

LATROBE VALLEY PROJECT UPDATE NOVEMBER 2021

PROJECT UPDATE

Highlights:

- * Repair of existing fences and construction of RTL subdivision fencing completed.
- * The plan for site clean-up works completed. Contract to be awarded shortly.
- * Contract for the electrical services restoration works awarded.
- * Architectural drawings for the administration building refurbishment completed and contract package being prepared for tender.
- * Pre-qualification of potential construction works contractors has commenced as a prelude to the formal issue to tenders.
- * Detailed design and modelling of the Reduction Furnace area including briquette loading and product unloading has commenced, supported by testwork undertaken in conjunction with CSIRO.
- * Process Engineering focus is on finalising the process flowsheet and updating the mass and energy balance to incorporate new test work and vendor data.

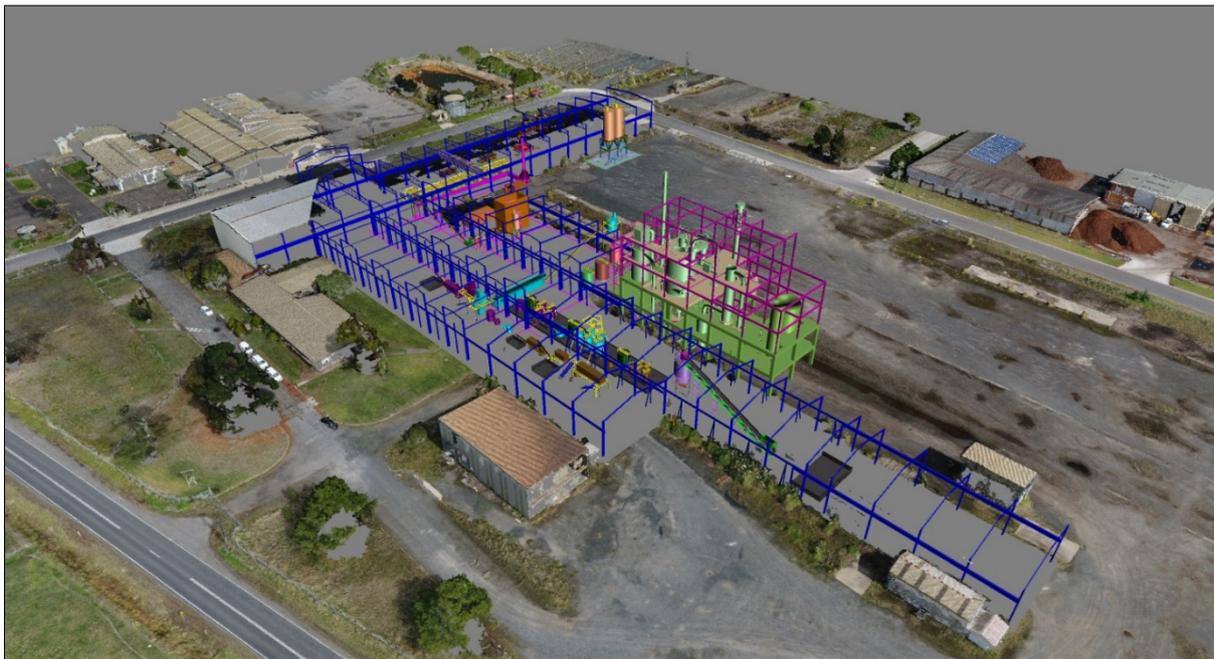
In summary, some of the early works have progressed significantly since the last update, and outcomes from “value engineering” reviews are being incorporated into engineering and design work.

The repair works to the existing fencing around the project site, as well as the new fencing in place around the administration building and for RTL’s subdivision, have been completed.

The preliminary architectural drawings for the administration building refurbishment were completed and reviewed. An application for a building permit is to be submitted. A contract to complete the site clean-up works will be awarded to a local contractor imminently.

With the contract for electrical services restoration work issued, Mincore will be working with local contractors, JBI Engineering and Kingy’s Electrical in the coming weeks to complete the electrical restoration and restore power to the site.

Engineering is ramping up with process engineering focusing on finalising the flowsheet, heat and mass balance and commencing piping and instrumentation diagrams. Structural engineering is commencing steelwork for the briquette trolley support structure and bunker designs for char and silica products. Mechanical engineering is undertaking plant layout planning, and optimisation has commenced with 3D modelling, equipment datasheets, and technical specifications for the ash loading, hydromet and briquetting areas.



More than seventy-two (72) suppliers have registered their interest in supporting the Latrobe Valley Demonstration Plant project, via the website's supplier's portal, with 32% local to the Latrobe Valley / Gippsland area. Pre-qualification of potential construction works contractors as a prelude to the formal issue to tenders has commenced.

The focus for the coming weeks will be the completion of the electrical restoration works, commencement of the site clean-up works and the tender of the administration building construction. The project's completed risk assessment will be updated, and a Hazard and Operability Analysis (HAZOP) workshop will be undertaken. Engineering will continue to complete the piping and engineering diagrams, finalise the plant layout and update the 3D model with the latest vendor data and specifications for the ash handling and hydromet areas.

A handwritten signature in black ink, appearing to read 'D. Paterson'.

David Paterson
Chief Executive Officer

25 November 2021

About Latrobe Magnesium

Latrobe Magnesium is developing a magnesium production plant in Victoria's Latrobe Valley using its world- first patented extraction process. LMG intends to extract and sell magnesium metal and cementitious material from industrial fly ash, which is currently a waste stream from the Yallourn brown coal power generation.

LMG has completed a feasibility study validating its combined hydromet / thermal reduction process that extracts the metal. Construction is estimated to start on site on its initial 1,000 tonne per annum magnesium plant in first quarter of 2022 with production commencing up to 12 months later in fourth quarter of 2022. The plant will then be expanded to 10,000 tonne per annum magnesium shortly thereafter. Further plant capacity expansion will be considered once the 10,000 tonne per annum is operating successfully. The plant will be in the heart of Victoria's coal power generation precinct, providing immediate access to feedstock, infrastructure, and labour.

LMG plans to sell the refined magnesium under long-term contracts to USA and Japanese customers. Currently, Australia imports 100% of the 8,000 tonnes annually consumed.

Magnesium has the best strength-to-weight ratio of all common structural metals and is increasingly used in the manufacture of car parts, laptop computers, mobile phones, and power tools.

The LMG project is at the forefront of environmental benefit – by recycling power plant waste, avoiding landfill and is a low CO2 emitter. LMG adopts the principles of an industrial ecology system.