Australian Magnesium

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19 September 2005

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

Dear Sirs,

RE: PRESENTATION SLIDES

Please find attached slides to be used for Institutional Presentations.

Yours sincerely,

P.K. Nair
COMPANY SECRETARY

Advanced
Magnesium
Technologies

Australian Magnesium Corporation Limited

developing technologies for the future

Introduction – AMT repositioned

AMT (ASX code "ANM"):

- is a global sales & marketing organisation
- is an industrial technology company
- has worldwide marketing rights to four leading edge, hi-tech magnesium alloy patents & two processes
- has technologies in the commercialisation phase, orders and revenues in 1H05/06
- is debt free with ~$6m of cash on the balance sheet
- is an ASX listed company with c. $15m market cap

Introduction – AMT repositioned

AMT **is not**

- a mining company
  (mine sold, debts extinguished)
- a smelting company
  (project terminated, team disbanded, technology licenced to others)
- a manufacturer of magnesium alloys
  (outsourced to China, Europe and shortly to North America and Japan)
- in debt
  (net cash on the balance sheet $7.2m as at 30 June, 2005)

AMT

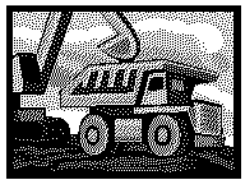
- Identifies new opportunities for magnesium, and outsources and directs the development of new alloys and technologies to meet those opportunities.
- Creates market demand for these new alloys by supporting customer development programs and in-house trials.
- Outsources the manufacture of the new alloys and technologies in regional markets.
- Sells its alloys and industrial manufacturing technologies globally.

AMT's IP and Competitive Advantages

- Global patents on leading edge alloys and processes
- 40%+ of employees have PhD's - provide critical technical support to diecasters and OEM's driving sales process
- Exclusive access to new Mg alloy developments by CAST (CSIRO and four Universities)
- Alloy manufacture outsourced to reputable licenced producers
- Regional sales offices established and led by industry experts with strong client relationships

Magnesium Alloy Process

OUTSOURCED

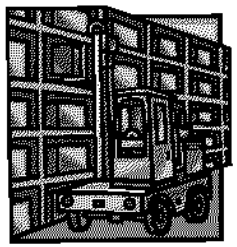


Mg Mining

Mg Metal Manufacturer

Mg Alloy Manufacture

AMT

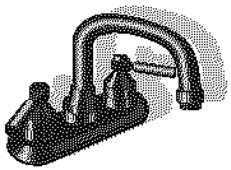


Ingot Warehouse

Diecasters

Target Markets

Consumer Electronics



Building Products

Automotive

Defence

AMT's Global Sales & Marketing Teams work with diecasters and OEM's to provide technical support, identify new markets and develop new applications

Advanced Magnesium Technologies

The Magnesium Potential

- Current demand for magnesium alloys is approximately 3 kgs per vehicle.
- Majority is for 3 existing magnesium alloys used for interior applications.
- Studies by Ford, VW and GM have identified a potential for over 100 kgs per vehicle.
- Most of the potential future demand is for powertrain (engine blocks, transmission housings etc) and structural and crash safety applications (bumpers, crash boxes, doors, wheels etc).
- The potential demand can only be realised if:
  - new magnesium alloys are developed with the required properties
  - improved manufacturing technologies are developed to reduce the cost of using these new alloys
  - adequate technical and design support is given to the end users

AMT's Products - Summary

New and Improved Magnesium Alloys

- AM-lite - replacement of Mg, Zn, Al and plastic decorative components at lower costs (new 2005)
- AM-HP2 - best available high pressure die-casting alloy for engine blocks and transmissions (new 2005)
- AM-SC1 - the sand casting equivalent of AM-HP2
- AM-cast - a highly cost effective grain refining master alloy

