

QUAY

MAGNESIUM



INVESTOR PRESENTATION

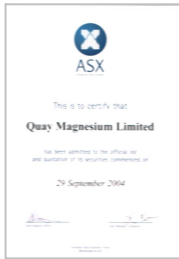
July 2007

www.quaymagnesium.com

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COMPANY MILESTONES



September 2004
IPO on ASX



February 2005
Land Acquisition in High
Tech Development Zone



May 2005
Construction Project with
Spaceframe Contractors



August 2005
Building Completion and
Relocation



November 2005
First Automated
Ingot
Production



April 2007
Capacity to 25,000 tonne



First Quarter 2007
Capacity to 15,000 tonne
Commercial production



February 2007
ISO 14001 Certification



September 2006
ISO 9001 Certification &
Customer Visits

QUAY TOP 20 INVESTORS

REPORTED TOP 20 SHAREHOLDERS JUNE 2007

1	Mr P W Stuntz	19,000,000	11.87%	Sydney
2	HSBC Custody Nominees	10,635,000	6.64%	Sydney
3	HSBC Custody Nominees	8,457,452	5.28%	Sydney
4	National Nominees Limited	7,964,422	4.97%	Melbourne
5	Mr B J Joyce	6,000,000	3.75%	Sydney
6	HSBC Custody Nominees	5,630,000	3.52%	Sydney
7	Northcliffe Holdings Pty Ltd	4,880,000	3.05%	Sydney
8	Cogent Nominees Pty Limited	4,552,778	2.84%	Sydney
9	Nikam Investments Pty Ltd	3,751,500	2.34%	Southport Q
10	N & S Bonser Pty Ltd	3,100,000	1.94%	Sydney
11	Mrs N Fay	2,828,572	1.77%	Sydney
12	HSBC Custody Nominees	2,711,833	1.69%	Sydney
13	Citicorp Nominees Pty Limited	2,607,768	1.63%	Melbourne
14	Almond Consultancy Services	2,600,000	1.62%	London
15	Manfree Nominees Pty Ltd	2,490,000	1.56%	Melbourne
16	J P Morgan Nominees Australia	2,464,697	1.54%	Sydney
17	HSBC Custody Nominees	2,424,511	1.51%	Sydney
18	Bond Street Custodians Limited	2,400,000	1.50%	Sydney
19	ANZ Nominees Limited	2,233,700	1.39%	Melbourne
20	Bell Potter Nominees Ltd	2,170,000	1.36%	Melbourne

TOTAL	98,902,233	61.77%
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ASX CODE :	QMG
ISSUED CAPITAL:	160.1 M
MARKET CAPITALISATION :	AUD 40 M

INDICATIVE SHAREHOLDER STRUCTURE

Domestic Institutions	17,130,189	11.9%
Foreign Institutions	13,889,944	9.6%
Employees & Directors	23,167,100	16.1%
Private Investors	29,384,229	20.4%
Hedge Funds	18,937,452	13.2%
Other	41,593,264	28.8%

WHY CHINA?

Rapid auto market growth in China
2007: 7.3 million vehicles forecast,
world's second largest market
(CMA, SAE China June 2007)

GM, Ford & Toyota sold 7 million cars
in 2006. (China People's Daily Nov 06)

Growth in Magnesium Alloy
consumption in China 2006: 99%
(26 kt → 52 kt)
(Antaika Feb 7 2007)

NQMG approved as Wholly Foreign
Owned Enterprise by Nanjing
Commission of Foreign Trade and
Economic Cooperation.



SHANXI
main
magnesium
producing
region

NANJING

Nanjing Quay Magnesium Limited's Alloy Production Facility

WHY NANJING?

WHY NANJING?

