Advanced Magnesium Limited

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Company Announcements Office
Australian Stock Exchange Limited
20 Bridge Street
Sydney, NSW 2000

1 June 2010

Advanced Magnesium Limited
ASX Code: ANM
Securities Purchase Plan

On Thursday 27 May 2010 Advanced Magnesium Limited announced its intention to offer to shareholders the opportunity to subscribe to new shares in the Company via a Securities Purchase Plan. The details of the issue are described below.

1. **The Share Issue**
   i. Advanced Magnesium Limited (AML) is seeking to raise capital via a Securities Purchase Plan (SPP).
   ii. To do so AML may issue up to 64,401,556 new shares to Australian and New Zealand domiciled shareholders.
   iii. The SPP will take place in accordance with Exception 15 to Rule 7.2 of the Australian Securities Exchange Listing Rules which (inter alia)
      - confines the issue of shares under a SPP to 30% of the ordinary securities already on issue; and
      - permits shareholders to subscribe up to $15,000 to new shares.
   iv. The shares will be issued at a price of $0.052
   v. The maximum potential raising is $3,348,881

2. **Key Dates**

Record Date	31 May 2010
Offer opens	1 June 2010
Offer closes	30 June 2010 (5:00 pm AEST)
Allotment date	12 July 2010

3. **Investment Options**
   In the application form to be sent to shareholders on 9 June, shareholders will be invited to nominate one of the investment amounts listed below
   - $500
   - $1,000
   - $5,000
   - $10,000
   - $15,000
   - Any amount between $500 and $15,000

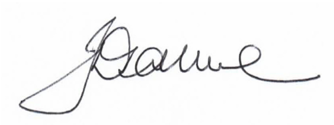
4. **Dispatch of Material To Shareholders**
   Detailed material including the SPP application form and Company business plan will be dispatched to shareholders on Wednesday 9 June 2010.

5. Acceptance Of Applications

The Company is keen to see those shareholders who currently have an unmarketable parcel of shares take the opportunity afforded by the SPP to bring their holdings to a marketable level. In the event the SPP is oversubscribed AML will reduce applications on a pro rata basis.

6. Other

The Company is exploring options with the stock broking community as to ways in which any shortfall from the target capital raising ($3,348,881) might be placed with investors.



John Talbot
Company Secretary
Advanced Magnesium Limited