
LMG BANKABLE STUDY TO USE PROVEN AUTOMATED HORIZONTAL RETORT TECHNOLOGY

28 November 2018, Sydney Australia: Latrobe Magnesium Limited's (ASX:LMG) Board will finalise its bankable feasibility study for its 3,000 tonnes per annum magnesium plant in the Latrobe Valley based upon Yallourn feed stock and an automated horizontal retort smelter.

LMG has been trialling its fast cycle retort (FCR) furnace work for the past two years. Latest test work did not provide results necessary to complete a bankable study using FCR. While the potential benefits of the FCR are substantial, the Board has decided to construct the initial plant using proven smelter automated technology. LMG will continue to investigate the use of the FCR and vertical retorts for future plants.

LMG has conducted its prefeasibility and adjustment studies using automated horizontal retort technology and the results of those studies were positive. With the improvement in the magnesium market and the use of Yallourn fly ash, current revised estimates show that there should be no increase in the estimated capital cost of \$37 million to build and commission the 3,000 tpa plant. EBITDA for the project is estimated to generate up to \$3 million per annum.

LMG plans to complete the Yallourn bankable feasibility study using Yallourn fly ash by June 2019 with a planned commencement of construction on site in the Latrobe Valley in December 2019.



David Paterson
Chief Executive Officer

About Latrobe Magnesium

Latrobe Magnesium is developing a magnesium production plant in Victoria's Latrobe Valley and another plant near Cologne in Germany 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 brown coal power generation.

LMG has completed a preliminary feasibility study validating its combined hydromet / thermal reduction process that extracts the metal. Construction is estimated to start on its initial 3,000 tonne per annum magnesium plant by the end of the fourth quarter of 2019 year with production commencing 12 months later. The plant will then be expanded to 40,000 tonne per annum magnesium 18 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 Australian and overseas 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.