



Suite 5 Level 4  
350 George St  
Sydney NSW 2000  
Australia  
**Ph:** 61 2 9221 3274  
**Fax:** 61 2 9233 7265

28 August 2009

Company Announcements Office  
Australian Stock Exchange Limited  
20 Bridge Street  
Sydney, NSW, 2000

Dear Sirs,

### **AML Investment in China**

The proposed purchase of a 53% interest in Henan Keweier alloy materials Co., Ltd (KWE) was initially announced to the market on 16 June 2009. Shareholders have received further information regarding the proposed investment by way of an Explanatory Memorandum and Independent Expert's report. This announcement updates information since the release of those documents.

KWE is a start up business. As such, there are a number of issues that remain to be resolved before the business is ready for day to day operation. However, these are normal development issues and the process of readying the company for day to day operation is progressing in a regular manner.

The development site currently comprises 4 completed buildings vis

1. Administration block- see left hand building in the photo at top left on page 3 and building in photo at top right).
2. Accommodation block (for employees) – see right hand building in the photo at top left on page 3.
3. Workshop 1 incorporating the first furnace for the production of generic magnesium ingots (AZ91) – see building in photo at bottom right. This building is behind the accommodation block.
4. Warehouse – see building in photo at bottom left. This building is behind the administrative block.

The first furnace in workshop 1 is currently going through production trials. After reaching a successful operating standard (including producing at its capacity of 6,000 tonnes pa) a second furnace will be added in this workshop. This furnace will increase the production capacity of AZ91 to 12,000 tonnes per annum. This expected to occur in the short term after the operation of the first furnace has been bedded down.

Three other buildings are currently under construction vis

1. Workshop 2 which will house plant for production of AML's proprietary magnesium alloys – you can see this under construction behind workshop 1 in the photo at bottom right. It is now substantially complete.
2. An engineering/maintenance workshop – you can see this under construction behind the warehouse in the photo at bottom left. It is now substantially complete.
3. A scrap processing workshop currently under construction behind the engineering/maintenance workshop.

The first two buildings are well advanced. The scrap processing building has its steel frame erected. The scrap processing activity will add another income stream to the business.

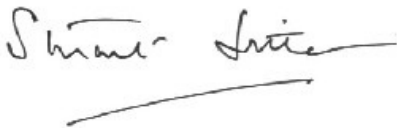
At this stage intense activity is going on in preparation for full production, establishing the administrative and finance functions and setting up a sales team. AML has assembled its technical staff at the site to review the production process (basically the furnace operation) to ensure it is correctly set up and certifiable output is being produced.

This activity is occurring with great industry, effort and a sense of urgency to get sales underway in September.

Dignitaries from the province (Henan), the principal nearby city (Changge) and the town in which the plant is located (Dajzhau) have all shown great support and commitment for the project.

The regional tax office has a charter to assist development of businesses which will benefit the local community. That assistance may come in the form of financial help for which AML's intended local partners have provided great support in managing applications.

Stuart Fitton

A handwritten signature in black ink, appearing to read "Stuart Fitton", with a horizontal line underneath it.

Executive Chairman  
28 August 2009

