



> CHINA MAGNESIUM MARKET MONTHLY REPORT

SAMPLE

FEBRUARY 2024

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Price (FOB)

US\$2,899/t



m-o-m ▼ 2.4%
y-o-y ▼ 12.2%

Production

78.5kt



m-o-m ▲ 0.5%
y-o-y ▼ 0.2%

Cost

US\$2,128/t



m-o-m ▼ 1.3%
y-o-y ▼ 4.4%

Exports

19.9kt



m-o-m ▼ 12.6%
y-o-y ▼ 6.4%

Average Margin

US\$350/t



m-o-m ▼ 6.3%
y-o-y ▼ 12.6%

Inventories

60.5kt



m-o-m ▲ 12.8%
y-o-y ▲ 14.3%

[PRICES – Primary Mg]

- Average Feb price **US\$2,899/t** FOB Tianjin (-2.4% m-o-m).
- Prices down following the CNY holiday, as persistent sluggish demand and growing inventories weighed on market sentiment.
- Outlook: Growing inventories and limited production cutbacks likely to create further price headwinds.

[PRODUCTION – Primary Mg]

- Production rates running higher as a result of continued restarting of smelters in Fugu, Shaanxi after completing upgrades to their semi-coke furnaces to achieve compliance with new policy.
- However, as prices fell sharply in late Feb, some smelters planned to cut or suspended production, which would reduce output in March and potentially improve.

[CASH COSTS – Primary Mg]

- Production costs fell to an average **US\$2,128/t** (-1.3% m-o-m) thanks to lower raw materials input prices (dolomite and FeSi).
- However, average profit margins fell sharply (-6.3% m-o-m) due to plummeting prices.

[INVENTORY – Primary Mg]

- Inventories in China continued to increase (+12.8% m-o-m) to **60.5kt**, due to normal production of Mg smelters but suspension of downstream alloy producers during CNY holiday.

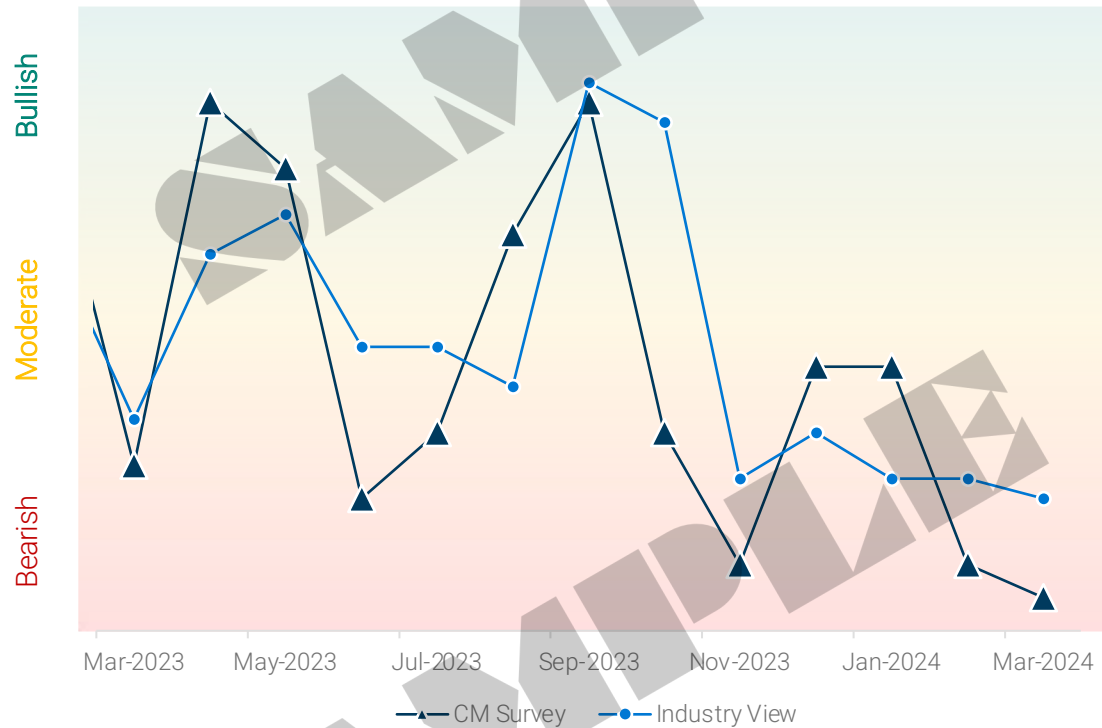


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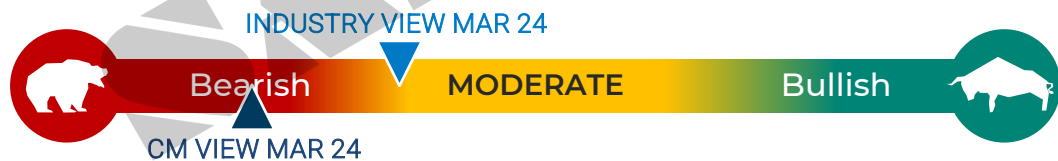
Although some Mg smelters are planning production cuts and downstream buyers look to replenish stocks, most market participants still lack confidence in China's economy and remain cautious heading into Q2 2024.

CM OUTLOOK VS MARKET OUTLOOK



Mg INDUSTRY SENTIMENT SURVEY FOR MAR

No.	Company	Province	Products	Outlook Sentiment		
				Bearish	Moderate	Bullish
1	Fugu Jinchuan	Shaanxi	Primary Mg		●	
2	Fugu Jujinbang	Shaanxi	Primary Mg		●	
3	Fugu Jinchuan Hongtai	Shaanxi	Primary Mg, Mg alloy	●		
4	Fugu Tianlong	Shaanxi	Primary Mg	●		
5	Fugu Yide	Shaanxi	Primary Mg		●	
6	Fugu Jingfu	Shaanxi	Primary Mg	●		
7	Fugu Moyuan Dingtai	Shaanxi	Primary Mg		●	
8	Wenxi Yinguang	Shanxi	Primary Mg, Mg alloy	●		
9	Fugu Haotian	Shaanxi	Primary Mg		●	
10	Inner Mongolia Jinshi	Shaanxi	Primary Mg		●	
11	Wenxi Bada	Shanxi	Primary Mg, Mg alloy		●	
12	Nanjing Meiming	Jiangsu	Mg alloy	●	●	
13	Chaoyang Jinda	Liaoning	Titanium sponge		●	
14	Xinjiang Shengmei	Xinjiang	Primary Mg		●	
15	Heilongjiang Jixi Tiancheng	Heilongjiang	Primary Mg		●	
16	Fugu Sanxin	Shaanxi	Primary Mg		●	
CM View				●		

