QUARTERLY ACTIVITIES REPORT
31 December 2025

Highlights:

- **Completion of investigation and rectification of a manufacturing-related coating adhesion defect on the Spray Roaster gas transport fan, with the root cause determined, enabling the safe and reliable restart of Demonstration Plant operations.**

- **Resumption of Magnesium Oxide (MgO) production from first week of February 2026, with the Demonstration Plant positioned to progress toward continuous, steady-state operation.**

- **Receipt of $6.3M in 2025 Research and Development (R&D) tax incentive proceeds from the Australian Taxation Office (ATO), including interest, and application of these funds to materially reduce outstanding debt with RnD Funding.**

- **Latrobe Magnesium (LMG) receives non-binding and conditional Letter of Support (LOS) from Export Finance Australia (EFA), indicating potential participation in financing for the Stage 2 10,000 tpa Commercial Plant, complementing the existing Letter of Interest (LOI) from the U.S. Export-Import Bank (EXIM).**

- **LMG's wholly owned subsidiary Latrobe Magnesium Sarawak (LMS) receives approved subdivision plan from responsible authority, Bintulu Development Authority, after completion of land survey activities associated with the proposed International Plant in Sarawak, Malaysia.**

1. Stage 1 Demonstration Plant

1.1 Operations

During the quarter, the company focused on strengthening the operational and maintenance reliability of its Stage 1 Demonstration Plant at Hazelwood North, Victoria, following a temporary pause in production associated with an unexpected mechanical defect on the Spray Roaster Gas Transport Fan (fan).

Following identification of coating delamination on the fan assembly, the company completed a detailed technical investigation to determine the failure mode. The analysis confirmed that the failure was attributable to a manufacturing-related coating adhesion defect, which additionally resulted in the premature failure of balance bolts within the fan assembly. Importantly, the investigation established that the issue was not linked to process chemistry, operating conditions, or site practices, but rather to an isolated coating application defect.

Given the fan was supplied by a leading international supplier, the company convened a collaborative technical review involving the original equipment supplier, their sub-supplier, the international fan manufacturer, the authorised Australian applicator of the specialist coating (Halar), and a preeminent local engineering firm specialising in dynamic balancing. This multi-party approach ensured that corrective actions and design enhancements were aligned and supported.

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

All parties reached agreement on the fault diagnosis, the required corrective measures to reapply the protective coating, and a series of design improvements to the fan's balance bolt configuration. These improvements will be incorporated into both the Demonstration Plant asset and future project phases to support long-term mechanical reliability and maintainability.

Additionally, the company has commenced work with the main equipment vendor to evaluate alternate fan materials of construction that would negate the need for advanced coatings. This approach is intended to remove a potential failure point and improve mechanical reliability. The company will look to introduce this improvement potentially during future magnesium metal production activities, and definitively from Stage 2 and subsequent project phases.

Reassembly of the Spray Roaster fan was completed during December, including mechanical impellor repairs, balance redesign, recoating, verification testing, and full dynamic balancing. Following reinstallation, the fan was successfully tested at full operating speed, demonstrating minimal vibration and stable performance.

Demonstration Plant operations recommenced in December 2025, with Magnesium Oxide (MgO) and by-product production resuming ahead of a planned shut down over Christmas and New Year period due to reduced personnel availability, which meant that continuous 24/7 operations could not be safely maintained. During this operational period, improved mechanical reliability of the fan enabled longer operational run times, resulting in improvements in both MgO quality and production volumes.

Spray Roaster operations resumed post repair of fan defect.

During the maintenance pause, the operations team implemented a range of process and reliability enhancements identified during the early ramp-up phase, including:

- Installation of new and modified process piping to improve flow stability and maintainability
- Refinement of process control logic to enhance operational consistency and performance
- Enhancements to maintenance practices and documentation, incorporating lessons learned from commissioning and early operations.

Successful production of Char/Silica wet filter cake by-product during operations.

Upon restart in early January, pre-start checks identified coating delamination on the fan. However, unlike in the previous instance, where the delamination was widespread, the issue was now only confined to specific common areas. Whilst disappointing, a positive outcome was that the balance bolts remained intact, confirming that the previous failure mode had been addressed and general delamination issues resolved.

A thorough investigation by the coating specialist determined that the delamination in these localised areas was a direct result of poor weld quality in hard-to-access sections of the fan, creating uneven surfaces that hindered coating adhesion. These weld defects were identified as a contributing root cause of the initial delamination failures. The affected welds and corroded areas of the fan were repaired by a local preeminent specialist welding company, resulting in a smoother surface for coating application. The coating was subsequently reapplied and thoroughly tested before the fan was rebalanced at the balancing specialist, achieving the best balancing outcome to date.

