

24 July 2007

Allotment and Issue of Securities

The Directors of Magnesium International Ltd are pleased to announce that the placement of 33,500,000 shares at an issue price of \$0.05 per share together with 16,750,000 primary options for nil cash consideration approved by shareholders at a general meeting held on 13 July 2007 and the placement of the shortfalls of 24,002,701 shares at an issue price of \$0.05 per share together with 12,001,350 primary options for nil cash consideration from the Entitlement Issue and of 20,415,706 shares at an issue price of \$0.05 per share together with 10,207,852 primary options for nil cash consideration from the Top up Issue as per the Prospectus dated 30 May 2007 have now been completed. These securities have been allotted and issued.

The Company has also issued a further 250,000 shares and 875,000 primary options as fees for placement of securities.

Following these allotments the issued capital of the Company now is:

141,073,641 Ordinary Shares

51,016,611 Primary Options expiring 31 March 2012

2,240,200 Unlisted Options

This completes the major steps in completing the capital raising process announced on 28 May 2007. One last additional element involving the placement to exempt investors of up to 3.5 million additional shares (and up to 1.75 million primary options), raising up to \$175,000, is due to be completed within a few days.

For further information:

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Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

Magnesium International Limited

ABN

23 003 669 163

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | Ordinary Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | Ordinary fully paid shares: 250,000
Primary options: 875,000 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares
Each primary option has an exercise price of \$0.10 and an expiry date of 31 May 2012. Upon exercise of a primary option, a primary option converts into a fully paid ordinary share and the holder will be automatically granted a secondary option for no cash consideration.

Each secondary option has an exercise price of \$0.15 and an expiry date of 31 May 2015. Upon exercise of a secondary option, a secondary option converts into a fully paid ordinary share. |

<p>4 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes</p>
<p>5 Issue price or consideration</p>	<p>Fees for placement of securities</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Fees for placement of securities.</p>
<p>7 Dates of entering ⁺securities into uncertificated holdings or despatch of certificates</p>	<p>24 July 2007</p>

⁺ See chapter 19 for defined terms.

	Number	+Class
8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)	141,073,641	ordinary shares
	51,016,611	primary options

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	2,240,200	Unlisted options

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	None
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Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?	Not Applicable
12 Is the issue renounceable or non-renounceable?	Not applicable
13 Ratio in which the +securities will be offered	Not applicable
14 +Class of +securities to which the offer relates	Not Applicable
15 +Record date to determine entitlements	Not Applicable

16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Not Applicable
17	Policy for deciding entitlements in relation to fractions	Not applicable
18	Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	Not Applicable
19	Closing date for receipt of acceptances or renunciations	Not Applicable
20	Names of any underwriters	Not applicable
21	Amount of any underwriting fee or commission	Not applicable
22	Names of any brokers to the issue	Not applicable
23	Fee or commission payable to the broker to the issue	Not applicable
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders	Not applicable
25	If the issue is contingent on ⁺ security holders' approval, the date of the meeting	Not Applicable
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	Not Applicable
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Not Applicable
28	Date rights trading will begin (if applicable)	Not applicable

+ See chapter 19 for defined terms.

29	Date rights trading will end (if applicable)	Not applicable
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	Not applicable
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Not applicable
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	Not applicable
33	+Despatch date	Not Applicable

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)
- (a) Securities described in Part 1
- (b) All other securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

(If the additional securities do not form a new class, go to 43)

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of securities for which +quotation is sought	Not applicable	
39	Class of +securities for which quotation is sought	Not applicable	
40	<p>Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	Not applicable	
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another security, clearly identify that other security)</p>	Not applicable	
42	Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 38)	Number	+Class
		Not applicable	Not applicable

24 July 2007

Companies Announcement Office
Australia Stock Exchange Limited

Dear Sir/Madam

Magnesium International Limited ACN 003 669 163 (the “Company”) – Notice of Placement of Shares

On 24 July 2007, Magnesium International Ltd issued 30,250,000 fully paid ordinary shares and 15,875,000 primary options (the “**Placement Securities**”).

The Company hereby gives notice to the Australian Stock Exchange Limited, pursuant to the provisions of Section 708A(5)(e) of the Corporations Act, 2001 (Commonwealth) (the “**Corporations Act**”) that:

- (a) the Placement Securities were issued without disclosure under Part 6D.2 of the Corporations Act,
- (b) as a disclosing entity, the Company is subject to regular reporting and disclosure obligations;
- (c) as at the date of this notice, the Company has complied with the provisions of:
 - (i) chapter 2M of the Corporations Act;
 - (ii) section 674 of the Corporations Act,as they apply to the Company; and
- (d) as at the date of this notice, there is no excluded information, as that term is defined in Sections 708A(6)(e), 708A(7) and 708A(8) of the Corporations Act.

Yours faithfully

James Beecher
Company Secretary