

# TNG AGREES REVISED PROJECT EXECUTION STRATEGY WITH SMS GROUP FOR DELIVERY OF THE MOUNT PEAKE PROJECT

*Paves way for construction to be undertaken by Australian-based companies*

## Key Points

- At a recent meeting in Germany with key SMS group (“SMS”) executives, TNG has finalised an agreement for a revised Project Execution Strategy for the delivery of key processing infrastructure for the Company’s 100%- owned Mount Peake Vanadium-Titanium-Iron Project (“Project”).
- The revised strategy has been optimised to best align with changes to global conditions for the delivery of major projects and ensure the most cost effective delivery structure is implemented, taking into account current supply chain management constraints and cost inflation.
- Under this revised model, SMS will provide a commercial and technical proposal for engineering and procurement for the delivery of the key TIVAN® Processing Plant at the Mount Peake Mine Site.
- TNG will advance discussions with Australian-based engineering and construction companies for the delivery of the Mine Site Beneficiation Plant, Titanium Pigment Plant and Non-Process Infrastructure, as well as for the construction of the TIVAN® Processing Plant and associated infrastructure.
- TNG’s appointed Project debt financier, KfW IPEX-Bank, is supportive of the revised Project Execution Model.

Australian resource and mineral processing technology company TNG Limited (ASX: TNG) (“TNG” or the “Company”) is pleased to advise that it has finalised an agreement with its long-term strategic engineering partner, German-based metallurgical engineering firm SMS group (“SMS”), for a revised Project Execution Strategy for its 100%-owned **Mount Peake Vanadium-Titanium-Iron Project** (“Mount Peake Project” or “Project”), located in the Northern Territory.

The revised Project Execution Strategy paves the way for the engagement of Australian-based engineering companies and construction contractors for the delivery of the Mount Peake Project with continued oversight and valuable input from SMS group given their long-standing involvement with the Project.

The revised Project Execution Strategy optimises TNG’s approach to delivering the Mount Peake Project, taking into consideration recent changes in global conditions, supply chain management, logistics and cost inflation.

## **Background**

Following the strategic decision to move the proposed TIVAN® Processing Facility from Darwin to a fully-integrated single mining and processing operation at the Mount Peake Mine Site (see ASX announcement of 30 September 2021) and in light of the ongoing effects of the COVID-19 pandemic, TNG has pursued a revised Project Execution Model to align with changes to global conditions for the delivery of major projects and to capitalise on the commercial opportunities presented by a larger scale, single-site construction project.

Under the original project execution model, SMS was to provide TNG with a fixed-price engineering, procurement and construction (“EPC”) proposal for the delivery of the Beneficiation Plant at the Mount Peake Mine Site, and the TIVAN® Processing Plant and Titanium Pigment Plant (together the “TPF”) in Darwin, following completion and delivery of the Front-End Engineering and Design (“FEED”) study.

SMS had proposed to use Australian-based construction companies as sub-contractors to construct both the Mine Site Beneficiation Plant and the TPF.

## New Project Execution Model

At a recent meeting with SMS in Germany, it was agreed to adopt this new approach, providing TNG with the flexibility to appoint Australian-based major EPC contractors.

The revised Project Execution and contracting strategy key points are:

- TNG and SMS will pursue a restructured approach to deliver the Project, replacing the “single EPC” contracting model previously proposed and allowing engineering, procurement and construction to be sourced directly from multiple engineering and construction groups.
- SMS will submit a proposal for engineering and procurement of the TIVAN<sup>®</sup> processing equipment, which is the core of the Company’s novel processing technology. The submission of the SMS EP Proposal is subject to the internal risk and Board processes of SMS, and completion of the current engineering works (with Clough Projects Australia) as well as any further technical validation required.
- SMS will work closely with TNG and its nominated contractors to provide any necessary processing, engineering and technical validation work as required for the TIVAN<sup>®</sup> Processing Plant, and execution planning. SMS will provide product and process guarantees upon a Final Investment Decision (subject to internal controls at SMS).
- TNG can engage engineering and construction companies to undertake the engineering, procurement and construction of the Mine Site Beneficiation Plant and non-process infrastructure.
- TNG will progress “Build Own Operate” and “Build Own Operate Transfer” options to further reduce capital expenditure.

