

TNG APPOINTS SMS GROUP TO COMMENCE FRONT-END ENGINEERING AND DESIGN (FEED) FOR ENTIRE MOUNT PEAKE PROJECT AND PROVIDE FIXED-PRICE EPC PROPOSAL

Leading German metallurgical plant builder to provide process and product guarantees for all project components including Mount Peake Concentrator and TIVAN™ Plant

Key Points

- SMS group to commence comprehensive FEED (Front-End Engineering and Design) for TNG's Mount Peake Vanadium-Titanium-Iron Project in the NT.
- Mandate encompasses the Mount Peake mine site Concentrator, the TIVAN® Processing Plant and all associated plant and equipment.
- In addition to the FEED of the process, plant and equipment, SMS group's scope will include providing a proposal for full procurement and construction including the balance of plant and equipment to be provided on a turnkey, single-source, fixed-price EPC basis.
- SMS group will provide to TNG production quantity, production rate and product quality guarantees.

Australian strategic metals company TNG Limited (ASX: TNG) is pleased to announce the appointment of the leading German-based metallurgical engineering group SMS group to commence the key Front-End Engineering and Design (FEED) process for its **Mount Peake Vanadium-Titanium-Iron Project** in the Northern Territory under an expanded scope which includes all project components.

Under the mandate, SMS group will include in its comprehensive FEED process all process plant equipment required for the Mount Peake operation, including the mine site Concentrator and associated TIVAN® downstream processing plant, as well as all associated plant and equipment.

In addition, TNG has successfully negotiated the work scope with SMS group to result in a fixed-price Engineering Procurement and Construction (EPC) proposal, as well as for SMS group to provide TNG with production quantity, production rate and product quality guarantees.

Under the contract, SMS group will now design and engineer the entire processing flow sheet for the Mount Peake Project, which includes the mine site Concentrator, where magnetite concentrate is to be produced, and the downstream processing plant, where three high-purity and high-value products – vanadium pentoxide, titanium dioxide and iron oxide – will be produced.

The downstream processing plant will utilise TNG's 100%-owned TIVAN® hydrometallurgical process. The scope of work for the TIVAN® plant will include a titanium pigment plant – to be developed in collaboration with its nominated sub-contractor, Ti-Cons (see ASX announcement "TNG signs binding Heads of Agreement with leading German technology provider," dated 26 September 2018).

Management Comment

TNG's Managing Director, Mr Paul Burton, said the appointment of SMS group under an expanded mandate meant that the Mount Peake Project would be fully-engineered, supplied and potentially constructed by one of the world's leading metallurgical engineering groups.

“We are extremely pleased to have achieved this outcome with SMS group, including a comprehensive mandate to produce a fixed-price EPC proposal for the development and construction of the entire Mount Peake Project. Having SMS also assume technical and product guarantees under the resulting fixed-price EPC arrangement significantly de-risks the Project and marks one of the most significant milestones its development history.”

SMS’s responsible Managing Director, Mr. Herbert Weissenbaeck, commented: “This is the logical next step in the development of TIVAN® and Mount Peake – which together have the potential to essentially disrupt the TiO₂ pigment and vanadium space. This keeps TNG on a clearly structured path and timeline towards incorporating its first TIVAN® project in a technically and commercially convincing package, largely de-risked from a customer perspective, and provided by one single, fully responsible contractor.”



Front: TNG Managing Director, Paul Burton (left) and SMS Vice President, Strategic Projects, Herbert Weissenbaeck (right).
Back row: TNG Commercial Manager, Jason Giltay; TNG GM Process engineering, Tony Arena; TNG GM-Titanium Business, Philippe Guillemaille; TNG GM-Business Development, Paul Vollant; SMS group, Head of Commercial Project and Risk Management, Integrated Plants Turnkey Services, Marlene Wagner; SMS group, Process Technologies Expert, Raffael Stastny; SMS group, Manager Financial Services, Dr Maxim Littek; SMS group, Senior Vice President Turnkey Plants, Alexander Heck.

Upon completion of the FEED program, SMS group are required to submit a binding fixed-price, lump-sum turn-key EPC Proposal for the Concentrator and Processing Plant. TNG’s management team has successfully negotiated for SMS to prepare a detailed proposal for delivery of the project, with both process and product guarantees to be provided as part of a fixed-price EPC contract.

This represents a significant outcome for the Company in delivering the innovative TIVAN® Process.

The utilisation of a single contractor for both the Concentrator and Processing Plant is expected to provide further support for TNG's strategy for sourcing Export Credit Agency project debt financing. This umbrella approach has significant advantages for TNG as it may enable additional services and equipment to be covered under its strategy for obtaining ECA debt finance, as well as having process and cost risk assumed by the EPC contractor.

About SMS group

SMS group GmbH is one of the leading global system suppliers of plants, machines and services along the entire metallurgical value chain, with a global workforce of approximately 13,000 employees. SMS group has provided on-going technical and strategic support to TNG with many aspects of the Mount Peake Project, including metallurgical test work, flowsheet verification, financial modelling and the compilation of the updated DFS.

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2 November 2018

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Forward-Looking Statements

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