

9 August 2007

PLACEMENT OF 3.625 MILLION SHARES AND 1.8125 MILLION OPTIONS

The Directors of Magnesium International Limited (“MIL”) are pleased to announce the placement of 3.625 million ordinary shares and 1.8125 million Primary Options issued for nil cash consideration. The terms of the issue are the same as those for the Combined Capital Raising that was completed as announced on 24 July 2007. As set out in that announcement this is the last element in the capital raising process announced on 28 May 2007.

The placement raised a further \$175,000 resulting in a total of \$5,189,173 being subscribed for during the capital raising program. 125,000 shares and 62,500 primary options were issued as part of this placement as fees for placement of securities.

The proceeds of the placement will be used to augment the company’s working capital.

150,000 unlisted share options lapsed on 1 August 2007.

Following this allotment and lapsing the capital of the Company now is:

144,698,641 Ordinary Shares

52,829,111 Primary Options expiring 31 March 2012

2,090,200 Unlisted Options

Magnesium Technology

The Company announced on 11 May 2007 that it proposed to joint venture or license the MIL Magnesium Process Technology. The Company has now entered into a Memorandum of Understanding with a Saudi Arabian company to evaluate the utilisation of the MIL Magnesium Process Technology for a magnesium smelter in Saudi Arabia. This evaluation will take place over the next 3 months and may lead to the preparation of a detailed feasibility study for the Saudi company to promote the construction of a magnesium smelter in Saudi Arabia using the MIL Magnesium Process Technology.

For further information:

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Magnesium International web site: www.mgil.com.au

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: 3,625,000

Primary options: 1,812,500 |
| 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. |

4	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?	Yes		
	<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 			
5	Issue price or consideration	<p>3,500,000 shares and 1,750,000 options - \$0.05 cash consideration per share and nil cash consideration for the primary options and secondary options.</p> <p>125,000 shares and 62,500 options – fees for placement of securities</p>		
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	The purpose of the issue is to augment working capital as part of the Company's capital raising program as announced on 28 May 2007		
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	8 August 2007		
		<table border="1"> <thead> <tr> <th data-bbox="695 1581 995 1617">Number</th> <th data-bbox="995 1581 1299 1617">+Class</th> </tr> </thead> </table>	Number	+Class
Number	+Class			

+ See chapter 19 for defined terms.

8	Number and ⁺ class of all ⁺ securities quoted on ASX (including the securities in clause 2 if applicable)	144,698,641	ordinary shares
		52,829,111	primary options

	Number	⁺ Class	
9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the securities in clause 2 if applicable)	2,090,200	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
29	Date rights trading will end (if applicable)	Not applicable

+ See chapter 19 for defined terms.

- | | | |
|----|--|----------------|
| 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

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 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- 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 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

Not applicable

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)	Not applicable	Not applicable

+ See chapter 19 for defined terms.

Quotation agreement

- 1 ⁺Quotation of our additional ⁺ securities is in ASX's absolute discretion. ASX may quote the ⁺ securities on any conditions it decides.

- 2 We warrant the following to ASX.
 - The issue of the ⁺ securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those ⁺ securities should not be granted ⁺ quotation.
 - An offer of the ⁺ securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any ⁺ securities to be quoted and that no-one has any right to return any ⁺ securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the ⁺ securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the ⁺ securities to be quoted under section 1019B of the Corporations Act at the time that we request that the ⁺ securities be quoted.

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before ⁺ quotation of the ⁺ securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: Date: 9 August 2007

(Company Secretary)

Print name: JAMES BEECHER

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⁺ See chapter 19 for defined terms.

9 August 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 8 August 2007, Magnesium International Ltd issued 3,625,000 fully paid ordinary shares and 1,812,500 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