

## MOUNT PEAKE PROJECT DEVELOPMENT UPDATE

### Key Points

- TNG's Project Engineering Team continues to progress its detailed review of the Front-End Loading (FEL)-3 report recently submitted by the German-based SMS group<sup>1</sup>.
- TNG and SMS are advancing discussions on details of a revised Project Execution Model designed to address the ongoing commercial and logistical challenges associated with the global COVID-19 pandemic.
- In parallel, the environmental approval process for the TIVAN® Processing Facility ("TPF") in Darwin is progressing with TNG well advanced in a comprehensive assessment of alternative sites for locating the TPF as required in "Item 1.1 - Site Selection and Justification Process" of the Direction<sup>2</sup>.

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 delivery and development of its 100%-owned Mount Peake Vanadium-Titanium-Iron Project ("Mount Peake Project" or "Project"), located in the Northern Territory.

### Front-End Engineering and Design ("FEED") Study

As previously announced<sup>1</sup>, SMS submitted the technical FEL-3 report for the Mount Peake Project to TNG's in-house Project engineering and Development team ("Team").

The Team are progressing a detailed audit of the FEL-3 report with weekly meetings being held "virtually" with SMS' engineering team in Germany for clarification and final revision purposes as well as for the identification of areas that could benefit from value engineering. In parallel, final testwork to confirm certain key process assumptions and evaluate further potential for technical optimisation is being finalised.

### Project Execution Model

Under the current agreement, SMS was intending to prepare and provide TNG with a fixed-price engineering, procurement and construction ("EPC") proposal for the delivery of the Mount Peake Beneficiation Plant and the Darwin TPF following completion and delivery of the FEED. As part of this delivery strategy, SMS had initially proposed to engage Australian-based engineering, manufacturing and construction companies as sub-contractors.

However, ongoing commercial and logistical challenges caused by the global COVID-19 pandemic – including severe restrictions on travel between Europe and Australia, the escalation of construction and engineering costs, global workforce shortages and disruptions to supply chain logistics – are all posing significant challenges to major projects, especially when those are supposed to be undertaken by overseas contractors. Under the prevailing circumstances, TNG considers any "fixed-price EPC proposal" could include substantial extra contingencies for project delivery which may not be in the best interests of the Company.

In light of this and with the goal of maintaining capital expenditure at an attractive level, TNG has opened discussions with SMS to revise and optimise the model for the delivery of the Mount Peake Project, whereby SMS will continue to provide all downstream processing plant, production and product quality guarantees for the Project and accept local Australian engineering and construction companies to be engaged for the mine site beneficiation plant, and any Build Own Operate and Build Own Operate Transfer ("BOO/BOOT") opportunities.

<sup>1</sup> Refer to ASX Announcement of 26 July 2021, "TNG Announces Completion of FEED for Mount Peake Project"

<sup>2</sup> Refer to NT EPA website for the Direction: [https://ntepa.nt.gov.au/\\_data/assets/pdf\\_file/0020/1009280/direction-to-provide-info.pdf](https://ntepa.nt.gov.au/_data/assets/pdf_file/0020/1009280/direction-to-provide-info.pdf)

Discussions have been positive and SMS remain supportive of continuing a major contracting role during the Project's further construction development and implementation phase.

Initial discussion with the Company's existing potential financiers indicate that such an arrangement is not expected to have any negative affect on the financing structures currently being evaluated or reduce the number of financing options potentially available.

### **Darwin TIVAN® Processing Facility – Environmental Impact Statement (“EIS”), post Supplement work**

Following recent updates on the Darwin EIS<sup>3</sup>, TNG and its environmental consultants, Animal Plant Mineral (“APM”), have progressed engagements with technical consultants for the delivery of the required additional/updated technical reports.

As part of the “*Direction to Provide Additional Information*” (“Direction”) on the Supplement to the Draft EIS, TNG has been requested to demonstrate that reasonable alternative locations have been properly considered and evaluated using the site selection criteria.

As required in the Direction under “*Item 1.1 - Site Selection and Justification Process*”, the alternative site assessment (“Assessment”) has to consider environmental and social impacts, including:

- traffic from the transport of materials, including wastes;
- increased demands on local infrastructure;
- increased impact, including cumulative impact, on air quality;
- increased stress on water resources;
- impacts on the receiving environment;
- impacts from unplanned pollution events;
- greenhouse gas emissions; and
- community impacts including noise, visual, social and economic impacts.

TNG's management has prioritised the Assessment and the Company's Project Engineering Team, with assistance from local engineering groups, is preparing a detailed risk/benefit assessment, which includes consideration of locating the TIVAN® Processing Facility at alternative sites including the Mount Peake mine site.

The Company had previously considered a number of potential alternative sites and is therefore well advanced in this process and expects to complete the Assessment by the end of this month.

### **Green Energy Strategy**

TNG is also advancing its 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. TNG continues to progress discussions under its Heads of Agreement with AGV Energy & Technology (“AGV Energy”) on two fronts:

- integration of vanadium redox flow batteries (“VRFB”) with AGV Energy's green hydrogen production technology HySustain; and, separately
- consideration of opportunities for the commercialisation of the HySustain technology in Australia.

Discussions to date have been very productive and the Company anticipates providing further updates in due course on developments with AGV Energy.

TNG is also progressing negotiations with Singaporean-based VRFB technology company V-Flow Tech on a formal joint venture arrangement, including the development of a preliminary business plan, to progress fully integrated renewable energy supply and battery storage solutions in Australia.

<sup>3</sup> Refer to ASX Announcements of 14 and 29 July 2021, “TNG Progresses Darwin EIS” and “Quarterly Activities and Cashflow Report”

Authorised on behalf of the Board by:

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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 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**

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**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.