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21 January 2011

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

Dear Sirs,

**RMB10,000,000 Working Capital Facility For Henan Keweier Alloy Material Co., Ltd**

Henan Keweier Alloy Material Co., Ltd (HNKWE) - AML's 53% owned alloy manufacturing subsidiary in Henan province in China – has secured a RMB10,000,000 working capital facility from a local bank. The facility has been accessed this week. Negotiations are also underway for further working capital funding.

The provision of working capital finance from banks will ease the demands on AML to fund working capital and enable partial repayment of the loan made by AML to HNKWE.

A handwritten signature in black ink, appearing to read "John Talbot", written in a cursive style.

John Talbot  
Company Secretary  
Advanced Magnesium Limited