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# QUARTERLY ACTIVITIES REPORT

## 31 March 2024

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### Highlights:

- \* Latrobe Magnesium's (LMG) Demonstration Plant Project (Demonstration Plant) maintains a Total Recordable Injury Frequency Rate (TRIFR) of zero.
- \* Magnesium Oxide (MgO) production strategy ready for ore commissioning, allowing LMG to initially prove its unique low emission hydromet process.
- \* Fly ash processing through the Demonstration Plant scheduled to commence in the week starting 29 April, followed by MgO production in the subsequent week.
- \* The Australian Taxation Office (ATO) continues to review LMG's Research and Development tax rebate for the fiscal year ended June 30, 2023, following the submission of additional information submitted on April 17, 2024, with a potential rebate amounting to \$12.6 million.
- \* Appointment of Société Générale as Sole Coordinator, Structuring Bank for the development and construction of Stage 2 Commercial 10,000tpa magnesium plant.
- \* LMG's Strategic Supplier Program (SSP) for its Stage 2 Commercial Plant, designed to fast track its development ahead of production in 2026.

## **1. Stage 1 Demonstration Plant Progress Update**

### **1.1 Engineering**

As detailed in the previous monthly progress reports, vendor closeout and commissioning handover documentation has progressed and is nearing completion. LMG has started implementing a document library system for operations staff, enabling swift identification and access to a wide range of documentation. This system aims to ensure rapid familiarisation with equipment documentation, including manuals, drawings, parts lists, and more.

### **1.2 Construction**

#### Magnesium Oxide Strategy

The project and construction teams have completed the fast-tracked construction of the plant areas required to produce one-ton bulk bags of MgO. With the bagging plant fully commissioned, LMG will be able to demonstrate its patented, world-first hydromet process can be operated successfully and prove to all stakeholders the true value of LMG's intellectual property.

LMG intends to sell the MgO produced in the initial phase to Rainstorm Dust Control Pty Ltd under its existing Memorandum of Understanding (MoU), prior to the production of magnesium metal.

The construction and commissioning of the briquetting system, reduction furnace area, the furnace automation and vacuum system is the second phase of the plant to be completed and commissioned. Magnesium metal is targeted for Q3 2024. More information will be provided in subsequent project updates.



**Figure: Magnesium Bagging Plant**

### Site

Over the last quarter, the site team reached a maximum daily workforce of over 60 local trades, from three major local contractors, Mechanical Maintenance Services (MMS), Operations and Maintenance (O&M) and GEM Industrial Services. Trades have been actively managed and mobilised as the works transition from construction completion to commissioning.

### Civil

All major civil and concrete works have been completed.

### Structural, Mechanical and Piping

The Spray Roaster has continued to be the project's critical path. The construction team have successfully completed the installation of the Spray Roaster including all mechanical, piping, and

electrical & instrumentation items, such as tanks, burners, absorption towers, stacks, pumps, fans, blowers, transmitters, indicators, piping, junction boxes, control valves, and electrical & instrumentation cabling.

Tenova's supervisors mobilised in February to progress the commissioning of the Spray Roaster. These four dedicated supervisors, responsible for mechanical, electrical and automation, have assisted the construction team expedite construction and commissioning the system.



**Figure: Spray Roaster construction complete**



**Figure:** Spray Roaster's equipment installed and ready for final commissioning

Given its criticality to the production of MgO, the Magnesite Hopper Bag Breaker and Ash Handling area have been successfully commissioned, ready for operations.



*Figure: Magnesite Hopper, Bag Breaker, and Fly Ash areas ready for operations*

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Latrobe Magnesium Limited

ABN

55 009 173 611

Quarter ended ("current quarter")

31 March 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	0	(25)
(b) development		
(c) production		
(d) staff costs	(227)	(823)
(e) administration and corporate costs	(797)	(1,767)
1.3 Dividends received (see note 3)		
1.4 Interest received	3	18
1.5 Interest and other costs of finance paid	0	(11)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	0	500
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,021)</b>	<b>(2,108)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	(100)	(100)
(b) tenements		
(c) property, plant and equipment	(4,305)	(17,827)
(d) exploration & evaluation		
(e) Investment		
(f) other non-current assets (patents)	0	(43)

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment	0	11,417
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(4,405)</b>	<b>(6,553)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,085	5,491
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options	0	3,980
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(50)	(248)
3.5	Proceeds from borrowings	0	2,000
3.6	Repayment of borrowings	0	(9,400)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (payment of lease liabilities)	(8)	(22)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>3,027</b>	<b>1,801</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,431	6,892
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,021)	(2,108)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4,405)	(6,553)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,027	1,801



## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>32</b>	<b>32</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	31	55
5.2	Call deposits	1	2,376
5.3	Bank overdrafts		-
5.4	Other (provide details)		-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>32</b>	<b>2,431</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1 Payments for directors' services	0
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	25,000	22,000
7.2	Credit standby arrangements	-	-
7.3	Other	1,423	-
7.4	<b>Total financing facilities</b>	<b>26,423</b>	<b>22,000</b>
7.5	<b>Unused financing facilities available at quarter end</b>		<b>4,423</b>

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Facility	\$25,000,000 - Secured
Lender	RnD Funding Pty Ltd
Interest Rate	12% pa. to 31 October 2023, and 14% pa. the remaining of the term
Maturity Date	30 June 2027

<b>8. Estimated cash available for future operating activities</b>		<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (Item 1.9)	(1,021)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(1,021)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	32
8.5	Unused finance facilities available at quarter end (Item 7.5)	4,423
8.6	Total available funding (Item 8.4 + Item 8.5)	4,455
8.7	<b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	4.36

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

## Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

30 April 2024

Date: .....

Audit and Risk Committee

Authorised by: .....  
(Name of body or officer authorising release – see note 4)

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**Mining exploration entity or oil and gas exploration entity quarterly cash flow report**

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**Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.