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## LATROBE MAGNESIUM DRAWS FIRST \$10M FOR DEMONSTRATION PLANT

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### Highlights:

- \* LMG draws first \$10M advance of its \$23M project financing facility enabling the company to enter into agreements for its long lead capital items and continued funding for its Demonstration Plant.
- \* Project team has made a recommendation for award for the Spray Roaster and Reduction Furnaces, with supplier engineering commenced.
- \* Project activities remain on schedule with over 46% of engineering completed and half of the equipment packages tendered to the market.
- \* Construction works continue with activities to allow mobilisation of contractors. The earthworks civil package is being developed for tender to the market.
- \* Once the demonstration plant is operating successfully, a commercial plant will be developed to a capacity of +10,000tpa, which is expected to generate in order of \$110M in revenue and EBITDA of \$42M.

### Project Funding

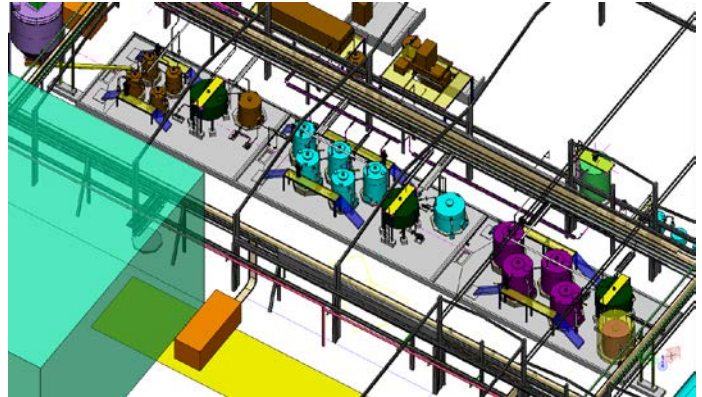
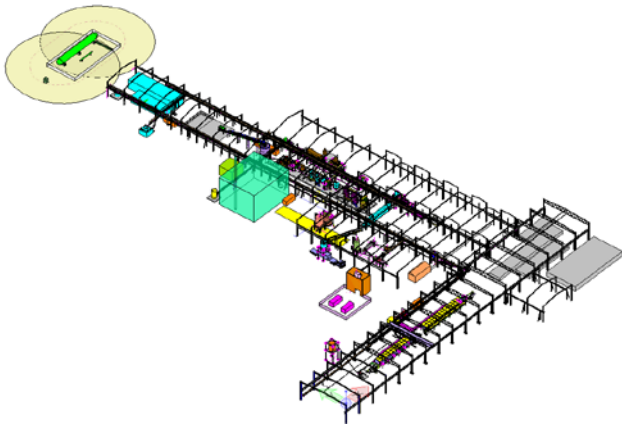
On 24 June 2022, LMG drew down their first \$10M advance of its \$23M project finance facility. The second \$10M advance is due to be drawn by 1 September 2022.

This drawdown allows LMG to enter into agreements for the supply of its long lead time capital items, being the spray roaster and the furnaces. These two items represent approximately one third of the direct equipment purchases for the demonstration plant.

Once the tender packages currently in the market have been awarded, LMG will be in the position to update the market on its budget cost and construction timing schedule. At this time the timing is on track to complete construction by March 2023 and commissioned by 30 June 2023.

### Construction Update

Engineering progress has reached 46% and is progressing on schedule. Piping and Instrumentation Diagrams (P&IDs) are being revised to incorporate the recently completed HAZOP findings whilst electrical engineering has commenced with the power distribution and control system design. Engineering continues to further progress 3D modelling of piping layouts across the plant.



Engineering has been focused on developing procurement packages with thirteen (13) major equipment packages issued to the market (briquetting plant, filters, pumps, evaporator, automation, thickeners, agitators, non-metallic tanks, scrubber, RO Plant and cooling tower). A further six (6) packages are under development, representing 42% of the equipment packages planned to be tendered.

The project has supported a strengthened procurement process to include early supplier engagement, broader tender list of suppliers, open supplier communication and minor scope package reviews to ensure critical equipment is delivered on time and competitive tender packages are received and evaluated. Additionally, LMG have started the process to engage a logistics and freight forwarding partner, for both the construction and operation phases of the project, to mitigate the current global supply chain challenges.

The project has made a recommendation for award for the spray roaster and reduction furnaces. Engineering has been given approval to commence to ensure the suppliers can deliver on schedule, whilst commercial terms with the suppliers are finalised. A full award is anticipated next month.

The earthworks civil package is progressing, ready for tender to market by the end of the month. Construction is progressing for the car parking with excavation, crushed rock placement & kerbing complete and final asphalt paving due for completion later this month. The security gatehouse is due for site instalment next week with associated works progressing ready for contractors to mobilise to site.



LMG presented project plans to both the Yallourn North Action Group and the Yallourn North Environmental Committee Group, with positive feedback received from both groups. We look forward to continuing our engagement with local community members.



**David Paterson**  
Chief Executive Officer

27 June 2022

## 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 resource from Yallourn brown coal power generation.

LMG has completed a feasibility study validating its combined hydrometallurgical / thermal reduction process that extracts the metal. Construction has commenced on its initial 1,000 tonne per annum magnesium plant with production targeted to commence from Q1 2023. A commercial plant will then be developed, with a capacity of +10,000 tonne per annum magnesium, shortly thereafter. Further plant capacity expansion will be considered once the 10,000 tonne per annum is operating successfully. 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. 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 CO<sub>2</sub> emitter. LMG adopts the principles of an industrial ecology system.