# 2026 Annual Report

**Latrobe Magnesium Limited and its Controlled Entities**
ABN 52 009 173 611

# INDEX

# COMPANY DIRECTORY

**Directors**
Jock Murray, Chairman
David Paterson, Managing Director
Philip Bruce
John Lee

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Telephone: (03) 5101 0240

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**Chief Executive Officer**
David Paterson
Rob Stein CEO designate from 1 Oct 2026

**Secretary**
John Lee

**Bankers**
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333 George Street
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**Solicitors**
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20 Bridge Street
Sydney NSW 2000

ASX CODE: LMG

# REVIEW OF OPERATIONS

## LATROBE MAGNESIUM PROJECT

### Overview

The 2026 financial year was the year in which the Latrobe Magnesium Project moved from construction into operation of its hydromet process at its Demonstration Plant at Hazelwood North, Victoria. It commenced two-week operations and produced magnesium oxide (MgO) from brown coal ash at commercial specification and then commenced the installation of the magnesium metal circuit.

During the year, the Group made significant progress with its Latrobe Magnesium Project in the following areas:

- The Environment Protection Authority (EPA) Victoria reissued the Company's Pilot Project Licence (PPL000233697) in August 2025, confirming compliance and operational readiness for the Demonstration Plant.
- Operating at the Demonstration Plant commenced in early September 2025 following operator training, system validation and operational safety readiness reviews, with MgO produced from brown coal ash in late September 2025.
- A manufacturing-related coating adhesion defect on the Spray Roaster gas transport fan interrupted operations during the first half of the year. The root causes were fully investigated with the equipment supplier, the fan manufacturer, the coating applicator and a specialist balancing engineer, and a solution found.
- Following the recommencement of operations in February 2026, the Demonstration Plant completed a sustained two-week continuous production campaign, producing approximately 20 tonnes of high-grade MgO and demonstrating the stability of the Company's proprietary hydrometallurgical process under real operating conditions.
- X-ray diffraction (XRD) assay work undertaken by Monash University confirmed magnesium compounds of approximately 90 per cent, with residual calcium oxide and calcium chloride at levels consistent with prior CSIRO test work and suitable for downstream magnesium metal production.
- By-products including char/silica, iron oxide and agricultural lime were produced and are the subject of customer validation trials.
- Phase 1B — the installation and commissioning of the pyrometallurgical (thermal reduction) circuit required to produce magnesium metal — formally commenced at the end of March 2026. Installation and commissioning was 33 per cent complete as at 30 June 2026, with first magnesium metal production targeted for the second half of calendar year 2026.
- The Company completed a $6M placement in October 2025 and a $4M fully underwritten rights issue in November 2025 (both before costs) and received a non-dilutive prepayment of US$2M from its US distribution partner, Metal Exchange, in April 2026.
- The Company received the 2025 research and development tax incentive from the Australian Taxation Office in December 2025 and applied the whole amount to reduce secured debt owing to RnD Funding Pty Ltd.
- For the 10,000tpa Victorian Development Option, the Export-Import Bank of the United States (EXIM) issued a non-binding Letter of Interest for financing of up to US$122M (A$200M) over a maximum repayment term of 15 years, and Export Finance Australia (EFA) issued a non-binding, conditional Letter of Support.
- For the 100,000tpa Malaysian Development Option, Latrobe Magnesium Sarawak Sdn Bhd (LMS) completed a land survey and received an approved subdivision plan from the Bintulu Development Authority and obtained legal confirmation enabling the importation of ferronickel feedstock into Malaysia which still needs to be approved by the Malaysian Department of Environment.

# REVIEW OF OPERATIONS

## Magnesium Markets

In the calendar year 2025, world primary magnesium production was estimated at some 1.1 million tonnes. China's estimated primary production for the year was approximately 950,000 tonnes, or some 86 per cent of world production, with Russia contributing a further 60,000 tonnes, or approximately 5 per cent. Approximately half of China's production is consumed domestically. World demand is expected to continue to grow, with projected demand of some 1.67 million tonnes by 2032.

Australian and New Zealand consumption of magnesium remains in the order of 7,000 tonnes per annum. All of this magnesium is imported.

The Chinese export market was subdued through the 2026 financial year, with FOB China magnesium ingot trading materially below the levels seen in prior years as weak demand and elevated ocean freight costs weighed on foreign trade orders.

The United States remains structurally short of magnesium. There is no primary magnesium production in the US, and net import reliance exceeded 75 per cent of apparent consumption in 2025. Owing to US anti-dumping duties, the US delivered price is typically well in excess of the FOB China price. The US average price for magnesium was approximately US$3.20 per pound in calendar 2025, compared with approximately US$3.52 per pound in calendar 2024. Australian magnesium remains exempt from US tariffs on magnesium, which the Directors consider to be a material competitive advantage for the Group's product.

With the adoption of light-weighting of motor vehicles, the legislated emission standards in many countries and the increased weight of electric vehicles, there is a growing demand by car companies to use more magnesium and aluminium sheet in cars. The car business has adopted aluminium sheet in outside panels, and this sheet contains up to 6 per cent magnesium. With the development of new magnesium alloys and new production techniques, the use of magnesium car parts and sheet provides many exciting opportunities.

The Directors also note the increased focus by Western governments on securing non-Chinese sources of critical minerals. Magnesium is designated a critical mineral in both Australia and the United States, and this designation continues to underpin the Group's access to government and export credit agency funding channels.

## Demonstration Plant

### Phase 1A – Magnesium Oxide (MgO)

Following the reissue of the EPA Victoria Pilot Project Licence in August 2025, the operations team initiated a controlled start-up sequence encompassing all major process areas. Official commencement of operations occurred in early September 2025 after several weeks of system validation, operator training and operational safety readiness reviews. Training completed included company and site induction, emergency response procedures, operational routines, systems training and practical field exercises.

Initial delays in ash supply caused by severe weather and elevated moisture content were managed through adjusted screening and drying protocols. Over 200 tonnes of screened brown coal ash were received and stored in the site's ash bunker and fed at reduced throughput during ramp-up. Deliveries continued from the Company's mining partner under EPA waste tracker compliance, and reagent and fuel deliveries were maintained through long-term partnerships with Origin Energy (LPG), Coregas (industrial gases) and Ixom (acid).

By late September 2025 the Demonstration Plant had produced MgO, confirming the functionality of the Company's proprietary process and validating the core components of its patented magnesium extraction technology. Product was bagged into one-tonne bulk units and stored on site.

# REVIEW OF OPERATIONS

Following the recommencement of operations in February 2026, the Demonstration Plant operated continuously over a two-week period with some stoppages, producing approximately 20 tonnes of high-grade MgO from brown coal ash. The production run validated the stability and reliability of the Company's proprietary hydrometallurgical process under real operational conditions.

XRD assay results received during the March 2026 quarter confirmed that the MgO produced met the Company's targeted quality specifications, showing approximately 90 per cent magnesium compounds with residual calcium oxide at approximately 5 per cent and calcium chloride at approximately 5.5 per cent. These findings are consistent with prior CSIRO test work, which demonstrated that magnesium compounds of up to approximately 94 per cent purity do not adversely affect magnesium metal recovery or quality in downstream processing. The presence of calcium oxide in the produced MgO is advantageous for the subsequent briquetting process, as it reduces the requirement for supplementary burnt lime as a consumable input, contributing to a lower cost of production. Management believes the calcium chloride can be eliminated by adjusting the hydrometallurgical processing conditions.

Following the successful production campaign, the Demonstration Plant was transitioned into a planned shutdown in March 2026 to enable the installation and commissioning of the Phase 1B magnesium metal production equipment. The shutdown was planned in order to avoid monthly operating losses that would be incurred in producing MgO alone rather than magnesium metal. The Company intends to re-commence MgO production as Phase 1B commissioning activities reach completion.

## Phase 1B – Magnesium Metal

Phase 1B installation and commissioning activities formally commenced towards the end of March 2026. Phase 1B encompasses the installation and commissioning of the pyrometallurgical (thermal reduction) equipment required to initially produce 500tpa of magnesium metal, including the Briquetting and Reduction Furnace systems and the installation of horizontal retorts.

A key operational strength of Phase 1B is the continuity of personnel. The workforce deployed on Phase 1B is composed substantially of the same operators, fitters and electricians who operated the Phase 1A plant. Retaining this team secures direct knowledge of the Demonstration Plant's systems, equipment layout and operational characteristics, which is expected to facilitate a smoother and more efficient commissioning and start-up process than would be achieved with a site mobilised with unfamiliar personnel.

Progress achieved to 30 June 2026 across the Briquetting and Reduction Furnace work areas included:

- Unloading, unpacking and relocation of all major and ancillary equipment from storage to dedicated construction laydown zones.
- Erection and fixing of major Briquetting equipment, comprising storage hoppers and dust collectors, on concrete pedestals, with screw conveyors, fans, oil and grease station, safety shower and associated structural supports substantially complete.
- Completion of the Reduction Furnace platform installation, including stair treads, handrails, grating and the Supplementary Cementitious Material (SCM) screw conveyor with associated valves and chutes.
- Completion of Quicklime piping supports and piping erection, and of utility piping installation across the main pipe racks, with tie-ins to localised equipment continuing.
- Commencement of argon supply system piping and vacuum piping fabrication, with progressive installation being completed.
- Completion of the fabrication of all structural bases for the Reduction Furnace area, including electrical cabinets, control panels, cable support brackets and exhaust stack support.
- Effective completion of electrical cable gland installation from the switchroom to the Briquetting area, with cable terminations and instrument cabling underway, and completion of cabling and supports for the Briquetting loading conveyors.

## REVIEW OF OPERATIONS

- Installation of the Reduction Furnace main control panels and local area junction boxes, with cable racking and cable installation progressing, and completion of the Refinery area cable tray installation.
- Successful powering and functional testing of a Briquetting screw feeder, representing an important milestone in the progressive energisation of the Briquetting system, which will be completed during the plant's five-stage commissioning process.

Local civil contractor AMEC Industries was engaged and mobilised to complete the remaining civil scope, with civil works associated with the dust collector footings and screw conveyor foundations completed and civil drawings for the Reduction Furnace exhaust stack issued for quotation.

Phase 1B was 33 per cent complete at 30 June 2026. First magnesium metal production from the Demonstration Plant remains targeted for the second half of calendar year 2026, consistent with previously stated guidance.