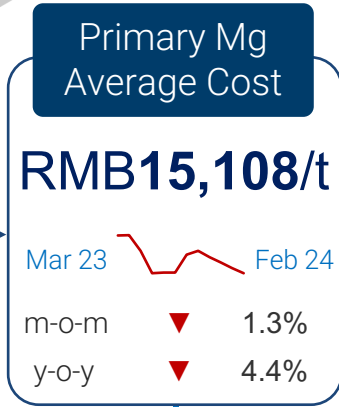


Dolomit
(EXW, VAT Incl.) **220** RMB/t
▼8.3%

FeSi
(EXW, VAT Incl.) **6,978** RMB/t
▼0.6%

Coal
(EXW, VAT Incl.) **869** RMB/t
▲1.1%

Semi-Coke
(EXW, VAT Incl.) **1,051** RMB/t
▼2.5%



Export

FOB China (99.90%) **2,899** US\$/t
▼2.4%

CIF Rotterdam **3,184** US\$/t
▼7.2%

FX: US\$/RMB **7.1**
▼0.02%

Domestic

Mg (99.90%)
(EXW, VAT Incl.) **19,891** RMB/t
▼2.0%

Mg (99.95%)
(EXW, VAT Incl.) **21,086** RMB/t
▼1.7%

Downstream and Other Key Indicators

Mg Alloy
(EXW, VAT Incl.) **21,846** RMB/t
▼2.1%

Ti Sponge
(EXW, VAT Incl.) **49,321** RMB/t
▼3.5%

HRB400
(EXW, VAT Incl.) **3,809** RMB/t
▼1.1%

Mg Powder
(EXW, VAT Incl.) **21,146** RMB/t
▼2.1%

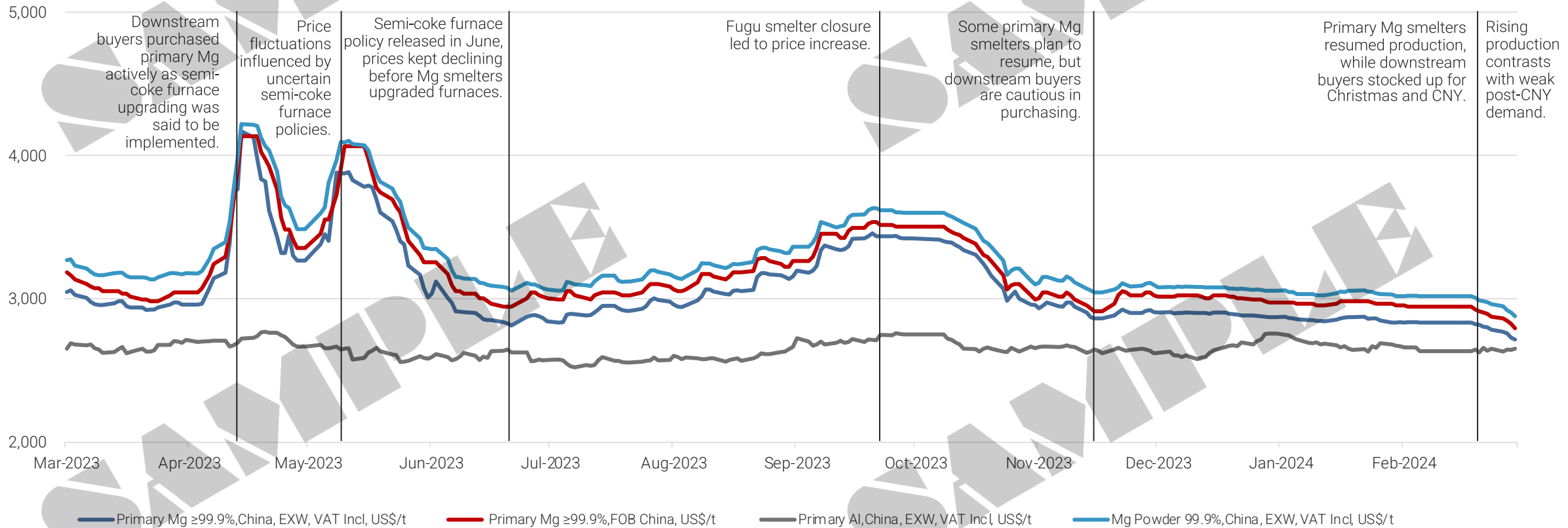
Primary Al
(EXW, VAT Incl.) **18,808** RMB/t
▼1.4%

CHINA PMI **49.1**
▼0.2%

Prices lower following the CNY holiday, as persistent sluggish demand and growing inventories weigh on sentiment.

CHINA PRIMARY MAGNESIUM PRICES

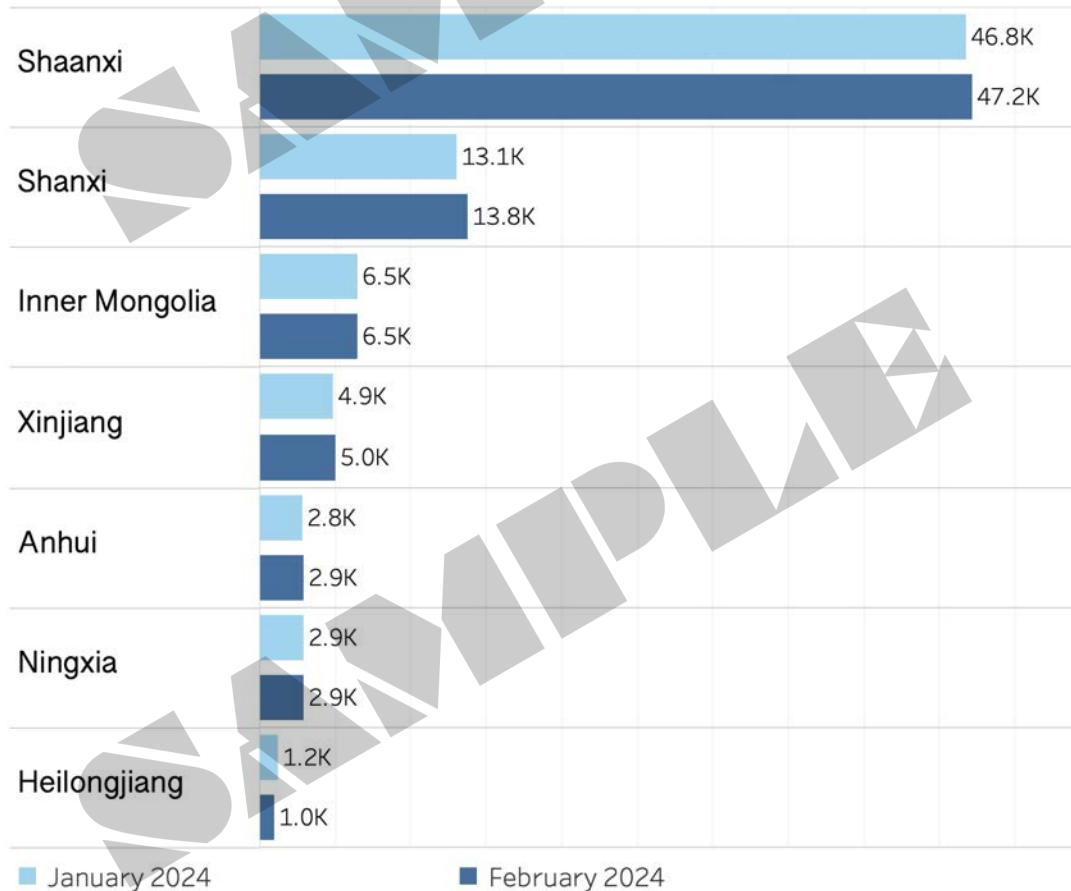
(Mar 2023 – Feb 2024, US\$/t)



Output up 1.4% m-o-m to 79kt, indicating no discernible production cuts or suspensions during CNY holiday.

CHINA PRIMARY MAGNESIUM PRODUCTION BY PROVINCE

(Feb 2024, t)



CHINA PRIMARY MAGNESIUM PRODUCTION RATES

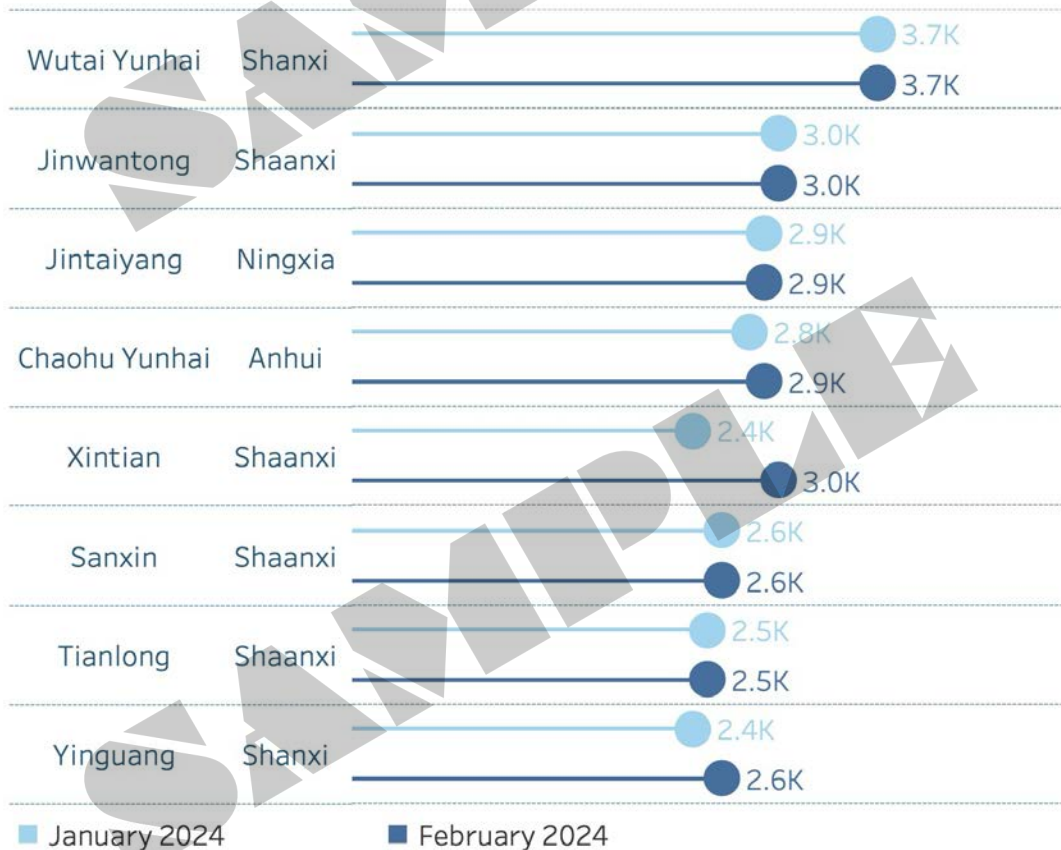
(end-Feb 2024, kt, %)

Province	Jan-Feb	Production Annualised	Capacity Annualised	Utilisation
Shaanxi	93.9	563.6	935.0	60%
Shanxi	26.8	160.8	356.0	45%
Inner Mongolia	13.0	78.0	115.0	68%
Xinjiang	9.9	59.2	57.0	104%
Other	13.7	82.2	181.0	45%
Total	157.3	943.8	1,644.0	57%

Production increases mainly driven by smelters in Shaanxi, who expanded their operations following the upgrade of semi-coke furnaces.

