



2 May 2006

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

Dear Sirs,

**RE: NEW ELECTROPLATING CAPACITY FOR AM-LITE™**

Please find attached announcement of new electroplating capacity for AM-lite™.

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 - 2 May 2006**

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### **NEW ELECTROPLATING CAPACITY FOR AM-LITE™**

Advanced Magnesium Limited (AML) and MacDermid GmbH (MacDermid) are pleased to announce the commitment by the NTP Group (a major industrial group in Poland) and Polmag (a leading diecaster based in Poland) to convert an existing industrial scale zinc electroplating facility to meet the growing demand for electroplated components made from AML's new magnesium alloy AM-lite™.

This facility will be devoted to new demand for AM-lite in Europe and, importantly, will also be available to other AM-lite customers for product trials. It is expected that this will significantly shorten trial times and marketing schedules for new customers.

This agreement represents a major step forward for AML in providing our European customers with almost immediate access to coating facilities for product trials and commercial production.

The new facility will utilise MacDermid's new technology "Bondal Mg", which was specifically developed for electroplating AM-lite. Unlike aluminium and other magnesium alloys, which are expensive to electroplate, MacDermid's new proprietary process allows AM-lite to be readily electroplated at very low cost. MacDermid have also developed a highly effective conversion coating for painting and powder coating AM-lite.

MacDermid's technology has opened up a wide variety of new market opportunities to use AM-lite to replace zinc, aluminium and plastic and to achieve attractive reductions in the cost of finished components. These markets were previously denied to magnesium because of the high cost of applying decorative finishes. Polmag and the NTP Group anticipate the new facility will be fully operational by the end of June 2006 and expect to convert a number of products, currently manufactured in zinc, to AM-lite over the coming months.

Both the NTP Group and Polmag have reported a significant rise in enquiries for electroplated AM-lite components, particularly from the hardware sector. AML has also witnessed increased enquiries from other OEMs and diecasters in Europe, the USA and Asia as the prices of zinc and aluminium continue to trend upwards. The average cost of an AM-lite diecast part is now around one third the cost of the same part in zinc, offering compelling savings for manufacturers.

AML is experiencing record interest in AM-lite from major OEMs and their suppliers. The Company is currently in discussion with a number of surface coating companies in key global regions and is cooperating closely with MacDermid representatives to further exploit these opportunities.