***Figure:*** *AMEC Industries mobilised to complete remaining civil scope.*

# REVIEW OF OPERATIONS

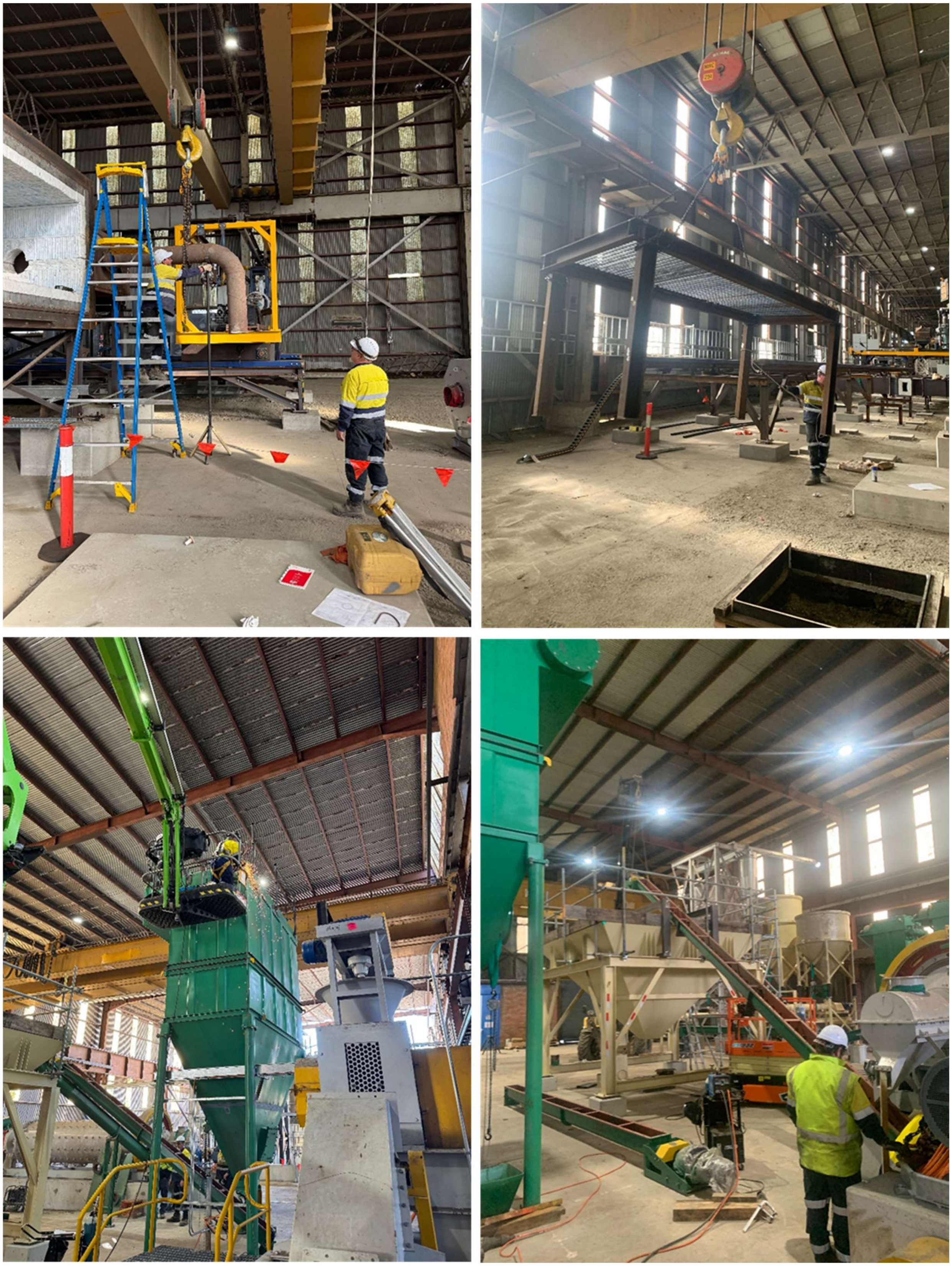

***Figure:*** *SMP activities in Reduction Furnace (top) and Briquetting (bottom) areas.*

## REVIEW OF OPERATIONS

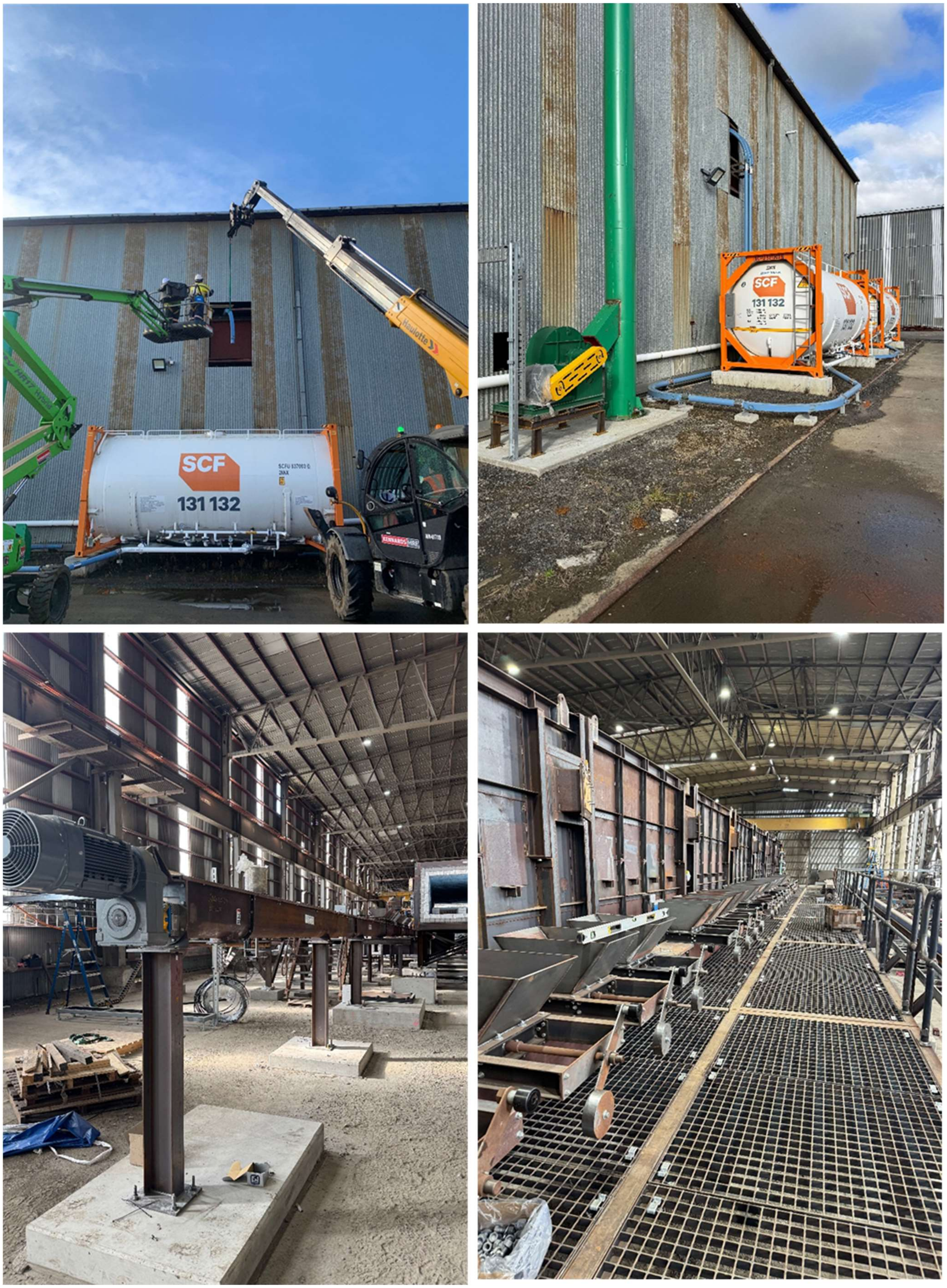


***Figure:*** *Quicklime piping and Reduction Furnace screw conveyor and platform installation progress*

# REVIEW OF OPERATIONS


***Figure:*** *Ducting, reagent piping & Reduction Furnace vacuum piping installation progress.*

## REVIEW OF OPERATIONS

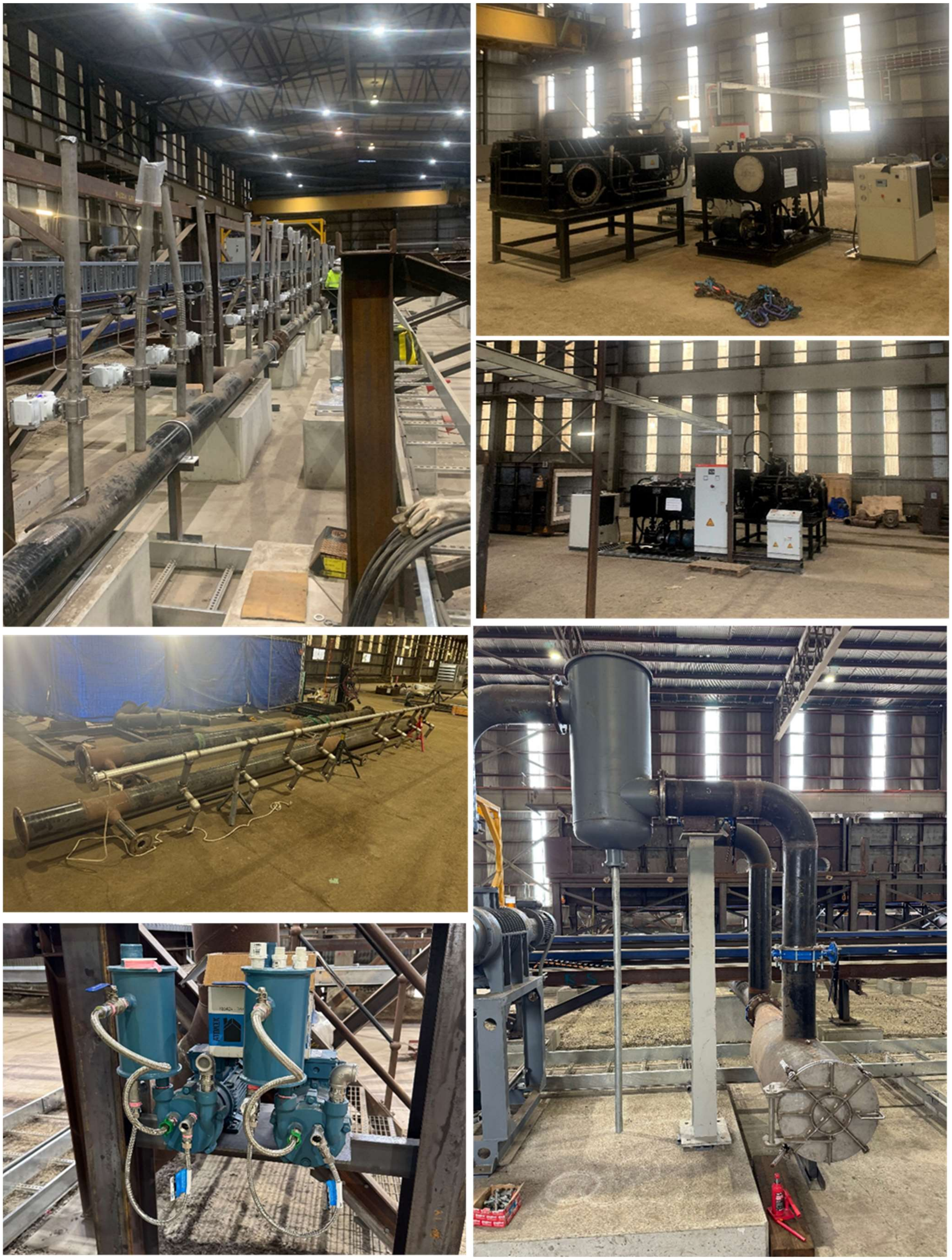

***Figure:*** *Vacuum piping manifold fabrication and piping installation, along with Baler installation progress.*

## REVIEW OF OPERATIONS

***Figure:*** *Reduction Furnace local junction boxes & main panel installation progress and Briquetting terminations complete and initial pre-testing of electrical equipment.*

## REVIEW OF OPERATIONS

***Figure:*** *Briquetting electrical and instrumentation cable terminations progress.*

# REVIEW OF OPERATIONS

**Health, Safety and Environment**

Safety performance throughout the Phase 1B installation and commissioning activities has been maintained to a high standard. Weekly health, safety and environment checklist compliance rates tracked at an average of 95 per cent through May 2026 and above 97 per cent across the month to 30 June 2026, with zero reportable incidents recorded to the date of that update.

Beyond Phase 1B scope, across FY2026, LMG incurred four recordable injuries over 49 thousand hours worked. The four recordable injuries included one Loss Time Injury (LTI) and three Medical Treatment Injuries.

## Victorian Development Option

The 10,000tpa Victorian Development Option and subsequent feasibility study, developed in collaboration with Bechtel Australia Pty Ltd, remained ready for execution throughout the year pending funding availability. Bechtel Australia, an engineering, construction and project management group, has been nominated to conduct the feasibility study, which is estimated to take some nine months to complete. Société Générale remains appointed as finance coordinator, structuring bank and lead arranger of the financing requirements for the Victorian Development Option.

GHD's scope of work for the Yallourn ash landfill — calculation of a JORC resource, assessment of the geotechnical stability of the landfill to verify the volume of ash that can be extracted safely and stably, preparation of a mine plan and development of a new mine rehabilitation plan — remains to be executed alongside the feasibility study.

A site selection study for the plant site has been completed and the options preferred from this study still remain live for development and finalisation before the commencement of a feasibility study.

**Victorian Development Option Funding**

In October 2025, the Export-Import Bank of the United States (EXIM) issued the Company a non-binding Letter of Interest advising that EXIM would be prepared to consider financing of up to approximately US$122M (A$200M) of the Victorian Development Option capital expenditure over a maximum repayment term of up to 15 years, subject to standard due diligence and approvals. The proposed transaction is expected to be eligible for special consideration under Section 402 of EXIM's 2019 reauthorisation, which is intended to mitigate the competitive impact of export support provided by the People's Republic of China and to advance US industrial and technological leadership in critical materials.

In December 2025, Export Finance Australia (EFA) issued the Company a non-binding and conditional Letter of Support indicating that EFA will consider potential financing for the Victorian Development Option. The Letter of Support does not represent a financing commitment, and any potential support remains subject to EFA's due diligence and eligibility criteria, including environmental, social and financial assessments, and credit, risk and legal approvals.

The Company has submitted its 'White Paper' to the US Department of War (DoW) under the auspices of the Title III Defense Production Act, which supports the development of domestic supply chains for critical minerals. Magnesium is designated a critical mineral in the United States, with no current domestic capability. The proposal, which was positively received, highlights that Bechtel would lead the engineering scope and that all magnesium metal produced would be exported to US customers, including the Pentagon.

On 21 August 2026, that the US Defence Industrial Base Consortium (DIBC), acting on behalf of the US Department of War (DoW) issued its Request for Project Proposal RPP (Cycle 2) which included magnesium. Quad Charts for funding for four critical minerals were due 17 Sep 2026 and LMG submitted an application for a US project. DIBC will determine potential next steps for selected proponents.

One hundred per cent of magnesium metal production from the Victorian Development Option is allocated to the US market under an offtake agreement, with local distribution to be undertaken by Metal Exchange

# REVIEW OF OPERATIONS

Corporation of St Louis, Missouri. The offtake agreement includes floor prices and the whole output of the 10,000tpa Victorian Development Option.

The projected timeline for operating this option remains contingent on timely approval processes from the Victorian Government, the securing of an appropriate site, execution of the feasibility study and finalisation of funding. The project has been delayed through FY26 due legislation introduced by the State Government of Victoria, which was an amendment to the Mineral Resources (Sustainable Development) Act which introduced a “trailing liability” scheme for mining licenses on declared mines. Under the current proposal relating to the project, the transfer of the mining licence, currently held by Energy Australia, is required to secure long term feedstock.

The introduction of this regulatory amendment impacts the Company’s ability to secure feedstock. The Company remains committed to the project but is dependent on further consultation with the State Government of Victoria to determine if a satisfactory resolution can be arrived at.

## Malaysia Development Option

The Company’s proposed Malaysian Development Option, a 100,000tpa plant at Samalaju, in the Sarawak state of Malaysia, is strategically located near the Samalaju Port, facilitating logistics as well as being close to ferrosilicon providers and other essential resources. The project is being developed through the Company’s wholly owned Malaysian subsidiary, Latrobe Magnesium Sarawak Sdn Bhd (LMS).

During the year, LMS advised that it intends to phase the project to align with the electricity provider’s delivery timeframe in Sarawak. Owing to the extended lead times for new industrial grid connections and power capacity, the detailed data required to initiate the supply process will only be available following completion of the Feasibility Study. By phasing the project, the Company can progress critical-path activities while electrical infrastructure is developed, maintaining the overall project schedule.

### Ferronickel product import

LMS received formal written legal advice from a leading legal firm in New Caledonia confirming that New Caledonia is not a member of the Organisation for Economic Co-operation and Development (OECD). Additionally, the government of New Caledonia, via the Direction de l'Industrie, des Mines et de l'Energie de la Nouvelle-Calédonie (DIMENC), has also confirmed it is not a member of the OECD. In accordance with guidance from Malaysia’s Department of Environment, this clarification enables LMS to import ferronickel product, the project’s primary feedstock, into Malaysia without restriction under current environmental import frameworks. LMS, via its environmental consultant Chemsain Konsultant Sdn Bhd, is working with the Department of Environment to obtain formal written acknowledgement of this interpretation, which is dependent on intergovernmental communication between New Caledonia and Malaysia to ensure this is formalised through the required channel.

### Land survey and subdivision

A comprehensive land survey of the proposed project site was completed during the year, confirming site boundaries and coordinates and providing early topographical and geotechnical data to support the feasibility studies. Following completion of the survey, the responsible authority, the Bintulu Development Authority, issued LMS with an approved subdivision plan, which was executed by both parties in November 2025.

The allocation of 250MW of hydropower from the Sarawak Electricity Board remains subject to LMS entering into a Power Purchase Agreement and completing the scope of its Environmental Management Plan for site clearing activities. LMS continued to progress regulatory engagement and preparatory activities throughout the year.

# REVIEW OF OPERATIONS

## US Development Option

Subsequent to the end of the financial year, LMG announced on 15 September 2026 it was pursuing a US-based development option in response to the need for a US-based sovereign magnesium producer. The 50,000tpa US Development Option aims to sell primary magnesium metal into the North American market. The project aims to be the first new commercial-scale primary magnesium producer in North America in decades, addressing the magnesium supply gap for US defence, aerospace, automotive and aluminium industries.

A US-based commercial project represents LMG's most strategically important, fastest and most capital-efficient path to commercial magnesium production. It combines the Company's patented hydrometallurgical process, as well as its thermal reduction process currently being completed at its Demonstration Plant. LMG has an abundant and already-contracted ferronickel slag supply source, which is the feedstock solution the US Development Option is to be designed on, with Bechtel nominated as LMG's engineering partner of choice. The opportunity coincides with a supportive US commercial environment in which investor sentiment, the weight of available capital, a substantial large and supply constrained customer base and a supportive federal policy and legislative framework have all emerged for critical minerals.

This project is conditional on LMG securing finance to advance the project to a final investment decision, completing the purchase of the preferred site in South Carolina, formally engaging an engineering partner and completing binding logistics and utilities agreements.

| | |
|---|---|
| **Project** | 50ktpa primary magnesium metal plant (Train 1), with site capacity for a second train expansion to 100ktpa |
| **Feedstock** | Ferronickel slag (~33% MgO) supplied under LMG's binding 20-year MOU with Société Le Nickel (Eramet group) |
| **Products** | 99.9% pure magnesium metal; magnesium alloys for casting and extrusion |
| **By-products** | Supplementary cementitious material (SCM), iron oxide, amorphous silica — negligible waste, zero tailings. |
| **Site, infrastructure and utilities** | LMG has a preferred location in South Carolina, USA and is currently in negotiations to acquire the site. The site has access to logistics infrastructure, power, gas and water. Port and rail access are currently in advanced negotiations. |
| **Pre-FID funding** | Discussions underway with a number of US financial institutions and banks for funding. |
| **Offtake** | LOIs from a diverse customer base including Metal Exchange LLC (minimum 25ktpa), Meridian Lightweight Technologies (5ktpa) and Twin Cities (2ktpa). |
| **Employment** | Approximately 1,250 peak construction jobs and 150 permanent positions. |
| **Indicative timeline** | Feasibility study completed Jan 2028 \| FID Mar 2028 \| Construction start April 2028 \| First production April 2030. |

## Ash Supply Agreement

On 10 March 2021, Energy Australia announced that it would be closing its Yallourn Power Station in mid-2028. In July 2025, an amendment agreement was entered into between the Company and Energy Australia covering the delivery of brown coal ash to the Demonstration Plant.

Ash deliveries to the Demonstration Plant commenced ahead of the September 2025 start-up, with over 200 tonnes of screened brown coal ash received and stored in the site's ash bunker. Deliveries continue from the Company's mining partner in compliance with EPA Victoria waste tracker procedures and conditions. Variable ash quality during the initial start-up period, caused by severe weather and elevated moisture content, resulted in downstream impacts to processing performance. To prevent recurrence, the Company is looking to implement a revised screening and conditioning program for subsequent ash screening campaigns, providing greater control over particle size, moisture levels and feed consistency.

# REVIEW OF OPERATIONS

## Mincore Legal Action

LMG's counter claim against Mincore Pty Ltd (Mincore) is still before the Supreme Court of Victoria with the parties actively prosecuting the proceedings. Currently, no date for a trial hearing has been set down and LMG does not anticipate that it will be before the end of 2026.

## Warrant Issue

Under the 16 May 2022 funding agreement with RnD Funding Pty Ltd, LMG has issued 80,000,001 warrants at different strike prices and dates, as follows:

| Warrant Amount | Exercise Price | Expiry Date |
|---|---|---|
| 8,888,889 | $0.18 | 31/03/2025* |
| 8,888,889 | $0.18 | 30/06/2025* |
| 8,888,889 | $0.18 | 30/09/2025* |
| 8,888,889 | $0.24 | 31/12/2025* |
| 8,888,889 | $0.24 | 31/03/2026* |
| 8,888,889 | $0.24 | 30/06/2026* |
| 8,888,889 | $0.30 | 30/09/2026 |
| 8,888,889 | $0.30 | 31/12/2026 |
| 8,888,899 | $0.30 | 30/06/2027 |

*Under the Warrant Agreement, the warrants which were due to be exercised on 31 March 2025, 30 June 2025, 30 September 2025, 31 December 2025, 31 March 2026 and 30 June 2026 are able to be extended until 6 months after the 10,000tpa plant has been commissioned.

