

# GERMAN ECA EULER HERMES ISSUES LETTER OF INTEREST FOR A\$300M AND SEVEN AUSTRALIAN AND INTERNATIONAL PROJECT FINANCE LENDERS ISSUE EXPRESSIONS OF INTEREST TO TNG FOR FINANCING OF MOUNT PEAKE PROJECT

*The support from both government agencies and banks forms part of the multi-source funding pathway for TNG's flagship Mount Peake Project*

## Key Points

- Federal Republic of Germany Export Credit Agency, Euler Hermes, issues Letter of Interest including indicative key terms for German ECA financing of A\$300 million.
- Letters of Interest also received from seven Australian and International Commercial and Investment Banks.
- The support received from Euler Hermes and Tier-1 banks follows on from the conditional Letter of Support received from Export Finance Australia, Australia's ECA, for a debt facility of up to A\$300 million.
- This brings the current total conditional Letters of Support / conditional Letters of Interest from Government (Australian and German) related funding sources to A\$600 million.
- The Company is still progressing processes with other Government related potential funding sources.
- KPMG Corporate Finance and Germany's KfW IPEX-Bank GmbH supported TNG in achieving these landmark financing milestones.

Australian resource and mineral processing technology company TNG Limited (ASX:TNG) ("TNG" or the "Company") is pleased to advise that it has achieved further significant milestones in its funding strategy for the 100%-owned Mount Peake Vanadium-Titanium-Iron Project in the Northern Territory following the receipt of Letters of Interest/Expressions of Interest from Euler Hermes and seven lenders active in Mining & Metals and ECA Finance.

The strong interest from these financiers follows on from the conditional and non-binding Letter of Support received from Export Finance Australia, Australia's Export Credit Agency ("ECA"), for a debt facility of up to A\$300 million (see ASX Announcement of 8 July 2022).

The support received from Tier-1 global financiers highlights the Project's bankability and strong alignment with the renewables/green sector given the use of vanadium in renewable energy applications and TNG's green energy strategy. TNG is also working with its advisors and sustainability consultants to assist in ensuring that the full range of Environmental, Social and Governance (ESG) funding options are assessed, including green loan finance.

The German ECA, Euler Hermes, has provided indicative terms based on German content from the involvement of TNG's long-standing strategic engineering partner, the major German engineering firm, SMS Group.

As outlined in Euler Hermes' Letter of Interest:

1. Transaction Description: In-principle support, under the export credit guarantee scheme of the Federal Republic of Germany, for an amount of A\$300 million based on the procurement of Process Equipment from SMS Group;
2. Contract value: German portion of the Project costs of A\$300 million;
3. Maximum repayment period: in accordance with the conditions of the OECD Arrangement on Officially Supported Export Credits (High Income Countries); and
4. Cover: 95% of the covered amount, depending on the conditions for the specific cover.

Following the first gateway process for commercial and investment banks, seven Letters of Interest were received. This included Tier-1 Australian, Asian and European project finance banks which have experience in multi-source project finance involving ECAs.

TNG's debt financing strategy of securing a multi-source funding package consisting of government and commercial bank funding is progressing well. Pursuing this funding strategy will allow TNG to optimise its debt financing, provide greater access to low-cost lending, offer greater flexibility in loan structuring and ensure that TNG's funding package aligns with its development and off-take partners.

TNG and its advisors will progress customary due diligence with the commercial lenders, EFA and Euler Hermes.

### **Management Comment**

TNG's Managing Director & CEO, Paul Burton, said:

*"This marks another significant and exciting milestone in our multi-source funding strategy for Mount Peake. The receipt of a Letter of Interest for A\$300 million in funding from Euler Hermes represents a significant achievement for TNG and represents the culmination of many years of hard work at TNG. I would particularly like to thank KPMG Corporate Finance and KfW IPEX teams for their strategic alignment.*

*"Together with the existing commercial debt funding strategy being led by KfW and the recently announced conditional Letter of Support received from Export Finance Australia for debt funding of up to A\$300 million, this shows that our funding strategy for Mount Peake is gathering momentum in line with our strategic plans. Currently this equates to A\$600M of government related condition funding interest which is a significant contribution to our funding needs. And we are still working on additional attractive potential funding sources to further diversify the funding mix"*

*"In addition to Government related parties, we have also received Expressions of Interest from seven Tier-1 Australian, Asian and European project finance banks, reflecting the quality of the Mount Peake Project and the vital role it can play as a long-life critical minerals project in the accelerating global energy transformation."*

Authorised by the TNG Board:

**Paul E Burton**

Managing Director and CEO

19 July 2022

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**About TNG**

TNG is a mineral resource and 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.

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