

Latrobe Magnesium Limited

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9 December 2002

Company Announcements
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sirs

GOVERNMENT GRANT APPROVAL

Please be advised that the Hon John Anderson MP Deputy Prime Minister and Minister for Transport and Regional Services has announced that the Company's application for funding of approximately \$1.4 million towards the cost of the Latrobe Magnesium Project Bankable Feasibility Study has been approved.

The approval is conditional on the Project receiving at least matching funding from the Victorian Government and is subject to satisfactory contract negotiation between Latrobe Magnesium and the Department of Transport and Regional Services.

Government approval for the grant is subject also to two further conditions in that the Company entered into a dialogue with the Australian Greenhouse Office on the expected level of greenhouse emissions and that intellectual property arising from the Feasibility study will revert to joint ownership with Government (at a level to be determined) should Latrobe Magnesium not continue with development of the magnesium plant.

The Bankable Feasibility study to commence in March 2003 will take two years to complete at a cost of \$20 million. The study will confirm to a higher degree of accuracy the Projects capital and operating costs than those determined by the recently completed Pre-feasibility study.

The Project is centred on the production of magnesium metal from fly ash produced by the Latrobe Valley power stations. The ash from the brown coal is unique, in having significant magnesium content (up to 10% - 12%).

Yours faithfully



D L Hughes
Secretary

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