

NEWS UPDATE

21st January 2019

TELLUS SIGNS LEAD CONSTRUCTION CONTRACT AND PROJECT MANAGEMENT CONTRACT FOR THE SANDY RIDGE PROJECT

-  Tellus signs Lead Engineering, Procurement and Construction (EPC) contract with GR Engineering Services Ltd
-  EPC contract program will commence in two stages to align with regulatory approvals
-  Stage one enabling works to commence this February followed by stage two construction expected in early June 2019 and fully operational in March 2020
-  Tellus signs Project Management Consultant (PMC) contract with Turner & Townsend
-  Signed EPC and PMC contracts meet key conditions precedent for the recently announced A\$102 million Debt Facility with first drawdown expected in the coming weeks

Tellus Holdings Ltd (Tellus) is pleased to advise that it has signed its lead construction contract and project management contract for the development of its 100% owned Sandy Ridge Project in Western Australia.

The staged works under contract align with regulatory approvals with stage one enabling works planned to commence in early February and stage two construction from early June 2019. The facility commissioning and full operations are scheduled from early 2020. The project development plan targets the acceptance of surface storage of waste materials to commence from early October, subject to regulatory approvals. The contracts include:

Lead EPC Contract with GR Engineering Services Ltd (GRES).

The fixed price and fixed time EPC contract are in line with Tellus' Final Investment Decision (FID). The circa A\$50 million EPC contract includes a Guaranteed Maximum Price (GMP) with a share of savings arrangement.

The stage one enabling works include engineering, design and long lead procurement activities including the manufacturing of the cell air dome foundation blocks.

The stage two construction works includes engineering; procurement; construction; commissioning and performance testing of the Sandy Ridge facility site infrastructure. This includes mining of the first open cut kaolin pit (waste cell), plus container yards, site warehouses and offices, roads, a 71-room accommodation village and associated services and utilities.

Owners PMC Contract with Turner & Townsend Pty Ltd.

The circa A\$2 million PMC contract provides project management services that support the Tellus owners team in managing all development phase contracts including the EPC contract (above); ancillary construction and equipment supply contracts; and key operational contracts.



Fig 1: Tellus & GRES post signing EPC contract



Fig 2: Tellus & T&T post signing PMC

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“We are delighted to be announcing the signing of these key project contracts with GRES and Turner & Townsend. The Tellus team has worked extremely hard with both parties to get to this point and we are looking forward to commencing work with them from next month,” said Tellus GM Project Development, Stephen Hosking.

“The signing of these two important contracts with respected contractors gives Tellus stakeholders confidence that Australia’s first commercial dual open-cut kaolin mine and arid near-surface geological waste repository will be built to the highest standards, on time and on budget,” said Tellus Managing Director, Duncan van der Merwe.

“These signed contracts meet key conditions precedent for the A\$102 million senior secured loan note subscription facility (the “Debt Facility”) that was signed on the 21st December 2018. Tellus expects to announce additional detail on the final satisfaction of the conditions precedent and drawdown of the Debt Facility in the coming weeks”, he said.

The proceeds from the Debt Facility will be used to fully satisfy the project capital expenditure for Sandy Ridge as well as provide additional working capital.

Separately, Tellus will also be announcing several ancillary construction and equipment supply contracts in the coming weeks.

Tellus expects to create up to 100 jobs during the construction phase of the project and 80 jobs at peak operational manning supported by a 71-man accommodation camp. Tellus has a policy of buying local and hiring local and most opportunities that will be advertised will start during 2019.

About GR Engineering Services Ltd:

GR Engineering Services Limited (ASX: GNG) is an engineering, consulting and contracting company specialising in fixed price engineering design and construction services to the resources and mineral processing industry. Founded in Perth, Western Australia in 2006, GR Engineering has rapidly grown through the completion of design and construction projects and studies for a diverse range of clients, including global mining houses, mid-tier miners and junior developers undertaking their first project.