It is expected that the revised Project Execution Model will optimise the development process, providing flexibility and potential commercial benefits for TNG and its shareholders.

TNG has also held discussions with its key appointed project financiers and advisors on the revised Project Execution Strategy. These include Germany’s KfW IPEX-Bank GmbH (“KfW”), TNG’s mandated exclusive senior debt advisor and arranger for the Project, and KPMG Corporate Finance, TNG’s mandated global financial advisor for total project finance.

Importantly, KfW have indicated their support and have reaffirmed their commitment to progressing the debt financing process for the Mount Peake Project on this basis.

KPMG Corporate Finance remain committed to the Project and will continue to provide advice on the financing process.

**TNG Management Comment:** TNG Managing Director & CEO, Paul Burton, said: *“Reaching agreement with SMS on this new way forward for delivering the Mount Peake Project provides us with the flexibility we need to achieve an optimal project delivery outcome. I would like to thank SMS’ management team for their understanding and agreement to TNG’s proposals, and for their continued support for the Company and our Project.”*

**SMS group Management Comment:** SMS Executive Vice President, Marc Hoffmann, said: *“We are very pleased to continue our long-term partnership with TNG under the new agreement and looking forward to support the Project and the involved partners especially on the TIVAN<sup>®</sup> processing equipment.”*

Authorised by the TNG Board of Directors:

**Paul E Burton**  
**Managing Director & CEO**

18 March 2022

**Inquiries:**

Paul E Burton  
 Managing Director & CEO + 61 (0) 8 9327 0900

Paula Raffo  
 Company Secretary & IR + 61 (0) 8 9327 0900

Nicholas Read  
 Read Corporate + 61 (0) 8 9388 1474

Follow TNG on  

**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 Status from the Australian Federal Government and the Northern Territory Government.

TNG is also advancing a green energy strategy with the dual objective of offsetting carbon emissions from its planned future operations and generating new business opportunities in the alternative energy market to create additional shareholder value, with a focus on green hydrogen and vanadium redox flow batteries.

**Forward-Looking Statements**

This report has been prepared by TNG Limited. This report is in summary form and does not purport to be all inclusive or complete. Recipients should conduct their own investigations and perform their own analysis in order to satisfy themselves as to the accuracy and completeness of the information, statements and opinions contained.

This report is for information purposes only. Neither this nor the information contained in it constitutes an offer, invitation, solicitation or recommendation in relation to the purchase or sale of TNG Limited shares in any jurisdiction. This report does not constitute investment advice and has been prepared without taking into account the recipient's investment objectives, financial circumstances or particular needs and the opinions and recommendations in this announcement are not intended to represent recommendations of particular investments to particular persons. Recipients should seek professional advice when deciding if an investment is appropriate. All securities transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments.

To the fullest extent permitted by law, TNG Limited, its officers, employees, agents and advisers do not make any representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of any information, statements, opinions, estimates, forecasts or other representations contained in this report. No responsibility for any errors or omissions from this arising out of negligence or otherwise is accepted.

This report may include forward looking statements. Forward looking statements are only predictions and are subject to risks, uncertainties and assumptions which are outside the control of TNG Limited. Actual values, results or events may be materially different to those expressed or implied.

**Production Targets and Financial Information**

Information in relation to Mount Peake production targets and financial information included in this report is extracted from an ASX Announcement dated 11 September 2019 called "Optimised Delivery Strategy for Mount Peake" available on the Company's website on [www.tngltd.com.au](http://www.tngltd.com.au). The Company confirms that all material assumptions underpinning the production target and financial information set out in the announcement released on 11 September 2019 continue to apply and have not materially changed.