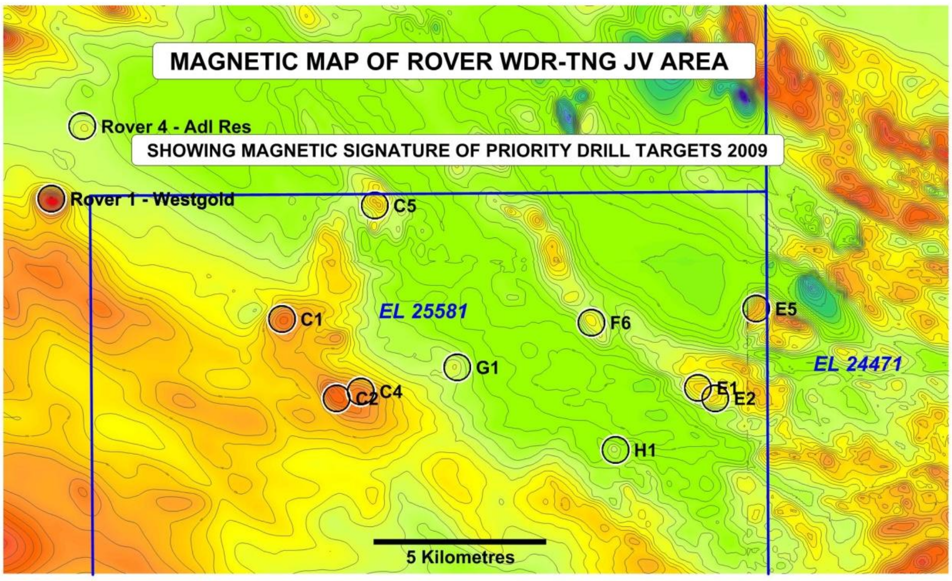

Figure 4: WDR Rover targets.

Western Desert Resources Limited have advised that drilling has commenced on the Rover gold/copper project. Reverse Circulation drilling will be used to test eight magnetic targets.

Other Tenements and Opportunities

TNG signed an Option Agreement to acquire Exploration Licence 26236 in the prospective Tennant Creek area north of the company's existing Rover prospects. The application covers significant IOCG-style copper-gold targets and granting of the licence and exploration is anticipated in 2010.

TNG has applied for several Geothermal Exploration Licenses in the NT under its wholly owned subsidiary TNG Energy Ltd.

TNG continues to review other project opportunities.

MINING PROJECTS

Cawse Extended JV: Nickel, TNG 20% free carried, Norilsk 80%

Norilsk Nickel Australia has advised it has placed the Cawse Nickel operations (100% Norilsk) on indefinite care and maintenance which will delay any recommencement of mining operations at Cawse Extended.

Norilsk has been involved in sale discussions in relation to its Cawse Nickel operation which includes Cawse Extended. The Directors of TNG remain of the belief that Cawse Extended is an important part of the overall Cawse operations. They also recognize that one of the keys to re-opening the Cawse operations is plant size and efficiency. The resources located on the JV tenements will be an integral part of this strategy but this could take some time to achieve.

The previous independent valuation; sale discussions; and the recent increase in the price of Nickel give management confidence in the carrying value of Cawse Extended ($3.59 million). The independent valuation was based on the agreement with Norilsk Nickel Australia.

CORPORATE

Davis Samuel

TNG is a party to proceedings instituted by the Commonwealth of Australia in the Supreme Court of the Australian Capital Territory. In November 2009 TNG advised that certain of the other defendants had sought to have the case re-opened. The submissions to re-open were heard on 9 November 2009 and 5 February 2010. The Commonwealth and TNG opposed the application to reopen. The court reserved its decision.

The TNG Directors now believe that a decision in respect to the Davis Samuel matter is not expected before the end of the second quarter of 2010.

Financial Position

The group recognised a net profit after tax for the half-year of $469,677 (half-year ended 31 December 2008: loss of $9,734,541). At 31 December 2009 TNG had cash reserves of $3,684,838 (31 December 2008: $5,743,500)

AGM

The Annual General Meeting of the Company was held on 11 November 2009.

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

The lead auditor's independence declaration is set out on page 7 and forms part of the directors' report for the half-year ended 31 December 2009.

Signed in accordance with a resolution of the Directors

John W Barr
Chairman

11 March 2010

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 review for the half-year ended 31 December 2009 there have been:

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

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

KPMG

KPMG

Denise McComish
Partner

Perth

11 March 2010

Condensed Consolidated Interim Statement of Comprehensive Income
For the six months ended 31 December 2009

	Note	2009	2008*
		$	$
Gain on sale of tenements		1,315,292	-
Other income		578,142	211,775
Total income		1,893,434	211,775
Occupancy expenses		(109,914)	(114,091)
Administrative expenses		(80,419)	(68,385)
Employment expense		(219,768)	(257,123)
Corporate expenses		(587,470)	(1,065,032)
Depreciation and amortisation expense		(70,578)	(129,942)
Share based payment expense for consultants/employees		(423,908)	138,280
Impairment of exploration tenements	5	-	(8,566,546)
Other expenses		(22,840)	-
Change in fair value of investments held for trading		12,784	(66,700)
Results from operating activities		391,321	(9,917,764)
Financial income		78,374	201,010
Financial expense		(18)	(17,787)
Net financing income		78,356	183,223
Profit/(loss) before income tax		469,677	(9,734,541)
Income tax expense		-	-
Profit/(loss) for the period		469,677	(9,734,541)
Other comprehensive income			
Net change in the value of available for sale financial assets		222,499	11,823
Other comprehensive income for the period		222,499	11,823
Total comprehensive income for the period		692,176	(9,722,718)
Profit/(loss) per share (cents per share)			
Basic and diluted profit/(loss) per share		0.182	(4.091)

**Restated, refer note 1(d)*

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

Condensed Consolidated Interim Statement of Financial Position
As at 31 December 2009

	Note	31 December 2009	30 June 2009
		$	$
Current Assets			
Cash and cash equivalents		3,684,838	4,769,811
Other receivables		687,329	92,342
Prepayments		71,972	37,605
Other investments		38,352	25,568
Total current assets		4,482,491	4,925,326
Non-Current Assets			
Other investments		707,953	485,454
Plant and equipment		92,294	162,872
Exploration and evaluation expenditure	5	11,399,909	9,940,111
Total non-current assets		12,200,156	10,588,437
Total assets		16,682,647	15,513,763
Current Liabilities			
Trade and other payables		298,191	256,238
Provisions		51,080	40,233
Total current liabilities		349,271	296,471
Total liabilities		349,271	296,471
Net assets		16,333,376	15,217,292
Equity			
Issued capital	3	24,308,487	24,308,487
Reserves		386,934	164,435
Retained earnings		(8,362,045)	(9,255,630)
Total equity		16,333,376	15,217,292

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

Condensed Consolidated Interim Cash Flow Statement
For the six months ended 31 December 2009

	2009 $	2008 $
Cash flows from operating activities		
Cash receipts in the course of operations	177,606	214,067
Cash paid to suppliers and employees	(983,685)	(1,750,242)
Interest received	75,551	201,010
Income tax	289,395	-
Net cash used in operating activities	(441,133)	(1,335,165)
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(1,544,506)	(847,317)
Payments for plant and equipment	-	(19,311)
Payments for investments	-	(2,557)
Proceeds from sale of tenements	840,000	-
Proceeds from sale of investments	-	7,852
Capital returns from investments	60,682	-
Net cash used in investing activities	(643,824)	(861,331)
Cash flows from financing activities		
Proceeds from the issue of shares and options	-	3,922,306
Transaction costs from the issue of share capital and options	-	(92,017)
Finance lease payments	(16)	(17,787)
Net cash received from financing activities	(16)	3,812,502
Net decrease in cash and cash equivalents	(1,084,973)	1,616,006
Cash and cash equivalents at 1 July	4,769,811	4,127,494
Cash and cash equivalents at 31 December	3,684,838	5,743,500

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

Condensed Consolidated Statement Of Changes In Equity
For the six months ended 31 December 2009

	Issued Capital $	Retained Earnings $	Translation Reserve $	Fair Value Reserve $	Total Equity $
Balance at 1 July 2008	20,478,198	871,335	(11,823)	-	21,337,710
Net change in fair value of available-for-sale-investments	-	-	11,823	-	11,823
Net loss for the period	-	(9,734,541)	-	-	(9,734,541)
Total comprehensive income for the period	-	(9,734,541)	11,823	-	(9,722,718)
Transactions with owners, recorded directly in equity					
Share placement	1,032,056	-	-	-	1,032,056
Transaction costs	(92,017)	-	-	-	(92,017)
Right issue	2,890,250	-	-	-	2,890,250
Share based payments expense	-	(138,280)	-	-	(138,280)
Balance at 31 December 2008	**24,308,487**	**(9,001,486)**	**-**	**-**	**15,307,001**
Balance at 1 July 2009	24,308,487	(9,255,630)	-	164,435	15,217,292
Net change in fair value of available-for-sale-investments	-	-	-	222,499	222,499
Net profit for the period	-	469,677	-	-	469,677
Total comprehensive income for the period	-	469,677	-	222,499	692,176
Transactions with owners, recorded directly in equity					
Share based payments expense	-	423,908	-	-	423,908
Balance at 31 December 2009	**24,308,487**	**(8,362,045)**	**-**	**386,934**	**16,333,376**

The amounts recognised directly in equity are disclosed net of tax

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

Notes to the condensed consolidated financial statements

1. Statement of significant accounting policies

TNG Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company for the six months ended 31 December 2009 comprises the Company and its subsidiaries (together referred to as the "consolidated entity").

(a) Statement of compliance

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

The condensed consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated financial report of the consolidated entity as at and for the year ended 30 June 2009.

The consolidated interim financial report was approved by the Board of Directors on 11 March 2010.

(b) Significant accounting policies

Except as described below, the accounting policies applied by the consolidated entity in this condensed consolidated interim financial report are the same as those applied by the condensed consolidated entity in its consolidated financial report as at and for the year ended 30 June 2009.