Visit: <http://www.gres.com.au>

About Turner and Townsend Pty Ltd:

Turner & Townsend is a globally respected professional services company specialising in programme management, project management, cost and commercial management and advisory across the real estate, infrastructure and natural resources sectors. They operate 104 offices in 44 countries.

Visit: <http://www.turnerandtowntsend.com>

About Sandy Ridge:

Tellus is proposing to develop the Sandy Ridge facility, Australia’s first dual open-cut kaolin mine and arid near-surface geological waste repository in a 70-million-year-old kaolin clay bed with a 25-year operating licence, which is located 240 kilometres by road west north west of Kalgoorlie. The proposal would involve mining up to 290,000 tpa of kaolin clay and receiving up to 100,000 tpa of Class IV and V waste (“hazardous waste”) at the facility gate over 25 years. Only wastes generated within WA, other Australian States and Territories, and the Australian Exclusive Economic Zone can be accepted, subject to meeting the facility’s waste acceptance criteria.

About kaolin clay:

The kaolin to be mined is suitable for applications in the ceramics, paint and environmental remediation industries.



About hazardous waste

In its simplest definition, hazardous waste is waste that can harm the environment or human health and therefore should be removed from the biosphere where it can pose a threat. Australia is one of the highest emitters of hazardous waste per capita. Approximately 10% of Australian reported waste is classified as hazardous (by volume). Annual hazardous waste production in 2015 was approx. 45 M tpa, with only 5.3 M tpa reported and entering the waste market. The legacy hazardous waste stockpile in Australia is 1 Billion tonnes and growing. There is insufficient infrastructure at competitive price points to permanently solve the problem or recover valuable materials. Tellus Sandy Ridge facility will be licenced to accept Class IV (Secure Landfill) and Class V (Intractable Landfill) waste from all of Australia. The majority is chemical waste from a broad spectrum of industrial sectors, including mining, oil and gas, contaminated site remediation, and utilities, along with a small amount of low level (LLW) Naturally Occurring Radioactive Materials (NORM) and low level Disused Sealed Radioactive Sources (DSRS). Tellus' Sandy Ridge facility will not accept any nuclear waste, or waste streams falling under intermediate (ILW) or high level (HLW) radioactive waste designations.

About geological repositories:

Geological repositories are facilities that can offer long term storage, treatment, recovery and permanent isolation of equipment and hazardous waste services. Geological repositories provide the highest level of containment for hazardous waste (chemical waste) and low-level radioactive waste (LLW) isolating them from the biosphere over geological time. This is achieved through a combination of carefully selected active and passive control measures. This is known as a multi-barrier system. Tellus' safety case relies on multiple fail-safe mechanisms but the strongest barrier of them all is the passive control mechanism. In other words, the carefully selected site and host rock which does not require ongoing monitoring is the fundamental property of geological waste repositories, which remain passively safe through geological time.

About Tellus Holdings:

Tellus Holdings Ltd ("Tellus") mission is to contribute towards a cleaner Australia by developing a portfolio of geological repositories that provide waste storage, recovery and permanent isolation solutions plus complementary clay and salt products to our clients. This dual revenue model involves mining kaolin clay and rock salt commodities located in thick dry remote formations creating world's best practice geological solutions. The voids created by mining will be used to store equipment, archives and waste using a multi- barrier system as part of an integrated safety case. Tellus plans to permanently isolate hazardous waste using environmentally sound management (ESM) principles that protect the environment and human health. Tellus also integrates long-term storage solutions that supports the circular economy by placing like-with-like materials for operational safety reasons and to create opportunities for the future recovery of valuable materials. Tellus' business model mirrors overseas solutions operating in the UK, Europe and North America. Tellus is developing the proposed Sandy Ridge facility in Western Australia (WA) and the proposed Chandler facility in the Northern Territory (NT). Both Sandy Ridge and Chandler were awarded Major Project Facilitation Service by the Australian Government and Chandler was awarded Major Project Status by the NT Government.

For further information:

Visit: www.tellusholdings.com.au or contact:

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