
LMG makes changes to its 2020 Unaudited Annual Report

29 October 2020, Sydney Australia: Latrobe Magnesium Limited (ASX:LMG) has been advised by its auditors to make two changes to its lodged unaudited 2020 Annual Report. The changes both relate to a prepayment for design, engineering, procurement and management services in relation to the development and construction of its initial 3,000 tonne per annum magnesium plant in the Latrobe Valley.

The first change required was to reclassify the prepayment and corresponding accrued liability in LMG's Statement of Financial Position of \$18,631,000 and include the prepayment by way of a Capital Commitment Note 24 in the audited 2020 annual report. The effect of this change is to reduce LMG's assets and its liabilities by the same amount. The net effect of this change on LMG's net assets is nil.

The second change was in relation to the adoption of the accounting standard AASB120 Accounting for Grants which prescribes that grants relating to assets should be recognised as a deferred income liability until such time as the plant is completed and depreciation commences. The effect of the adoption of this standard was to reclassify the research and development tax rebate portion, which relates to the prepayment services for the initial plant, from Other Income in the Statement of Profit or Loss and Other Comprehensive Income to a Non-Current Deferred Income in the Statement of Financial Position. As the plant is expected to be completed by 30 June 2022, this deferred income liability is a non-current liability and it will offset against the non-current plant asset when it is completed. The effect of this change is to transfer an amount of \$8,104,695 from Other Income in the Statement of Profit or Loss and Other Comprehensive Income to a new account being Non-Current Deferred Income in the Statement of Financial Position. The amount is shown in Note 15 in the audited 2020 annual report.

The audited 2020 annual report has been lodged separately today.



John Lee
Company Director & Secretary

About Latrobe Magnesium

Latrobe Magnesium is developing a magnesium production plant in Victoria's Latrobe Valley using its world-first patented extraction process. LMG intends to extract and sell magnesium metal and cementitious material from Yallourn ash, which is currently a waste stream from brown coal power generation.

LMG has completed a feasibility study validating its combined hydromet / thermal reduction process that extracts the metal. Construction is estimated to start on its initial 3,000 tonne per annum magnesium plant in the fourth quarter of this year with production commencing 18 months later. The plant will then be expanded to 40,000 tonne per annum magnesium 12 months later. The plant will be in the heart of Victoria's coal power generation precinct, providing immediate access to feedstock, infrastructure and labour.

LMG plans to sell the refined magnesium under long-term contracts to USA and Japanese customers.

Magnesium has the best strength-to-weight ratio of all common structural metals and is increasingly used in the manufacture of aluminium sheet in cars, laptop computers, mobile phones and power tools.

The LMG project is at the forefront of environmental benefit – by recycling power plant waste, avoiding landfill and is a low CO₂ emitter. LMG adopts the principles of an industrial ecology system.