

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Latrobe Magnesium Limited

ABN

52 009 173 611

Quarter ended ("current quarter")

31 December 2008

Consolidated statement of cash flows

		Current quarter \$A	Year to date (6 months) \$A
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation	(52,574)	(95,919)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(95,168)	(172,647)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	649	1,899
1.5	Interest and other costs of finance paid	(2)	(55)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
		(147,095)	(266,722)
Net Operating Cash Flows			
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
		-	-
Net investing cash flows		-	-
1.13	Total operating and investing cash flows (carried forward)	(147,095)	(266,722)

+ See chapter 19 for defined terms.

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1.13	Total operating and investing cash flows (brought forward)	(147,095)	(266,722)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	130,646	130,646
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	130,646	130,646
	Net increase (decrease) in cash held	(16,449)	(136,076)
1.20	Cash at beginning of quarter to date	77,663	197,290
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of month	61,214	61,214

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A
1.23	Aggregate amount of payments to the parties included in item 1.2	43,500
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Directors fees and superannuation guarantee payments

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NIL

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NIL

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A	Amount used \$A
3.1 Loan facilities	NIL	NIL
3.2 Credit standby arrangements	NIL	NIL

Estimated cash outflows for next quarter

	\$A
4.1 Exploration and evaluation	50,000
4.2 Development	-
Total	50,000

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A	Previous quarter \$A
5.1 Cash on hand and at bank	23,297	9,259
5.2 Deposits at call	37,917	68,404
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	61,214	77,663

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	-	-	-	-
6.2 Interests in mining tenements acquired or increased	-	-	-	-

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

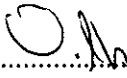
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities <i>(description)</i>	NIL	NIL		
7.2	Changes during quarter				
	(a) Increases through issues	NIL	NIL		
	(b) Decreases through returns of capital, buy-backs, redemptions	NIL	NIL		
7.3	+Ordinary securities	590,112,439	540,112,439		
7.4	Changes during quarter				
	(a) Increases through issues	50,000,000	NIL		
	(b) Decreases through returns of capital, buy-backs	NIL	NIL		
7.5	+Convertible debt securities <i>(description)</i>	NIL	NIL		
7.6	Changes during quarter				
	(a) Increases through issues	NIL	NIL		
	(b) Decreases through securities matured, converted	NIL	NIL		
7.7	Options <i>(description and conversion factor)</i>	NIL	NIL	<i>Exercise price</i>	<i>Expiry date</i>
7.8	Issued during quarter	NIL	NIL		
7.9	Exercised during quarter	NIL	NIL		
7.10	Expired during quarter	NIL	NIL		
7.11	Debentures <i>(totals only)</i>	NIL	NIL		
7.12	Unsecured notes <i>(totals only)</i>	NIL	NIL		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 29 JANUARY 2009
(Company Secretary)

Print name: D L Hughes

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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