Proximity to pure magnesium feedstock and auto industry production plants in Nanjing and Shanghai

Proximity to Shanghai (270 km) high speed trains, highways and Nanjing port on Yangtze River

50 Year Land Use Agreement with Nanjing New and High Technology Development Zone

NQMG site large enough for expansion of alloy production and possible future integration

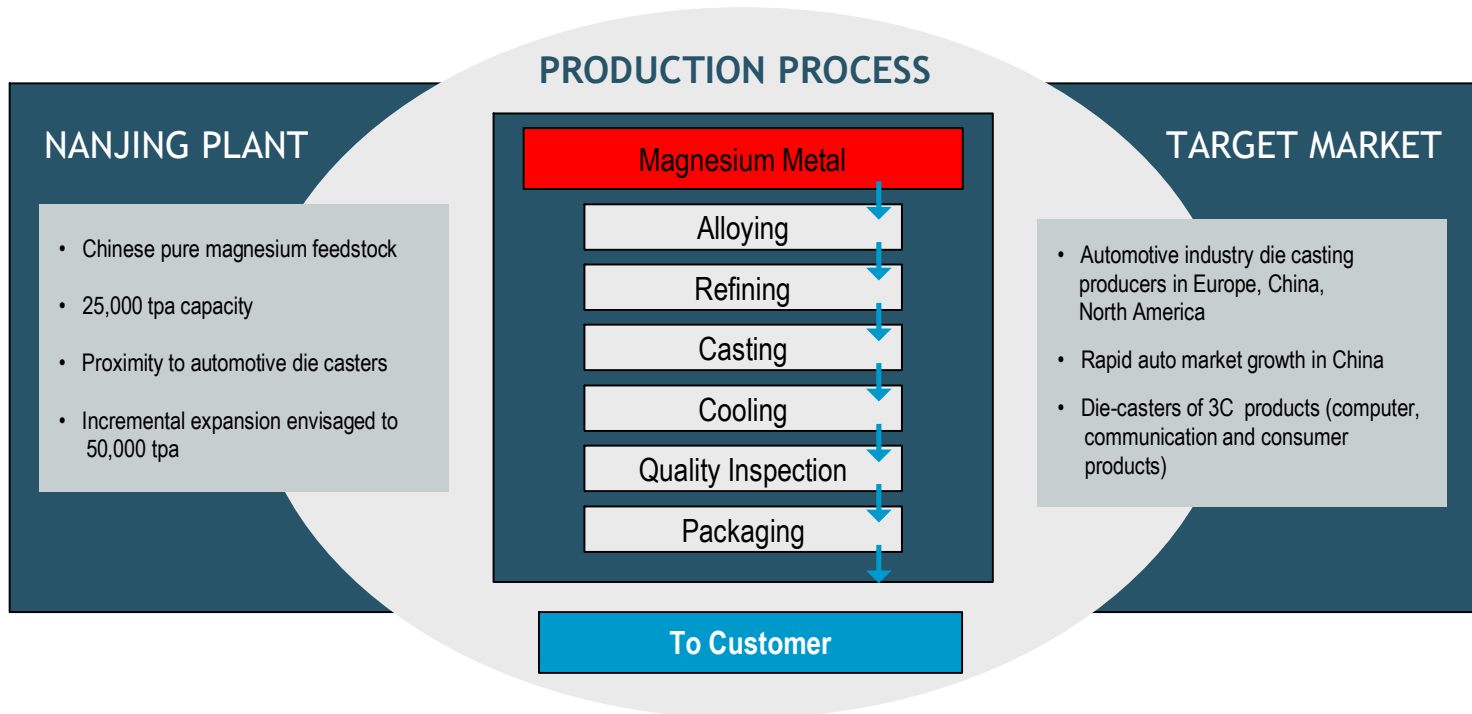
Highly skilled local workforce

Substantial auto industry production in Nanjing – Shanghai area, and strong anticipated growth (Ford, Fiat, Nanjing Auto – MG)

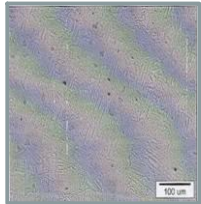


NQMG Head Office
New and High Technology Development Zone, Nanjing, China

COMPANY OVERVIEW



MAGNESIUM ALLOY QUALITY



High Quality Product

QUAY MAGNESIUM PROCESS

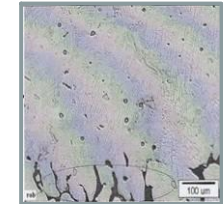
- Molten electrolyte furnace
- Continuous melting and alloying
- Heating and cooling process control
- No refining fluxes required
- Consistent magnesium alloy quality

- Meets automotive industry requirement
- Low dross/waste at die-caster

- Homogeneous
- Cleanliness
- Low oxides and inclusions
- Approximately 2% melt loss

