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## AusIndustry Provides Positive Advance Finding For LMG's R&D Activities For The Next Three Years

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**9 August 2016 Sydney**, Latrobe Magnesium Limited (ASX:LMG) has received a certificate for Advance Finding under Section 28A of the Industry Research and Development Act 1986 (Act). Under the Act, LMG has been registered for three years (2016, 2017 and 2018) and it is entitled to receive a cash rebate for 45% of all eligible expenditure on 11 activities that have been registered.

The finding meets a large part of the cost of establishing and operating LMG's experimental plant at Morwell to extract valuable magnesium metal and cementitious material from fly ash.

Industrial fly ash in the Latrobe Valley is currently a waste stream from brown coal power generation.

The eleven registered activities encompass the test work currently being conducted, the capital costs of its experimental plant and the costs of operating the plant for 12 months to test its feasibility. In its application LMG estimated the costs to be:

	\$M's
• Continual test costs	2
• Capital Costs of experimental plant	40
• 12 months operating costs	4
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• Total Costs	46
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Based on these costs the total cash rebate to be received from the Federal Government over the three years would be in the order of \$20.7M. The Finding will also cover any increased costs. LMG recently announced that based upon Stage 2 of its feasibility study, its capital costs estimates had increased to be in the range between \$46M and \$51M. The final rebate will be based upon the actual costs incurred by LMG on these eleven activities and will incorporate any increases or decreases.

David Paterson stated that: "This registration allows LMG to raise a significant amount of its funding required to build and operate its initial plant in the Latrobe Valley."

LMG is in discussions with the Victorian Government for the provision of up to \$10M grant assistance for the establishment of the initial plant and the employment of labour within the Latrobe Valley.



David Paterson  
Chief Executive Officer

## **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. Production from its initial 5,000 tonne per annum magnesium plant is due to start at the end of 2017. 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 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 CO<sub>2</sub> emitter. LMG adopts the principles of an industrial ecology system.