



5 June 2006

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

Dear Sirs,

RE: NEW ORDER BY WALMEC FOR AM-LITE®

Please find attached announcement for another development project for AM-lite® with Italian Group, Walmec spa.

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 - 5 June 2006

Advanced Magnesium announces another development project for AM-lite[®] with Italian Group, Walmec

Advanced Magnesium Limited is pleased to announce its latest commercial relationship with the Italian Group Walmec spa to develop new applications for its new proprietary magnesium alloy, AM-lite[®].

Walmec has signed a contract with AMT and has placed its first order for one container (20 tonnes) to be delivered in June, 2006.

Walmec's main business is to supply decoratively finished diecast components for use in spray guns, power tools, sporting goods, furniture fittings and hardware. Walmec plans to progressively introduce new products made from AM-lite over the next 12 months and estimates that annual production will grow to about 240 tonnes per annum.

Subject to a successful trial process, deliveries of AM-lite[®] will commence at the rate of about one container (approx. 20 tonnes) per month taking the current cumulative total of orders for AM-lite[®] through the 500 tonnes p.a. total targeted by management at the half year.

Following the announcement of a joint-venture agreement with MacDermid, announced to the ASX on 2 May, a number of new trials have also been initiated at other plants in Europe and Asia. Mr Ian Hartnell, CEO of Advanced Magnesium Technologies commented that "the interest in AM-lite[®] as a replacement material for components currently made from zinc, aluminium, plastic and the existing magnesium alloy AZ91, continues to grow. AMT is working on a number of new projects and anticipates making further announcements in the coming months."

For further information on the Walmec Group, please go to their web site at www.walmec.com. For an insight into their AM-lite[®] development projects, go to their special website at www.am-project.it (English version).