
LMG SECURES \$2.7 MILLION PROJECT FUNDING FACILITY

16 October 2019, Sydney Australia: Latrobe Magnesium Limited (ASX:LMG) has secured project funding of \$2.7 million from Australian-based finance company RnD Funding Pty Ltd, repayable in October 2020.

This funding allows LMG to carry out additional engineering studies and optimisation of its 3,000 tpa plant and provide additional working capital, prior to its construction early next year. The funding will also be used to refinance its existing \$1.5 million project finance facility.

A term of this facility is that LMG will issue 1.33 warrants for every dollar drawn under this facility. The warrants have an exercise price of 3 cents and are exercisable for a period up to 3 years post the drawdown dates.

The interest rate payable on the facility is capitalised at the rate of 15% per annum.

This project funding will release some \$850,000 of new funds. If required, LMG intends to also secure a Research and Development funding facility in the order of \$500,000 in the next three months. LMG has received interest from its traditional R&D lender to provide this facility. The total new finance available to the Company will therefore be in the order of \$1.35 million.



David Paterson
Chief Executive Officer

About Latrobe Magnesium

Latrobe Magnesium is developing a magnesium production plant in Victoria's Latrobe Valley and another plant near Cologne in Germany 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 preliminary 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 the first quarter of 2020 year with production commencing 12 months later. 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 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.