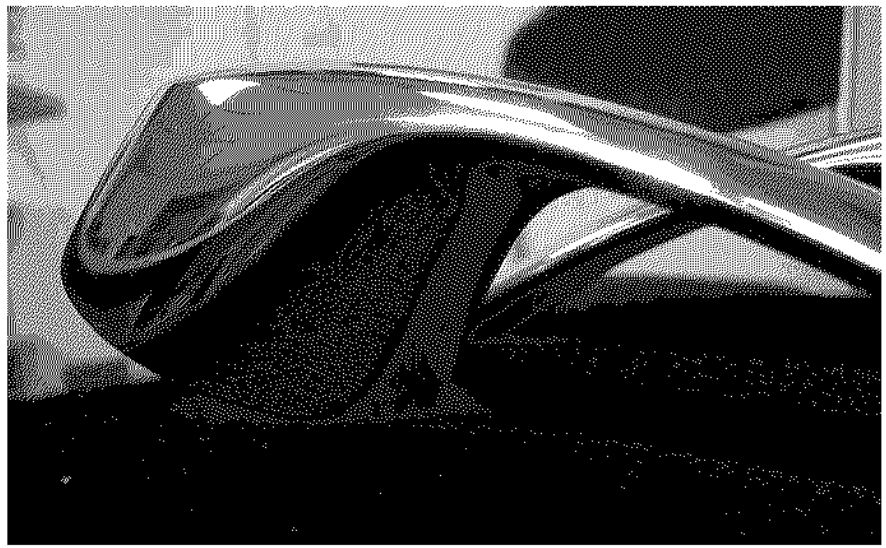
Melt Handling Technologies

- AM-cover - a cost effective system to protect molten magnesium with 99% reduction in GWP (winner of CRCA Award of Excellence, winner of US EPA Award)
- AM-converter - a device that improves melting efficiency and significantly reduces metal losses (winner of IMA Award of Excellence)

AM-lite

lightweight alloy with improved diecasting performance and surface finish

- Significant cost savings in both diecasting and surface finishing
- light weight benefits of magnesium and the diecastability of zinc
- easily & cheaply electroplated
- improved as-cast surface for all coating operations
- metallic feel
- recycled easily
- higher design strength than both zinc and magnesium AZ91D



Performance benefits of AM-lite

Attribute	AM-lite	AZ91D	Zn Alloys 3 & 5
Electroplating	Yes	No	Yes
Diecastability	Very good	Fair	Very good
As-cast surface	Excellent	Poor	Very good
Surface coating	No filling Reduced buffing No blisters	Filling required Extensive buffing Blister defects	Blister defects
Density	2.0 g/cm^3	1.8 g/cm^3	6.6 g/cm^3
Design strength	100 MPa	40 MPa	15 MPa
Melt loss	~1%	~4%	~1.5%
Recycling	ok	costly	ok

- A better material
- No capex required by Mg diecasters
- Uptake driven by cost focus, not a change in culture

Cost benefits of AM-lite

AM-lite versus magnesium AZ91D

Operation	Saving with AM-lite
Diecasting	
Thickness of part	20% reduction
Yield	10% improvement
Cycle time	30% reduction
Cost of diecast part	**30% cost saving**
Painting	
Putty/filler	eliminated
Buffing/polishing	75% saving
Total cost of painted part	**50% cost saving**
Electroplating	
Buffing/polishing	75% saving
Electroplating	50% saving
Total cost of electroplated part	**51% cost saving**

AM-lite versus zinc diecasting alloys

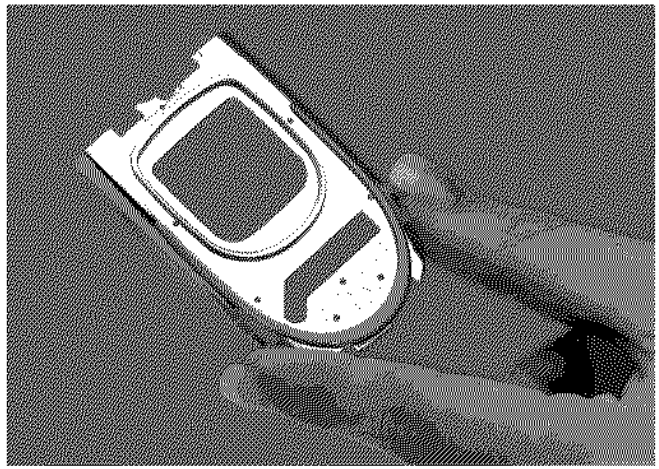
Operation	Saving with AM-lite
Diecasting	
Weight	67% weight saving
Cost of metal	39% cost saving
Cycle time	37% reduction of cycle time
Cost of diecast part	**34% cost saving**
Painting/powder coating	
Buffing/polishing	same
Painting/powder coating	blister defects eliminated
Total cost of coated part	**26% cost saving**
Electroplating	
Buffing/polishing	same
Electroplating	same
Total cost of electroplated part	**11% cost saving**

