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## QUARTERLY ACTIVITIES REPORT

### 30 June 2025

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#### Highlights:

- \* The Environment Protection Authority (EPA) Victoria has amended LMG's Pilot Project Licence (PPL000233697), now valid through to 2 February 2027.
- \* Demonstration Plant operations are scheduled to commence on 4 August, with steady-state production targeted within the same month.
- \* The Company is finalising the sale of surplus land at its Tramway Road site, expected to generate up to \$5M, with completion targeted by year-end.
- \* Construction and commissioning of Phase 1B of the Demonstration Plant, focused on magnesium metal production, is scheduled to begin in the first quarter of 2026, subject to funding approvals.
- \* LMG is pursuing a \$19.39M counterclaim against Mincore for breach of contract and negligence, with court-ordered mediation to be completed in Q3 2025.

## **1. Stage 1 Demonstration Plant**

### **1.1 Operations**

On 28 July 2025, Latrobe Magnesium Limited (ASX:LMG) was advised that the Environment Protection Authority (EPA) Victoria had amended its existing Pilot Project Licence (PPL000233697), which governs operations at the Hazelwood North site. The revised licence is valid until 2 February 2027.

The planned operations will enable LMG to demonstrate steady-state production of magnesium oxide (MgO) and associated byproducts—char, silica, agricultural lime, and iron oxide—produced from beneficiated coal ash. This is a critical step in validating the Company's patented proprietary magnesium metal production process.

Operational staff are scheduled to commence on 4 August, with first production material output to follow after an initial period of training and familiarisation.

The availability of MgO and byproducts at commercial scale will support ongoing longstanding commercial-in-confidence discussions with several parties interested in production trials, with the aim of securing long-term offtake agreements.

## **2. Stage 2, 10,000tpa Commercial Plant**

### **2.1 Feasibility Study**

The scope and cost proposal for the Stage 2 Feasibility Study (FS), 10,000tpa Commercial Plant, developed in collaboration with Bechtel Australia Pty Ltd (Bechtel), is complete. The FS balances early-stage planning with cost-efficiency and aligns with Societe Generale's due diligence requirements, supporting a streamlined pathway to Final Investment Decision.

Alternative site options have been identified and remain under evaluation. These locations are currently confidential, with updates to follow pending stakeholder consultation.

### **3. Stage 3, 100,000tpa International Plant**

In March 2025, the Sarawak Power Planning and Coordination Committee (PPCC) approved LMG's request for a 250MW hydropower allocation for its Stage 3, 100,000tpa International Plant. The allocation is subject to a Power Purchase Agreement (PPA) with Sarawak Energy and the resolution of any other matters raised by the Sarawak Government.

As noted in the last Quarterly Report, LMG's environmental consultant Chemsain Konsultant Sdn Bhd submitted a scope for the Environmental Management Plan (EMP) related to initial site clearing. This scope has since been approved by the Department of Environment (DOE).

The only remaining matter involves the characterisation of FeNi slag as hazardous waste. LMG is addressing this issue in consultation with the New Caledonian Government, as advised by the DOE.

### **4. Mincore Legal Proceedings Update**

As previously disclosed, LMG lodged a \$19.39M counterclaim against Mincore Pty Ltd in the Supreme Court of Victoria on 15 January 2025 for breach of contract and negligence in the performance of services. Mincore's initial claim of \$1.37M is being contested and may be reduced to \$914,390.

Proceedings have advanced through the pleadings phase. Mincore's insurers have assumed conduct of the matter, and the Court has granted Mincore an extension to respond to LMG's claim.

Court-ordered mediation is scheduled for completion in Q3 2025.

### **5. Funding**

In April 2025, LMG secured commitments of \$2.75M via an institutional placement, in addition to a fully underwritten Share Purchase Plan (SPP) targeting \$0.75M, for a total capital raise of \$3.5M. The placement was strongly supported by LMG's Directors, who subscribed for \$550,000. The SPP closed slightly oversubscribed on 2 May.

LMG also lodged its 'Whitepaper' to the US Department of Defense under the auspices of the Title III Defense Production Act. Magnesium is considered a critical mineral in the United States, and no current domestic production exists. The proposal—well received—highlights that Bechtel, a US-based Washington firm, would lead engineering efforts, and that all magnesium produced will be exported to US customers, including the Pentagon. The funding will enable LMG to complete magnesium production at the Demonstration Plant, fund ramp-up costs, and progress feasibility studies for the Stage 2, 10,000tpa Commercial Plant. The outcome of its application is expected in Q3 2025.

LMG has also been accepted into the Commonwealth Government's Industry Growth Program. Under phase 1, a Commonwealth-appointed business advisor has completed their assessment of the LMG project and submitted it, paving the way for a Phase 2 funding application of up to \$5 million and/or 50% of eligible expenditure.

Additionally, LMG has engaged Jones Lang LaSalle (JLL) to manage the sale of approximately 4.3 hectares of surplus land at the Tramway Road site. The sale of the land can occur in two parts, if required, and is expected to generate up to \$5M. An expression of interest campaign concluded on 7 July. A conditional offer at market price was received but subsequently declined. JLL is now pursuing private sale options and is in discussions with nine (9) interested parties, one of whom is seeking to acquire the entire parcel. Further updates will be provided as negotiations progress.

