
PROJECT UPDATE

DEMONSTRATION PLANT – PHASE 1B

28 July 2026, Victoria, Australia: Latrobe Magnesium Limited (ASX: LMG) provides the following update on continued progress of its Phase 1B installation and commissioning activities at its Stage 1 Demonstration Plant.

Highlights:

- * **Successful prototype furnace test completed, with roller retort supporting pier design validated at Reduction Furnace operating temperature of 1,180°C with no evidence of refractory cracking or movement, representing a significant technical milestone and resolution of a key known project risk.**
- * **Briquetting installation substantially complete, with ducting for dust collectors installed, reagent and utility piping completed, and Briquetting system programming advancing with Site Acceptance Testing (SAT) commissioning targeted this week.**
- * **Reduction Furnace area milestones continue with air aspiration piping installation and vacuum piping fabrication progressing concurrently and nearing completion.**
- * **Electrical installation advancing toward commissioning readiness, with Briquetting terminations complete and pre-testing energisation started. Racking and cable supply installation for the Baler nearing completion, with terminations progressing.**
- * **Health, Safety & Environment (HSE) performance remains strong, with weekly HSE compliance averaging above 97% and zero reportable incidents recorded to date.**
- * **Overall construction 50% complete, with the project continuing to advance toward commissioning and first magnesium metal production in the second half of the calendar year.**

1. Health, Safety & Environment (HSE)

Safety performance throughout Phase 1B installation and commissioning activities has continued to be maintained to an extremely high standard. Weekly HSE compliance rates have tracked consistently above 97% across the last month, with zero reportable incidents recorded to date, representing a strong safety outcome.

2. Engineering and Procurement

Procurement activity has remained active across the last month, with site procurement completed progressively to support the advancing installation works. Materials procured over the period include consumables and minor supplies to support installation works, with all major procurement items already delivered to site.

The Briquetting system programming by Rockwell Automation is well advanced, with hardware received on site. Supervisory Control and Data Acquisition (SCADA) screens have been reviewed and completed, and equipment functionality confirmed. Site Acceptance Testing (SAT) commissioning of the Briquetting system programming is scheduled this week.

The remaining Reduction Furnace works continue to progress with air aspiration piping fabrication completed and delivered to site. Exhaust stack fabrication has progressed with completion expected in the coming weeks, early August. The remainder of the contracted works are progressing through final approvals with fabrication of final gas piping and ducting due to begin shortly.

A key technical milestone was achieved during the last month with the successful completion of the second prototype furnace test. The prototype furnace was heated to the operating temperature of 1,180°C, with both the heat-up phase and temperature hold completed without issue. Thermal expansion at the loading end of each retort was measured within the expected design range.

Following completion of the heat cycle, the furnace was cooled down and both end walls removed to allow a detailed joint inspection by the teams. The retort supporting pier design was assessed as successful. No evidence of refractory brick cracking or movement was identified following close inspection. It was agreed that the design will be subject to minor refinements to provide additional robustness to the supports and rails during normal operation; however, these modifications do not require further prototype testing.

Dismantling of the prototype equipment for return to site has commenced. The necessary documentation to proceed with fabrication of the modified retort supporting pier assemblies for all furnace modules is being prepared, with mobilisation of specialist trades to site to complete installation to follow at the appropriate time.

The successful validation of the retort supporting pier design represents the resolution of a key technical risk for the Reduction Furnace, and a significant milestone for the Phase 1B project schedule. The Reduction Furnace nonetheless remains on the critical path for the overall project schedule and is being actively managed to ensure it remains on track.



Prototype furnace test and successful validation of retort pier design at 1,180 degrees Celsius

3. Site Execution

Civil Works

Final grouting of Briquetting Ball Mill and Briquette Machine has commenced this week, allowing adequate curing time prior to starting staged commissioning of those systems.

