

LATROBE MAGNESIUM EXPANDS DEMONSTRATION PLANT TO 10,000 TPA

- * Latrobe Magnesium to expand demonstration plant from 3,000 tpa to 10,000 tpa to meet world demand
- * The increased production will result in revenues in the order of \$110M and an estimated EBITDA of \$42M.
- * The Company already has 8,000 tpa allocated in its current offtake agreements and has received enquiries for more than 2,000tpa.
- * As an ESG credentialed clean metals producer, LMG is well positioned to capitalise on the worldwide shortage due to China's restricted magnesium production and become a world leading low-cost, low CO2 producer and supplier of magnesium globally.

3 November 2021, Sydney Australia: The Latrobe Magnesium Limited (ASX:LMG) Board has made the decision to investigate the expansion of the size of the initial demonstration plant from to 10,000 tpa.

With China's magnesium production being restricted and the subsequent worldwide shortage pending, the LMG Board has decided to investigate increase the size of the initial plant. The Board believes this expansion will maximise the labour economics of the plant and increase the operating profit.



Project Funding

The initial plant of 1,000 tpa, which will cost between \$40M to \$45M, will now be expanded to 10,000 tpa at a total cost of \$123M. It is expected that the funding for this expansion of some \$75M will be financed through 100% magnesium offtake agreements. The Company already has 8,000 tpa allocated in its current offtake agreements and has received enquiries for more than 2,000tpa.

The increased production is expected to generate revenues in the order of \$110M and an estimated EBITDA of \$42M. These estimates have been extrapolated from the Company's feasibility and engineering studies of its 3,000 tpa plant and will be the subject of a separate study over the next 9 months.

LMG's objective is still to scale up from the initial stage production to up to a 40,000 tpa plant.

Should you have any queries in relation to this announcement please do not hesitate to contact the CEO on 042 1234 688.



David Paterson
Chief Executive Officer

3 November 2021

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 site for its initial 10,000 tonne per annum magnesium plant at the end of July with production commencing 18 months later. The plant will then be expanded up to 40,000 tonne per annum of 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 being a low CO₂ emitter. LMG adopts the principles of an industrial ecology system.