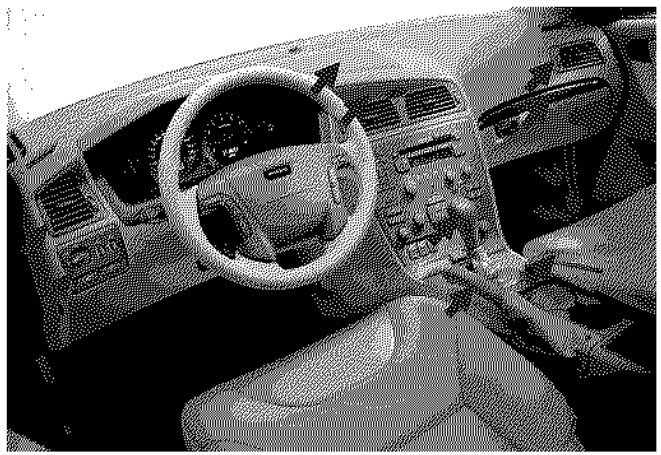
- 51% cheaper at finished product stage than existing Mg alloy
- at least 11% cheaper than Zn diecast alloys

AM-lite
market opportunities

- **consumer electronics**
  - mobile phones, laptops, PDAs, digital cameras & iPods
- **automotive**
  - spoilers, instrument housings, centre consoles, door handles, decorative trim, headlight reflectors, cover plates
- **building products**
  - taps, shower heads, handles, sanitary ware, switches, lamp housings/reflectors,

Competes against plastics, zinc, aluminium and existing magnesium alloy AZ91D



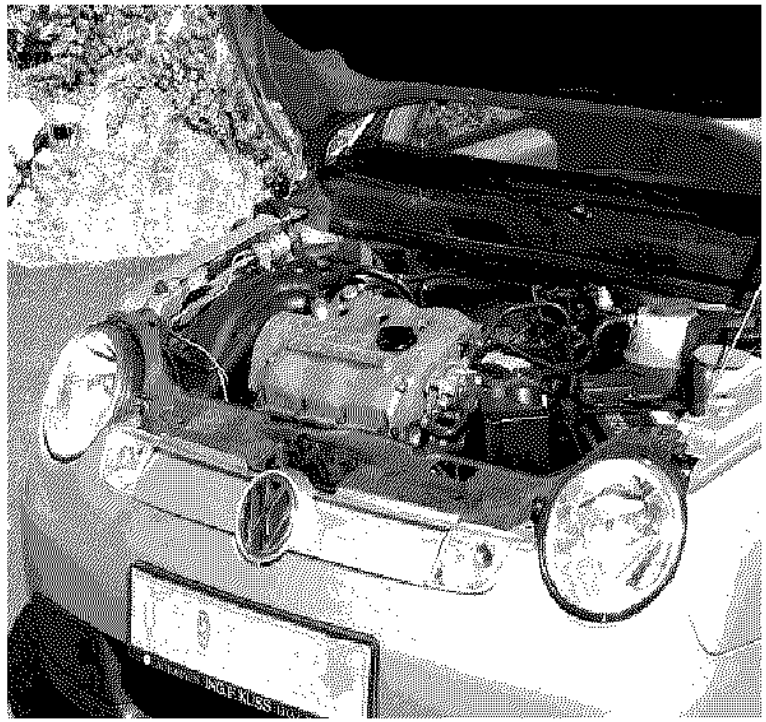


AM-lite: Market Development Status

- Two and half years R&D; 18 months beta trials at industrial scale.
- Product launched commercially in June, 2005.
- Keen interest across all sectors.
- Industrial trials commenced with diecasters to all major market sectors in July, 2005.
- Promising early indications from:
  - leading Japanese motorcycle manufacturer
  - major parts supplier to US auto industry
  - major parts supplier to Asian electronics giant
- New trials programmed through to end 2005 and more expected throughout 2006.