With the rectification of the original coating delamination, redesign of the balance bolts, and repair of the poorly welded surfaces, the company is confident that all potential failure factors have been addressed and anticipates significantly improved mechanical reliability from the fan. Additionally, discussions are ongoing with the supplier regarding the fans non-conformance to specification.

During this additional maintenance period, the site operations team used the time to implement further operational and process improvements identified during the previous operational period, including:

- Redesign of equipment that experienced higher-than-expected breakdown frequencies to improve mechanical reliability
- Implementation of advanced control logic to enhance operability
- Further improvements to piping design and layout to reduce the risk of blockages
- Additional operational routines enabling faster response to process upsets.

The fan has been reinstalled and is currently being tested. The company intends to continue MgO production through February 2026 to build sufficient inventory for analytical testing and initial customer shipments. This production campaign will support ongoing quality assurance, including verification of MgO characteristics ahead of future offtake activities.

The company has developed a strategy to retain key technical and operational personnel across upcoming project phases. Details of this program will be formally communicated in a future project update as Phase 1B (magnesium metal production) installation and commissioning activities commence.

2. Stage 2, 10,000tpa Commercial Plant

During the quarter, the Stage 2 10,000 tpa Commercial Plant Feasibility Study (FS), developed in collaboration with Bechtel Australia Pty Ltd (Bechtel), remained ready for execution pending funding availability, with no material or major developments since the previous quarter.

3. Stage 3, 100,000tpa International Plant

During the quarter, LMG's wholly owned subsidiary, Latrobe Magnesium Sarawak (LMS), continued to progress regulatory engagement and preparatory activities associated with the proposed international facility in Sarawak, Malaysia. A land survey activity was completed and the responsible authority, the Bintulu Development Authority, issued LMS with an approved subdivision plan, which was executed by both parties in November 2025.

4. Mincore Legal Proceedings Update

During the quarter, the mediation process between the company and Mincore Pty Ltd was concluded without a commercially acceptable outcome having been reached by the parties. Accordingly, the company is progressing to the next phase of the proceedings, focusing on the preparation and development of its evidentiary case for presentation to the Court. A more comprehensive update will be provided in the next quarterly report, subject to material developments.

5. Funding

On 17 October 2025, the company finalised a $6M placement (before costs), and on 4 November 2025 raised a further $4M (before costs) through a fully underwritten rights issue. These funds have primarily supported installation and commissioning at the Demonstration Plant.

On 23 December 2025, the company received $6,296,373 from the Australian Taxation Office (ATO) under the company's Research and Development (R&D) Tax Incentive program, including an interest payment of $30,984. The full R&D rebate was applied to repay debt owing to LMG's financers, RnD Funding.

After repayment of the 2025 R&D tax rebate, LMG's remaining liability to RnD is approximately $4.4M.

The company expects this balance to be partially extinguished through the planned sale of two surplus land lots, with total anticipated proceeds of approximately $2.8M. The contract for Lot 7 has been issued and is expected to settle by June 2026. Jones Lang LaSalle (JLL) has also received an offer of $1.5M for Lot 6, with a proposed settlement in September 2026. The company is engaging with its financier to agree the release of both lots to facilitate these transactions.

The company has also generated an estimated 2026 R&D rebate of approximately $4.7M from eligible expenditure incurred in the four-month period to 31 December 2025.

In relation to equipment leasing arrangements, the company has provided a lease extension to RnD Funding from November 2025 to June 2027. This matter was disclosed as a contingent liability in the company's 2025 Annual Report. While the financier has accepted the commercial terms of the extension, there remains a dispute regarding the validity of the lease extension documentation and the associated liability. The company is engaged in negotiations to resolve this matter and will keep shareholders informed of material developments.

On 23 December 2025, the company announced that Export Finance Australia (EFA) had issued the company a non-binding and conditional Letter of Support (LOS) indicating that EFA will consider potential financing for the company's Stage 2 10,000 tonne per annum Commercial Plant. 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 advises that EXIM would be prepared to consider financing of up to approximately US$122M (A$200M) of the Stage 2 Commercial Plant 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 U.S. industrial and technological leadership in critical materials.

The company's current estimate for the construction of the Stage 2 facility is approximately A$250M, comprising approximately A$200M in debt funding and A$50M in equity. The company continues discussions with strategic investors regarding the equity component and with potential debt providers, including the National Reconstruction Fund, Société Générale, EXIM and EFA.

The company notes that 100% of magnesium metal production from the Stage 2 Commercial Plant is allocated to the United States market under an offtake agreement, with local distribution to be undertaken by Metal Exchange Corporation of St Louis, Missouri.

During the quarter, the company did not receive any formal feedback in relation to its previously disclosed application under the U.S. Department of Defense's Title III Defense Production Act program, which sought grant funding to support magnesium metal production at the Demonstration Plant and associated feasibility studies for the Stage 2 Commercial Plant. While the application did not progress to a grant award during the period as had been anticipated, the company understands that its submission continues to be viewed favourably by relevant U.S. agencies.

