

LATROBE MAGNESIUM (“LMG”) PROGRESS UPDATE ON ITS DEMONSTRATION PLANT AND STAGE 2 COMMERCIAL PLANT

18 April 2024, Sydney Australia: Latrobe Magnesium Limited (ASX: LMG) is pleased to announce:

- **Ore commissioning will commence at LMG’s Demonstration Plant on the 19th of April 2024.**
- **The appointment of Societe Generale as the Sole Coordinator, Structuring Bank and Mandated Lead Arranger in connection with the financing of the development and construction of its Stage 2 Commercial Plant (producing 10,000tpa magnesium) in the Latrobe Valley, Victoria.**
- **The finalisation of LMG’s scope with GHD to carry out the work required on the Yallourn ash deposit.**
- **LMG’s Strategic Supplier Program (“SSP”) for its Stage 2 Commercial Plant, designed to fast track its development ahead of production in 2026.**

1. Demonstration Plant Progress

The progress of the Stage 1 Demonstration Plant has experienced minor delays not uncommon during the commissioning process which includes minor leaks from pipes, replacing failed valves, updating control logic sequencing, vendor software issues and replacement of lubrication fluids. Our team have successfully addressed each of these minor issues throughout the commissioning process, which are now fully resolved with first ash delivery on the 19th of April. The next stage of the process is ore commissioning, which will commence immediately. Over the next week, the Demonstration Plant will be further tested and ramped up, with acid addition expected early next week and the spray roaster being heated ahead of magnesium oxide production in the coming days.

2. Stage 2 Progress

Appointment of Societe Generale

Societe Generale has been mandated as Sole Coordinator, Structuring Bank and Mandated Lead Arranger in respect of the financing of Latrobe Magnesium's 10,000tpa Commercial Plant in the Latrobe Valley in Victoria.

Societe Generale is a multi-national corporate and investment bank with market-leading experience in structuring, advising and financing mining and downstream metals production projects, both in Australia and globally. Societe Generale was recently awarded “Global Financial Adviser of the Year” at IJGlobal 2023 Awards and “Investment Bank of the Year for Infrastructure and Project Finance” at The Banker Investment Banking Awards 2023.

- **John Collier, Chief Financial Officer, Latrobe Magnesium Limited**

“We are thrilled to announce the appointment of Societe Generale as our partner with respect to the debt financing of our Stage 2 Commercial Plant. Their dedicated team which has extensive experience across financing development projects, is a very strong testament to the quality of the project and the works completed to date, and positions us as an organisation very well to deliver a great project result for all stakeholders”.

Financing Approach

LMG intends to target debt funding from a variety of sources including government and commercial lenders, with the majority expected to come from the Federal Government initiatives for funding critical minerals. This funding is further supported by the 10,000tpa offtake secured from Metal Exchange Corporation in the United States of America.

It is expected that all relevant regulatory approvals and the delivery of the Commercial Plant's BFS will be completed by the end of 2024.

GHD

GHD's scope will include the assessment of the ash deposit. This scope includes, but is not limited to:

- Hydrogeology – hydrogeological and hydrogeochemical data gathering, a hydrogeological flow model and assessment of the hydrogeological/hydrogeochemical environmental impact and protection requirements.
- Geotechnical – undertaking a geotechnical assessment, including any geotechnical drilling or testing, to develop a geotechnical domain model including geotechnical design parameters and input to mining.
- Mine closure – a detailed rehabilitation and mine closure study.
- Mine planning – develop a mine design, for incorporation in a detailed mine schedule along with equipment and cost study.

This work will provide the necessary scope and cost inputs into the upcoming BFS to ensure a final investment decision can be made on the Commercial Plant this calendar year.

Geological assessment and development of a JORC compliant Mineral Resource, will be undertaken in 2025 due to the time required to undertake a drilling program and test the samples. However, we are very confident that there is significant upside to what will be the Maiden Resource based on past and current power station data.

Strategic Supplier Program (SSP)

By carefully preselecting a range of strategic suppliers across equipment, technology, construction, freight, and automation, amongst other categories, LMG is set to dramatically improve project efficiency and the speed in which technical outcomes are achieved.

