
LATROBE MAGNESIUM RECEIVES \$8.79M R&D TAX REBATE FUNDING

7 January 2021, Sydney Australia: Latrobe Magnesium Limited (ASX:LMG) has received its Research & Development tax rebate of \$8,793,842 for FY2020. The 2020 year represents the first year of LMG's three year advanced finding that covers its experimental work, the capital costs of its initial plant and also its first twelve months of operations.

On 30 July 2020, LMG received an Advance Finding under Section 28A of the Industry Research and Development Act 1986 for its initial plant using its new acid hydromet process. Under the Act, LMG has been registered for three years (2020, 2021 and 2022) and it is entitled to receive a cash rebate for 43.5% of all eligible expenditure on seven activities that have been registered.

The seven registered activities encompass the test work currently being conducted, the capital costs of its experimental plant and the costs of operating the plant for 12 months to carry out its experiments. In its application LMG estimated the costs to be in the order of \$54 million.

Based on these costs the total cash rebate to be received from the Federal Government over the next two years should be in excess of an additional \$16 million. The final rebate will be based upon the actual costs incurred by LMG on these seven activities and will incorporate any increases or decreases.

"Latrobe Magnesium benefits from the government's financial support for its R&D activities in developing its novel hydromet process to convert spent brown coal fly ash from power stations and turn it into valuable commodities," said David Paterson, CEO of Latrobe Magnesium.

This funding will allow LMG to extinguish all existing liabilities and provide funding to continue its design and engineering work, and complete the major equipment selection. LMG has already conducted a world-wide tender for its long lead time item, the spray roaster, and is in the position to award the tender once it has reached financial close.

LMG has project finance offers to assist in the funding of its initial plant and is currently in discussion with a number of potential cornerstone investors to provide equity. Given these negotiations are finalised by the end of February 2021, the construction will start at 320 Tramway Road, Morwell by the end of March 2021.



David Paterson
CEO

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 industrial fly ash, which is currently a waste stream from the Yallourn 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 site on its initial 3,000 tonne per annum magnesium plant in March 2021 with production commencing up to 15 months later in June 2022. 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 Australian, USA and Japanese customers. Currently, Australia imports 100% of the 8,000 tonnes annually consumed.

Magnesium has the best strength-to-weight ratio of all common structural metals and is increasingly used in the manufacture of car parts, 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.