
QUARTERLY ACTIVITIES REPORT

31 March 2025

Highlights:

- * **Demonstration Plant targeted to commence operating from late May with a view to achieve steady state operation.**
- * **LMG secured \$6.3M in funding to commence operations and strengthen the balance sheet, comprising a \$3.5M capital raising – supported by strong Director participation – and approval to utilise \$2.3M in debt under existing facilities.**
- * **LMG is advancing the sale of surplus land at its Tramway Road site, expected to generate up to \$5M, with completion targeted by 30 June 2025.**
- * **Construction and commissioning of Phase 1B - magnesium metal production of the Demonstration Plant, is scheduled to begin in the second half of 2025, subject to funding approvals.**
- * **LMS secures 250MW allocation of Sarawak Energy's hydropower for its Stage 3 Project by Sarawak Power Planning and Coordination Committee (PPCC).**
- * **LMG awarded Project Development Support (PDS) funding from Australian Government Department of Foreign Affairs and Trade (DFAT) for the establishment of its Stage 3 Project in Sarawak, Malaysia.**
- * **LMG pursuing \$19.39M counterclaim against Mincore for breach of contract and negligence, with mediation ordered by court to be completed by 27 June 2025.**

1. Stage 1 Demonstration Plant

1.1 Engineering & Procurement, Construction, & Commissioning

Phase 1A – Magnesium Oxide (MgO) Production

Phase 1A will now move to ore commissioning and operations – refer to Section 1.2 for further details.

Phase 1B – Magnesium Metal Production

A re-baseline of the Phase 1B project has been completed, including a detailed schedule and revised capital cost estimate to support accurate funding allocation and key milestone tracking.

With the majority of the remaining major equipment on site, outstanding works comprise Structural, Mechanical & Piping (SMP) and Electrical & Instrumentation installation and commissioning which are ready to proceed upon formal funding approval.

1.2 Operations

LMG is targeting commencement of operations at the Demonstration Plant from late May subject to securing the required labour force, restocking key reagents, completing the ash stockpile, and receiving the Environmental Protection Authority (EPA) operating permit, which is currently under final review.

Document submission to the EPA has been completed and the first round of questions answered. The conversation with the EPA is progressing well and site visits have taken place. LMG does not foresee any delays in receiving EPA approval to start operations.

2. Stage 2, 10,000tpa Commercial Plant

2.1 Feasibility Study

The scope and cost proposal for the Feasibility Study (FS) of the Stage 2, 10,000tpa Commercial Plant, developed in collaboration with Bechtel Australia Pty Ltd (Bechtel), is complete. The FS approach continues to balance early-stage planning with cost efficiency, supporting a smooth pathway to Final Investment Decision and alignment with Societe Generale's due diligence requirements.

Bechtel has completed preliminary plant layout works. Separately, SMEC's Location Assessment confirmed that the current Tramway Road site is unsuitable for the Commercial Plant due to space constraints, provision of utilities, and the strategic need to retain the Demonstration Plant for ongoing operations and test work.

Alternative site options have been identified and remain under evaluation with the location of these sites currently confidential, and further updates to be provided following consultations with stakeholders.

2.2 Funding

LMG recently received commitments for \$2.75M (before costs) from investors via an institutional placement, alongside a fully underwritten Share Purchase Plan (SPP) for raise \$0.75M (before costs), to complete a capital raising of \$3.5M. The placement was well supported by LMG's Directors, having subscribed for \$550,000 of shares in the placement. Applications for the SPP close on Friday, 2 May.

During this quarter, the company completed its registration with the Defence Industrial Base Consortium (DIBC) in the United States. With Australian companies now being considered as 'domestic' source by the US Department of Defense (DoD), LMG is presently compiling a 'Whitepaper' according to DoD requirements which shall be lodged during the next quarter. As an outcome of this process, LMG will seek to determine its eligibility to pursue DoD grant and financing opportunities which may be available either now or in the future.

Additionally, as the result of a successful application, LMG has been accepted into the Commonwealth Industry Growth Program. Under Phase 1 of this program a Commonwealth business advisor shall be appointed to collaborate with LMG. This will pave the way for a Phase 2 application to the Commonwealth for financial grants of up to a maximum of \$5M and/or 50% of eligible expenditure. Initial engagement with the business advisor is anticipated during the next quarter.

