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12 July 2011

Advanced Magnesium Limited - Capital Raising Via Securities Purchase Plan

On 4 July 2011 Advanced Magnesium Limited (the Company) announced the acquisition of the Magontec group of companies (Magontec group) from Straits Mine Management Pty Limited (SMM).

The purpose of this announcement is to provide details of a proposed capital raising foreshadowed in the Company's announcement of 4 July 2011.

1. The Share Issue

- a. The Company is seeking to raise capital via a Securities Purchase Plan (SPP).
- b. To do so the Company may issue up to 50,000,000 new shares to Australian and New Zealand domiciled shareholders.
- c. The SPP will take place in accordance with Exception 15 to Rule 7.2 of the Australian Securities Exchange Listing Rules which (inter alia)
 - i. confines the issue of shares under a SPP to 30% of the ordinary securities already on issue; and
 - ii. permits shareholders to subscribe up to \$15,000 to new shares.
- d. The shares will be issued at a price of \$0.06
- e. The maximum potential raising is \$3,000,000.

2. Key Dates

Record Date	11 July 2011
Dispatch of SPP application form to shareholders ⁽¹⁾	20 July 2011
Offer opens	22 July 2011
Offer closes	19 August 2011 (5:00 pm AEST)
Allotment date	2 September 2011

Note 1. This will also include further information on the business plans of the newly constituted AML group and the manner in which the proceeds of the SPP will be deployed.

3. Investment Amounts

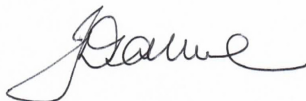
In the application form to be sent to shareholders on 20 July 2011, shareholders will be invited to nominate one of the investment amounts listed below

- \$500
- \$1,000
- \$5,000
- \$10,000
- \$15,000
- Any amount between \$500 and \$15,000.

4. Acceptance Of Applications

The Company is keen to see those shareholders who currently have an unmarketable parcel of shares (less than \$500) 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. However AML also reserves the right to accept applications greater than the subscription target shown in 1e above.



John Talbot
Company Secretary
Advanced Magnesium Limited