

15 February 2007

COMPANY UPDATE

On 31 January 2007 Magnesium International Ltd, (“Company” or “MIL”), announced that:

- talks with one potential strategic investor were continuing;
- if those talks could be completed within the next 2 weeks a financing transaction would be announced;
- there remained significant doubt over whether successful completion of those discussions would be achievable in that timeframe; and
- the Board was seeking further assurances from the prospective investor in relation to matters of due diligence.

The Company is still in discussion with the potential investor. However, the Company has not been able to make progress in announcing a financing transaction or receiving assurances on the due diligence matters. The significant doubt present in January in respect of completing a financing transaction has not been resolved. Therefore, in the absence of any positive news on a financing transaction, the Company will proceed to place the EMAG project on a maintenance basis, close the office in Egypt and release the staff in Egypt.

The Company will pursue investment opportunities whilst maintaining its listing on the ASX. The Company retains the exclusive rights to the proven MIL – Dow technology for magnesium production which has produced magnesium metal for over 60 years. This was acquired from Dow Chemical in 1999.

Nabarro Wells has today resigned as nominated adviser to MIL. The effect of such resignation will be immediate suspension of the Company’s shares on AIM. The Company does not intend to seek an alternative nominated adviser and therefore anticipates that the Company’s admission to trading on AIM will be cancelled in one month’s time.

For further information:

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