

**CASHFLOW STATEMENT  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006**

	NOTE	CONSOLIDATED		PARENT ENTITY	
		30 June 2006	30 June 2005	30 June 2006	30 June 2005
		\$	\$	\$	\$
		Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)
<b>Cashflows from operating activities</b>					
Receipts from customers		230,141	29,958,942	—	15,229,431
Payments to suppliers and employees		(7,755,955)	(34,135,868)	(1,209,792)	(13,447,521)
Interest received		543,270	606,930	419,696	283,879
Borrowing costs		(2,205)	(1,696,369)	(1,729)	(893,132)
Recovery of insurance premiums		—	1,145,590	—	—
Other receipts		482,712	273,407	368,556	166,446
Net cash provided by/(used in) operating activities	<b>30(e)</b>	(6,502,037)	(3,847,368)	(423,269)	1,339,103
<b>Cashflows from investing activities</b>					
Proceeds from sale of QMAG operations	<b>30(b)</b>	—	65,037,248	—	28,555,996
Share purchase in Advanced Magnesium Technologies Pty Ltd		—	—	(6,000,000)	—
Net decline in cash on disposal of Icelandic Magnesium Company Limited	<b>30(b)</b>	—	(333,465)	—	—
Payment for property, plant & equipment & mine development		(284,608)	(1,583,131)	—	(748,293)
Proceeds from sale of property, plant & equipment and project assets		463,825	1,596,100	89,551	10,004
Net cash provided by/(used in) investing activities		179,217	64,716,752	(5,910,449)	27,817,707
<b>Cashflows from financing activities</b>					
Proceeds from issues of equity securities		9,765,900	—	9,765,900	—
Payment for share issue costs		(564,004)	—	(564,004)	—
Receipt from Magtrust Pty Ltd on sale of AML shares		2,077,690	—	2,077,690	—
Payment to Government Stakeholders		—	(3,000,000)	—	—
Payment to Government Stakeholders re: Department of Natural Resources security		—	(1,850,081)	—	(1,850,081)
Repayment of finance leases		—	(400,929)	—	(148,684)
Repayment of borrowings		—	(60,926,000)	—	(30,463,000)
Net cash provided by/(used in) financing activities		11,279,586	(66,177,010)	11,279,586	(32,461,765)
Net increase/(decrease) in cash and cash equivalents		4,956,766	(5,307,626)	4,945,868	(3,304,955)
Cash and cash equivalents at the beginning of the financial year		7,152,374	12,460,000	4,427,045	7,732,000
Cash and cash equivalents at the end of the financial year	<b>30(a)</b>	12,109,140	7,152,374	9,372,913	4,427,045

Notes to the financial statements are included on pages 26 to 61.

The above Cashflow should be read in conjunction with the accompanying notes.