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## LMG EXECUTES UPGRADED USA DISTRIBUTION AGREEMENT FOR SALE OF LATROBE VALLEY MAGNESIUM

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**16 January 2023, Sydney Australia:** Latrobe Magnesium Limited (ASX:LMG) has signed an upgraded exclusive distribution agreement with Metal Exchange Corporation (MEC) to sell the majority of its magnesium into North, Central and South America and the Caribbean markets. The contract will deliver excellent prices to LMG due to a US anti-dumping duty payable on magnesium imports from China.

This 2019 initial agreement between the parties has been upgraded because of LMG's current expansion plans to its demonstration plant and expanded 10,000+ tpa capacity.

The agreement now includes:

- Updated dates;
- A minimum firm commitment of 8,000 tpa of magnesium;
- A minimum initial term with a rolling annual renewal;
- A minimum floor price for the purchase of the magnesium.

Metal Exchange Corporation is headquartered in St Louis, Missouri. Founded in 1974, MEC has grown from a regional aluminium scrap company to a global corporation with international offices in Switzerland and China. Additionally, Metal Exchange Corporation has six manufacturing plants in the US, employs over 900 people and supplies aluminium and magnesium under short and long term agreements.

North and Central America consume 160,000+ tonnes of magnesium per annum and this is projected to increase with greater use of magnesium by the motor vehicle industry. There is only one magnesium producer in the USA, which is currently undergoing a capital refurbishment and has been mostly out of commission since 2021. Consequently, the majority of magnesium is imported.

With exports from China banned for a period in September 2021, USA magnesium users have been searching for alternative magnesium suppliers. Some have moved away from primary high grade magnesium and turned to lower grade magnesium and recycling.

The US anti-dumping duty on imported China magnesium means that the USA magnesium price is frequently twice the FOB China magnesium price, mainly due to the anti-dumping duty placed on most imports from China of 141.49%.

Under the US-Australia free trade agreement, magnesium produced in Australia is exempt from any import duty. LMG proposes to sell up to 80% of its production into the Americas.



**David Paterson**  
**Chief Executive Officer**

## **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 commissioning targeted to commence end of Q2 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.