## Option Issue

On 1 July 2025, the Company issued 16,887,500 unlisted options at the exercise price of $0.079 expiring 12 August 2027 to RnD Funding as per the amended 2024 funding agreement.

On 12 November 2025, the Company issued 42,626,655 unlisted options at the exercise price of $0.046 expiring 12 November 2027 to the promoters of the 20 October 2025 private placement being part of the capital raising costs.

| Unlisted Options | |
|---|---|
| Total options outstanding at beginning of the period | 91,225,437 |
| Granted in the period | 59,514,155 |
| Exercised in the period | - |
| Lapsed in the period | (3,000,000) |
| Outstanding at the end of the period | 147,739,592 |

## Capital Raisings

During 2026 the following major capital raisings were completed

| | | Shares issued | $ per share | $ raised |
|---|---|---|---|---|
| 22/07/2025 | Employee Share Scheme | 5,181,818 | 0.008 | 41,455 |
| 04/08/2025 | Legal fees paid by shares | 2,727,273 | 0.011 | 30,000 |
| 17/10/2025 | Share Purchase Plan | 260,869,571 | 0.023 | 6,000,000 |
| 30/10/2025 | Corporate Advisory fees paid by shares | 1,320,000 | 0.025 | 33,000 |
| 11/11/2025 | Share Purchase Plan | 143,102,768 | 0.023 | 3,291,369 |
| 11/11/2025 | Share Purchase Plan | 32,533,354 | 0.023 | 748,267 |
| 26/11/2025 | Directors Share Issue | 50,000,000 | 0.011 | 550,000 |
| 05/12/2025 | Consulting fees paid by shares | 2,727,273 | 0.011 | 30,000 |
| 05/12/2025 | Employee Share Scheme | 2,000,000 | 0.028 | 56,000 |
| 05/12/2025 | Consulting fees paid by shares | 764,706 | 0.028 | 21,412 |
| 21/04/2026 | Corporate Advisory fees paid by shares | 1,320,000 | 0.025 | 33,000 |

# REVIEW OF OPERATIONS

## Lease Finance Agreement

We have accepted a lease extension to our financier from November 2025 to June 2027.

The current amount owing under this facility is $13.6M as at 30 June 2026. This facility will be reduced when the R&D rebate is paid later in 2026.

## Regional Development Grant

LMG is pleased to advise that in recognition of the completion of the MgO stage of the Demonstration Plant, the Victorian Government has agreed to a variation of its grant for $1M. The grant is to be paid in four instalments of $250,000, $250,000, $240,000 and $260,000. The first three payments have been made, and the final payment will be paid when the magnesium metal phase of the Demonstration plant becomes operational.

## 2026 R&D Tax Rebate

Given the capital costs of the Demonstration Plant as at 30 June 2026 and its eligible research and development costs for 2026, LMG estimates that its 2026 tax rebate will be approximately $11.8 million.

# DIRECTORS' REPORT

The Directors present their report together with the financial report of Latrobe Magnesium Limited ("Company") and of the Group, being the Company and its subsidiaries for the financial year ended 30 June 2026 and the auditor's report thereon.

## DIRECTORS

The following persons were Directors of Latrobe Magnesium Limited during the financial year and up to the date of this report unless otherwise stated.

| | |
|---|---|
| Jock Murray | Chairman |
| David Paterson | CEO & Executive Director |
| P F Bruce | Non-Executive Director |
| J R Lee | Non-Executive Director |

## PRINCIPAL ACTIVITIES

During the year the principal continuing activities of the Group consisted of:

- Improvements to the magnesium oxide (MgO) plant post its commissioning in May 2024;
- Planning the commencement of the start of the MgO meeting the required quality specification; and
- Completing the installation and commissioning of parts of the Demonstration Plant that relate to the production of magnesium metal.

## OPERATING RESULTS

The consolidated net loss of the Group after providing for income tax amounted to $4,868,332 compared to a loss of $2,659,085 for the previous corresponding period. The loss was reduced mainly due to the reduced administration costs and research and development costs.

Further information on review of operations of the Group is shown separately in the Directors' Review of Operations on Page 4 to 18 of this report.

### Dividends

The Directors have not recommended the payment of a final dividend.

### Significant Changes in the State of Affairs

The significant change in the state of affairs of the Group during the financial year is an increase in the contributed equity of $9,571,723 from $86,462,968 to $96,034,691 as a result of issuing the following fully paid ordinary shares and unlisted options:

| Date | Purpose | Shares/options | $ per Share/option | $ raised |
|---|---|---|---|---|
| 22/07/2025 | Employee Share Scheme | 5,181,818 | 0.008 | 41,455 |
| 04/08/2025 | Legal fees paid by shares | 2,727,273 | 0.011 | 30,000 |
| 17/10/2025 | Share Purchase Plan | 260,869,571 | 0.023 | 6,000,000 |
| 17/10/2025 | Placement fees | | | (360,000) |
| 30/10/2025 | Corporate Advisory fees paid by shares | 1,320,000 | 0.025 | 33,000 |
| 11/11/2025 | Share Purchase Plan | 143,102,768 | 0.023 | 3,291,369 |
| 11/11/2025 | Share Purchase Plan | 32,533,354 | 0.023 | 748,267 |
| 12/11/2025 | Placement fees | | | (317,374) |
| 12/11/2025 | Broker Options issued | 42,626,655 | 0.046 | (545,988) |
| 14/11/2025 | Legal costs | | | (78,379) |
| 26/11/2025 | Directors share issue | 50,000,000 | 0.011 | 550,000 |
| 05/12/2025 | Consulting fees paid by shares | 2,727,273 | 0.011 | 30,000 |
| 05/12/2025 | Employee Share Scheme | 2,000,000 | 0.028 | 56,000 |
| 05/12/2025 | Consulting fees paid by shares | 764,706 | 0.028 | 21,412 |
| 31/12/2025 | Options expired | (3,000,000) | 0.100 | 38,961 |
| 21/04/2026 | Corporate Advisory fees paid by shares | 1,320,000 | 0.025 | 33,000 |
| | | **399,070,650** | | **9,571,723** |

# DIRECTORS' REPORT

## MATTERS SUBSEQUENT TO BALANCE DATE

Subsequent events have been disclosed in Note 25. Outside of this note, there is no matter or circumstance that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2026, of the Group;
(b) the results of those operations; or
(c) the state of affairs, in financial years subsequent to 30 June 2026, of the Group.

On 25 September 2026, the financial report was authorised to be signed by a resolution of Directors.

## LIKELY DEVELOPMENTS

Key external and business risks which could impact the Group's ability to deliver its strategy are:

***Availability of Finance*** - The Group has no material operating revenue and is unlikely to generate any material operating revenue unless and until the demonstration plant is fully commissioned and magnesium production commences. The Group intends to raise additional funding by seeking the availability of grants from both United States and Federal governments and completing a sale of a portion of its Tramway Road property to meet its obligations and implement its strategy. If these grants are not forthcoming LMG will consider a capital raise. Magnesium being a critical mineral allows the Group to raise additional funding from a variety of both Australian Federal and State Government as well as offshore sources.

***Commodity prices*** – The global magnesium market is subject to demand and supply fluctuations. These fluctuations, along with fluctuations in the A$:US$ exchange rate, will affect the project economics of the Group's projects. Climate change risk creates additional demand for magnesium as a means to reduce emissions as part of global 'decarbonisation' strategies. Such additional demand may create upside pressure on magnesium prices in the future.

***Management retention*** **–** The Group relies on its employees and consultants. There is a risk that the Group may not be able to retain those key personnel or be able to find effective replacements for those key personnel in a timely manner. The loss of such personnel or any delay in their replacement, could have a negative impact on the Group's ability to achieve its strategy. To address this risk, the Group continues to refine its remuneration framework to provide competitive remuneration to retain key personnel.

***Government approvals/environmental standards*** – Advancing the Group's Victorian Development Option is dependent on obtaining approvals from government agencies. To date the Group, owing to its new low emissions technology and it's no waste policy, has been able to meet increasing government and public sensitivity to environmental sustainability and environmental regulation, which are becoming more stringent.

Except for information disclosed on certain developments and the expected results of those developments included in this report under review of operations, further information on likely developments in the operations of the Group and the expected results of those operations have not been disclosed in this report because the Directors believe these matters to be commercial in confidence.

## ENVIRONMENTAL REGULATIONS

The Group is subject to and is compliant with all aspects of environmental regulations of its exploration and mining activities. The directors are not aware of any environmental law that is not being complied with.

# DIRECTORS' REPORT

## INFORMATION ON DIRECTORS

**John Stephen Murray AO – Non-Executive Chairman**

Mr Murray studied economics and history with the Royal Military College at Duntroon before studying engineering management at the Royal Military College of Science in the UK. He also holds qualifications in international politics from Deakin University. Prior to his foray into business, Mr Murray had a distinguished military career over almost 30 years before retiring as a Colonel in 1994. He brings a wealth of senior management and directorship experience with a particular focus on infrastructure, project management and freight logistics.

He managed numerous projects in his role with NSW Department for Transport including the production of a ten-year development plan for the State's transport infrastructure and services and chairing the $2 billion Parramatta Rail Link Company project. He acted as an adviser for operational planning and infrastructure for the Sydney, Beijing, and London Olympic Games. In addition to these roles, he held numerous directorships including non-executive chairman of Omni Tanker Holding Pty Ltd, The Hills Motorway (M2) Limited and Country Pipelines Pty Ltd. He was on the board of Terminals Australia for five years. Roles currently held by Mr Murray include strategic adviser for law firm, King & Wood Mallesons in the government infrastructure sector.

| | |
|---|---|
| Date of appointment as Director | 1 May 2015 |
| Other current public company directorships | None |
| Former public company directorships in last 3 years | None |
| Special responsibilities | Chairman of the Board of Directors |
| Interests in securities | 25,259,297 ordinary shares in Latrobe Magnesium Limited, registered in the name of MurraySetter Pty Limited as trustee for the MurraySetter Trust. |

**David Oliver Paterson – Chief Executive Officer**

Mr Paterson is a qualified Chartered Accountant and a graduate from the University of Queensland. Prior to forming Europacific in 1990, he was a group manager of the Corporate Services Division of Tricontinental Corporation Limited responsible for NSW and Queensland. He also worked for Coopers & Lybrand in Brisbane and Sydney in their Corporate Services Division.

He has been involved in a wide range of corporate advisory assignments and underwritings for both debt and equity for a number of public and private companies. Mr Paterson has experience in the property and mining industries in relation to project financing, financial analysis, valuations and the raising of debt and equity.

| | |
|---|---|
| Date of appointment as Director | 23 August 2002 |
| Other current public company directorships | None |
| Former public company directorships in last 3 years | None |
| Special responsibilities | Chief Executive Officer |
| Interests in securities | 179,999,399 ordinary shares in Latrobe Magnesium Limited, 69,370,781 held as a direct interest and 110,628,618 registered in the name of Rimotran Pty Limited as trustee for the David Paterson Super Fund. |

**Philip Francis Bruce – Non-Executive Director**

Mr Bruce is a director of P F Bruce & Associates, which provides corporate and project management services. He is a mining engineer with over forty years resource industry experience in Australia, South Africa, West Africa, South America and Indonesia in project development and senior corporate management. He was the CEO of PT BHP Indonesia and managing director of Triako Resources Limited and Pure Alumina Limited.

He also held Board positions with Ausmelt Limited, Buka Minerals Limited, Bassari Resources Limited, Ora Gold Limited and Archean Star Resources Inc. He was general manager of development for Plutonic Resources Limited and was technically responsible for acquisition and development of resource projects in its growth from $35 million to over $1 billion market capitalisation.

# DIRECTORS' REPORT

He is a Member of the Australian Institute of Company Directors and a Fellow of the Australasian Institute of Mining and Metallurgy.

| | |
|---|---|
| Date of appointment as Director | 4 September 2003 |
| Other current public company directorships | None |
| Former public company directorships in last 3 years | None |
| Special responsibilities | Chairman of Nomination & Remuneration Committee |
| Interests in securities | 17,272,300 ordinary shares in Latrobe Magnesium Limited, registered in the name of Diazill Pty Limited as trustee for the PB Superannuation Fund. |

**John Robert Lee – Non-Executive Director**

Mr Lee has a broad range of commercial skills and experiences in both the public and private sectors. He has held senior management roles in the Federal Department of Employment and Industrial Relations. He was also senior private secretary and principal adviser to Tony Street, a senior federal cabinet minister. In the private sector, Mr Lee has held a number of senior management positions with a number of major corporations including Henry Jones IXL, Elders Building Supplies and Woolworths Limited. He is the founder of Stockholder Relations Pty Ltd, a management consultancy specialising in corporate advisory, investor relations and corporate governance.

| | |
|---|---|
| Date of appointment as Director | 10 December 2010 |
| Other current public company directorships | None |
| Former public company directorships in last 3 Years | None |
| Special responsibilities | Chairman of Audit & Risk Committee |
| Interests in securities | 5,193,182 ordinary shares in Latrobe Magnesium Limited held as direct interest and 8,215,408 ordinary shares registered in the name of Stockholder Relations Pty Limited of which Mr Lee is a Director. |

## Company Secretary

Mr John Lee who has been a Director to the Company since 10 December 2010 became Company Secretary on 1 July 2013.

## MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2026 and the number of meetings attended by each Director was:

| | Directors' Meetings | | Audit Committee Meetings | |
|---|---|---|---|---|
| **Director** | **Attended** | **Held Whilst in Office** | **Attended** | **Held Whilst in Office** |
| J S Murray | 4 | 4 | - | - |
| D O Paterson | 4 | 4 | 2 | 2 |
| J R Lee | 4 | 4 | 2 | 2 |
| P F Bruce | 4 | 4 | 1 | 1 |

## Retirement, Election and Continuation in Office of Directors

Mr P F Bruce is the Director retiring by rotation at the next Annual General Meeting of the Company. Mr Bruce being eligible in accordance with Article 12.2 of the Company's constitution offers himself for re-election. His background, experience and qualifications are detailed on Pages 21-22.

# DIRECTORS' REPORT

The information which follows through to the section titled "Share Options Granted to Key Management Personnel" is subject to audit by the external auditors.

## REMUNERATION REPORT - AUDITED

This report outlines the Remuneration Arrangements in place for each key management person of Latrobe Magnesium Limited. Principles used to determine the nature and amount of remuneration are:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Performance linkage / alignment of executive compensation
- Transparency
- Appropriateness for level of operations

### Remuneration Committee

In July 2023, a Nomination and Remuneration Committee was formed to advise and make recommendations to the Board on recruitment policies and level of remuneration.

### Key Management Personnel

The Nomination and Remuneration Committee advises and recommends to the Board of Directors on remuneration policies and practices generally and makes specific recommendations on remuneration packages and other terms of employment for Executive Directors, other Senior Executives and Non-Executive Directors.

Executive remuneration and other terms of employment are reviewed annually having regard to performance against goals set at the start of the year, relevant comparative information and independent expert advice. As well as basic salary, remuneration packages include superannuation.

Directors and executives are also able to participate in an Employee Share Acquisition Plan. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Group's operations.

Remuneration of Non-Executive Directors is determined by the Board within the maximum amount approved by shareholders from time to time. The Board undertakes an annual review of its performance and the performance of the Board Committees against goals set at the start of the year.

