
LATROBE MAGNESIUM RECEIVES ATO APPROVAL FOR ITS FY23 \$12.5M RESEARCH AND DEVELOPMENT TAX REBATE

17 May 2024, Sydney Australia: Latrobe Magnesium Limited (ASX: LMG) is pleased to announce:

- **LMG has received correspondence from the Australian Tax Office (ATO) on 16th May 2024 that its research and development tax rebate of \$12.5M for the year ended 30 June 2023 has been approved. This rebate will be used to repay LMG's debt liabilities, materially improving its balance sheet.**
- **Further, LMG estimates that its research and development tax rebate for the year ended 30 June 2024 will be in the order of \$16M.**
- **LMG expects to extinguish all remaining debt upon receipt of its 2024 research and development tax rebate.**

1. Demonstration Plant

LMG's Demonstration Plant had been approved in two Advance Rulings from AusIndustry as being fully eligible for a research and development tax rebate.

The second Advance Ruling, which expired in 2022, was for LMG's acid hydromet system with the first Advance Ruling being awarded in respect of LMG's alkali approach.

In 2023, AusIndustry confirmed that the activities LMG was undertaking in respect of the design and construction of its Demonstration Plant were the same as those included in the original Advance Finding and supported the registration of LMG's rebate claim for this year.

The ATO has reviewed a considerable amount of information from LMG that validates its claim and has provided advice as to what will be required in future, so as to expedite further claims.

As at 30 June 2023, the capital cost expended on the Demonstration Plant eligible for a research and development rebate was \$22.8M. By the end of the financial year ending 30 June 2024, this figure is estimated to be closer to \$50M. The rebate is calculated at the rate of 48.5%.

LMG's research and development activities outside its demonstration plant activities will earn a rebate in the order of \$1.2M.

LMG's leasing of its equipment in November 2023 is expected to contribute some \$2M to its tax rebate. Therefore, the total 2024 tax rebate is estimated in the order of \$16M.

2. LMG's Debt Facility

LMG's debt owing to RnD Funding as at 30 June 2024 is estimated to be in the order of \$26M, being principal and capitalised interest.

With the payment of the 2023 and 2024 tax rebate, LMG's anticipates this debt will be fully repaid.

Further, LMG anticipates the research and development rebate for the 2025 financial year should be in the order of \$5M.

Should you have any questions on the matters raised please do not hesitate to contact the CEO.



David Paterson
Chief Executive Officer

17 May 2024

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. The demonstration plant has produced MgO in the middle of May 2024 with the full plant being commissioned in the 3rd quarter of calendar year 2024.

A commercial plant will then be developed, with a capacity of 10,000tpa magnesium, shortly thereafter with completion targeted the 1st quarter of calendar year 2026. The plant will be in the heart of Victoria's coal power generation precinct, providing immediate access to feedstock, infrastructure, and labour.

LMG has sold its 10,000tpa of refined magnesium production under long-term contracts to USA 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 promises to be a low CO₂ emitter. LMG adopts the principles of an industrial ecology system.