

# Prospectus

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Latrobe Magnesium Limited ACN 009 173 611 (**Company**)

## **Offer**

A non-renounceable rights issue to Eligible Shareholders of 1 New Share for every 14.52 Shares held at an issue price of \$0.045 per New Share to raise approximately \$6,000,000.

Shareholders who apply for their full Entitlement will also be entitled to apply for Additional New Shares to be allocated out of the Shortfall (up to 100% of Entitlements).

## **Cleansing Offer**

An offer of up to 18,000,000 Lead Manager Options to the Lead Manager and of up to 33,337,937 Sub-Underwriter Options to the Sub-Underwriters, subject to shareholder approval (**Broker Options**).

**The lead manager of the Offer and the Placement, and the underwriter of the Offer, is Ord Minnett Limited**

**This document is important and it should be read in its entirety.** If you are in any doubt as to the contents of this document, you should consult your stockbroker, solicitor, banker, financial advisor or accountant as soon as possible. The securities offered by this Prospectus are considered to be speculative. Your Entitlement and Acceptance Form (where applicable) must be received by the Share Registry with your payment (where applicable) no later than 5.00pm (AEST) on the Closing Date. Applications Forms for the Cleansing Offer must be returned by no later than 5.00pm (AEST) on 10 July 2024. Please refer to the timetable set out in this Prospectus for the Important Dates.

This is a transaction-specific prospectus issued in accordance with section 713 of the Corporations Act 2001 (Cth).

**Not for distribution in the United States of America or to U.S. persons.**

## Important information

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### Offer statistics

Number of New Shares to be issued: ..... up to 133,351,748\*

Issue Price: ..... \$0.045

\*Excludes any New Shares which may be issued in the event that any Existing Options are exercised prior to the Record Date.

### Key dates for Offer

Record Date for determining Entitlements under the Issue: ..... 7.00 pm Thursday, 6 June 2024

Offer opens: ..... Wednesday, 12 June 2024

Offer expected to close: ..... 5.00 pm, Wednesday, 3 July 2024

Commencement of trading of New Shares on ASX: ..... Thursday, 11 July 2024

Expected date for despatch of New Shareholding statements: ..... Friday, 12 July 2024

Further details regarding the timetable for the Offer are set out in section 2.2. All dates are subject to change and accordingly are indicative only. In particular, the Company has the right to vary the dates of the Offer without prior notice, subject to the Corporations Act, ASX Listing Rules and other applicable laws. Investors are encouraged to submit their Entitlement and Acceptance Forms as soon as possible after the Offer opens.

### Cleansing Offer statistics

Number of New Options to be issued: ..... up to 51,337,937

Issue Price: ..... Nil

Exercise Price: ..... \$0.079

Expiry Date: ..... three years from date of issue

### Key dates for Cleansing Offer

Offer opens: ..... Wednesday, 12 June 2024

Offer expected to close: ..... 5.00 pm, Wednesday, 10 July 2024

EGM Date: ..... Tuesday, 30 July 2024

Issue of Broker Options (subject to shareholder approval): ..... Friday, 2 August 2024

Further details regarding the timetable for the Offer are set out in section 2.2. All dates are subject to change and accordingly are indicative only. In particular, the Company has the right to vary the dates of the Offer without prior notice, subject to the Corporations Act, ASX Listing Rules and other applicable laws.

## Important notice

This Prospectus is dated 3 June 2024 and was lodged with ASX and ASIC on the same date. Neither ASIC, nor ASX take any responsibility as to the contents of this Prospectus. No securities will be issued on the basis of this Prospectus any later than 13 months after the date of issue of this Prospectus.

This Prospectus contains an offer to Eligible Shareholders of continuously quoted securities (as defined in the *Corporations Act*) and an offer of unquoted securities to the Lead Manager and Sub-Underwriters and has been prepared in accordance with section 713 of the *Corporations Act*.

No person is authorised to give any information or to make any representation in connection with the Issue described in this document which is not contained in this document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Issue.

The Company will not apply for Official Quotation of the Broker Options on ASX.

## Foreign shareholders

This document does not constitute an offer of New Securities in any jurisdiction in which it would be unlawful. New Securities may not be offered or sold in any country outside Australia except to the extent permitted below.

The Company has decided that it is unreasonable to make offers of New Shares under the Issue to Shareholders with registered addresses outside of Australia and New Zealand having regard to the number of Shareholders in those places, the number and value of the New Shares they would be offered and the cost of complying with the legal and regulatory requirements in those places. Accordingly, the Offer is not being extended to, and does not qualify for distribution or sale by, and no New Shares will be issued to Shareholders having registered addresses outside of Australia and New Zealand.

The Company has not made any investigation as to the regulatory requirements that may prevail in the countries, outside of Australia and New Zealand, in which the Company's Shareholders may reside. It is the responsibility of overseas Applicants to ensure compliance with all laws of any country relevant to their Acceptance. The Offer may only be accepted by Eligible Shareholders and does not constitute an offer in any place in which or to any person to whom, it would be unlawful to make such an offer.

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe those restrictions. Any failure to comply with restrictions might constitute a violation of applicable securities laws.

See section 2.11 for further information on Offer restrictions with respect to shareholders who do not have registered addresses in Australia.

## New Zealand

The New Securities are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2021 (New Zealand)*.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the *Financial Markets Conduct Act 2013 (New Zealand)*. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

The Cleansing Offer is open to Sub-Underwriters who are located in New Zealand, Singapore, Hong Kong and Denmark and meet the qualifications for each jurisdiction as described in Section 2.13.

## United States

This document may not be released or distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

## How to accept Entitlement to New Shares

Entitlements to New Shares can be accepted in full or in part by completing the Entitlement and Acceptance Form which can be accessed from [www.computersharecas.com.au/lmgoffer](http://www.computersharecas.com.au/lmgoffer) and making payment of Acceptance Money by BPAY® in accordance with the instructions set out in this Prospectus and on the Entitlement and Acceptance Form.

This Prospectus is available in electronic form on the internet at [www.latrobemagnesium.com](http://www.latrobemagnesium.com). If you wish to obtain a free copy of this Prospectus, please contact the Company by email [lmq@latrobemagnesium.com](mailto:lmq@latrobemagnesium.com).

## How to apply for Broker Options

The Lead Manager and the Sub-Underwriters can apply for Broker Options by completing and returning the Application Form which accompanies this Prospectus in accordance with the instructions set out on the Application Form.

## Enquiries

If you are an Eligible Shareholder and have any questions in relation to the Offer, please contact your stockbroker or professional adviser. If you have questions in relation to the Shares upon which your Entitlement has been calculated, or how to complete the Entitlement and Acceptance Form, take up your Entitlement, please call the Share Registry on:

- 1300 850 505 for callers within Australia; or
- +61 3 9415 4000 for overseas callers.

## Deciding to accept the Offer

No person named in this Prospectus, nor any other person, guarantees the performance of LMG, the repayment of capital or the payment of a return on the New Securities.

Please read this Prospectus carefully before you make a decision to invest. An investment in the Company has a number of specific risks which you should consider before making a decision to invest. Some of these risks are summarised in section 1.5 of this Prospectus and set out in more detail in section 6 of this Prospectus. This Prospectus is an important document and you should read it in full before deciding whether to invest pursuant to the Offer or the Cleansing Offer. You should also have regard to other publicly available information about the Company, including ASX announcements, which can be found at the Company's website at [www.latrobemagnesium.com](http://www.latrobemagnesium.com).

## Terms used

A number of terms and abbreviations used in this Prospectus have defined meanings, which are explained in the definitions and glossary in section 8.

Money as expressed in this Prospectus is in Australian dollars unless otherwise indicated.

## Forward looking statements

Some of the information contained in this Prospectus constitutes forward-looking statements that are subject to various risks and uncertainties. Forward-looking statements include those containing such words as 'anticipate', 'estimate', 'should', 'will', 'expect', 'plan' or similar expressions. These statements discuss future objectives or expectations concerning results of operations or financial conditions or provide other forward-looking information. The Company's actual results, performance or achievements could be significantly different from the results or objectives expressed in, or implied by, those forward-looking statements. This Prospectus details some important factors that could cause the Company's actual results to differ from the forward-looking statements made in this Prospectus.

## No representations

No person is authorised to give any information or to make any representation in connection with the Offer or the Cleansing Offer which is not contained in this Prospectus. Any information or representation in connection with the Offer or Cleansing Offer not contained in this Prospectus may not be relied on as having been authorised by the Company or its officers. This Prospectus does not provide investment advice or advice on the taxation consequences of accepting the Offer or Cleansing Offer. The Offer and the Cleansing Offer, and the information contained in this Prospectus, do not take into account your investment objectives, financial situation and particular needs (including financial and tax issues) as an investor.

## Disclaimer

None of the Lead Manager, its related bodies corporates (as defined by the Corporations Act) and affiliates, nor any of their respective directors, officers, partners, employees, representatives or agents (**Lead Manager Parties**), have authorised or caused the issue or despatch of this Prospectus. To the maximum extent permitted by law, the Lead Manager Parties exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Offer and/or the Placement and any information contained in this Prospectus not being fair, reliable, accurate or complete in any way for any reason, whether by negligence or otherwise. None of the Lead Manager Parties make any recommendations as to whether you or your related parties should participate in the Offer and/or Placement, nor do they make any representations or warranties to you concerning the Offer or Placement or any information contained in this Prospectus. To the maximum extent permitted by law, you represent, warrant and agree that you have not relied on any statements made by the Lead Manager Parties in relation to the Offer and the Placement.

Determination of eligibility of investors for the purposes of the Offer and the Placement is determined by reference to a number of matters, including legal requirements and regulatory requirements, logistical and registry constraints and the discretion of the Company and the Lead Manager. To the maximum extent permitted by law, the Company, the Lead Manager, their respective related bodies corporate and affiliates, and each of their respective directors, officers, partners, employees and agents expressly disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion.

The Lead Manager may also hold interests in the securities of the Company or earn brokerage, fees or other benefits from the Company, including in relation to acting as lead manager of the Offer and the Placement and underwriter of the Offer. The engagement of the Lead Manager by the Company is not intended to create any agency, fiduciary or other relationship between the Lead Manager or any other investor.

## Target Market Determination

A Target Market Determination in respect of the Broker Options offered under this Prospectus has been prepared by the Company as required under section 994B of the Corporations Act and is available on the Company's website: [www.latrobemagnesium.com](http://www.latrobemagnesium.com).

## Table of Contents

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1.	Investment summary .....	8
2	Details of the Offer and Cleansing Offer .....	18
3	How to apply .....	24
4	Company Information .....	27
5	Effect of the Offer on the Company .....	33
6	Risk factors .....	38
7	Additional information .....	47
8	Definitions and glossary .....	61

## Chair's letter

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3 June 2024

Dear Shareholders,

It is my pleasure to introduce this Prospectus and invite you to take up your Entitlement of New Shares in Latrobe Magnesium Limited (**Offer**).

As announced on 30 May 2024 the Directors wish to provide the opportunity for Eligible Shareholders to invest in New Shares under the Offer. The Offer is a non-renounceable rights issue of 1 New Share for every 14.52 Shares held at an issue price of \$0.045 per New Share, to raise approximately \$6,000,000 (before Offer costs). The issue price represents a 19.6% discount to the Share price of \$0.056 as at the close of trading on Monday, 27 May 2024 (last trading day prior to the Placement) and a 8.16% discount to the Share price of \$0.049 as at the close of trading on 31 May 2024 (the last trading day before the date of this Prospectus).

As also announced on 30 May 2024, the Company is undertaking a placement of approximately 266,666,667 new Shares (**Placement Shares**) to qualified institutional, sophisticated and professional investors at the same issue price of \$0.045 per Share, to raise a total of \$12 million (before costs) (**Placement**).

The Placement has been well supported by new and existing institutional and sophisticated investors, including the Company's management and Directors, who have committed to subscribe for \$650,000 Shares in the Placement.

The Placement Shares are to be issued in two tranches, with 255,555,556 Shares to be issued on 7 June 2024 (**Placement (Tranche 1) Shares**) and with 111,111,111 Shares (**Placement (Tranche 2) Shares**) to be issued to the Directors being subject to shareholder approval at a general meeting to be held before 31 July 2024 (**EGM**). Shares issued under the Placement will be issued after the Record Date and recipients of those Shares will not be entitled to participate in this Offer with respect to those Shares.

It is proposed that the funds raised from the Offer, together with those raised from the Placement, will be applied for the purposes of funding the additional capital required for the Demonstration Plant to produce magnesium metal, the bankable feasibility study and supporting work for the Stage 2 10,000 tpa Proposed Commercial Plant, the costs of the Offer and to provide working capital.

The Directors have participated in the Placement and do not intend to take up their entitlement to New Shares.

A personalised Entitlement and Acceptance Form accompanies this Offer Document and sets out the number of New Shares you are entitled to subscribe for as an Eligible Shareholder (**Entitlement**). Entitlements to New Shares can be accepted in full or in part by making payment of Acceptance Money by BPAY® in accordance with the instructions set out below and on the Entitlement and Acceptance Form. Subscription money for the New Shares must be received by the Company at its Share Registry by the Closing Date. Please refer to the timetable for the important dates of the Offer.

The Offer is non-renounceable and therefore your Entitlements will not be tradeable on the ASX or otherwise transferable.

Ord Minnett is the Lead Manager of the Offer and the Placement and also the underwriter for the Offer. The Offer is fully underwritten.

Subject to Shareholder approval being obtained at the EGM, the Company will also issue the Lead Manager Options (on the basis of 1 option for every dollar raised under the Placement and the Offer) and the Sub-Underwriter Options (on the basis of 1 option for every 4 New Shares sub-underwritten for by a Sub-underwriter. All such options are exercisable at \$0.079 per Share and have an expiry date of 3 years from the date of issue. The EGM to approve the issue of the Lead Manager Options and Sub-Underwriter Options will be held at the end of July 2024. These Broker Options are issued for nil consideration and will not raise any funds for the Company until they are exercised.

On behalf of the Directors, I thank you for your continued support and I invite you to consider this investment opportunity.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'John Murray', with a long horizontal stroke extending to the right.

John Murray  
Chair  
Latrobe Magnesium Limited



## 1. Investment summary

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The information set out in this section is not intended to be comprehensive and should be read in conjunction with the full text of this Prospectus.

### 1.1. The Offer and Cleansing Offer

This Prospectus is for the non-renounceable rights issue of approximately 133,351,748 New Shares at an issue price of \$0.045 per New Share, on the basis of 1 New Share for every 14.52 Shares held by Eligible Shareholders as at the Record Date. New Shareholders to the Company as a result of the Placement will not receive their Shares until after the Record Date and will not be eligible to participate in the Offer.

The Offer is an offer to Eligible Shareholders only. The Offer is fully underwritten by the Lead Manager, Ord Minnett.

The issue price of \$0.045 per New Share represents a 19.6% discount to the Share price of \$0.056 at the close of trading on Monday 27 May 2024 (last trading day prior to the Placement) and a 8.16% discount to the Share price of \$0.049 as at the close of trading on 31 May 2024 (the last trading day before the date of this Prospectus).

On the same date as announcing the Offer, the Company applied to the ASX for the New Shares to be granted Official Quotation on the ASX. Official Quotation of the New Shares is expected to occur on or about 12 July 2024.

This Prospectus also relates to the offer of the Lead Manager Options to the Lead Manager and the offer of the Sub-Underwriter Options to Sub-Underwriters under the Cleansing Offer.

The Directors may at any time decide to withdraw this Prospectus and the offer of New Securities made under this Prospectus, in which case the Company will return all applications moneys (without interest) within 28 days of giving notice of such withdrawal.

### 1.2. Placement

The Company is undertaking a placement of approximately 266,666,667 new Shares (**Placement Shares**) to qualified institutional, sophisticated and professional investors at the same issue price of \$0.045 per Share, to raise a total of \$12 million (before costs) (**Placement**).

The Placement Shares are to be issued in two tranches, with 255,555,556 Shares to be issued on 7 June 2024 (**Placement (Tranche 1) Shares**) with the balance 111,111,111 Shares (**Placement (Tranche 2) Shares**), which are to be issued to the Directors of the Company, being subject to shareholder approval at a general meeting to be held before 31 July 2024. Shares issued under the Placement will be issued after the Record Date and recipients of those Shares will not be entitled to participate in this Offer with respect to those Shares.

### 1.3. Minimum subscription

There is no minimum subscription to the Issue or the Cleansing Offer.

The Offer is fully underwritten.

### 1.4. Purpose of the Offer

The Directors intend to apply the proceeds from the Offer (together with its existing cash resources and the proceeds of the Placement) for the purposes of:

- (a) capital costs of the Demonstration Plant for:
  - (1) magnesium oxide production (encompassing primarily structural, piping and mechanical services, commissioning and civil / earthwork services); and

- (2) magnesium metal production (encompassing construction, cabling, connections and vertical retorts) and research and development (encompassing studies alongside the CSIRO on vertical retorts to seek to optimise the thermal reduction process ahead of use in the Proposed Commercial Plant);
- (b) operating costs and corporate costs;
- (c) the costs of the Offer; and
- (d) working capital.

The proceeds from the Offer (assuming it is fully subscribed) (including the Company's existing cash resources and the proceeds of the Placement) is proposed to be allocated in the following manner:

Proposed use of funds	\$	%
Capital costs of the Demonstration Plant for magnesium oxide production	8,700,000	48.33%
Capital costs of the Demonstration Plant for magnesium metal production and research and development	4,300,000	23.89%
Operating costs and corporate costs	1,900,000	10.56%
Estimated costs of the Placement and the Issue (including legal fees, Lead Manager's fees, Share Registry fees, ASIC and ASX fees and other miscellaneous costs associated with the Offer)*	1,500,000	8.33%
Working capital	1,600,000	8.89%
<b>Total (maximum raising)</b>	<b>18,000,000</b>	<b>100%</b>

\* Assumes that the Offer is fully subscribed, and does not take account of brokerage (if any) discussed at section 3.1.

However, in the event that circumstances change or other better opportunities arise the Directors reserve the right to vary the proposed uses to maximise the benefit to Shareholders.

No funds will be raised from the issue of the Broker Options.

## 1.4 Investment highlights

A summary of the investment highlights of the Company are as follows:

- (a) Magnesium is recognised as a Critical and/or Strategic Mineral by the governments of Australia, USA and the EU. China is responsible for 90% of global magnesium supply in 2023<sup>1</sup>, creating concentration risk for global supply chains. The global magnesium market is forecast to grow rapidly through to 2032, driven by demand from auto-makers who use magnesium to reduce vehicle weight and reduce environmental emissions. In response to this supply-side risk and demand, Western governments are looking to support the onshoring of domestic magnesium manufacturing.
- (b) LMG's proprietary, CO<sub>2</sub>-sequestering hydromet technology allows it to become an ESG-credentialled clean metals producer. LMG's feedstocks, both fly ash and ferro nickel slag, contain Magnesium and CaO, rather than carbonates. The result is more than a 50% reduction in CO<sub>2</sub> emissions compared to China-based magnesium producers. LMG is seeking to further reduce its emissions by increasing its use of renewable energy.
- (c) LMG aims to produce not just magnesium but other valuable saleable products from its feedstock. These products, namely SCM and Amorphous Silica, are expected to generate some 25% to 50% of LMG's revenue. These additional revenues mean LMG's operating costs are competitive with, or lower than, Chinese operating costs (between US\$2,500 and US\$3,000 per tonne of magnesium)<sup>2</sup>.

<sup>1</sup> U.S. Geological Survey, Mineral Commodity Summaries, January 2023

<sup>2</sup> Statements from International Magnesium Association conference, May 2024

- (d) LMG will have a strong near-term cash-flow, secured by firm offtake agreements. LMG's Proposed Commercial Plant (10ktpa) is expected to generate c. A\$135m in revenue and A\$47m EBITDA once operating at full capacity. The majority of offtake from the Proposed Commercial Plant will be sold to Metal Exchange Corporation in the US, in accordance with the MoU signed in 2023. As an Australian producer of magnesium, LMG will not be subject to the export tariffs that the US currently places on Chinese pure magnesium imports.
- (e) LMG has a substantial growth strategy. LMG has proven its unique hydromet processes having successfully commissioned its 1,000tpa Demonstration Plant to produce Magnesium Oxide, which is proposed to be followed by its fully 10,000tpa Proposed Commercial Plant, where offtakes have been signed for 100% of capacity. Subsequently, it is proposed to develop a 100,000tpa Proposed International Plant to commence production in the second half of the 2029 calendar year.