LMG commissioned its R&D advisors to provide an estimate of their 2025 rebate based upon LMG's projected cash flows. Its advisors estimated a figure in the range between \$8M and \$10M for 2025, depending upon the level of activities undertaken by June year end. The tax rebate was \$3.1M for the half year to 31 December 2024.

LMG has engaged Jones Lang LaSalle (JLL) to facilitate the sale of approximately 4.3Ha of surplus land at its 320 Tramway Road site. The sale of the land can occur in parts, if required, and is expected to generate up to \$5M to assist with further working capital requirements, including developing a Magnesium JORC resource, finalising a mine and rehabilitation plan for the Yallourn site and economic studies to develop Stage 2.

LMG and JLL have identified two different buyers, each interested in purchasing half of the total land. Both parties are currently conducting due diligence which is expected to be completed in the June 2025 quarter.

3. Stage 3, 100,000tpa International Plant

The requested allocation of 250MW hydropower for the Stage 3 100,000 tonne per annum international mega plant by the Sarawak Power Planning and Coordination Committee (PPCC) to LMG's subsidiary Latrobe Magnesium Sarawak Sdn. Bhd. (LMS) has been approved.

This allocation is subject to entering into a Power Purchase Agreement (PPA) with Sarawak Energy and satisfying any other issues raised by the Sarawak Government.

This represents a major milestone for the Stage 3 Project given power demand far exceeds supply in Sarawak and without this power allocation the Project would not be able to proceed. LMS can now proceed to finalising discussions with potential joint venture partners for this project, which will then facilitate discussion on the PPA.

As noted in the previous Quarterly report, LMS's environmental consultant Chemsain Konsultant Sdn Bhd submitted a scope for the Environmental Management Plan (EMP) for the process of Site Clearing at the project site. This scope document has now been approved by the local Department of Environment.

4. Australian Federal Government Funding

The Australian Government Department of Foreign Affairs and Trade (DFAT) has awarded LMG Project Development Support (PDS) funding to assist with advisory work in relation to establishing its Stage 3 Project at Samalaju in Sarawak, Malaysia. The Southeast Asia Investment Deal Team is providing Project support including assistance with preparatory work.

The Australian Government Deal Teams initiative seeks to support activities aimed at deepening Australian trade and investment in Southeast Asia.

5. Mincore Legal Proceedings Update

As previously announced, LMG's lodged its counterclaim against Mincore Pty Ltd (Mincore), for breach of contract and negligence in performance of services, in the Supreme Court of Victoria on 15 January 2025, seeking \$19.39M in damages. Mincore's original claim of \$1.37M is being contested by LMG and is proposed to be reduced to \$914,390.

The legal proceedings have progressed through the pleadings phase and the Court has ordered that:

- Mincore (or its insurers' legal representatives) file and serve their reply to defence and defence to counterclaim by 17 April 2025.
- LMG file and serve its reply to that defence to counterclaim by 15 May 2025.

Most importantly, Mincore's insurers have now indicated they will take carriage of the matter, and mediation has been mandated by the Court to be completed by 27 June 2025. The mediator will report to the Court by 2 July 2025, and a further directions hearing is scheduled for 11 July 2025, pending the outcome of the mediation.

6. Listing Rule 5.3.5

ASX Listing Rule 5.3.5 requires quarterly activity reports to describe any payments made to related parties or their associates as disclosed in Appendix 5B for the same quarter. LMG advises that payments were not made to Directors or companies associated with Directors for their services as Directors' fees during the last quarter.

Should you have any queries in relation to this announcement please do not hesitate to contact David Paterson on his mobile +61 421 234 688.

David Paterson

Chief Executive Officer

30 April 2025

About Latrobe Magnesium

Latrobe Magnesium (LMG) is developing a magnesium metal Demonstration Plant in Victoria's Latrobe Valley using its world first patented extraction process. LMG intends to extract and sell magnesium metal and cementitious material from industrial ash, which is currently a waste resource from brown coal power generation.

LMG has completed a feasibility study validating its combined hydrometallurgical / thermal reduction process that extracts the metal. The Demonstration Plant has now produced magnesium oxide with the full plant being commissioned in the calendar year 2025.

