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17 February 2011

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

Dear Sirs,

**Additional RMB10,000,000 Working Capital Facility For Henan Keweier Alloy Material Co., Ltd**

A second working capital facility for RMB10,000,000 from a local bank has been accessed this week bringing the total working capital raised to RMB20,000,000.

As mentioned in AML's release to the market on 21 January 2011 Henan Keweier Alloy Material Co., Ltd (HNKWE) AML's 53% owned alloy manufacturing subsidiary in Henan Province, China, is in the process of negotiating significant working capital funding.

The target is to raise in excess of RMB50,000,000 (approximately AUD7.5m) releasing shareholder equity and underwriting the stability of the current operational capacity of around 13,000 tonnes annually. Adequate working capital is an essential element in the smooth and consistent operation of the plant.

The Boards and management of AML and HNKWE are pleased to report this important milestone in the development of our magnesium alloying operation.

The efforts of Chinese and Australian staff over the last 18 months have created a business with sound initial foundations for profitable trading in the near future. Once consistent profitable trading is achieved at the current production level (a 6 month horizon) production capacity will be increased to 20,000 tonnes annually.

A handwritten signature in black ink, appearing to read "John Talbot", written in a cursive style.

John Talbot  
Company Secretary  
Advanced Magnesium Limited