



19 February 2007

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

Dear Sirs,

RE: A Large International Manufacturer Chooses AM-lite® For Next Generation Mobile Phone

Please find attached announcement on the Company's new electroplatable magnesium, AM-lite®, being chosen and approved by a large international communications leader for inclusion in its new mobile phone model, to be released shortly.

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



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ASX ANNOUNCEMENT - 19 February 2007

A large International Manufacturer chooses AM-lite® for next generation mobile phone

Advanced Magnesium's new electroplatable magnesium, AM-lite®, has been chosen and approved by a large international manufacturer for inclusion in its new mobile phone model, to be released shortly. Advanced Magnesium will commence AM-lite deliveries later this month.

AM-lite enables this major international communications leader to produce their new phone with a distinct new look and quality advantages over its current model magnesium phones. Advanced Magnesium has concluded a number of similar alliances and anticipates further demand from other electronic goods manufacturers in the near future.

Advanced Magnesium has worked closely with one of the largest diecasting component suppliers to this communications leader for a number of months to develop diecast phone housings that meet their exacting standards for quality and performance. The parties have also worked closely with MacDermid to introduce its new BondalMg® electroplating technology that enables a high quality electroplated surface finish to be applied to the surfaces of the AM-lite parts.

This major international communications company is a pacesetter in mobile phone technology and with the introduction of AM-lite housings on mobile phones it is also initiating a new trend in materials technology. Mobile phone housings require materials that can be cast into very thin complex shapes allowing a high level of design freedom, while at the same time providing high strength. Fashion is an important consideration with the demanding consumer market looking for high quality electroplated finishes that both look and feel metallic. AM-lite also offers manufacturers the potential for lower reject rates through the production process, as well as an ability to quickly and cheaply recycle waste material. Competitor materials struggle to satisfy all of these requirements, whereas AM-lite accomplishes them with comparative ease and at a competitive cost.

Advanced Magnesium expects that interest in AM-lite will be extended to other electronics goods in the near future. It has a total of eight development alliances with some of the world's largest manufacturers in their particular fields. These include not only electronic components but also electroplated sanitary ware, electroplated and painted hardware, decorative finished motorcycle and automotive parts.

As previously announced, AM-lite's ability to substitute electroplated components made from zinc alloy, aluminum, plastics and the existing magnesium alloy AZ91, at lower costs, make it an attractive opportunity for many manufacturers.