



**Advanced
Magnesium**
Limited

26 September 2006

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

Dear Sir,

RE: PRESENTATION SLIDES

Please find attached slides used for presentations to existing sophisticated investors.

Yours sincerely

P.K. Nair
Company Secretary



**Advanced
Magnesium**
Limited

Advanced Magnesium Limited

developing technologies for the future



A GLOBAL SALES AND TECHNICAL MARKETING ORGANISATION

- ***Patented high tech Mg alloys and processes.***
- ***Pipeline of future technologies.***
- ***Global OEM and diecaster relationships.***
- ***Major order announcement in Sept 2006.***
- ***Strong “green” company credentials.***
- ***Expected breakeven by June '08.***
- ***Debt free with cash of A\$12.1m (30.6.06).***



Operational Review - AM-lite®

Establishing global recognition and brand awareness

- ***>150 presentations to customers in Europe, USA and Asia - diecasters and OEMs.***
- ***39 on-site die casting trials in FY 2006.***
- ***Global production and logistics arrangements in place***
- ***Agency arrangements for Japan, Korea, Taiwan and China.***
- ***Development alliances signed for over 500tpa.***
- ***Formation of development alliances with 9 key customers (3 in each of China, Europe and North America).***



Full Year Results - 30 June 2006

key financials

➤	<i>Net cash</i>	<i>\$12.1m</i>
➤	<i>Operating cash outflows</i>	<i>\$ 7.8m</i>
➤	<i>NTA/share</i>	<i>14.8c</i>
➤	<i>Total debt</i>	<i>\$0</i>
➤	<i>Accumulated tax losses</i>	<i>substantial</i>

headline result

➤	Revenue	\$363,000
➤	Net loss - continuing operations	(\$4,842,000)
➤	EPS – continuing operations	(6.3c)

all residual debts and liabilities extinguished



Events and Announcements - Last 12 Months

- **October 2005 - Capital raising at 30c**
 - \$13m from 6 institutions and 17 HNW's. Cash for 2 yrs.
- **December 2006 - Polmag, Poland**
 - First order for AM-lite® 10 tonnes. High spec optical product.
- **February 2006 - HDO, Germany**
 - Commercial production launched for new line of bathroom accessories.
- **February 2006 - NTP, Poland**
 - Development alliance – 260 tonnes pa. Automotive customer.
- **May 2006 - McDermid**
 - Alliance established to assist coating line installations.
- **June 2006 - Walmec, Italy**
 - Development alliance - 240 tonnes pa with significant growth potential. Industrial products.
- **June 2006 - Hyder Consulting Pty Ltd**
 - JV established to exploit AM-cover™ carbon credit opportunity.
- **September 2006 – 2 Major Chinese orders**
 - Development alliance with major electronics producer.
 - Development alliance – 4,000 tonnes 2007 rising to 6,000 tonnes 2008, hardware.



AMT - Key Product Suite

AM-lite®



Consumer Electronics



Hardware



Automotive

Replacement for Mg, Zn, Al and plastic decorative components at lower costs

AM-cover™



Replacement for SF₆, Mg cover gas that results in 99% reduction in greenhouse gas emissions.

AM-HP2™/AM-SC1™



High pressure and sandcast die-casting alloys for engine blocks and transmissions

Note: Advanced Magnesium Technologies Pty Ltd (AMT) is a wholly owned subsidiary of AML



AM-lite[®] - A Cost and Performance Story

margin enhancement

performance edge

versus Zinc Diecasting Alloys

- 70-75% material cost saving
- 40-50% saving for diecast part
- ~15% saving for painted part
- 3.3 more parts per unit weight
- > 6x design strength (100Mpa v 15Mpa)
- blister defects eliminated

versus AZ91D (Current Mg Alloy)

- 20-30% saving for diecast part
- ~ 50% saving for painted part
- ~ 50% saving for electroplated part
- 20% thinner diecast parts
- 75% reduction in melt losses
- 75% cost reduction in surface preparation

versus Plastic

- reduced costs (thinner parts)
- metallic “feel”
- electromagnetic shielding
- higher strength and stiffness

