



23 October 2006

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

Dear Sirs,

RE: NORTH AMERICAN ELECTROPLATING SERVICE FOR AM-LITE®

Please find attached a commitment by MasterFinish Company to establish new electroplating capability for AM-lite® in North America.

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 - 23 October 2006

NEW NORTH AMERICAN ELECTROPLATING SERVICE FOR AM-LITE®

Advanced Magnesium Limited is pleased to announce the commitment by MasterFinish Company to establish a new electroplating capability for AM-lite® at their existing plant in Grand Rapids, Michigan.

This facility for electroplating of AM-lite is expected to be operational within the next month. For Advanced Magnesium this is another significant step forward in providing North American customers with access to coating facilities for product trials and commercial production.

In combination with the recently announced alliance with Chicago White Metals, North American customers interested in using AM-lite to benefit from the lower manufacturing costs for electroplated components, now have the ability to work with two high quality facilities in the US for manufacturing and coating.

The new electroplating line will utilize 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 low cost. This, in combination with AM-lite's superior as-cast surface quality, excellent die castability and resistance to burning and oxidation, makes electroplated AM-lite components very cost competitive to those made from zinc, aluminium or plastic.

MasterFinish is a leading metal plating service provider for the North American market offering a full range of post-cast finishing services to large volume OEMs (original equipment manufacturers).

For further information, please refer to the Advanced Magnesium website at www.am-technologies.com.au and the MasterFinish website at www.masterfinishco.com.