OPERATIONAL UPDATE – DEMONSTRATION PLANT RESTART AND PATH TO STEADY-STATE MGO PRODUCTION

11 December 2025, Hazelwood North, Australia: Latrobe Magnesium Limited (ASX: LMG) provides the following update on operations at its Stage 1 Demonstration Plant in Hazelwood North, Victoria.

Following the recent temporary pause in operations, the Company has completed its investigation into the coating delamination identified on the Spray Roaster gas transport fan. The root cause was established as a manufacturing-related coating adhesion defect, which led to failure of balance bolts within the fan assembly. Importantly, the issue was not related to process chemistry or site operating conditions and was an unfortunate and premature failure of an isolated mechanical component.

Given the fan was sourced from a leading international supplier, the Company engaged all relevant technical stakeholders to ensure any improvements and modifications were fully informed by the expertise behind the original design intent.

Since the defect was identified, the Company has coordinated a comprehensive response involving the equipment supplier, their sub-supplier; the international fan manufacturer, the authorised Australian applicator of the specialist coating (Halar) and a preeminent local engineering firm specialising in dynamic balancing. All parties reached agreement on the fault diagnosis, corrective actions and the improvements to the fan's balance bolt design for both the Demonstration Plant and future projects. **These enhancements will support long-term reliability as the plant recommences operations.**

Reassembly of the Spray Roaster fan is now complete, with mechanical impellor repairs, balance redesign, recoating, verification and dynamic balancing having all been successfully completed in recent weeks. Following reinstallation of the fan, the fan has been tested and successfully operated at full speed, with minimal vibration. **Subject to routine operational checks, Demonstration Plant operations have recommenced today, with MgO production expected to return to continuous and stable operation immediately thereafter.**

During the maintenance pause, the operations team implemented several process and reliability improvements of the process plant including installation of new process piping, refinement of process control logic and enhancements to maintenance practice, that were identified during early ramp-up. The Company has continued to strengthen its spares strategy and will also make a considerable investment in a full rotable spare of the gas fan, which would limit any future maintenance downtime to less than a day, rather than weeks.

With repairs finalised and process refinements in place, the Demonstration Plant is well positioned to progress toward steady-state operation. The company intends to continue MgO production throughout January 2026 to build sufficient inventory for analytical testing and initial sales, supporting quality assurance for future shipments.

The company has also commenced discussions with technology partners regarding alternate gas fan materials of construction for Stage 2, that would not require specialised coatings, thereby reducing maintenance complexity. It is important to note that the design philosophy for Stage 2 shall be fundamentally different than for the Demonstration Plant, where uptime, product yield and operational efficiency will be of paramount importance as compared to a Demonstration Plant, which focuses on technology validation and capital efficiency.

While the recent defect was unfortunate, the lessons learned have materially strengthened the Company's technical design approach, spare-parts strategy, and maintenance planning for future phases.

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Impellor pre & post coating, dynamic balancing and completed gas transport fan assembly ready for installation and commissioning.

The Company has also developed a strategy to ensure the retention of key personnel across upcoming project phases, which will be outlined formally once Phase 1B (i.e. Mg metal production) installation and commissioning activities commence.

LMG remains focused on delivering reliable, consistent MgO production while advancing its broader development pathway toward magnesium metal production and the Stage 2 Commercial Plant.

David Paterson
Chief Executive Officer

11 December 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 being commissioned in the second 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 first quarter of calendar year 2028. 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 distributor.

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_2 emitter.