Details of the nature and amount of each element of the emoluments of each Director of Latrobe Magnesium Limited and each specified officer of the Company and the Group receiving the highest emoluments are set out in the following tables.

| | Short-term benefits | | Share-based payments | Post-employment benefits | Long-term benefits | | |
|---|---|---|---|---|---|---|---|
| 2026<br>Directors | Base Emoluments | Bonuses | Equity Options | Superannuation | Long service leave | Total | Performance Related |
| | $ | $ | $ | $ | $ | $ | % |
| J S Murray | 85,000 | - | - | - | - | 85,000 | - |
| D O Paterson | 495,000 | - | - | - | - | 495,000 | - |
| J R Lee | 75,000 | - | - | - | - | 75,000 | - |
| P F Bruce | 53,000 | - | - | - | - | 53,000 | - |
| Sub Total | 708,000 | - | - | - | - | 708,000 | |
| **Other KMP** | | | | | | | |
| J D S Collier | 288,000 | - | - | 34,560 | 18,025 | 340,585 | |
| R J Gillen | 353,000 | - | - | 39,000 | 21,380 | 413,380 | |
| Sub Total | 641,000 | - | - | 73,560 | 39,405 | 753,965 | |
| | 1,349,000 | - | - | 73,560 | 39,405 | 1,461,965 | - |

# DIRECTORS' REPORT

| | Short-term benefits | | Share-based payments | Post-employment benefits | Long-term benefits | | |
|---|---|---|---|---|---|---|---|
| 2025<br>Directors | Base Emoluments | Bonuses | Equity Options | Superannuation | Long service leave | Total | Performance Related |
| | $ | $ | $ | $ | $ | $ | % |
| J S Murray | 85,000 | - | - | - | - | 85,000 | - |
| D O Paterson | 557,000 | - | - | - | - | 557,000 | - |
| J R Lee | 75,000 | - | - | - | - | 75,000 | - |
| P F Bruce | 53,000 | - | - | - | - | 53,000 | - |
| Sub Total | 850,167 | - | - | - | - | 850,167 | |
| **Other KMP** | | | | | | | |
| J D S Collier | 302,107 | - | - | 33,120 | 3,164 | 338,391 | |
| R Gillen | 348,395 | - | - | 37,375 | 1,634 | 387,404 | |
| Sub Total | 650,502 | - | - | 70,495 | 4,798 | 725,795 | |
| | 1,500,669 | - | - | 70,495 | 4,798 | 1,575,962 | - |

There are no additional management executives employed by Latrobe Magnesium Limited who are identified as Key Management Personnel other than those already disclosed. [Ronan Gillen – Chief Operating Officer and John Collier – Chief Financial Officer].

## Service Agreements

There are currently no service agreements in place formalising the terms of remuneration of Directors or the CEO of the Company and the Group. Service agreements are in place for other KMP and the incoming CEO.

## Shareholdings

Number of shares held by Directors and Other Key Management Personnel of Parent Entity

| Directors & Other Key Management Personnel | Balance at 1 July 2025 | Acquired under Share Purchase Plan for Shareholders | Acquired Under Debt Conversion to Equity | Net Change - Other | Balance at 30 June 2026 |
|---|---|---|---|---|---|
| J S Murray | 20,191,115 | 5,068,182 | - | - | 25,259,297 |
| D O Paterson | 146,769,394 | 33,230,005 | - | - | 179,999,399 |
| P F Bruce | 14,338,209 | 2,934,091 | - | - | 17,272,300 |
| J R Lee | 8,715,408 | 4,693,182 | - | - | 13,408,590 |
| J D S Collier | 3,168,094 | 176,094 | - | - | 3,344,188 |
| R J Gillen | 3,292,929 | - | - | - | 3,292,929 |

### Share Options Granted to Key Management Personnel

Granted - No options were granted to key management personnel over unissued shares during the financial year.

Exercised - No options were exercised by key management personnel during or in the period since the end of the financial year and up to the date of this report.

Expiry - No options expired during or since the end of the financial year.

Balance - No options outstanding as at 30 June 2026.

### END OF AUDITED REMUNERATION REPORT

# DIRECTORS' REPORT

## UNLISTED WARRANTS

Under the June 2022 funding agreement with RnD Funding Pty Ltd, LMG has issued 80,000,001 warrants at different strike prices and dates, as follows:

| Warrant Amount | Exercise Price | Expiry Date |
|---|---|---|
| 8,888,889 | $0.18 | 31/03/2025* |
| 8,888,889 | $0.18 | 30/06/2025* |
| 8,888,889 | $0.18 | 30/09/2025* |
| 8,888,889 | $0.24 | 31/12/2025* |
| 8,888,889 | $0.24 | 31/03/2026* |
| 8,888,889 | $0.24 | 30/06/2026* |
| 8,888,889 | $0.30 | 30/09/2026 |
| 8,888,889 | $0.30 | 31/12/2026 |
| 8,888,889 | $0.30 | 30/06/2027 |

| Unlisted Warrants | |
|---|---|
| Total warrants outstanding at beginning of the period | 80,000,001 |
| Granted in the period | - |
| Exercised in the period | - |
| Lapsed in the period | - |
| Outstanding at the end of the period | 80,000,001 |

*Under the Warrant Agreement, the warrants which were due to be exercised on 31 March 2025, 30 June 2025, 30 September 2025, 31 December 2025, 31 March 2026 and 30 June 2026 are able to be extended until 6 months after the 10,000tpa plant has been commissioned.

## UNLISTED OPTIONS

On 1 July 2025, the Company issued 16,887,500 unlisted options at the exercise price of $0.079 expiring 12 August 2027 to RnD Funding as per the amended 2024 funding agreement.

On 12 November 2025, the Company issued 42,626,655 unlisted options at the exercise price of $0.046 expiring 12 November 2027 to the promoters of the 20 October 2025 private placement being part of the capital raising costs.

| Unlisted Options | |
|---|---|
| Total options outstanding at beginning of the period | 91,225,437 |
| Granted in the period | 59,514,155 |
| Exercised in the period | - |
| Lapsed in the period | (3,000,000) |
| Outstanding at the end of the period | 147,739,592 |

## INDEMNIFICATION

During or since the end of financial year, the Company has not been indemnified nor made a relevant agreement to indemnify an officer or auditor of the Company nor any related body corporate against liability incurred as such an officer or auditor. The Company maintains a Directors and Officers Liability Insurance, including company securities cover.

## PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

# DIRECTORS' REPORT

## ENVIRONMENTAL REGULATIONS

The Group is subject to and is compliant with all aspects of environmental regulations of its exploration and mining activities. The directors are not aware of any environmental law that is not being complied with.

## NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to Nexia Sydney Audit Pty Ltd and related entities for services provided during the year are set out below:

| | 2026 $ | 2025 $ |
|---|---|---|
| Audit and Review of Financial Reports | 137,064 | 112,879 |
| Taxation and Other Services | 18,700 | 21,900 |
| | **155,764** | **134,779** |

The Board of Directors ensure that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

## AUDITORS' INDEPENDENT DECLARATION

A copy of the auditors' independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on Page 27 and forms part of this report.

This report is made in accordance with a resolution of the Directors.

**J S Murray**
**Chairman**

D. Paterson

**D O Paterson**
**Chief Executive Officer**

Sydney

25 September 2026

**Nexia Sydney Audit Pty Ltd**
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To the Board of Directors of Latrobe Magnesium Limited

## Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

As lead auditor for the audit of the financial statements of Latrobe Magnesium Limited for the financial year ended 30 June 2026, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Nexia

**Nexia Sydney Audit Pty Ltd**

**Andrew Hoffmann**
Director

Sydney
Dated: 25 September 2026

# DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes and the Remuneration Report on pages 23 to 24 comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2026 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable (refer to note 26).

- the information disclosed in the attached consolidated entity disclosure statement on page 61 is true and correct.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001.*

On behalf of the directors

D. Paterson

| | |
|---|---|
| **J S Murray** | **D O Paterson** |
| **Chairman** | **Chief Executive Officer** |

Sydney

25 September 2026

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
## For the year ended 30 June 2026

| | Note | GROUP<br>30 June 2026<br>$ | <br>30 June 2025<br>$ |
|---|---|---|---|
| **Revenue** | | | |
| Finance income | | 55,683 | 28,873 |
| Other income | | 1,618,895 | 2,697,432 |
| | 3 | 1,674,578 | 2,726,305 |
| **Expenses** | | | |
| Administration expenses | | (4,146,690) | (3,469,423) |
| Employee benefit expenses | | (1,778,180) | (1,651,248) |
| Finance cost | | (156,286) | (356,003) |
| Research and evaluation expenses | | (32,195) | (87,575) |
| Total expenses | | (6,113,351) | (5,564,249) |
| Loss before Income Tax | | (4,438,773) | (2,837,944) |
| Income tax (expense)/benefit | 4 | (429,559) | 178,859 |
| Loss attributable to members of the parent entity | | (4,868,332) | (2,659,085) |
| **Other Comprehensive Income** | | | |
| Other Comprehensive Income for the year | | - | - |
| **Total Comprehensive Income** | | (4,868,332) | (2,659,085) |

| | Note | GROUP<br>30 June 2026 | <br>30 June 2025 |
|---|---|---|---|
| Basic and diluted profit (loss) per share (cents per share) | 19 | (0.16) | (0.11) |

The above statement should be read in conjunction with the accompanying notes.

## STATEMENT OF FINANCIAL POSITION
## As at 30 June 2026

| | Note | GROUP 30 June 2026 $ | GROUP 30 June 2025 $ |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 5 | 1,092,461 | 2,424,479 |
| Trade and other receivables | 6 | 13,331,680 | 6,670,672 |
| Non-current assets classified as held for sale | 11 | 871,470 | 871,470 |
| **Total Current Assets** | | 15,295,611 | 9,966,621 |
| **NON-CURRENT ASSETS** | | | |
| Trade and other receivables | 6 | 238,949 | 179,881 |
| Office equipment | 7 | 40,901 | 48,288 |
| Demonstration plant | 8 | 90,366,684 | 70,989,846 |
| Right-of-use asset | 9 | 4,390,951 | 2,033,102 |
| Other assets | 10 | 7,076,370 | 7,025,665 |
| Land & Buildings | 11 | 2,260,770 | 2,260,770 |
| **Total Non-Current Assets** | | 104,374,625 | 82,537,552 |
| **TOTAL ASSETS** | | 119,670,236 | 92,504,173 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 12 | 4,844,446 | 2,344,249 |
| Borrowings | 13 | 471,361 | 2,123,567 |
| Lease liabilities | 9 | 13,635,355 | 5,670,313 |
| Share subscription funds | | - | 580,000 |
| **Total Current Liabilities** | | 18,951,162 | 10,718,129 |
| **NON-CURRENT LIABILITIES** | | | |
| Borrowings | 13 | 2,882,749 | - |
| Deferred income | 8 | 40,710,195 | 30,548,019 |
| Deferred income tax liability | 4 | 3,001,101 | 2,571,545 |
| **Total Non-Current Liabilities** | | 46,594,045 | 33,119,564 |
| **TOTAL LIABILITIES** | | 65,545,207 | 43,837,693 |
| **NET ASSETS** | | 54,125,029 | 48,666,480 |
| **EQUITY** | | | |
| Issued capital | 15 | 96,034,691 | 86,462,968 |
| Reserves | 16,17 | 5,788,294 | 5,033,136 |
| Accumulated losses | | (47,697,956) | (42,829,624) |
| **TOTAL EQUITY** | | 54,125,029 | 48,666,480 |

The above statement should be read in conjunction with the accompanying notes.

## STATEMENT OF CHANGES IN EQUITY
## For the year ended 30 June 2026

| GROUP | Note | Issued Capital $ | Reserves $ | Accumulated Losses $ | Total $ |
|---|---|---|---|---|---|
| **Balance at 1 July 2024** | | 77,428,757 | 4,369,415 | (40,170,539) | 41,627,633 |
| Expiry of options | | 417,096 | (417,096) | - | - |
| Option Reserve | 17 | (832,686) | 1,080,817 | - | 248,131 |
| Total comprehensive income | | - | - | (2,659,085) | (2,659,085) |
| Shares issued during the period | 15 | 9,449,801 | - | - | 9,449,801 |
| **Balance at 30 June 2025** | | 86,462,968 | 5,033,136 | (42,829,624) | 48,666,480 |
| Expiry of options | | 38,961 | (38,961) | - | - |
| Option Reserve | 17 | (545,988) | 794,119 | - | 248,131 |
| Total comprehensive income | | - | - | (4,868,332) | (4,868,332) |
| Shares issued during the period | 15 | 10,078,750 | - | - | 10,078,750 |
| **Balance at 30 June 2026** | | 96,034,691 | 5,788,294 | (47,697,956) | 54,125,029 |

The above statement should be read in conjunction with the accompanying notes.

## STATEMENT OF CASH FLOWS
## For the year ended 30 June 2026

| | | GROUP | |
|---|---|---|---|
| | Note | 30 June 2026 $ | 30 June 2025 $ |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Receipts from operations | | 6,333,498 | 13,244,520 |
| Payments to suppliers and employees | | (4,513,767) | (5,422,540) |
| Interest and other financial costs paid | | (76,862) | (301) |
| Interest received | | 19,748 | 11,459 |
| Government grant | | - | 264,000 |
| **Net cash from operating activities** | 18b | 1,762,617 | 8,097,138 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of office equipment and furniture & fittings | | (3,356) | (5,471) |
| Payments to acquire demonstration plant | | (8,968,906) | (6,162,311) |
| Payments of international patent expenditure | | (39,163) | (17,239) |
| Payments for exploration and evaluation | | (21,001) | - |
| Rent and deposit bonds | | 58,058 | (59,027) |
| **Net cash used in investing activities** | | (8,974,368) | (6,244,048) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from issue of shares | | 9,970,397 | 9,113,801 |
| Transaction costs related to issue of shares | | (677,375) | (1,151,620) |
| Repayments of borrowings | | (2,864,000) | (5,319,168) |
| Proceeds from borrowings | | 2,882,746 | 5,300,000 |
| Repayments of leases | | (3,432,035) | (7,936,774) |
| **Net cash from financing activities** | | 5,879,733 | 6,239 |
| **Net (decrease) / increase in cash and cash equivalents held** | | (1,332,018) | 1,859,329 |
| Cash and cash equivalents at beginning of the financial year | | 2,424,479 | 565,150 |
| **Cash and cash equivalents at end of financial year** | 18a | 1,092,461 | 2,424,479 |

The above statement should be read in conjunction with the accompanying notes.

## NOTE 1: MATERIAL ACCOUNTING POLICIES INFORMATION

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**New or amended Accounting Standards and Interpretations adopted**

The Group has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Group. These new Standards have not had a material financial impact on its financial statements:

**AASB 2023-5:** Amendments to Australian Accounting Standards – Lack of Exchangeability

Application Date: 1 January 2025, applies to financial year ended 30 June 2026

The Standard amends AASB 121 *The Effects of Changes in Foreign Exchange Rates* and AASB 1 *First-time Adoption of Australian Accounting Standards* to provide guidance on assessing whether one currency is exchangeable into another currency and, where exchangeability is lacking, determining the exchange rate to be used. The amendments also introduce additional disclosure requirements to help users understand the impact of a currency not being exchangeable into another currency.

**AASB 2026-1:** Amendments to Australian Accounting Standards – Disclosures about Uncertainties in the Financial Statements

Application Date: 1 July 2025 (for periods ending on or after 28 February 2026), applies to financial year ended 30 June 2026

The Standard amends AASB 136 *Impairment of Assets* and AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* by adding illustrative examples and guidance relating to significant estimation uncertainty. The amendments are intended to improve the quality and consistency of disclosures by helping entities explain the assumptions, judgements and uncertainties applied in areas such as impairment testing, provisions and other significant accounting estimates. The amendments are primarily disclosure-focused and are not expected to change the recognition or measurement requirements of the underlying standards.

**Basis of Preparation**

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

*Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

*Critical accounting estimates and judgements*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 1(w).

**Parent entity information**

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in Note 27.

## NOTES TO THE FINANCIAL STATEMENTS
## For the year ended 30 June 2026

**a. Principles of Consolidation**

The consolidated financial statements comprise the financial statements of Latrobe Magnesium Limited and its subsidiaries at 30 June each year ("the Group"). Subsidiaries are entities over which the Group has exposure to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries. Consolidated financial statements include all subsidiaries from the date that control commences until the date that control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies.

All inter-entity balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

Subsidiaries are accounted for in the parent entity financial statements at cost. A list of controlled entities is contained in Note 20 to the financial statements.

**b. Income Tax**

The Group adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. Deferred tax assets in relation to tax losses are not brought to account unless there is convincing evidence of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Latrobe Magnesium Limited and its wholly-owned Australian subsidiaries have formed an income tax group under the Tax Consolidation Regime. Each entity in the Group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each Group entity is then subsequently assumed by the parent entity. The Group notified the ATO on 2 January 2003 that it had formed an income tax group to apply from 1 July 2002. The tax group has entered a tax sharing agreement whereby each Company in the Group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax group.

**c. Foreign Currency Transactions and Balances**

<u>Functional and presentation currency</u>

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

<u>Transaction and balances</u>

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate.

Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity otherwise the exchange difference is recognised in the income statement.

**d. Plant and Equipment**

Plant and equipment are stated at historical cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation and any impairment.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present value in determining recoverable amounts.

**Depreciation**

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

| Class of Fixed Asset | Depreciation Rate |
|---|---|
| Plant and equipment - diminishing value | 35% |

The asset's residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in the income statement in the year that the item is derecognised.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

**e. Intangible assets**

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

*Research and development*

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, once the project is complete and ready to use, being their finite life of 20 years.

*Patents*

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 20 years.

