

28 May 2007

## **MIL TO RAISE \$3.4 MILLION**

The Directors of Magnesium International Limited (“MIL”) advise that that the Company proposes to raise \$3.4 million in new equity. The raisings comprise:

- a Placement of 33.5 million shares at 5 cents each; and
- an Entitlements Issue of 33.8 million shares on the basis of 5 new shares for every 6 existing shares held by way of a non renounceable rights issue to current shareholders.

For every two shares taken up in the Placement or Entitlements Issue the applicant will receive one Primary Option which is exercisable into a new ordinary share at 10 cents per share at any time before 31 May 2012. Upon exercise of the Primary Option, a Secondary Option will be issued. The Secondary Option is then exercisable into a new ordinary share at 15 cents per share before 31 May 2015.

The Placement shares do not participate in the Entitlements Issue. The Placement is being made to sophisticated investors in accordance with section 708 of the Corporations Act. The Placement is subject to the approval of Shareholders in a General Meeting which is intended to be held on 9 July 2007.

MIL also proposes to make a Top Up Issue of up to a further 30 million new fully paid ordinary shares on the same terms to allow shareholders with less than 40,000 ordinary shares after the Entitlements Issue to make their shareholding up to a minimum of 10,000 shares and a maximum of 40,000 shares.

If shareholders take up a further 30 million shares a further \$1.5 million in addition to the proposed \$3.4 million in proceeds set out above will be raised.

Shares issued under the Top Up Issue will also receive the one for two entitlement to Primary and Secondary Options. The Top Up Issue is subject to the approval of shareholders in General Meeting. If this approval is not forthcoming then the Directors propose to issue shares under the Top Up Issue to the extent permitted by the ASX Listing Rules.

The Placement has been arranged and the Entitlements Issue will be managed by Baron Partners Limited.

The proceeds of these issues will be used primarily to:

- (a) investigate means to extract value from the Company’s ownership of the MIL- Dow Magnesium Process Technology;

- (b) explore commercialisation options for the Company's magnesite resources in South Australia and the Northern Territory;
- (c) investigate and, if appropriate, invest in resource opportunities which are presented to the Company from time to time ;
- (d) general working capital; and
- (e) to cover the costs of the Placement Issue, the Top Up Issue and the Entitlements Issue.

The Directors also propose to sell unmarketable parcels of shares (less than \$500 worth of shares) held by shareholders after the close of the Entitlements Issue unless notified by the shareholder that their shares are to be retained. This sale process will be conducted in accordance with the Company's Constitution and notices will be sent to the appropriate shareholders at that time. Shareholders whose shares are sold will receive the proceeds less an administration fee of \$25 per shareholding.

**For further information:**

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