



Annual General Meeting Presentation

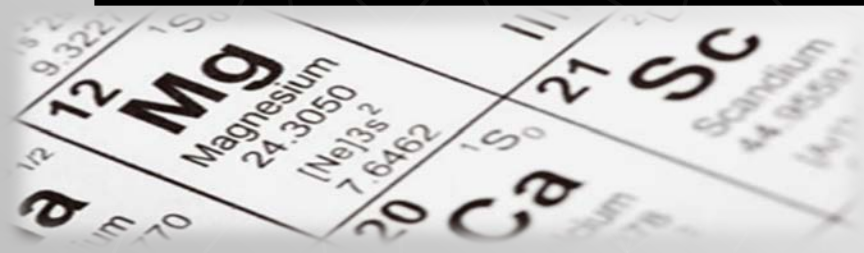
November 2016

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ASX:
LMG

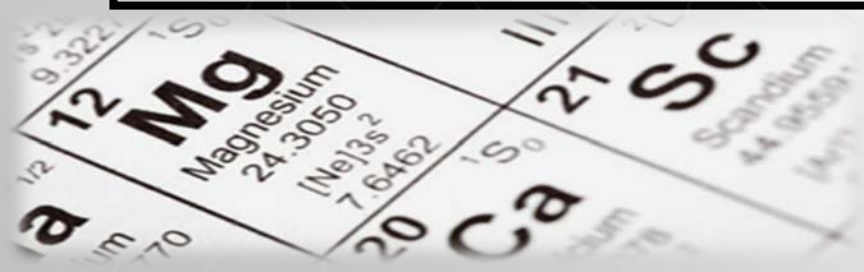
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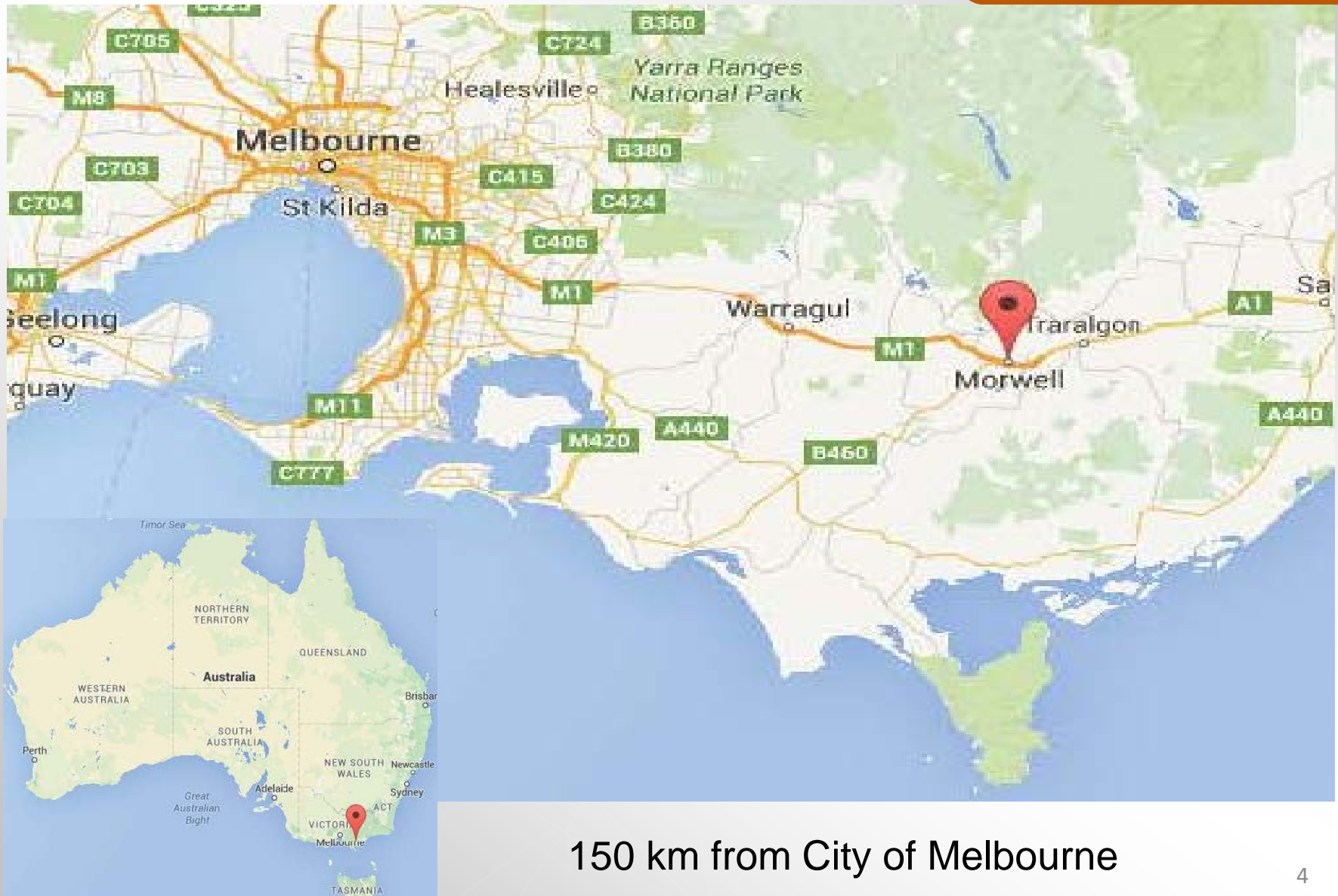


