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## LATROBE MAGNESIUM SECURES 10 YEAR ASH SUPPLY AGREEMENT

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**24 October 2019, Sydney Australia:** Latrobe Magnesium Limited (ASX:LMG) has signed an agreement with EnergyAustralia Yallourn Pty Ltd (Yallourn) to secure ash supply to LMG's initial 3,000 tonnes per annum magnesium plant for the next ten years.

The agreement requires certain approvals and conditions to be satisfied. It also deals with the principal issues in relation to Yallourn increasing its supply of ash to LMG's 40,000 tpa planned expanded magnesium plant. There are a number of conditions that need to be addressed before this expansion can occur.

The ash supplied to LMG's initial plant represents some 12% of Yallourn's current annual production.

LMG has identified other sources of feed stock for its 40,000 tpa plant should the power station be closed earlier for any reason.

As per LMG's announcements on 2 and 23 September 2019, the 3,000 tpa magnesium plant is estimated to generate EBITDA of up to \$5.6 million per annum when it is operating at its name plate capacity. The initial plant is estimated to employ up to 54 on-going direct employees and contractors and 50 to 75 construction jobs.

The feasibility study estimates the capital cost to be in the order of \$54 million. This estimate includes design growth and contingencies of \$6 million. LMG has estimated that it will require a further \$2 million for working capital. The total funding required will therefore be \$56 million.

Long lead time items and the major construction will commence after the funding is completed and a final investment decision is made in February 2020.

At the beginning of December, LMG will organise a community briefing to outline the project to all stakeholders in the Latrobe Valley so that they have the opportunity to be fully informed and understand the benefits of the project.



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

LMG has completed a feasibility study validating its combined hydromet / thermal reduction process that extracts the metal. Production from its initial 3,000 tonne per annum magnesium plant is due to start in 2021. 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 CO<sub>2</sub> emitter.