Structural, Mechanical & Piping (SMP) Installation

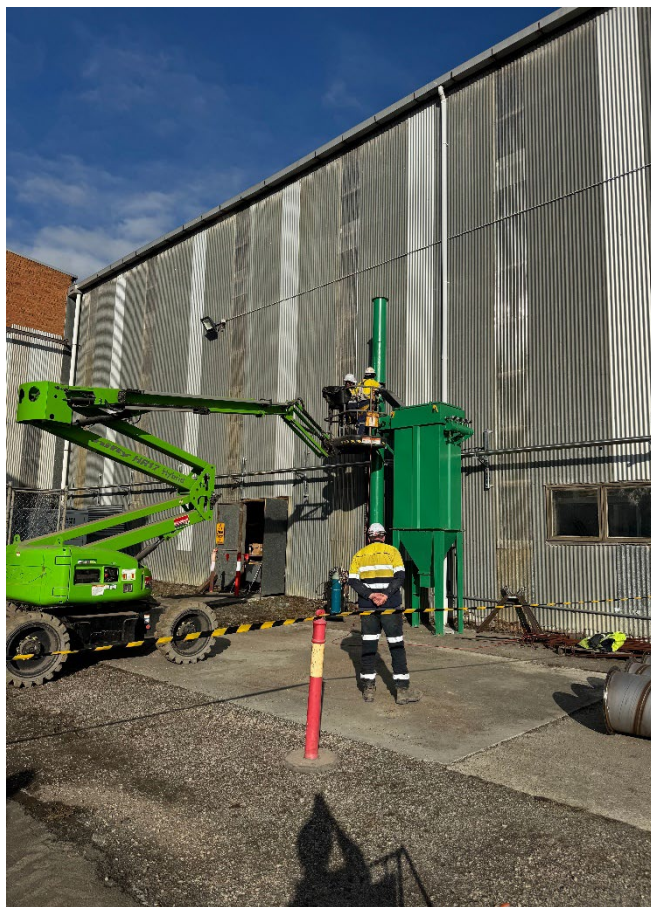
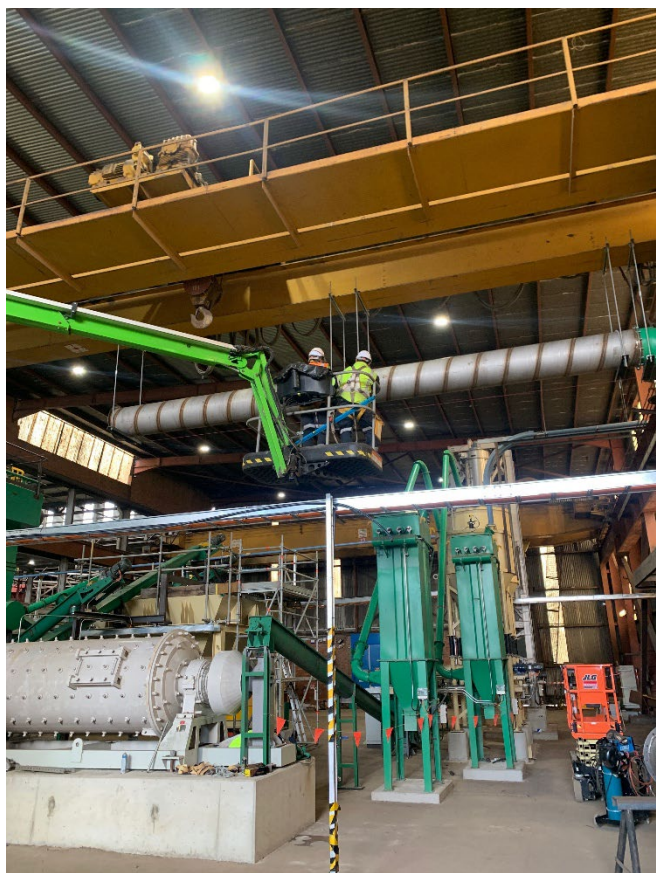
SMP installation has continued to advance substantially across both the Briquetting and Reduction Furnace work areas since the previous update, with the following key milestones achieved or progressing:

