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

30 July 2020 Sydney, Latrobe Magnesium Limited (ASX:LMG) has received a new Advance Finding under Section 28A of the Industry Research and Development Act 1986 (Act) for its initial plant using its new acid hydromet process. Its previous advance finding covered its alkali process and had expired.

Under the Act, LMG has been registered for three years (2020, 2021 and 2022) and it is entitled to receive a cash rebate for 43.5% of all eligible expenditure on 7 activities that have been registered.

The finding means a substantial amount of the cost of establishing and operating LMG's experimental plant at Morwell to extract valuable magnesium metal and cementitious material from Yallourn landfill ash.

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

The seven registered activities encompass the test work currently being conducted, the capital costs of its experimental plant and the costs of operating the plant for 18 months to test its feasibility. In its application LMG estimated the costs to be in the order of \$54 million:

Based on these costs the total cash rebate to be received from the Federal Government over the next three years would be in the order of \$23 million. The final rebate will be based upon the actual costs incurred by LMG on these seven 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."



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 the Yallourn brown coal power generation.

LMG has completed a feasibility study validating its combined hydromet / thermal reduction process that extracts the metal. Construction is estimated to start on its initial 3,000 tonne per annum magnesium plant in August 2020 with production commencing up to 18 months later. The plant will then be expanded to 40,000 tonne per annum magnesium 12 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, USA and Japanese customers. 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. LMG adopts the principles of an industrial ecology system.