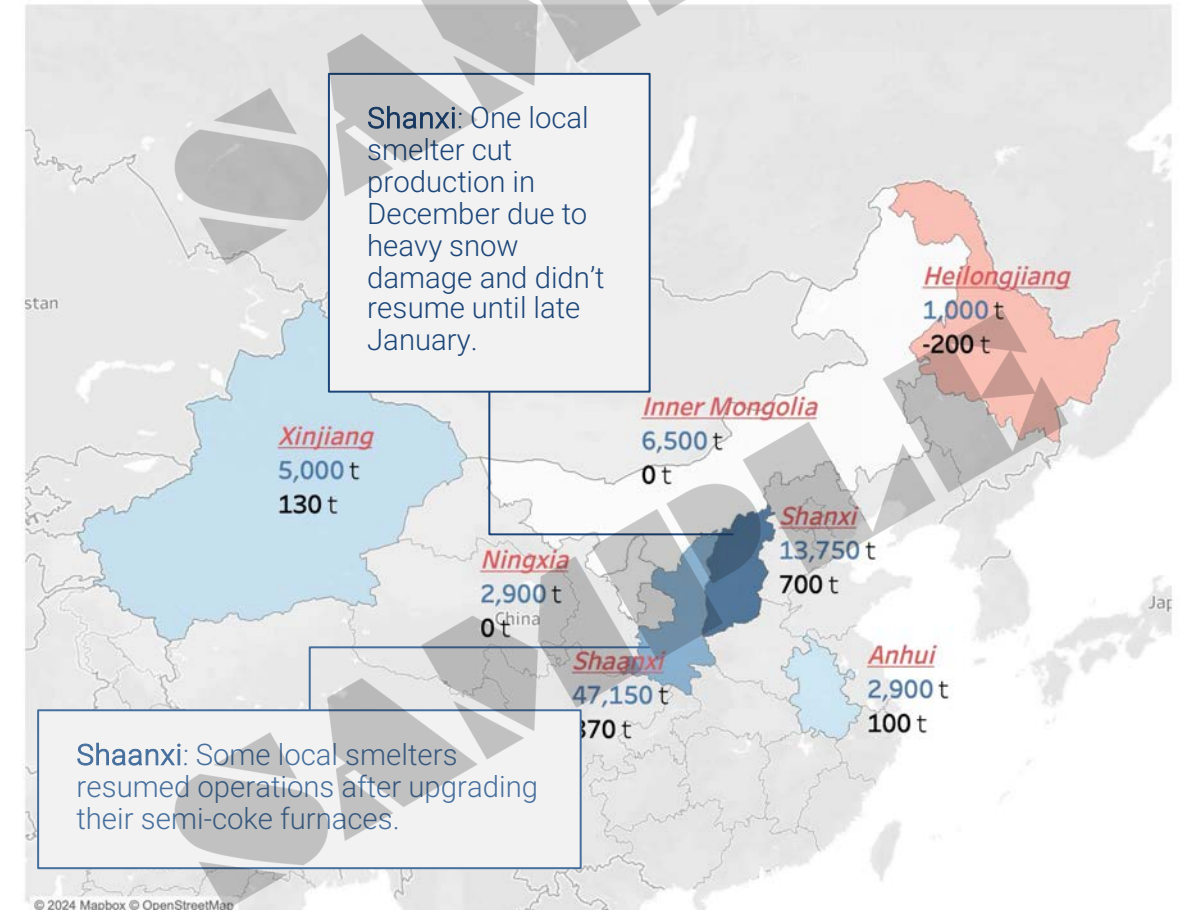
PRODUCTION BY LEADING PRODUCER

(Jan vs Feb 2024, t)



PRODUCTION CHANGES

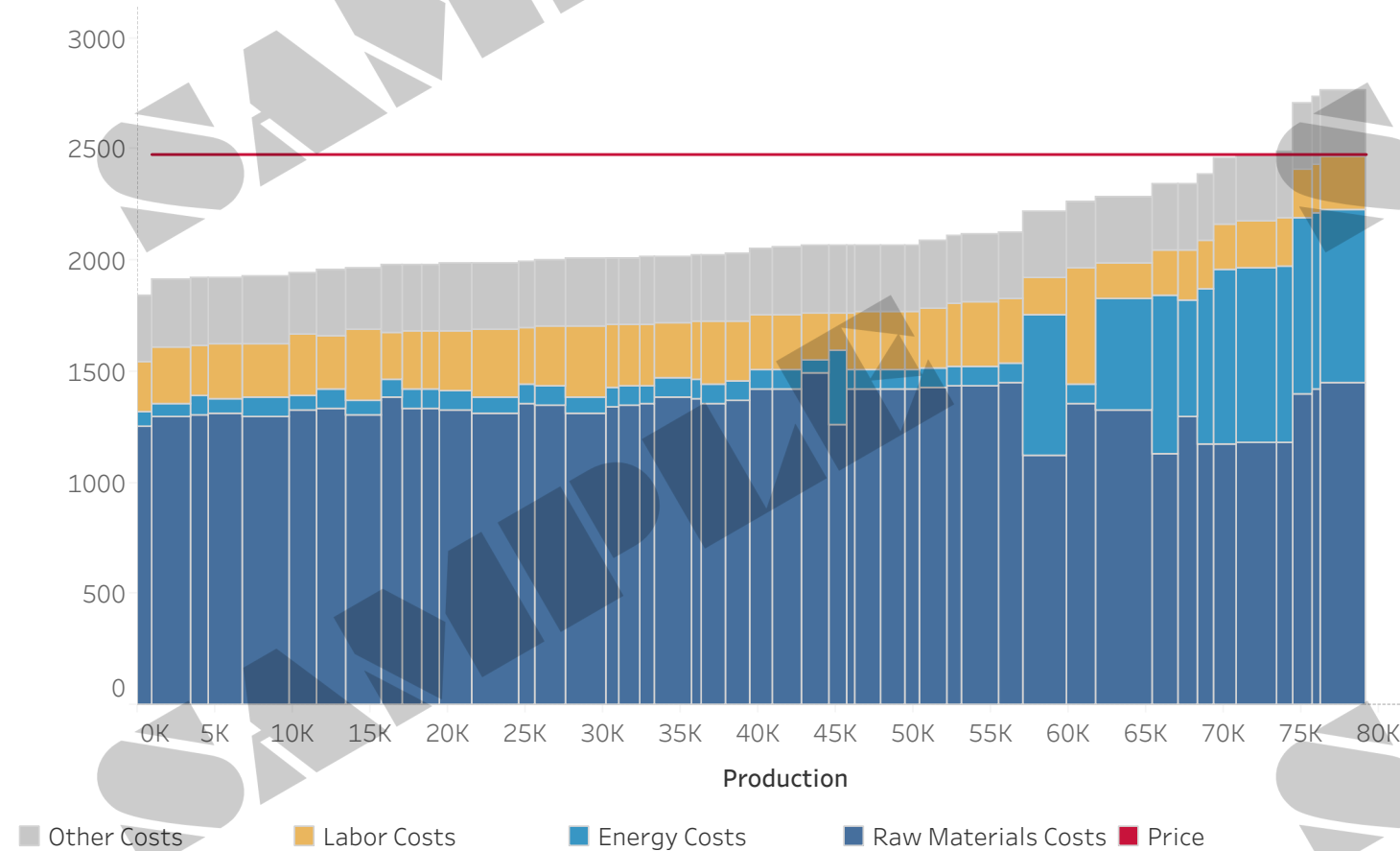
(Jan vs Feb 2024, t)



Small drop in average production costs due to lower cost raw materials (FeSi and dolomite) prices

CHINA PRIMARY MAGNESIUM CASH COST BREAK DOWN

(Feb 2024, US\$/t, VAT excl.)

