

30 July 2009

Australian Securities Exchange  
20 Bridge Street  
Sydney NSW 2000

Dear Sirs

**RE: ASX QUARTERLY ACTIVITIES REPORT**

Please find attached the Company's ASX Quarterly Activities Report for the period ended 30 June 2009, this report is being re-lodged with a competent person statement attached.

Yours sincerely



D L Hughes  
Secretary

# Latrobe\* Magnesium

## QUARTERLY ACTIVITIES REPORT TO 30 JUNE 2009

### LATROBE MAGNESIUM PROJECT

During the second quarter of 2009, the Company has progressed the Latrobe Magnesium Project by favourable results in relation to the recovery of magnesium metal from the Hazelwood brown coal fly ash by using both a hydromet process for treatment of the fly ash and the proven thermal reduction process to recover the magnesium.

#### **Magnesium Metal Results**

During this quarter, the Company has continued to test the suitability of using the thermal reduction process to recover magnesium metal. This process is used to produce some 85% of the total world's magnesium production.

On 31 March 2009, the Company announced that it had been successful in recovering magnesium metal from the Hazelwood brown coal fly ash in a laboratory setting.

The recovery rate for the calcined hydrometallurgically treated fly ash was calculated at approximately 40% as compared to a commercial operation using Dolime which is normally in the order of 75% recovery.

The low metallic Mg recovery rate obtained was attributed to the elevated sulphur content of the fly ash, approximately 1%, and significant negative contributions associated with the hematite and silica components of the fly ash.

Additional retort work indicated that acceptable levels of metallic Mg recovery for calcined fly ash could be achieved with the reduction of:

- sulphur content in the fly ash to 0.20% or less;
- Fe<sub>2</sub>O<sub>3</sub> to at least 3.0%; and
- Silica to 2%.

#### **Current Test Work**

Following the completion of the recent test work, Dr Stephen Short of Ecoengineers Pty Ltd was able to identify the mineral responsible for the retention of the above elements in the fly ash.

Since then he has completed a number of chemothermodynamic modelling studies and determined a suitable hydromet process to remove this mineral. The modelling concludes that the process will achieve the above specified reductions.

Over the next four weeks, this hydromet process will be tested at Metcon Laboratories to determine whether the above objectives are obtained.

### **Retort Work**

Given this hydromet process is successful, Prominco Pty Ltd will then process the beneficiated fly ash through its retort to recover magnesium metal and measure its recovery rate.

### **Further Work**

Upon completion of this work, the Company intends to send a sample of the beneficiated fly ash to China for processing using a commercial thermal reduction operation.

The Company will then commence prefeasibility work on developing a 5,000 tonne magnesium plant. The construction time for a plant of this size is estimated to be 12 months and the total development should take approximately 2 years.

The Australian magnesium consumption remains stable at some 10,000 tonnes per annum. All magnesium is imported into Australia.

## **EXPLORATION ACTIVITIES**

### **Bangemall Uranium Project (E09/1293 Latrobe Magnesium 100%)**

During the quarter, owing to previous exploration results and the state of the economy, the Board decided to relinquish this area.

### **Northern Territory Uranium Projects EL 25875 and EL 25906 (Latrobe Magnesium 100%)**

Issues delaying the transfer of the uranium project mining tenements to a wholly owned subsidiary of Latrobe Magnesium Limited have been resolved. The transfers of EL25875 and EL25906 were recently approved by the delegate of the Minister in accordance with the section 173 of the mining act and were registered on 23 July 2009.

The Company will now proceed to sign the nature title agreement and commence its exploration programme.

## **FUTURE FUNDING**

As at 30 June 2009, the Company had some \$12,454 in the bank, \$148,149 in receivables and unused Directors Loans of \$127,150. A significant proportion of the receivables has been collected in July 2009.

The Company therefore has sufficient funds to continue its operations for the next twelve months at current expenditure levels.

Given the successful conclusion of the above test work, the Company will commence pre-feasibility work on the development of a 5,000 tonne magnesium plant. It intends to fund this work either through a joint venture or a small capital raising in the second half of 2009.

A handwritten signature in black ink, appearing to read 'K. Torpey', with a stylized flourish at the end.

Kevin Torpey  
Director  
29 July 2009

The information in this statement that relates to laboratory results is based on information compiled by Mr Kevin Torpey, who is a member of the Australian Institute of Mining and Metallurgy. Mr Torpey is a Director of Latrobe Magnesium Limited and has sufficient experience which is relevant to the style of mineralization and type of deposit and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Torpey consents to the inclusion in this statement of the matters based on his information in the form and context which it appears.