Further details of the planned activities of the Company can be found in the "Presentation" of the Company lodged with the ASX on 30 May 2024 in support of the Placement.

## **1.5 Risk factors**

Investing in the Company involves risk. There are factors, both specific to the Company and of a general nature, which may affect the future operating and financial performance of the Company. Some of these factors can be mitigated by appropriate commercial action. However, many are outside the control of the Company, dependent on the policies adopted and approaches taken by regulatory authorities, or cannot otherwise be mitigated.

Prior to making any decision to subscribe for New Securities, you should carefully consider the risk factors applicable to the Company which are set out below. If you are unsure about subscribing for New Securities, you should first seek advice from your stockbroker, accountant, financial or other professional adviser.

The following sets out a summary of some of the key risks relevant to the Company and its operations. The risks described below are not to be taken as exhaustive. The specific risks considered, and others not specifically referred to, may in the future materially affect the financial performance of the Company and the value of the New Securities offered under this Prospectus.

### **(a) Requirements for Capital**

LMG's capital requirements will depend on numerous factors, including the degree of success of its planned production activities, its ability to generate income from its operations, prevailing commodity prices, market conditions and possible acquisitions or other corporate opportunities. Ramp up and production costs will reduce LMG's cash reserves. Those cash reserves may not be replaced if future or existing operations or other acquisition opportunities prove unsuccessful or perform below expectations.

LMG would then be dependent on seeking additional capital elsewhere, through equity, debt or joint venture financing, to support long-term evaluation and development of its projects. No assurance can be given that LMG will be able to procure funding (if required) in a timely manner on terms acceptable to it. Any additional equity financing will dilute shareholdings and debt financing, if available, may involve restrictions on financing and operating activities. If LMG is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations which may adversely impact on LMG, or it may not be able to secure opportunities to acquire new projects or other corporate opportunities.

Specifically, undertaking the Proposed Commercial Project and the Proposed International Project will require significant capital investment and whilst LMG is actively engaged with potential strategic partners and interested parties, there is no assurance that satisfactory arrangements will be entered into to enable the progression of those projects.

### **(b) Reliance on Key Personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on LMG's Board and executive team. There can be no assurance given that there will be no detrimental impact on LMG if one or more of its directors or key executives no longer works with LMG.

### **(c) Risks Relating to LMG's Financial Instruments**

LMG's financial instruments currently comprise cash and short-term deposits, the main purpose of which is to finance LMG's operations. LMG has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The main risks arising from LMG's financial instruments are credit risk, interest rate risk and liquidity risk:

- **Credit Risk:** LMG trades only with recognised, creditworthy third parties. Receivable balances are monitored on an ongoing basis with the results being that LMG's exposure to bad debts is not significant. Credit risk arises from the financial assets of LMG, which comprise cash and cash equivalents and trade, other receivables and other financial assets. LMG's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. No collateral is held as security.
- **Interest Rate Risk:** LMG's exposure to the risk of changes in market interest rates relates primarily to LMG's cash and cash equivalents with a floating interest rate.
- **Liquidity Risk:** LMG's exposure to financial obligations relating to corporate administration and projects expenditure, are subject to budgeting and reporting controls, to ensure that such obligations do not exceed cash held and known cash inflows for a period of at least 1 year. LMG has limited financial resources and may need to raise additional capital from time to time and such fund raisings will be subject to factors beyond the control of LMG and its directors. When LMG requires further funding for its programs in the future, then it is LMG's intention that the additional funds will be raised by any one or a combination of the following: project finance, placement of shares, pro-rata issue to shareholders, the exercise of outstanding options, and/or a further issue of shares to the public and, where appropriate, debt. Should these methods not be considered to be viable, or in the best interests of shareholders, then it would be LMG's intention to meet its obligations by either partial sale of LMG's interests or entry into a joint venture arrangement, the latter course of action being part of LMG's overall strategy.

The Company also has a secured loan and lease rental obligations with RnD LMG Receivables Trust (**RnD Funding**) which is secured by a general security deed over the assets of the Company. There is the risk that Company could default under the terms of its financial obligations to RnD Funding and that RnD Funding could enforce its security over the Company. The Company has recently repaid a significant portion of its financial obligation from the research and development tax rebate available from the ATO relating to the year ending 30 June 2023 and anticipates that it will fully repay moneys owed to RnD Funding from research and development tax rebates available from the ATO relating to the years ending 30 June 2024 and 30 June 2025 and will otherwise look to manage the repayment of any residual moneys due to RnD Funding from its operating cash flow.

### **(d) Political Risk, Commodity Price Volatility and Exchange Rates Risks**

The revenue that may be derived through the sale of commodities exposes potential income to commodity price and exchange rate risks and any profits will be exposed to changes in the taxation or royalty regime in Australia. Commodity prices fluctuate and are affected by many factors beyond the control of LMG. Such factors include supply and demand fluctuations for commodities, technological advancements, forward selling activities and other macroeconomic factors. LMG revenues are exposed to fluctuations in the commodity prices. Volatility in the magnesium price creates revenue uncertainty and requires careful management of business performance to ensure that operating cash margins are retained despite a fall in the spot magnesium price.

A declining magnesium price can also impact operations by requiring a reassessment of the feasibility of operating plans and certain projects and initiatives. The commencement of development projects can potentially be impacted by a decline in commodity prices. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment could potentially cause substantial delays and/or may interrupt operations, which may have a material adverse effect on LMG's results of operations and financial condition. Furthermore, international prices of various commodities are denominated in United States dollars, whereas some of LMG's income and the majority of its expenditure will be in Australian dollars, exposing LMG to fluctuations in the exchange rate between the United States dollar and the Australian dollar, as determined by international markets.

### **(e) Permits and Approvals Risks**

Companies engaged in the development and operation of processing facilities are subject to increased costs, production and other scheduling delays resulting from the requirement to comply with applicable environmental and planning laws, regulatory requirements and permitting. LMG can give no assurance that relevant approvals and permits required to commence construction, development or operation of

future expansions will be obtained. Additionally, future business plans and budgets are underpinned by the assumption that relevant regulatory approvals are obtained in a timely manner.

**(f) Environmental Risks**

The operations and proposed activities of LMG are subject to both Australian Federal and State laws and regulations concerning the environment. As with most mineral processing operations, activities are expected to have an impact on the environment. LMG intends to conduct its activities in compliance with relevant environmental laws and approvals in order to minimise damage to the environment and risk of liability. However, as with all processing activities, LMG's operations are expected to have an impact on the environment. There are also risks inherent in LMG's activities including accidental leakages, spills, or other unforeseen circumstances that could subject LMG to extensive liability.

Further, LMG may require approval from relevant regulatory authorities before undertaking activities that are likely to impact the environment. If LMG fails to obtain such approvals, it will be prevented from undertaking those activities. LMG also cannot predict what changes in legislation and regulations may govern mineral processing and may impose significant environmental obligations on LMG including bonding. No assurances can be given that new environmental laws, regulations or stricter enforcement policies (including increased fines and penalties for non-compliance), once implemented, will not oblige LMG to incur significant expenses and undertake significant investments which could materially and adversely affect LMG's operations, financial condition and performance.

**(g) Change of Production Risks**

The capacity of LMG to achieve production will depend on a wide range of factors including capital costs and operating costs that may be applicable to the individual projects and the capacity of the Group to fund those costs. If production is achieved, unanticipated problems may increase operating costs and reduce anticipated recovery rates.

**(h) Contract Risks**

LMG operates through a series of contractual relationships with consultants, operators and sub-contractors and may sell production through various marketing contracts. All contracts carry risks associated with the performance by the parties of their obligations and the time and quality of works performed. To the extent that third parties default in their obligations, it may be necessary for the Company to enforce its rights under any of the contracts and pursue legal action. Such legal action may be costly and no guarantee can be given by the Company that a legal remedy will ultimately be granted on appropriate terms.

Some contracts (including memorandums of understanding) may also be subject to satisfaction of identified matters within identified timeframes. Whilst the Company is able to, and will take all steps to, manage these milestones (and the expectations of the benefiting counter party) these contracts may be subject to termination rights if these milestones are not met, which may have an adverse consequence for the Company. An example is the offtake agreement with Metal Exchange Corporation, which requires the Company to demonstrate that it can produce the required product by the end of September 2024. The Company is confident that it can meet this milestone or can otherwise manage the relationship with Metal Exchange Corporation if the milestone needs to be extended.

The Company is also exposed to the possibility of adverse developments in the business environments of its contractors and suppliers. Any disruption to services or supply may have an adverse effect on the financial performance of the Company.

**(i) Production and Cost Estimates**

The operations and assets of LMG, as with any other mineral processing operations, are subject to a number of uncertainties, including in relation to metallurgical recovery, actual realised values and grades of stockpiles (which are to date estimated), operational environment, funding for development, regulatory changes, weather, accidents, difficulties in operating plan and equipment and other unforeseen circumstances such as unplanned mechanical failure of plant or equipment.

**(j) Equipment and Supplies**

The price and availability of resources required for LMG's operations (such as electricity) may change from time to time, and this may materially impact the operations, financial position and profitability of LMG. LMG requires certain consumables, spare parts, plant and equipment and construction materials for its operating activities. Any delay, lack of supply or increase in price in relation to such equipment and material could have a material and adverse impact on LMG.

### **(k) Operational Risks**

The growth of the Company is dependent upon the ability of the Company to transition the operations of the Demonstration Plant into the development and conduct of the Proposed Commercial Plant and the Proposed International Plant. The progression to the Proposed Commercial Plant is subject to the completion of a bankable feasibility study to be undertaken by the Company during 2024 (subject to funding requirements being satisfied) and a final investment decision to be made by the Company, potentially by the end of 2024. This decision is itself subject to the Company securing satisfactory funding to proceed with the development of the Proposed Commercial Plant and to the issue of various approvals by the State Government of Victoria to construct and operate the plant. There is no assurance that the Company will be able to proceed with the development of the Proposed Commercial Plant. If LMG is unable to proceed with the development of the Proposed Commercial Plant within a certain time period or at a reasonable cost, this could adversely impact the economic viability of the Company.

The Company is also looking to grow the operations of the Company by the development of the Proposed International Plant. The ability to proceed with the Proposed International Plant in Malaysia is dependent upon further examination by the Company of the use of Ferro Nickel Slag as the feedstock for that project, the identification of a suitable financier or joint venture partner, and securing an appropriate site for the project, as well as obtaining the necessary approvals to construct the plant. There is no assurance that the Company will be able to proceed with the development of the Proposed International Plant.

Processing activities, including those carried out at the Demonstration Plant, carry risk and as such, activities may be curtailed, delayed or cancelled as a result of a number of factors outside LMG's control. These include technical difficulties, securing and maintaining inputs, weather and construction of efficient processing facilities. The operation may be affected by force majeure, fires, labour disruptions, and the inability to obtain adequate machinery, engineering difficulties and other unforeseen events. LMG will endeavour to take appropriate action to mitigate these operational risks (including by properly documenting arrangements with counterparties and adopting industry best practice policies and procedures) or to insure against them, but the occurrence of any one or a combination of these events may have a material adverse effect on LMG's performance and the value of its assets.

### **(l) Estimates of Financial Outcomes**

Estimates of capital and other financial projections contained in public information released by the Company have been determined and assessed by the Company as detailed in its announcements regarding its feasibility study on 2 September 2019, 23 September 2019 and 31 October 2019 and are indicative only. The Company does not guarantee that the financials outcomes for the business operations will achieve the estimated outcomes.

The Company's assessment and estimate of its research and development tax rebate for the year end 30 June 2024 (of approximately \$16 million) is based upon the methodology for the determination of the ATO approved research and development tax rebate for the year end 30 June 2023. The ATO has not yet made a determination of the research and development tax rebate for the year ended 30 June 2024 and there is no assurance that the amount of the rebate will be as estimated by the Company. If LMG does not receive the research and development tax rebate, or if the amount received is lower than estimates, this could adversely affect LMG's operations and financial performance.

### **(m) Technology / IP**

LMG relies upon its technology and know-how and there can be no assurance that other parties may not attempt to imitate or develop technology and know-how that competes with LMG. There is an inherent risk with technology that patents may be invalidated by a third party or may gain access to unpatented know-how or trade secrets. No assurance can be given that other parties will not be able to independently develop the same or similar technologies on their own or through access to trade secrets. There can also be no assurance that LMG's technology will not be superseded by superior technologies which may impact the attractiveness of the products to existing or new customers and affect the viability of the Company.

### **(n) Infrastructure and Transportation**

As or when LMG is in production stage, the products will need to be transported to customers domestically and internationally. The transportation process involves risks, including the location of LMG's projects. Fuel costs, unexpected delays (including through inclement weather and climate change and accidents) could materially affect LMG's financial position and profitability. Moreover, there are risks associated with the availability of adequate transportation facilities (e.g. road, railway, port) and obtaining approvals to access these facilities (including the timing and conditions on which access may be granted). If LMG cannot access the required infrastructure within a certain time period or at a

reasonable cost, this could adversely affect LMG's operations and financial performance. The price of transportation is market driven and can vary throughout the life of each project. These may also impact on the overall profitability of LMG.

**(o) Reliance on Information Systems**

LMG relies on computer, information and communications technology and related systems for the purpose of the proper operation of the administrative and compliance aspects of its business. From time-to-time LMG experiences occasional system interruptions and delays. LMG has implemented processes to respond to system interruptions and delays. However, if it is unable to regularly deploy software and hardware, effectively upgrade its systems and network and take other steps to maintain or improve the efficacy and efficiency of its systems, the operation of such systems could be interrupted or result in the loss or corruption of data.

Moreover, LMG's computer systems are subject to the risks of unauthorised access, computer hackers, computer viruses, malicious code, organised cyber-attacks and other security problems and system disruptions. LMG relies on accepted security measures and technology to maintain the security of its computer systems, however the risks of being attacked remain. An unauthorised user who circumvents LMG's security measures could misappropriate confidential or proprietary information or cause interruptions normal functions in LMG's operations which may require LMG to expend significant resources to alleviate these issues. Any of these events could damage LMG's reputation and generally have an adverse effect on its operating and financial performance.

**(p) Laws and Authorisations**

LMG's operations will be subject to various laws and plans, including those in respect of development permit and licence requirements, industrial relations, environment, land use, water, occupational health and plants and animals (for example laws or permitting required in relation to preservation of endangered or threatened species). Approvals, licences and permits for the compliance with these rules may be subject to the discretion of the applicable government or authorities, the local community or other stakeholders. Moreover, new laws and regulations may be enacted, and existing laws and regulations may be amended or applied in a manner which could impact LMG's development or production activities. LMG may not be successful in obtaining any or all of the various approvals, licences and permits or maintaining such authorisations in full force and effect without modification or revocation or may not obtain the relevant authorisations in time. If so, LMG may be limited or curtailed from continuing or proceeding with production or development activities.

Operations can be subject to public and political opposition. Opposition may include legal challenges to development and production permits, political and public advocacy, electoral strategies, ballot initiatives, media and public outreach campaigns and protest activity, all which may delay or stop development or expansion. Change of laws, regulations or policies may take place as a result of political opposition in a way that adversely impacts LMG's abilities to deliver expected outcomes for certain reasons, e.g. increase of royalties or taxes or environmental bonds or change in regimes relating to permits and authorisations which are necessary for LMG's operations.

In the ordinary course of business, mineral processing companies are required to seek governmental permits for expansion of existing operations or for the commencement of new operations. The duration and success of permitting efforts are contingent upon many variables not within the control of LMG. There can be no assurance that all necessary permits will be obtained, and, if obtained, that the costs involved will not exceed those estimated by LMG and that the permits will be obtained in a timely manner. Amendments to current laws, regulations and permits governing operations and activities of mineral processing companies which apply to LMG's current or future operation, or a more stringent implementation thereof, could have a material adverse impact on LMG and cause increases in the cost of production or capital expenditure and reduction in levels of production for LMG's operations.

**(q) Occupational Health and Safety**

Workplace incidents may take place for various reasons, including as a result of non-compliance with safety rules and regulations. LMG may be liable for personal injuries or fatalities that are suffered by LMG's employees, contractors or other persons under applicable occupational health and safety laws. If LMG is liable under applicable laws, in whole or part, it may be subject to significant penalties. LMG may be subject to liability to pay compensation, and this may materially and adversely affect LMG's financial position and profitability. The potentially hazardous nature of mineral processing means that health and safety regulations impact the activities of LMG. Any injuries, accidents or other relevant events that occur on LMG's operation site could result in legal claims, potential delays or halt that could adversely impact LMG.

## **(r) Labour Shortages and Industrial Disputes**

There is a risk that LMG may need to pay higher than expected costs to acquire or retain the necessary labour for its operations. This could result in a material and adverse increase in costs and/or development projects being delayed or becoming uneconomic and not proceeding as planned. LMG will also be exposed to the risk that industrial disputes may arise (for example, in relation to claims for higher wages or better conditions) which might disrupt some of its operations and lead to increases in project costs and delays including to scheduled start up dates of projects under construction.

Further details regarding risks which may affect the Company in the future are set out in section 6.

The New Securities offered under this Prospectus carry no guarantee of profitability, dividends, return of capital or the price at which they may trade on ASX. The past performance of the Company should not necessarily be considered a guide to their future performance.

## **1.6 New Share terms**

Upon issue, each New Share will rank equally with all existing Shares then on issue. A summary of the rights attaching to the New Shares is set out in section 7.3.

## **1.7 Acceptance of Entitlement to New Shares**

The number of New Shares to which an Eligible Shareholder is entitled and the total amount an Eligible Shareholder would have to pay if they choose to take up all of their rights to subscribe for New Shares is shown on the Entitlement and Acceptance Form accompanying this Prospectus. This Prospectus is for the information of Eligible Shareholders who are entitled and may wish to apply for the New Shares. Fractional entitlements will be rounded up to the nearest whole number.

Entitlements to New Shares can be accepted in full or in part by following the instructions on the personalised Entitlement and Accepted Form which can be accessed at <http://www.computersharecas.com.au/lmgoffer> and by making payment of Acceptance Money by BPAY® in accordance with the instructions set out on the Entitlement and Acceptance Form. Acceptance Money should be rounded up to the nearest cent.

Eligible Shareholders can also apply for Additional New Shares, up to a maximum of 100% over and above their Entitlements, in the event that a Shortfall exists.

Subscription moneys for the New Shares must be received by the Company at its Share Registry by the Closing Date. Please refer to the timetable for the important dates of the Offer.

## **1.8 Directors' intentions in respect of Entitlements**

As at the date of this Prospectus, some of the Directors of LMG have either a direct or indirect interest in Shares. Set out below is a table summarising the Entitlement of each Director (based on their current holding and excluding their participation in the Placement) and how they intend to treat their Entitlement.

<b>Director</b>	<b>Shares</b>	<b>Entitlement</b>	<b>Intentions</b>
John Murray	18,115,559	1,247,628	Not to take up Entitlement
David Paterson	132,938,284	9,155,529	Not to take up Entitlement
Philip Bruce	13,665,986	941,184	Not to take up Entitlement
John Lee	7,774,297	535,420	Not to take up Entitlement
Michelle Blackburn	254,870	17,553	Not to take up Entitlement
Peter Church	400,000	27,548	Not to take up Entitlement

*Note: No Existing Options or Warrants are held by the Directors.*



The Company notes that each Director is participating in the Placement by subscribing for the following New Shares (subject to shareholder approval):

Director	New Shares under Placement (subject to shareholder approval)
John Murray	488,889
David Paterson	9,143,333
Philip Bruce	305,556
John Lee	427,778
Michelle Blackburn	305,556
Peter Church	400,000

## **1.9 Lead Manager**

Ord Minnett has been appointed as the lead manager to the Offer and the Placement. Further details of the terms of appointment of the Lead Manager are set out in section 7.9.

## **1.10 Underwriter**

Ord Minnett has been appointed as the underwriter to the Offer. Further details of the terms of appointment of Ord Minnett as underwriter are set out in section 7.10.