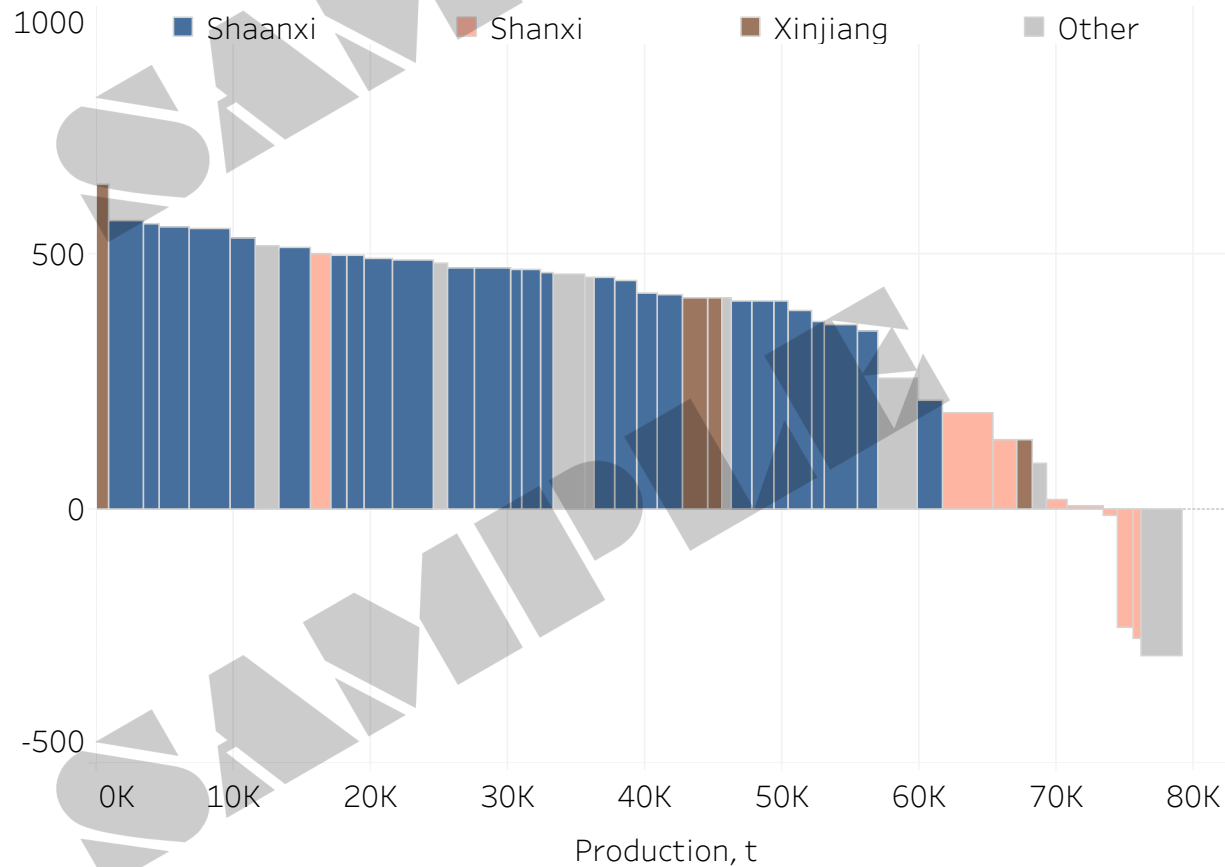


monthly average (US\$/t)	February 2024	m-o-m
Other	299	-0.1%
Labour	254	+0.1%
Energy	240	+1.7%
Raw Materials	1,334	-2.3%
Total	2,128	-1.3%

Further dip in prices weighs on industry margins, more smelters outside Shaanxi cash negative in February.

CHINA PRIMARY MAGNESIUM MARGIN BY PRODUCER AND PROVINCE

(Feb 2024, US\$/t, VAT excl.)

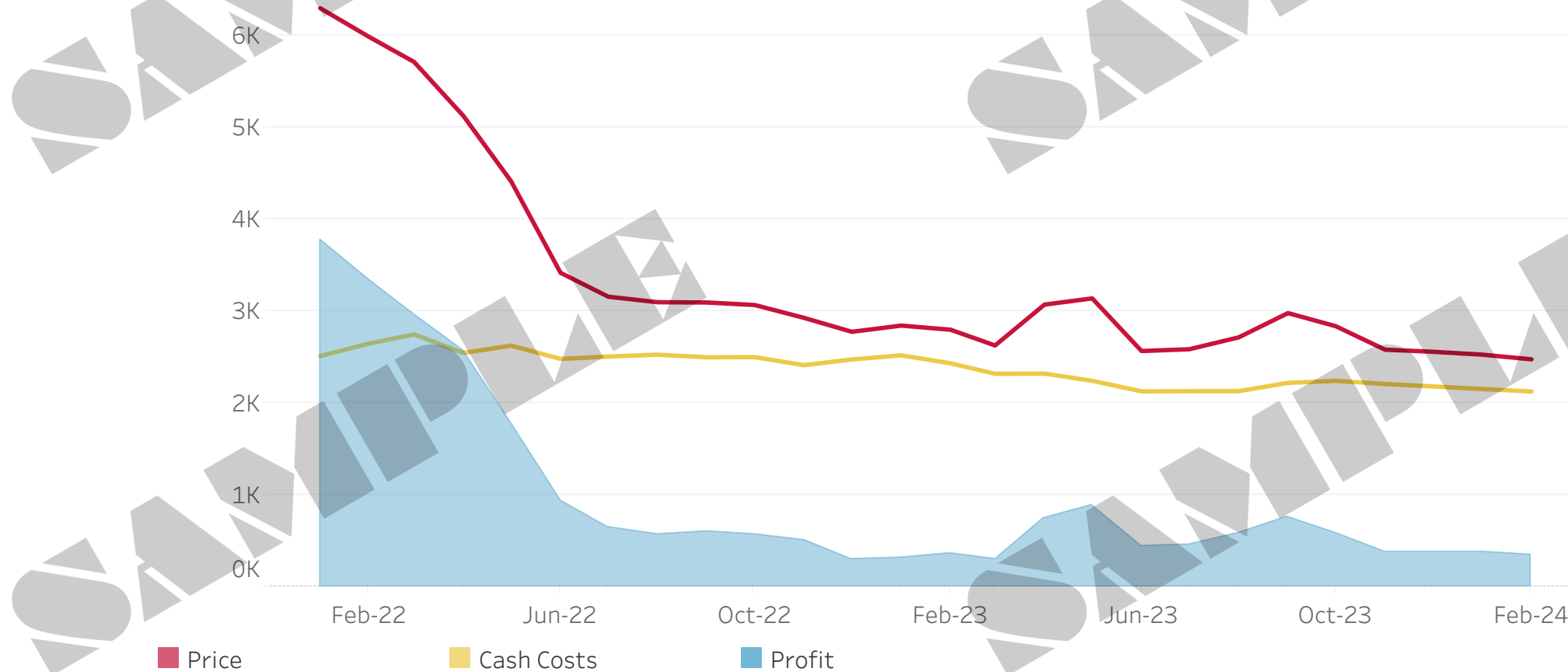


US\$/t	Cash Cost	m-o-m	Margin	m-o-m
Shaanxi	2,017	-1.6%	461	-3.6%
Shanxi	2,388	-0.6%	89	-29.6%
Xinjiang	2,138	-1.5%	340	-5.1%
Other	2,246	-1.2%	232	-9.1%
China	2,128	-1.3%	350	-6.3%

Margins squeezed due to persistently low pricing environment and negative outlook

MONTHLY AVERAGE CHINA PRIMARY MAGNESIUM CASH COST AND MARGIN

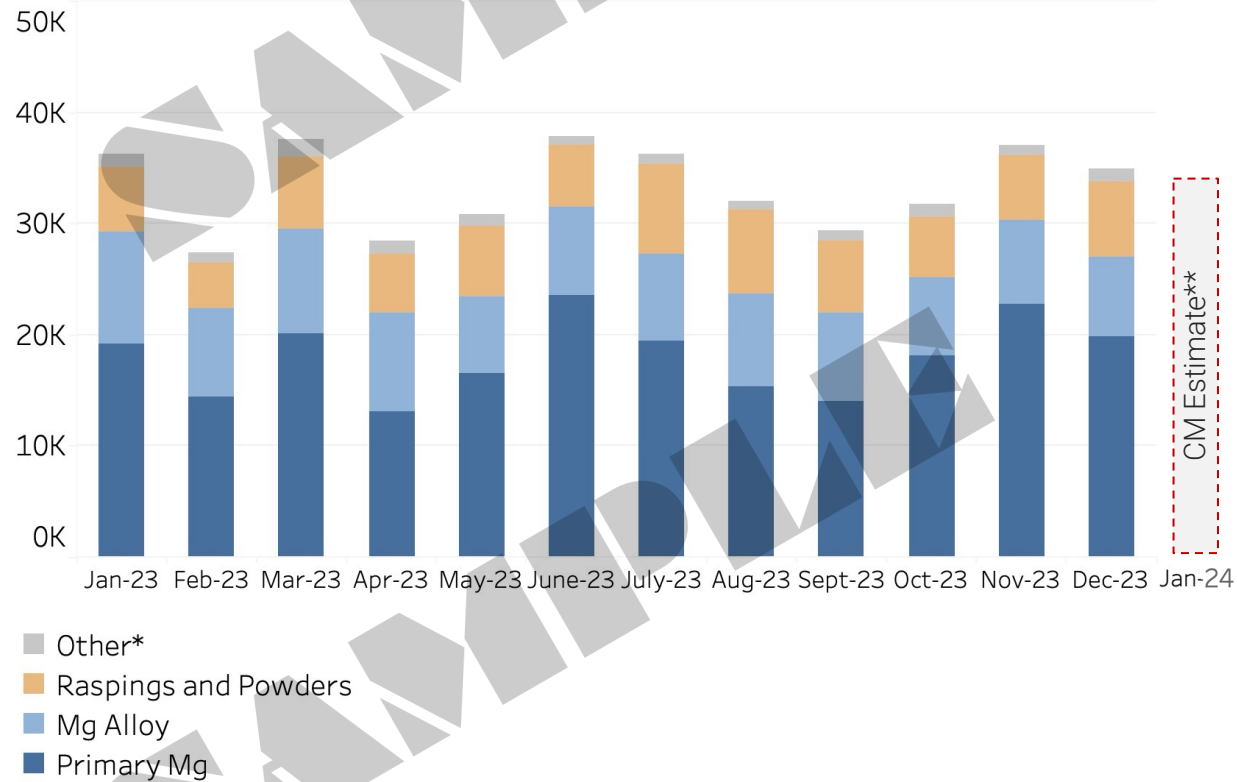
(Feb 2024, US\$/t)



Sustained weak demand from export markets creating further price headwinds.