1. Project summary

- Build a plant in the Latrobe Valley to produce magnesium and cement material converting 95% of the brown coal fly ash waste into usable materials. Potential to double in size.
- Products CO₂ friendly - 18 tonnes carbon credits
- Finalise feasibility study in December 2016.
- Complete vertical retort work by Feb 2017.
- Start construction on site end of first quarter 2017.
- Commence production at 5,000tpa in first quarter 2018 and expanding to 40,000tpa in 2019.



2. LMG location



150 km from City of Melbourne

2. LMG site

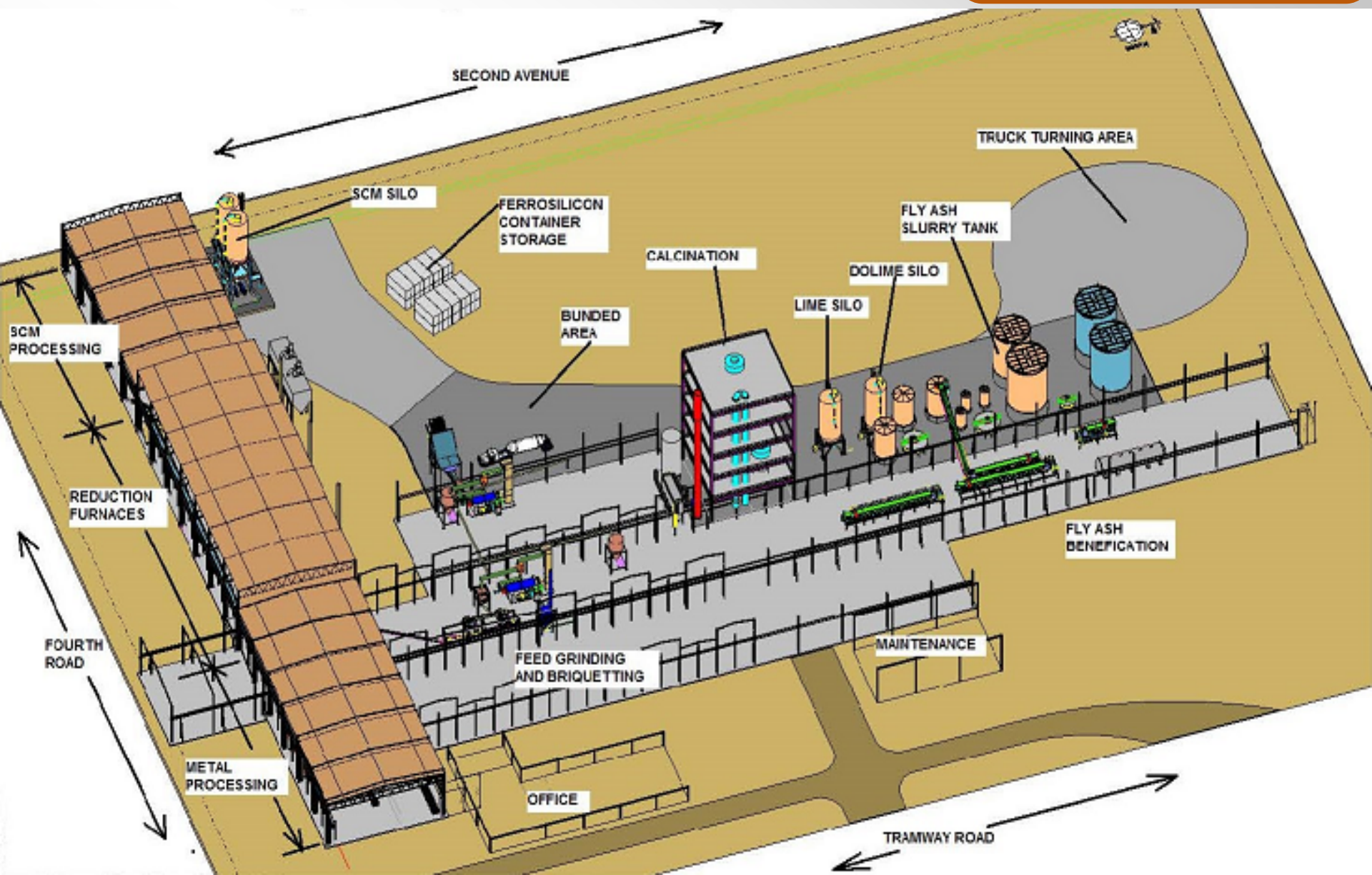


2. LMG building



320 Tramway Site Building

2. LMG plant layout



3. Magnesium uses

	%
• Aluminium alloy	34
• Die casting for automobiles	26
• Steel desulphurization	18
• Titanium sponge	17
• Other die casting	5

	<u>100</u> ===



3. Magnesium production

Primary magnesium metal production

- 2000 210,300 tonnes
- 2013 770,000 tonnes
- 2014 869,000 tonnes
- 2024 projected production 1,700,000 tonnes

Mg growth predicted from the increase consumption of aluminium sheet in motor cars. Current car consumption 3 kg per car for 65M cars or 200,000 tpa. Assume 16 kg per car at 100M cars or 1.6M tonnes – 2X market.

