



16 October 2006

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

Dear Sirs,

**RE: ADVANCED MAGNESIUM SIGNS ALLIANCE AGREEMENT WITH CHICAGO
WHITE METALS**

Please find attached, announcement on the Company signing alliance agreement with major US diecaster.

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 a long, sweeping underline.

P.K. Nair
COMPANY SECRETARY



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ASX ANNOUNCEMENT - 16 October 2006

Chicago White Metal Signs Alliance Agreement with Advanced Magnesium

Advanced Magnesium Limited's wholly owned subsidiary, AMT, has signed a fifth alliance Agreement. Chicago White Metals (CWM), a leading US diecaster, has committed to developing a range of electroplated applications for its customers using AMT's new proprietary magnesium alloy, AM-lite.

CWM is one of the most reputable diecasters in the United States. With over 65 years of experience, it operates one of the largest, most advanced hot-chamber diecasting facilities for magnesium in the US. CWM manufactures a wide range of non-automotive products, including zinc and aluminium diecastings, and has developed a reputation as a market leader in its field.

This Alliance is expected to generate new orders for AM-lite as new products are developed and existing products are converted from zinc and other materials.

AMT currently supplies AM-lite to 3 other manufacturers of bathroom products, kitchenware and hardware products in Asia and Europe. Through alliances such as this, AMT anticipates that the range of products manufactured in AM-lite will continue to broaden and include, among others, the electronics and automotive industries

AMT announced a significant breakthrough in September securing a conditional commitment to purchase 10,000 tonnes of AM-lite from a major Chinese manufacturer. The development of alliances in the USA, Asia and Europe is expected to accelerate the acceptance of AM-lite as a highly cost effective substitute for zinc and aluminium as prices for those metals continue to record new highs.

This development is consistent with AMT's recently announced strategy of committing its technical resources to focus on nine key customers (3 in each of China, USA and Europe) over the next four to six months to bring a number of targeted applications into commercial production and generate further sales of AM-lite. These alliances focus on products in industry sectors of importance for AM-lite, which include hardware, sanitary ware, electronics, motorcycles and automotive.

For further information please refer to the AMT website at www.am-technologies.com.au and the CWM website at www.cwmdiecast.com.