



24 November 2005

Company Announcements Office  
Australian Stock Exchange Limited  
Level 4, 20 Bridge Street  
SYDNEY NSW 2000

Dear Sirs,

**RE: ANNOUNCEMENT**

Pursuant to ASX Listing Rule 3.13.3, please find attached a presentation given to shareholders at the Annual General Meeting held today at Brisbane Convention Centre, Cnr Merivale & Glenelg Streets, Brisbane commencing at 10.00 am (AEST).

Yours sincerely

A handwritten signature in black ink, appearing to read "P K Nair". The signature is fluid and cursive, with a large initial "P" and "N".

P K Nair  
**COMPANY SECRETARY**



**Ian Hartnell**  
Managing Director

**Advanced Magnesium Limited**

*developing technologies for the future*

SLIDE 1:

Thank you Mr Chairman  
Good Morning Ladies and Gentlemen

Advanced Magnesium is slowly but surely establishing itself as a new and innovative player in the world magnesium industry.

It is pleasing to note a steady increase in interest in the company over the past few months, measured by the increasing number of hits on our website, the enthusiastic reception we receive in the market place from potential customers and from the number of unsolicited enquiries we receive for our products from all over the world.

Our global network of sales and technical experts have continued to remain very active.

In the 7 short weeks since our last meeting on 4 October, the global team has now visited a further 36 companies to introduce AM-lite, and have successfully completed a further 5 in-plant trials. Most of the companies visited have expressed an interest to follow up with trials.

**New Company** → **New Proposition**

**A GLOBAL SALES, MARKETING AND ORGANISATION**



- ***patented high tech Mg alloys***
- ***commercialisation imminent***
- ***industry interest exceeding expectations***
- ***pipeline of future technologies***

SLIDE NO. 2



SLIDE 2:

Before giving you an update on our activities, I would like to reiterate a few comments about who we are and what we do.

Advanced Magnesium is now a GLOBAL SALES AND MARKET ORGANISATION

We no longer mine or manufacture magnesium or any other product.

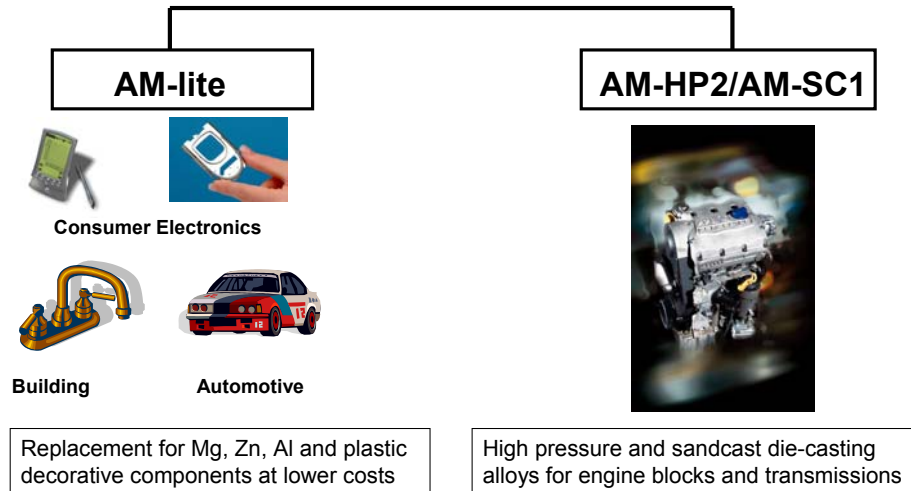
Our key products are magnesium alloys which have been developed over the last decade by an Australian co-operative research centre called CAST which involves AMT, CSIRO and a number of universities.

Our products are fully developed, tested in beta trials and ready for commercialisation.

We are currently in discussions with companies in Europe, Asia and the USA to introduce our latest magnesium alloy products, with particular emphasis on our latest alloys AM-lite and AM-HP2.

The companies we have approached in our initial marketing phase have all requested testing and the test results to date are in line with expectations.

## AMT - Key Product Suite



SLIDE NO. 3



### SLIDE 3

AMT has a number of magnesium alloy products in addition to those listed above.

AM-lite is a revolutionary new magnesium alloy that has significant performance and cost advantages for diecast manufacturers of zinc, aluminium, plastic and other magnesium products.

It is the first Mg alloy that can be easily electroplated at low cost. This is a key breakthrough that offers significant opportunities for manufacturers.

