

## QUARTERLY ACTIVITIES REPORT

30 September 2021

### LATROBE MAGNESIUM PROJECT

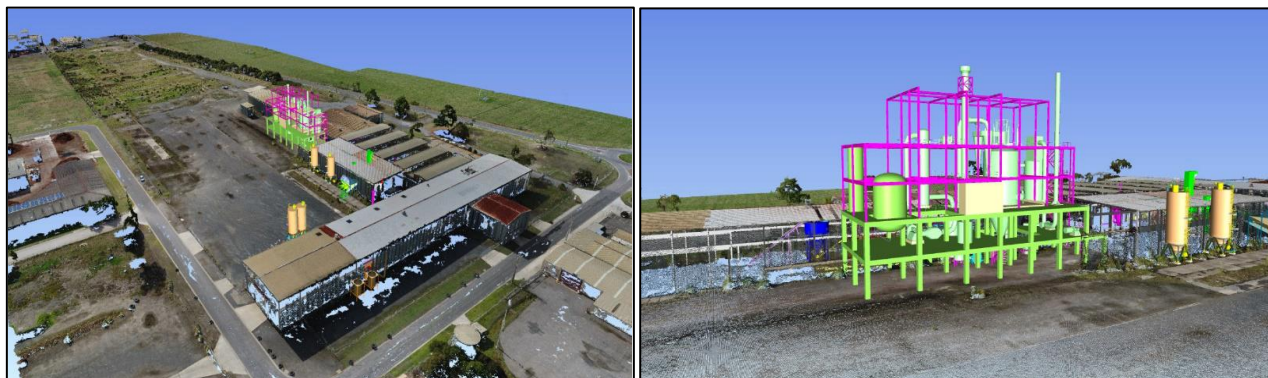
#### Highlights

- \* \$3M over-subscribed placement backed by leading Melbourne Boutique Peak Asset Management together with Fresh Equities settled to fast-track completion of design and engineering services for initial magnesium plant in Latrobe Valley
- \* \$814,000 funding received in October from R&D rebate
- \* The company is confident of securing two Cornerstone investors, together with Government funding over the coming months
- \* Initial plant 3,000tpa plant expected to generate \$28M in revenue.
- \* Entered into an agreement with RTL Mining and Earthworks Pty Ltd to sublease a portion of their 3,000tpa Demonstration Plant Site
- \* China restricts supply of magnesium to the rest of the World driving prices to all time high

#### Engineering Works

Mincore and LMG has awarded early site works for fencing, surveying, the reinstatement of electrical works and the refurbishment of the administration building at 320 Tramway Road.

Mincore have been progressing the design and engineering work and the detailed process and flowsheet work.



Mincore have been supporting LMG alongside CSIRO as we test new technologies to improve the existing processes, build prototypes and complete plant trial runs varying operating parameters and conditions.

## China Supply

On 17<sup>th</sup> September 2021, the Chinese authorities ordered the closure of 18 magnesium plants in Shaanxi and 30 other plants capacity was reduced to 50% capacity from 17 Sept to end of Dec 2021. Shaanxi produces approx. 65% of the World's production. This meant that the supply of magnesium to the rest of the World was nil. Consequently, the magnesium price (US\$8,100/t source IMA 18<sup>th</sup> Oct) trebled and magnesium users have been looking for alternative suppliers of which there aren't any. Angela Merkel has been quoted as saying that German car manufacturers will run out of magnesium by the end of November and if supply is not reinstated it will affect their ability to produce cars.

Aluminum producer Norsk Hydro ASA on Tuesday said local teams in China are working with magnesium suppliers to secure volumes for next year, and that there are limited alternatives to supplies as China dominates production.

More in the recent Bloomberg article: <https://www.bloomberg.com/news/articles/2021-10-26/magnesium-crisis-shows-signs-of-easing-as-china-ramps-up-output>

## Project Funding

LMG estimates that the current cost of the first stage of the initial plant will be in the order of \$45 million and the company is extremely confident of securing two cornerstone investors, together with government funding over coming months.

To date there has been some \$2.5 million spent on the initial plant. The remaining cost of \$42.5 million will be funded as follows:

Source	\$M
Cornerstone Investors and State Government grant	14.0
Current equity raising	3.0
Future exercise of options in 2023	2.4
Project Funding (being Research & Development and project finance)	23.1
<b>Total Funding</b>	<b>42.5</b>

## Company Funding

On 6 October 2021, LMG received its R&D rebate for 2021 of \$814,413.

On 19 October 2021, LMG announced it had placed \$3.0 million shares and 60M options exercisable at 4 cents. The placement was heavily oversubscribed.

With these additional funds and those on hand, LMG will be able to fast track the next stage of the design and engineering for its demonstration plant. The company is excited on its next stage of growth and looks forward to updating investors in due-course.

Should you have any queries in relation to this announcement please do not hesitate to contact the CEO on 042 1234 688.



David Paterson  
Chief Executive Officer

28 October 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 Yallourn ash, which is currently a waste stream from 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 for its initial 3,000 tonne per annum magnesium plant at the end of July with production commencing 18 months later. The plant will then be expanded up to 40,000 tonne per annum of magnesium 12 months later. 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.

Magnesium has the best strength-to-weight ratio of all common structural metals and is increasingly used in the manufacture of aluminium sheet in cars, 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 being a low CO<sub>2</sub> emitter. LMG adopts the principles of an industrial ecology system.