



Advanced
Magnesium
Limited

QUARTERLY CASHFLOW - APPENDIX 4C

for the Period Ended 31 March 2009

Executive Chairman's Comments.

The quarter ending March 31, 2009 was one of solid progress. Significant steps were taken to get our suite of alloys and melt technologies further established in their markets while continuing to allocate our cash resources on a very selective basis. During the quarter, we advanced the market readiness of both AM-cast and AM-EX1 and we expect to commence marketing of those alloys early in the new financial year. Trials for AM-HP2plus will most probably be performed with a European die caster later in this quarter, while we also continue to work with CAST to come up with a lower cost, slightly lower specification additional alloy to the AM-HP2 alloy type.

The focus with our decorative alloy, AM-lite has moved away from the marketing of the alloy to the developing of a surface finishing chemicals and electroplating business for magnesium alloys, zinc and aluminium. We expect this to become a cash flow positive business early in financial year 2010.

We have reworked our AM-cover strategy with changes to both our delivery of this service and the pricing mechanism. We expect that these modifications to our AM-cover strategy will make it a more attractive alternative to SF6.

Sales of AM-converter have been hurt by the global recession which has resulted in many companies deferring capital expenditure plans. Several sales were made in the third quarter to European auto industry customers and we are hopeful that we will see sales in China by the second quarter of financial 2010.

Notwithstanding the progress made over the past two years, we will not achieve cash break-even within the present capital resources. We are presently in discussions with two parties regarding the underwriting of a capital raising in the near future. We hope to advise shareholders of the success or otherwise of these negotiations within the next few weeks.

Advanced Magnesium Limited

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 Registered & Principal Office:
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 Sydney, NSW 2000 Australia

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Fax: +61 2 9233 7265
Website: www.am-technologies.com
Email: corporate@am-technologies.com

Independent Directors (as at 31 March 2009)

Nicholas Andrews
Non-Executive Director

Michael Brown
Non-Executive Director

Management Team

Stuart Fitton
Executive Chairman

John Talbot
Chief Financial Officer

Company Secretaries

Stuart Fitton
 John Talbot

Issued Capital (as at 31 March 2009)

Ordinary Shares (ASX Code ANM)
 92,589,103 fully paid Ordinary shares on issue

Unlisted Securities

Unlisted Options	Number	Grant Date	Expiry Date	Exercise Price \$
Employee Share Option Plan	100,000	13 Oct 2005	13 Oct 2010	\$0.31

Substantial Shareholders

Major Shareholders	No. of shares	Percent
Citicorp Nominees Pty Limited	9,610,488	10.38%
Stuart Fitton	4,679,589	5.05%

Share Registry Services

Registries Limited
 Level 7, 207 Kent St
 Sydney NSW 2000

Postal:
 PO Box R67
 Royal Exchange
 Sydney NSW 1223

Tel: 1300 737 760 or
International: +61 2 9290 9600
Fax: +61 2 9279 0664
 E mail: registries@registries.com.au

Website: www.registries.com.au

The current share price can be obtained from the ASX
 Website: www.asx.com.au

Appendix 4C

Quarterly Report

Introduced 31/3/2000. Amended 30/9/2001.

Name of entity

Advanced Magnesium Limited

ABN

51 010 441 666

Quarter ended ("current quarter")

31-Mar-09

Consolidated statement of cash flows

Cash flows related to operating activities

	Current quarter	Year to date (9 months)
	\$A	\$A
1.1 Receipts from sales and related debtors excl. GST	\$66,686	\$104,724
1.2 Payments for (a) Marketing & Sales	(\$250,550)	(\$987,959)
(b) Production Process unit	(\$41,063)	(\$180,508)
(c) Finance, accounting and regulatory	(\$139,271)	(\$561,039)
(d) Patents and licence protection	(\$39,723)	(\$94,846)
(e) Premises, telecoms & other administration	(\$55,228)	(\$181,483)
(f) Cost of sales and inventory	\$1,846	\$1,846
(g) Prior year incurred expenses	\$0	(\$1,109)
(h) Retrenchments and termination	\$0	(\$154,151)
1.3 Dividends received	\$0	\$0
1.4 Interest and other items of a similar nature received	\$8,453	\$109,737
1.5 Interest and other costs of finance paid	\$0	\$0
1.6 Foreign income tax & GST effects	\$4,235	\$23,458
1.7 Sublet rental income	\$7,397	\$23,777
1.8 Foreign Exchange differences	(\$823)	\$16,048
1.9 Other	(\$12,467)	(\$18,836)
Net operating cash flows	(\$450,509)	(\$1,900,341)

+ See chapter 19 for defined terms

		Current quarter \$A	Year to date (9 months) \$A
Cash flows related to investing activities			
1.8	Payment for purchases of fixed assets	—	7,376
1.9	Proceeds from disposal of fixed assets	—	—
1.10	Loans to other entities	—	—
1.11	Loans repaid by other entities	—	—
1.12	Other	—	—
Net investing cash flows		—	7,376
Cash flows related to financing activities			
1.13	Net proceeds from issues of shares, options, etc.	—	—
1.14	Proceeds from borrowings	—	—
1.15	Repayment of borrowings	—	—
1.16	Other	—	—
Net financing cash flows		—	—
Net increase (decrease) in cash held		(\$450,509)	(\$1,900,341)
1.17	Cash at beginning of quarter/year to date	\$1,546,294	\$2,996,126
1.18	Cash at end of quarter/year to date	\$1,095,785	\$1,095,785

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
1.19	Aggregate amount of payments to the parties included in item 1.2	\$89,331
1.20	Aggregate amount of loans to the parties included in item 1.10	-

1.21 Explanation necessary for an understanding of the transactions

+ See chapter 19 for defined terms

Non-cash financing and investing activities

2.1 Details of financing and investing transactions in the quarter 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

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

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
4.1 Cash on hand and at bank	\$345,785	\$545,451
4.2 Deposits at call	—	\$843
4.3 Bank overdraft	—	—
4.4 Other – Bank bills & Term deposits	\$750,000	\$1,000,000
Total: cash at end of quarter (item 1.19)	\$1,095,785	\$1,546,294

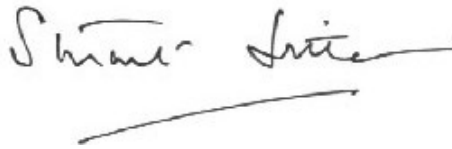
Acquisitions and disposals of business entities

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity	NIL	NIL
5.2 Place of incorporation or registration	NIL	NIL
5.3 Consideration for acquisition or disposal	NIL	NIL
5.4 Total net assets	NIL	NIL
5.5 Nature of business	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 2001 (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:

Date: 27 April 2009
Chief Executive
Advanced Magnesium Limited

Print name: Mr Stuart Fitton

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 107: Cash Flow Statements* apply to this report except for the paragraphs of the Standard set out below.
- Aus20.1 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 39 - 42 - itemised disclosure relating to acquisitions and disposals
 - 48 - 52 - disclosure of restrictions on use of cash
- 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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