- Briquetting equipment installation is complete with the remaining ducting installed for area dust collectors.
- Quicklime and Magnesium Oxide (MgO) piping and associated supports installation are complete.
- Argon supply system tubing installation is complete, awaiting final tie-ins to the retorts.
- Instrument air tubing installation for the Supplementary Cementitious Material (SCM) screw conveyor is complete, awaiting final manifold connection.
- Utility piping installation has been installed to equipment, awaiting final tie-ins. Hydrotest of piping scheduled in the next few weeks to confirm welding compliance prior to commissioning.
- Vacuum piping fabrication has advanced with six of the seven manifolds complete. A pressure test will be completed following the completion of fabrication.
- Furnace exhaust stack support is ready for installation, with a slew crane planned for early August coinciding with other major lifts of the dust collector on top of the SCM Silo and Briquetting stacks.
- Reduction Furnace air aspiration piping installation is scheduled to commence this week following receipt on site, followed by the combustion pipework.
- Reduction Furnace automatic shuttles installation will progress once the Reduction Furnace installation is sufficiently advanced.
- Crown Handling Baler and associated equipment has been mechanically installed in place.

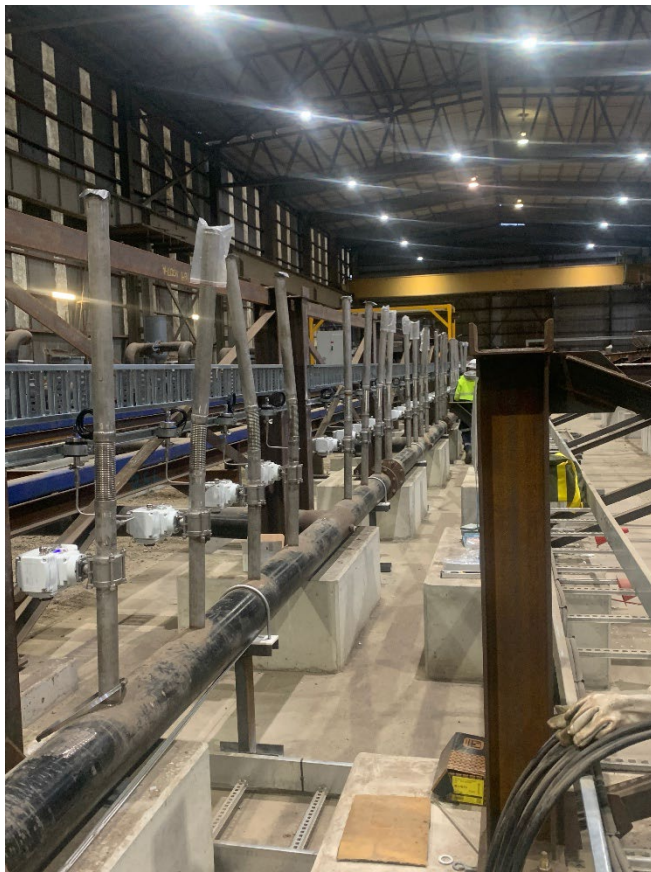
Fire protection installation scope has commenced on site with the installation of new fire hydrants, quad booster system, and hose reels around the Demonstration Plant, in compliance with Fire Rescue Victoria.



