



**Advanced
Magnesium**
Limited

31 July 2007

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

Dear Sirs,

RE: APPENDIX 4C – QUARTERLY REPORT

Please find attached Appendix 4C for quarter ended 30 June 2007.

Yours faithfully,

PK Nair
Company Secretary



QUARTERLY CASHFLOW - APPENDIX 4C

for the Period Ended 30 June 2007

ACTIONS IN THE QUARTER ENDING 30 JUNE 2007

- A new Board of Directors with Stuart Fitton as Chairman was appointed during May.
- Ian Hartnell resigned as Managing Director in July and was replaced by Stuart Fitton as Executive Chairman.
- A major contract that was expected to be signed in the June quarter failed to materialise.
- The new Directors have cut the budgeted net operating cash outflow for 2008 by approximately \$1.6 million to \$4.1 million.
- Steps have been taken to eliminate most of the non-customer focused spending in 2008. Redundancies have been made that have reduced annual personnel cash spend by approximately \$700,000.
- Approximately 90% of each cash spend in 2008 will be spent on:
 1. Bringing partner AM-lite die casters and electroplaters to world class production levels; and
 2. Marketing to OEM customers of our partner die casters and electroplaters to replace their use of zinc, AZ91 and plastics with AM-lite.

Notwithstanding setbacks that occurred in the 4th quarter, the company is highly confident of signing contracts during 2008 that will assure its commercial future.

Advanced Magnesium Limited

ABN: 51 010 441 666
 Registered & Principal Office
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 Milton, QLD 4064 Australia
 PO Box 1364, Milton BC
 QLD 4064 Australia

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Fax: +61 7 3510 4525
Website: www.am-technologies.com.au
Email: corporate@am-technologies.com.au

Independent Directors (as at 30 June 2007)

Greg Ralph
Non-Executive Director

Nicholas Andrews
Non-Executive Director

Michael Brown
Non-Executive Director

Ian Hartnell
Managing Director

Management Team

Stuart Fitton
Executive Chairman

Gordon Dunlop
Chief Operating Officer

Prem Nair
General Manager Corporate & Company Secretary

Christian Kettler
General Manager (Europe)

Tom Sweder
General Manager (North America)

Issued Capital (as at 30 June 2007)

Ordinary Shares (ASX Code ANM)
 85,581,292 fully paid Ordinary shares on issue

Unlisted Securities

Unlisted Options	Number	Grant Date	Expiry Date	Exercise Price \$
Resource Capital Funds	3,313,273	29 Nov 2004	29 Nov 2007	\$0.70
Employee Share Option Plan	2,570,650	13 Oct 2005	13 Oct 2010	\$0.31
Pegasus Corporate Finance	400,000	7 Oct 2005	7 Oct 2008	\$0.25

Substantial Shareholders

Major Shareholders	No. of shares	Percent
Orbis Global Equity Fund limited	16,059,519	18.76%
Acorn Capital Limited	6,175,720	7.22%
Talisman Global Macro Master Fund	4,933,333	5.77%

Share Registry Services

Link Market Services
 Level 12, 300 Queen Street
 Brisbane, QLD 4000

Postal:
 Locked Bag A14,
 Sydney South, NSW 1235

Tel: 1300 554 474 or
International: +61 2 8280 7111

Fax: +61 2 9287 0309

Website: www.linkmarketservices.com.au

The current share price can be obtained from the ASX Website: www.asx.com.au.

Appendix 4C

Quarterly Report

Introduced 31/3/2000. Amended 30/9/2001.