MONTHLY EXPORTS OF CHINA MAGNESIUM PRODUCTS

(Jan 2023 - Dec 2023, t Mg Metal)



Other*: 1. Mg Articles, 2. Mg Waste & Scrap, 3. Wrought Mg

** CM estimate due to delay in release of China Customs data

CHINA MAGNESIUM PRODUCTS EXPORTS

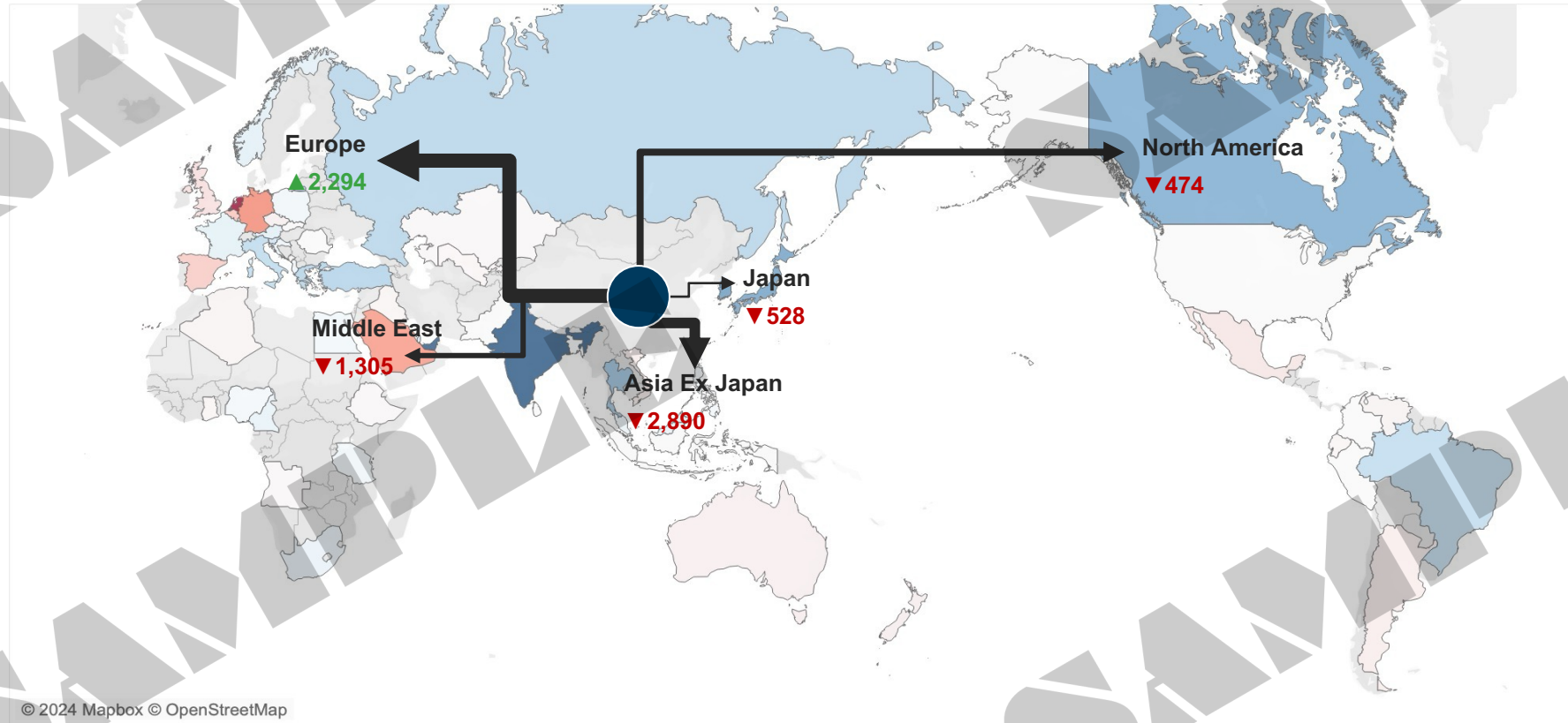
(Nov – Dec 2023, t)

Magnesium Products	Nov 23	Dec 23	m-o-m	y-o-y
Primary Mg	22,752	19,885	-12.6%	-6.4%
Mg Alloy	8,062	7,597	-5.8%	-33.7%
Raspings, Turnings, Granules, Powders	5,896	6,854	+16.2%	-44.5%
Mg Waste & Scrap	181	591	+227.1%	+26.6%
Other Mg Products*	432	339	-21.4%	+124.2%
Wrought Mg	350	358	+2.2%	+10.7%

Most major export markets remained weak through February

CHINA PRIMARY MAGNESIUM EXPORTS (M-O-M CHANGE) BY COUNTRY

(December 2023. t)



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M-o-M Change



Trade flows in December confirmed export markets remained weak.

CHINA PRIMARY MAGNESIUM EXPORT TRADE FLOW BY PRODUCT, BY DESTINATION

(December 2023, t)

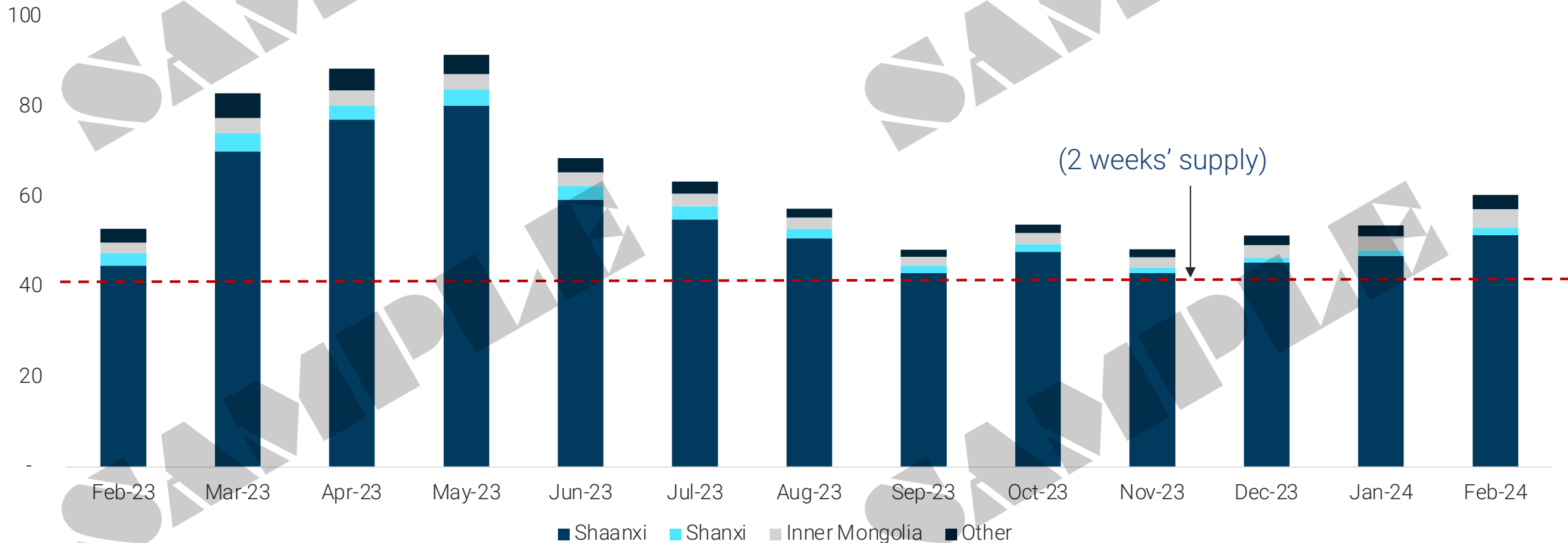


Other*: 1. Mg Articles, 2. Mg Waste & Scrap, 3. Wrought Mg

Higher production rates during CNY holiday, while downstream alloy users suspended operations, resulting in domestic inventories increasing to 60.5kt (+12.8% m-o-m).

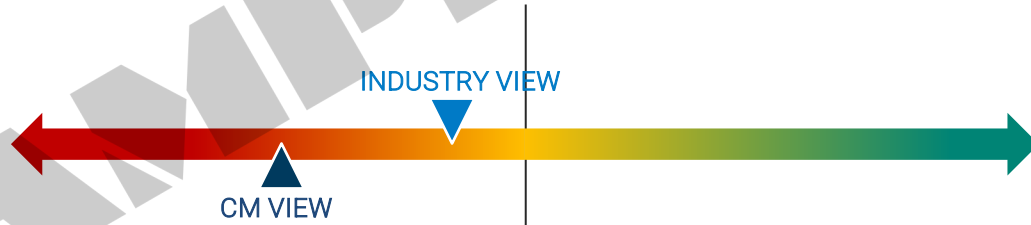
CHINA PRIMARY MAGNESIUM INVENTORY BY PROVINCE

(Feb 2023 – Feb 2024, kt)





Production cuts at high-cost smelters not enough to stop a bearish price outlook heading into Q2.