CRUCIBLE ALLOY PROCESS

- Gas fired fluxed crucibles
- Small, batch process, variability
- Temperature control varies
- Refining refluxes required
- Variable magnesium alloy quality



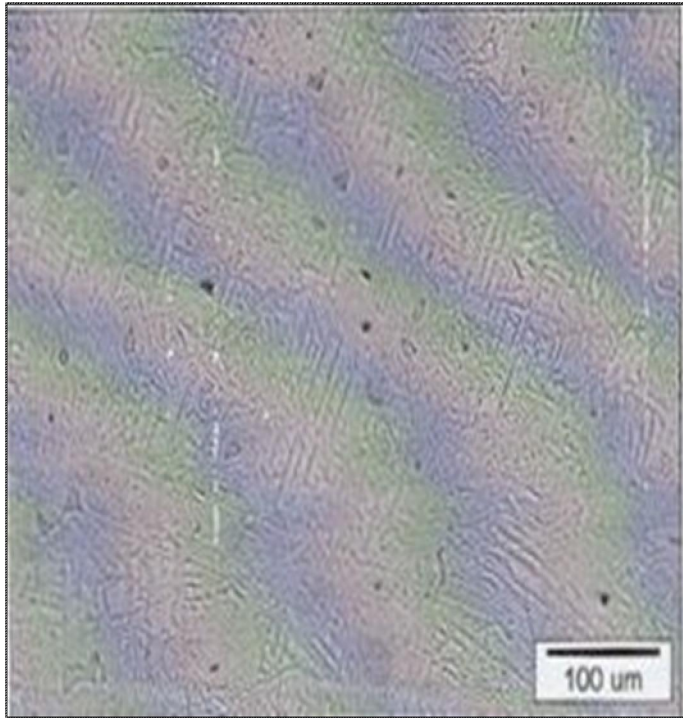
Typical Market Quality

- Oxides
- Voids
- Inclusions
- Approximately 6% melt loss

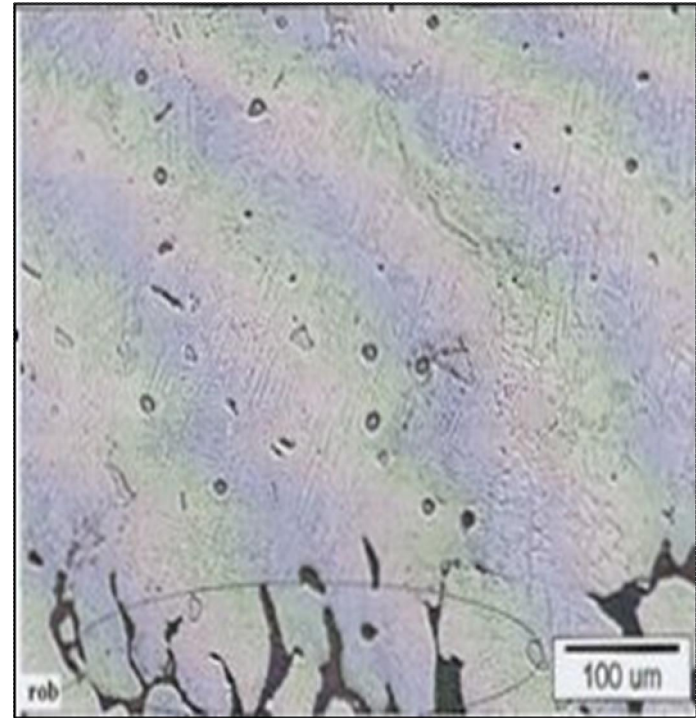
- Oxides form failure points
- Excess dross from die-cast process
- High cost to die-caster from die-cast process

High grade alloys must be metallurgically homogenous, free of oxides, inclusions and voids.

QUALITY OF MAGNESIUM ALLOYS



High Quality Product



Typical Market Quality

High grade alloys must be metallurgically homogenous, free of oxides, inclusions and voids.