## NOTES TO THE FINANCIAL STATEMENTS
## For the year ended 30 June 2026

**f. Right-of-use assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

**g. Government grants**

Government grants relating to assets are deferred and recognised in profit or loss over the period necessary to match them with the assets that they are intended to compensate. Grants relating to expense items are recognised as income immediately.

**h. Impairment of Non-Financial Assets**

At each reporting date the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined, and impairment losses are recognised in the income statement where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash-generating unit to which the asset belongs.

**i. Investments and other financial assets**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all a financial asset, its carrying value is written off.

## NOTES TO THE FINANCIAL STATEMENTS
## For the year ended 30 June 2026

*Financial assets at fair value through profit or loss*

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

*Financial assets at fair value through other comprehensive income*

Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

*Impairment of financial assets*

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured based on the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

### j. Finance Costs

Finance costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other finance costs are recognised in income in the period in which they are incurred.

### k. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-borrowings in current liabilities on the balance sheet.

### l. Revenue

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Research and development tax rebate

The Group is entitled to claim a refundable tax offset for eligible research and development expenditure under the Australian Government’s R&D Tax Incentive program. The incentive is recognised when there is reasonable assurance that the ompany will comply with the conditions and the incentive will be received. Where the related expenditure has been expensed, the incentive is recognised as other income. Where the related expenditure has been capitalised as an intangible asset, the incentive is recognised as deferred income.

## NOTES TO THE FINANCIAL STATEMENTS
## For the year ended 30 June 2026

**m. Trade and Other Payables**

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and have up to 60-day payment terms.

**n. Interest bearing liabilities**

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the loans and borrowings using the effective interest method.

All borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

**o. Other liabilities**

Other liabilities comprise non-current amounts due to related parties that do not bear interest and are repayable in more than 366 days from balance sheet date. As these are non-interest bearing, fair value at initial recognition requires an adjustment to discount these loans using a market-rate of interest for a similar instrument with a similar credit rating (Group's incremental borrowing rate). The discount is credited to the income statement immediately and amortised using the effective interest method.

The component parts of compound instruments (convertible securities) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group’s own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument’s maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

**p. Provisions**

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated. For service warranties, the likelihood that an outflow will be required to settle the obligation is determined by considering the class of obligations as a whole. Provisions are not recognised for future operating losses.

Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

**q. Share-based payments**

For equity-settled share-based payment transactions, the Group measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received.

**r. Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**s. Contributed equity**

Ordinary shares are classified as equity (refer Note 15).

Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

**t. Dividends**

Provision is made for dividends declared and no longer at the discretion of the Group, on or before the end of the financial year but not distributed at balance date.

**u. Earnings per share**

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to members of Latrobe Magnesium Limited, adjusted for the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares during the year.

The weighted average number of issued shares outstanding during the financial year does not include shares issued as part of the Employee Share Loan Plan that are treated as in-substance options.

Diluted earnings per share

Earnings used to calculate diluted earnings per share are calculated by adjusting the basic earnings by the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

**v. Goods and Services Tax (GST)**

Revenues, expenses are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**w. Critical Accounting Estimates and Judgments**

The Directors evaluate, estimate and make judgements which are incorporated into the financial report based on historical knowledge and best available current information.

Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to an impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Capitalised development assets are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Value in use calculations performed in determining recoverable amounts incorporate a number of key estimates. No impairment has been recognised in respect of the intangible assets and the demonstration plant under construction for the year ended 30 June 2026. Refer to Note 10 for details of assumptions used in the value in use impairment model.

**x. New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2026. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

The Group is still assessing but does not currently expect these new Standards to have a material financial impact on its financial statements:

## NOTES TO THE FINANCIAL STATEMENTS
## For the year ended 30 June 2026

**AASB 18** Presentation and Disclosure in Financial Statements

This standard is applicable to annual reporting periods beginning on or after 1 January 2027 and early adoption is permitted. The standard replaces IAS 1 'Presentation of Financial Statements', with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. But the standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The consolidated entity will adopt this standard from 1 July 2027 and it is expected that there will be a significant change to the layout of the statement of profit or loss and other comprehensive income.

## NOTE 2: FINANCIAL RISK MANAGEMENT OBJECTIVES

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e., not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is conducted by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls, and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board monthly.

<u>(i) Liquidity risk</u>

Liquidity risk arises from the Group’s management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group’s policy is to ensure that it will always have sufficient cash or access to funds to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 90 days.

The Group’s exposure to liquidity risk is discussed in further detail at Note 26.

The Board receives cash flow projections on a monthly basis as well as information regarding cash balances. At the balance sheet date, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

<u>(ii) Interest Rate Risk</u>

The Group’s exposure to interest risk arises when the value of financial instruments fluctuates as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities.

The Group’s exposure to interest rate risk only extends to cash and cash equivalents, borrowings and lease liabilities at balance date. The Group’s exposure to interest rate risk at 30 June 2026 and 30 June 2025 is set out in the following tables:

## NOTES TO THE FINANCIAL STATEMENTS
## For the year ended 30 June 2026

**CONSOLIDATED**

| Year ended 30 June 2026 | Weighted Average Interest Rate | Floating Interest Rate | Fixed Interest maturing in: 1 year or less | Over 1 to 5 years | More than 5 years | Non-interest bearing | Total |
|---|---|---|---|---|---|---|---|
| | % | $ | $ | $ | $ | $ | $ |
| Financial assets | | | | | | | |
| Cash & cash equivalents | 0.3 | 1,092,461 | - | - | - | - | 1,092,461 |
| Trade & other receivables | | - | - | - | - | 13,570,629 | 13,570,629 |
| Total Financial Assets | | 1,092,461 | - | - | - | 13,570,629 | 14,663,090 |
| Financial liabilities | | | | | | | |
| Borrowings | 24.0 | - | (3,354,107) | - | - | - | (3,354,107) |
| Lease liabilities | 23.1 | | (13,635,355) | - | - | - | (13,635,355) |
| Trade and other payables | | - | - | - | - | (4,844,446) | (4,844,446) |
| Net financial assets | | 1,092,461 | (16,989,462) | - | - | 8,726,182 | (7,170,819) |

| Year ended 30 June 2025 | Weighted Average Interest Rate | Floating Interest Rate | Fixed Interest maturing in: 1 year or less | Over 1 to 5 years | More than 5 years | Non-interest bearing | Total |
|---|---|---|---|---|---|---|---|
| | % | $ | $ | $ | $ | $ | $ |
| Financial assets | | | | | | | |
| Cash & cash equivalents | 0.3 | 2,424,479 | - | - | - | - | 2,424,479 |
| Trade & other receivables | | - | - | - | - | 6,850,553 | 6,850,553 |
| Total Financial Assets | | 2,424,479 | - | - | - | 6,850,553 | 9,275,032 |
| Financial liabilities | | | | | | | |
| Borrowings | 18.0 | - | (2,123,567) | - | - | - | (2,123,567) |
| Lease liabilities | 20.81 | | (5,670,313) | - | - | - | (5,670,313) |
| Trade and other payables | | - | - | - | - | (2,343,497) | (2,343,497) |
| Net financial assets | | 2,424,479 | (7,793,880) | - | - | 4,507,056 | (862,345) |

(iii) Foreign exchange currency risk

The Group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the Group's measurement currency.

There was no exposure to foreign currency risk at balance date because the Group had purchased some Euro and USD currencies.

The Group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the Group's measurement currency.

On 25 March 2026 the Company entered into an amendment to its distribution arrangements with Metal Exchange LLC under which it received a US$2.0 million advance. The advance is denominated in USD. As the liability represents a monetary item, it is translated at the reporting date exchange rate. Exchange differences arising on retranslation are recognised in profit or loss.

The Group has also purchased some Euro and USD currencies.

## NOTES TO THE FINANCIAL STATEMENTS
## For the year ended 30 June 2026

(iv) Share market risk

The Group relies greatly on equity markets to raise capital for its magnesium project development activities and is thus exposed to equity market volatility.

When market conditions require prudent capital management, in consultation with its professional advisers, the Group looks to alternative sources of funding, including debt financing and joint venture participation.

(v) Credit risk

Credit risk arises principally when the other party to a financial instrument fails to discharge its obligations in respect of that instrument. The Group's exposure to credit risk arises from potential default of the counter party, with the maximum exposure equal to the carrying amount of these instruments.

Trade and receivable balances are monitored on an ongoing basis with the Group's exposure to bad debts minimal. There was no exposure to trade receivable credit risk at balance date. The Group does not have any material credit risk exposure to any single receivable or Group of receivables under financial instruments entered into by the Group.

Other receivables comprise GST. Credit worthiness of debtors is undertaken when appropriate.

(vi) Commodity risk

Commodity price risk arises when the fair value of future cash flows of a financial instrument will fluctuate because of changes in commodity market prices.

The Group had no exposure to commodity price risk at balance date. The Group's potential exposure to commodity price risk will materialise in the event that development of the Group's Latrobe Magnesium Project proceeds.

(vii) Market risk

Market risk does arise as the Group has interest bearing, tradeable or foreign currency financial instruments. However, it is mitigated as most of these instruments have fixed interest rates.

As the financial assets held by the Group as at 30 June 2026 were cash and cash equivalents and trade and other receivables, and the value of these financial assets are not affected by the short-term movement in interest rates, a market risk sensitivity has not been performed.

(viii) Equity price risk

Equity price risk arises from investments in equity securities and Latrobe Magnesium Limited's issued capital. The Group had no exposure to investments in equity securities at balance date. The capacity of the Company to raise capital from time to time may be influenced by either or both market conditions and the price of the Company's listed securities at that time.

**Fair value of financial assets and liabilities**

The fair value of all monetary financial assets and financial liabilities of Latrobe Magnesium approximate their carrying value. There are no off-balance sheet financial asset and liabilities at year-end. All financial assets and liabilities are denominated in Australian dollars.

## NOTES TO THE FINANCIAL STATEMENTS
## For the year ended 30 June 2026

### NOTE 3 LOSS FROM ORDINARY ACTIVITIES

| | | GROUP | |
|---|---|---|---|
| | | **30 June 2026** | **30 June 2025** |
| | | **$** | **$** |
| The following revenue and expense items are relevant in explaining the financial performance for the period. | | | |
| (i) | **Revenue** | | |
| | Finance income | 55,683 | 28,873 |
| | **Other Income** | | |
| | Research and development tax rebate | 1,605,249 | 2,620,237 |
| | Fuel excise rebate | 1,592 | 10,607 |
| | Rent income | 84,375 | 67,500 |
| | Loss on foreign exchange | (72,321) | (912) |
| | | 1,674,578 | 2,726,305 |

Total research and development tax rebates for the year were $11,758,339 (2025: $6,256,305 gross). $10,162,176 (2025: $3,636,068) in R&D rebates have been capitalised as per note 8.

| | | | |
|---|---|---|---|
| (ii) | **Expenses** | | |
| | Depreciation – Office equipment and furniture & fittings | 22,024 | 23,106 |
| | Depreciation – Lease | - | 10,278 |
| | Research and evaluation expenses | 32,195 | 87,575 |
| | Directors and CEO fees | 708,000 | 850,167 |
| (iii) | **Finance costs** | | |
| | Interest on borrowings | 410,394 | 474,946 |
| | Interest on leases | 3,819,703 | 1,607,614 |
| | Other interest | 156,286 | 356,003 |
| | Total finance costs | 4,386,383 | 2,438,563 |
| | Less: amounts capitalised to demonstration plant | (4,230,097) | (2,082,560) |
| | Finance costs expensed | 156,286 | 356,003 |

### NOTE 4: INCOME TAX EXPENSE

| | GROUP | |
|---|---|---|
| | **30 June 2026** | **30 June 2025** |
| | **$** | **$** |
| *Income Tax Expense* | | |
| Current tax | - | - |
| Deferred tax – origination and reversal of temporary differences | 429,559 | (250,256) |
| Prior period under/(over) provision | - | 71,397 |
| | 429,559 | (178,859) |
| The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax benefit as follows: | | |
| Loss from ordinary activities before income tax | (4,438,773) | (2,837,944) |

## NOTES TO THE FINANCIAL STATEMENTS
## For the year ended 30 June 2026

| | | |
|---|---|---|
| Prima facie tax expense/(benefit) on loss from ordinary activities before income tax at 30% (2025: 25%) | 1,331,632 | 709,486 |
| Permanent differences relating to R&D claim | (508,469) | (218,137) |
| Other permanent differences | (1,778) | (8,537) |
| Tax losses not recognised | (1,208,122) | (515,524) |
| Prior period over/(under) provision | - | (71,397) |
| (Decrease)/increase in income tax benefit due to timing differences | (42,822) | 282,968 |
| **Income tax (expense)/credit** | (429,559) | 178,859 |

**Net deferred tax asset not taken to account**

The potential future income tax benefit arising from tax losses has not been taken to account because of the absence of convincing evidence of the realisation of the benefit.

The deferred tax asset will only be recognised if:

i. the Group derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised;
ii. the Group continues to comply with the conditions for deductibility imposed by the law; and
iii. no changes in tax legislation adversely affect the Group in realising the benefit.

| | GROUP | |
|---|---|---|
| | **30 June 2026** | **30 June 2025** |
| | **$** | **$** |
| Benefit of unrecognised tax losses carried forward: | | |
| Revenue losses | 1,208,122 | 621,792 |
| Capital losses | 818,514 | 682,095 |
| | 2,026,636 | 1,303,887 |
| *Deferred tax asset* | | |
| Accrued expenses | 24,143 | 20,588 |
| Employee entitlements | 75,802 | 49,219 |
| Superannuation payable | 9,224 | 9,240 |
| Regional Victoria Grant | 222,000 | 185,000 |
| Legal fees | 187,440 | 107,240 |
| Capital raising costs | 898,001 | 379,221 |
| | 1,416,610 | 750,508 |
| *Deferred tax liability* | | |
| Patent costs | 22,371 | 18,644 |
| Leases | 1,276,737 | 2,581,067 |
| Capitalised interest | 3,102,239 | 688,216 |
| Prepaid insurance | 16,364 | 34,126 |
| | 4,417,711 | 3,322,053 |
| Net deferred tax liability | 3,001,101 | 2,571,545 |

## NOTES TO THE FINANCIAL STATEMENTS
## For the year ended 30 June 2026

### NOTE 5 CASH AND CASH EQUIVALENTS

| | GROUP | |
|---|---|---|
| | 30 June 2026 | 30 June 2025 |
| | $ | $ |
| Cash at bank | 1,092,461 | 2,424,479 |

### NOTE 6 TRADE AND OTHER RECEIVABLES

| | GROUP | |
|---|---|---|
| | 30 June 2026 | 30 June 2025 |
| **Current** | $ | $ |
| GST recoverable | 1,304,167 | 83,006 |
| R&D tax concession rebate | 11,758,339 | 6,256,304 |
| Rent bond | 92,777 | 89,781 |
| Prepayment- insurance | 54,548 | 191,131 |
| Refundable prepayment | 121,849 | - |
| Other | - | 50,450 |
| | 13,331,680 | 6,670,672 |
| **Non-Current** | | |
| Share acquisition plan (note 22) | 156,877 | 100,877 |
| Rent and deposit bonds | 82,072 | 79,004 |
| | 238,949 | 179,881 |

There are no balances within trade and other receivables that are impaired and are past due. It is expected these balances will be received when due. Impaired assets are provided for in full.

### NOTE 7: OFFICE EQUIPMENT AND FURNITURE FIXTURES & FITTINGS

| | GROUP | |
|---|---|---|
| | 30 June 2026 | 30 June 2025 |
| | $ | $ |
| Office equipment and furniture & fittings at cost | 113,114 | 107,727 |
| Accumulated depreciation | (72,213) | (59,439) |
| **Total Office Equipment and Furniture & Fittings** | 40,901 | 48,288 |

**Movements in Carrying Amounts**

Between the beginning and the end of the current financial year, movements in the carrying amounts of plant, equipment and furniture fixtures & fittings are:

| | GROUP | |
|---|---|---|
| | 30 June 2026 | 30 June 2025 |
| | $ | $ |
| Balance at 1 July | 48,288 | 62,757 |
| Additions | 16,258 | 8,637 |
| Disposals | (1,621) | - |
| Depreciation expense | (22,024) | (23,106) |
| Carrying amount at 30 June | 40,901 | 48,288 |

## NOTE 8 DEMONSTRATION PLANT

| | GROUP | |
|---|---|---|
| | **30 June 2026** | **30 June 2025** |
| | **$** | **$** |
| Capitalised costs of the demonstration plant (i) | 80,092,416 | 65,897,216 |
| Crane equipment | 2,881,000 | 2,881,000 |
| Capitalised borrowing costs (ii) | 17,772,040 | 12,590,402 |
| Equipment Sale & Lease Back (iii) | (10,378,772) | (10,378,772) |
| | 90,366,684 | 70,989,846 |

Reconciliation of the carrying value of the demonstration plant at the beginning and end of the current and previous financial year are set out below:

| | | |
|---|---|---|
| Demonstration plant brought forward | 70,989,846 | 60,738,061 |
| Lease interest | 3,819,703 | 1,607,614 |
| Loan interest | 410,394 | 474,945 |
| Amortisation of ROU asset | 5,154,525 | 5,189,386 |
| Amortisation of borrowing costs | 562,489 | 69,026 |
| Other additions | 9,429,727 | 2,910,814 |
| Demonstration plant carried forward | 90,366,684 | 70,989,846 |

(i) Construction costs work of the initial 500tpa Demonstration Plant have been capitalised as demonstration plant asset of $80,092,416. Amortisation charges on the right of use asset are included within this balance. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources; and intent to complete the development and its costs can be measured reliably.

