

---

## LATROBE MAGNESIUM RECEIVES \$560K R&D TAX INCENTIVE FUNDING

---

**18 October 2016, Sydney Australia:** Latrobe Magnesium Limited (ASX:LMG) has received an Australian R&D tax incentive of \$560,453 following its FY2016 tax return.

In October 2015, the company borrowed some \$600,000 from Platinum Road lenders against this amount. However, the conversion announced on 17 October 2016 represented the conversion of the balance of the debt outstanding.

This funding from the R&D tax incentive rebate will be used by LMG to complete its feasibility study for its initial 5,000 tonnes per annum magnesium plant, its vertical retort, hydromet, cement test work and also its RWE Power fly ash test work.

The feasibility study is progressing well and is expected to be completed at the end of this month.

“Latrobe Magnesium benefits from the government’s financial support in developing its novel hydromet process to convert spent brown coal fly ash from power companies and turn it into valuable commodities,” said David Paterson, CEO of Latrobe Magnesium.

The 2016 year represents the first year of LMG’s three year advanced finding that covers the current experimental work, the capital costs of its initial plant and also its first twelve months of operations. Based upon a \$40M capital cost the advanced finding indicated a total estimated R&D tax incentive rebate in the order of \$20M over the period.



**David Paterson**  
CEO

### 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. Production from its initial 5,000 tonne per annum magnesium plant is due to start at the end of 2017. 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.

LMG plans to sell the refined magnesium under long-term contracts to Australian and overseas users. Currently, Australia imports 100% of the 10,000 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. LMG adopts the principles of an industrial ecology system.