A Commercial Plant will also be developed by LMG, with a capacity of 10,000 tonne per annum of magnesium metal, with completion targeted for the second half of calendar year 2027. The plant will be in the heart of Victoria's coal power generation precinct, providing access to feedstock, infrastructure, and labour.

LMG will sell the 10,000 tonne per annum of refined magnesium metal under long-term contracts to LMG's US-based distributors.

LMG is also developing an International 'Mega' Plant in the state of Sarawak, Malaysia, which will produce 100,000 tonnes per annum of magnesium metal via its wholly owned subsidiary company Latrobe Magnesium Sarawak Sdn Bhd. LMG has completed the first phase (PFS-A) of a pre-feasibility study using Ferronickel Slag feedstock.

Magnesium has the best strength-to-weight ratio of all common structural metals and is increasingly used in the automotive, aerospace, medical and electronics industries.

LMG's projects are at the forefront of ESG best-practice by recycling power plant waste tailings, avoiding landfill, encouraging a circular economy, and by being a low CO₂ emitter.

Appendix 5B

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

Name of entity

Latrobe Magnesium Limited

ABN

55 009 173 611

Quarter ended ("current quarter")

31 March 2025

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	0	(14)
	(b) development		
	(c) production		
	(d) staff costs	(480)	(1,738)
	(e) administration and corporate costs	(198)	(1,740)
1.3	Dividends received (see note 3)		
1.4	Interest received	0	6
1.5	Interest and other costs of finance paid	0	0
1.6	Income taxes paid	0	0
1.7	Government grants and tax incentives	264	13,509
1.8	Other (provide details if material)	0	0
1.9	Net cash from / (used in) operating activities	(414)	10,023
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	0	0
	(b) tenements	0	0
	(c) property, plant and equipment	(74)	(4,912)
	(d) exploration & evaluation	0	0
	(e) Investment	0	(3)
	(f) other non-current assets (patents)	0	(17)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	0	0
	(b) tenements	0	0
	(c) property, plant and equipment	0	0
	(d) investments	0	0
	(e) other non-current assets	16	16
2.3	Cash flows from loans to other entities	0	0
2.4	Dividends received (see note 3)	0	0
2.5	Other	0	0
2.6	Net cash from / (used in) investing activities	(58)	(4,916)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	0	5,197
3.2	Proceeds from issue of convertible debt securities	0	0
3.3	Proceeds from exercise of options	0	0
3.4	Transaction costs related to issues of equity securities or convertible debt securities	0	(147)
3.5	Proceeds from borrowings	0	3,000
3.6	Repayment of borrowings	0	(13,245)
3.7	Transaction costs related to loans and borrowings	0	
3.8	Dividends paid	0	
3.9	Other (payment of lease liabilities)	0	236
3.10	Net cash from / (used in) financing activities	0	(4,958)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,185	565
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(414)	10,023
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(58)	(4,916)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	0	(4,958)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	713	1,185

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	96	67
5.2	Call deposits	617	1,118
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	713	1,185

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

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

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	28,000	25,000
7.2	Credit standby arrangements	-	-
7.3	Other	-	-
7.4	Total financing facilities	28,000	25,000
7.5	Unused financing facilities available at quarter end		3,000

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

7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	
	Facility	\$28,000,000 – Secured, \$25M drawn to date has been fully repaid as at 31/3/25
	Lender	RnD Funding Pty Ltd
	Interest Rate	12% pa. to 31 October 2023, and 18% pa. from 1 November 2023 to 31 December 2024 and 24% pa. thereafter to maturity date
	Maturity Date	31 December 2027
8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	414
8.2	Capitalised exploration & evaluation (Item 2.1(d))	0
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	414
8.4	Cash and cash equivalents at quarter end (Item 4.6)	713
8.5	Unused finance facilities available at quarter end (Item 7.5)	3,000
8.6	Total available funding (Item 8.4 + Item 8.5)	3,713
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	8.98

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

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

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

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

Compliance statement

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

30 April 2025

Date:

Audit and Risk Committee

Authorised by:

(Name of body or officer authorising release – see note 4)

Notes

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