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## LMG MoU with RWE Power for a German magnesium plant

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**29 June 2016, Sydney Australia:** Latrobe Magnesium Limited (ASX:LMG) has signed a MoU with RWE Power AG to continue to develop a magnesium plant capable of producing approximately 30,000 tonnes per annum of magnesium from brown coal fly ash from its Hambach mine near Cologne, Germany.

The project involves four stages of development, being:

- Conduct process test work on the RWE fly ash
- Completion of a feasibility study
- Completion of engineering, procurement and permitting
- Construction and commissioning

In August 2013, LMG conducted successful test work on the German RWE power plant fly ash. As a result of this test work the Company proceeded to a concept study, the results of which were announced in March 2014. Both companies are now moving to develop the project further and have agreed to carry out the work detailed above. Each stage is conditional on the successful completion of the preceding stage.

Europe imports in excess of 150,000 tonnes of magnesium per annum. There is currently no producer in Europe and magnesium metal has been listed as the fourth most critical raw material in the EU list of 14 metals.

RWE Power AG and LMG have identified the brown coal fly ash from RWE's Hambach mine as being the most suitable to commercially extract magnesium. RWE Power mines produce approximately 100 million wet tonnes of brown coal per annum (from which approximately 35 to 40 million tonnes per annum are produced from its Hambach mine) compared to 65 million tonnes per annum in the three Latrobe Valley mines.

RWE Power AG is part of the RWE Generation SE. Since 1 January 2013, all generation in the RWE Group has been steered by RWE Generation SE, enabling the pooling of the generation and engineering expertise of RWE Power in Germany, RWE Essent in the Netherlands, and RWE Generation UK in the UK. RWE has some 14,000 employees in its generation business and more than 40 GW of power generation capacity.

CEO David Paterson said, "This project provides LMG with another growth path: in addition to the project situated in the Latrobe Valley, a significant magnesium development project in environmentally-conscious Germany will increase international acceptance of the LMG patented hydromet process for brown coal fly ash.



**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 from industrial fly ash, which is currently a waste stream from brown coal power generation.

LMG recently completed a pre-feasibility study validating its combined hydromet / thermal reduction process that extracts the metal. Production from the initial 5,000 tonnes per annum magnesium plant is due to start late 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 American users. Currently, Australia imports 100% of the 9,000 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 as a low CO<sub>2</sub> emitter.