(ii) The construction loan facility of $22 million was finalised on 16 May 2022 with an approximately five-year loan term. The facility was increased by $3 million to $25 million on 21 April 2023. On 26 August 2024 the limit of the facility was further increased by $3 million to $28 million. The lender advanced $3 million under the facility on 3 September 2024 and a further $2.3M under the facility on 4 April 2025. The maturity date of the facility was also extended from 31 March 2027 to 31 December 2027. This facility has now been fully repaid. Also included within capitalised borrowing costs is interest on the sale and leaseback arrangement.

The loan finance costs comprised of mandate fee and establishment fee of $517,500 were paid by issue of LMG shares and other transaction costs of $100,000 was paid in cash. Under the facility agreement, 80,000,001 unlisted warrants were issued with the value of $3,913,358 calculated by the Black-Scholes method. The loan finance cost on the increased facility of $3 million with no increase on loan interest was structured by issuing 15 million LMG shares at $0.07 per share.

The finance costs and warrants fair value issued under the terms of the facility agreement are initially set off against the loan facility proceeds as loan transaction costs but are eligible borrowing costs for capitalisation progressively to the demonstration plant asset (until its completion) as they are unwound to the loan carrying value over the loan term. The interest on the loan is also an eligible borrowing cost.

(i) On 21 November 2023, LMG signed an agreement to lease finance $10.4 million of its demonstration plant equipment for the life of its project through a sale and lease back. There is no obligation to buy the equipment at the end of the lease. The lease liability interest is also an eligible borrowing cost for capitalisation to the demonstration plant to the extent that the sale proceeds were used to pay down the construction loan by $9.4 million and $1 million for operating expenses. The amortisation of the right of use asset under the lease back agreement is also an eligible cost for capitalisation as the right of use asset continues to be directly related to the continuing construction of the demonstration plant.

(iii) Refer to note 10 for information on the key assumptions for impairment testing

## NOTES TO THE FINANCIAL STATEMENTS
## For the year ended 30 June 2026

### Capital Commitments

The Company has committed to $2.2M of future capital expenditure on the Demonstration Plant at 30 June 2026.

### Deferred Income Liability

The deferred income from R&D incentive received or receivable for the demonstration plant design and construction in progress continues to be classified as a non-current liability. Once the plant is constructed the deferred income will be reclassified as an offset against the non-current plant asset.

| | GROUP | |
|---|---|---|
| | 30 June 2026 | 30 June 2025 |
| | $ | $ |
| Accumulated R&D incentives brought forward | 29,808,019 | 26,171,951 |
| Plus R&D incentives during the period | 10,162,176 | 3,636,068 |
| Accumulated R&D incentives carried forward | 39,970,195 | 29,808,019 |
| Regional Development VIC Grant | 740,000 | 740,000 |
| | 40,710,195 | 30,548,019 |

### NOTE 9 LEASING COMMITMENTS

Right of Use Assets - the Company is committed on the leases summarised as below:

| | GROUP | |
|---|---|---|
| | 30 June 2026 | 30 June 2025 |
| | $ | $ |
| **Right of Use Asset** | 17,891,146 | 10,378,772 |
| Accumulated depreciation | (13,500,195) | (8,345,670) |
| | 4,390,951 | 2,033,102 |
| | | |
| **Lease Liability** | 17,891,146 | 10,378,772 |
| Interest expense | 7,036,597 | 3,216,894 |
| Lease payments | (11,292,388) | (7,925,353) |
| Lease liability at end of period | 13,635,355 | 5,670,313 |
| | | |
| Current lease liability | 13,635,355 | 5,670,313 |
| Non-Current lease liability | - | - |
| Total lease liability | 13,635,355 | 5,670,313 |

Equipment capitalised interest

- Equipment Lease – Operation Unit
  Term: 21 November 2023 to 20 June 2027
  Monthly rent $532,444 as at 21 November 2023.
  Rental increase N/A
  Interest rate Implicit composite rate of 23.05% p.a. from 15 May 2025 to measure critical lease extension liability

The current lease liability of $13,635,355 will be partially paid on receipt of the 2026 research and development tax rebate later in 2026.

## NOTES TO THE FINANCIAL STATEMENTS
## For the year ended 30 June 2026

### NOTE 10 OTHER INTANGIBLE ASSETS

| | GROUP | |
|---|---|---|
| | 30 June 2026 | 30 June 2025 |
| | $ | $ |
| Acquired in-process research and development, at cost | 5,684,000 | 5,684,000 |
| Other intangible assets acquired in 2017 with the Ecoengineers Pty Ltd acquisition | 1,080,000 | 1,080,000 |
| Closing balance | 6,764,000 | 6,764,000 |
| International Patent for the Hydromet Process | 261,665 | 229,768 |
| New patent applications in the period | 50,705 | 31,897 |
| Total | 7,076,370 | 7,025,665 |

Since June 2023, the Group is in the process of applying Australian provisional patents for the processes of improved ferronickel slag leaching and pro-hydrolysis of calcium chloride.

Latrobe Magnesium Project is based in the Latrobe Valley in Victoria. As the project is not held ready for use, the Group is required to perform an annual impairment test. This impairment test involves the comparison of the recoverable amount calculated from a discounted cash flow value in use impairment model with the carrying value of the cash generating unit (CGU) as at 30 June 2026. The CGU has been determined to comprise the demonstration plant under construction of $90,366,684 set out in note 8, the intangible assets of $7,076,370 set out above and the land and property of $2,260,770 set out in note 11, offset by deferred income of $40,710,195 set out in note 8. The net carrying value of the CGU is $58,993,629 (2025: $49,728,261).

The key assumptions underlying this impairment test have been based on data provided in the Group's preliminary economic assessment and subsequent reports. The key assumptions are adjusted to incorporate risks with a particular segment, and are summarised as follows:

- a budgeted cash flow period of 30 years, which approximates the project's life, based on current inputs;
- for the current Demonstration Plant, an initial production of 500 tonnes per annum increasing to 10,000tpa for the Victorian Development Option;
- magnesium metal price of US$7,054 per tonne is used which represents the US market, which is currently approximately triple the Chinese price, due to tariffs on import of magnesium into the US from China;
- market information for forward exchange rates;
- operating costs based upon operational data and third-party consultant's estimates;
- capital costs based upon management's estimates, factored from Demonstration Plant actual cost data; and
- pre-tax discount rate of 10% used in the commercial 10,000tpa Victorian Development Option.

### NOTE 11 LAND AND BUILDINGS

The purchase price together with capitalised costs are summarised below:

| | GROUP | |
|---|---|---|
| | 30 June 2026 | 30 June 2025 |
| 320 Tramway Road, Hazelwood North, VIC 3840 | $ | $ |
| Land and property | 1,305,456 | 1,305,456 |
| Stamp duty | 92,950 | 92,950 |
| Administration building improvement | 862,364 | 862,364 |
| Total | 2,260,770 | 2,260,770 |

## NOTES TO THE FINANCIAL STATEMENTS
## For the year ended 30 June 2026

| | GROUP | |
|---|---|---|
| | 30 June 2026 | 30 June 2025 |
| Asset Held for Sale - 320 Tramway Road, Hazelwood North, VIC 3840 | $ | $ |
| Vacant parcel of land | 871,470 | 871,470 |
| Total | 871,470 | 871,470 |

Refer to Note 25 for information on subsequent sale.

### NOTE 12: TRADE AND OTHER PAYABLES

| | GROUP | |
|---|---|---|
| | 30 June 2026 | 30 June 2025 |
| | $ | |
| Trade creditors and accrued expenses | 3,299,953 | 2,072,056 |
| GST payable on lease invoices | 1,219,606 | - |
| Employee annual leave entitlements | 176,252 | 151,986 |
| Employee PAYG Withholding | 41,470 | 36,958 |
| Employee Superannuation | 30,745 | 38,361 |
| Employee Long Service Leave provision | 76,420 | 44,888 |
| Total | 4,844,446 | 2,344,249 |

Trade creditors include an amount owing to our former EPCM contractor, Mincore, which is in dispute. LMG has lodged a counter claim for a significantly greater amount. Refer to Note 23.

### NOTE 13 BORROWINGS - SECURED

| | GROUP | |
|---|---|---|
| | 30 June 2026 | 30 June 2025 |
| *Loan* | $ | $ |
| Loan balance at 1 July | 2,351,396 | 2,036,558 |
| Loan Drawdown | - | 5,300,000 |
| Interest accrued | 551,333 | 334,006 |
| Loan repayment | (2,902,729) | (5,319,168) |
| Loan balance at 30 June | - | **2,351,396** |
| Less transaction costs | (5,757,076) | (5,757,076) |
| Plus transaction costs amortisation | 5,757,076 | 5,247,540 |
| Less sale of equipment | (52,933) | (52,933) |
| Plus sale of equipment amortisation | 52,933 | - |
| GST Loan Balance | 471,361 | 334,640 |
| Carrying value as at 30 June | 471,361 | 2,123,567 |

## NOTES TO THE FINANCIAL STATEMENTS
## For the year ended 30 June 2026

| | $ | $ |
|---|---|---|
| Borrowings- *Metal Exchange LLC* | 2,882,746 | - |
| Total | 2,882,746 | - |

| **Borrowings** | $ | $ |
|---|---|---|
| Current | 471,361 | 2,123,567 |
| Non-Current | 2,882,746 | - |
| Total | 3,354,107 | 2,123,567 |

In December 2025, LMG received $6.3 million R&D Tax Rebate from the ATO. This amount was utilised to repay the lender under the loan agreement and reduce the lease liability.

The terms and conditions are as follows:

| | |
|---|---|
| Lender | RnD Funding Pty Ltd |
| Loan Term | Four years and nine months expiring 31 March 2027. On 26 August 2024, the maturity date was extended to 31 December 2027. |
| Interest Rate | 12% per annum up to 31 October 2023, 18% per annum from 1 November 2023 to 31 December 2024 and 24% per annum thereafter to maturity date. |
| Loan Drawdown | $27.3 million has been drawn to 31 December 2025. The amounts drawn have all been fully repaid. |
| Financing Costs | Mandate fee 1.25% and establishment fee 1% totalling $517,500 paid by issue of LMG shares. Transaction costs $100,000 paid by cash.<br>80 million warrants issued to the lender at a fair value of $3,913,358. The financing costs are subtracted from the loan proceeds and unwound over the loan term of 4 years and 9 months to 31 March 2027.<br>15 million LMG shares at $0.07 were issued as financing costs of the $3 million increase in the facility.<br>Interest rate remains unchanged.<br>Due to large early principal repayments made during FY25, unwinding of financing costs has been accelerated in tandem. |
| Loan Repayment | Loan principal and interest repayments were scheduled to start from 12 July 2024 from the proceeds of the R&D Tax Rebate. All R&D grant refunds received subsequent to the loan commencement are required to be utilised as additional loan repayments. |
| Security | The facility is secured by a mortgage deed on the 320 Tramway Road, Hazelwood North property which has been valued at $8.1 million owned by Latrobe Magnesium Limited as the mortgagor, and the lender, RnD Funding Pty Ltd as the mortgagee. |

On 25 March 2026 the Company entered into an amendment to its distribution arrangements with Metal Exchange LLC under which it received a US$2.0 million advance.

The advance bears interest at 6% per annum and is repaid through contractual margin-sharing arrangements between the parties. Any outstanding principal and accrued interest become repayable upon termination or expiry of the distribution agreement.

As at 30 June 2026 the advance is measured at amortised cost using an effective interest rate of 6% per annum.

The advance is denominated in USD. As the liability represents a monetary item, it is translated at the reporting date exchange rate. Exchange differences arising on retranslation are recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS
## For the year ended 30 June 2026

### NOTE 14 SHARE SUBSCRIPTION FUNDS

| | GROUP | |
|---|---|---|
| | 30 June 2026 | 30 June 2025 |
| | $ | $ |
| Directors share subscription - 52,727,273 shares at $0.011 | - | 580,000 |

Of the above shares, 41,684,091 shares were subscribed by Directors, and 11,043,182 shares were subscribed by an Associate of the Director.

Under the ASX listing Rule 10.11, the shares allotted to Directors were approved at an annual general meeting held on 25 November 2025.

### NOTE 15 ISSUED CAPITAL

| | | | GROUP | |
|---|---|---|---|---|
| | | | 30 June 2026 | 30 June 2025 |
| **(a)** | **Ordinary Shares Issued and Fully Paid** | | **$** | **$** |
| | Balance at beginning of reporting period | | 86,462,968 | 77,428,757 |
| | 12-Jul-24 | 51,337,937 options issued @ $0.079 for broker services, valued by Black-Scholes | | (754,318) |
| | 17-Jul-24 | 12,558,608 shares issued at $0.045 pursuant to a share purchase plan | | 565,138 |
| | 18-Jul-24 | 118,996,947 shares issued at $0.045 pursuant to a share purchase plan | | 5,354,863 |
| | 19-Jul-24 | 1,777,777 shares issued at $0.045 pursuant to a share purchase plan | | 80,000 |
| | 19-Jul-24 | Placement fees | | (475,000) |
| | 8-Aug-24 | 11,720,001 shares issued at $0.05 to Directors as approved by EGM | | 586,000 |
| | 8-Aug-24 | 11,111,111 shares issued at $0.045 to Directors as approved by EGM | | 500,000 |
| | 2-Sep-24 | 550,000 shares issued at $0.05 for corporate advisory services | | 27,500 |
| | 10-Apr-25 | 200,000,000 shares issued at $0.011 pursuant to a share purchase plan | | 2,200,000 |
| | 10-Apr-25 | Placement fees | | (275,000) |
| | 10-Apr-25 | 20,000,000 options issued @ $0.019 for broker services, valued by Black-Scholes | | (78,368) |
| | 9-May-25 | 76,072,670 shares issued at $0.011 pursuant to a share purchase plan | | 836,800 |
| | 19-May-25 | 1,980,000 shares issued at $0.025 for corporate advisory fees | | 49,500 |
| | 30-May-25 | Options expired 15,000,000 @ $0.10, valued by Black-Scholes | | 417,096 |
| | 22-Jul-25 | 5,181,818 shares issued at $0.008 pursuant to employee share scheme | 41,455 | |
| | 4-Aug-25 | 2,727,273 shares issued at $0.011 for legal services | 30,000 | |
| | 17-Oct-25 | 260,869,571 shares issued at $0.023 pursuant to a share purchase plan | 6,000,000 | |
| | 17-Oct-25 | Placement fees | (360,000) | |
| | 30-Oct-25 | 1,320,000 shares issued at $0.025 for corporate advisory services | 33,000 | |
| | 11-Nov-25 | 143,102,768 shares issued at $0.023 pursuant to a share purchase plan | 3,291,369 | |
| | 11-Nov-25 | 32,533,354 shares issued at $0.023 pursuant to a share purchase plan | 748,267 | |
| | 12-Nov-25 | Placement fees | (317,374) | |

| | | | |
|---|---|---|---|
| 12-Nov-25 | Broker Options issued at $0.046, valued by Black-Scholes | (545,988) | |
| 14-Nov-25 | Legal costs | (78,379) | |
| 26-Nov-25 | 50,000,000 shares issued at $0.011 to Directors as approved by EGM | 550,000 | |
| 5-Dec-25 | 2,727,273 shares issued at $0.011 for consulting | 30,000 | |
| 5-Dec-25 | 2,000,000 shares issued at $0.028 pursuant to employee share acquisition plan | 56,000 | |
| 5-Dec-25 | 764,706 shares issued at $0.028 for consulting | 21,412 | |
| 31-Dec-25 | Options expired 3,000,000 @ $0.10, valued by Black-Scholes | 38,961 | |
| 21-Apr-26 | 1,320,000 shares issued at $0.025 for corporate advisory services | 33,000 | |
| | | 96,034,691 | 86,462,968 |

**(b) Shares on Issue**

| | No. | No. |
|---|---|---|
| Balance at beginning of reporting period | 2,626,590,044 | 2,191,822,930 |
| Share on Issues: | | |
| • 17 July 2024 | | 12,558,608 |
| • 18 July 2024 | | 118,996,947 |
| • 19 July 2024 | | 1,777,777 |
| • 8 August 2024 | | 11,720,001 |
| • 8 August 2024 | | 11,111,111 |
| • 24 September 2024 | | 550,000 |
| • 10 April 2025 | | 200,000,000 |
| • 9 May 2025 | | 76,072,670 |
| • 19 May 2025 | | 1,980,000 |
| • 22 July 2025 | 5,181,818 | |
| • 4 August 2025 | 2,727,273 | |
| • 17 October 2025 | 260,869,571 | |
| • 30 October 2025 | 1,320,000 | |
| • 11 November 2025 | 143,102,768 | |
| • 11 November 2025 | 32,533,354 | |
| • 26 November 2025 | 50,000,000 | |
| • 5 December 2025 | 2,727,273 | |
| • 5 December 2025 | 2,000,000 | |
| • 5 December 2025 | 764,706 | |
| • 21 April 2026 | 1,320,000 | |
| Balance at end of reporting period | 3,129,136,807 | 2,626,590,044 |

### Fully paid ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholder meetings each ordinary share is entitled to one vote when a poll is called.