Fire protection installation progress with new fire service piping and hose reels installed



Ducting and reagent piping and Reduction Furnace vacuum Special Piping item installation progress



Vacuum piping manifold fabrication and piping installation, along with Baler installation progress

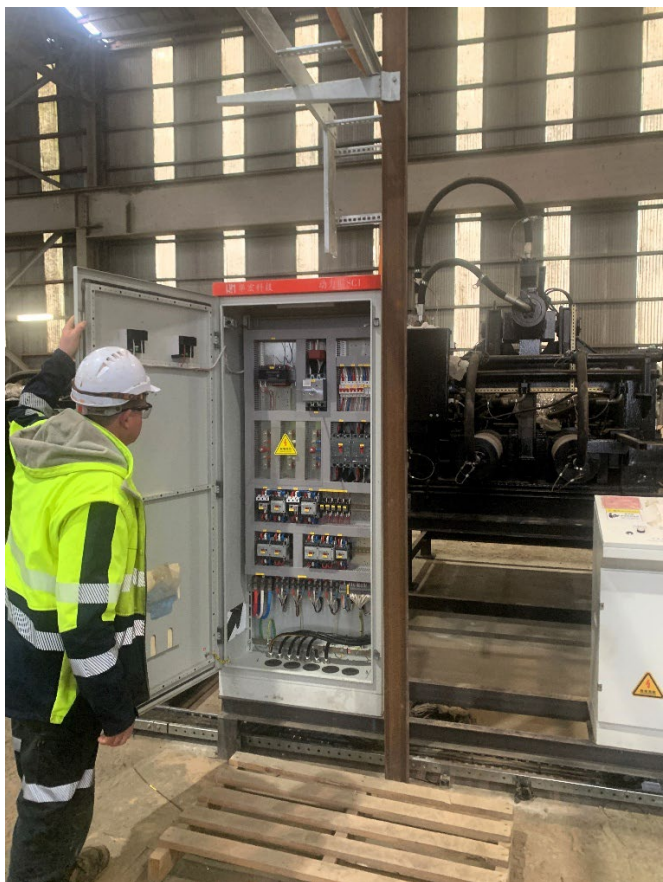
Electrical & Instrumentation (E&I) Installation

Electrical and instrumentation installation has continued to advance in parallel with SMP works across the Briquetting and Reduction Furnace areas:

- Briquetting electrical terminations are complete, with initial pre-testing energisation activities commencing. Successfully tested all screw conveyors, quicklime and dust collector motors, hydraulic press on Briquette Machine. Remaining weigh screw feeders and Ball Mill to be tested in the coming days.
- Wiring modifications within substation MCC-201 to accommodate the Briquetting system design modifications are ~90% complete and expected to be finalised imminently.
- Supply cables for Quicklime have been installed.
- Reagent bag breaker redesign workflow has been approved, with reprogramming modifications progressing over the coming weeks.
- Cabling racking and supply cable installation to the Baler, including cable installation provision for the Refinery area are nearing completion, with glanding and terminations progressing.



Briquetting terminations complete and initial pre-testing of electrical equipment



Briquetting substation wiring modifications, electrical and instrumentation cable installations for Briquetting, Baler, and Refinery installed

The current Phase 1B cost commitment reflects the continued and sustained ramp-up in installation activity across site since the project's commencement late March 2026. Commitments are steadily increasing progressively as procurement and subcontract agreements are executed in line with the advancing scope.

Personnel resourcing continues to be actively managed to align with evolving work fronts across the site.

Construction is currently 50% complete as at 28 July 2026, with installation works continuing to advance toward completion before progressing into LMG's five-stage commissioning process.

First magnesium metal production from the Demonstration Plant remains targeted for the second half of calendar year 2026, consistent with the previously stated guidance.

A further project update will be provided as commissioning activities advance toward readiness for first metal production.



David Paterson
Chief Executive Officer

28 July 2026

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, cementitious material, and other products from industrial ash, which is currently a waste resource from brown coal power generation.

LMG has completed the first half of a Demonstration Plant which has now produced sustained magnesium oxide and other saleable by-products, with the full plant expected to be commissioned in the second half of 2026.

A Commercial Plant will also be developed by LMG, with a capacity of 10,000 tonne per annum of magnesium metal. 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 U.S.-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 CO₂ emitter.