PRICE HEADWINDS

- Inventories build during the CNY holiday period.
- Downstream producers facing a shortage of orders amid economic weakness, leading to reduced purchasing activity.
- Industry insiders showing reduced confidence as prices decline, adopting a predominantly cautious "wait-and-see" approach.

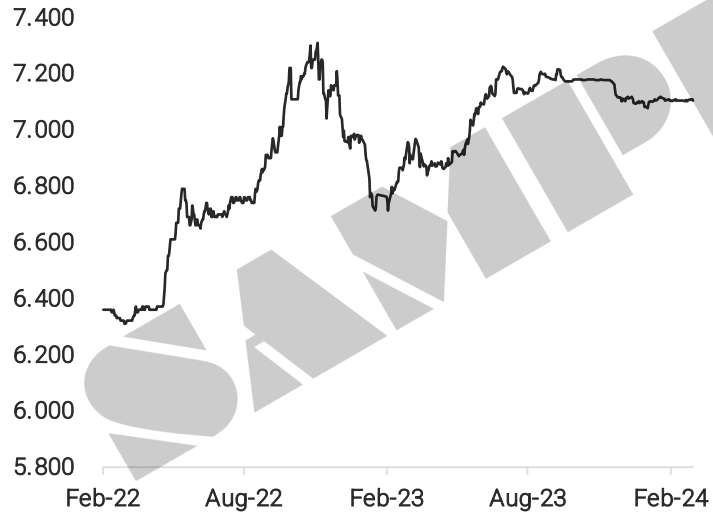
PRICE TAILWINDS

- Production cuts were observed by several smelters.
 - Certain downstream buyers, with low inventory levels, may opt to replenish their stocks.
 - Given the lower price of primary Mg relative to primary Al, some downstream users may consider substituting Mg for Al, thereby increasing demand.

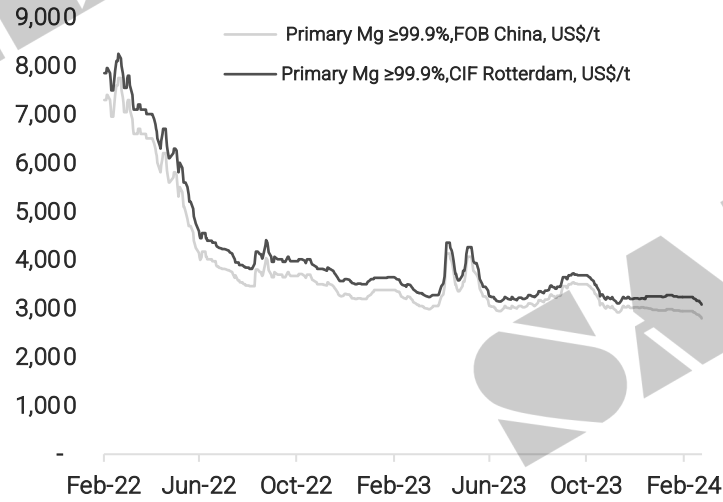
Region	Date	Details
Shaanxi-China	2-Feb	Fugu Shengxin Magnesium Co., Ltd suspended magnesium production on 20th January 2024 due to interrupted semi-coke gas supply amid high costs as well as depressed magnesium prices. The company's production in January is 1,000 t. [AM]
Shaanxi-China	1-Mar	Shenmu Dongfeng Magnesium Co., Ltd reduced primary magnesium production in middle February due to the loss of semi-coke and continuously declining magnesium price. The daily output was cut to 40 t from 60 t and total output in February dropped to 1,300 t, down 400 t m-o-m. [AM]
Shaanxi-China	6-Mar	Due to the loss of semi-coke and falling primary magnesium price, Fugu Jinchuan Magnesium Co., Ltd cut daily production to 30 t from 60 t on 5 th March 2024 and production in March is estimated to around 1,000 t, down 600 t m-o-m. [AM]
Shaanxi-China	6-Mar	Fugu Haotian planned to reduce 30% primary magnesium production in middle March attributable to weak market and losses. The company's production is estimated at 2,200 tonnes in March, down 500 tonnes m-o-m. [AM]
Shaanxi-China (New Project)	5-Feb	<p>The 30ktpy high-performance magnesium-based light alloy and deep processing project of Fugu Dongfangrui Coal and Electricity Group Xifeng Activated Carbon Co., Ltd. has been approved by Fugu Development, Reform and Technology Bureau on 8th January 2024.</p> <p>The project includes 30ktpy primary magnesium production line, 15ktpy magnesium alloy die-casting production line, and 15ktpy magnesium alloy profile and plate production line. The project plans to invest 396.0331 million yuan and will start construction in October 2024. [Sunlight]</p>
Australia	19-Jan	Latrobe Magnesium continues to ramp up activities as it closes in on the commissioning stage and early product sales at its unique demonstration plant in Victoria. Latrobe is utilising a world-first patented process that will extract and sell magnesium metal and cementitious material from industrial fly ash, which is currently a waste resource from the nearby Yallourn brown coal power generation. Following construction and testing of the pilot plant, the company aims to build a commercial plant with a capacity of more than 10,000 t per annum of magnesium. [smallcaps.com.au]

Region	Date	Details
US	14-Dec	<p>US Department of Defense forms \$28M partnership with Magrathea</p> <p>Magrathea, a company developing innovative technology for the production of carbon neutral light metal from seawater and brines, has formed a \$28M public-private partnership with the US Department of Defense (DOD). [energyindustryreview.com]</p>
EU	14-Dec	<p>Critical materials in EU-Kazakhstan cooperation Critical materials represent a blueprint for a new chapter in the EU-Kazakhstan cooperation. Out of the 34 critical materials listed by the EU, Kazakhstan produces 18. These include bismuth, gallium, rare earth elements, silicon, vanadium, tungsten, tin, tantalum, niobium, magnesium, lithium, indium, graphite, and cobalt. [astanatimes.com]</p>
EU	23-Feb	<p>Verde Magnesium showcased its sustainable project within Clean Transition Dialogue on CRM in Brussels. [audiovisual.ec.europa.eu]</p>
US	8-Feb	<p>Establishing sustainable magnesium production in Europe: MFE Magnesium For Europe GmbH was founded in 2021 to establish a clean, green and competitive magnesium production in Kupres, Bosnia-Herzegovina, Europe. Magnesium (Mg) metal is a unique, strategically important, and critical raw material for many downstream industries such as aircraft, vehicle, and steel manufacturing and notably aluminium (Al) alloy production. No substitute materials can rival Mg's powerful combination of light weight, sturdiness, and relatively low cost. At present, the European industry is entirely reliant on Asian primary Mg supplies. Another challenge for Europe's Mg-consuming industries is the increasing pressure on them to become climate-neutral and the relatively large CO₂ footprint of conventional magnesium production. [innovationnewsnetwork.com]</p>

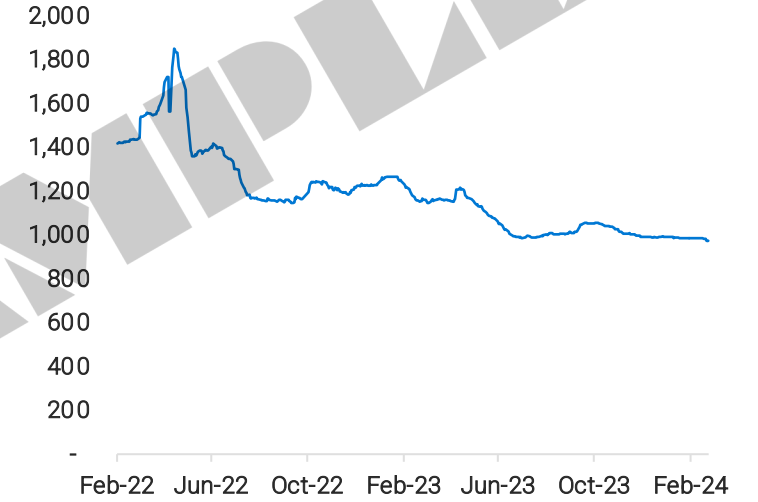
FA1. US\$/RMB Rate



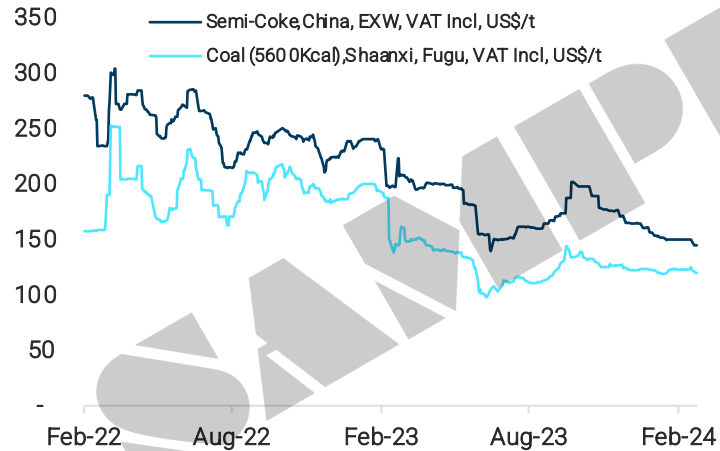
FA2. China Primary Mg FOB & CIF Prices (US\$/t)