Automotive powertrain alloys: AM-HP2 and AM-SC1

- **Rising demand for lightweight engine and transmission materials**
  - reduced fuel consumption – oil prices
  - reduced exhaust emissions – environmental pressures, global warming, Kyoto, governments
  - 50-55 million vehicles produced per annum
  - magnesium already introduced by market leader BMW, 500 000 six cylinder engines pa
- **Weight reduction in front of car is most important**
  - improved vehicle handling
- **Key material properties**
  - high temperature strength
  - casting performance
- **AM-SC1**
  - sand casting alloy for engine blocks
  - developed in 3 year program with VAW & AVL
  - used in AVL Genios – trialed in VW Lupo
  - selected for USCAR V6 Mg engine
- **AM-HP2**
  - diecasting equivalent of AM-SC1
  - currently undergoing diecasting trials for engine blocks and transmissions in Europe

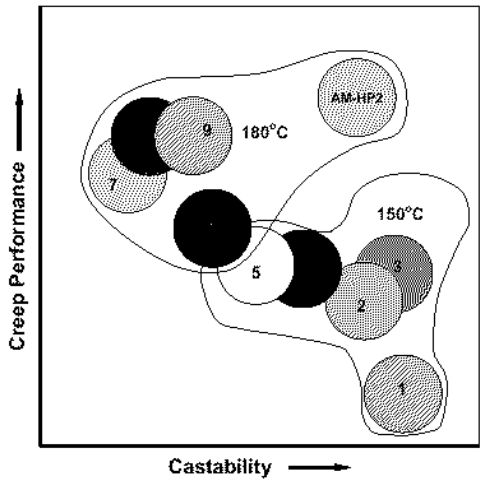


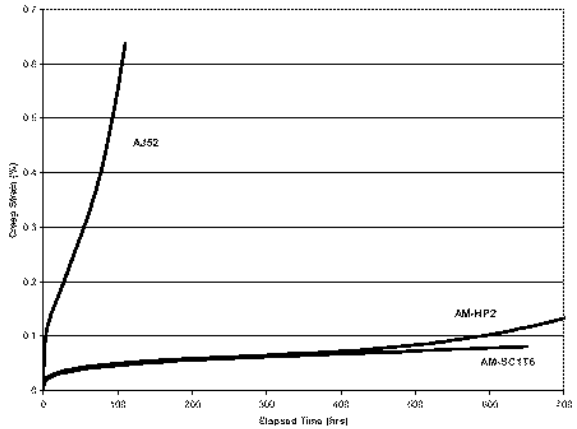
Genios LE turbo diesel engine with AM-SC1 engine block

AM-HP2

light weight alloy with improved diecastability and creep strength for auto powertrain

- **manufacturers prefer die casting for mass production**
  - better diecastability than competitor Mg alloys
- **high temperature strength**
  - better than competitor Mg alloys
- **engine block diecasting trials with German OEM**
  - first blocks produced July 2005
  - excellent quality castings, currently under evaluation
  - further trials being discussed
- **Based on scaleable proven technology**
  - AM-SC1 proven in AVL Genios engine, 2 year road trial in VW Lupo, 65 000 km
  - AM-SC1 chosen for USCAR V6 block, currently being manufactured





