

4 July 2011

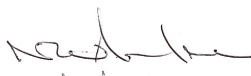
Advanced Magnesium Limited (AML) acquires Magontec Group (Magontec);**A leading global magnesium alloy and anode manufacturer**

- AML has entered into an agreement to buy 100% of Varomet Holdings Limited, the holding company for Magontec, for A\$5.595m (US\$6.0m) from Straits Mine Management Pty Ltd, a subsidiary of Straits Resources Limited (ASX Code: SRQ), effective from 1 July 2011.
- Magontec owns 4 magnesium alloy and anode manufacturing and recycling plants in Europe and China and sells their products throughout the World.
- AML's combined Chinese and European magnesium alloy manufacturing capacity is now in excess of 60,000 metric tonnes per annum.
- If the current business plans of HNKWE and Magontec for the next 12 months are realised, AML is expected to post FY2012 Comprehensive Income in a range of A\$2.0m to A\$2.5.

Nicholas Andrews, Executive Chairman of Advanced Magnesium Limited said "the acquisition of Magontec provides AML with the opportunity to combine a World class magnesium technology portfolio with one of the Worlds leading magnesium alloy manufacturing businesses. AML now has a very exciting and profitable future in a growth sector of the metals industry".

Milan Jerkovic, CEO of Straits Resources Limited said, "Straits is not the natural owner of the Magontec business. We are pleased to see Magontec become part of a bigger and more broadly based magnesium investment structure. We believe that the future equity value of Magontec will be better developed in this new vehicle".

Yours sincerely



Nic Andrews
Executive Chairman and CEO
For further information please contact

Nic Andrews
Executive Chairman and CEO
Ph 02 8231 7085
Mob 0402 220077

John Talbot
Chief Financial Officer
Ph 02 8231 7085
Mob 0405 317 594

For more information please refer to the Magontec Acquisition Details note, release to the ASX today.