



Office No.10 Level 8
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Sydney NSW 2000
Australia
Ph: 61 2 8231 7085
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31 October 2011

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

Dear Sirs,

Appendix 4C – Quarter Ended 30 September 2011

The above quarterly cash flow report is attached.

Yours Sincerely

A handwritten signature in black ink, appearing to read "John Talbot". The signature is fluid and cursive, with a long, sweeping tail that extends to the right.

John Talbot
Company Secretary.
Advanced Magnesium Limited



QUARTERLY CASHFLOW - APPENDIX 4C

for the Period Ended 30 September 2011

Advanced Magnesium Limited

ABN: 51 010 441 666
Registered & Principal Office:
Office 10, Level 8,
139 Macquarie Street,
Sydney, NSW 2000 Australia

Tel: +61 2 8231 7085
Fax: +61 2 9252 8960
Website: www.am-technologies.com.au
Email: corporate@am-technologies.com.au

Independent Directors (as at 30 September 2011)

Zhongjun Li
Non-Executive Director

Michael Brown
*Non-Executive Director
(Resigned 5 October 2011)*

Robert Shaw
Non-Executive Director

Management Team

Nicholas Andrews
Executive Chairman

Gunter Franke
Executive Director and Chief Operating Officer

John Talbot
Chief Financial Officer

Company Secretary

John Talbot

Issued Capital (as at 30 September 2011)

Ordinary Shares (ASX Code ANM)
337,779,753 fully paid Ordinary shares on issue

Unlisted Securities

Unlisted Options	Number	Grant Date	Expiry Date	Exercise Price \$
Employee Share Option Plan	1,380,000	16 Aug 2010	16 Aug 2013	\$0.10

Substantial Shareholders

Major Shareholders	No. of shares	Percent
KWE(HK)Investment Development Co Limited	55,797,298	17.971
Straits Mine Management Pty Limited	40,499,167	13.043
Citicorp Nominees Pty Limited	32,004,417	10.308

Share Registry Services

Boardroom Pty Limited
Level 7, 207 Kent St
Sydney NSW 2000

Postal:

GPO Box 3993
Sydney NSW 2001

Tel: 1300 737 760 or

International: +61 2 9290 9600

Fax: 1300 653 459

Website: <http://www.boardroomlimited.com.au>

The current share price can be obtained from the ASX Website

Appendix 4C

Quarterly Report

Introduced 31/3/2000. Amended 30/9/2001.

Name of entity

Advanced Magnesium Limited

ABN

51 010 441 666

Quarter ended ("current quarter")

30-Sep-11

1.1 Operating Activities

- a Sales
- b Materials purchase
- c Marketing & Distribution
- d Other income
- e Corporate
- f Office expense
- g Personnel
- h Net interest & borrowing expenses
- i GST
- j Taxes
- k Other operating expense
- Total Operating Cash Flows**

Quarter Ended 30 September 2011	Year to date (3 months)
\$A	\$A
\$35,710,950	\$35,710,950
(\$36,075,212)	(\$36,075,212)
(\$555,341)	(\$555,341)
\$786,585	\$786,585
(\$1,564,371)	(\$1,564,371)
(\$577,640)	(\$577,640)
(\$1,446,363)	(\$1,446,363)
(\$678,019)	(\$678,019)
(\$13,036)	(\$13,036)
(\$75,135)	(\$75,135)
(\$701,065)	(\$701,065)
(\$5,188,647)	(\$5,188,647)

+ See chapter 19 for defined terms

		Current quarter \$A	Year to date (3 months) \$A
1.2	Financing Activities		
	a Proceeds from Capital Raising net of costs	\$1,552,987	\$1,552,987
	b Reduction of loan to Straits Mine Management Pty Limited	(\$640,405)	(\$640,405)
	c Other Financing Activities	\$6,966,132	\$6,966,132
	Total financing cash flows	\$7,878,714	\$7,878,714
1.3	Investing Activities		
	a. Loan to Related Parties	\$69,919	\$69,919
	b. Cash acquired upon acquisition of Magontec group of companies	\$2,761,411	\$2,761,411
	c. Investment In Fixed Assets	(\$1,061,110)	(\$1,061,110)
	Total investing cash flows	\$1,770,220	\$1,770,220
	Net increase (decrease) in cash held	\$4,460,286	\$4,460,286
1.4	Cash at beginning of quarter /year to date	\$3,524,723	\$3,524,723
1.5	Cash at end of quarter /year to date	\$7,985,009	\$7,985,009

**Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the
related entities**

		Current quarter \$A
1.6	Aggregate amount of payments to the relevant parties	Nil
1.7	Aggregate amount of loans to the relevant parties	Nil

1.8 Explanation necessary for an understanding of the transactions

This Cash Flow report includes the cash flow effects of AML's 53% owned subsidiary Henan Keweier Alloy Materials Co Ltd. (HNKWE) and of AML's 100% interest in the Magontec group of companies – the latter since 4 July 2011 This Appendix 4C is required to be completed on the principles of AASB 107. However, that standard addresses a cash flow statement in the context of one incorporating the total cash flow of its subsidiaries. The standard then requires the cash flow statement to be reconciled against the profit and loss statement adjusted for minority interests. No such adjustment for minority interests is made in a stand alone cash flow statement.

Following the acquisition of Magontec in July 2011 AML announced that it anticipated a net profit for the period to 30 June 2012 that would be break-even or marginally positive. Over the first quarter of the current financial year Magontec and AML's joint venture partner, HNKWE, have not been operating profitably. In the context of the recent disruption to financial markets and the resultant uncertain global economic environment, the operating businesses of AML have experienced volatility in alloy volumes and pricing that have negatively effected profit expectations. The AML group is currently in the process of negotiating supply contracts with die casters for the coming calendar year and the outcome of these negotiations (expected to be known shortly) will have a material bearing on profitability in the current financial year. AML will communicate the outcome and likely impact of these supply contracts in due course.

+ See chapter 19 for defined terms

Non-cash financing and investing activities

2.1 Details of financing and investing transactions in the quarter which have had a material effect on consolidated assets and liabilities but did not involve cash flows.

On 4 July 2011 AML acquired a 100% interest in the Magontec group of companies. For details. For details of this acquisition shareholders are referred to Note 31 in the 2011 annual report and the Explanatory Notes to Item 5 and Item 6 in the 2011 Notice of Annual general meeting.

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest.
NIL

Financing facilities available

		Amount available	Amount used
		\$A	\$A
3.1	Loan facilities	\$26,000,000	\$26,000,000
3.2	Credit standby arrangements	NIL	NIL

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

		Current quarter	Previous quarter
		\$A	\$A
4.1	Cash on hand and at bank	\$7,985,009	\$7,985,009
4.2	Deposits at call	—	—
4.3	Bank overdraft	—	—
4.4	Other – Bank bills & Term deposits	—	—
	Total: cash at end of quarter (item 1.5)	\$7,985,009	\$7,985,009

Acquisitions and disposals of business entities

		Acquisitions	Disposals
5.1	Name of entity	Varomet Holdings Limited (holding company of Magontec GmbH)	NIL
5.2	Place of incorporation or registration	Cyprus	NIL
5.3	Consideration for acquisition or disposal	\$5,595,501	NIL
5.4	Total net assets	\$8,396,160	NIL
5.5	Nature of business	Magnesium alloy manufacture	NIL

+ See chapter 19 for defined terms

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act 2001 (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign
here:



Date: 31 October 2011
Executive Chairman
Advanced Magnesium Limited

Print
name:

Mr Nicholas Andrews

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The definitions in, and provisions of, *AASB 107: Cash Flow Statements* apply to this report except for the paragraphs of the Standard set out below.
 - Aus20.1 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 39 - 42 - itemised disclosure relating to acquisitions and disposals
 - 48 - 52 - disclosure of restrictions on use of cash
- 3 Accounting Standards. ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms