

15 March 2021

MOUNT PEAKE PROJECT DEVELOPMENT UPDATE

Progress with all key work streams including final engineering, permitting, pre-development and financing for world-scale strategic metals project in Northern Australia

Key Points

- Coordination on final approvals and tenure now progressing directly with the Northern Territory Government Chief Minister's Department.
- Project finance work streams accelerating in preparation for near term delivery of final Front-End Engineering and Design ("FEED") Study.
- FEED Study being finalised by SMS Group.
- Front-end loading 3 ("FEL-3") report for the Beneficiation Plant complete. FEL-3 report for the Darwin TIVAN® Processing Facility ("DPF") in its final stages and expected completion at end-March.
- Development of the Project Execution Plan by SMS group underway in preparation for project delivery plan.
- Planning for commercial execution of Non-Process Infrastructure works underway.
- Review of EIS Supplement for the DPF underway by the NT EPA ahead of the public comment period.
- TNG Alternative Energy Strategy gaining momentum on several fronts.

Australian resource and mineral processing technology company TNG Limited (ASX: TNG) ("TNG" or the "Company") is pleased to provide an update on the key work streams being undertaken for the final permitting, financing and development of its 100%-owned Mount Peake Vanadium-Titanium-Iron Project ("Mount Peake Project" or "Project"), located in the Northern Territory.

Northern Territory Government

TNG is pleased to advise that it is progressing advanced discussions and negotiations directly with representatives of the Northern Territory Government ("NTG") Department of the Chief Minister and Cabinet ("CM&C") for execution of the Crown Lease terms over the proposed Darwin TIVAN® Processing Facility site, and agreement to set out the objectives and commitments from both the Company and Government to assist the successful delivery of the project.

The involvement of the CM&C is welcomed by the Company as it strengthens the approach being adopted by the NTG in progressing the final approvals and assistance for the Project.

As announced on 8 March 2021, TNG's Mount Peake Project has been awarded Federal Major Project Status, adding to the Major Project Status already awarded by the NT Government.

Project Finance

The Company has advanced discussions with its appointed KPMG Corporate Finance ("KPMG CF") team and its mandated and KfW IPEX-Bank ("KfW") regarding a proposed financing structure and supporting due diligence requirements. The financing work streams are accelerating as the Company approaches completion of the FEED Study, building on the strong foundations laid with financiers in previous years.

TNG is also progressing discussions with representatives of the Northern Australia Infrastructure Facility (“NAIF”) on its funding assessment process following submission of the Company’s funding application.

The Company considers that it meets the specific eligibility criteria for NAIF funding, given the geographical location of its Project in Northern Australia and the economic and social benefits the Project’s development will deliver, as well as the highly strategic nature of the commodities (vanadium, titanium and iron) expected to be produced.

The Mount Peake Project has been recognised by the Australian Government in the Resources Technology and Critical Mineral Processing National Manufacturing Road Map¹, and has also been granted Australian Federal Government Major Project Status² and Major Project status from the NTG. Further, the Middle Arm Precinct, where the DPF is proposed to be located, has recently been recognised as an area of priority investment by Infrastructure Australia³. This strategic recognition will further support the Company during its discussions with key financiers.

The Company’s corporate finance team, with assistance from KPMG CF, continues to evaluate alternatives for equity financing.

The final capital requirements and financing structure will be determined following completion of the FEED Study and receipt of the final Engineering, Procurement and Construction (“EPC”) and Project Execution Plan (“PEP”) proposals from SMS group.

Front End Engineering and Design (“FEED”)

The Company’s strategic engineering and development partner, the German-based metallurgical engineering firm SMS group (“SMS”), is now close to finalising the comprehensive FEED Study for the Mount Peake Project.

The FEL-3 report for the Beneficiation Plant and associated equipment to be located at the Mount Peake mine site has been completed by SMS, and this is currently under detailed review by TNG’s Project Team. The FEL-3 report for process related scopes of the DPF is expected to be completed and presented at the end of March 2021, which will also then be technically reviewed in detail.

The Project related execution and management plan (“PEP”) is being developed and on final completion of FEL-3, TNG will be provided with reliable proposals for the delivery of the mine site Beneficiation Plant and the DPF, with production quantity, production rate and product quality guarantees. The PEP and proposals are expected to be received in the coming months.

Non-Process Infrastructure (“NPI”)

In parallel with the FEED Study, the Company is now planning execution of the commercial phases for the NPI works, having previously completed pre-qualification tendering and short-listing of proponents for delivery of the non-process infrastructure required at both the DPF and the Mount Peake mine site. This includes haul roads, bore fields, accommodation camp, logistics infrastructure, communications, mining operations and power supply.

This will be included into the overall PEP.

EIS Supplement

The Company submitted the Supplement to the Draft Environmental Impact Statement (“EIS”) for its DPF to the Northern Territory Environmental Protection Authority (“NT EPA”) on 1 February 2021 (see ASX Announcement dated 1 February 2021).

Following the submission and in accordance with the *Environment Protection Act 2019* (“EP Act”) process, the NT EPA is now reviewing the EIS Supplement documentation before it is made available for public comment. The assessment of the EIS Supplement by the NT EPA will be subject to the following timeframes⁴:

- Public comment on the Supplement: available for 15 business days; and

¹ Australian Government, March 2021, p.6

² See <https://www.tngltd.com.au/wp-content/uploads/2021/03/61023440.pdf>

³ See <https://www.infrastructureaustralia.gov.au/map/common-user-infrastructure-middle-arm-precinct>

⁴ See https://depws.nt.gov.au/_data/assets/pdf_file/0006/816909/info3-flow-chart-eia-assessment-approval-process.pdf

- Assessment report prepared, environmental approval drafted and comments from proponent and statutory decision makers sought: 45 business days.

TNG looks forward to the document progressing through the required statutory process towards final approval.

TNG Alternative Energy Strategy

As previously advised, the Company has entered into strategic agreements to add further value to the Mount Peake Project and develop separate potential green energy business units, while actively implementing its reduced carbon emission plans. This includes agreements with SMS for the development of a carbon-neutral technology for the production of green hydrogen (see ASX announcement dated 17 September 2020), and with specialist advisors to progress development of a Vanadium Redox Flow Battery (“VRFB”) business (see ASX announcement dated 24 November 2020).

Hydrogen Technology Development

The preliminary testwork on the process, which is targeting production of green hydrogen from various renewable, secondary or fossil hydrocarbon sources by means of plasma pyrolysis, has now been completed by SMS and its technical associates. The testwork results are positive and are now being reviewed by SMS in the context of the optimisation process for the TIVAN® Process flowsheet.

The next steps in the development path for this exciting project are for SMS to confirm a full technical scope and development program. Further news will be provided on this in due course.

Vanadium Redox Flow Battery Business

The Company’s VRFB study on the commercial, marketing and technical inputs for its VRFB business unit has been significantly progressed. Discussions with various potential battery manufacturers have also been advanced.

TNG is also reviewing the design and engineering requirements for a vanadium electrolyte production facility, capitalising on previous testwork completed with SMS. The next steps will include site selection for a showcase battery and discussions with relevant stakeholders and governments for implementation.

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About TNG

TNG is a Perth based resource and mineral processing technology company focussing on building a world-scale strategic metals business based on its flagship 100%-owned Mount Peake Vanadium-Titanium-Iron Project in the Northern Territory. Located 235km north of Alice Springs, Mount Peake will be a long-life project producing a suite of high-quality, high-purity strategic products for global markets including vanadium pentoxide, titanium dioxide pigment and iron ore fines. The project, which is expected to be a top-10 global producer, has received Major Project Facilitation status from the Northern Territory Government.

Forward-Looking Statements

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