LMG's SSP suppliers will have direct input into the forthcoming completion of its Commercial Plant's BFS, ensuring that their intellectual capacity will directly influence and optimise the ultimate design of the plant, with an intended design life of 30-years.

LMG expects greater transparency from SSP suppliers on technological and financial matters by removing the competitive tension of a tender process, and this expectation is already being borne out via a number of commercial-in-confidence discussions with SSP vendors regarding new technology access, the initiation of long-lead R&D activities by SSP suppliers in support of Stage 2 equipment demands, and future opportunities for the strategic co-location of facilities with SSP partners.

Specifically, SSP Suppliers will have a direct line of input into the Stage 2 BFS cost assumptions used to finalise the business case, ensuring a significantly higher level of accuracy than would be observed through the traditional approach of developing a third-party cost estimate. Early engagement with SSP

vendors will also secure the requisite production and labour resources (as may be applicable) for LMG's Stage 2 Commercial Plant.

An outstanding mix of both Gippsland, domestic and international suppliers have presently been engaged under the SSP via individual Letters of Intent, following which formal contractual agreements are to be negotiated and executed. Additional parties are currently under consideration by LMG for inclusion in the SSP.

As of the 11th April, the SSP participants (with their initial SSP scope noted in parenthesis) are:

- Coregas Australia (Industrial Gas)
- Fast Automation Pty Ltd (Furnace Automation)
- Mechanical and Maintenance Services Pty Ltd (SMP services)
- O&M Pty Ltd (Electrical and Instrumentation services)
- Rockwell Australia Pty Ltd (Plant Automation)
- Steuler-KCH Australia Pty Ltd (Refractory Installation)
- Stirloch Constructions Pty Ltd (Civil services)
- Tenova (Spray Roasting Equipment)
- Custom Agency Services Pty Ltd (Logistics & Freight Forwarding)

Quotes:

"We are delighted to be able to work with such a reputable group of local and international suppliers within the SSP. I look forward to partnering with each organisation and leveraging their intellectual and technical capability to deliver superior results for LMG and a world-class critical minerals project in the Latrobe Valley."

– **Ronan Gillen, Chief Operating Officer**

"It is rewarding that each of these companies see the value to continue partnering with LMG. All these organisations have and/or continue to provide outstanding capability and service to LMG on our Demonstration Plant project. When you already understand their respective capabilities and cost structures in comparison to the rest of the market, it only makes sense to properly recognise their performance and continue the relationship. I'd prefer to direct supplier resources towards the delivery of production capability for LMG rather than tender responses. The SSP program will undoubtedly place the emphasis on real-world outcomes and save time and cost for all parties concerned."

– **Brett Trigger, Procurement and Contracts Manager**

Stage 2 Timing

The Stage 2 Commercial Plant is planned with a production capacity of 10,000tpa of magnesium metal. LMG is confident that the ash generated by the time the Yallourn power station closes in 2028 will provide an adequate supply for this production capacity throughout the projected life of mine. The work undertaken by GHD on the mine life will validate this.

The project will be designed to allow for expansion in trains of 10,000tpa capacity increments as the resource is further validated. This strategy offers the benefit of accelerating commercial production while allowing flexibility for future increases in capacity.

To expedite the project and reach a final investment decision sooner, the scope of work for the mine planning stage is being revised. This revision will focus solely on essential tasks necessary to initiate the project promptly, including mine scheduling, geotechnical assessment, mining lease determination, and rehabilitation planning.

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



David Paterson
Chief Executive Officer

18 April 2024

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 resource from Yallourn brown coal power generation.

LMG has completed a feasibility study validating its combined hydrometallurgical / thermal reduction process that extracts the metal. The demonstration plant will produce MgO by the middle of April 2024 with the full plant being commissioned in the 3rd quarter of calendar year 2024.

A commercial plant will then be developed, with a capacity of 10,000tpa magnesium, shortly thereafter with completion targeted the 1st quarter of calendar year 2026. The plant will be in the heart of Victoria's coal power generation precinct, providing immediate access to feedstock, infrastructure, and labour.

LMG has sold its 10,000tpa of refined magnesium production under long-term contracts to USA 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 promises to be a low CO₂ emitter. LMG adopts the principles of an industrial ecology system.