FA3. China FeSi Price (US\$/t)



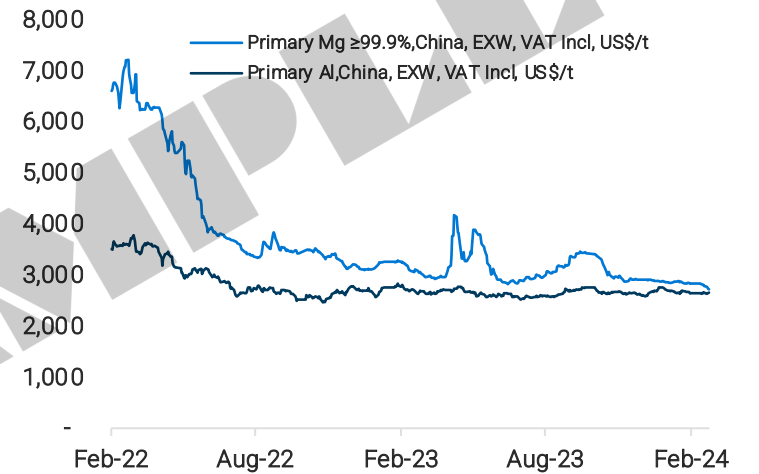
FA4. China Semi-coke & Steam Coal Prices (US\$/t)



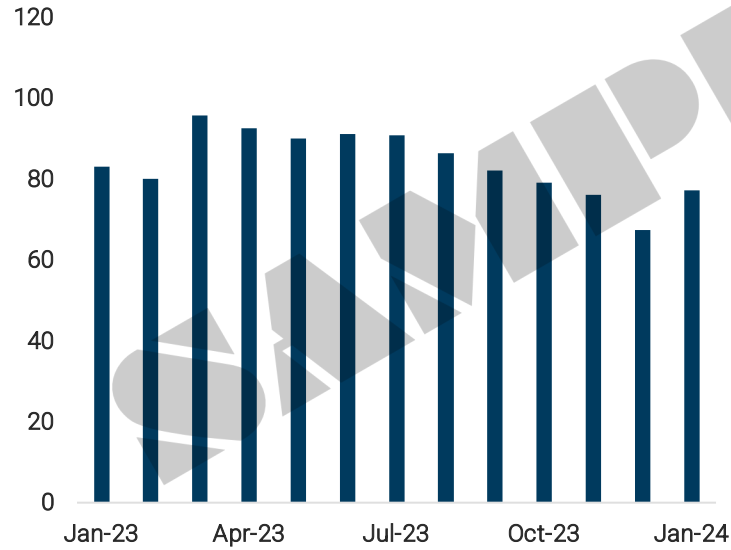
FA5. China Mg Alloy Prices (US\$/t)



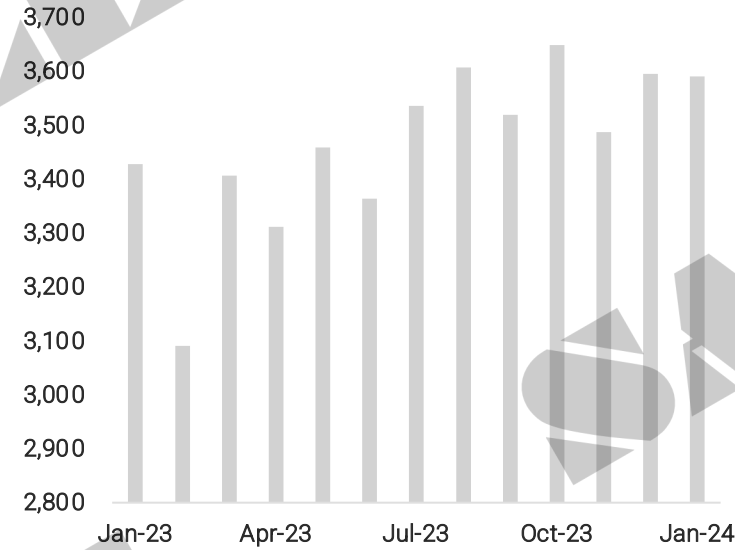
FA6. China Primary Al & Primary Mg Prices (US\$/t)



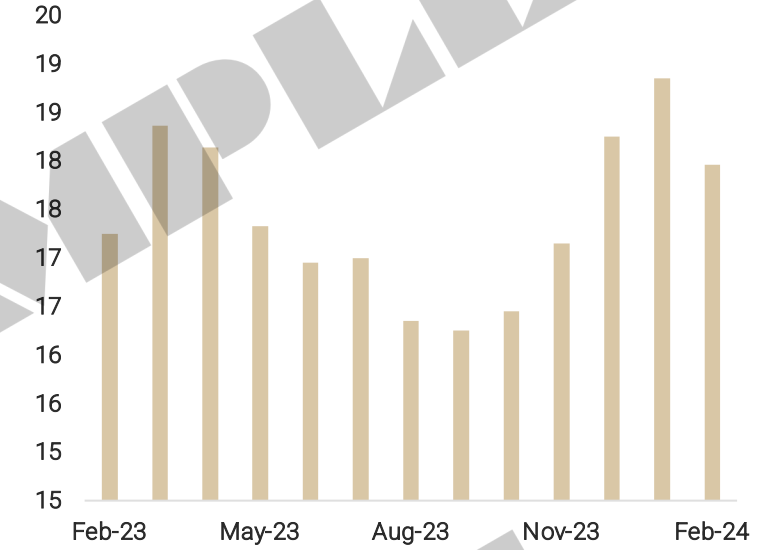
FA7. China Crude Steel Production (Mt)



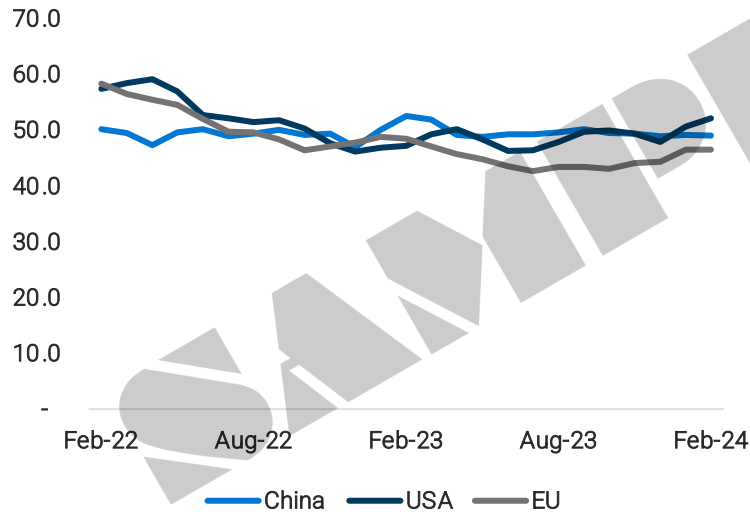
FA8. China Primary Al Output (Kt)



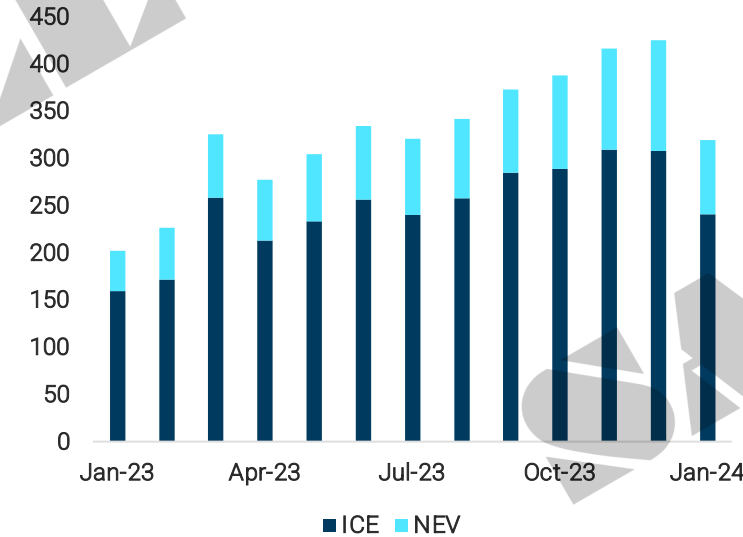
FA9. China Ti Sponge Output (Kt)



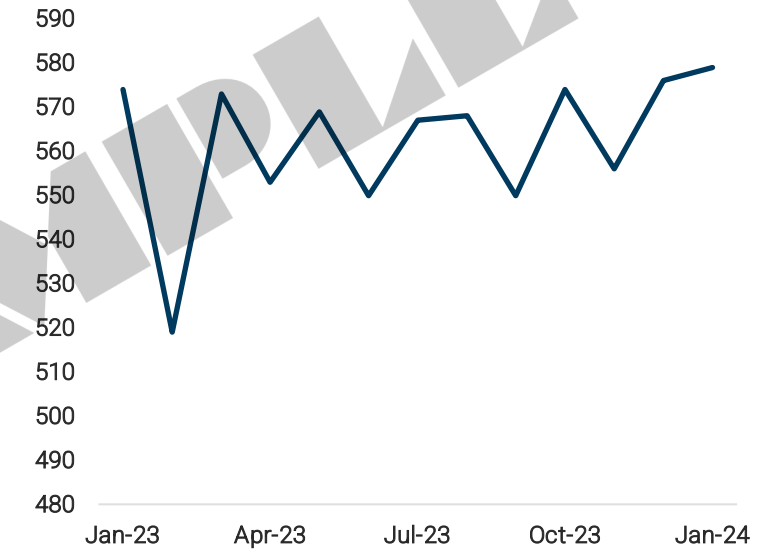
FA10. World Manufacturing PMI Index



FA11. China Automobile Production ('0000' unit)



