

## STRATEGIC CO-OPERATION AGREEMENT SIGNED WITH McMAHON SERVICES AND CLOUGH PROJECTS FOR MOUNT PEAKE VANADIUM PROJECT

*Agreement encompasses broad scope of Construction Management, Procurement and Services*

### Key Points

- Leading EPC contracting and construction groups McMahon Services (“MCM”) and Clough Projects (“Clough”) propose to work together as a joint venture (“McMahon Services Clough JV”) to provide construction services to TNG for the Mount Peake Vanadium-Titanium-Iron Project (“Project”).
- The McMahon Services Clough JV will assess the updated Definitive Feasibility Study (“DFS”) of the Project completed in November 2017 for the design, construction and delivery of the TIVAN® processing plant in collaboration with SMS Group.
- The McMahon Services Clough JV will perform preliminary construction management and procurement contracting services.
- TNG confirms that McMahon Services Clough JV will be its preferred EPC team for all future construction work associated with the Mount Peake Vanadium-Titanium-Iron Project.
- The McMahon Services Clough JV will also support TNG in obtaining financial investment for the Project and submit a sole-sourced proposal for the construction works.

Australian strategic metals company TNG Limited (ASX: TNG) is pleased to announce that it has signed a strategic co-operation agreement with the leading construction companies McMahon Services and Clough Projects to work together to provide key engineering, procurement and construction (EPC) services for its flagship 100%-owned **Mount Peake Vanadium-Titanium-Iron Project** in the Northern Territory.

The wide-ranging Agreement will see McMahon Services and Clough Projects join forces into a joint venture to fully review TNG’s recently completed updated Definitive Feasibility Study (DFS) for Mount Peake and evaluate the preliminary construction management and procurement contracting services required for the Project together with the Company’s strategic engineering partner, SMS Group.

The Agreement is aimed at advancing the relationship between the parties to a stage where TNG can make a final decision on its construction plans for the Project, as well as support the Company in obtaining a financial investment decision from its investors or financiers.

TNG updated the economics of its Definitive Feasibility Study (DFS) for Mount Peake in November 2017, confirming a world-class project capable of generating outstanding returns. Key findings of the updated DFS included life-of-mine net cash flow of \$11.7 billion, a pre-tax IRR of 44% and an NPV<sub>8</sub> of \$4.7 billion (see *ASX Announcement – 20 November 2017*).

### About Clough

Clough is an engineering and construction company that offers full asset lifecycle services to the mining, infrastructure and oil & gas industry. Clough works with the world’s largest companies to engineer, construct, commission and maintain critical infrastructure. Established in 1919, Clough has the history of being a project delivery partner of choice. By adopting the Pursuit of Excellence in all aspects of its business, Clough has set safety benchmarks, reduced project risk and provides a complete project delivery solution to its clients.

More on: <http://www.clough.com.au/>

## About McMahon Services

McMahon Services is a leading Australian privately-owned construction, environmental and services provider operating across all States and Territories. Established in 1990, the business has grown from an Adelaide-based small business into a national award-winning contractor. With offices and workshops throughout Australia, McMahon Services employ over 650 staff delivering projects in capital cities, rural townships, isolated islands and in remote outback locations. Their reputation is built on a strong track record of delivering high-risk projects in some of Australia's most challenging conditions.

In 2010, McMahon Services launched Intract Australia following a long history of working throughout Indigenous communities and developing a strong commitment to the social economic wellbeing of Indigenous Australians. In 2014, Intract Australia was transformed into a 51% Indigenous-owned, managed and controlled enterprise. Intract Australia will work collaboratively with McMahon Services to provide civil construction and general building services for the Mount Peake Project.

More on: <https://www.mcmservices.com.au/>

More on: <https://www.intract.com.au>

## Management Comment

TNG's Managing Director, Mr Paul Burton, said the strategic co-operation agreement with Clough and McMahon Services put in place the foundations for an expansive EPC approach to the financing and construction of the Mount Peake Project, creating a structure which would potentially include two of Australia's leading construction and engineering groups in its final EPC team.

"We already have a strong and long-standing relationship with our German-based strategic engineering partner, SMS group, and this agreement with Clough and McMahon is designed to build on and enhance that relationship," he said. "Having two of Australia's leading contracting groups as part of our construction consortium is a real positive for the Mount Peake Project."

**Clough** CEO and Managing Director Peter Bennett said: "Clough look forward to working with TNG on such a significant project in the Northern Territory. We're embracing our status as preferred team and local delivery partner for the construction and installation of the process plant, along with EPC work for the Project's balance of plant systems and non-process infrastructure."

**McMahon Services'** Directors David and Andrew McMahon said they were looking forward to working with TNG and its flagship project in the Northern Territory.

"Our team is excited by this opportunity, together with our partners Intract Australia (Indigenous Contracting Business). The project will offer considerable Indigenous employment, training and long-term career paths throughout the life of the project."

**Intract Australia's** joint Managing Directors John Briggs and Michael Rotumah said they were thrilled about this opportunity, as it supports their commitment to closing the gap on Indigenous employment.

"Our outstanding Indigenous employment track record demonstrates our commitment to Closing the Gap for Indigenous Australians. Since its inception in 2010, Intract has provided training and employment for over 200 Indigenous people across Australia, many from regional and remote Indigenous communities."

Paul E Burton  
**Managing Director**

16 March 2018

**Inquiries:**

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

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

**About TNG**

TNG is 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 metals products for global markets including vanadium pentoxide, titanium dioxide and pig iron. The project, which will be a top-10 global producer, has received Major Project Facilitation status from the NT Government.

Vanadium is a highly strategic metal which is used as an alloy in steel. It is also in strong demand for use in energy storage, with vanadium redox batteries used to store electricity generated by solar and wind power, and lithium-vanadium ion batteries used to power hybrid cars.

**Production Targets and Financial Information**

Information in relation to the Mount Peake Definitive Feasibility, including production targets and financial information, included in this report is extracted from an ASX Announcement dated 20 November 2017, (see ASX Announcement – 20 November 2017, "[Updated Feasibility Study Results](#)", [www.tngltd.com.au](http://www.tngltd.com.au) and [www.asx.com.au](http://www.asx.com.au)). The Company confirms that all material assumptions underpinning the production target and financial information set out in the announcement released on 20 November 2017 continue to apply and have not materially changed.

**Forward-Looking Statements**

This announcement has been prepared by TNG Ltd. 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.

This 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 Ltd shares in any jurisdiction.

This 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 presentation 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 Ltd, 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 announcement. No responsibility for any errors or omissions from this arising out of negligence or otherwise is accepted.

This 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 Ltd. Actual values, results or events may be materially different to those expressed or implied.