The Lead Manager has or will enter into sub-underwriting arrangements with institutional, professional and sophisticated investors identified by the Lead Manager and will be responsible for any fees that it may have to pay out to them.

## **1.11 Shortfall and dilution of Shareholder's interests**

Entitlements not taken up under the Offer may become available as Additional New Shares and will form part of the Shortfall.

Eligible Shareholders may, in addition to applying for their full Entitlements, apply for Additional New Shares up to an additional 100% over and above their Entitlement at the Offer Price, to be issued from any Shortfall (at the Company's discretion).

It is an express term of the Offer that applicants for Additional New Shares will be bound to accept a lesser number of Additional New Shares allocated to them than applied for. If a lesser number is allocated to them, excess Acceptance Money will be refunded without interest. There is no guarantee that such Eligible Shareholders will receive the number of Additional New Shares applied for, or indeed, any Additional New Shares at all. The number of New Shares issued from the Shortfall will not exceed the Shortfall. The Company reserves the right to scale back any applications for Additional New Shares in their absolute discretion.

As the Offer is fully underwritten, the Directors, in conjunction with the Lead Manager (as underwriter), shall allot and issue Additional New Shares in accordance with the allocation policy for the Shortfall set out in section 3.3.

Shareholders should be aware that to the extent that they do not accept their Entitlements in full, a Shortfall will arise and that Shortfall will be placed by the Company, in consultation with the Lead Manager pursuant to the Underwriting Agreement (and sub-underwriting arrangements), to other parties in which case their interest in the Company may be significantly diluted (see section 5.2 for further details). This will be in addition to the dilution of the interests of Shareholders as a result of the Placement. Further the Offer is not being extended to Shareholders with registered addresses outside of Australia and New Zealand and the holdings of those Shareholders in the Company will be diluted by the Offer. Given the terms of the Offer and the conduct of the Placement, the interests of a Shareholder in the Company may be diluted by up to 11.32% as a consequence of the Placement and a further 5.66% as a result of the Offer in the event that they are not eligible to participate or elect not to accept their Entitlement in full.

Acceptance of Entitlements or the placement of any Shortfall may also result in existing Shareholders or new investors significantly increasing their interest in the Company or obtaining a substantial interest in the Company. However, the Shortfall will only be placed to the extent that such placement is in compliance with the takeover provisions of the *Corporations Act*, which restrict a person and their associates from having a relevant interest in the Company of not more than 20.0%, subject to a number of exemptions.

### **1.12 Broker Options terms**

Upon issue, each Broker Option will rank equally with all existing options then on issue. A summary of the rights attaching to the Broker Options is set out in section 7.4.

A summary of the rights attaching to the Shares issued upon exercise of the Broker Options (**Resultant Shares**) is set out in section 7.3. Each Resultant Share will rank equally with all existing Shares then on issue.

### **1.13 Acceptance of Broker Options**

To participate in the Cleansing Offer, please lodge an Application Form in accordance with the instructions on the Application Form before 5:00pm (AEST) on Wednesday, 10 July 2024. Please refer to the timetable for the important dates of the Cleansing Offer.

As the Broker Options to be issued under this Prospectus will be issued to the Lead Manager and Sub-Underwriters for no additional consideration, no Application Moneys for Broker Options is required to be paid under this Prospectus.

## 2 Details of the Offer and Cleansing Offer

### 2.1 Offer to Eligible Shareholders

The Directors of LMG have approved a non-renounceable rights issue of approximately 133,351,748 New Shares at \$0.045 per New Share to raise approximately \$6,000,000. Eligible Shareholders of LMG are entitled to subscribe for 1 New Share for every 14.52 Shares held. Only those Shareholders shown on the Share Register at 7.00pm (AEST) on the Record Date with a registered address in Australia and New Zealand will be entitled to participate in the Offer.

The Offer is being undertaken in conjunction with the Placement, pursuant to which 266,666,667 Shares will be issued at the Issue Price. New Shareholders to the Company as a result of the Placement, who will not receive their Shares until after the Record Date, will not be eligible to participate in the Offer.

There are currently 15,000,000 Existing Options on issue in the Company and 80,000,001 Warrants. If any of the Existing Options and Warrants are exercised prior to the Record Date, additional New Shares will be offered under this Prospectus. If all Existing Options and Warrants on issue at the date of this Prospectus were exercised prior to the Record Date, the Company's issued shares would increase by 95,000,001 Shares, resulting in a further 6,333,333 New Shares being offered pursuant to this Prospectus.

### 2.2 Cleansing Offer - Lead Manager Options and Sub-Underwriter Options

In consideration for the Lead Manager agreeing to act as lead manager of the Offer and the Placement and the underwriter of the Offer, the Company has agreed to issue certain unlisted options over Shares to the Lead Manager on the basis of one (1) new option for every one (1) dollar raised under the Offer and the Placement, with an exercise price of \$0.079 (being a 75% premium to the Issue Price) and an expiry date that is three years from their date of issue (**Lead Manager Options**).

Further, the Company has also agreed issue new unlisted options over Shares to each Sub-Underwriter on the basis of one new option for every four New Shares sub-underwritten by a Sub-Underwriter, with the same exercise price of \$0.079 (being a 75% premium to the Issue Price) and an expiry date that is three years from their date of issue (**Sub-Underwriter Options**).

The issue of the Lead Manager Options and Sub-Underwriter Options will be subject to shareholder approval under LR 7.1. The Company will use its best endeavours to seek and obtain that shareholder approval at a general meeting to be held no later than 31 July 2024, and the relevant Lead Manager Options and Sub-Underwriter Options must be issued within three Business Days of receipt of that shareholder approval.

This Prospectus also relates to the offer of:

- the Lead Manager Options to the Lead Manager; and
- the Sub-Underwriter Options to Sub-Underwriters.

### 2.3 Important dates

Announcement of Issue	Thursday, 30 May 2024
Lodgement of Prospectus with ASIC	Monday, 3 June 2024
Shares commence trading on an ex rights basis	Wednesday, 5 June 2024
Record Date for the Offer	Thursday, 6 June 2024
Prospectus and Entitlement and Acceptance Form despatched to Shareholders	Wednesday, 12 June 2024
Opening Date of Offer and Cleansing Offer (9am AEST)	Wednesday, 12 June 2024

Closing Date of Offer (5pm AEST )	Wednesday, 3 July 2024
Announcement of results of Offer	Friday, 5 July 2024
Expected date of issue of New Shares	Wednesday, 10 July 2024
Closing date of Cleansing Offer (5pm AEST)	
Commencement of trading of New Shares on ASX	Thursday, 11 July 2024
Expected date of despatch of holding statements for New Shares	Friday, 12 July 2024
Conduct of EGM to approve issue of Lead Manager Options and Sub-Underwriter Options	Tuesday, 30 July 2024
Issue of Lead Manager Options and Sub-Underwriter Options (subject to shareholder approval at the EGM)	Friday, 2 August 2024

*The dates set out in this table are subject to change and are indicative only.*

The Directors, subject to the requirements of the Listing Rules and the *Corporations Act* and in agreement with the Lead Manager, reserve the right to:

- 2.3.1 withdraw the Offer without prior notice; or
- 2.3.2 vary any of the important dates set out in the Offer or the Cleansing Offer, including extending the Offer or Cleansing Offer.

## **2.4 Allotment and allocation policy**

The Company will proceed to allocate New Shares as soon as possible after the Closing Date and receiving ASX permission for Official Quotation of the New Shares.

In the case that there is less than full subscription by Shareholders of their Entitlements under this Prospectus, the Directors will allocate the Shortfall between Eligible Shareholders who apply for Additional New Shares and the Underwriter in accordance with the allocation policy (see section 3.3).

Successful Applicants will be notified in writing of the number of New Shares (including any Additional New Shares) allocated to them as soon as possible following the allocation being made.

It is the responsibility of Applicants to confirm the number of New Shares allocated to them prior to trading in New Shares. Applicants who sell New Shares before they receive notice of the number of New Shares allocated to them do so at their own risk. No New Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus.

## **2.5 ASX listing**

On the same date as announcing the Offer, the Company applied to the ASX for the New Shares to be issued pursuant to this Prospectus to be listed for Official Quotation by the ASX. If granted, Quotation of the New Shares will commence as soon as practicable after allotment of the New Shares to Applicants and is expected to occur on or about 11 July 2024. It is the responsibility of the Applicants to determine their allocation of New Shares prior to trading. ASX Participating Organisations (as defined in the ASX Business Rules) cannot deal in the New Shares either as principal or agent until Official Quotation is granted.

Should the New Shares not be granted Official Quotation on the ASX within three months after the date of this Prospectus, none of the New Shares offered under this Prospectus will be issued and all Acceptance Money will be refunded without interest to Applicants within the time prescribed by the *Corporations Act*.

## **2.6 CHESS**

The Company will apply to ASX Settlement for the New Shares to participate in the Securities Clearing House Electronic Subregister System known as CHESS.

The Company will not issue certificates to Shareholders with respect to the New Shares. After allotment of the New Shares, those who are issuer sponsored holders will receive an issuer sponsored statement and those who are CHES holders will receive an allotment advice.

The CHES statements, which are similar in style to bank account statements, will set out the number of New Shares allotted to each successful applicant pursuant to this Prospectus. The statement will also advise holders of their holder identification number. Further statements will be provided to holders which reflect any changes in their holding in the Company during a particular month.

## **2.7 No rights trading**

Entitlements to New Shares pursuant to the Offer are non-renounceable and accordingly will not be traded on the ASX.

## **2.8 Minimum subscription**

There is no minimum subscription to the Offer or the Cleansing Offer.

## **2.9 Lead Manager**

Ord Minnett has been appointed the lead manager to the Offer and Placement. Further details of the appointment of the Lead Manager are set out in section 7.9.

## **2.10 Underwriting**

The Offer is fully underwritten by the Lead Manager. Further details of the appointment of the underwriter are set out in section 7.10.

## **2.11 Option Holders and Warrant Holders**

Option Holders and Warrant Holders will not be entitled to participate in the Offer unless they:

- 2.11.1 have become entitled to exercise their Existing Options and Warrants under the terms of their issue and do so prior to the Record Date; and
- 2.11.2 participate in the Offer as a result of being an Eligible Shareholder at 7.00pm (AEST) on the Record Date.

If all holders of Existing Options and Warrants elect to exercise their Options prior to the Record Date, and are eligible to participate in the Offer, a further 6,333,333 (approximately) New Shares may be issued under this Prospectus. Details of the Existing Options and Warrants are set out in section 5.2. However, having regard to the exercise price of the Existing Options and the Offer Price, the Directors believe that it is unlikely that any Existing Options or Warrants will be exercised prior to the Record Date.

## **2.12 Overseas shareholders**

The Company has not made investigations as to the regulatory requirements that may prevail in the countries outside of Australia and New Zealand in which the Company's Shareholders reside.

This Prospectus and accompanying forms do not, and are not intended to, constitute an offer of New Shares in any place outside of Australia and New Zealand in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer or that Form.

The distribution of this Prospectus in places outside of Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe those restrictions. Any failure to comply with those restrictions may violate applicable securities laws.

The Company has decided that it is unreasonable to make the Offers under this Prospectus to Shareholders with registered addresses outside of Australia and New Zealand (**Ineligible Shareholders**) having regard to the number of Shareholders in those places, the number and value of the New Shares they would be offered and the legal and regulatory requirements in those places and costs of complying with those requirements. Accordingly, the Offer is not being extended to, and does

not qualify for distribution or sale by Ineligible Shareholders and no New Shares will be issued to Ineligible Shareholders.

In particular this Offer is not made in the United States or to persons (including nominees or custodians) acting for the account or benefit of a person in the United States, or to any person who is ineligible under applicable securities laws in any country to receive an offer under the Prospectus without any requirement for a prospectus to be lodged or registered.

## **2.13 Overseas Sub-Underwriters**

The Cleansing Offer is open to Sub-Underwriters who are located in New Zealand, Singapore, Hong Kong and Denmark and meet the qualifications for each jurisdiction as described below.

This Prospectus does not constitute an offer of Sub-Underwriter Options in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the Sub-Underwriter Options may not be offered or sold, in any country outside Australia except to the extent permitted below.

In particular the Cleansing Offer is not made in the United States or to persons (including nominees or custodians) acting for the account or benefit of a person in the United States, or to any person who is ineligible under applicable securities laws in any country to receive an offer under the Prospectus without any requirement for a prospectus to be lodged or registered.

### **Denmark**

This document has not been, and will not be, registered with or approved by any securities regulator in Denmark or elsewhere in the European Union. Accordingly, this document may not be made available, nor may the Sub-Underwriter Options be offered for sale, in Denmark except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation").

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of Sub-Underwriter Options in Denmark is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

If you (or and any person for whom you are acquiring or procuring the Sub-Underwriter Options) are in Denmark, you (and any such person) in receiving this Prospectus and lodging an Application Form to accept Sub-Underwriter Options acknowledge and agree that you (or any such person) are a "qualified investor" (as defined in Article 2(e) of the Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union).

### **Hong Kong**

**WARNING:** This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). Accordingly, this document may not be distributed, and the Sub-Underwriter Options may not be offered or sold, in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Sub-Underwriter Options has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Sub-Underwriter Options may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

If you (or and any person for whom you are acquiring or procuring the Sub-Underwriter Options) are in Hong Kong, you (and any such person) in receiving this Prospectus and lodging an Application Form to accept Sub-Underwriter Options acknowledge and agree that you (and any such person) are a "professional investor" as defined under the Securities and Futures Ordinance of Hong Kong, Chapter 571 of the Laws of Hong Kong.

## **New Zealand**

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The Sub-Underwriter Options are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- 3.1.1 is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- 3.1.2 meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- 3.1.3 is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- 3.1.4 is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- 3.1.5 is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

If you (or and any person for whom you are acquiring or procuring the Sub-Underwriter Options) are in New Zealand, you (and any such person) in receiving this Prospectus and lodging an Application Form to accept Sub-Underwriter Options acknowledge and agree that you (and any such person) are a person who (i) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act, (ii) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act, (iii) is large within the meaning of clause 39 of Schedule 1 of the FMC Act, (iv) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act or (v) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act (and, if an eligible investor, have provided the necessary certification).

## **Singapore**

This document and any other materials relating to the Sub-Underwriter Options have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Sub-Underwriter Options, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (the "SFA") or another exemption under the SFA.

This document has been given to you on the basis that you are an "institutional investor" or an "accredited investor" (as such terms are defined in the SFA). If you are not such an investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Sub-Underwriter Options being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire Sub-Underwriter Options. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

If you (or and any person for whom you are acquiring or procuring the Sub-Underwriter Options) are in Singapore, you (and any such person) in receiving this Prospectus and lodging an Application Form to accept Sub-Underwriter Options acknowledge and agree that you (and any such person) are an "institutional investor" or an "accredited investor" (as such terms are defined in the SFA).

## **2.14 Notice to nominees, trustees and custodians**

Nominees, trustees and custodians may not distribute any part of this document in the United States or in any other country outside of Australia and New Zealand, except to beneficial Eligible Shareholders in another country (other than the United States) where the Company may determine it is lawful and practical to make the Offer. Any person in the United States with a holding through a nominee may not participate in the Offer.

In addition, nominees, trustees and custodians must not apply on behalf of any beneficial holder that would not itself be an Eligible Shareholder. The Company is not required to determine whether or not a registered holder or investor is acting as a nominee, trustee or custodian or the identity or residence of any beneficial holder of Shares. Where any person is acting as a nominee, trustee or custodian for a foreign person, that person, in dealing with its beneficiary, will need to assess whether indirect participation in the Entitlement Offer by the beneficiary complies with applicable laws. By applying for New Shares under this Prospectus, including by submitting an Entitlement and Acceptance Form or making a payment using BPAY®, a nominee, trustee or custodian represents and warrants this is the case. Company reserves the right to reject any Acceptance which it believes comes from a person who is not an Eligible Shareholder.

## **2.15 Electronic prospectus**

An electronic version of this Prospectus is available on the Internet at [www.latrobemagnesium.com](http://www.latrobemagnesium.com).

The Entitlement and Acceptance Form may only be distributed together with a complete and unaltered copy of the Prospectus. The Company will not accept a completed Entitlement and Acceptance Form if it has reason to believe that the investor has not received a complete paper copy or electronic copy of the Prospectus or if it has reason to believe that the Entitlement and Acceptance Form or electronic copy of the Prospectus has been altered or tampered with in any way.

While the Company believes that it is extremely unlikely that in the Offer period the electronic version of the Prospectus will be tampered with or altered in any way, the Company cannot give any absolute assurance that it will not be the case. Any investor in doubt concerning the validity or integrity of an electronic copy of the Prospectus should immediately request a paper copy of the Prospectus directly from the Company or the Share Registry.



### 3 How to apply

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#### 3.1 How to accept your Entitlement

Eligible Shareholders may accept their Entitlement either in whole or in part. The number of New Shares which Eligible Shareholders are entitled to is shown on the Entitlement and Acceptance Form which can be accessed from <http://www.computersharecas.com.au/lmgoffer>.

Eligible Shareholders may participate in the Offer as follows:

#### Take up your Entitlement in full

If you are an Eligible Shareholder and wish to take up all of your Entitlement, please:

- 3.1.1 For payment by BPAY® please follow the instructions on the Entitlement and Acceptance Form found online at [www.computersharecas.com.au/lmgoffer](http://www.computersharecas.com.au/lmgoffer). You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. If you make payment by BPAY® there is no need to return the Entitlement and Acceptance Form but you must ensure that your payment is received by no later than 5.00pm (AEST) on the Closing Date or such later date as the Directors determine, keeping in mind that payments made by BPAY® may take one or more Business Days to clear. Please refer to the information below regarding payment by BPAY®; or
- 3.1.2 If you are a New Zealand holder who is not able to pay by BPAY® you may elect to make payment by electronic funds transfer (EFT). Your personalised Entitlement and Acceptance Form is available at [www.investorcentre.com](http://www.investorcentre.com). Please follow the instructions on the Entitlement and Acceptance Form on how to pay by EFT. If you make payment by EFT, there is no need to return your Entitlement and Acceptance Form but you must ensure that your payment is received by no later than 5.00pm (AEST) on the Closing Date or such later date as the Directors determine.

If you cannot make payment in the manner required by your Entitlement and Acceptance Form, please contact the Share Registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) for further instructions.

#### Take up some of your Entitlement

If you are an Eligible Shareholder and wish to take up only some of your Entitlement, please:

- 3.1.3 For payment by BPAY® please follow the instructions on the Entitlement and Acceptance Form found online at [www.computersharecas.com.au/lmgoffer](http://www.computersharecas.com.au/lmgoffer). You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. If you make payment by BPAY® there is no need to return the Entitlement and Acceptance Form but you must ensure that your payment is received by no later than 5.00pm (AEST) on the Closing Date or such later date as the Directors determine, keeping in mind that payments made by BPAY® may take one or more Business Days to clear. Please refer to the information below regarding payment by BPAY®; or
- 3.1.4 If you are a New Zealand holder who is not able to pay by BPAY® you may elect to make payment by electronic funds transfer (EFT). Your personalised Entitlement and Acceptance Form is available at [www.investorcentre.com](http://www.investorcentre.com). Please follow the instructions on the Entitlement and Acceptance Form on how to pay by EFT. If you make payment by EFT, there is no need to return your Entitlement and Acceptance Form, but you must ensure that your payment is received by no later than 5.00pm (AEST) on the Closing Date or such later date as the Directors determine.

If you cannot make payment in the manner required by your Entitlement and Acceptance Form, please contact the Share Registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) for further instructions.

#### Do nothing

You may do nothing, in which case you will have no right to subscribe for New Shares and no New Shares will be issued to you. However, if you are an Eligible Shareholder and you do nothing, then New Shares representing your Entitlement may be issued to the Lead Manager or other third parties in placing any Shortfall.

You should also note that, if you do not take up your Entitlement, then although you will continue to own the same number of Shares, your percentage shareholding in the Company will decrease.

## **General**

If you have any queries concerning your Entitlement, please contact the Share Registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) or contact your stockbroker or professional adviser.

