LMG SECURES STRATEGIC INVESTOR TO PROVIDE UP TO $16,000,000 FUNDING PACKAGE

Highlights:

- **Long State Investment Limited (Long State)[1] plans to initially provide up to $6,000,000 to LMG pursuant to a share placement facility prior to 30 September 2026 so LMG can complete the installation and commissioning of the magnesium metal section of the plant.**
- **The total facility is up to $16,000,000, with the remaining $10,000,000 to be available pursuant to the completion of share swaps and further share placements, at the sole discretion of LMG, which would be used to build out the plant to 1,200 tpa capacity using vertical retorts and completing the refinery.**

Corporate Funding

Latrobe Magnesium Limited (ASX: LMG) (**LMG**) is pleased to announce that it has entered into a binding agreement with Long State, a global investment company based in Singapore, New York and Hong Kong. It specializes in funding growth-orientated companies with an emphasis on critical minerals. Long State is providing the Company with the necessary funds to complete commissioning of magnesium metal production at the Demonstration Plant and the expansion of the plant.

Pursuant to the Facility, LMG can receive an amount of $4M under an initial two tranches prior to 30 September 2026. This funding will be used to install and commission the furnaces to produce magnesium metal in a crown form, improve elements of the hydromet process and provide some working capital. The Facility also contains mechanisms for Long State to provide access to an additional $2M, for total available funds of $6M, prior to 30 September 2026 on terms to be finalised and agreed between the parties. Long State intends to provide a total of $6M to the Company prior to 30 September 2026.

The Facility is pursuant to a share placement agreement with Long State which allows the Company to access up to a total of $16M across four equal tranches by the issue of shares pursuant to a swap arrangement as described below (**Share Placement Agreement** or **Facility**). The balance of funding obtained from each placement will be applied pursuant to the terms of a swap arrangement.

After the initial two tranches totaling $8M, the remaining $8M of the Facility can be drawn, at the sole discretion of the Company, across a further two placements (and associated swap arrangements) over the next 36 months. These funds would be used to build out the demonstration plant to 1,200 tpa capacity using vertical retorts and completing the refinery.

The Share Placement Agreement is structured so that the placements can be made on a periodic basis to coincide with development milestones and where later placements can be completed at then prevailing share prices. The first placement will be completed at the VWAP of the previous 5 trading days before the completion date of the agreement. The VWAP price is calculated at 1.4 cents. There will be no discounts to this placement price. Through the Share Placement Agreement, the Company will raise an initial $4 million through a placement of 285,714,286 shares (**Initial Placement**). After the Initial Placement, the Company can undertake three additional placings of $4 million each (**Subsequent Placements**), provided that the 180-trading day period in respect of any prior placement under the Share Placement Agreement has expired. LMG can require the second placement to be undertaken ahead of schedule on 30 September 2026. Access to the third and fourth placements is at the sole discretion of the Company and, with mutual consent, two or more Placements could be consolidated so as to allow larger funding to the Company. Pursuant to the agreement, it is also the intention of the Parties that the Company obtain initial funding from Long State prior to 30 September 2026 to a total of $6 million (including pursuant to the first two placement tranches), with such further arrangements to be on terms as mutually agreed between the Parties.

[1] By way of Long State Investments Ltd's nominated entity Patras Capital Pte Ltd.

The key terms of this Agreement (including the associated swap arrangements) are detailed at the end of this announcement.

The Share Placement Agreement provides the Company with a significant pool of capital, while maintaining flexibility and control over the terms of the placement, which is a critical period for the company as it completes magnesium metal production.

Commenting, David Paterson, CEO of LMG, said:

"*Through the Share Placement Agreement, we are pleased to secure both immediate and longer-term access to funding at a key juncture in the Demonstration Plant development.*

The terms of the agreement provide the Company with maximum control in respect to drawing on the funding available. These funds de-risks the successful delivery of magnesium metal production.

Long State has a strong track record on investing in companies with an attractive growth trajectory and providing the financial backing for them to achieve their strategic objectives. This Agreement demonstrates Long State's strong confidence in the Company's strategy and ambitions

We welcome Long State as a key strategic shareholder as we look to pave the way to delivering magnesium metal production. We look forward to providing further updates in due course".