China – 84% of world production



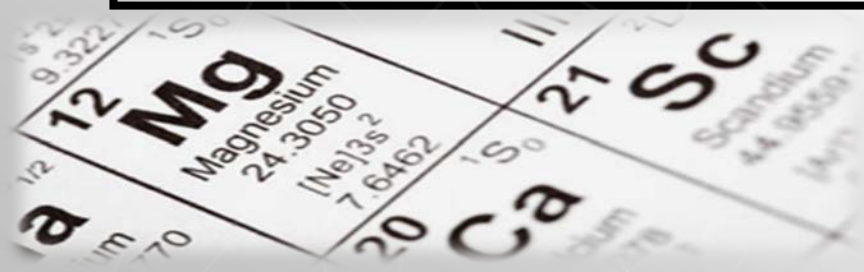
3. Latest developments

1. Adoption of aluminium sheet by car manufacturers

- Ford retool F150 truck US\$5B in 2015, Ford Super truck US\$1.3B in 2017 and Fusion (Focus) in 2018
- Jaguar retool UK\$1.7B
- GM retool for Cadillac CT6 in 2016

2. Aluminium sheet investment and expansion in 2016

- Novelis sheet facility expanding 3X by 2020 – US\$400M
- UACJ buys Whitehall Industries for US\$155M.
- UACJ & Constellium J/V spends US\$620M
- Kobe Steel expand existing US facilities by US\$150M



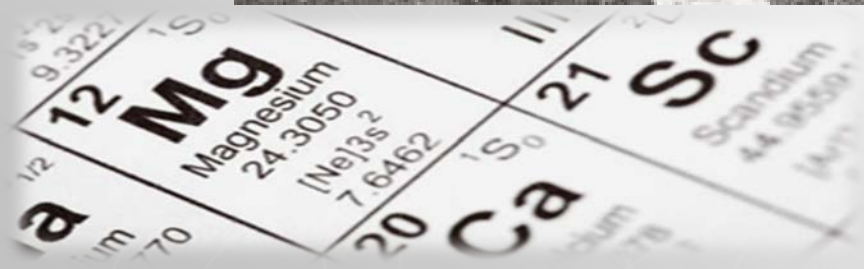
3. Magnesium developments



2015 FORD F150
All Aluminium Body (1-6% Mg)



3. Magnesium developments



Cadillac CT6
64% Al 36% Steel

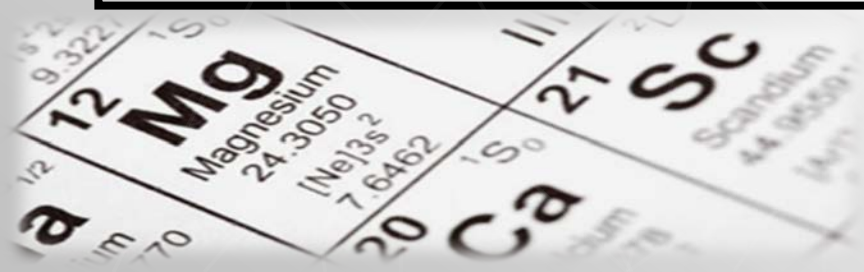
3. Magnesium and emissions

USA EPA Targets	2012 mpg	2015 mpg	2025 mpg	2012 to 2025 Increase %
Compact car (Honda Fit)	30	35	46	53
Midsize car (Ford Fusion)	25	25	42	68
Full Size car (Chrysler 300)	21	23	35	66
Pick up truck (Ford F150)	17	21	25	47