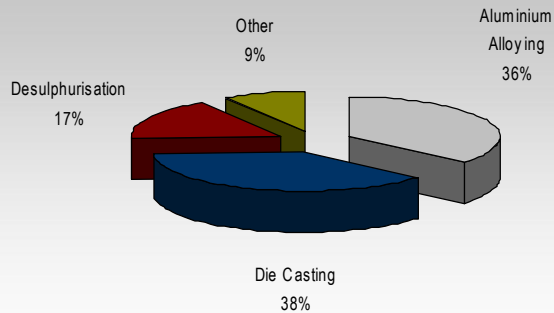
PRIMARY MAGNESIUM



Primary magnesium plant in China (Pidgeon process) showing horizontal vacuum retorts.
Produces magnesium “crowns” for further refining.

MAGNESIUM PRODUCTION

Reported 2006 Primary Magnesium Production Total 726,000 tonnes



Source: USGS & CMA

Pure Magnesium Metal

- De-sulphurising in steel production
- Aluminium alloys typically 1% - 6% Magnesium e.g. marine, aerospace industry, beverage cans

Magnesium Alloys (with Aluminium, Zinc)

- Die-casting for automotive and electronics
- Aerospace applications (future developments)
- Wrought products, extrusions, sheet

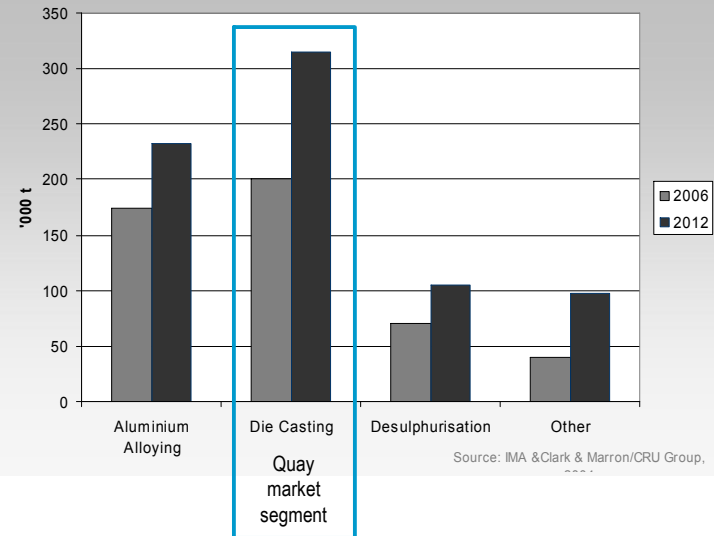
Quay Produces Die-casting Magnesium Alloys

- Magnesium alloyed with Al, Zn & Mn

Die-casting Magnesium Alloys

- North America and Europe are the most mature die casting markets with China developing rapidly.

Forecast Primary Magnesium Consumption



Source: IMA & Clark & Marron/CRU Group, 2006

Strong Die-cast Alloy Consumption Growth

- 8% – 10% pa forecast globally
- China 52 kt in 2006 with a 99% growth over 2005

Accelerating quest for lighter, more fuel efficient vehicles

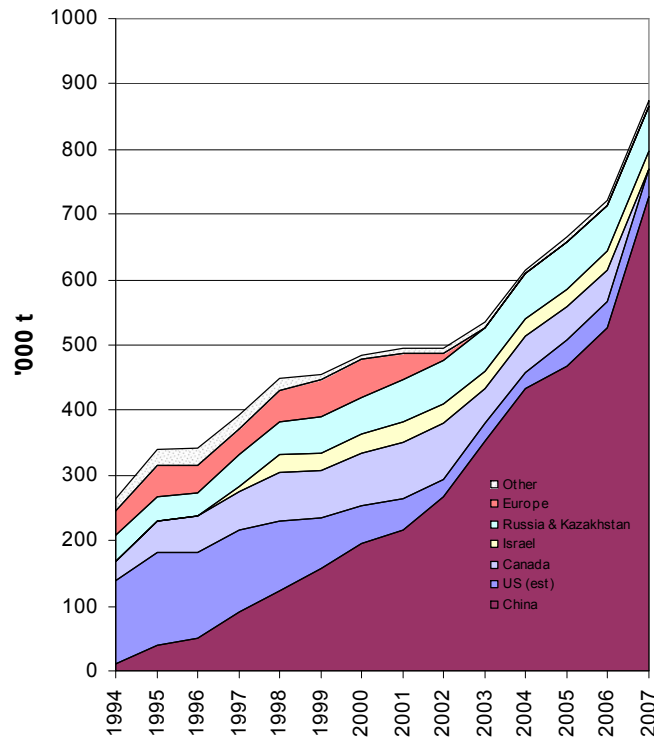
- improved acceleration and handling

Reduced fuel costs and harmful emissions (greenhouse gasses)

