



6 December 2006

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

Dear Sirs,

RE: Alliance Agreement with a Major Chinese Manufacturer

Please find attached, announcement on the Company signing alliance agreement with a major Chinese manufacturer.

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 - 6 December 2006

Advanced Magnesium Signs another Alliance Agreement with a Major Chinese Manufacturer

Advanced Magnesium has signed an Agreement with Pou Yuen Technology Co to develop a number of specific applications for AM-lite that are referred to Advanced Magnesium by OEMs in Asia, Europe and North America. This is the sixth such alliance that Advanced Magnesium has entered into.

The magnesium diecasting division of Pou Yuen Technology was established in 1999 by the Pou Chen Group. Since its formation, the magnesium diecasting division has focused on surface coated castings for the electronics industry including such parts as laptop, mobile phone, digital camera and projector casings, so it is well equipped to handle a wide range of surface coated AM-lite parts.

For Pou Yuen, this alliance creates an exciting opportunity to diversify its product range and expand its total magnesium business into new sectors not previously available. AM-lite's ability to substitute electroplated components made from zinc alloy, aluminium, plastics and the existing magnesium alloy AZ91, at lower costs, make it an attractive opportunity for some manufacturers.

Advanced Magnesium has previously announced two other AM-lite development alliances in China. One with a major manufacturer of electronic components and the other with one of the world's largest manufacturers of electroplated sanitary and hardware. Advanced Magnesium is in discussions with three other large Chinese groups, who will form the next round of key customers wishing to take advantage of AM-lite's unique properties and Advanced Magnesium's training and focused technical support for new applications based on AM-lite. Advanced Magnesium has similar programs with selected customers in North America and Europe.

For further information please refer to the Advanced Magnesium website at www.am-technologies.com.au and the Pou Yuen website at www.pouyuen.com.tw.