
LMG EXECUTES AMERICAN DISTRIBUTION AGREEMENT FOR SALE OF LATROBE VALLEY MAGNESIUM

31 May 2017, Sydney Australia: Latrobe Magnesium Limited (ASX:LMG) signed an exclusive distribution agreement to sell its magnesium into North, Central and South America and the Caribbean markets. The deal will deliver excellent prices to LMG due to a US anti-dumping duty payable on magnesium imports from China.

The distributor is Metal Exchange Corporation (MEC), headquartered in St Louis, Missouri. Founded in 1974, MEC has grown from a regional aluminium scrap company to a global trader with offices in Switzerland and China. MEC has six manufacturing plants in the US employing over 700 people and supplies aluminium and magnesium ingots under short and long term agreements.

North and Central America uses 160,000 tonnes of magnesium per annum and this is projected to increase with greater use of magnesium by the motor vehicle industry. There is only one magnesium producer in North and Central America, with most magnesium imported from China.

The US anti-dumping duty payable on imported China magnesium means that the magnesium price in the US is currently in the order of US\$1.50 per lb or US\$3,308 per tonne, whereas the FOB China magnesium price is currently US\$2,185 per tonne.

Under the US-Australia fair trade agreement, magnesium produced in Australia is exempt from this import duty. LMG proposes to sell more than 50% of its production into the US market at this higher price.



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. It will complete its feasibility study in September 2017. Production from its initial 3,000 tonne per annum magnesium plant is due to start in September 2018. 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 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.