Sustained higher oil price may accelerate magnesium demand

GLOBAL MAGNESIUM PRODUCTION

GLOBAL MAGNESIUM PRODUCTION



Source: USGS & Chinese Magnesium Assoc

CHINA MAGNESIUM PRODUCTION CAPACITY

Since late 1990's, China has become the major global producer of magnesium

2006 Production (China)	525,600 tonne +12% vs 2005
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2006 Consumption (China)	150,000 tonne +50% vs 2005
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2006 Installed Capacity (China)	903,000 tonne
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Source of Metal NQMG Facility

Global Magnesium Market Value	USD 1.2 billion per annum
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Global Consumption Growth	5% - 10% p.a
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*Source USGS & CMA

MAGNESIUM ALLOY IN CARS



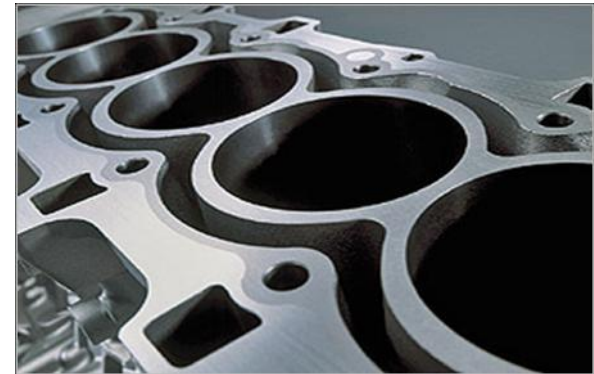
For drivers, that lighter weight translates into faster acceleration, shorter stopping distances, better cornering and improved fuel economy. (www.canadiandriver.com)

Moving into higher volume powertrain components – for greater weight reduction and improved handling Engine blocks – e.g. BMW & Transmission components

Current average vehicle use around 4kg magnesium alloy. The use of magnesium in cars is expected to increase from an average of less than 4 kg per vehicle today to at least 65 kg by 2020 and as much as 150 kg in some models. (www.engineerlive.com)

According to BMW, there are no more weight reductions possible through the use of aluminium in their engines.

The engine block is the heaviest single component of an engine and by using magnesium, the BMW composite block weighs 24% less than an aluminium block.



BMW Magnesium Engine Block

MAGNESIUM ALLOYS IN CARS

STRONG, LIGHT AND DIMENSIONALLY STABLE

Magnesium alloy die cast components used in automotive, aerospace and electronic industries

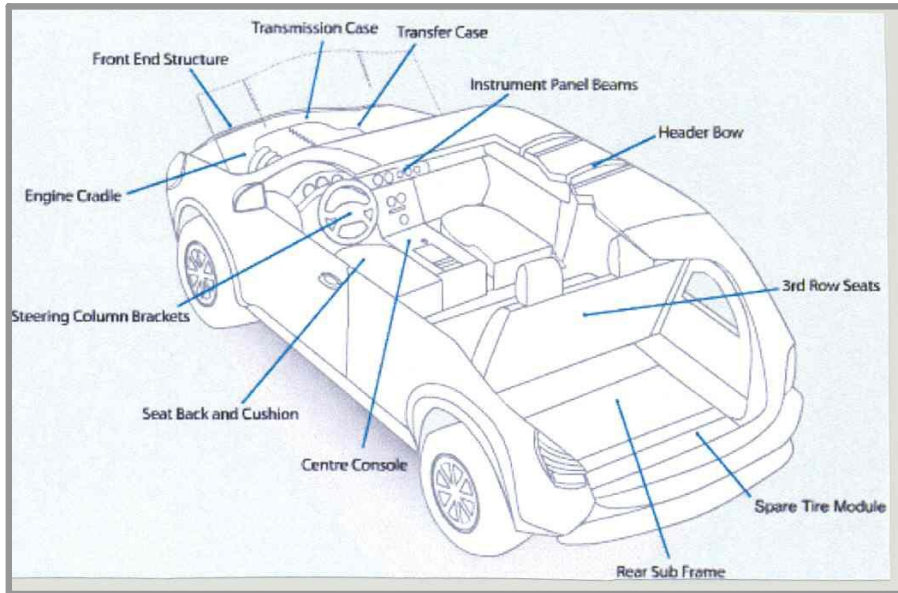
Strong, light, dimensionally stable

- About 1/4 the weight of steel
- About 2/3 the weight of aluminium

Quay's advanced technology will produce alloys suitable for high performance applications