Entitlement and Acceptance Forms may be lodged and payment of the Acceptance Money made at any time before the Closing Date. Applications and payment received after the Closing Date may not be accepted. The Company will not be responsible for postal or delivery delays.

The Offer Price of \$0.045 per New Share is payable in full on acceptance of part or all of your Entitlement.

Where payment is to be made using BPAY®, the Eligible Shareholder must contact their bank, credit union or building society to make payment of the Acceptance Money from their cheque or savings account. Refer to the Entitlement and Acceptance Form for the biller code and customer reference number. Eligible Shareholders who have multiple holdings will have multiple customer reference numbers.

Payment will only be accepted in Australian currency and BPAY® payments must be drawn on an Australian bank.

No stamp duty, brokerage or handling fees are payable by the Applicant for the New Shares offered by this Prospectus. Entitlement and Acceptance Forms will not be accepted at the Company's registered office.

The amount payable on acceptance will not vary during the period of the Offer and no further amount is payable on allotment. Acceptance Money will be held in trust in a subscription account until allotment of the New Shares. The subscription account will be established and kept by the Company on behalf of the Applicants. Any interest earned on the Acceptance Money will be retained by the Company irrespective of whether allotment takes place.

### **3.2 Binding effect of Entitlement and Acceptance Form**

A payment made through BPAY® or by EFT in response to your personalised Entitlement and Acceptance Form, constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Prospectus and, once paid, cannot be withdrawn. If such payment is not completed correctly or received by 5.00pm (AEST) on the Closing Date or such later date as the Directors determine it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid is final.

By making a payment by BPAY® or EFT in response to your personalised Entitlement and Acceptance Form, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- 3.2.1 you are an Eligible Shareholder and are not in the United States and are not a person (including nominees, trustees or custodians) acting for the account or benefit of a person in the United States and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares under the Offer;
- 3.2.2 you acknowledge that the New Shares have not been, and will not be, registered under the US Securities Act or under the laws of any other jurisdiction outside of Australia and New Zealand; and
- 3.2.3 you have not and will not send any materials relating to the Offer to any person in the United States or to any person (including nominees or custodians) acting for the account or benefit of a person in the United States.

### **3.3 Allotment and allocation policy**

- 3.3.1 A Shortfall will exist if any Eligible Shareholder does not take up their full Entitlement. Additional New Shares applied for will only be allocated and issued if a Shortfall exists - resulting in the Offer being undersubscribed.
- 3.3.2 Allocation and allotment of any Additional New Shares applied for will be made in accordance with the following policy:
- 3.3.3 the Directors will allocate the Shortfall Shares to Eligible Shareholders that have applied to take up their full Entitlements and in addition have indicated that they wish to take up Additional New Shares as provided for in section 3.1 (to a maximum of 100% over and above their Entitlement);
- 3.3.4 the Company reserves the right to allocate Additional New Shares to Eligible Shareholders who wish to take up Additional New Shares at its discretion. In exercising its discretion, the Company will have regard to facilitating the increase in the number of Shareholders with marketable parcels of Shares;
- 3.3.5 once Directors have exhausted the allotment and allocation of Additional New Shares from the Shortfall to Eligible Shareholders, the Company will call on the Lead Manager (as underwriter) to subscribe for or procure the subscription for the remaining New Shares under the Shortfall in accordance with its underwriting obligations under the Underwriting Agreement. These remaining New Shares may be allocated by the Lead Manager (as underwriter) to sub-underwriters to the Offer. It is expected that all New Shares offered under the Offer will be issued at the same time;
- 3.3.6 The Company will not allocate or issue Additional New Shares from the Shortfall, where it is aware that to do so would result in a breach of the Corporations Act, the Listing Rules or any other relevant legislation or law (including FATA). Eligible Shareholders wishing to apply for Additional New Shares must consider whether or not the issue of the Additional New Shares applied for would breach the Corporations Act or the Listing Rules or any other relevant legislation or law (including FATA) having regard to their own circumstances; and
- 3.3.7 There is no guarantee that Eligible Shareholders will be successful in being allocated any of the Additional New Shares that they apply for. The Company may reject any application for Additional New Shares or allocate fewer Additional New Shares than applied for by Applicants for Additional New Shares in accordance with the policy set out above. The Directors reserve the right at their discretion to place a maximum on the number of Additional New Shares that will be issued to Eligible Shareholders who apply for Additional New Shares.

### **3.4 Applying for Broker Options**

The Lead Manager can apply for Lead Manager Options and Sub-Underwriters can apply for Sub-Underwriter Options under the Cleansing Offer by completing and lodging the Application Form which accompanies this Prospectus in accordance with the instructions on the Application Form. As the Broker Options are free options, which will be issued for no additional consideration, no Application Moneys are required to be submitted with the Application Form.

The Lead Manager can only apply for one Lead Manager Option for every dollar raised under the Placement and the Offer.

Each Sub-Underwriter can only apply for 1 Sub-Underwriter Option for every four New Shares sub-underwritten by the Sub-Underwriter.

Application Forms must be lodged by 5.00pm (AEST) on Wednesday, 10 July 2024.

## 4 Company Information

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### 4.1 Introduction

LMG is a resources company which has developed a patented hydrometallurgical extraction/thermal reduction process to extract magnesium metal from magnesium rich waste resources, having a demonstration plant in the Latrobe Valley in Victoria, Australia.

The Company, then operating as ASX-listed Rambora Technologies Limited, was established as LMG in September 2002 as a consequence of the acquisition by the Company of Magnesium Investments Pty Limited, the owners of the then “Latrobe Magnesium Project”. The Company has subsequently been pursuing the development of its technology to facilitate the production of magnesium metal from coal ash and ferro nickel slag.

LMG’s breakthrough technology and efficient materials handling will enable it to operate at globally competitive costs, with over 50% lower than industry standards CO<sub>2</sub> emissions.

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. Currently, Australia imports 100% of the 8,000 tonnes annually consumed.

### 4.2 Demonstration Plant

Latrobe Magnesium has developed a 1,000 tonne per annum magnesium production plant in Victoria's Latrobe Valley close to the Yallourn ash deposit using its world first patented extraction process (**Demonstration Plant**). LMG intends to extract and sell magnesium metal and supplementary cementitious material, along with char, silica, iron oxide and calcium carbonate (agricultural lime) from ash, which is currently a waste resource from Yallourn brown coal power generation.

In 2019, LMG completed a feasibility study validating its combined hydrometallurgical / thermal reduction process that extracts the metal. In May 2024, the Demonstration Plant became the first plant in the world to produce sustainable MgO from coal ash, with the full plant to produce a saleable magnesium metal product, being commissioned in the 3rd quarter of calendar year 2024..

MgO production from the Demonstration Plant will be sold to Rainstorm Dust Control Pty Ltd in accordance with an MOU between the parties.

### 4.3 Future Plants

#### 4.3.1 Proposed Commercial Plant

Upon successful commissioning of the Demonstration Plant, the Company will turn its focus to the development of a commercial plant, with a capacity of 10,000 tonne per annum of magnesium, with completion targeted for the first half of calendar year 2026 (**Proposed Commercial Plant**). The Proposed Commercial Plant is also proposed to be located in the heart of Victoria’s coal power generation precinct, providing immediate access to feedstock, infrastructure, and labour.

The Proposed Commercial Plant will have a similar process to the Demonstration Plant and be constructed using similar engineering.

LMG has sold its 10,000 tonne per annum of refined magnesium production under long-term contracts to LMG's USA distributors, Metal Exchange Corporation.

The Company in April 2024 appointed Societe Generale, a multi-national corporate and investment bank with market-leading experience in structuring, advising and financing mining and downstream metals production projects, as sole coordinator, structuring bank and mandated lead arranger in respect of the financing of the Proposed Commercial Plant.

The Company is targeting receipt of relevant regulatory approvals and completion of a bankable feasibility study (**BFS**) for the Proposed Commercial Plant by the end of 2024 for the purposes of the Company making a final investment decision.

To support the preparation of the BFS, the Company has engaged with a pre-selected range of strategic suppliers across equipment, technology, construction, freight and automation to provide cost certainty,

improve the study timeline and expedite achievement of technical outcomes. These suppliers will have direct input into the BFS and the Company expects that their intellectual capacity will have a direct influence in optimising the ultimate design of the Proposed Commercial Plant.

The Company has also finalised its scope with GHD to undertake its hydrogeology and geotechnical assessments of the Yallourn as deposit, together with mine planning and mine closure/rehabilitation. The company will continue the work with GHD to drill the ash stockpiles to develop a JORC resource by H1 2026.

The expected timetable for the Proposed Commercial Plant is to have all relevant approvals obtained, study and financial close completed by December 2024 with production commencing in the first half of 2026.

#### 4.3.2 Proposed International Plant

The Company is also speaking with debt financiers and strategic investors with regard to the development of a large scale (100,000 tonnes per annum) overseas commercial plant (**Proposed International Plant**). The Company has identified Samalaju, Sarawak, Malaysia as a potential low cost and renewable energy location for the plant.

The Company proposes a strategic partnership / joint venture arrangement where the Company retains majority control of the project. The Company is targeting entry into non-binding MoU's with interested parties by the end of June 2024.

The Company has completed a pre-feasibility study identifying the suitability of the Samalaju location and has commenced the process of land acquisition and environmental assessment to support future studies.

### 4.4 Finance

The debt and future rental obligations of the Company owing to RnD Funding as at 30 June 2024 was estimated to be in the order of \$26 million, being principal, capitalised interest and the amount of lease rental obligations. The debt to RnD Funding has recently been reduced by \$12.9 million as a consequence of the Company receiving from the ATO its research and development tax rebate for the year ended 30 June 2023. The Company will be applying to, and is confident in obtaining, a research and development tax rebate for the year ending 30 June 2024 of approximately \$16 million, which is expected to be received by the Company from the ATO before December 2024 and will be used to repay the current debt and lease rental obligations of the Company owed to RnD Funding.

### 4.5 Material Contracts

#### 4.5.1 RnD Equipment

As announced on 21 November 2023, the Company entered into lease finance arrangements in order to reduce its ongoing debt levels and overall cost of funding. Noting that disclosure concerning RnD Funding has been made over a number of announcements, the Board has decided to provide further clarity regarding the structure and purpose of these arrangements in the interests of giving a full overview of the relationship with RnD Funding.

On 20 November 2023, the Company entered into a deed with RnD Equipment Pty Ltd (**RnD Equipment**) for the sale of various Company equipment items located at the Demonstration Plant (**Equipment**) to RnD Equipment, at a value of \$10.4 million (**Equipment Sale Agreement**) of which the Company used \$9.4 million to reduce more costly debt.

Simultaneously, the Company entered into an agreement to separately lease each item of Equipment from RnD Equipment for a minimum period of 2 years, commencing on 21 November 2023 and expiring on 20 November 2025 (**Lease Agreements**). RnD Equipment has since assigned its rights to rents under the Lease Agreement, for the period ending 20 November 2025, to RnD LMG Receivables Trust.

RnD Equipment is a subsidiary of RnD Funding Pty Ltd, the Company's key project financier. RnD LMG Receivables Trust is a trust 100% owned and managed by RnD Funding Pty Limited. The relevant financing arrangements and risks involved are outlined in sections 4.4 and 6.3.3.

The lease term for each item of Equipment can be extended by the Company to ensure each lease aligns with the operational period of the Demonstration Plant, and there is no obligation on the Company to purchase any item of Equipment at the expiry of the leases.

#### 4.5.2 Société Générale Mandate

In its recent April Progress Update, the Company announced the appointment of Société Générale as Sole Coordinator, Structuring Bank and Mandated Lead Arranger in respect of the financing of the development and construction of the Commercial Plant (**Mandate**). The Board wishes to provide further information regarding the Mandate to the extent not previously disclosed.

Under the Mandate, Société Générale will provide senior debt structuring, arrangement and execution of funding in relation to the Commercial Plant. These services include:

- assistance with selection and appointment of consultants and in coordination of the due diligence process;
- reviewing risk allocation, term sheet addressing key bankability points and financial models in consultation with the Company and its advisors;
- finalising a lender's information package;
- engagement, discussion and negotiation of commitments with prospective lenders; and
- obtaining final commitments from lenders and meeting conditions precedent to financial close.

Under the Mandate, the Company has agreed to pay fees to Société Générale on standard commercial terms, including retainer fees, milestone fees and success fees. The first 12 months of the retainer, along with the milestone fees, are deductible if financial close is achieved. Termination fees are payable in the event that the Company terminates the Mandate prior to financial close.

#### 4.6 The Directors

The Directors of LMG bring to the Board relevant expertise and skills, including industry and business knowledge, financial management and corporate governance experience.

Each Director has confirmed with LMG that they anticipate being available to perform their duties as a Non-Executive Director or Executive Director, as the case may be, of LMG, without undue constraints from other commitments.

The following persons are directors of the Company as at the date of this Prospectus:

##### **John Murray - Non-Executive Chair**

Mr. Murray studied economics and history with the Royal Military College at Duntroon before studying engineering management at the Royal Military College of Science in the UK. He holds qualifications in international politics from Deakin University and is a graduate of the then Australian Management College, Mt Eliza.

Roles currently held by Mr. Murray include strategic adviser for law firm King & Wood Mallesons in the government infrastructure sector and consultant to Infrastructure NSW. Mr. Murray managed numerous large projects in his role with NSW Department for Transport including the production of a 10-year development plan for the State's transport infrastructure and services as well as chairing the \$2 billion Parramatta Rail Link Company project. He was Transport Director for Sydney, and infrastructure adviser for Beijing and London Olympic Games. In addition to these roles, he has held numerous directorships including non-executive chairman of Omni Tanker Holding Pty Ltd for 8 years until retirement in July 2017, non-executive chairman for The Hills Motorway (M2) Limited prior to its takeover by Transurban in 2005 and the non-executive chairman for Country Pipelines for the three year prior to its takeover by APA in 2008. He was on the board of Terminals Australia for five years up until its sale to Asciano in 2008.

Prior to his foray into business, Mr Murray had a distinguished military career over almost 30 years before retiring as a Colonel in 1994. He brings a wealth of senior management and directorship experience with a particular focus on infrastructure, project management and freight logistics projects. He was made an Officer in the Order of Australia in 2018.

Mr. Murray was appointed a Director of Latrobe Magnesium on 1 May 2015.

#### **David Paterson - Executive Director**

Mr. Paterson is a qualified non-practising Chartered Accountant and a graduate from the University of Queensland. He is a Director of Europacific Corporate Advisory Pty Ltd and has held an Investment Dealers Licence since 1990.

Prior to forming Europacific in 1990, he was a Group Manager of the Corporate Services Division of Tricontinental Corporation Limited responsible for NSW and Queensland. He also worked for Coopers & Lybrand in their Corporate Services Division. He has been involved in a wide range of corporate advisory assignments and underwritings of both debt and equity for a number of public and private companies involved in the mining and property industries.

Mr. Paterson was a founding partner of the Latrobe Magnesium project in 2000. He was appointed a Director of Latrobe Magnesium on 23 August 2002 and its CEO in 2005.

#### **Philip Bruce - Non-Executive Director**

Mr. Bruce is a mining engineer with extensive resource industry experience in Australia, South Africa, West Africa, South America and Indonesia in operations, project development and corporate management.

Mr. Bruce is a Director of PF Bruce and Associates, which provides corporate and project management services.

Mr. Bruce's career includes Board positions with ASX-listed companies Ausmelt Limited, Buka Minerals Limited, Triako Resources Limited, Hill End Gold Limited, Ora Gold Limited, and TSX-listed Archean Star Resources Inc. Mr. Bruce also worked in senior management roles with Gencor Limited, Preussag AG, BHP Limited, Dallhold Resources Limited and served as General Manager of Development for Plutonic Resources Limited, a position in which he was responsible for acquiring and developing resource projects during the company's rapid growth to over \$1B.

Mr. Bruce was appointed a Director of Latrobe Magnesium on 4 September 2003.

#### **John Lee - Non-Executive Director**

Mr. Lee has a broad range of commercial skills and experiences in both the public and private sectors. Mr Lee graduated from the University of Melbourne with B Com., B Ed. (p/g) and an MBA. He has held senior management roles in the Federal Department of Employment and Industrial Relations. He was also senior private secretary and principal adviser to Tony Street, a senior federal cabinet minister.

In the private sector, Mr. Lee has held a number of senior management positions with a number of major corporations including Henry Jones IXL, Elders Building Supplies and Woolworths Limited. He is a Director of a number of listed companies concentrating mainly in the mining and technology sectors.

In July 1987, Mr. Lee formed Stockholder Relations, a management consultancy specialising in corporate advisory, investor relations and corporate governance.

Mr. Lee was appointed a Director of Latrobe Magnesium on 10 December 2010.

#### **Michelle Blackburn - Non-Executive Director**

Ms. Blackburn graduated from Melbourne University with a Bachelor of Laws (hons) and Bachelor of Arts, has a Masters in Social Science (Planning and Environment) from RMIT University and has been a Honorary Senior Fellow at the University of Melbourne designing and delivering a Juris Doctor subject. Ms. Blackburn is also a Graduate of the Australian Institute of Company Directors (GAICD).

Ms. Blackburn brings a breadth and depth of corporate and legal advice experience, covering a wide range of public and private industry sectors. She has held positions representing Australian States & Federal government entities and local and international corporations for more than 20 years.

Ms. Blackburn has held roles that include Director of South Gippsland Water, Chairman of Lifeline Gippsland, and a Director of Interchange Gippsland. She has also served as a Member of the Victorian Civil and Administrative Tribunal sitting in its planning and environment list. Her career includes significant environmental law experience as principal of her own legal practice in Gippsland and in senior positions at Minter Ellison and Corrs Chambers Westgarth.

Ms. Blackburn was appointed a Director of Latrobe Magnesium on 25 August 2022.

### **Peter Church - Non-Executive Director**

Mr. Church holds a Bachelor of Commerce from the University of New South Wales, a Bachelor of Laws from the University of Sydney, a Master of Laws from the University of London, and a Doctorate of Humane Letters from Sri Sharada Institute of Indian Management. He was awarded the Medal of the Order of Australia in 1994 by the Australian Government for the promotion of business between Australia and South East Asia. He is a visiting professor at several universities in India and Australia.

Mr. Church brings a breadth and depth of leadership, operating expertise, corporate advisory, legal and directorship experience in the ten countries of South East Asia including Malaysia and the State of Sarawak where he served as a Non-Executive Director of OM Holdings Limited (OMH) for a period of 10 years which included the development and then operation of its Sarawak smelter operations – a major ferrosilicon producer, based in the Samalaju Industrial area and from which LMG is a potential large customer of its products, both in Australia and Malaysia.

Mr. Church has held roles that include Executive Chairman of AFG Venture Group, an Australian and Asian corporate advisory firm with activities throughout Australia, South East Asia and India. He is a senior adviser to Stephenson Harwood, an English law firm with operations in multiple jurisdictions including, London, Hong Kong, Myanmar, and Singapore. He has also served as the first Asian Managing Partner of Freehills, Non-Executive Director of Northern Iron limited, Non-Executive Director of The George Institute of GlobalHealth, President of Australia Indonesia Business Council, and a member of several Federal Government Boards such as the Trade Policy advisory Committee.

Mr. Church was appointed a Director of Latrobe Magnesium and Independent Chairman of LMG's wholly owned subsidiary, Latrobe Magnesium Sarawak Sdn Bhd on 24 April 2023.

David Paterson, and his associated entity, Rimotran Pty Ltd, is a substantial shareholder of the Company. No other Directors are nominees or representatives of a substantial shareholder.

David Paterson is not currently considered by the Board to fulfil the role of Independent Director due to his executive position with the Company.

The Board considers that John Murray, Philip Bruce, John Lee, Michelle Blackburn and Peter Church are free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of their judgment and are able to fulfil the role of an Independent Director for the purposes of the Corporate Governance Principles and Recommendations.

Details of the current interests of the Directors in the Company excluding their participation in the Placement are as set out in the table below. The intentions of the Directors in respect of the Offer are set out in section 1.8.

<b>Director</b>	<b>Shares</b>	<b>Existing Options/Warrants</b>
John Murray	18,115,559	Nil
David Paterson	132,938,284	Nil
Philip Bruce	13,665,986	Nil
John Lee	7,774,297	Nil
Michelle Blackburn	254,870	Nil
Peter Church	400,000	Nil

Details of the participation by the Directors in the Placement are contained in Section 1.8.