### Options and warrants

Refer to notes 16 and 17 for unissued shares under outstanding warrants and options.

### Employee Share Plan Scheme

For information relating to the Latrobe Magnesium Limited Share Acquisition Plan, refer to Note 24: Employee Benefits. 5,181,818 shares were issued during the financial year.

## NOTES TO THE FINANCIAL STATEMENTS
## For the year ended 30 June 2026

**Capital Management**

The Group considers its capital to comprise its ordinary share capital and reserves.

In managing its capital, the Group's primary objective is to maintain a sufficient funding base to enable the Group to meet its working capital and the development of its Latrobe Magnesium project.

In making decisions to adjust its capital structure to achieve these aims, either through altering its dividend policy, new share issues, or consideration of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives. During FY2026, the Group:

- Completed capital raising by placements in October 2025 and November 2025 raising a total of $10 million to complete the construction of the magnesium plant.
- The R&D tax rebate 2025 was approved in November 2025. The rebate of $6.3 million was paid by the ATO and in turn repaid to the lender under the construction loan agreement.

### NOTE 16 UNLISTED WARRANTS

Under the 16 May 2022 funding agreement with RnD Funding Pty Ltd, LMG has issued 80,000,001 warrants at different strike prices and dates, as follows:

| Warrant Amount | Expiry Date | Exercise Price |
|---|---|---|
| 8,888,889 | 31/03/25* | $0.18 |
| 8,888,889 | 30/06/25* | $0.18 |
| 8,888,889 | 30/09/25* | $0.18 |
| 8,888,889 | 31/12/25* | $0.24 |
| 8,888,889 | 31/03/26* | $0.24 |
| 8,888,889 | 30/06/26* | $0.24 |
| 8,888,889 | 30/09/26 | $0.30 |
| 8,888,889 | 31/12/26 | $0.30 |
| 8,888,889 | 30/06/27 | $0.30 |

| Unlisted Warrants | | |
|---|---|---|
| | Number | Weighted average exercise price $ |
| Total warrants outstanding at beginning of the period | 80,000,001 | 0.24 |
| Granted in the period | - | |
| Exercised in the period | - | |
| Lapsed in the period | - | |
| Outstanding at the end of the period | 80,000,001 | 0.24 |

*Under the Warrant Agreement, the warrants which were due to be exercised on 31 March 2025, 30 June 2025, 30 September 2025, 31 December 2025, 31 March 2026 and 30 June 2026 are able to be extended until 6 months after the 10,000tpa plant has been commissioned.

The weighted average contractual life of warrants outstanding at the end of the financial year was 0.2 years (2025: 1.0 years).

The warrants were valued using the Black-Scholes model.

### Warrant Reserve

| Calculated by Black-Scholes | Warrants | Value |
|---|---|---|
| Capital raising costs on 16 May 2022 | 80,000,001 | $ 3,913,358 |

### NOTE 17: UNLISTED OPTIONS

On 1 July 2025, the Company issued 16,887,500 unlisted options at the exercise price of $0.079 expiring 12 August 2027 to RnD Funding as per the amended 2024 funding agreement.

On 12 November 2025, the Company issued 42,626,655 unlisted options at the exercise price of $0.019 expiring 10 April 2028 to the promoters of the 10 April 2025 private placement being part of the capital raising costs.

| Unlisted Options | | |
|---|---|---|
| | **Number** | **Weighted average exercise price $** |
| Total options outstanding at beginning of the year | 91,225,437 | 0.07 |
| Granted in the year | 59,514,155 | 0.06 |
| Forfeited in the year | - | - |
| Exercised in the year | - | - |
| Expired in the year | - | - |
| Lapsed in the year | (3,000,000) | 0.10 |
| Outstanding and exercisable at the end of the year | 147,739,592 | 0.06 |

The outstanding options at the end of the year had an exercise price ranging from $0.019 to $0.10 (2025: from $0.019 to $0.10).

The weighted average contractual life of options outstanding at the end of the financial year was 1.3 years (2025: 2.2 years).

The options were valued using the Black-Scholes model. The inputs used to determine the fair value of the options issued during the year at the grant dates were as follows:

| Grant date | Expiry date | Share price at grant date | Exercise price | Expected volatility | Risk-free interest rate | Fair value at grant date |
|---|---|---|---|---|---|---|
| 12-Aug-25 | 12-Aug-27 | $0.036 | $0.079 | 88% | 3.658% | $0.0147 |
| 12-Nov-25 | 12-Nov-27 | $0.028 | $0.046 | 108% | 3.635% | $0.0128 |

### Option Reserve

| Calculated by Black-Scholes | Options | Value $ |
|---|---|---|
| Capital raising costs on 12 July 2024 | 51,337,937 | 754,318 |
| Options issued under funding agreement to RnD funding on 9 September 2024 | 16,887,500 | 248,131 |
| Issued under funding agreement in July 2025 | 16,887,500 | 248,131 |
| Capital raising costs on 10 April 2025 | 20,000,000 | 78,368 |
| Capital raising costs on October 2025 | 42,626,655 | 545,988 |
| Total | 147,739,592 | 1,874,936 |

### NOTE 18: CASH FLOW INFORMATION

| | | GROUP | |
|---|---|---|---|
| | | **2026** | **2025** |
| | | **$** | **$** |
| a. | **Reconciliation of Cash** | | |
| | Cash at the end of the financial year as shown in the statement of cash flow is reconciled to items in the statement of financial position as follows: | | |
| | Cash at Bank | 1,092,461 | 2,424,479 |
| b. | **Reconciliation of cash flow from operating activities to operating loss after income tax:** | | |
| | Net profit (loss) | (4,868,332) | (2,659,085) |

| | | |
|---|---|---|
| Profit / Loss Adjustment of non-cash items: | | |
| Depreciation of equipment and furniture & fittings | 22,024 | 23,016 |
| Depreciation of leases | - | 10,278 |
| Interest expense not paid | 140,873 | 63,223 |
| Changes in Assets and Liabilities: | | |
| (Increase)/decrease in receivables and other assets | (6,779,144) | 9,844,590 |
| Increase in trade and other payables | 12,817,638 | 993,885 |
| Increase/(decrease) in tax payable | 429,559 | (178,859) |
| **Net Cash from Operating Activities** | 1,762,617 | 8,097,048 |

**c. Acquisition and Disposal of Entities**

There was no disposal of controlled entities during the 2026 or 2025 financial years.

**d. Non-cash Financing and Investing Activities**

| **2025-26** | | $ |
|---|---|---|
| 12-Aug-2025 | 16,887,500 unlisted options issued under funding agreement to RnD funding, fair valued at $248,131, refer to Note 17 | 248,131 |
| 12-Nov-2025 | 42,626,655 unlisted options issued at exercise price of $0.046 to pay for capital raising costs, fair valued at $545,988, refer to Note 17 | 545,988 |
| | Capitalised lease interest | 3,819,703 |
| | Right-of-use asset amortisation capitalised to the demonstration plant asset | 5,154,525 |
| | Loan interest capitalised to the demonstration plant asset | 410,394 |
| | | |
| **2024-25** | | $ |
| | Options | |
| 12-Jul-2024 | 51,337,937 unlisted options issued at exercise price of $0.079 to pay for capital raising costs, fair valued at $754,318, refer to Note 17 | 754,318 |
| 9-Sep-2024 | 16,887,500 unlisted options issued under funding agreement to RnD funding, fair valued at $248,131, refer to Note 17 | 248,131 |
| 10-Apr-2025 | 20,000,000 unlisted options issued at exercise price of $0.079 to pay for capital raising costs, fair valued at $78,368, refer to Note 17 | 78,368 |
| | Capitalised lease interest | 1,607,614 |
| | Right-of-use asset amortisation capitalised to the demonstration plant asset | 5,189,386 |
| | Loan interest capitalised to the demonstration plant asset | 474,945 |

## NOTE 19: LOSS PER SHARE

| | | | GROUP | |
|---|---|---|---|---|
| | | | 30 June 2026 | 30 June 2025 |
| Reconciliation of profit (loss) to net profit (loss): | | | | |
| (a) | Basic and diluted profit (loss) per share | cents per share | (0.16) | (0.11) |
| (b) | Profit (loss) used in the calculation of PPS/LPS | $ | (4,868,332) | (2,659,085) |
| (c) | Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted PPS/LPS | share | 2,961,882,970 | 2,394,887,164 |

There were 80,000,001 unissued shares under warrants at 30 June 2026 (2025: 80,000,001) and 147,739,592 unissued shares under options at 30 June 2026 (2025: 91,225,437). The warrants and options issued have not been considered for the diluted LPS calculation as their effect would be anti-dilutive.

## NOTE 20: CONTROLLED ENTITIES

| | Country of Incorporation | Percentage Owned 2026 | 2025 |
|---|---|---|---|
| **Parent Entity:** | | % | % |
| Latrobe Magnesium Limited | Australia | - | - |
| **Subsidiaries of Latrobe Magnesium Limited** | | | |
| Money Management WA Pty Ltd | Australia | 100 | 100 |
| Gold Mines of WA Pty Ltd | Australia | 100 | 100 |
| Magnesium Investments Pty Ltd | Australia | 100 | 100 |
| Ecoengineers Pty Ltd | Australia | 100 | 100 |
| Latrobe Magnesium Sarawak SDN BHD | Malaysia | 100 | 100 |

## NOTE 21: SEGMENT REPORTING

AASB 8: *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. As a result, following the adoption of AASB 8, the Board of Directors believes there is only one operating segment, and this is reflected in management's reporting processes.

AASB 8 requires a management approach under which segment information is presented on the same bases as that used for internal reporting purposes. The Group consists of one business segment being the development of its Latrobe Magnesium project.

## NOTE 22: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated. Transactions with and amounts receivable from and payable to Directors of related parties or their director related entities which:

(i) occur within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those which it is reasonable to expect the entity would have adopted if dealing with the director or director related entities at arm's length in the same circumstances;

(ii) do not have the potential to adversely affect decisions about the allocations of scarce resources made by users of the financial report, or the discharge of accountability by the directors if disclosed in the financial report only by general description; and

(iii) are not trivial or domestic in nature;

must be excluded from the detailed disclosures required. Such transactions and amounts receivable or payable shall be disclosed in the financial report by general description.

| | | GROUP 30 June 2026 | 30 June 2025 |
|---|---|---|---|
| **Other related entities** | | $ | $ |
| (i) | Director's fees were paid to J S Murray Pty Ltd of which J S Murray is a principal. | 85,000 | 85,000 |
| (iii) | Director's fees were paid to Stockholders Relation Pty Ltd of which J R Lee is a principal. | 75,000 | 75,000 |
| | Total | 160,000 | 160,000 |

The following amounts are outstanding to directors (exc GST) as at 30 June 2026:

| | | GROUP | |
|---|---|---|---|
| | | 30 June 2026 | 30 June 2025 |
| | | $ | $ |
| (i) | J S Murray Pty Ltd | 21,250 | - |
| (ii) | David Paterson | 153,678 | 53,225 |
| (iii) | Stockholders Relation Pty Ltd | 18,750 | - |
| (iv) | Philip Bruce | 13,250 | - |
| | Total | 206,928 | 53,225 |

At 30 June 2026, there was no share subscription liability (2025: $580,000) payable to Directors of the Group. This is recognised in note 14 as share subscription funds.

At 30 June 2026, a balance of $26,334 (2025: $26,334) is due from John Collier, a member of KMP, under the share acquisition plan disclosed in note 6.

**Key Management Personnel compensation**

Disclosure details relating to key management personnel, including remuneration, are provided in the Remuneration Report contained within the Directors' Report. Remuneration is entirely comprised of short-term benefits (salaries and fees) totalling $1,461,965 (2025: $1,575,959).

## NOTE 23: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

**Mincore Claim**

LMG's counter claim against Mincore Pty Ltd (**Mincore**) is still before the Supreme Court of Victoria with the parties actively prosecuting the proceedings. Currently, no date for a trial hearing has been set down and LMG does not anticipate that it will be before the end of 2026.

## NOTE 24: EMPLOYEE BENEFITS

**Employees Share Acquisition Plan**

The Shareholders approved at the 2021 AGM changes to the Group's Share Acquisition Plan. The Plan provides for eligible participants to purchase shares in the Company tax effectively through salary sacrifice and for the Board to issue shares to its employees as long term incentive bonuses.

## NOTE 25: EVENTS SUBSEQUENT TO REPORTING DATE

**New CEO**

On 23 July 2026 the Group announced that LMG's long standing Managing Director and CEO, David Paterson, would retire on 30 September 2026 and be replaced by Robert Stein. On 8 September 2026 the Group announced that Robert would commence on 14 September 2026 in a transition capacity and take over as CEO on 1 October 2026. The Board has accepted Mr Paterson's availability to act as a consultant for a period of 2 years from 1 October 2026.

**Demonstration Plant – Phase 1B**

On 1 September 2026 the Company provided an update on the Phase 1B installation and commissioning activities at the Demonstration Plant. Overall installation and commissioning is 70% complete, reflecting sustained completion progress across a number of work areas whilst continuing to advance toward first magnesium metal production in the second half of the calendar year.

## NOTES TO THE FINANCIAL STATEMENTS
## For the year ended 30 June 2026

**Capital Raising**

On 18 September 2026 the Group entered into a trading halt in respect of a proposed capital raising. On 22 September 2026 the Group announced that it had received firm commitments for a $8.5M equity raising. This is $5.1M from both new and existing institutional and professional investors via an institutional placement alongside a fully underwritten, non-renounceable entitlement offer to raise approximately $3.4M. Shaw and Partners (Shaw) will act at the Lead Manager on this capital raising.

Funds from the capital raising will be utilised to complete and commission the pyrometallurgical circuit of the 500tpa Demonstration Plant, together with site running and corporate costs.

**Strategic Magnesium Plant in USA**

On 15 September 2026 the Group announced that it would pursue a 50,000tpa US Development Option strategically positioned in South Carolina USA. It has signed Letters of Intent for 32,000tpa of committed demand from US consumers and traders, with substantial backing from the State of South Carolina. The facility will help meet the United States' strategic needs for magnesium including defence, aerospace, automotive and aluminium industries.

**Long State**

On 13 July 2026 the Group announced that it had secured a strategic investor to provide up to $16M in a funding package. Long State Investment Limited (Long State) initially planned to provide up to $6M pursuant to a share placement facility by 30 September 2026 with the remaining $10M to be available pursuant to completion of share swaps and further share placements.

Under the First Tranche of the Share Placement Agreement the Company issued 285,714,286 shares to Long State at an issue price of 1.4 cents per share on 17 July 2026. 50% of the Placement Proceeds ($1,975,697) was received upon completion with payment of the remaining 50% (swap deposit) being deferred until after the relevant pricing period has been agreed by both parties.

Company has agreed with Long State to not pursue the second placement as part of the equity investment agreement announced to ASX on 13 July 2026. LMG and Long State have agreed to a Deed of Variation under which LMG will pay Long State A$191,429 to settle the swap component of the initial placement according to the conditions of the Share Placement Agreement, which includes forfeiture of the swap deposit, as outlined in the ASX agreement on 13 July 2026.