- Generally magnesium with aluminium plus manganese (AM) or zinc (AZ) and other additives including beryllium, scandium and/or strontium, depending on specialist application





Main Automotive Users

- Daimler Chrysler*
- Ford*
- GM*
- Audi
- BMW
- Fiat
- Mercedes
- VW*
- Honda
- Isuzu
- Mitsubishi
- Toyota*
- Hyundai

SIGNIFICANT APPLICATIONS BY MAJOR AUTO USERS

Clutch housing	Wheels
Cylinder Block	Air Bag Housing
Door Frames (inner)	Ash Tray Door
4 WD Transfer case	Alternator Bracket
Front Cross Beam Member	Door Handles
Grille Opening	Mirror Housings
Reinforcement	Oil Filter Adaptor
Intake manifold	Power Steering Pump
Instrument Panel	Bracket
Oil Pan	Removable/Retractable
Radiator Support	Sun-Roof
Seat Pan	Roof frame
Seat Back	Steering Column
Seat Frame	Components
Transmission Housing	Case/Brackets
Transmission Mounts	Instrument panels

*Source Magnesium Assistance Group Inc Feb 2004

SALES AND MARKETING

PRODUCT DEVELOPMENT

QUAY'S TECHNOLOGY

Quay's technology is designed to produce high quality alloys for automotive applications

QUALITY CERTIFICATION

PRODUCT CERTIFICATION

Product will be certified in 2007 to Daimler Chrysler & VW standards based on alloy tolerances, homogeneity, cleanliness and consistency of supply. Establishing reputation as reliable supplier is essential. Customers require certainty of supply and quality