As of 1 July 2009 the consolidated entity determines and presents operating segments based on the information that internally is provided to the CEO, who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of AASB 8 Operating Segments. Previously operating segments were determined and presented in accordance with AASB 14 Segment Reporting. As the consolidated entity has only one segment, the new policy has had minimal impact on the consolidated entity's financial statements.

The consolidated entity applies revised AASB101 Presentation of Financial Statements (2007), which became effective for the consolidated entity as of 1 July 2009. As a result, the consolidated entity presents in the consolidated interim statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. This presentation has been applied in these consolidated interim financial statements as of and for the six months period ended on 31 December 2009.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share. Refer to note 1 (d) for further information on the earnings per share for the period 31 December 2008.

(c) Estimates

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

Except as described below, in preparing this condensed consolidated interim financial report, the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2009.

During the six months ended 31 December 2009, management reassessed its estimates in respect of the recoverable amount of exploration and evaluation (see note 5).

(d) Restatement

The half year financial report for the period to 31 December 2008 has been restated to recognise impairment of exploration tenements of $972,410 in the income statement instead of through retained earnings. The impact is to increase loss for the period by the same amount and to increase the basic and diluted loss per share by 0.409 cents to 4.091 cents.

This restatement was corrected at 30 June 2009 and therefore there is no impact on the financial report at 30 June 2009.

Notes to the condensed consolidated financial statements

2. Segment information

The consolidated entity operates predominantly in one business segment and in one geographical location. The operations of the consolidated entity consist of mineral exploration within Australia.

3. Capital

	December 2009	June 2009
Issued and paid-up share capital	**$**	**$**
258,055,077 (June 2009: 258,055,077) ordinary shares, fully paid	24,308,487	24,308,487

	2009	2008
Movements in shares on issue	**Number**	**Number**
Balance at 1 July	258,055,077	192,683,315
Options exercised	-	-
Share placement	-	17,200,934
Rights Issue	-	48,170,828
Balance at 31 December	258,055,077	258,055,077

4. Share-based payments

The terms and conditions of the employee share option plans are disclosed in the consolidated financial report as at and for the year ended 30 June 2009. In November 2009, further grants were made to consultants and employees.

The terms and conditions of the grants made during the six months ended 31 December 2009 are as follows:

Grant Date	Number of Instruments	Vesting conditions	Contractual life of options
20 November 2009	13,000,000	Immediately	15 December 2012

Fair value of share option and assumptions for the six months ended 31 December 2009:

Grant Date	**20-Nov-09**
Fair value at grant date	$0.033
Share price	$0.074
Exercise price	$0.15
Expected volatility	88.74%
Risk free interest rate (based on government bonds)	5.10%
Expected dividends	-
Option Life	3.1 years

The basis of measuring fair value is consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2009.

Notes to the condensed consolidated financial statements

5. Exploration, Evaluation and Development Expenditure

Cost	31 December 2009 $	30 June 2009 $
Balance at the beginning of the period	9,940,111	16,985,982
Exploration expenditure	1,544,506	1,520,675
Sale of tenements	(84,708)	-
Impairment	-	(8,566,546)
Balance at the end of the period	11,399,909	9,940,111

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.

Norilsk Nickel Australia has advised it has placed the Cawse Nickel operations (100% Norilsk) on indefinite care and maintenance which will delay any recommencement of mining operations at Cawse Extended.

Norilsk has been involved in sale discussions in relation to its Cawse Nickel operation which includes Cawse Extended. The Directors of TNG remain of the belief that Cawse Extended is an important part of the overall Cawse operations. They also recognize that one of the keys to re-opening the Cawse operations is plant size and efficiency. The resources located on the JV tenements will be an integral part of this strategy but this could take some time to achieve.

The previous independent valuation; sale discussions; and the recent increase in the price of Nickel give management confidence in the carrying value of Cawse Extended ($3.59 million). The independent valuation was based on the agreement with Norilsk Nickel Australia

6. Contingent Liabilities – Davis Samuel

TNG is a party to proceedings instituted by the Commonwealth of Australia in the Supreme Court of the Australian Capital Territory. In November 2009 TNG advised that certain of the other defendants had sought to have the case re-opened. The submissions to re-open were heard on 9 November 2009 and 5 February 2010. The Commonwealth and TNG opposed the application to reopen. The court reserved its decision.

The TNG Directors now believe that a decision in respect to the Davis Samuel matter is not expected before the end of the second quarter of 2010.

7. Subsequent events

There are no subsequent events.

Directors' Declaration

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

1. the financial statements and notes set out on pages 8 to 14, are in accordance with the Corporations Act 2001, including:
   (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2009 and of its performance, for the six months ended on that date; and
   (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

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

Signed in accordance with a resolution of the Directors.

John W Barr
Chairman

11 March 2010

KPMG

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

Report on the financial report

We have reviewed the accompanying half-year financial report of TNG Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2009, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies and other explanatory notes 1 to 7 and the directors' declaration set out on page 15 of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of TNG Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and

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

KPMG

KPMG

Denise McComish
Partner

Perth

11 March 2010