## **4.7 Senior Management**

The following persons form the senior management of the Company as at the date of this Prospectus:

### **Mr. John Collier – Chief Financial Officer**

Mr. Collier holds a Bachelor of Commerce from the University of Tasmania and a Master of Business Administration from the Australian GSM. He has over 35 years of experience with private and publicly listed entities within infrastructure, construction, and professional services.



Mr. Collier career includes Commercial Director and Chief Financial Officer (CFO) roles managing multi-billion-dollar contracts with CPB Contractors, Count Limited, Australian Water Services Pty Ltd (a Lend Lease subsidiary), Hills Motorway (a Transurban subsidiary) and BDO. He has managed contracts totaling some \$4.6B of design, engineering, and construction work for Sydney Metro City & Southwest Project and Western Sydney Airport.

Mr. Collier has recognised experience in strategic planning, structured problem solving and effective business operation management, creating substantial value for stakeholders. He is an Associate of Chartered Accountants Australia and New Zealand and Financial Services Institute of Australasia, and a member of the Australian Institute of Company Directors.

Mr. Collier joined Latrobe Magnesium as Chief Financial Officer in November 2023.

**Mr. Ronan Gillen – Chief Operating Officer**

Mr Gillen is a process engineer and holds a Bachelor of Extractive Metallurgy from Murdoch University and an Executive MBA from Melbourne Business School. Mr Gillen has over 24 years' experience in the global resources industry in technical, operational and project development roles in Australia, China, Saudi Arabia and Korea.

Mr. Gillen has held operational roles with companies such as Rio Tinto, Minara Resources and Bulong Nickel as well as project management roles with Tier 1 EPCM companies such as, Fluor and Bechtel, as well as resources companies such as MMG.

Mr. Gillen has extensive experience in the operational, technical and project management fields in areas such as process engineering, production management, maintenance, project management, engineering, construction, procurement, contracts, commissioning, safety and risk management across commodities such as Copper, Nickel, Aluminium, Gold and now Magnesium.

Mr. Gillen joined Latrobe Magnesium as Chief Operating Officer in 2020.

## 5 Effect of the Offer on the Company

### 5.1 Financial position

To illustrate the effect of the Offer on the Company, the pro-forma consolidated balance sheet has been prepared based on the unaudited historical balance sheet as at 30 April 2024.

The pro-forma balance sheet shows the effect of the Offer and the Placement and as if the Offer (under this Prospectus) had been made on 30 April 2024. The pro-forma balance sheet assumes that the Offer, as an underwritten offer, is fully subscribed.

The accounting policies adopted in preparation of the pro-forma consolidated balance sheet are consistent with the policies adopted and as described in the Company's financial statements for the year ended 30 June 2023.

It is noted that the Cleansing Offer will not result in the immediate receipt of funds and have any impact on the cash reserves or financial position of the Company. If the issue of the Broker Options is approved by Shareholders and are then exercised, the Broker Options will provide funding to the Company at the rate of \$0.079 per Share, being a maximum of \$4,042,862.53. The exercise price represents a 75% premium to the Issue Price of the New Shares and there is no guarantee that the Broker Options will be exercised before they expire within 3 years of the date of issue. The likely impact of the issue of the exercise of the New Options on the Company is excluded from the pro forma figures below.

	<b>Unaudited Historical Balance Sheet 30 April 2024</b>	<b>Placement (\$12 million)</b>	<b>Entitlement Offer (\$6 million)</b>	<b>Pro-forma as at 30 April 2024</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>ASSETS</b>				
Current Assets				
Cash & Cash Equivalents	\$136		\$5,000	\$5,136
Trade Receivables	\$19,277			\$19,277
Other Assets and prepayments	\$9,711			\$9,711
<b>Total Current Assets</b>	<b>\$29,124</b>	<b>\$0</b>	<b>\$5,000</b>	<b>\$34,124</b>
Non Current Assets				
Office Equipment & FFF	\$69			\$69
Right of Use Asset	\$9,833			\$9,833
Demonstration Plant	\$48,970	\$2,000	\$1,000	\$51,970
Other Receivables	\$95			\$95
Land & Property	\$3,132			\$3,132
Intangible Asset	\$6,994			\$6,994
<b>Total Non Current Assets</b>	<b>\$69,093</b>	<b>\$2,000</b>	<b>\$1,000</b>	<b>\$72,093</b>

<b>Total ASSETS</b>	<b>\$98,217</b>	<b>\$2,000</b>	<b>\$6,000</b>	<b>\$106,217</b>
<b>LIABILITIES</b>				
Current Liabilities				
Trade & Payables				
Accrued Expenses	\$11,051	-\$10,000		\$1,051
Income Tax Payable	\$3,419			\$3,419
Construction Loan	\$10,816			\$10,816
Other Payables	\$210			\$210
Lease Liability	\$4,626			\$4,626
Share Placement	\$589			\$589
<b>Total Current Liabilities</b>	<b>\$30,710</b>	<b>-\$10,000</b>	<b>\$0</b>	<b>\$20,710</b>
Non Current Liability				
Deferred Income	\$22,438			\$22,438
Lease Liability	\$19,932			\$19,932
<b>Total Non Current Liability</b>	<b>\$42,370</b>	<b>\$0</b>	<b>\$0</b>	<b>\$42,370</b>
<b>Total LIABILITIES</b>	<b>\$58,610</b>	<b>-\$10,000</b>	<b>\$0</b>	<b>\$63,080</b>
<b>Net Assets</b>	<b>\$39,607</b>	<b>\$12,000</b>	<b>\$6,000</b>	<b>\$43,138</b>
<b>EQUITY</b>				
Issued Capital	\$66,724	\$12,000	\$6,000	\$84,724
Reserves	\$4,369			\$4,369
Accumulated Losses	-\$35,428			-\$35,428
Current Year Losses	-\$10,527			-\$10,527
<b>Total EQUITY</b>	<b>\$25,138</b>	<b>\$12,000</b>	<b>\$6,000</b>	<b>\$43,138</b>

*Notes:*

1. The proforma balance sheet shows the effects of the Placement and the Entitlement Offer. The proforma balance sheet assumes that the Placement and the Entitlement Offer are fully subscribed.

2. Cash is expected to increase by \$5M as a result of the proceeds of the Placement and the Entitlement Offer. This is expected to cover future operating/corporate costs, working capital and offer costs.

3. Based on the equity raise currently assumed, one off raising costs of \$1.5M will be incurred.

4. \$13M of the funds will be used to pay trade creditors for the cost of the demonstration plant covering magnesium oxide production, metal production and R&D. This is primarily structural, piping and mechanical services, electrical and instrumentation services, commissioning and civil/earthwork services.

5. Non-current assets include demonstration plant and equipment, right of use assets pursuant to AASB 16 'Leases' and other plant and equipment

6. Trade Receivables includes an amount of \$12.6M in relation to the company R&D tax concession for 30 June 2023. This amount has recently been paid by the ATO (refer to ASX announcement dated 27 May 2024). This payment will be offset against the construction loan and lease liability on the right of use asset (refer to ASX announcement dated 17 May 2024).

## 5.2 Capital structure

The share capital structure of LMG as a result of the Placement, the Offer and the Cleansing Offer, will be as follows:

	Shares Number	%
<b>Shares</b>		
Ordinary Shares on issue at the date of this Prospectus	1,936,267,374	82.37%
Maximum number of New Shares under Prospectus <sup>1</sup>	133,351,748	5.49%
Shares to be issued pursuant to Placement	266, 666,667	11.34%
<b>Total:</b>	<b>2,332,018,532</b>	<b>100%</b>
<b>Options</b>		
Existing Options and Warrants on issue	95,000,001	64.92%
Lead Manager Options (subject to shareholder approval)	18,000,000	12.30%
Sub-Underwriter Options (subject to shareholder approval)	33,337,937	22.78%
<b>Maximum Total Options on issue at completion of current proposed capital raisings</b>	<b>146,337,938</b>	<b>100%</b>

Notes:

Assumes that:

- the Offer is fully subscribed (excluding rounding of Entitlements);
- the Placement (Tranche 2) Shares are approved by Shareholders at the EGM;
- the Lead Manager Options and Sub-Underwriter Options are approved by Shareholders at the EGM.

If any of the Existing Options and Warrants are exercised prior to the Record Date, additional New Shares will be issued under the Offer under this Prospectus. If all Existing Options and Warrants on issue as at the date of this Prospectus were exercised prior to the Record Date, the Company's issued shares would increase by 95,000,001 resulting in a further 6,542,700 New Shares being issued pursuant to this Prospectus. This would increase the Company's total Shares on issue after completion of the Offer to 2,342,828,488 Shares.

Current and former directors of the Company have applied for the issue of a total of 14,720,001 Shares as a result of participation in recent placements conducted prior to the Placement and in lieu of remuneration for the period from December 2023 to June 2024. The issue of these further Shares is subject to shareholder approval at the Company's next general meeting. If these Shares are issued, this would increase the Company's total Shares on issue to 2,351,005,789 Shares (or to 2,357,548,489 Shares if all Existing Options and Warrants are exercised).

As at the date of this Prospectus, the Company has the following Existing Options and Warrants on issue:

No of options issued	No of options vested	Holder	Exercise price	Expiry date
15,000,000	15,000,000	Parties associated with / receiving via Ord Minnett Limited	\$0.10	23 May 2025
3,000,000	3,000,000	Ord Minnett Limited	\$0.10	22 Dec 2025

No of Warrants	No of Warrants vested	Holder	Exercise price	Expiry date
8,888,889	8,888,889	RnD Funding	\$0.18	31/03/2025
8,888,889	8,888,889	RnD Funding	\$0.18	30/06/2025
8,888,889	8,888,889	RnD Funding	\$0.18	30/09/2025
8,888,889	8,888,889	RnD Funding	\$0.24	31/12/2025
8,888,889	8,888,889	RnD Funding	\$0.24	31/03/2026
8,888,889	8,888,889	RnD Funding	\$0.24	30/06/2026
8,888,889	8,888,889	RnD Funding	\$0.30	30/09/2026
8,888,889	8,888,889	RnD Funding	\$0.30	31/12/2026
8,888,889	8,888,889	RnD Funding	\$0.30	30/06/2027

### 5.3 Potential effect of the Placement and Entitlement Offer

As a result of the Placement, the interests of Shareholders will be diluted by approximately 11.41% upon completion of the Placement, which will occur after the Record Date but before the issue of the New Shares. This is notwithstanding the circumstance if all Eligible Shareholders take up their Entitlements (and none of the Option Holders exercise their Existing Options and participate in the Offer).

The Offer is a pro-rata offer so that if all Eligible Shareholders take up their Entitlements and none of the Option Holders or the Warrant Holder exercise their Existing Options and Warrants and participate in the Offer, the voting power of all Eligible Shareholders would remain the same (outside of the impact of the Placement). As a consequence of the Placement, Eligible Shareholders will be diluted by approximately 11.41% in the event that they only accept their full Entitlement and do not apply for (and receive) a sufficient number of Additional New Shares from the Shortfall. In such event, there would be no actual or potential effect or consequences arising from the Offer on the control of the Company.

If an Eligible Shareholder does not take up their Entitlement in full it will result in their percentage holding in the Company being further diluted by the Offer. Given the terms of the Offer, which is fully underwritten, the additional dilution to an Eligible Shareholder's interest in the Company would be 5.71%, or an aggregate dilution of 17.12%.

Shareholders who wish to minimise the dilution of their interest as a result of the Placement can apply for Additional New Shares up to a maximum of 100% over and above their Entitlements. In the event that a Shortfall exists, they will be entitled to receive Additional New Shares, although the Company reserves the right to scale back any applications for Additional New Shares in their absolute discretion and there is no guarantee that Eligible Shareholders will be successful in being allocated any of the Additional New Shares that they apply for. In the event of a Shortfall, the Directors reserve the right to place the Shortfall at their sole discretion subject to the provisions of this Prospectus, the Underwriting Agreement, the *Corporations Act* and the Listing Rules.

Additionally, the Offer is not being extended to Shareholders with registered addresses outside of Australia and New Zealand and the holdings of those Shareholders in the Company will be diluted by a maximum of 17.12% as a consequence of the Placement and the Offer.

While the final percentage interests held by Shareholders of the Company is entirely dependent on the extent to which they are Eligible Shareholders and to the extent to which the other Shareholders take up their Entitlements, the Company expects that the potential effect of the issue of Shares under the Offer on the control of the Company will be minimal and that no Shareholder will increase their interest in the Company to greater than 19.99% as a result of applying for New Shares under the Placement or the Offer, noting that the Offer represents a total of a 5.71% interest in the Company upon its completion and completion of the Placement.

If no Eligible Shareholders take up their entitlements and none of the Option Holders exercise their Existing Options and participate in the Offer, the Lead Manager (as underwriter) or any sub-underwriters pursuant to the Underwriting Agreement will receive up to 133,351,748 New Shares under the Offer.

Again, this represents a maximum of 5.71% interest in the Company upon its completion (and completion of the Placement). Pursuant to the sub-underwriting agreements between the Lead Manager and the sub-underwriters, the New Shares under the Offer will be allocated between the Underwriter and the sub-underwriters, such that no party will obtain a controlling interest in the Company.

The interests of Shareholders will subsequently be further diluted to the extent that holders of Existing Options, Warrants and Broker Options elect to exercise those Options before the respective expiry dates

The Company is not aware of any party subscribing for an interest in the Company or increasing their interest in the Company as a consequence of the Placement which would give that shareholder a controlling interest in the Company.

As no Shares are issued under the Cleansing Offer, there is no immediate dilution of a Shareholders interest in the Company or change of control of the Company as a result of the Cleansing Offer.

## 6 Risk factors

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### 6.1 Introduction

There are risks which may impact on the operating and financial performance of the Group and, therefore, on the value of the New Securities offered under this Prospectus. Some of these risks can be mitigated by the Group's systems and internal controls, but many are outside of the control of the Group and the Board. There can be no guarantee that the Company will achieve its stated objectives or that any forward-looking statements will eventuate. An investment in a business with limited operating history, such as LMG, is considered speculative and an investor could lose most or all of any investment. There are also general risks associated with any investment in shares.

More specifically, the risks are that:

- 6.1.1 the price at which the Applicant is able to sell the New Shares or Resultant Shares is less than the price paid due to changes in market circumstances;
- 6.1.2 the price at which the Applicant is required to exercise the Broker Options before the expiry of the Broker Options remains less than the market price of Shares due to changes in market circumstances;
- 6.1.3 the Applicant is unable to sell the New Shares or Resultant Shares;
- 6.1.4 the Company is placed in receivership or liquidation making it reasonably foreseeable that Shareholders could receive none, or only some of their initial investment; and
- 6.1.5 the Company fails to generate sufficient profit in order to pay dividends.

In the event of insolvency, the holders of fully paid ordinary shares would not normally be liable to pay money to any person. An exception could occur where a distribution, such as a dividend, has been made to Shareholders in circumstances where the Company was unable at that time to meet the solvency test set out in the *Corporations Act*. In that case, a liquidator may call for a return of such distributions.

Potential investors should therefore carefully consider all associated risks before applying for New Securities under this Prospectus and should consider their personal circumstances (including financial and taxation issues) and seek advice from their stockbroker, accountant, solicitor or other professional advisers before deciding whether to invest.

A number of material risk factors which may adversely affect the Group and the value of the New Securities offered under this Prospectus are set out in this section. This is not an exhaustive list and there may be other factors which have an adverse effect on the Group and the value of the New Shares and Broker Options offered under this Prospectus.

### 6.2 General Risks

The New Shares that are to be issued pursuant to this Prospectus are speculative because of the nature of the business of the Company. The Company has interests in the mineral industry which is highly speculative and no assurances can be made that the Company's particular interests or projects will be successful.

A summary of the major general risks are described below:

#### 6.2.1 Dilution

Shareholders should be aware that to the extent that they do not accept their Entitlements in full, a Shortfall will arise and all or part of any Shortfall may be placed by the Company, in consultation with the Lead Manager pursuant to the Underwriting Agreement (and sub-underwriting arrangements), to other parties in which case their interest in the Company may be significantly diluted (see section 5.2 for further details). Further the Offer is not being extended to Shareholders with registered addresses outside of Australia and New Zealand and the holdings of those Shareholders in the Company will be diluted by the Offer. Given the terms of the Offer, which is fully underwritten, and the conduct of the Placement, the interests of a Shareholder in the Company may be diluted by up to 17.12% in the event that they are not eligible to participate

or elect not to accept their Entitlement in full. This dilution will be 11.32% if they take up their Entitlement in full and do not apply for Additional New Shares.

Acceptance of Entitlements or the placement of any Shortfall to the Lead Manager and sub-underwriters may also result in existing Shareholders or new investors significantly increasing their interest in the Company or obtaining a substantial interest in the Company. However, the Shortfall will only be placed to the extent that such placement is in compliance with the takeover provisions of the *Corporations Act*, which restrict a person and their associates from having a relevant interest in the Company of not more than 20.0%, subject to a number of exemptions.

The Company intends to actively work with the Lead Manager, pursuant to the Underwriting Agreement (and sub-underwriting arrangements) during, and after, the Offer in order to secure commitments to place, and subsequently to place, any Shortfall of New Shares not subscribed for by Eligible Shareholders.

#### 6.2.2 Share Market Risk

The market price of listed securities can be expected to rise and fall in accordance with general market conditions and factors specifically affecting the Australian resources sector and exploration companies in particular. The New Shares carry no guarantee in respect of profitability, dividends, return on capital, or the price at which they may trade on the ASX.

There are a number of factors (both national and international) that may affect the share market price and neither the Company nor its Directors have control of those factors.

#### 6.2.3 General Economic Conditions

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that economic climate include the general level of economic activity, interest rates, inflation, supply and demand, industrial disruption and other economic factors. The price of commodities will also be of particular relevance to the Company. These factors are beyond the control of the Company and the Company cannot, with any degree of certainty, predict how they will impact on the Company.

#### 6.2.4 Share price fluctuations

The market price of the Company's securities will be subject to varied and often unpredictable influences in the share market. Both domestic and world economic conditions may affect the performance of the Company. Factors such as the level of industrial production, inflation and interest rates impact all commodity prices.

#### 6.2.5 Legislative change

Changes in government regulations and policies may adversely affect the financial performance or the current and proposed operations generally of the Company.

#### 6.2.6 Unforeseen expenses

While the Company is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were subsequently incurred, the expenditure proposals of the Company may be adversely affected.

### 6.3 Risks specific to an investment in the Company

In addition to the general market and economic risks noted in section 6.2, Applicants should be aware of risks specific to an investment in the Company, which may include, but are not limited to those risks described below.

#### 6.3.1 Requirements for Capital

LMG's capital requirements will depend on numerous factors, including the degree of success of its planned production activities, its ability to generate income from its operations, prevailing commodity prices, market conditions and possible acquisitions or other corporate opportunities. Ramp up and production costs will reduce LMG's cash reserves. Those cash reserves may not be replaced if future or existing operations or other acquisition opportunities prove unsuccessful or perform below expectations.



LMG would then be dependent on seeking additional capital elsewhere, through equity, debt or joint venture financing, to support long-term evaluation and development of its projects. No assurance can be given that LMG will be able to procure funding (if required) in a timely manner on terms acceptable to it. Any additional equity financing will dilute shareholdings and debt financing, if available, may involve restrictions on financing and operating activities. If LMG is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations which may adversely impact on LMG, or it may not be able to secure opportunities to acquire new projects or other corporate opportunities.

Specifically, undertaking the Proposed Commercial Project and the Proposed International Project will require significant capital investment and whilst LMG is actively engaged with potential strategic partners and interested parties, there is no assurance that satisfactory arrangements will be entered into to enable the progression of those projects.

### 6.3.2 Reliance on Key Personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on LMG's Board and executive team. There can be no assurance given that there will be no detrimental impact on LMG if one or more of its directors or key executives no longer works with LMG.