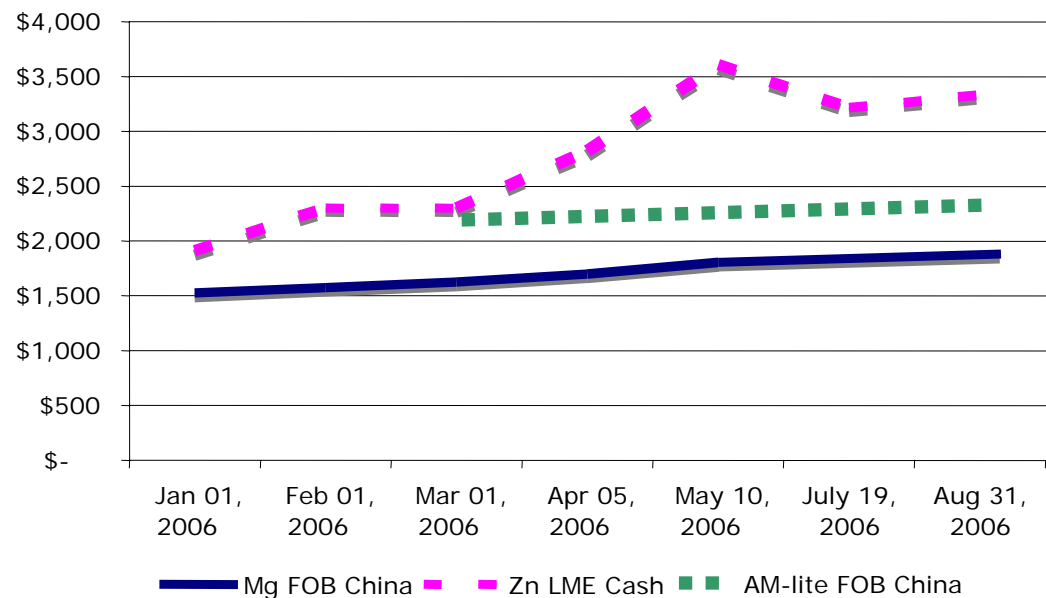


Zinc Prices Continue to Rise

- increases attraction of AM-lite®

- Zn price has risen 74% between Jan and August 2006
- Mg price has risen 21% between Jan and July 2006
- Same component requires 3.3kg Zinc compared to 1kg AM-lite®

Mg FOB China v LME Cash Zn



Target Replacement Products

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



Forecast AM-lite® Tonnage

Base case estimates for '07 and '08

- ***Annualising 5,000 tpa by 30 June 2007.***
- ***Breakeven sales (approx 12,000 tpa) by 30 June 2008.***



Estimated Market Potential (tonnes)

OEM Target Markets



Automotive

2006

2007

2008

2009

2010

1,900

7,600

15,000

30,000



Motorcycle

1,250

3,000

7,000

12,000



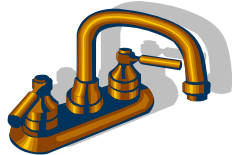
Consumer Electronics

2,000

8,000

15,000

20,000



Hardware

500

4,600

8,000

13,000

20,000

Note: This is not a forecast of AMT's future sales



Alliance with MacDermid Inc

- MacDermid developed key surface coating technology for AM-lite® “Bondal Mg” (electroplating) and “Chemidize Mag Prime” (painting).
 - Critical processes for cost and performance characteristics of AM-lite®
- AMT and MacDermid agree to establish electroplating facilities at 6 locations.
 - 2 in each of Europe, Asia and USA
- MacDermid has assigned dedicated management to support the introduction of their new technology.
- A number of AMT’s key customers are establishing MacDermid electroplating lines in-house.



JV with Hyder - “Green” Revenue Stream

- AM-cover™ - proprietary magnesium cover-gas technology.
 - Developed by AMT in association with CAST
 - Direct replacement for current ubiquitous cover gas SF₆
 - 99% reduction in greenhouse emissions (Certified by US EPA)

WORLD MARKET POTENTIAL

	Mg Prodn /Cast (Tonnes pa)	Prodn/Cast with SF6 (Tonnes pa)	SF6 used in process (Kilos pa)	Tonnes of CO2 equiv (CER Units)	US\$ Value @ US\$7/CER (\$M pa)	A\$ Value (\$M pa)
World Mg Prodn						
China	350,000	100,000	50,000	1,150,000	\$ 8.1	\$ 10.6
RoW	160,000	120,000	60,000	1,380,000	\$ 9.7	\$ 12.7
World Mg Casting	230,000	200,000	100,000	2,300,000	\$ 16.1	\$ 21.2
Total	740,000	420,000	210,000	4,830,000	\$ 33.8	\$ 44.5

- CER's currently being traded at around Euro 10-14 (US\$12-17).
- JV in active discussions with clients in Canada, USA, Israel and China.
- Contractual arrangements being finalised with Chinese agents and major European carbon funds to meet needs of Chinese market potential.