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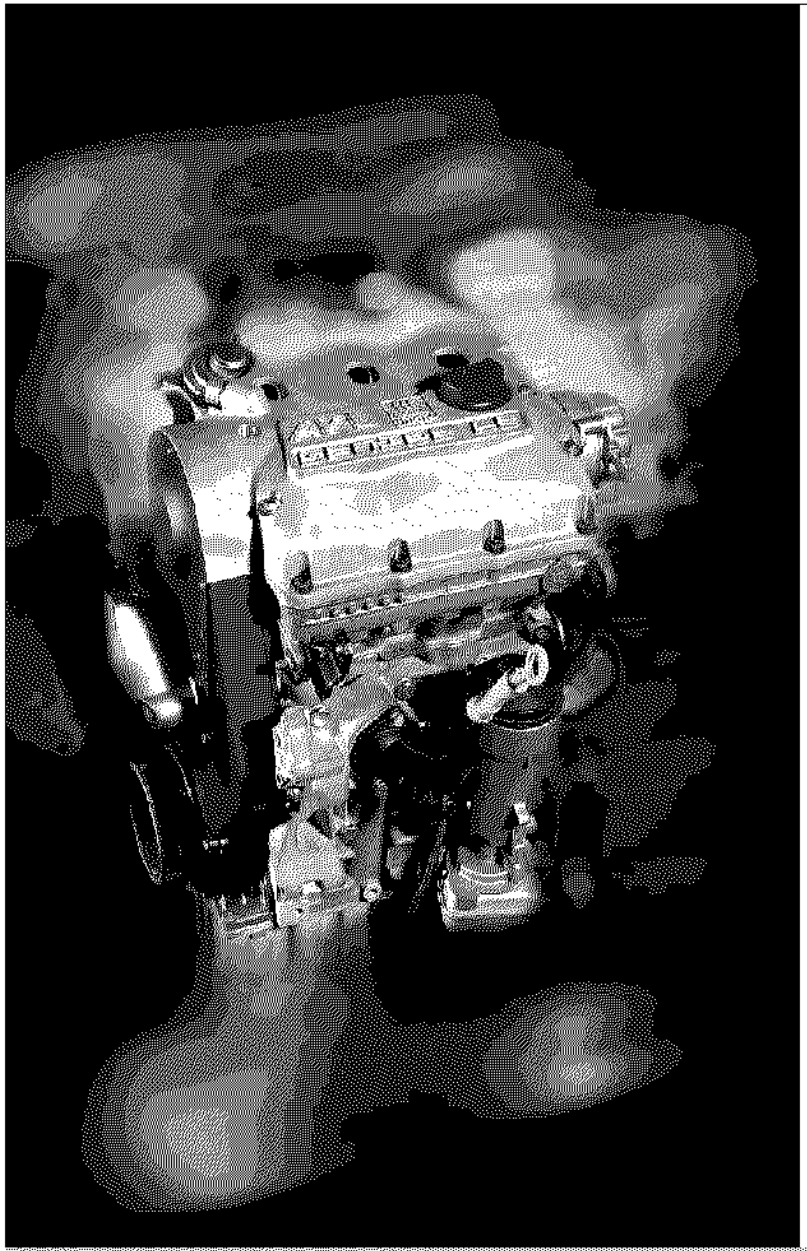

AM-HP2 – Market Potential

- **Typical powertrain applications include:**
  - engine blocks (15-25kg)
  - automatic transmission housing (10-12kg)
  - structural sumps (3-5 kgs)
  - various brackets, mounts and ancillary equipment (1-3 kgs)

- **2% market penetration is 1,000,000 vehicles pa. (Aluminum has achieved an average of 2-3% pa penetration over past 20 years).**

AMT Highlights & Achievements - Last 10 months

- AMT established as a global sales and marketing industrial technology company (November, 2004).
- Management & Board restructured, new CEO appointed (November 2004).
- Regional sales offices formed in Europe, NA and Asia.
- New engine alloy AM-HP2 launched and successfully trialled in Europe.
- Development of electroplating process for AM-lite by MacDermid.

AMT Highlights & Achievements - Last 10 months….

- Tom Sweder, former Weight Engineering Manager of Ford (USA) was appointed General Manager AMT North America (July).
- Agreements to manufacture AMT alloys under licence established in China and Europe.
- AMT Agents appointed in Korea, Japan and Taiwan.
- Expressions of interest far exceed expectations.

EGM & Capital Raising Details

- **Placement & Sale of up to 60m shares (post consolidation)**
- Proceeds used to **accelerate commercialization** of IP and fund cash burn
- EGM, 4 October 2005, votes to confirm;
  - a name change to **Advanced Magnesium Limited**
  - share consolidation (1 new share for every 20 existing)
  - an Employee Share Option Plan (ESOP)
  - capital raising

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