Name of entity

Advanced Magnesium Limited

ABN

51 010 441 666

Quarter ended ("current quarter")

30 June 2007

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A	Year to date (12 months) \$A
1.1 Receipts from sales and related debtors incl. GST	249,064	588,297
1.2 Payments for		
(a) Salaries: global marketing team	(423,923)	(1,520,583)
(b) Salaries: technical development	(174,346)	(564,200)
(c) Salaries: administration, corporate, directors and finance	(265,772)	(1,249,632)
(d) Marketing	(249,402)	(974,751)
(e) Research and development	(296,503)	(662,397)
(f) Legal, patent, licence, and related	(172,427)	(526,164)
(g) Corporate and compliance	(105,338)	(764,009)
(h) Cost of Sales and inventory	(12,629)	(284,615)
(i) Overheads, telecoms and IT	(93,582)	(443,719)
1.3 Dividends received	—	—
1.4 Interest and other items of a similar nature received	100,423	696,197
1.5 Interest and other costs of finance paid	—	—
1.6 Foreign income taxes paid	(12,314)	(43,719)
1.7 Other receipts	—	445
Net operating cash flows	(1,456,749)	(5,748,850)

+ See chapter 19 for defined terms.

	Current quarter \$A	Year to date (12 months) \$A
Cash flows related to investing activities		
1.8 Payment for purchases of fixed assets	—	(19,002)
1.9 Proceeds from disposal of fixed assets	6,572	200,221
1.10 Loans to other entities	—	—
1.11 Loans repaid by other entities	—	—
1.12 Other	—	—
Net investing cash flows	6,572	181,219
Cash flows related to financing activities		
1.13 Net proceeds from issues of shares, options, etc.	—	23,250
1.14 Proceeds from borrowings	—	—
1.15 Repayment of borrowings	—	—
1.16 Other	—	—
Net financing cash flows	—	23,250
Net increase (decrease) in cash held	(1,450,177)	(5,544,381)
1.17 Cash at beginning of quarter/year to date	8,014,936	12,109,140
1.18 Cash at end of quarter/year to date	6,564,759	6,564,759

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the
related entities

	Current quarter \$A
1.19 Aggregate amount of payments to the parties included in item 1.2	94,946
1.20 Aggregate amount of loans to the parties included in item 1.10	-

1.21 Explanation necessary for an understanding of the transactions

During the quarter, payments included directors' fees, committee fees and executive director's remuneration. Reimbursements of expenses are not included in this component. On 2 May 2007 the three non-executive Directors, all of which were receiving fees in cash, resigned from the Board of Directors. Four new non-executive Directors were accepted to the Board of Directors after this date but have agreed to waive their fee entitlements.

+ See chapter 19 for defined terms.

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions in the quarter which have had a material effect on consolidated assets and liabilities but did not involve cash flows.

NIL

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest.

NIL

Financing facilities available

	Amount available \$A	Amount used \$A
3.1 Loan facilities	NIL	NIL
3.2 Credit standby arrangements	NIL	NIL

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A	Previous quarter \$A
4.1 Cash on hand and at bank	463,938	763,228
4.2 Deposits at call	2,350,821	3,501,708
4.3 Bank overdraft	—	—
4.4 Other – Bank bills & Term deposits	3,750,000	3,750,000
Total: cash at end of quarter (item 1.19)	6,564,759	8,014,936

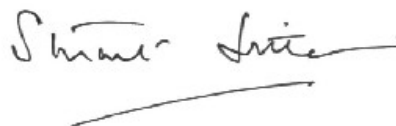
Acquisitions and disposals of business entities

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity	NIL	NIL
5.2 Place of incorporation or registration	NIL	NIL
5.3 Consideration for acquisition or disposal	NIL	NIL
5.4 Total net assets	NIL	NIL
5.5 Nature of business	NIL	NIL

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act 2001 (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

Executive Chairman
Advanced Magnesium Limited

Date: 31 July 2007

Print name: Stuart Fitton

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The definitions in, and provisions of, *AASB 107: Cash Flow Statements* apply to this report except for the paragraphs of the Standard set out below.
 - Aus20.1 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 39 - 42 - itemised disclosure relating to acquisitions and disposals
 - 48 - 52 - disclosure of restrictions on use of cash
3. Accounting Standards. ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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