The company notes that no Title III awards relating to applications lodged during 2025 have been announced to date, which the company understands may reflect broader administrative delays, including the recent U.S. federal government shutdown and associated resourcing constraints. Accordingly, while timing remains uncertain, the company retains confidence in the strategic merit of its proposal and its alignment with U.S. critical minerals and domestic supply chain objectives.

The company further notes that U.S. Government support for the Stage 2 Commercial Plant, and the company more broadly, has nevertheless been strongly demonstrated through the US$122 million non-binding Letter of Interest issued by the Export-Import Bank of the United States during the quarter, as detailed above.

6. Cash at Bank

As of 31 December 2025, LMG had $4.5M in its Bank.

7. Listing Rule 5.3.5

In accordance with ASX Listing Rule 5.3.5, LMG advises that during the quarter, payments of $80,000 were made to Directors or their associated entities for Director fees, as disclosed in Appendix 5B.

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

David Paterson

Chief Executive Officer

30 January 2026

About Latrobe Magnesium

Latrobe Magnesium (LMG) is developing a magnesium metal Demonstration Plant in Victoria's Latrobe Valley using its world first patented extraction process. LMG intends to extract and sell magnesium metal and cementitious material from industrial ash, which is currently a waste resource from brown coal power generation.

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

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

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

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

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

LMG’s projects are at the forefront of ESG best-practice by recycling power plant waste tailings, avoiding landfill, encouraging a circular economy, and by being a low CO_2 emitter.

Appendix 5B

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

Name of entity
Latrobe Magnesium Limited

ABN	Quarter ended ("current quarter")
55 009 173 611	31 December 2025

	Consolidated statement of cash flows	Current quarter $A'000	Year to date (12 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	37	37
1.2	Payments for		
	(a) exploration & evaluation		
	(b) development		
	(c) production		
	(d) staff costs	(812)	(1,358)
	(e) administration and corporate costs	(1,119)	(1,549)
1.3	Dividends received (see note 3)		
1.4	Interest received	9	12
1.5	Interest and other costs of finance paid	(0)	(8)
1.6	Income taxes paid	0	0
1.7	Government grants and tax incentives	6,296	6,296
1.8	Other (provide details if material)	0	0
1.9	**Net cash from / (used in) operating activities**	**4,410**	**3,430**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	0	0
	(b) tenements	0	0
	(c) property, plant and equipment	(3,174)	(4,293)
	(d) exploration & evaluation	0	0
	(e) Investment	0	0
	(f) other non-current assets (patents)	(36)	(36)

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
2.2	Proceeds from the disposal of:		
	(a) entities	0	0
	(b) tenements	0	0
	(c) property, plant and equipment	0	0
	(d) investments	0	0
	(e) other non-current assets	0	0
2.3	Cash flows from loans to other entities	0	0
2.4	Dividends received (see note 3)	0	0
2.5	Other	0	0
2.6	**Net cash from / (used in) investing activities**	**(3,211)**	**(4,333)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	9,970	9,970
3.2	Proceeds from issue of convertible debt securities	0	0
3.3	Proceeds from exercise of options	0	0
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(677)	(677)
3.5	Proceeds from borrowings	0	0
3.6	Repayment of borrowings	(2,864)	(2,864)
3.7	Transaction costs related to loans and borrowings	0	0
3.8	Dividends paid	0	0
3.9	Other (payment of lease liabilities)	(3,432)	(3,432)
3.10	**Net cash from / (used in) financing activities**	**2,997**	**2,997**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	323	2,424
4.2	Net cash from / (used in) operating activities (item 1.9 above)	4,410	3,430
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,211)	(4,333)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,997	2,997

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**4,519**	**4,519**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	4,491	315
5.2	Call deposits	28	8
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**4,519**	**323**

6.	**Payments to related parties of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1 Payments for directors' services	80
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

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

7.5	**Unused financing facilities available at quarter end**	700

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Facility	$28,000,000 – Secured: $27.3 million has been drawn to 30 September 2025. The amounts have all been repaid as at 31 December 2025.
Lender	RnD Funding Pty Ltd
Interest Rate	12% pa. to 31 October 2023, and 18% pa. from 1 November 2023 to 31 December 2024 and 24% pa. thereafter to maturity date
Maturity Date	31 December 2027

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	4,410
8.2	Capitalised exploration & evaluation (Item 2.1(d))	0
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	4,410
8.4	Cash and cash equivalents at quarter end (Item 4.6)	4,519
8.5	Unused finance facilities available at quarter end (Item 7.5)	700
8.6	Total available funding (Item 8.4 + Item 8.5)	5,219
8.7	**Estimated quarters of funding available (Item 8.6 divided by Item 8.3)**	1.18

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

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

Yes.

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

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

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

Yes based on current operations and future funding

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2026
....

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

Notes

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