

MOUNT PEAKE PROJECT – CAPITAL EXPENDITURE UPDATE

Australian resource and mineral processing technology company TNG Limited (ASX: TNG) (“TNG” or the “Company”) provides the following update on the work being undertaken by the Company’s Lead Engineer, Clough Projects Australia (“Clough”), for its 100%-owned **Mount Peake Vanadium-Titanium-Iron Project** (“Project”) in the Northern Territory.

In September 2021, TNG made the strategic decision to move to a single, consolidated and integrated mining and processing operation for the Mount Peake Project, with all processing operations to be co-located at the Mount Peake Mine Site rather than being split across two separate sites (see ASX announcement of 30 September 2021).

Clough was appointed to develop an optimised plant layout for the integrated Project, which was completed in November 2021 (see ASX announcement of 23 November 2021). Clough was also engaged to provide an updated capital expenditure estimate for the Project on the basis of this new layout and the FEED Study deliverables.

The previous capital expenditure estimate released by the Company in September 2019 was for pre-production capital expenditure of A\$824 million (noting the TIVAN[®] Processing Plant was located in Darwin at that time) (see ASX announcement of 11 September 2019, and incorporated detail from the updated feasibility study announcement of 20 November 2017). This figure assumed that additional capital expenditure for certain areas of equipment and plant totalling \$491 million (previously \$562 million as at 20 November 2017) would be funded by third parties under “Build-Own-Operate” arrangements (and corresponding lease payments were included in operating expenditure estimates as noted in the 11 September 2019 announcement).

As has been previously advised, Clough’s ability to progress updated equipment pricing and the capital expenditure estimate for the Project have been adversely impacted by unprecedented market conditions, largely driven by the ongoing impact of the post COVID-19 pandemic, the escalating armed conflict in Ukraine, congested supply chains, labour shortages and the general global macro-economic environment as previously noted by the Company (see ASX announcement of 22 June 2022).

Clough has advised TNG that while this work is ongoing and in progress, the estimates of equipment pricing received to date are significantly higher than anticipated, but are (in Clough’s opinion) unreliable and not accurate or reflective of likely future market conditions. As a result, Clough has further advised it is not yet in a position to provide TNG with a definitive overall pre-production capital expenditure estimate for the Project and further work is required to complete this, with a completion target of mid-2023.

Notwithstanding this, the Company thought it prudent to confirm to the market (including on the basis of the most recent discussions with Clough) that current indications are that capital expenditure (both for the Company’s own pre-production expenditure and for any equipment and plant provided by third parties under “Build-Own-Operate” arrangements) is likely to be significantly higher than estimated in 2019, although it is too early to determine the extent of any capital expenditure increase until the Project’s capital cost estimates are completed. This is not surprising given the changes in macro-economic and other conditions noted previously.

Clough has submitted a proposal to work with the Company to reduce and optimise equipment requirements across the Project through a detailed value engineering exercise, and to undertake further commercial processes to attempt to reduce and optimise pricing, with the objective of minimising the overall capital expenditure for the Project. This work is intended to culminate in an updated AACE Class-4 Cost Estimate for the Project.

TNG will seek to mitigate any upward cost impacts wherever possible and will provide relevant updates as the potential financial impacts of the Project’s capital cost estimates are more comprehensively understood, noting that until work relating to the capital expenditure estimate is completed, TNG will not be in a position to provide a

definitive pre-production estimate. As a result, the Company will not be in a position to make a final investment decision until after this work has been completed, and subject to Clough then being able to prepare and submit an EPC proposal which is acceptable to the Company. The Company will continue to progress its financing, permitting and other regulatory requirements in parallel so that it is positioned for a final investment decision.

Authorised by the TNG Board of Directors

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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 Northern Territory and Federal Governments.

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 announcement has been prepared by TNG Limited. This announcement 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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