FA12. Primary Al Output in Europe (kt)

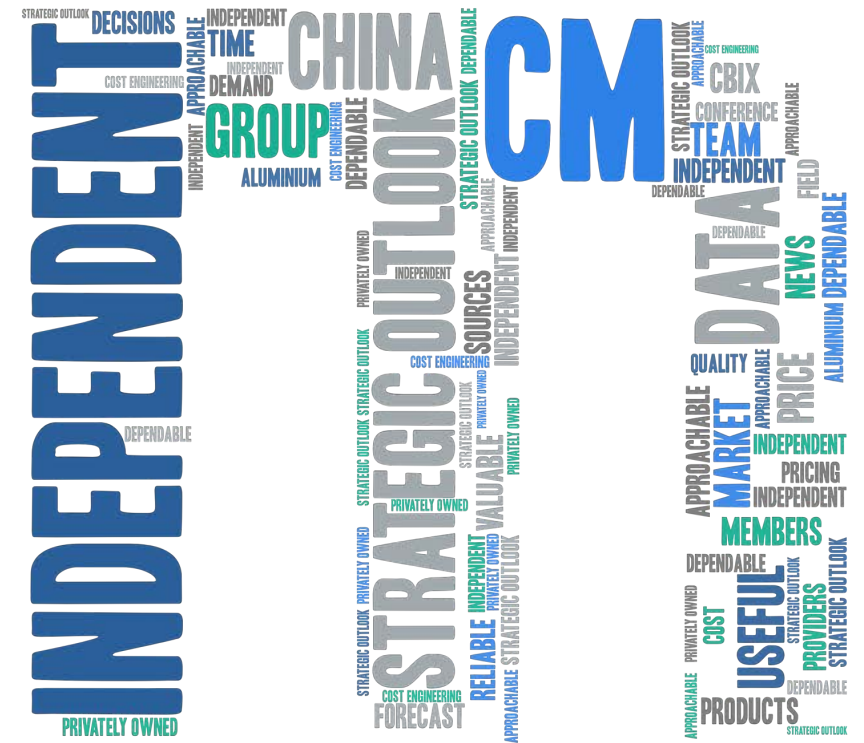


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- Supply/demand analysis
- Price Forecasting
- Cost Engineering
- Special Industry Focus Reports
- Regular Industry Assessments
- Strategic Outlook Reports
- Market Monitors

CM is the developer and publisher of the CBIX Value-in-use bauxite price index.



CM currently provides research and analytical services to the world's leading base metals companies, as well as investment companies, industry groups, governments and others.

CM GROUP TIER-1 CLIENT BASE



CM's core capability is to gather, usually from first principles, high-quality industry data, which we then assimilate, synthesise and analyse, to provide our clients with deep insights and a unique perspective.

Typical output from CM's consulting services include supply-side analyses, detailed cost reports (including global and regional cost curves), technical and operational project assessments, market supply-demand balances and outlooks, logistics reviews and price forecasts.

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Deep China Industry Expertise

Beijing office – 18 years

Chengdu office – 10 years

Widespread global research



Field Studies

Completed dozens of field studies across the world's major mining countries

Collected first-hand data to populate proprietary analytical and cost models

Comprehensive Global Industry Networks

Regular meetings and discussions with the world's leading global companies

Regular contact with industry bodies, governments and other industry groups

Unique Global Network

CM's networks span producers, users, governments, universities, technology companies, financial institutions, special interest groups, NFPs, NGOs and many others.

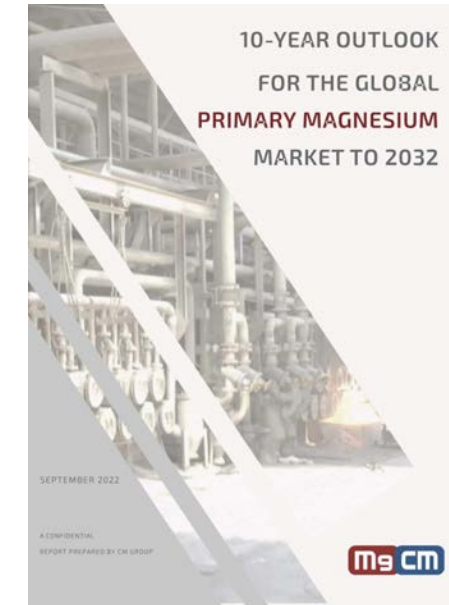
CM's passion is to generate industry-leading insights based on analysis of quality data.

- Our approach can be summarized in three key stages
 - 1) Data – typically we employ both top-down and bottom-up methodologies - invariably though, we find ourselves ‘in amongst the weeds’ gathering our own data and populating our own models,
 - 2) Analysis – a clear thinking approach to building models and interpreting their output, and
 - 3) Generating insights – considering all the possibilities in the context of our analyses and our understanding of industry behaviour.
- Each year we conduct dozens of targeted field studies; to mines, refineries, smelters, technology institutes and government departments. Our teams are trained to follow an audit trail, wherever it may take them. It's the foundation of solid, reliable data that provides a springboard for synthesis and analysis. Our extensive fieldwork over many years has resulted in CM building its own proprietary databases and models, which we refine with every project we take on.

CM brings to this project knowledge, experience and a broad network spanning not only the full aluminium value chain, but also many of the industries considered to be competitor materials to aluminium, including copper, plastics, carbon, steel and other light metals such as magnesium and titanium. CM's network includes a wide range of research companies, universities and research and tech organisations as diverse as Apple, The Overseas Development Institute (ODI), The Centre for International Economics (CIE) and Australia's CSIRO. Our network provides a springboard to engage with a wide range of leading global industrial organisations to complete this project.

Major Projects – Magnesium

- China Magnesium Industry Monthly Report (2021 – Present)
- The 10-Year Strategic Outlook for the Global Primary Mg Industry (2022)
- The 10-Year Price Outlook for the Global Primary Market (2022)
- Strategic Assessment of Global Primary Magnesium Technology and markets (2022)
- Mg Industry Update and Review for CM Aluminium Clients (2021)
- Raw Material Analysis, Testing Program and Pre-feasibility Assessment of Brucite-based Primary Mg Project (2020)
- Global Primary Magnesium Industry Outlook and Cost Assessment (2019)
- Primary Magnesium Industry Update - Half Yearly (2019)
- 10-Year Strategic Outlook for the Global Primary Mg Industry Including Supply Demand Balance Forecast (2018)
- Detailed Market Study For Magnesium Smelter Project in Abu Dhabi (2014)
- Assessment of the Potential for Mg Use in the Global Automotive Industry (2014)
- The 10-Year Strategic Outlook for the Global Primary Mg Industry Including Supply Demand Balance Forecast (2014)
- Market Assessment, Outlook and Technology for the Production of Mg
- Mg Sheet for the 3C and Automotive Industries (2013)
- The 10-Year Strategic Outlook for the Global Primary Mg Industry (2013)



Production surges in Shaanxi in December, as more capacity returns following semi-coke policy release. Prices likely to remain under pressure, with the market remaining weak heading into the Chinese New Year Holiday.

CM Group – get out, find out.

Experience, knowledge and welcome. Take the journey with us.

CM's Presentations at IMA Annual World Magnesium Conference

- 2023 – Calgary – Global Magnesium Industry Overview (May 2023)
- 2022 – Update of China's Domestic Primary Magnesium Industry (February 2022)
- 2021 – Global Primary Magnesium Industry Update
- 2020 – Global Primary Magnesium Industry Update
- 2019 – Global Primary Magnesium Market Update and China-based Primary Production
- 2018 – New Orleans – 2017 Global Primary Magnesium Supply Demand Balance and Outlook
- 2017 – Singapore – Global Primary Magnesium Supply and Demand Balance 2016
- 2016 – Rome – Global Primary Magnesium Supply and Demand Balance 2015
- 2015 – Vancouver – Global Primary Magnesium Supply and Demand Balance 2014
- 2013 – Xi'an – The Global Primary Magnesium Supply and Demand Balance 2013
- 2012 – San Francisco – The Global Mg Industry in 2011, The Impact of Chinese Production, Costs and Shipments
- 2011 – Prague – The Global Primary Magnesium Supply and Demand Balance 2010
- 2010 – Hong Kong – An Overview of the Global Primary Magnesium Industry
- 2009 – San Francisco – An Overview of the Global Primary Magnesium Industry
- 2008 – Stuttgart – An Overview of the Global Primary Magnesium Industry



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