SALES POTENTIAL FOR 2007

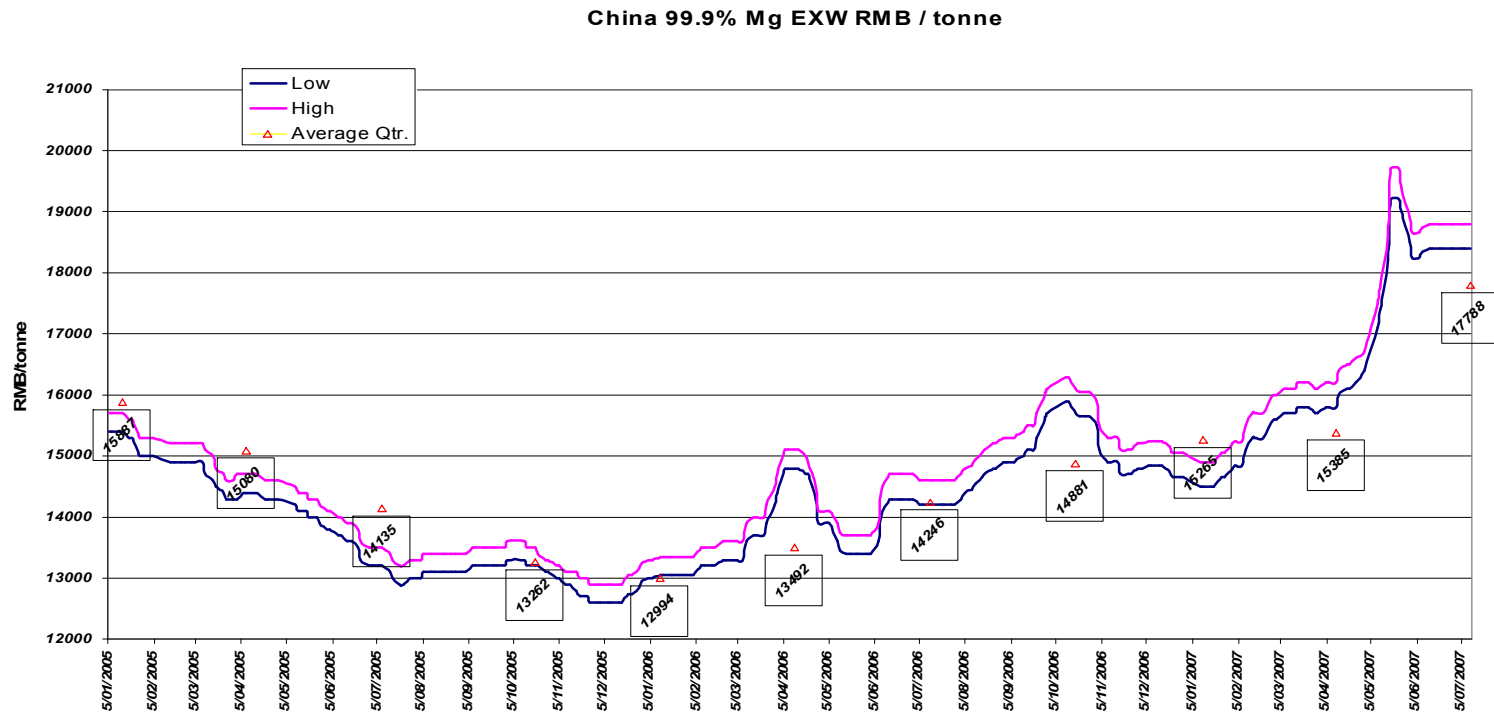
CUSTOMERS

Quay is targeting the leaders in magnesium die casting: Meridian Technologies Inc. & TMG Group; automotive companies such as VW and Daimler Chrysler, leading tier 1 automotive suppliers such as Trimag, MAC, Georg Fischer, and other leaders, Stihl, Husqvarna, Foxcon and Ortal

MAGNESIUM PRICES

- Quay purchases Chinese pure magnesium metal as plant feed
- Current Chinese export price - USD 2,515 per tonne FOB
- Current Chinese domestic price approx Yuan 18,400 - 18,800/t at plant

Source Asian Metals.com



THE QUAY MAGNESIUM TEAM

Peter Stuntz, Executive Chairman - Two decades as investment manager and financial analyst, spanning direct and listed investments in extensive range of industries and commodities. Degrees in geology, mining engineering and mineral economics.

Ritchie Lees, Chief Operating Officer - Mechanical Engineer with over twenty years of metals manufacturing, sales and marketing experience specialising in aluminium and magnesium fabricated products. Recently Vice President of a US extruder & fabricator of magnesium products. Ritchie holds a Master of Business Degree in Operations Management.

Thomas Ruden, Sales & Marketing Manager - More than twenty years of marketing and related product development experience in the areas of magnesium and structural materials and has authored more than 30 technical papers about the lightweight metal.

Rob Bailey, Manager NQMG - Experience in magnesium primary production, magnesium recycling, magnesium die casting and aluminum semi-solid metal casting. Rob has had papers published internationally in several fields of metallurgical engineering in production environments.

Danny Rosing, Marketing Manager Europe - Over 30 years of international marketing, including ten years in magnesium. Established and ran the marketing division of a leading magnesium producer in Israel.

Alan Reid, China Business Advisor - Two decades working in China and Hong Kong. Previously Senior Australian Trade Commissioner in Beijing. Provides business advisory services in China.

QUAY'S FUTURE PLANS



FURTHER INCREMENTAL EXPANSION

- Second melting, alloying, refining, casting and packaging line
- AUD10 million for expansion to 50,000 tpa capacity

LOWER RAW MATERIAL COSTS

- Use lower-cost feed direct from Pidgeon process (crowns)
- Recycle die-caster scrap

SPECIALITY ALLOYS WITH HIGHER MARGINS

- Technically advanced alloying facility

INTEGRATE

- Secure equity in primary magnesium plants
- Joint venture - downstream into die-cast components

QUAY

MAGNESIUM

PHOTO GALLERY



NQMg automated alloying process and casting line.



Casting Line, cooling and inspection process.



NQMg AZ91D Ingot



Ingot breaking for Cleanliness test (AZ91D / 8KG)



Metal cleanliness surface (AZ91D / 8KG NQMg)



Finished product ready for shipment

QUAY

MAGNESIUM

PHOTO GALLERY



Training and development programs for operations workforce



Expatriate technical support



Highly skilled local workforce