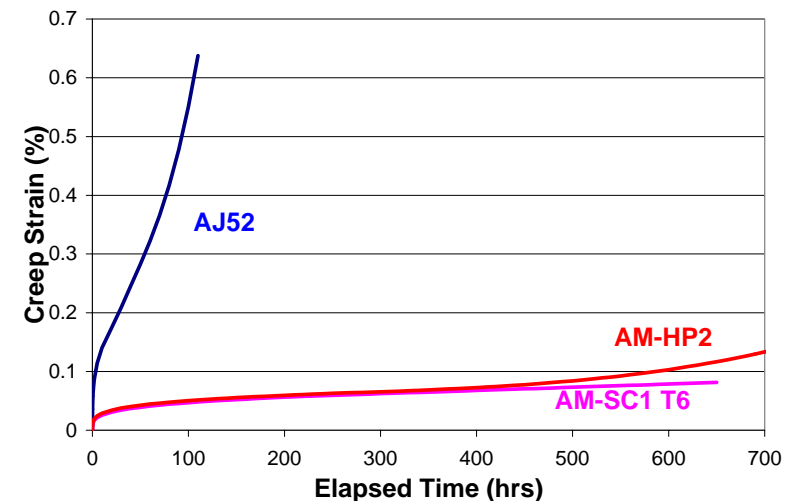
AM-HP2[®]/SC1[®] - Powertrain Alloys

Lightweight engine and transmission materials

- **AM-HP2[®]**
 - diecasting trials continuing with major auto suppliers in Europe and US. Strong interest in Japan
- **AM-SC1[®]**
 - selected for USCAR V6 Mg engine
- **Commercial orders expected in 2008**

Diecastability & Creep

- better than the rest



Marketing & Technical Support – not mining or processing

OUTSOURCED



→
Mg
Mining



→
Mg Metal
Manufacturer



→
Mg Alloy
Manufacturer

AMT

- 150 technical presentations to OEM's and diecasters
- 44 in plant trials completed
- 9 major product development alliances with customers in China, NA and Europe

→
Diecasters

AMT out-sources manufacture of alloys, provides technical support and works closely with diecasters to develop end-user markets

OEM Target Markets



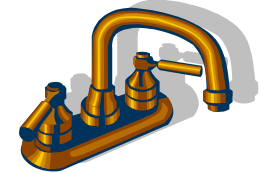
Automotive



Motorcycle



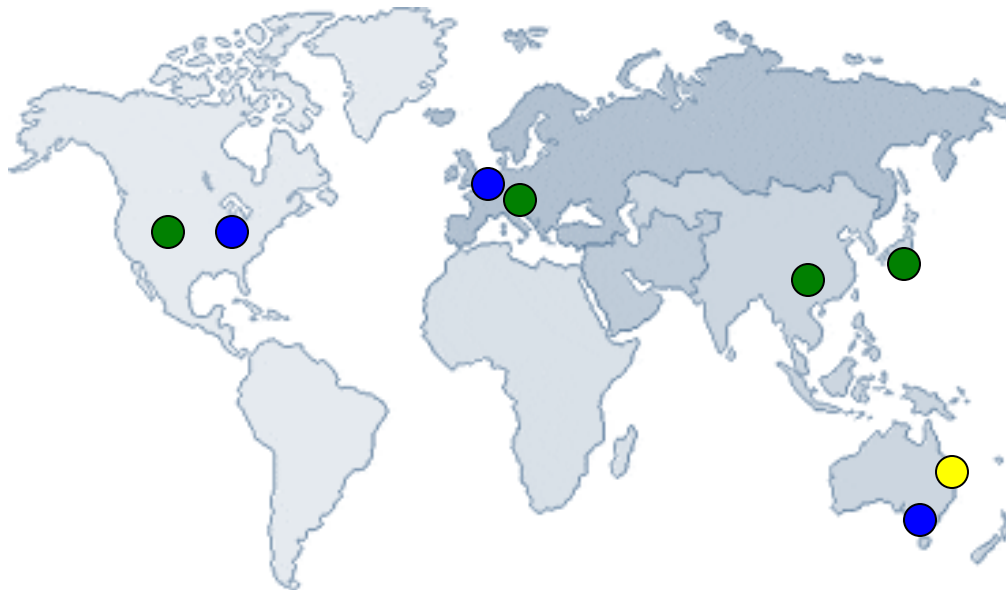
Consumer Electronics



Hardware



Global Sales, Marketing and Technical Support



- Head Office
- Sales, Marketing and Technical Support
- Mg Alloy Manufacturing Contractors

- Global sales infrastructure established
- Industry leaders hired
- Wealth of OEM relationships
- Outsourced manufacturing established
- Product development programs with world market leaders in key target markets



Summary - Significant Progress in FY06

Product

AM-lite®

- Order flow commencing
- Industry acceptance
- Pipeline of demand
- Focused approach

AM-cover

- New revenue stream
- Strong “green” credentials

AM-SC1/HP2

- Revenues in 2008

Corporate

Financial

- Net cash of \$12.1m
- Budget net cash expenditure \$7.7m (06/07)
- Zero debt
- Substantial tax losses
- Net cash backing 14.8c/shr

Intellectual Property (IP)

- Protected by patents
- Patent life 15-20+ yrs
- Developed by Australian CRC CAST
- Best available technology

