

## NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an **EXTRAORDINARY GENERAL MEETING** of the shareholders of Australian Magnesium Corporation Limited (**Company**) will be held in Meeting Rooms P1 & P2, Plaza level, The Brisbane Convention Centre, Merivale Street (Cnr. Glenelg Street) on Tuesday, 4<sup>th</sup> October 2005 at 10.30am (Brisbane Time) to transact the following business:

### Resolutions

#### **Resolution 1: Consolidation of shares**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*That the shares of the Company be consolidated on the basis that every 20 shares are consolidated into one new share. Any fractions of new shares that would result from the consolidation will be rounded up to the nearest whole number.*

The above resolution has been proposed in accordance with the requirements of 254 H of the Corporations Act 2001.

#### **Resolution 2: Change of company name**

To consider, and if thought fit, to pass the following resolution as a special resolution:

*That the name of the Company be changed to Advanced Magnesium Limited.*

The above resolution has been proposed in accordance with the requirements of section 157 of the Corporations Act 2001.

#### **Resolution 3: Employee share option plan**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*That the issue of options to subscribe for ordinary shares in the capital of the Company under an Employee Share Option Plan, the terms and conditions of which are summarized in the explanatory memorandum accompanying this notice of meeting, is approved.*

The above resolution has been proposed in accordance with the requirements of exception 9 of Listing Rule 7.2. The voting exclusion statement is included in the notes attached.

#### **Resolution 4: Issue of options to managing director**

This resolution will only be put to shareholders if Resolution 3 is passed.

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

*That the issue of options to subscribe for ordinary shares in the capital of the Company to Ian Hartnell pursuant to the Company's Employee Share Option Plan, is approved. If the consolidation of shares in Resolution 1 of the notice of meeting is passed, the issue of 656,000 options is approved. If the 20 for 1 consolidation of shares in Resolution 1 of the notice of meeting is not passed, the issue of 20 times the above number is approved.*

The above resolution has been proposed in accordance with the requirements of Listing Rule 10.14. The voting exclusion is included in the notes attached.

#### **Resolution 5: Approval of placement of shares**

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

*If the consolidation of shares in resolution 1 is passed that the issue of up to 50,000,000 fully paid ordinary shares, on the terms and conditions summarised in the explanatory memorandum accompanying this notice of meeting, is approved. If the 20 for 1 consolidation of shares in Resolution 1 of the notice of meeting is not passed, the issue of 20 times the above number is approved.*

The above resolution has been proposed in accordance with the requirements of Listing Rule 7.1. The voting exclusion is included in the notes attached.

**Notes****Note 1: Resolutions 3 and 4 – voting exclusion statement**

The Company will disregard any votes cast on Resolutions 3 and 4 by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) or their associates. However, the Company need not disregard a vote if:

- It is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- It is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**Note 2: Resolution 5 – voting exclusion statement**

The Company will disregard any votes cast on Resolutions 5 by a person who may participate in the placement of shares or their associates. However, the Company need not disregard a vote if:

- It is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- It is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**Note 3: Explanatory memorandum**

Accompanying this notice of meeting is an explanatory memorandum that provides shareholders with background information and further details on the resolutions listed above. The information provided is intended to assist shareholders in determining how they wish to vote on the resolutions.

**Note 4: Determination of voting entitlement**

For the purposes of this meeting, persons who are registered holders of shares at 7.00pm Sydney time on Friday, 30<sup>th</sup> September 2005 will be entitled to vote.

**Note 5: Appointing a proxy**

A member entitled to vote may appoint a proxy to attend and vote on behalf of the member. If the member is entitled to cast more than two votes, the member may appoint two proxies to attend and vote instead of the member. Where more than one proxy is appointed, each proxy may be appointed to represent a specified portion of the member's voting rights. If no such specification is given and two proxies are appointed, each may exercise half the votes to which the member is entitled. A proxy need not be a member. Proxies must be executed in accordance with the instructions in the notes accompanying the proxy form.

To be valid, the signed proxy form (together with an original or certified copy of the power of attorney) - if applicable must be:

- Lodged with the ASX Perpetual Registrars at Level 22, 300 Queen Street, Brisbane, Queensland;
- Delivered by post to the ASX Perpetual Registrars at GPO Box 1500, Sydney South NSW 1234;
- Sent by facsimile to ASX Perpetual Registrars on (02) 9287 0303; or
- Registered online at [www.asxperpetual.com.au](http://www.asxperpetual.com.au)

so as to be received by 10:30am (Brisbane time) on Friday 30<sup>th</sup> September 2005, being not less than 48 hours before the time for holding the meeting.

By order of the board.



**P. Nair**  
Company Secretary  
29 August 2005

**Helpline:** If you have any questions regarding the meeting or proxy voting, please do not hesitate to contact the Company's share registrar **ASX Perpetual Registrars** on **(02) 8280 7454**.

**A U S T R A L I A N M A G N E S I U M C O R P O R A T I O N L I M I T E D**

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