### 6.3.3 Risks Relating to LMG's Financial Instruments

LMG's principal financial instruments currently comprise cash and short-term deposits, the main purpose of which is to finance LMG's operations. LMG has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The main risks arising from LMG's financial instruments are credit risk, interest rate risk and liquidity risk:

- **Credit Risk:** LMG trades only with recognised, creditworthy third parties. Receivable balances are monitored on an ongoing basis with the results being that LMG's exposure to bad debts is not significant. Credit risk arises from the financial assets of LMG, which comprise cash and cash equivalents and trade, other receivables and other financial assets. LMG's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. No collateral is held as security.
- **Interest Rate Risk:** LMG's exposure to the risk of changes in market interest rates relates primarily to LMG's cash and cash equivalents with a floating interest rate.
- **Liquidity Risk:** LMG's exposure to financial obligations relating to corporate administration and projects expenditure, are subject to budgeting and reporting controls, to ensure that such obligations do not exceed cash held and known cash inflows for a period of at least 1 year. LMG has limited financial resources and may need to raise additional capital from time to time and such fund raisings will be subject to factors beyond the control of LMG and its directors. When LMG requires further funding for its programs in the future, then it is LMG's intention that the additional funds will be raised by any one or a combination of the following: project finance, placement of shares, pro-rata issue to shareholders, the exercise of outstanding options, and/or a further issue of shares to the public and, where appropriate, debt. Should these methods not be considered to be viable, or in the best interests of shareholders, then it would be LMG's intention to meet its obligations by either partial sale of LMG's interests or farm-out, the latter course of action being part of LMG's overall strategy.

The Company also has a secured loan and lease rental obligations with RnD LMG Receivables Trust (**RnD Funding**) which is secured by a general security deed over the assets of the Company. There is the risk that Company could default under the terms of its financial obligations to RnD Funding and that RnD Funding could enforce its security over the Company. The Company has recently repaid a significant portion of its financial obligation from the research and development tax rebate available from the ATO relating to the year ending 30 June 2023 and anticipates that it will fully repay moneys owed to RnD Funding from research and development tax rebates available from the ATO relating to the years ending 30 June 2024 and 30 June 2025 and will otherwise look to manage the repayment of any residual moneys due to RnD Funding from its operating cash flow.

#### 6.3.4 General Economic Climate

General economic conditions, movements in interest and inflation rates, currency exchange rates and commodity prices may have an adverse effect on LMG's potential for future development and production activities, as well as the ability to fund those activities. If activities cannot be funded, there is a risk that operations may have to be ceased. Furthermore, share market conditions may affect the value of LMG's quoted securities regardless of operating performance. Share market conditions are affected by many factors such as general economic outlook, interest rates and inflation rates, currency fluctuations, changes in investor sentiment toward particular market sectors, the demand for, and supply of, capital and terrorism or other hostilities. LMG's future revenues, the economic viability of its projects, the market price for its listed securities, and its ability to raise future capital may be affected by these factors, which are beyond LMG's control.

#### 6.3.5 Political Risk, Commodity Price Volatility and Exchange Rates Risks

The revenue that may be derived through the sale of commodities exposes potential income to commodity price and exchange rate risks and any profits will be exposed to changes in the taxation or royalty regime in Australia. Commodity prices fluctuate and are affected by many factors beyond the control of LMG. Such factors include supply and demand fluctuations for commodities, technological advancements, forward selling activities and other macroeconomic factors. LMG revenues are exposed to fluctuations in the commodity prices. Volatility in the magnesium price creates revenue uncertainty and requires careful management of business performance to ensure that operating cash margins are retained despite a fall in the spot magnesium price.

The risks associated with such fluctuations and volatility may be reduced by any magnesium price hedging that LMG may undertake. A declining magnesium price can also impact operations by requiring a reassessment of the feasibility of operating plans and certain projects and initiatives. The commencement of development projects can potentially be impacted by a decline in commodity prices. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment could potentially cause substantial delays and/or may interrupt operations, which may have a material adverse effect on LMG's results of operations and financial condition. Furthermore, international prices of various commodities are denominated in United States dollars, whereas some of LMG's income and the majority of its expenditure will be in Australian dollars, exposing LMG to fluctuations in the exchange rate between the United States dollar and the Australian dollar, as determined by international markets.

#### 6.3.6 Permits and Approvals Risks

Companies engaged in the development and operation of processing facilities are subject to increased costs, production and other scheduling delays resulting from the requirement to comply with applicable environmental and planning laws, regulatory requirements and permitting. LMG can give no assurance that relevant approvals and permits required to commence construction, development or operation of future expansions will be obtained. Additionally, future business plans and budgets are underpinned by the assumption that relevant regulatory approvals are obtained in a timely manner.

#### 6.3.7 Environmental Risks

The operations and proposed activities of LMG are subject to both Australian Federal and State laws and regulations concerning the environment. As with most mineral processing operations, activities are expected to have an impact on the environment. LMG intends to conduct its activities in compliance with relevant environmental laws and approvals in order to minimise damage to the environment and risk of liability. However, as with all processing activities, LMG's operations are expected to have an impact on the environment. There are also risks inherent in LMG's activities including accidental leakages, spills, or other unforeseen circumstances that could subject LMG to extensive liability.

Further, LMG may require approval from relevant regulatory authorities before undertaking activities that are likely to impact the environment. If LMG fails to obtain such approvals, it will be prevented from undertaking those activities. LMG also cannot predict what changes in legislation and regulations may govern mineral processing and may impose significant environmental obligations on LMG including bonding. No assurances can be given that new environmental laws, regulations or stricter enforcement policies (including increased fines and penalties for non-

compliance), once implemented, will not oblige LMG to incur significant expenses and undertake significant investments which could materially and adversely affect LMG's operations, financial condition and performance.

#### 6.3.8 Change of Production Risks

The capacity of LMG to achieve production will depend on a wide range of factors including capital costs and operating costs that may be applicable to the individual projects and the capacity of the Group to fund those costs. If production is achieved, unanticipated problems may increase operating costs and reduce anticipated recovery rates.

#### 6.3.9 Contract Risks

LMG operates through a series of contractual relationships with consultants, operators and sub-contractors and may sell production through various marketing contracts. All contracts carry risks associated with the performance by the parties of their obligations and the time and quality of works performed. To the extent that third parties default in their obligations, it may be necessary for the Company to enforce its rights under any of the contracts and pursue legal action. Such legal action may be costly and no guarantee can be given by the Company that a legal remedy will ultimately be granted on appropriate terms.

Some contracts (including memorandums of understanding) may also be subject to satisfaction of identified matters within identified timeframes. Whilst the Company is able to, and will take all steps to, manage these milestones (and the expectations of the benefiting counter party) these contracts may be subject to termination rights if these milestones are not met, which may have an adverse consequence for the Company. An example is the offtake agreement with Metal Exchange Corporation, which requires the Company to demonstrate that it can produce the required product by the end of September 2024. The Company is confident that it can meet this milestone or can otherwise manage the relationship with Metal Exchange Corporation if the milestone needs to be extended.

The Company is also exposed to the possibility of adverse developments in the business environments of its contractors and suppliers. Any disruption to services or supply may have an adverse effect on the financial performance of the Company.

#### 6.3.10 Production and Cost Estimates

The operations and assets of LMG, as with any other mineral processing operations, are subject to a number of uncertainties, including in relation to metallurgical recovery, actual realised values and grades of stockpiles (which are to date estimated), operational environment, funding for development, regulatory changes, weather, accidents, difficulties in operating plan and equipment and other unforeseen circumstances such as unplanned mechanical failure of plant or equipment.

#### 6.3.11 Equipment and Supplies

The price and availability of resources required for LMG's operations (such as electricity) may change from time to time, and this may materially impact the operations, financial position and profitability of LMG. LMG requires certain consumables, spare parts, plant and equipment and construction materials for its operating activities. Any delay, lack of supply or increase in price in relation to such equipment and material could have a material and adverse impact on LMG.

#### 6.3.12 Operational Risks

The growth of the Company is dependent upon the ability of the Company to transition the operations of the Demonstration Plant into the development and conduct of the Proposed Commercial Plant and the Proposed International Plant. The progression to the Proposed Commercial Plant is subject to the completion of a bankable feasibility study to be undertaken by the Company during 2024 (subject to funding requirements being satisfied) and a final investment decision to be made by the Company, potentially by the end of 2024. This decision is itself subject to the Company securing satisfactory funding to proceed with the development of the Proposed Commercial Plant and to the issue of various approvals by the State Government of Victoria to construct and operate the plant. There is no assurance that the Company will be able to proceed with the development of the Proposed Commercial Plant. If LMG is unable to proceed with the

development of the Proposed Commercial Plant within a certain time period or at a reasonable cost, this could adversely impact the economic viability of the Company.

The Company is also looking to grow the operations of the Company by the development of the Proposed International Plant. The ability to proceed with the Proposed International Plant in Malaysia is dependent upon further examination by the Company of the use of Ferro Nickel Slag as the feedstock for that project, the identification of a suitable financier or joint venture partner, and securing an appropriate site for the project, as well as obtaining the necessary approvals to construct the plant. There is no assurance that the Company will be able to proceed with the development of the Proposed International Plant.

Processing activities, including those carried out at the Demonstration Plant, carry risk and as such, activities may be curtailed, delayed or cancelled as a result of a number of factors outside LMG's control. These include technical difficulties, securing and maintaining inputs, weather and construction of efficient processing facilities. The operation may be affected by force majeure, fires, labour disruptions, and the inability to obtain adequate machinery, engineering difficulties and other unforeseen events. LMG will endeavour to take appropriate action to mitigate these operational risks (including by properly documenting arrangements with counterparties and adopting industry best practice policies and procedures) or to insure against them, but the occurrence of any one or a combination of these events may have a material adverse effect on LMG's performance and the value of its assets.

#### 6.3.13 Estimates of Financial Outcomes

Estimates of capital and other financial projections contained in public information released by the Company have been determined and assessed by the Company as detailed in its announcements regarding its feasibility study on 2 September 2019, 23 September 2019 and 31 October 2019 and are indicative only. The Company does not guarantee that the financials outcomes for the business operations will achieve the estimated outcomes.

The Company's assessment and estimate of its research and development tax rebate for the year end 30 June 2024 (of approximately \$16 million) is based upon the methodology for the determination of the ATO approved research and development tax rebate for the year end 30 June 2023. The ATO has not yet made a determination of the research and development tax rebate for the year ended 30 June 2024 and there is no assurance that the amount of the rebate will be as estimated by the Company. If LMG does not receive the research and development tax rebate, or if the amount received is lower than estimates, this could adversely affect LMG's operations and financial performance.

#### 6.3.14 Technology / IP

LMG relies upon its technology and know-how and there can be no assurance that other parties may not attempt to imitate or develop technology and know-how that competes with LMG. There is an inherent risk with technology that patents may be invalidated by a third party or may gain access to unpatented know-how or trade secrets. No assurance can be given that other parties will not be able to independently develop the same or similar technologies on their own or through access to trade secrets. There can also be no assurance that LMG's technology will not be superseded by superior technologies which may impact the attractiveness of the products to existing or new customers and affect the viability of the Company.

#### 6.3.15 Infrastructure and Transportation

As or when LMG is in production stage, the products will need to be transported to customers domestically and internationally. The transportation process involves risks, including the location of LMG's projects. Fuel costs, unexpected delays (including through inclement weather and climate change and accidents) could materially affect LMG's financial position and profitability. Moreover, there are risks associated with the availability of adequate transportation facilities (e.g. road, railway, port) and obtaining approvals to access these facilities (including the timing and conditions on which access may be granted). If LMG cannot access the required infrastructure within a certain time period or at a reasonable cost, this could adversely affect LMG's operations and financial performance. The price of transportation is market driven and can vary throughout the life of each project. These may also impact on the overall profitability of LMG.

### 6.3.16 Reliance on Information Systems

LMG relies on computer, information and communications technology and related systems for the purpose of the proper operation of the administrative and compliance aspects of its business. From time-to-time LMG experiences occasional system interruptions and delays. LMG has implemented processes to respond to system interruptions and delays. However, if it is unable to regularly deploy software and hardware, effectively upgrade its systems and network and take other steps to maintain or improve the efficacy and efficiency of its systems, the operation of such systems could be interrupted or result in the loss or corruption of data.

Moreover, LMG's computer systems are subject to the risks of unauthorised access, computer hackers, computer viruses, malicious code, organised cyber-attacks and other security problems and system disruptions. LMG relies on accepted security measures and technology to maintain the security of its computer systems, however the risks of being attacked remain. An unauthorised user who circumvents LMG's security measures could misappropriate confidential or proprietary information or cause interruptions normal functions in LMG's operations which may require LMG to expend significant resources to alleviate these issues. Any of these events could damage LMG's reputation and generally have an adverse effect on its operating and financial performance.

### 6.3.17 Laws and Authorisations

LMG's operations will be subject to various laws and plans, including those in respect of development permit and licence requirements, industrial relations, environment, land use, water, occupational health and plants and animals (for example laws or permitting required in relation to preservation of endangered or threatened species). Approvals, licences and permits for the compliance with these rules may be subject to the discretion of the applicable government or authorities, the local community or other stakeholders. Moreover, new laws and regulations may be enacted, and existing laws and regulations may be amended or applied in a manner which could impact LMG's development or production activities. LMG may not be successful in obtaining any or all of the various approvals, licences and permits or maintaining such authorisations in full force and effect without modification or revocation or may not obtain the relevant authorisations in time. If so, LMG may be limited or curtailed from continuing or proceeding with production or development activities.

Operations can be subject to public and political opposition. Opposition may include legal challenges to development and production permits, political and public advocacy, electoral strategies, ballot initiatives, media and public outreach campaigns and protest activity, all which may delay or stop development or expansion. Change of laws, regulations or policies may take place as a result of political opposition in a way that adversely impacts LMG's abilities to deliver expected outcomes for certain reasons, e.g. increase of royalties or taxes or environmental bonds or change in regimes relating to permits and authorisations which are necessary for LMG's operations.

In the ordinary course of business, mineral processing companies are required to seek governmental permits for expansion of existing operations or for the commencement of new operations. The duration and success of permitting efforts are contingent upon many variables not within the control of LMG. There can be no assurance that all necessary permits will be obtained, and, if obtained, that the costs involved will not exceed those estimated by LMG and that the permits will be obtained in a timely manner. Amendments to current laws, regulations and permits governing operations and activities of mineral processing companies which apply to LMG's current or future operation, or a more stringent implementation thereof, could have a material adverse impact on LMG and cause increases in the cost of production or capital expenditure and reduction in levels of production for LMG's operations.

### 6.3.18 Occupational Health and Safety

Workplace incidents may take place for various reasons, including as a result of non-compliance with safety rules and regulations. LMG may be liable for personal injuries or fatalities that are suffered by LMG's employees, contractors or other persons under applicable occupational health and safety laws. If LMG is liable under applicable laws, in whole or part, it may be subject to significant penalties. LMG may be subject to liability to pay compensation, and this may materially and adversely affect LMG's financial position and profitability. The potentially hazardous nature of mineral processing means that health and safety regulations impact the activities of LMG. Any

injuries, accidents or other relevant events that occur on LMG's operation site could result in legal claims, potential delays or halt that could adversely impact LMG.

#### 6.3.19 Labour Shortages and Industrial Disputes

There is a risk that LMG may need to pay higher than expected costs to acquire or retain the necessary labour for its operations. This could result in a material and adverse increase in costs and/or development projects being delayed or becoming uneconomic and not proceeding as planned. LMG will also be exposed to the risk that industrial disputes may arise (for example, in relation to claims for higher wages or better conditions) which might disrupt some of its operations and lead to increases in project costs and delays including to scheduled start up dates of projects under construction.

#### 6.3.20 Insurance Arrangements

LMG maintains insurance arrangements to protect against certain risks with such scope of coverage and amounts as determined by LMG's board and management, although its insurance policies may not be sufficient to cover all of the potential risks in respect of its operations. No assurance can be given that LMG will be able to obtain or maintain insurance coverage at reasonable rates, or that any coverage it obtains will be adequate and available to cover all risks or claims on acceptable terms. Losses, liabilities and delays arising from uninsured or underinsured events could adversely affect LMG's financial position and profitability.

#### 6.3.21 Changes to Accounting Standards

Changes to AAS, other authoritative pronouncements of the Australian Accounting Standards Board, the Corporations Act 2001 (Cth) ("Corporations Act") and other relevant authorities or applicable laws could affect LMG's reported results of operations in any given period or LMG's financial condition from time to time.

#### 6.3.22 Changes in Tax Rules or Their Interpretation

Changes in tax law (including value added or indirect taxes and stamp duties), or changes in the way tax laws are interpreted, may impact LMG's tax liabilities or the tax treatment of a LMG shareholder's investment. In particular, both the level and basis of taxation may change. In addition, an investment in LMG shares involves tax considerations which may differ for each LMG shareholder. Each LMG shareholder is encouraged to seek professional tax advice in connection with the Offer and how they may be impacted.

#### 6.3.23 Other External Factors

Events may occur within or outside Australia that could impact upon the Australian economy, LMG's operations and the price of LMG shares. These events include but are not limited to flooding or adverse weather conditions, fires, explosions, water ingress, seismic activity or the potential effects of climate change that affect the development or operations of the business, that can have an adverse effect on the demand for LMG's products and its ability to operate its assets or may result in delays to or loss of production or sales.

#### 6.3.24 Litigation

LMG may from time to time be involved in legal, regulatory and other proceedings and disputes arising from its businesses and operations. These disputes may lead to legal, regulatory and other proceedings, and may cause LMG to incur significant costs, delays and other disruptions to its businesses and operations. In addition, regulatory actions and disputes with governmental authorities may result in fines, penalties and other administrative sanction.

#### 6.3.25 Water Sources

The effects of changes in rainfall patterns, water shortages and changing storm patterns and intensities may adversely impact the costs, production levels and financial performance of LMG's operations. There is no guarantee that there will be sufficient future rainfall to support LMG's future water demands in relation to its operations, and this could adversely affect production and LMG's ability to develop or expand projects and operations in the future. In addition, there can be no assurance that LMG will be able to obtain alternative water sources on commercially reasonable terms or at all in the event of prolonged drought conditions. Climate related changes

to precipitation patterns could exacerbate water stress in some areas and therefore potentially have a negative impact on LMG's ability to access fresh water at its operations.

#### 6.3.26 Weather Conditions

Some of LMG's operations may be impacted from time to time by severe storms and high rainfall leading to flooding and associated damage which may result in delays to or loss of production or sales.

Shareholders should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for the New Shares.

## 7 Additional information

### 7.1 Transaction specific prospectus

LMG is a disclosing entity and therefore subject to regular reporting and disclosure obligations under the *Corporations Act*. Under those obligations, the Company is obliged to comply with all applicable continuous disclosure and reporting requirements in the ASX Listing Rules.

This Prospectus is issued under section 713 of the *Corporations Act*. This section enables disclosing entities to issue a prospectus in relation to securities in a class of securities which has been quoted by ASX at all times during the three months before the date of the Prospectus or options to acquire such securities. Apart from formal matters this Prospectus need only contain information relating to the terms and conditions of the Offer, the effect of the Offer on the Company and the rights and liabilities attaching to the New Shares.

Copies of the documents lodged by the Company with ASIC may be obtained from, or inspected at an office of ASIC.

The Company will provide a copy of any of the following documents, free of charge, to any person who asks for a copy of the document before the Closing Date (or Wednesday, 10 July 2024 in the case of the Cleansing Offer) in relation to this Prospectus:

- 7.1.1 annual financial report for the period ending 30 June 2023;
- 7.1.2 half-yearly financial statements for the Company for the period ending 31 December 2023; and
- 7.1.3 any other financial statements lodged in relation to the Company with ASIC and any continuous disclosure notices given by the Company to ASX, in the period starting immediately after lodgement of the annual financial report for the Company for the period ended 30 June 2023 and ending on the date of lodgement of this Prospectus with ASIC.

### 7.2 ASX Information and Share information

The ASX Announcements that the Company has made since lodgement of last annual report on 27 September 2023, are set out in Appendix A of this Prospectus. Copies of ASX announcements made by the Company may be obtained on the ASX website or the Company's website at [www.latrobemagnesium.com](http://www.latrobemagnesium.com).

