

## QUARTERLY ACTIVITIES REPORT

31 March 2020

---

### LATROBE MAGNESIUM PROJECT

---

#### **1. Feasibility Study**

In September 2019, LMG announced that its 3,000 tpa magnesium plant was 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.

The Company has been doing a considerable amount of flowsheet modelling of an optimisation of the plant included in the feasibility study. It will announce these improvements and upgrade to the feasibility study by the end of April 2020.

#### **2. Community Briefings**

In December 2019, LMG organised a community briefing to outline the project to all stakeholders in the Latrobe Valley so that they had the opportunity to be fully informed and understand the benefits of the project. The briefing was well attended and the presentation was well received by the participants.

LMG intends to provide the results of the GHD reports being the emissions, noise and traffic reports upon their completion.

#### **3. Project Funding**

LMG will be making its final investment decision by the end of June 2020 once, it has:

- obtained the necessary development approval from the Latrobe City Council and the Environment Protection Agency for its Tramway Road site; and
- secured its project finance and equity funding.

The approval application was lodged with the Council one month ago and it is expected to be approved within the next month. The EPA research, development and demonstration application will then be lodged with the EPA and it should take a month for its approval.

#### **4. Company Funding**

In February LMG secured a Research and Development funding facility in the amount of \$440,000.



David Paterson  
Chief Executive Officer

22 April 2020

#### **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 Yallourn 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. Construction is estimated to start on its initial 3,000 tonne per annum magnesium plant in the second quarter of this year with production commencing 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 USA and Japanese customers.

Magnesium has the best strength-to-weight ratio of all common structural metals and is increasingly used in the manufacture of aluminium sheet in cars, 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. LMG adopts the principles of an industrial ecology system.