Long State has arranged with the Lead Manager to the Offer and its clients to broker the sale of the remainder of Long State's LMG shares in a secondary market trade which was executed on 22 September 2026 at the Offer Price. This has left Long State with no remaining shareholding in the Company.

The Long State facility will remain in place, but utilising the facility is at LMG's sole and absolute discretion. LMG does not intend to utilise the Long State Facility as a source of equity capital going forward.

**Land Sale**

The Group has signed contracts to sell Lots 6 and 7. Lot 6 was sold for $1.5M and the sale is now unconditional with settlement set for April 2027. Lot 7 sold for $1.3M and we are waiting for a subdivision process to be registered by council and we hope to settle by the end of the year. Both sales have a 10% deposit.

There are no other significant events subsequent to reporting date which will affect the operations and state of affairs of the Group.

### NOTE 26: GOING CONCERN

For the year ended 30 June 2026, the Group reported a loss after tax of $4,868,332 (2025: $2,659,085) and net cash inflows from operating activities of $1,762,617 (2025: $8,097,138), which is primarily on account of R&D tax incentive received.

Notwithstanding the loss of the year, historical negative cash flows from operations and historical financial performance, the financial report has been prepared on a going concern basis. This assessment is based on cash at hand and the financial facilities available to the Group at balance date and post. The Group has prepared cash flow forecasts for the period up to 30 September 2027 and is satisfied that it will be able to continue to operate as a going concern on this basis.

## NOTES TO THE FINANCIAL STATEMENTS
## For the year ended 30 June 2026

On 18 September 2026 the Group entered into a trading halt in respect of a proposed capital raising. On 22 September 2026 the Group announced that it had received firm commitments for a $8.5M equity raising. This is $5.1M from both new and existing institutional and professional investors via an institutional placement alongside a fully underwritten, non-renounceable entitlement offer to raise approximately $3.4M. Shaw will act at the Lead Manager on this capital raising.

Funds from the capital raising will be utilized to complete and commission the pyrometallurgical circuit of the 500tpa Demonstration Plant, together with site running and corporate costs.

On 23 December 2025 the Group announced that Export Finance Australia (EFA) had issued LMG a non-binding and conditional Letter of Support (LOS) indicating that EFA will consider potential financing for LMG's 10,000tpa Victorian Development Option. The LOS does not represent a financing commitment, and any potential support remains subject to EFA's due diligence and eligibility criteria, including environmental, social and financial assessments, and credit, risk and legal approvals.

The EFA LOS is in addition to the non-binding Letter of Interest (LOI) received in October 2025 from the Export-Import Bank of the United States (EXIM) which advised that EXIM would be prepared to consider financing of up to approximately US $122M (A$200M) for the Victorian Development Option capital expenditure over a maximum repayment term of up to 15 years, subject to standard due diligence and approvals. The proposed transaction is expected to be eligible for special consideration under Section 402 of EXIM's 2019 reauthorisation, which is intended to mitigate the competitive impact of export support provided by the People's Republic of China and to advance US industrial and technological leadership in critical minerals.

In 2025 the Group lodged its “Whitepaper” to the US Department of War (DoW) under the auspices of the Title III Defence Production Act. Magnesium is considered a critical mineral in the United States, and no current domestic production exists. On 21 August 2026 the Defence Industrial Base Consortium (DIBC) released the Request for Project Proposals (RPP) for industry participation in domestic processing capabilities of four critical minerals. This is aimed at addressing supply gaps in magnesium, indium, manganese and titanium used in defence applications. An initial Quad submission was provided in September 2026.

While the application has not yet progressed to a grant award the Group understands that its submission continues to be viewed favourably by relevant US agencies. The proposal highlights that Bechtel, a US based Washington firm, would lead engineering efforts, and that all magnesium produced would be exported to US customers, including the Pentagon. The funding will enable LMG to fund ramp-up costs and progress feasibility studies for the 10,000tpa Victorian Development Option. We remain confident in the strategic merit of our proposal and its alignment with US critical minerals and domestic supply chain objectives.

The Group's tax return for 2026 Financial Year is expected to be a R&D refundable offset claim in the order of $11.8 million which LMG anticipates it will receive in November 2026. These funds will be used to reduce secured moneys owed to the Lender.

The Group has a pathway to refinance debt, monetise latent assets and restore the balance sheet. The sale and leaseback transaction ends on 20 June 2027 with final end of lease details being arranged with the financier.

The Group also has a number of potential funding options from the Federal Governments and is assessing eligibility for grants under the Industry Growth Program. Overall installation and commissioning is 70% complete on the Phase 1B installation and commissioning at the Demonstration Plant. As the first magnesium metal production is scheduled in the second half of the calendar year, the Group will also consider an equity raise or other forms of funding.

In the event that the above plans are not realised, a material uncertainty would exist that may cast significant doubt on the Group's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

## NOTE 27: PARENT ENTITY INFORMATION

As at, and throughout, the financial year ended 30 June 2026 the parent entity of the Group was Latrobe Magnesium Limited.

| | 2026 | 2025 |
|---|---|---|
| | $ | $ |
| **Result of parent entity** | | |
| Loss for the period | (4,759,384) | (2,659,085) |
| Other comprehensive income | - | - |
| Total comprehensive income for the period | (4,759,384) | (2,659,085) |
| **Financial position of the financial entity at year end** | | |
| Current assets | 15,454,546 | 9,966,921 |
| Non-current assets | 104,374,625 | 82,537,552 |
| **Total assets** | 119,829,171 | 92,504,473 |
| Current liabilities | 18,926,516 | 10,718,129 |
| Non-current liabilities | 46,594,044 | 33,119,564 |
| **Total liabilities** | 65,520,560 | 43,837,693 |
| **Net Assets** | 54,308,611 | 48,666,480 |
| **Total equity of the parent entity comprising of** | | |
| Issued capital | 96,034,691 | 86,462,968 |
| Reserves | 5,788,294 | 5,033,136 |
| Accumulated Losses | (47,514,374) | (42,829,624) |
| **Total equity** | 54,308,611 | 48,666,480 |

**Parent entity contingencies**

Refer to note 23 for the contingent liabilities of the Group which also apply to the parent entity.

**Parent entity capital commitments for the acquisition of property, plant or equipment.**

The parent entity has has committed to $2.2 million of future capital expenditure on the Demonstration Plant at 30 June 2026.

**Parent entity guarantees in respect of the debts of the subsidiaries**

The parent entity has entered into deed of guarantee with the effect that its subsidiaries guarantee the secured loan detailed in Note 13, to Latrobe Magnesium Limited.

## NOTE 28: AUDITOR'S REMUNERATION

Details of the amounts paid or payable to Nexia Sydney Audit Pty Limited or related entities for services provided during the year are set out below.

| | GROUP | |
|---|---|---|
| | 2026 | 2025 |
| | $ | $ |
| Audit and Review of Financial Reports | 137,064 | 112,879 |
| Taxation services | 18,700 | 21,900 |
| | 155,764 | 134,779 |

The Board of Directors ensure that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

## CONSOLIDATED ENTITY DISCLOSURE STATEMENT
## For the year ended 30 June 2026

**Latrobe Magnesium Limited**
**Consolidated entity disclosure statement**
**As at 30 June 2026**

| Entity Name | Entity Type | Place formed / Country of Incorporation | Ownership Interest | Tax Residency |
|---|---|---|---|---|
| Latrobe Magnesium Limited | Body Corporate | Australia | 100% | Australia |
| Money Management WA Pty Ltd | Body Corporate | Australia | 100% | Australia |
| Gold Mines of WA Pty Ltd | Body Corporate | Australia | 100% | Australia |
| Magnesium Investments Pty Ltd | Body Corporate | Australia | 100% | Australia |
| Ecoengineers Pty Ltd | Body Corporate | Australia | 100% | Australia |
| Latrobe Magnesium Sarawak SDN BHD | Body Corporate | Malaysia | 100% | Australia |

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# Independent Auditor's Report to the Members of Latrobe Magnesium Limited

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Latrobe Magnesium Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

i) giving a true and fair view of the Group's financial position as at 30 June 2026 and of its financial performance for the year then ended; and

ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the 'auditor's responsibilities for the audit of the financial report' section of our report. We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the Directors of the Company, would be in the same terms if given to the Directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material uncertainty related to going concern

We draw attention to Note 26 (Going Concern) in the financial report, which indicates that the Group incurred a net loss of $4,868,332 and had net cash outflow of $1,332,018 during the year ended 30 June 2026. As stated in the Going Concern note, these events or conditions, along with other matters as set forth in the note, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Our conclusion is not modified in respect of this matter.

Nexia Australia

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our report.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Latrobe Valley Magnesium Production Project**<br><br>• **Capitalised Demonstration Plant Costs $90,366,684 - Note 8**<br>• **Capitalised Development Costs $7,076,370 - Note 10**<br>• **Land and Property $2,260,770 - Note 11**<br><br>*Refer to notes 8, 10 and 11 to the financial statements.*<br><br>Included in the Group's total assets are capitalised development costs of $7,076,370 in respect of the acquired in-process research and development costs in relation to extracting magnesium from fly ash, capitalised demonstration plant costs of $90,366,684 and land and property of $2,260,770.<br><br>Together, these assets comprise the cash generating unit (CGU) of the Group's Latrobe Valley Magnesium production project as identified in Notes 8,10 and 11s. These are offset by deferred grant income of $40,710,195 (note 8). The Group's accounting policy in respect of capitalised development costs is outlined in note 1(e), in respect of property, plant and equipment is outlined in note 1(d) and in respect of borrowing costs is outlined in note 1(j). | Our audit procedures included, amongst others:<br><br>▪ We assessed the acquired in-process research and development costs against the requirements for capitalisation contained in AASB 138 *Intangible Assets*;<br>▪ We assessed the capitalised demonstration plant costs and right of use asset against the recognition requirements for capitalisation as development phase activities contained in AASB 138 *Intangible Assets* and assessed the capitalised borrowing costs component of demonstration plant costs against the recognition requirements of AASB 123 *Borrowing Costs*;<br>▪ We verified a sample of the capitalised demonstration plant costs to supporting supplier invoices and checked the calculations of eligible borrowing costs allocated to the demonstration plant asset;<br>▪ We reviewed the company's consultant prepared development asset "value in use" impairment model and tested the capital investment and chemical components amounts included in the model for consistency with the internal and external data sources for these amounts;<br>▪ We assessed and challenged management's key assumptions and estimates used to determine the recoverable amount of the assets, including those relating to output pricing, input costs, growth assumptions and discount rates;<br>▪ We performed sensitivity analysis in relation to all the significant inputs to assess whether the carrying value of the Latrobe Valley Magnesium production project CGU exceeded its recoverable amount;<br>▪ We compared the net assets of the Group to the Group's market capitalisation;<br>▪ We tested the mathematical accuracy of the underlying 'value in-use' calculations;<br>▪ We visited and inspected the demonstration plant during the year; and |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| This is a key audit matter because:<br>▪ The carrying value of the above assets is highly material to the financial statements, representing approximately 83% of the total assets of the Group; and<br>▪ the determination of whether the intangible development asset costs can be capitalised in accordance with AASB 138 - *Intangible Assets* and/or if an impairment charge to the CGU is necessary involves significant estimates and judgments made by management, including estimating future cash flows. | ▪ We assessed whether appropriate disclosure regarding significant areas of uncertainty has been made in the financial report. |

### Other information

The Directors are responsible for the other information. The other information comprises the information in Latrobe Magnesium Limited's annual report for the year ended 30 June 2026, but does not include the financial report and the auditor's report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

### Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of:

a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001; and

b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the Directors determine is necessary to enable the preparation of:

i) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: https://auasb.gov.au/media/bwvjcgre/ar1_2024.pdf. This description forms part of our auditor's report.

## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 23 to 24 of the Directors' Report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of Latrobe Magnesium Limited for the year ended 30 June 2026, complies with section 300A of the Corporations Act 2001.

### Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Nexia

**Nexia Sydney Audit Pty Ltd**

**Andrew Hoffmann**

Director

Dated: 25 September 2026

Sydney

# ADDITIONAL INFORMATION

The following additional information is required by the Australian Securities Exchange Ltd in respect of listed public companies only.

a. Distribution of Shareholders as at 23 September 2026.

| Range | Total holders | Units | % Units |
|---|---|---|---|
| 1 - 1,000 | 242 | 92,599 | 0.00 |
| 1,001 - 5,000 | 530 | 1,904,985 | 0.06 |
| 5,001 - 10,000 | 931 | 7,631,946 | 0.22 |
| 10,001 - 100,000 | 3,465 | 148,420,903 | 4.35 |
| 100,001 - 250,000 | 958 | 159,287,695 | 4.66 |
| 250,001 Over | 1,454 | 3,097,512,966 | 90.71 |
| **Total** | **7,580** | **3,414,851,094** | **100.00** |

b. Unmarketable Parcels as at 23 September 2026.

| | Minimum Parcel Size | Holders | Units |
|---|---|---|---|
| Minimum $ 500.00 parcel at $0.0150 per unit | 33,334 | 3,381 | 43,947,578 |

c. Substantial Shareholder as at 23 September 2026.

| No. | Shareholder Name | Number of Fully Paid Ordinary Shares Held | Interest (%) |
|---|---|---|---|
| 1 | Rimotran Pty Ltd <DP Super A/C> | 107,669,825 | 3.15 |
| 167 | Rimotran Pty Ltd <DP Super A/C> | 2,958,793 | 0.09 |
| 4 | David Oliver Paterson | 69,370,781 | 2.03 |
| | Total | 179,999,399 | 5.27 |

d. Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

(i) At meetings of members each member is entitled to vote in person or by proxy or attorney or, in the case of a member which is a body corporate, by representative duly authorized.

(ii) On a poll every member is entitled to vote and be present in person or by proxy or attorney or representative duly authorized shall have one (1) vote for each fully paid share of which they are a holder.

## ADDITIONAL INFORMATION

e. Twenty largest shareholders as at 23 September 2026.

| Rank | Top Shareholders | Number of Fully Paid Ordinary Shares Held | Holding % |
|---|---|---|---|
| 1 | Rimotran Pty Ltd <DP Super A/C> | 107,669,825 | 3.15 |
| 2 | Citicorp Nominees Pty Limited | 94,208,726 | 2.76 |
| 3 | BNP Paribas Nominees Pty Ltd <Clearstream> | 87,226,528 | 2.55 |
| 4 | David Oliver Paterson | 69,370,781 | 2.03 |
| 5 | Patras Capital Pte Ltd* | 63,492,957 | 1.86 |
| 6 | Dr Jason Michael Spencer + Dr Carolyn Jean Nelson | 60,000,000 | 1.76 |
| 7 | Contango Nominees Pty Limited | 59,259,260 | 1.74 |
| 8 | Gibbs Plumbing Services Pty Ltd <G Plumbing Ser PL SF A/C> | 47,500,000 | 1.39 |
| 9 | 10 Bolivianos Pty Ltd | 45,826,610 | 1.34 |
| 10 | RnD Funding Pty Limited | 45,635,529 | 1.34 |
| 11 | CSH Engineering Pty Ltd | 45,005,096 | 1.32 |
| 12 | Ableside Pty Ltd | 29,776,638 | 0.87 |
| 13 | Mr Shenchen Gu | 28,646,853 | 0.84 |
| 14 | BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient> | 27,949,999 | 0.82 |
| 15 | Mr Leslie Robert Knight + Mrs Heather Margery Knight + Mr Timothy Paul Knight <Knight Super Fund A/C> | 27,000,000 | 0.79 |
| 16 | Edentower Pty Ltd | 25,325,446 | 0.74 |
| 17 | Murraysetter Pty Ltd | 25,259,297 | 0.74 |
| 18 | Finclear Services Pty Ltd <Superhero Securities A/C> | 25,095,051 | 0.73 |
| 19 | Goldreef Corporation Pty Ltd | 25,000,000 | 0.73 |
| 20 | Europacific Corporation Pty Ltd | 24,881,676 | 0.73 |
| **Total** | | **964,130,272** | **28.23** |

* Patras Capital Pte Ltd, an entity associated with Long State Investment Limited, (together, Long State) has executed a sale for 63,492,957 shares on 22 September 2026, which had not been settled at the date of this Report. The trade is expected to settle on 28 September 2026 and Long State only holds the registered title to the 63,492,957 shares as at the date of this Report. Refer to the Company's ASX Announcement of 22 September 2026.

### CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Statement can be viewed at the following location on the Group's website

www.latrobemagnesium.com/investor-center/governance-documents