The highest and lowest prices of shares in the Company on the ASX in the six month period before the date of this Prospectus and the respective dates of those sales are set out below.

	High \$	Low \$	Volume weighted average \$
One month	0.070	0.047	0.054
Three months	0.070	0.047	0.052
Six months	0.070	0.047	0.054

The last market sale price of Shares as at Friday, 31 May 2024 was \$0.049.

The issue price of \$0.045 represents a discount of 8.16 % to the last market price of Shares on Friday, 31 May 2024, being the last trading day before lodgement of this Prospectus.

The Company will not apply for Official Quotation of the Broker Options on ASX, and the Broker Options are non-transferable. Accordingly, there is no current market value or trading history for the Broker Options.

### 7.3 Rights and liabilities attaching to New Shares and Resultant Shares

The rights attaching to ownership of the New Shares and Resultant Shares are set out in the Company's Constitution, a copy of which is available for inspection at the registered office of the Company during business hours. The following is a summary of the principal rights of holders of the New Shares and



Resultant Shares, subject to any special rights attaching to any class of share at a future time. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of the Company's Shareholders.

#### 7.3.1 Voting

At a general meeting of the Company on a show of hands, every member present in person, or by proxy, attorney or representative has one vote and upon a poll, every member present in person, or by proxy, attorney or representative has one vote for every Share held by them.

#### 7.3.2 Dividends

The New Shares and Resultant Shares will rank equally with all other issued shares in the capital of the Company and will participate in dividend out of profits earned by the Company from time to time. Subject to the rights of holders of shares with any special preferential or qualified rights attaching to them, the profits of the Company are divisible amongst the holders of Shares paid proportionately to the amounts paid on the Shares. The Directors may from time to time pay to Shareholders such interim dividends as in their judgment the position of the Company justifies.

#### 7.3.3 Transfer of the Shares

##### 7.3.3.1 Uncertificated system

Transfer of Shares may be effected by an instrument of transfer in accordance with any system recognised by the ASX Listing Rules and effected in accordance with the ASX Settlement Operating Rules approved under the *Corporations Act* or by an instrument of transfer in any usual form or by another form approved by the Directors or recognised by the *Corporations Act* or the ASX Listing Rules.

##### 7.3.3.2 Certificated system

Subject to the Constitution and the *Corporations Act*, a Shareholder's share may be transferred by instrument in writing in any form authorised by the *Corporations Act* and the ASX Listing Rules or in any other form authorised by the *Corporations Act* and the ASX Listing Rules or in any other form that the Directors approve. No fee shall be charged by the Company on the transfer of any Shares.

##### 7.3.3.3 Refusal to register

The Directors, may, in their absolute discretion, refuse to register any transfer of Share or other securities where permitted to do so by the *Corporations Act*, the ASX Listing Rules or the ASX Settlement Operating Rules. The Directors must refuse to register any transfer of Shares or other securities when required to do so by the *Corporations Act* or the ASX Listing Rules. If the Directors decline to register a transfer, the Company must within five business days after the date of lodgement of such transfer give to the lodging party written notice of the refusal and the reasons for it.

#### 7.3.4 Winding up

Upon accepting the Entitlement to New Shares and paying the Acceptance Money, Shareholders will have no further liability to make payments to the Company in the event of the Company being wound up pursuant to the provisions of the *Corporations Act*.

#### 7.3.5 Future increases in capital

The allotment and issue of any New Shares is under the control of the Directors. Subject to the Listing Rules, the Company's Constitution and the *Corporations Act*, the Directors may allot or otherwise dispose of New Shares on such terms and conditions as they see fit.

#### 7.3.6 Variation of Rights

At present, the Company has only ordinary shares on issue. If the shares of another class were issued, the rights and privileges attaching to ordinary shares could only be altered with the approval of a resolution passed at a separate general meeting of the holders of ordinary shares by a three quarter majority of such holders or the written consent of the holders of at least three quarters of the ordinary shares.

### 7.3.7 General Meeting

Each holder of Shares will be entitled to receive notice of and to attend and vote at general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Company's Constitution, the *Corporations Act* and the Listing Rules.

For more particular details of the rights attaching to ordinary shares in the Company, investors should refer to the Constitution of the Company.

## 7.4 Rights and liabilities attaching to Broker Options

The Broker Options will be issued on the following terms and conditions:

### 7.4.1 Consideration

The Broker Options are issued on the basis of:

- an issue price of \$Nil for each Broker Option issued; and
- an exercise price of \$0.079 for each Broker Option exercised (**Exercise Price**).

### 7.4.2 Terms of Exercise

The final date and time for exercise of the Broker Options is 5.00pm (Brisbane time) on the date being three years from the date of issue (**Expiry Date**).

Subject to and conditional upon any adjustment in accordance with the conditions set out below, each Broker Option entitles the holder to subscribe for one fully paid Share upon payment of the Exercise Price prior to the Expiry Date.

The Broker Options may be exercised at any time wholly or in part by delivering a duly completed form of notice of exercise together with payment for the Exercise Price per Broker Option to the Company at any time on or after the date of issue of the Broker Options and on or before the Expiry Date. Payment may be made as directed by the Company from time to time, which may include by cheque, electronic funds transfer or other methods.

The number of Broker Options that may be exercised at one time must be not less than 100,000, unless the Option holder holds less than 100,000 Broker Options in which case all Broker Options must be exercised at one time.

On the valid exercise of the Broker Options and payment of the Exercise Price, the Company will issue Shares ranking pari passu with the Shares then on issue.

All Broker Options will automatically lapse on the earlier of:

- receipt by the Company of notice from the Broker Option holder that the Broker Option holder has elected to surrender the Broker Option; and
- the Expiry Date.

In the event of liquidation of the Company, all unexercised Broker Options will lapse.

### 7.4.3 Transferability

The Broker Options are not transferable.

### 7.4.4 Rights to participate

Broker Options do not confer any right on the holders of Broker Options to participate in new issues of securities in the Company made to Shareholders generally. The Company will, where required pursuant to the Listing Rules, provide holders of Broker Options with notice prior to the books record date (to determine entitlements to any new issue of securities made to shareholders

generally) to exercise the Broker Options, in accordance with the requirements of the Listing Rules.

Holders of Broker Options will not participate in any dividends unless the Broker Options have been exercised and the Resultant Shares are issued prior to the record date to determine entitlements to the dividend.

Broker Options do not confer any voting rights on the holders. If the Broker Options are exercised then the holders will, upon issue of the Resultant Shares, be granted voting rights as described below in clause 7.3 above.

#### 7.4.5 Quotation

The Company does not intend to make an application to ASX for quotation of the Broker Options.

The Company will apply to ASX for, and will use its best endeavours to obtain, quotation of any Resultant Shares issued upon the exercise of Broker Options. The Company gives no assurance that such quotation will be granted.

#### 7.4.6 Reconstructions

In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:

the number of Broker Options, the Exercise Price, or both will be reconstructed (as appropriate) in a manner consistent with the Listing Rules as applicable at the time of reconstruction, but with the intention that such reconstruction will not result in any benefits being conferred on the holders of Broker Options which are not conferred on shareholders; and

subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of Shareholders approving a reconstruction of capital, in all other respects the terms for the exercise of the Broker Options will remain unchanged.

#### 7.4.7 Bonus issues

If there is a bonus issue to the holders of Shares in the Company, the number of Shares over which the Broker Options is exercisable may be increased by the number of Shares which the holder of the Broker Options would have received if the Broker Options had been exercised before the record date for the bonus issue.

The terms of the Broker Options may only be changed if holders (whose votes are not to be disregarded) of Shares in the Company approve of such a change. However, the terms of the Broker Options must not be changed to reduce the Exercise Price, increase the number of Broker Options or change any period for exercise of the Broker Options.

#### 7.4.8 Pro rata issues

If there is a pro rata issue (except a bonus issue), the Exercise Price may be reduced according to the following formula:

$$O^n = O - \frac{E [P-(S + D)]}{N + 1}$$

Where:

O <sup>n</sup>	=	the new exercise price of the Broker Option
O	=	the old exercise price of the Broker Option
E	=	the number of underlying securities into which one Broker Option is exercisable
P	=	the average market price per security (weighted by reference to volume) of the underlying securities during the five trading days ending on the day before the ex right date or the ex entitlements date
S	=	the subscription price for a security under the pro rata issue
D	=	dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue)
N	=	the number of securities with rights or entitlements that must be held to receive a right to one new security

## 7.5 Corporate Governance

The Company has adopted a Corporate Governance Charter which can be obtained, at no cost, from the Company's registered office and is also available on the Company's website at [www.latrobemagnesium.com](http://www.latrobemagnesium.com). The Company has not established any Board committees to assist the Board in exercising its authority.

The Company reports on its compliance with the recommendations made by the Corporate Governance Principles and Recommendations in its annual report. Where the Company's corporate governance practices do not correlate with the practices recommended by the ASX Corporate Governance Council, the Company is working towards compliance however it does not consider that all practices are appropriate for the Company due to the size and scale of the Company operations.

## 7.6 Directors' interests

The nature and extent of the interest (if any) that any of the Directors of the Company holds, or held at any time during the last two years in:

7.6.1 the formation or promotion of the Company;

7.6.2 property acquired or to be acquired by the company in connection with:

7.6.2.1 its formation or promotion;

7.6.2.2 the Offer; or

7.6.3 the Offer,

is set out below or elsewhere in this Prospectus.

Other than as set out below or elsewhere in this Prospectus, no one has paid or agreed to pay any amount, and no one has given or agreed to give any benefit to any director or proposed director:

7.6.4 to induce them to become, or to qualify as, a Director of the Company; or

7.6.5 for services provided by a director in connection with:

7.6.5.1 the formation or promotion of the Company; or

7.6.5.2 the Offer.

Set out below are details of the interest of the Directors in the securities of the Company immediately prior to lodgement of the Prospectus with the ASIC. Interest includes those securities held directly and indirectly. The table does not take into account any New Shares the directors may acquire under the Placement or the Offer.

Director	No of Shares	No of Options	Further Shares to be issued subject to Shareholder Approval*
John Murray	18,115,559	Nil	1,586,667
David Paterson	132,938,284	Nil	11,053,333
Philip Bruce	13,665,986	Nil	366,667
John Lee	7,774,297	Nil	513,333
Michelle Blackburn	254,870	Nil	366,667
Peter Church	400,000	Nil	466,667

*\*Current and former directors (Michael Wandmaker) of the Company have applied for the issue of a total of 18,691,001 Shares as a result of participation in recent placements conducted prior to the Placement and in lieu of remuneration for the period from December 2023 to June 2024. The issue of these further Shares is subject to shareholder approval at the Company's next general meeting.*

## 7.7 Directors Fees

Set out below is the remuneration paid to the current Directors of the Company and their associated entities for the past two years.

Directors Remuneration	1/07/2023- 30/04/2024	FY2023	FY2022
J S Murray		80,000	62,500
D O Paterson		400,000	505,802
K A Torpey	-	-	21,737
J R Lee		70,000	68,404
P F Bruce		50,000	38,404
M F Wandmaker		50,000	12,500
M L Blackburn		41,667	-
P C Church		-	-
		691,667	709,347

The Board considers that these fees are reasonable remuneration pursuant to section 211 of the *Corporations Act* and accordingly, member approval is not required.

Details of the intention of Directors to participate in the Offer is set out in section 1.8.

## 7.8 Substantial Holders

The following are details of those Shareholders who hold more than 5% of the Shares prior to the date of this Prospectus:

Substantial Holder	Number of Shares	%
Rimotran Pty Ltd <DP Super A/C> and David Paterson	132,938,284	6.87%
Famallon Pty Ltd <Famallon No2 Super Fund A/C>	102,516,374	5.29%

Rimotran Pty Ltd (an associated entity of David Paterson) is a participant in the Placement, subscribing for 9,143,333 Placement (Tranche 2) Shares, which are subject to Shareholder approval at the EGM. Upon the issue of the Placement (Tranche 2) Shares, the number of Shares held will be 142,081,617 and its interest will be 6.08% upon completion of the Offer and the Placement.

## **7.9 Related party transactions**

From time to time the Company may be party to transactions with related parties including:

- 7.9.1 employment and service arrangements; and
- 7.9.2 payment of Directors fees.

The Company believes that it has made appropriate disclosure of past related party transactions and other than any further disclosure specifically set out below or made elsewhere in this Prospectus does not intend to make any further disclosure of such transactions which transactions will have either proceeded on an "arms length" basis, reasonable remuneration basis or been approved by shareholders in general meeting.

The Company discloses the following transactions with related parties which have either proceeded on an "arms length" or reasonable remuneration basis or have been approved by Shareholders in general meeting. The transactions are:

- 7.9.3 Non-executive Director agreements with J S Murray Pty Ltd (John Murray) and Stockholders Relation Pty Ltd (John Lee);
- 7.9.4 issue of Shares and Options to Directors pursuant to offers made available to the public or existing shareholders. Directors participated in the SPP held in February 2024 and confirm that these were on terms offered to all other shareholders or the public.

The Board considers that the remuneration and benefits are reasonable remuneration pursuant to section 211 of the *Corporations Act* and accordingly, member approval is not required.

### **Payment of Non-Executive Director fees**

Each of the Non-Executive Directors of the Company (being John Murray, Philip Bruce, John Lee, Michelle Blackburn and Peter Church) are entitled to be paid directors' fees in the amount of \$80,000, \$50,000, \$70,000, \$50,000 and \$72,000 respectively per annum.

The Board considers that these fees are reasonable remuneration pursuant to section 211 of the *Corporations Act* and accordingly, member approval is not required.

## **7.10 Underwriting Agreement**

The Company has engaged Ord Minnett as the underwriter for the Offer, and lead manager of the Offer and Placement, under the underwriting agreement dated 30 May 2024 (**Underwriting Agreement**).

The Underwriting Agreement contains certain standard representations, warranties and undertakings by the Company to the Lead Manager, as well as customary conditions precedent. The representations and warranties given by the Company, include (but are not limited to) matters such as compliance with applicable laws and the ASX Listing Rules, the conduct of the Offer and litigation.

The Company provides undertakings under the Underwriting Agreement, which include (but are not limited to) notifications of breach of any representation or warranty under the Underwriting Agreement and any variations to its constitution within a specified period following completion of the Offer and the Placement.

In accordance with the terms of the Underwriting Agreement, the Company must:

- pay a management fee of 2% of the gross proceeds of the Offer and the Placement;
- pay a selling fee of 4% of the gross proceeds of the Offer and the Placement;

- pay a transaction advisory fee of \$150,000; and
- issue the Lead Manager Options,

to the Lead Manager (**Lead Manager Fee**).

The Company has also agreed to reimburse the Lead Manager for reasonable costs and expenses incurred by the Lead Manager in relation to the Offer and the Placement. The Company has authorised the Lead Manager to pay any fees or expenses to brokers or Sub-Underwriters out of the fees payable to the Lead Manager (and such fees will not be borne by the Company).

Subject to certain exclusions relating to, amongst other things, fraud, wilful misconduct or gross negligence, the Company agrees to keep the Lead Manager and certain affiliates parties indemnified from losses suffered in connection with the Offer and the Placement.

If there is any Shortfall remaining after the Lead Manager (as underwriter) has subscribed for the underwritten amount, the Company has the discretion to conduct a placement of the remaining Shortfall.

The Lead Manager may terminate its obligations under the Underwriting Agreement at any time before completion of the Offer and Placement, where:

- a) the Lead Manager forms the view (acting reasonably) that a statement contained in the Prospectus is or becomes false, misleading or deceptive or likely to mislead or deceive (including by omission), or a matter required by the Corporations Act is omitted from the Prospectus or the issue of the offer documents becomes misleading or deceptive or likely to mislead or deceive;
- b) a statement in public documents prepared by or on behalf of the Company in relation to the Company, the Company group or the Offer and Placement (**Public Information**) is or becomes misleading or deceptive or likely to mislead or deceive;
- c) a person gives a notice to the Company under section 730 of the Corporations Act in relation to the Prospectus (other than the Lead Manager);
- d) there is a contravention by the Company or any member of the Company group of the Corporations Act, the Company's constitution (or equivalent applicable documents), the ASX Listing Rules, any applicable laws, or a requirement, order or request made by or on behalf of a government agency or any agreement entered into by it, or where any offer document or any aspect of the Offer and Placement does not comply with the Corporations Act, the ASX Listing Rules, any applicable ASX waivers or ASIC modifications or any other applicable law or regulation;
- e) any person (other than the Lead Manager) whose consent to the issue of the Prospectus or any supplementary prospectus is required and who has previously consented to the issue of the Prospectus or any supplementary prospectus withdraws such consent;
- f) the Company lodges a supplementary prospectus without the consent of the Lead Manager or fails to lodge a supplementary prospectus in a form acceptable to the Lead Manager or, in the Lead Manager's reasonable opinion, becomes required to lodge a supplementary prospectus;
- g) any change, development or event occurs or is likely to occur which, amongst other things, has or is likely to have a material adverse change or effect on the business operations, condition, assets, liabilities, management or prospects of the Company group (taken as a whole);
- h) the ASX/S&P 300 Index is at any time more than 10% below its level as at close of trading on the business day immediately preceding the date of the Underwriting Agreement;

- i) the London Metal Exchange Aluminium price is at any time 10% or more below its level as at 5.00pm on the business day immediately preceding the date of the Underwriting Agreement;
- j) amongst other things, the Company ceases to be admitted to the official list of ASX or its shares cease trading or are suspended from quotation on ASX other than in connection with the Offer and the Placement, ASX makes any official statement to any person, or indicates to the Company or the Lead Manager that official quotation on ASX of the New Shares will not be granted;
- k) amongst other things, any government agency commences, or gives notice of an intention to commence, any action, investigation, enquiry, hearing or proceedings in relation to the Company, the Offer and/or the Placement or the offer documents and any such matter has not been withdrawn within 2 Business Days after being made or before settlement of the Offer;
- l) an event specified in the timetable for the Offer and the Placement is delayed by more than one business day without the prior written consent of the Lead Manager;
- m) the Company withdraws an offer document or the Offer and the Placement or indicates that it does not intend to proceed with the Offer and the Placement;
- n) the Company is prevented from granting the entitlements or issuing the New Shares in accordance with the timetable for the Offer and the Placement or by or in accordance with ASX Listing Rules applicable laws, a government agency or an order of a court of competent jurisdiction;
- o) ASIC withdraws, revokes or amends any relevant ASIC modification;
- p) ASX withdraws, revokes or amends any relevant ASX waiver;
- q) a Director or officer of the Company or the Company is charged in relation to fraudulent conduct, whether or not in connection with the Offer and the Placement;
- r) there is a change to the Company's CEO, COO, CFO or board of directors;
- s) the Company or a member of the Company group is or becomes insolvent or there is an act or omission which is likely to result in the Company or a member of the Company group becoming insolvent;
- t) a person charges or encumbers or agrees to charge or encumber, the whole, or a substantial part of the business or property of the Company or the Company group, other than any charges or encumbrances in existence as at the date of the Underwriting Agreement as disclosed to the Lead Manager in writing;
- u) there is an event or occurrence, including an official directive or request of any government agency, which makes it illegal for the Lead Manager to satisfy an obligation under the Underwriting Agreement, or to market, promote or settle the Offer and the Placement;
- v) a member of the Company group breaches, or defaults under any provision, undertaking covenant or ratio of a material debt or financing arrangement or any related documentation to which that entity is a party which has or is likely to have a material adverse effect on the Company group;
- w) an Underwriting Agreement certificate is not given by the Company in accordance with the Underwriting Agreement or a statement in an Underwriting Agreement certificate is untrue or incorrect, or misleading or deceptive or contains omissions of any required information;
- x) there is an application to a government agency for an order, declaration or other remedy in connection with the Offer and the Placement (or any part of it) or any agreement entered into in respect of the Offer and the Placement (or any part of it);



- y) Any of the following events occur which the Lead Manager has reasonable grounds to believe has or is likely to have a material adverse effect on, amongst other things, the marketing, outcome or success of the Offer and the Placement, the likely price at which the New Shares will trade on ASX, or that the event could give rise to liability for the Lead Manager or its affiliates under, or result in the Lead Manager or its affiliates contravening, the Corporations Act or other applicable laws:
- i. any expression of belief, expectation or intention, or statement relating to future matters in an offer document or Public Information is or becomes incapable of being met or, in the opinion of the Lead Manager, unlikely to be met in the projected timeframe;
  - ii. the Company or a member of the Company group, among other things, varies any term of the Company's constitution, alters the issued capital or capital structure of the Company (other than in connection with the Offer and the Placement or as contemplated by the offer documents) or ceases or threatens to cease to carry on business, without the prior written consent of the Underwriter;
  - iii. the Company, a member of the Company group, an offer document or any aspect of the Offer and the Placement, do not or fail to comply with the Company's constitution, the Corporations Act, the ASX Listing Rules, any applicable ASX waivers or ASIC modifications or any other applicable law or regulation;
  - iv. the Company defaults in the performance of any of its obligations under the Underwriting Agreement;
  - v. a representation and warranty by the Company under the Underwriting Agreement was or is not true or correct or becomes untrue or incorrect;
  - vi. information provided by or on behalf of the Company to the Lead Manager in relation to the due diligence investigations carried out in connection with the Offer and the Placement, the offer documents or the Offer and the Placement, is false, misleading or deceptive or likely to mislead or deceive (including by omission);
  - vii. the relevant central banking authority declares a general moratorium on commercial banking activities, or there is a material disruption in commercial banking or security settlement or clearance services in Australia, the United States of America, Canada, the United Kingdom, Hong Kong, Singapore, any member of the European Union or the People's Republic of China;
  - viii. trading in all securities quoted or listed on ASX, the London Stock Exchange, the Hong Kong Stock Exchange, the Singapore Stock Exchange or the New York Stock Exchange is suspended or limited for more than 1 trading day;
  - ix. the introduction of legislation into the Parliament of the Commonwealth of Australia or any State or Territory of Australia, the public announcement of prospective legislation or policy by the Federal Government or State or Territory Government or the RBA, or adoption by ASX (or its delegates) of a regulation or policy that is or is likely to prohibit, materially restrict or regulate the Offer and the Placement or materially reduce the likely level of valid applications for New Shares or materially affects the financial position of the Company or has a material adverse effect on the success of the Offer and the Placement;
  - x. there is, amongst other things, an outbreak of hostilities not presently existing or an escalation of existing hostilities (in each case, whether a war is declared or not) by or involving any one or more of Australia, New Zealand, Japan, Hong Kong, Russia, Israel, Ukraine, Syria, Iran, the United Kingdom, any member of the state of the European Union, the United States or China;
  - xi. a pandemic, epidemic or large-scale outbreak of a disease (including without limitation SARS, swine or avian flu, H5N1, H7N9, COVID-19 or a related or mutated form of these) not presently existing occurs or in respect of which there is a major escalation,

involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom, a member of the European Union, Hong Kong, the People's Republic of China or Japan; or

- xii. any adverse change or disruption to the existing financial markets, political or economic conditions of Australia, New Zealand the United Kingdom, the United States, any member of the European Union or the People's Republic of China, or any change in national or international political, financial or economic conditions.

