
LMG acquires the remaining 50% interest in its Hydromet Process

04 July 2016, Sydney Australia: Latrobe Magnesium Limited (ASX:LMG) is pleased to announce that it has achieved full control of its Hydromet process.

Under the terms of a share acquisition agreement, LMG owns all of the shares in Ecoengineers Pty Ltd (Ecoengineers) from 1 July 2016.

In return, Dr. Steve Short, who was responsible for developing the hydromet process with LMG, will be issued with 30 million LMG shares. These shares will be escrowed for a period of six months until 31 December 2016. Ecoengineers currently holds a 50% interest in the hydromet process and its worldwide patents.

With the acquisition of Ecoengineers, LMG will own 100% of the hydromet process and its patents. The hydromet process is responsible for removing the silica, char, sodium, sulfur and iron from the brown coal fly ash so that the beneficiated fly ash can be used as a suitable feed stock for LMG's thermal reduction process.

LMG is not obligated to pay royalties to any third parties for the use of its hydromet process and will be in the position to levy royalties on any future projects developed overseas. LMG announced on Wednesday 29 June 2016 the signing of an MoU with RWE Power AG to develop a 30,000 tonne per annum magnesium plant in Cologne, Germany.

Dr. Steve Short has entered into a consultancy agreement so that LMG may retain his services to adapt the current hydromet process to process other brown coal fly ashes both in Victoria and overseas.

CEO David Paterson said, "The acquisition of the remaining 50% with an issue of LMG shares means that the financial interest of both parties are aligned to add value to LMG"

"The acquisition of the hydromet process also adds value to LMG and assists with the raising of funding for its initial plant".



David Paterson
CEO

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 brown coal power generation.

LMG has completed a pre-feasibility and an adjustment study validating its combined hydromet / thermal reduction process that extracts the metal. It is currently completing its feasibility study. Production from its initial 5,000 tonne per annum magnesium plant is due to start at the end of 2017. The plant will be in the heart of Victoria's coal power generation precinct, providing immediate access to feedstock.

LMG plans to sell the refined magnesium under long-term contracts to Australian and overseas users. Currently, Australia imports 100% of the 10,000 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.