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ASX Release
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ASX:TLG

Completion of Vittangi Anode Project FEED Study delivers strong results

Battery materials and technology company Talga Group Ltd ("**Talga**" or "**the Company**") (**ASX:TLG**) is pleased to announce the completion of the front-end engineering and design ("FEED") for its integrated Vittangi Anode Project ("Project"), located in northern Sweden. Highlights include:

- Optimised equipment and process design reduces the number of purification and anode production lines required at the Refinery, reducing the building footprint and improving energy needs
- Anode production process configured and qualified to customer requirements, facilitating battery maker and automotive OEM offtake negotiations
- Positive update to capital expenditure to a total of €560m (excluding €39m contingency) amid inflationary macro environment
- Identified near term initial Refinery capacity expansion opportunity subject to further technical and commercial work underway

Following delivery of the Detailed Feasibility Study ("DFS") in 2021 (ASX:TLG 1 July 2021), Talga has completed FEED and value engineering activities for the Project. The work, conducted with main consultants Worley, ABB and Sweco, has refined and optimised the Project across numerous areas including equipment design, production process configuration and building footprints.

The final equipment design has optimised the Luleå Anode Refinery ("Refinery") production lines required to produce 19,500tpa of Talga's natural graphite anode product Talnode®-C. The two purification lines have been combined to one and the anode lines rationalised from six to four. The updated design and refinements of the project package have led to a reduction in the Refinery building footprint and 23% less energy requirements across the Project.

Work completed as part of the FEED has finalised the anode production process configurations to be aligned with customer requirements, based on completed Talnode®-C qualification, and supports Talga's advancing customer offtake negotiations.

Following the extensive process of optimisation and improved project definition to a AACE Class 3 estimate level with a ± 10% accuracy, capital costs for the construction of the vertically integrated operation are now estimated at €560 million (excluding €39m contingency). The estimate currency (€) is in line with Project debt financing as agreed with the banking consortium.

Accounting for the impacts of inflationary macro environments, the Company considers this a modest increase from the US$484 million (which excluded US$44m contingency and US$44m of refinery building infrastructure previously assumed to be leased) in the DFS released on ASX on 1 July 2021.

Talga CEO, Martin Phillips, commented: *"The completion of the FEED is a key step in our execution plan and we are very pleased with the results of the process. Our team has done a fantastic job in mitigating rising costs and finding optimisations in a tough macro environment. Having further refined the already robust Vittangi Anode Project we are well positioned as we progress towards an FID."*

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The capital cost estimate is current at the date of this announcement and remains subject to further refinement and optimisation. The Company continues to tender and assess major Engineering and Procurement and Construction Management ("PCM") contracts, equipment and operational packages to award these and support the detailed design phase leading up to a Financial Investment Decision ("FID").

Project Timeline

Talga broke ground at its Luleå Anode Refinery in September 2023 and completed the initial phase of refinery site groundworks in January 2024. Strategic agreements with project partners ABB and Rejlers are in place, and preparation for engineering and PCM tenders, along with procurement, is well advanced. The Refinery is now 'shovel ready' and the mine awaits completion of permitting processes.

Following completion of key mine permits and the finalisation of customer offtake agreements, Talga's Board of Directors would be in a position to approve an FID for the integrated Vittangi Anode Project. The estimated Project construction timeline, including commissioning, is 18-24 months to first production.

Talga MD, Mark Thompson, commented: *"This is an excellent achievement in establishing our first commercial facility for production of high-quality active anode material for Li-ion batteries. The Vittangi Anode Project is a crucial development for improving global supply chain resilience in the fast growing EV and ESS markets."*

Initial Expansion Potential

The FEED study results, and the Company's engineering consultants, have identified the potential to expand the initial Luleå Anode Refinery capacity. This initial expansion would aim to maximise near term Talnode®-C production or to produce additional Talphite® feedstock for separate Talnode®-Si production.

Whilst the Company and its engineering consultants have undertaken preliminary work on this initial expansion the Company notes that further technical and commercial work is currently underway including potential capital costs and any other impact on the Project.

Project Funding

Talga's selected banking consortium, comprising multiple government-owned export credit agencies and European commercial banks, continues to progress towards credit approved term sheets for the Project debt funding. This is underpinned by €150 million approval from the European Investment Bank.

The capital estimate update has been progressed concurrently with bank group discussions and financing negotiations. The debt package size is yet to be finally determined; however it is anticipated to cover all the Project debt target (up to 60%) of the updated capital expenditure along with associated debt financing and project completion costs.

Talga is also progressing a range of prospective equity funding options in line with its financing strategy. This includes potential strategic investors, as well as application for ~€70m in EU grant funding, currently under consideration. The Company notes that while it is confident in potential available funding sources there can be no assurance that such funding, including the grant funding, will be obtained or approved.

Authorised for release by the Board of Directors of Talga Group Ltd.

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About Talga

Talga Group Ltd (ASX:TLG) is a leader in the development of sustainable battery materials. Via innovative technology and vertical integration of our 100% owned Swedish graphite resources, Talga offers a secure supply of products critical to the green transition.

Talga's flagship product, Talnode®-C, is a natural graphite anode material made using renewable energy for a low emissions footprint. Battery materials under development include an advanced silicon anode product and conductive additives for cathodes. Website: www.talgagroup.com

Competent Persons Statement

The Company first reported the production targets referred to in this announcement in accordance with Listing Rules 5.16 in its announcement titled 'Robust Vittangi Anode Project DFS' dated 1 July 2021. The Company confirms that all material assumptions underpinning that production target continue to apply and have not materially changed.

Forward-Looking Statements & Disclaimer

Statements in this document regarding the Company's business or proposed business, which are not historical facts, are forward-looking statements that involve risks and uncertainties, such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements. Investors are cautioned not to place undue reliance on forward-looking statements.

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Important information

The capital cost estimates in this announcement for the Project are indicative only, based on the Company's studies and budgeting and the Project economic model. It is developed in the context of the current operating environment, the general global macro-economic environment, and market factors impacting materials and installation costs, including inflation, foreign currency exchange rates and labour constraints. Moreover, the Company has yet to formally award a number of material contracts, the estimates regarding the final costs of which remain uncertain due to the impact of the above factors. The Company is undertaking additional technical and commercial work on the potential initial expansion of the plant capacity and the Company notes that there is no assurance such initial expansion in plant capacity will proceed following completion of this work. The information is provided as an indicative guide to assist investors with modelling of the Company. It should not be relied upon as a predictor of future performance.