### **7.11 Interests of experts and advisers**

This section applies to persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, promoters of the Company and stockbrokers or arrangers (but not sub-underwriters) to the Offer (collectively **Prescribed Persons**).

Other than as set out below or elsewhere in this Prospectus, no Prescribed Person has, or has had in the last two years, any interest in:

7.11.1 the formation or promotion of the Company;

7.11.2 any property acquired or proposed to be acquired in connection with the formation or promotion of the Company or the Offer; or

7.11.3 the Offer of New Securities under this Prospectus.

Other than that as set out below or elsewhere in this Prospectus, no benefit has been given or agreed to be given to any Prescribed Person for services provided by a Prescribed Person in connection with the:

7.11.4 formation or promotion of the Company; or

7.11.5 offer of New Securities under this Prospectus.

Ord Minnett is the lead manager to the Offer and the Placement and the underwriter of the Offer, in respect of which it is entitled to receive fees and commission under the Underwriting Agreement as set out in section 7.10 above.

HopgoodGanim Lawyers are acting as solicitors to the Offer and have performed work in relation to the Prospectus. In doing so, HopgoodGanim Lawyers have placed reasonable reliance upon information provided to them by the Company. HopgoodGanim Lawyers does not make any statement in this Prospectus. In respect of this work, the Company estimates that it will pay approximately \$80,000 (excluding disbursements and GST) to HopgoodGanim Lawyers. HopgoodGanim Lawyers are the Company's Australian lawyers and are engaged from time to time by the Company on a variety of matters. Further amounts may be paid to HopgoodGanim Lawyers in accordance with its normal time based charges.

Nexia Sydney Audit Pty Ltd are auditors to the Company. Nexia Sydney Audit Pty Ltd does not make any statement in this Prospectus. Amounts may be paid to Nexia Sydney Audit Pty Ltd in accordance with its normal time based charges.

### **7.12 Limitation on foreign ownership**

The Foreign Acquisitions and Takeovers Act (**FATA**) sets limitations on the ability of foreign persons to hold shares or other securities convertible into shares (such as options) in an Australian company. Foreign persons whom are controlled by a foreign government may also be subject to further requirements under Australia's Foreign Investment Policy as published by the Foreign Investment Review Board from time to time.

The FATA regulates acquisitions giving rise to ownership of substantial amounts of a company's shares.

The FATA prohibits:

- 7.12.1 any natural person not ordinarily resident in Australia; or
- 7.12.2 any corporation in which either a natural person not ordinarily resident in Australia or a foreign corporation (as defined in the FATA) holds a controlling interest; or
- 7.12.3 two or more such persons or corporations,

from acquiring or entering into an agreement to acquire an interests in an existing Australian corporation if after the acquisition such person or corporation would hold a substantial interest in a corporation, or where two or more persons or corporations would hold an aggregate substantial interest (defined below), without first applying in the prescribed form for approval by the Australian Treasurer and receiving such approval or receiving no response in the 40 days after such application was made.

A foreign shareholder will not be required to seek approval by the Australian Treasurer where they are acquiring their entitlement under a pro-rata entitlement offer.

Acquisitions of interests may include the acquisition of shares, options or any other instrument which may be converted to shares, as well as any other type of arrangement which results in control of the corporation.

A holder will be deemed to hold a substantial interest in a corporation if the holder alone or together with any associates (as defined in the FATA) is in a position to control not less than 20% of the voting power in the corporation or holds interests in not less than 20% of the issued shares in that corporation. Two or more holders hold an aggregate substantial interest in a corporation if they, together with any associates (as so defined), are in a position to control not less than 40% of the voting power in that corporation or hold not less than 40% of the issued Shares in that corporation. The Constitution of the Company contains no limitations on a non resident's right to hold or vote the Company's Shares.

### **7.13 Subsequent events**

There has not arisen, at the date of this Prospectus any item, transaction or event of a material or unusual nature not already disclosed in this Prospectus which is likely, in the opinion of the Directors of the Company to affect substantially:

- 7.13.1 the operations of the Company,
- 7.13.2 the results of those operations; or
- 7.13.3 the state of affairs of the Company.

### **7.14 Litigation**

The Company is not engaged in any litigation which has or would be likely to have a material adverse effect on either the Company or its business.

### **7.15 Privacy**

By submitting an Entitlement and Acceptance Form for shares you are providing to the Company personal information about yourself. If you do not provide complete and accurate personal information, your application may not be able to be processed.

The Company maintains the register of members of the Company through Computershare Investor Services Pty Limited an external service provider. The Company requires Computershare to comply with the National Privacy Principles with performing these services. The Company's register is required under the *Corporations Act* to contain certain personal information about you such as your name and address and number of shares and options held. In addition the Company collects personal information from members such as, but not limited to, contact details, bank accounts and membership details and tax file numbers.

This information is used to carry out registry functions such as payment of dividends, sending annual and half yearly reports, notices of meetings, newsletters and notifications to the Australian Taxation

Office. In addition, contact information will be used from time to time to inform members of new initiatives concerning the Company.

The Company understands how important it is to keep your personal information private. The Company will only disclose personal information we have about you:

- 7.15.1 when you agree to the disclosure;
- 7.15.2 when used for the purposes for which it was collected;
- 7.15.3 when disclosure is required or authorised by law;
- 7.15.4 to other members in the LMG group of companies;
- 7.15.5 to your broker;
- 7.15.6 to external service suppliers who supply services in connection with the administration of the Company's register such as mailing houses and printers, Australia Post and financial institutions.

You have the right to access, update and correct your personal information held by the Company and Computershare, except in limited circumstances. If you wish to access, update or correct your personal information held by Computershare or by the Company please contact our respective offices.

If you have any questions concerning how the Company handles your personal information please contact the Company.

## **7.16 Expenses of the Offer**

All expenses connected with the Offer are being borne by the Company. Total expenses of the Offer are estimated to be in the order of \$1.5 million.

## **7.17 Consents and disclaimers**

Written consents to the issue of this Prospectus have been given and at the time of this Prospectus have not been withdrawn by the following parties:

Ord Minnett has given and has not withdrawn its consent to be named in this Prospectus as the lead manager of the Offer and the Placement in the form and context in which it is named.

Ord Minnett has given and has not withdrawn its consent to be named in this Prospectus as the underwriter of the Offer in the form and context in which it is named.

Further, Ord Minnett:

- does not make, or purport to make, any statement in the Prospectus and is not aware of any statement in the Prospectus which purports to be based on a statement made by Ord Minnett;
- makes no representation (express or implied) regarding the Prospectus; and
- has not authorised or caused the issue of the Prospectus and does not make, and to the maximum extent permitted by law, expressly disclaims, and takes no responsibility for any omission from, or any part of, the Prospectus, other than the references specified above with respect to its name.

HopgoodGanim Lawyers has given and has not withdrawn its consent to be named in this Prospectus as lawyers to the Offer in the form and context in which it is named. It takes no responsibility for any part of the Prospectus other than references to its name.

Computershare Investor Services Pty Limited has given and, at the date of this Prospectus, has not withdrawn, its written consent to be named as Share Registrar in the form and context in which it is named. It has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registrar to the Company and has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

#### 7.18 Directors' statement

This Prospectus is issued by Latrobe Magnesium Limited. Each director has consented to the lodgement of the Prospectus with ASIC.

Signed on the date of this Prospectus on behalf of Latrobe Magnesium Limited by

A handwritten signature in black ink, appearing to read 'D. Paterson', written in a cursive style.

.....  
David Paterson  
Director

## 8 Definitions and glossary

Terms and abbreviations used in this Prospectus have the following meaning:

<b>Acceptance</b>	An acceptance of Entitlements
<b>Acceptance Money</b>	The Offer Price multiplied by the number of New Shares applied for
<b>Applicant</b>	A person who submits an Entitlement and Acceptance Form
<b>Application Form</b>	An application form for the acceptance of Broker Options in the form accompanying this Prospectus
<b>ASIC</b>	Australian Securities and Investments Commission
<b>ASX</b>	ASX Limited and the Australian Securities Exchange
<b>ASX Listing Rules</b>	The official listing rules of the ASX
<b>ASX Settlement</b>	ASX Settlement Pty Ltd
<b>ASX Settlement Operating Rules</b>	The operating rules of ASX Settlement
<b>Cleansing Offer</b>	The offer and issue of Broker Options in accordance with this Prospectus
<b>Broker Options</b>	The Lead Manager Options and the Sub-Underwriter Options offered under this Prospectus
<b>Business Day</b>	A day, other than a Saturday, Sunday or public holiday, on which banks are open for general banking business in Sydney
<b>Closing Date</b>	The date by which valid acceptances of the Offer must be received by the Share Registry being Wednesday, 3 July 2024 or such other date determined by the Board and the Lead Manager.
<b>Company or LMG</b>	Latrobe Magnesium Limited ACN 009 173 611
<b>Constitution</b>	The Constitution of the Company
<b>Corporate Governance Principles and Recommendation</b>	Corporate Governance Principles and Recommendation 4th Edition initially released by the ASX Corporate Governance Council in February 2019
<b>Corporations Act</b>	<i>Corporations Act</i> 2001 (Cth)
<b>Demonstration Plant</b>	Has the meaning given in section 4.2
<b>Directors or Board</b>	The Board of directors of LMG from time to time
<b>EGM</b>	The extraordinary general meeting of the Company to be held on or about 30 July 2024 to approve the issue of the Placement (Tranche 2) Shares and the Broker Options.
<b>Eligible Shareholder</b>	A shareholder of the Company that holds Shares in the Company on the Record Date
<b>Entitlement and Acceptance Form or Form</b>	An entitlement and acceptance form in the form accompanying this Prospectus
<b>Entitlements</b>	The entitlement to accept New Shares under this Prospectus
<b>Existing Options</b>	All existing options to subscribe for Shares currently on issue as at the date of this Prospectus
<b>Group</b>	The Company and each of its wholly owned subsidiaries
<b>Ineligible Shareholders</b>	Shareholders as at the Record Date who are not Eligible Shareholders
<b>Law</b>	The <i>Corporations Act</i> or any relevant and applicable law in Australia

<b>Lead Manager or Ord Minnett</b>	Ord Minnett Limited
<b>Lead Manager Options</b>	Has the meaning given in section 2.2.
<b>New Securities</b>	The New Shares and Broker Options
<b>New Shares</b>	The Shares offered under this Prospectus
<b>Offer or Issue</b>	The offer and issue of New Shares in accordance with this Prospectus (and excludes the Cleansing Offer)
<b>Offer Price</b>	\$0.045 for each New Share applied for
<b>Official List</b>	The official list of entities that ASX has admitted and not removed
<b>Official Quotation</b>	Quotation on the Official List
<b>Opening Date</b>	Wednesday, 12 June 2024
<b>Option Holders</b>	The holders of the Existing Options
<b>Options</b>	Options on issue in the Company from time to time
<b>Placement</b>	Has the meaning given in section 1.2
<b>Placement (Tranche 1) Shares</b>	Has the meaning given in section 1.2
<b>Placement (Tranche 2) Shares</b>	Has the meaning given in section 1.2
<b>Placement Shares</b>	Has the meaning given in section 1.2
<b>Proposed Commercial Plant</b>	Has the meaning given in section 4.3.1
<b>Proposed International Plant</b>	Has the meaning given in section 4.3.2
<b>Prospectus</b>	This Prospectus dated 3 June, 2024 as modified or varied by any supplementary prospectus made by the Company and lodged with the ASIC from time to time and any electronic copy of this prospectus and supplementary prospectus
<b>Record Date</b>	Thursday, 6 June 2024
<b>Register</b>	Company Register of LMG
<b>Resultant Shares</b>	the Shares issued on exercise of the Broker Options
<b>Securities</b>	Has the same meaning as in section 92 of the <i>Corporations Act</i>
<b>Share Registry or Computershare</b>	Computershare Investor Services Pty Limited
<b>Shares</b>	The ordinary shares on issue in LMG from time to time
<b>Shareholders</b>	The holders of Shares from time to time
<b>Shortfall</b>	Those New Shares for which valid applications are not received by or on behalf of the Company by 5.00pm on the Closing Date.
<b>Sub-Underwriter</b>	A sub-underwriter appointed by the Lead Manager to sub-underwrite subscriptions for New Shares
<b>Sub-Underwriter Options</b>	Has the meaning given in section 2.2.
<b>US Securities Act</b>	The US Securities Act of 1933, as amended.
<b>Warrants</b>	Warrants on issue in the Company from time to time to subscribe for Shares currently on issue as at the date of this Prospectus
<b>Warrant Holder</b>	The holder of the Warrants

## Appendix A

### (ASX Announcements)

Date	Title of Announcement
09/10/2023	Magnesium Project Update September 2023
10/10/2023	Appendix 2A
11/10/2023	Appendix 2A
11/10/2023	Appendix 2A
16/10/2023	Appendix 2A
17/10/2023	Appendix 2A
18/10/2023	Appendix 2A
19/10/2023	Appendix 2A
19/10/2023	LMG appoints CFO to assist with its expansion
20/10/2023	Appendix 2A
20/10/2023	Notice of Annual General Meeting
23/10/2023	Appendix 2A
23/10/2023	Letter to option holders
23/10/2023	Quarterly Activities & Appendix 5B Cash Flow Report
24/10/2023	Appendix 2A
25/10/2023	Appendix 2A
26/10/2023	Appendix 2A
30/10/2023	Appendix 2A
30/10/2023	Appendix 3H
31/10/2023	LMG IMARC 2023 Presentation
10/11/2023	Magnesium Project Update October 2023
10/11/2023	Appendix 3B
10/11/2023	Appendix 2A
21/11/2023	LMG enters into Leasing Finance Agreement.
21/11/2024	Response to ASX Price Query
22/11/2023	2023 AGM Presentation
22/11/2023	Results of Annual General Meeting
01/12/2023	Appendix 3Y
04/12/2023	Project Update November 2023
19/12/2023	Trading Halt
21/12/2023	LMG completes \$3.06M placement
21/12/2023	Cleansing Statement
21/12/2023	Appendix 3B
21/12/2023	Terms of Unlisted Options
21/12/2023	Appendix 2A
22/12/2023	Appendix 3B
19/01/2024	Project Update December 2023
30/01/2024	Quarterly Activities & Appendix 5B Cash Flow Report
09/02/2024	Appendix 3B
09/02/2024	Share Purchase Plan & Application Form
09/02/2024	Share Purchase Plan Offer – Record Date Amendment
26/02/2024	LMG completes \$1.1 million placement
26/02/2024	Appendix 3B
26/02/2024	Registry enhancement & engagement for LMG's SPP raising
27/02/2024	Appendix 2A



28/02/2024	Project Update February 2024
08/03/2024	Appendix 3B SPP closing date update
08/03/2024	Share Purchase Plan closing date extended
08/03/2024	Appendix 3B SPP issue date update
08/03/2024	Share Purchase Plan issue date changed
15/03/2024	Half Yearly Report and Accounts
26/03/2024	Project Progress Report March 2024
26/03/2024	Pause in Trading
26/03/2024	Result of LMG Share Purchase Plan
27/03/2024	Appendix 2A
27/03/2024	Appendix 3G
05/04/2024	Resignation of Non-Executive Director
18/04/2024	Project Progress Report April 2024
30/04/2024	Quarterly Activities & Appendix 5B Cash Flow Report
13/05/2024	Magnesium Oxide Production
14/05/2024	LMG Investment Webinar
17/05/2024	LMG received R&D Rebate Announcement
23/05/2024	Response to ASX Aware Letter
24/05/2024	Change of Registry Address
27/5/2024	ATO R&D Rebate Announcement
28/05/2024	Trading Halt
30/05/2024	LMG Secures Firm Commitments for Transformation
30/05/2024	Proposed issue of securities (Appendix 3B)
30/05/2024	Proposed issue of securities (Appendix 3B)
30/05/2024	Proposed issue of securities (Appendix 3B)
30/05/2024	LMG Equity Raising Presentation

## Corporate Directory

Directors	Solicitors to the Offer	Share Registry
<p>John Murray (Non-Executive Chair)</p> <p>David Paterson (Executive Director)</p> <p>Philip Bruce (Non-Executive Director)</p> <p>John Lee (Non-Executive Director)</p> <p>Michelle Blackburn (Non-Executive Director)</p> <p>Peter Church (Non-Executive Director)</p>	<p>HopgoodGanim Lawyers Level 8 Waterfront Place 1 Eagle Street Brisbane QLD 4000 Tel: + 61 7 3024 0000 <a href="http://www.hopgoodganim.com.au">www.hopgoodganim.com.au</a></p>	<p>Computershare Investor Services Pty Limited 6 Hope Street Ermington, NSW 2115 Tel: 1300 850 505 (within Australia) Tel: +61 3 9415 4000 (outside Australia) <a href="http://www.computershare.com.au">www.computershare.com.au</a></p>
Administration and Registered Office	Lead Manager and Underwriter	
<p>Suite 4, Level 5 80 Clarence Street Sydney, NSW 2000 Tel: +61 2 9279 2033 <a href="http://www.latrobemagnesium.com">www.latrobemagnesium.com</a></p>	<p>Ord Minnett Limited Level 18, Grosvenor Place, 225 George Street Sydney, NSW 2001 Tel: +61 2 8216 6400 <a href="http://www.ords.com.au">http://www.ords.com.au</a></p>	