AM-HP2 and AM-SC1 are magnesium alloys for engine blocks and other powertrain applications. Major manufacturers in the USA and Europe are currently evaluating these engine alloys.

The test results show considerable performance improvements over the magnesium engine alloys that are currently available, but it will still be several more years until these alloys are in high volume commercial applications.

## Research and Development - CAST



- AML outsources its R&D to CAST.
- CAST is one of the world's leading magnesium research organisations.
- Over the past 13 years AML and CAST have developed a portfolio of world class technologies which AML is now commercialising.
- CAST provides AMT with a pipeline of potential new products.

SLIDE NO. 4



### SLIDE 4

One of Advanced Magnesium's key assets is its ability to work in close collaboration with its outsourced research provider, CAST, to bring a very sophisticated approach to solving some of the more important future technical needs of its customers.

CAST is one of the world's leading magnesium research institutes supported by researchers from CSIRO, the University of Queensland, Monash University, Deakin University and Swinburne University of Technology.

All of the patented magnesium technologies that AML is currently commercialising have achieved international recognition in one form or another. For example AM-cover was given an award by the US EPA, AM-SC1 was selected as the preferred alloy for USCAR's engine block development program and AM-converter was given an Award of Excellence by the International Magnesium Association.

Approximately 40% of CAST's resources are applied to AML's current research projects which are aimed at developing unique new technologies for the future, particularly in the automotive industry. This ongoing research effort provides AML with a pipeline of potential new discoveries to generate new incremental future revenue.

## AM-lite: Market Opportunities



Mobile Phone Case



Car Interior – AM-lite potential

- **consumer electronics**
  - mobile phones, laptops, PDAs and digital cameras
- **automotive**
  - instrument housings, centre consoles, door handles, decorative trim, headlight reflectors, cover plates
- **building products**
  - taps, shower heads, handles, sanitary ware, switches, lamp housings/reflectors
- **competes against plastics, zinc, aluminium and existing magnesium alloy AZ91D**

SLIDE NO. 5



SLIDE 5:

- Advanced Magnesium is looking to AM-lite to generate the main source of its revenues over the next 2 years in advance of growing revenues expected from its high temperature engine alloys.
- The main markets for AM-lite are expected to be in consumer electronics, building products and in the automotive and motorbike sectors, where weight and cost are important.
- Electroplated or powder coated components made from AM-lite are estimated to be 10-30% cheaper than the same component in zinc, and 30-50% cheaper than the same component in AZ91D.
- AMT continues to selectively target companies where these attributes of AM-lite may be of interest.

## Examples of Early Interest

Sector	Electroplated or painted components	Existing Material
Automotive	<ul style="list-style-type: none"> <li>➤ Headlight &amp; tail light reflectors</li> <li>➤ Door handles (interior &amp; exterior)</li> <li>➤ Grill</li> <li>➤ Mirrors</li> <li>➤ Rear spoiler</li> </ul>	<ul style="list-style-type: none"> <li>➤ Plastic, magnesium</li> <li>➤ Zinc, plastic</li> <li>➤ Zinc, plastic</li> <li>➤ Zinc, plastic</li> <li>➤ Plastic</li> </ul>
Motorcycles	<ul style="list-style-type: none"> <li>➤ Side cover plate</li> <li>➤ Badges, decorative trim</li> <li>➤ Housings</li> </ul>	<ul style="list-style-type: none"> <li>➤ Aluminium</li> <li>➤ Zinc</li> <li>➤ Zinc, magnesium</li> </ul>
Electronics	<ul style="list-style-type: none"> <li>➤ Mobile phone cases</li> <li>➤ Laptop computer cases</li> </ul>	<ul style="list-style-type: none"> <li>➤ Magnesium, plastic</li> <li>➤ Magnesium, plastic</li> </ul>
Hardware	<ul style="list-style-type: none"> <li>➤ Bathroom fittings</li> <li>➤ Door handles &amp; locks</li> <li>➤ Taps</li> </ul>	<ul style="list-style-type: none"> <li>➤ Zinc</li> <li>➤ Zinc</li> <li>➤ Zinc</li> </ul>

SLIDE NO. 6



SLIDE 6:

These are some of the myriad applications that AM-lite offers to manufacturers.

In every instance clients can manufacture their products at lower cost and with higher performance characteristics by substituting AM-lite for the current metal.