## **6. Cash at Bank**

As at 30 June 2025, LMG had some \$2.4M in its Bank.

## **7. Listing Rule 5.3.5**

In accordance with ASX Listing Rule 5.3.5, LMG advises that during the quarter, payments of \$27,375 were made to Directors or their associated entities for Director fees, as disclosed in Appendix 5B.

Should you have any queries regarding this announcement, please contact David Paterson on his mobile +61 421 234 688.

**David Paterson**

**Chief Executive Officer**

30 July 2025

### **About Latrobe Magnesium**

Latrobe Magnesium (LMG) is developing a magnesium metal Demonstration 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 resource from brown coal power generation.

LMG has completed a feasibility study validating its combined hydrometallurgical / thermal reduction process that extracts the metal. The Demonstration Plant has now produced magnesium oxide with the full plant expected to be commissioned in the first quarter of 2026.

A Commercial Plant will also be developed by LMG, with a capacity of 10,000 tonne per annum of magnesium metal, with completion targeted for the end of the calendar year 2027. The plant will be in the heart of Victoria's coal power generation precinct, providing access to feedstock, infrastructure, and labour.

LMG will sell the 10,000 tonne per annum of refined magnesium metal under long-term contracts to LMG's US-based distributors.

LMG is also developing an International 'Mega' Plant in the state of Sarawak, Malaysia, which will produce 100,000 tonnes per annum of magnesium metal via its wholly owned subsidiary company Latrobe Magnesium Sarawak Sdn Bhd. LMG has completed the first phase (PFS-A) of a pre-feasibility study using Ferronickel Slag feedstock.

Magnesium has the best strength-to-weight ratio of all common structural metals and is increasingly used in the automotive, aerospace, medical and electronics industries.

LMG's projects are at the forefront of ESG best-practice by recycling power plant waste tailings, avoiding landfill, encouraging a circular economy, and by being a low CO<sub>2</sub> emitter.

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Latrobe Magnesium Limited

ABN

55 009 173 611

Quarter ended ("current quarter")

30 June 2025

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	(6)	(20)
	(b) development		
	(c) production		
	(d) staff costs	(549)	(2,287)
	(e) administration and corporate costs	(1,376)	(3,116)
1.3	Dividends received (see note 3)		
1.4	Interest received	5	11
1.5	Interest and other costs of finance paid	0	0
1.6	Income taxes paid	0	0
1.7	Government grants and tax incentives	0	13,509
1.8	Other (provide details if material)	0	0
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(1,926)</b>	<b>8,097</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	0	0
	(b) tenements	0	0
	(c) property, plant and equipment	(1,121)	(6,036)
	(d) exploration & evaluation	0	0
	(e) Investment	(75)	(75)
	(f) other non-current assets (patents)	0	(17)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	0	0
	(b) tenements	0	0
	(c) property, plant and equipment	0	0
	(d) investments	0	0
	(e) other non-current assets	0	16
2.3	Cash flows from loans to other entities	0	0
2.4	Dividends received (see note 3)	0	0
2.5	Other	0	0
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(1,196)</b>	<b>(6,112)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,806	8,003
3.2	Proceeds from issue of convertible debt securities	0	0
3.3	Proceeds from exercise of options	0	0
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(65)	(212)
3.5	Proceeds from borrowings	2,300	5,300
3.6	Repayment of borrowings	0	(13,245)
3.7	Transaction costs related to loans and borrowings	(8)	(8)
3.8	Dividends paid	0	
3.9	Other (payment of lease liabilities)	(200)	36
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>4,833</b>	<b>(126)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	714	565
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,926)	8,097
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,196)	(6,112)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,832	(126)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	2,424	2,424

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,401	97
5.2	Call deposits	23	617
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	2,424	714

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1 Payments for directors' services	27
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	28,000	27,300
7.2	Credit standby arrangements	-	-
7.3	Other	-	-
7.4	<b>Total financing facilities</b>	28,000	27,300
7.5	<b>Unused financing facilities available at quarter end</b>		700

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	
	Facility	\$28,000,000 – Secured, \$25M drawn to date has been fully repaid as at 31/3/25
	Lender	RnD Funding Pty Ltd
	Interest Rate	12% pa. to 31 October 2023, and 18% pa. from 1 November 2023 to 31 December 2024 and 24% pa. thereafter to maturity date
	Maturity Date	31 December 2027
<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (Item 1.9)	1,926
8.2	Capitalised exploration & evaluation (Item 2.1(d))	0
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	1,926
8.4	Cash and cash equivalents at quarter end (Item 4.6)	2,424
8.5	Unused finance facilities available at quarter end (Item 7.5)	700
8.6	Total available funding (Item 8.4 + Item 8.5)	3,124
8.7	<b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	1.62

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

No. We had high outgoings last quarter due to timing of an equity raise, which was only completed in early April and was used to pay outstanding creditors.

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

We are taking steps to raise further funding through government grants, both domestically and internationally

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Yes based on current operations and future funding

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

30 July 2025

Date: .....

Audit and Risk Committee

Authorised by: .....  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.