

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

Quay Magnesium Limited

ABN

75 104 179 099

Quarter ended ("current quarter")

30 September 2009

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3mnths) \$A'000
1.1 Receipts from customers	331	331
1.2 Payments for (a) staff costs (b) advertising and marketing (c) research and development (d) leased assets (e) other working capital	(431) (2,479)	(431) (2,479)
1.3 Dividends received	1	1
1.4 Interest and other items of a similar nature received	(30)	(30)
1.5 Interest and other costs of finance paid	(30)	(30)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net operating cash flows	(2,608)	(2,608)

+ See chapter 19 for defined terms.

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	Current quarter \$A'000	Year to date (3mnths) \$A'000
1.8 Net operating cash flows (carried forward)	(2,608)	(2,608)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other (Property Plant and Capital works in progress)	(11)	(11)
Net investing cash flows	(11)	(11)
1.14 Total operating and investing cash flows	(2619)	(2619)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc. Net of costs of capital raising of nil	485	485
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings		
1.19 Dividends paid		
1.20 Other (Chinese Bank)	2521	2521
Net financing cash flows	3,006	3,006
Net increase (decrease) in cash held	387	387
1.21 Cash at beginning of quarter/year to date	150	150
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	537	537

+ See chapter 19 for defined terms.

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'000
1.24	Aggregate amount of payments to the parties included in item 1.2	183
1.25	Aggregate amount of loans to the parties included in item 1.11	NIL

1.26 Explanation necessary for an understanding of the transactions

Payment of salary and consulting fees in accordance with contractual arrangements with Directors and related parties previously disclosed in 2009 annual report.

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 businesses in which the reporting entity has an interest

NIL

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A'000	Amount used \$A'000
3.1	Credit facility with Chinese Bank	3361	3361
3.1	Credit facility Sino Credit	1823	-
3.2	Credit standby arrangements	NIL	NIL

Nanjing's domestic working capital loan facility of 20 m RMB with a Chinese bank activated on 1 July 2009. Sino Credit is a subsidiary of CIECC under the ministry of commerce PRC, the facility limit is 1.5M USD, effective from 1 September 2009.

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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'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	537	150
4.2 Deposits at call		
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.23)	537	150

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	NIL	NIL
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Peter W Stuntz
(Director)

Date: **23 October 2009**

Print name: Peter Stuntz

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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 definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **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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