LMG AGREES US$2M NON-DILUTIVE FUNDING FROM TIER 1 US DISTRIBUTION PARTNER

31 March 2026, Hazelwood North, Australia: Latrobe Magnesium Limited (**Latrobe**, the **Company** or **LMG**) (ASX: LMG) is pleased to announce a non-dilutive prepayment from Metal Exchange LLC for future shipments of magnesium metal from its Demonstration Plant.

HIGHLIGHTS

- **LMG's contracted U.S. Distribution Partner, Metal Exchange LLC (MX), of St Louis, Missouri, has paid USD$2 million (~AUD$2.82 million @ Fx 1 AUD = 0.71 USD) as a prepayment on future deliveries of magnesium metal from the Company's Stage 1 Demonstration Plant in the Latrobe Valley, Victoria.**
- **The prepayment is non-dilutive and will be recovered by MX through a margin sharing arrangement on magnesium metal sales, up to the prepayment amount.**
- **Funds will be used to support the delivery of LMG's 'Phase 1B' project, which commenced on 23 March 2026, comprising the installation and commissioning of previously purchased equipment to complete the 'pyromet' (metal reduction) component of LMG's Demonstration Plant and produce magnesium metal.**
- **First magnesium metal deliveries in accordance with the LMG-MX offtake agreement are intended to occur during 2H CY2026.**

LMG is pleased to further strengthen its commercial relationship with its U.S. distribution partner, Metal Exchange LLC (MX), with whom the Company has been contractually bound since June 2019. The prepayment reflects MX's role as a long-term supply chain partner and its commitment to developing a more resilient, Western-aligned magnesium market.

Under the existing distribution arrangements, LMG and MX have agreed a structured pricing framework, including a floor price mechanism, providing downside protection and enhanced revenue certainty as the Company enters production. The framework will be adjusted under a revised distribution agreement to recover the prepayment, after which the original pricing terms will be restored. All sales by LMG under the agreement will remain cash positive during the recovery period.

Importantly, 100% of magnesium metal production from both the Stage 1 Demonstration Plant (1,000 tonnes per annum) and the Stage 2 Commercial Plant (10,000 tonnes per annum) have been allocated to the U.S. market. The U.S. currently has no domestic primary magnesium production and remains reliant on imports, with approximately 90% of global supply originating from China and a further ~6% from Russia. This structural supply imbalance underscores the strategic importance of LMG's entry into the market as a reliable, Western-aligned supplier. As previously announced, there is currently no U.S. Customs tariff applicable to magnesium metal produced in Australia, further enhancing the competitiveness of LMG's product into the U.S. market.

LMG's commitment to supporting the U.S. supply chain resilience is reciprocated through strong bilateral support for the Company's broader development strategy, including the previously announced Letter of Interest from the Export-Import Bank of the United States (EXIM) in respect of the Company's Stage 3 project, and support from Export Finance Australia (EFA) in relation to Stage 2 in Victoria's Latrobe Valley.

In addition, LMG and MX continue to engage in positive, non-binding discussions regarding potential future strategic alignment, including the possibility of an equity investment by MX. While these discussions remain preliminary, they reflect a deepening commercial relationship beyond distribution.

LMG Chief Executive Officer, David Paterson, said:

> *"MX's prepayment is a strong endorsement of our strategy and our progress towards first magnesium metal production. It reflects both the strength of our relationship and the growing demand in the United States for reliable, Western-aligned magnesium supply. With a defined pathway to production and 100% of our initial output allocated, LMG is well positioned to play a meaningful role in addressing structural supply gaps in this critical market."*

Metal Exchange LLC (MX), headquartered in St. Louis, Missouri, is a global metals trading and supply chain solutions company specializing in aluminum, magnesium, and other nonferrous materials. Founded in 1974, MX is the flagship company of MX Holdings, a family-owned group of companies spanning trading, manufacturing, and recycling operations. Through its global network, MX provides procurement, logistics, and risk management solutions to industrial customers across North America, Europe, and Asia, supporting reliable and efficient metal supply chains.

Trevor Hansen, President of Metal Exchange LLC, said:

> *"The U.S. magnesium market has long been defined by structural supply constraints and heavy reliance on imports, creating ongoing risk for manufacturers. At the same time, demand continues to grow as industries push for lighter, more efficient materials.*
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> *At Metal Exchange, we work closely with customers across the supply chain and see firsthand the need for reliable, Western-aligned sources of magnesium. Our partnership with Latrobe Magnesium reflects a shared commitment to strengthening supply chain resilience and bringing new production into the U.S. market."*

The Company will continue to provide regular corporate and operational updates to the market as it moves towards first magnesium metal production.

D. Paterson

David Paterson
Chief Executive Officer

31 March 2026

About 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, cementitious material and other products from industrial ash, which is currently a waste resource from brown coal power generation.

LMG has completed the first half of a Demonstration Plant which has now produced sustained magnesium oxide and other saleable by-products, with the full plant expected to be commissioned in 2H CY2026.

A Commercial Plant will also be developed by LMG, with a capacity of 10,000 tonnes per annum of magnesium metal. 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 U.S.-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 carbon emitter.