Philip Ho, Managing Director of Long State Investments Limited, added:

"We are very pleased to support Latrobe Magnesium at such a significant stage in its journey. The Company's Demonstration Plant represents a high-quality, strategically significant asset, underpinned by strong fundamentals and improving market dynamics. Combined with an experienced management team and a clear development strategy focused on creating shareholder value, we see Latrobe Magnesium as a highly attractive investment opportunity.

We look forward to working closely with Latrobe Magnesium as a long-term partner and are confident that together we can deliver significant value through the successful completion of the Demonstration Plant".

Share Placement Agreement

Under the Share Placement Agreement, the Company will issue 285,714,286 shares (**Placement Shares**) to Long State (or its nominee) at an issue price of 1.4 cents per share (**Placement Price**) to raise an initial $4 million (**Initial Placement**). The Placement proceeds will be paid to the Company as follows:

- 50% of the Placement proceeds (ie $2 million) will be paid upon completion; and
- payment of the remaining 50% (**Swap Deposit**) will be deferred until the Trading Day immediately after the relevant Pricing Period (**Swap Payment Date**).

On the Swap Payment Date:

- Long State will pay the Swap Deposit to the Company;
- Where the Adjustment Price (defined below) is positive, Long State will pay the Swap Amount (defined below) to the Company; and
- Where the Adjustment Price is negative, then the Company must pay the Swap Amount to Long State
- The Swap Amount will be calculated as follows:

  Swap Amount = A * B

  Where:

  A = Number of Placement Shares (i.e. 285,714,286)

  B = Adjustment Price, calculated as the difference between the "Market Price", being the daily average of 10 daily VWAP's of the Company's shares trading on ASX, as nominated by Long State during the relevant Pricing Period (the 180-day trading period immediately after completion), minus the "Benchmark Price" (being 112.5% of the Placement Price"). The Parties can reduce this Pricing Period by mutual consent.

The Placement Shares in respect of the Initial Placement are being issued pursuant to the Company's Listing Rule 7.1 capacity.

The process in respect of all Subsequent Placements will align with the process in respect of the Initial Placement outlined above, subject to satisfaction of customary conditions precedent. The second Placement will occur, upon request of the Company, before 30 September 2026 and subsequent Placement requests can be made by the Company upon completion of the prior Pricing Periods, provided that no such request can be made later than 3 years after the date of execution.

The Share Placement Agreement may be terminated by agreement between the Company and Long State at any time, by either party if the Initial Placement has not occurred within three business days of the relevant placement date (unless otherwise agreed), or by Long State in respect of an event of default or a change in law.

As a condition of the Share Placement Agreement, Long State undertakes that it and its affiliates will not participate in short selling of any of the Company's securities over the term of the agreement and that it will not trade more than 5% of the number of placement shares per day during a Pricing Period without prior consent from the Company.

The Share Placement Agreement contains a prohibition on entering into any similar arrangements (i.e. an equity line, at-the-market facility or equity swap) or an arrangement that otherwise involves securities for which the conversion or exchange rate fluctuates with the Company's share price, is subject to a price reset or grants a right to the relevant investor to receive additional securities based on future transactions within 30 days of termination of the Share Placement Agreement or there being no Swap Amount outstanding, whichever occurs later. These prohibitions will not prevent the Company from pursuing debt or equity arrangements which do not contain these terms so as to progress the current development initiatives of the Company.

Options

In addition to the above, the Company has agreed to issue Long State 5-year options to purchase 30,000,000 Shares at an exercise price equal to 150% of the daily VWAP of the Share on the trading day immediately prior to the Closing Day (**Options**). Long State may request the consent of the Company for the Options to be exercised on a cashless basis (such consent not to be unreasonably withheld) on the basis of an agreed adjustment of the number of Shares to be issued pursuant to the exercise of the Options on that basis.

D. Paterson

David Paterson
Chief Executive Officer

13 July 2026

About Latrobe Magnesium

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

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

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

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

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

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

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