Penalty currently only US\$55 per vehicle for every 1mpg short.
CAFE standard for 2016 - 35.5 mpg and 2025 – 54.5 mpg. EPA some 25% less than CAFE.

EU Emissions Targets	2007	2014	2021	Reduction
Average Fleet Emissions (in g CO ₂ per km)	159	123	95	28 or 23%

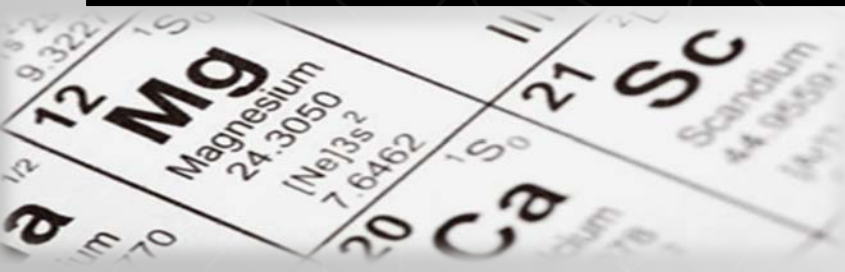
Penalty after 2020 at €95 per g CO₂ per km exceeding 2020 target.
100kg of weight produces approximately 10 g CO₂ per km.



4. LMG process

Unique & proprietary process

- Combination of its unique patented hydromet process with the proven thermal reduction process in operation since 1941
- Hydromet process uses standard industrial reagents & equipment to remove impurities from the brown coal fly ash – char & silicon, sulfur, iron. Patents granted in Australia, Indonesia, USA and China and pending in India and EU
- Automated vertical retorts are used in smelter to save costs and energy consumption – lower CO₂ emissions



5. Useable products

Recycle 95% of Waste into Useable Products, based on 40,000 tpa plant

- Magnesium - import replacement of up to 10,000 tpa in Australia
- Fly Ash – Victoria has no supplier and imports 320,000 tpa with Government biggest benefactor with road construction
- Char – briquetting and other thermal uses with low CO₂ emissions 15,000 tpa
- Char & Silicon – potential road base use 18,000tpa



6. Financial overview

Capital	5,000 tonnes A\$M's	40,000 tonnes A\$M's
Federal Governments	23	25
Victorian Governments	10	10
LMG Equity & Exclusivity Payments	10	70
Debt Funding (Export-Import Bank)	10	200
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Total Project Funding	53	305
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Capex for 5,000 tpa plant estimated at A\$50M with a working capital requirement of A\$3M. Total funding A\$53M. R&D Finding approved for Federal Gov't funding of \$23M.

7. State economic benefits

Industrial Ecology and Circular Economy principles

- Job creation – up to 150 new permanent jobs and 450 indirect jobs with 200 construction jobs
- Support regional development – imports 300,000 tpa and exports 360,000 tpa from the Valley supports the development of the Regional Transport Hub
- Innovative new technology – the hydromet process is a unique world first technology
- Environment friendly – low CO₂ magnesium producer and removal of 95% of industrial waste
- Improved health outcomes for the community from waste removal and recycling



8. RWE Power

Develop a 30,000 tpa Mg plant near Cologne

- LMG has completed a concept study in 2014 on RWE's Hambach mine which is 2X the size of its Latrobe Project
- MoU signed June 2016 to :
 - Conduct large scale test
 - Complete bankable feasibility study
 - Complete engineering, procurement and permitting
 - Construction and commissioning
- Europe imports 150,000 tpa of Mg with no local producer
- RWE Power has some 14,000 employees and 40GW of power generation capacity.



Disclaimer

- This presentation may contain forward looking statements that are subject to risk factors associated with the magnesium business.
- It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially including but not limited to: price fluctuations, actual demand, currency fluctuations, production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.
- Investors should undertake their own analysis and obtain independent advice before investing in LMG shares.
- All reference to dollars, cents or \$ in this presentation are to Australian currency, unless otherwise stated.

