

Latrobe Magnesium Limited ***AGM Presentation***

29 November 2010

PRESENTATION

- 1. Year in Review**
- 2. Overview of the Magnesium Market.**
- 3. Hydromet Process**
- 4. Thermal Reduction Process**
- 5. LMG Magnesium**
- 6. Development Plans for the Project**

1. Year in Review

1. Financial results

- Loss reduced from \$514,924 to \$276,001;**
- Research & development Grant \$224,423;**
- Recent Capital Raising netted \$ 1 million;**

2. 50 Hydromet Trials completed during the last year

3. Retort work achieves up to 95% recovery of magnesium metal

4. Pre feasibility study announced in November to upgrade previous magnesium costs and investigate the production of a new product (a soft cement).

5. Exploration Areas in Northern Territory relinquished in November

2. Magnesium Metal Production

US Magnesium forecast -

- 2008 world production 750,000 tons;
- 2009 world production 600,000 tons;
- 2012 forecast 1,000,000 tons;
- 7.3% compound average growth rate

2. Av. Magnesium Metal Prices

FOB China Price	US\$ per tonne
1 July 2008	5,400
30 June 2009	2,500
30 June 2010	3,000
November 2010	3,300
Projected Price	3,000 – 4,000

(Price does not include freight & duties)

2. Magnesium Market Summary

- Global magnesium market is still dominated by China.
- China operating costs increasing due to export tax, ferrosilicon, power and transportation costs.
- Closure of substantial Chinese production in 2009 / 2010 due to rising costs .

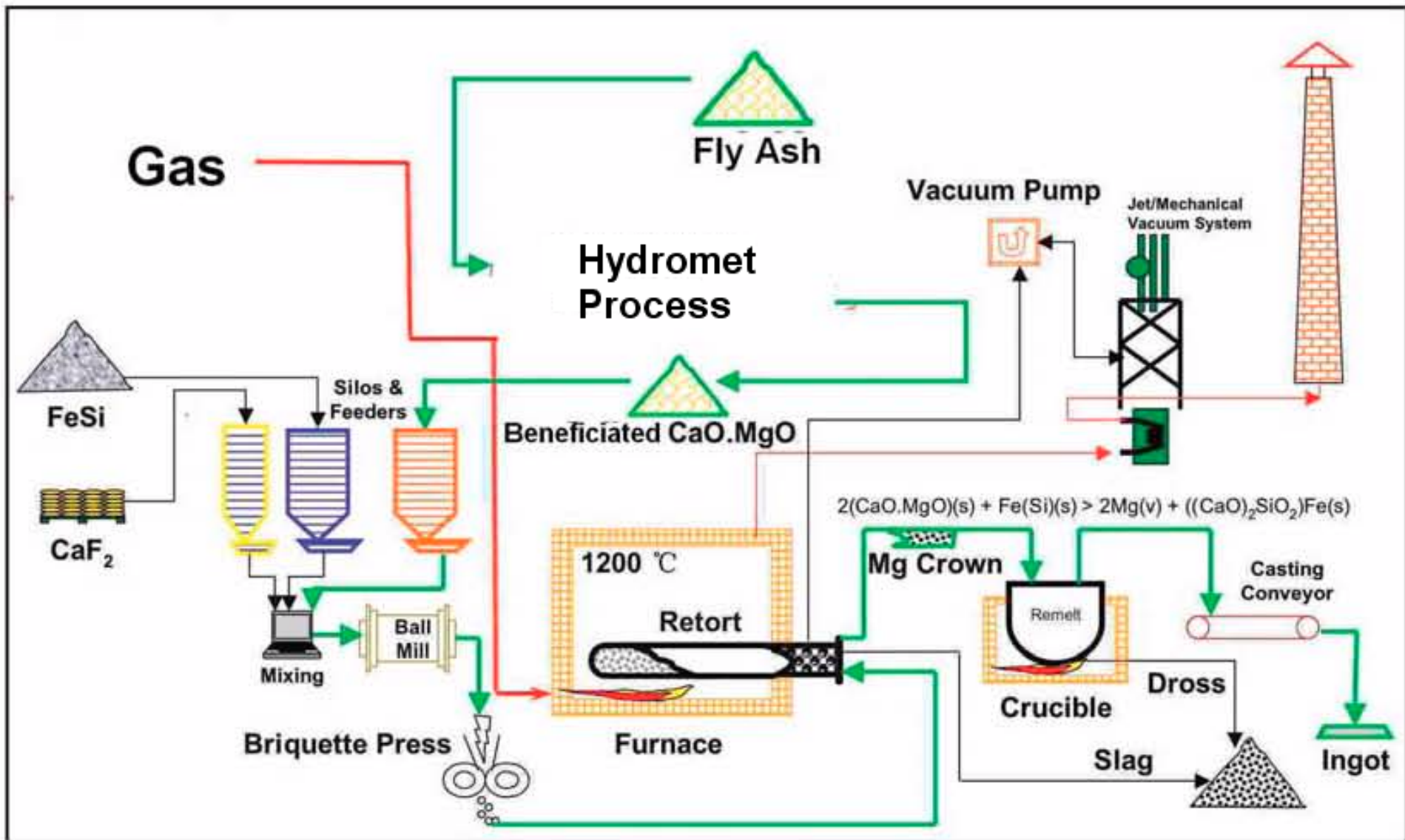
3. Hydromet Process

- Hydromet Process is a soluble process utilising industrial reagents to produce a source material with chemical characteristics similar to Dolime.
- Reduces the Na_2O ; K_2O ; SiO_2 ; Fe_2O_3 ; SO_3 to acceptable levels.
- Beneficiated material then processed using the Thermal Reduction Process to produce magnesium.

4. Thermal Reduction Process

- it is a simplified proven technology responsible for the majority of the World's magnesium production;
- can produce small quantities of magnesium economically;
- the production is capable of being expanded on a modular basis;
- a significantly lower capital cost when compared to electrolytic plants;
- the construction period for a plant is 12 months;
- the scalability reduces the overall risks of the project;
- the production can be initially tailored to meet Australian demands.

4. Proposed LMG Process



5. LMG Magnesium

FLY ASH



BENEFICIATED ASH



MAGNESIUM

6. Development Plans for the Project

Plans for the next 12 months –

- Complete the pre-feasibility study between January 2011 to March 2011.
- As part of the pre-feasibility study, a beneficiated sample will be sent to China and processed through a commercial retort to verify the production of magnesium.
- Complete the bankable stage of the project from April 2011 to December 2011.

Disclaimer

- This presentation may contain forward looking statements that are subject to risk factors associated with the magnesium business. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially including but not limited to: price fluctuations, actual demand, currency fluctuations, production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.
- Investors should undertake their own analysis and obtain independent advice before investing in LMG shares.
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