The excellent surface finish and the ability to cheaply electroplate AM-lite, together with other manufacturing cost advantages, are the key elements that are making AM-lite a very exciting new alloy for diecast manufacturers.

The MacDermid electroplating process has now been successfully trialed on a commercial scale and is currently being installed in the production line of a major European manufacturer. Once installed, that company has indicated a strong desire to fill up its capacity with AM-lite applications to gain the full benefit from its investment.

MacDermid expect to be able to formally release its new electroplating technology worldwide in the first quarter of Calendar Year 2006, and have expressed interest in stepping up joint marketing activities to promote the combined benefits of AM-lite castings with MacDermid electroplated finishes.



## Technical Challenges

- Diecasting is a complex manufacturing process.
- Each diecasting plant is different and each product is different.
- Introduction of a new alloy requires experience, deep scientific understanding of what's going on, and plenty of patience.

SLIDE NO. 7



### SLIDE 7

- No industrial trial of any new technology is straight forward and without problems. Diecasting is a complex manufacturing process that is often operated close to the limits of control.
- No diecasting plant is the same, and no product, with their associated die design and unique set of process parameters, is the same.
- In entering such a complex production scenario with a new alloy one can expect a myriad of challenges. The comforting factor is that we know AM-lite works. Our task is to ensure that each potential customer feels the same way. The solutions to these challenges require a clear understanding of the issues, a desire and co-operation on the part of the customer to solve them, and plenty of patience.
- Our long experience with the diecasting process and our deep scientific understanding of our products, combined with our close alliance with the Australian research community, places us in a unique position to address most technical issues that can arise.

## Recently produced electroplated AM-lite parts



SLIDE NO. 8



### SLIDE 8

- Over the last few weeks, we have been receiving encouraging feedback from a number of companies expressing genuine interest to commit to commercial production of components made from AM-lite.
- All of the interest to date is for small parts – mobile phone cases, door handles, faucet handles, bathroom fittings, seat belt parts and car door handles.
- Realistically we do not expect orders for large parts at this very early stage. Indeed we are very encouraged by the progress made even with these smaller parts.
- In order to achieve a sale, it is necessary to convince both the end-user of the component (e.g. the mobile phone manufacturer or the car manufacturer) as well as the diecaster (our customer) who makes the casting. This all takes time and lots of testing.
- Typically, even for simple products, the lead time from initial trials to full evaluation and commercial commitment is measured in months. For larger, more difficult parts, it could be up to several years.



## SLIDE 9

- It is now almost 5 months since we made our first presentation on AM-lite. Since that time, we have made presentations to over 60 companies and conducted 15 in-plant trials. Each trial requires the presence of our engineers and typically lasts for 2-3 days.
- We expect this promotional and in-house trialing activity to continue for most of 2006.
- During the next few months we expect a modest start for some comparatively small parts which have been committed by the early adopters. Early adopters are those innovative companies in any market who are prepared to take a risk with new technology for commercial gain.
- As market confidence grows in the use of AM-lite, we expect increasing numbers of fast followers, concerned about losing their competitive position, to start using AM-lite.
- By the first half of 2007 we expect that commitments will be made to some of the larger decorative components for use in the automotive or motorcycle sectors. Any one of these has the potential to make a material impact on AMT's profitability.

## Summary

### Intellectual Property (IP)

- protected by patents
- best available technology
- at commercialisation stage
- opens significant new market opportunities

### Financial

- net cash of \$16m
- zero debt
- net cash backing 20c/shr

### Target Markets

- AM-lite
  - Decorative Finishes
  - Automotive
  - Consumer Electronics
  - Building Products
- AM-HP2/AM-SC1
  - Engine-Blocks
  - Transmissions

SLIDE NO. 10



## SLIDE 10

- AMT is a global sales and marketing organisation for advanced magnesium alloys and technologies.
- We have a portfolio of existing new technologies, all of which have been patented and all of which are ready for commercialisation.
- We have a global team of highly experienced people in this field.
- Our current focus is on the commercialisation of a unique new alloy that is a direct replacement for existing materials used for decoratively finished components, but we also have a suite of other products and a pipeline of new technologies being developed in alliance with one of the leading co-operative research centres in Australia.
- We have a clean balance sheet, \$16 million in cash, plenty of enthusiasm and the ability to commercialise unique intellectual property.

In summary, an exciting new company poised for future growth.

Thank you

I now pass you back to the Chairman.