# MATERIAL CHANGE REPORT

Pursuant to Section 75(2) of the *Securities Act* (Ontario)
and corresponding to Section 85(1)(b) of the *Securities Act* (British Columbia)
and Section 146(1)(b) of the *Securities Act* (Alberta)

1. Reporting Issuer

Magnesium Alloy Corporation
3154 North Wallace Road, RR#2
Wallace, Nova Scotia
B0K 1Y0

2. Date of Material Change

December 2, 2003

3. Press Release

A press release in the form of Schedule "A" annexed hereto was disseminated on December 2, 2003.

4. Summary of Material Change

Magnesium Alloy Corporation (the "Company") announced that it is the intention of the Company to complete a private placement (the "Offering") of 7,000,000 units ("Units") of the Company at a price of US$0.10 per Unit for gross proceeds of US$700,000. Each Unit will consist of one common share of the Company and one common share purchase warrant, each whole common share purchase warrant entitling the holder to purchase one additional common share of the Company at a price of US$0.15 per share on or prior to the second anniversary of the closing of the Offering. The net proceeds of the Offering are expected to be used for working capital and general corporate purposes. The Offering is anticipated to close on or about December 12, 2003, subject to receipt of all necessary regulatory approvals. The Company also reached an agreement with certain of its creditors to satisfy certain current outstanding debts of approximately US$1,109,401 through the issuance of a total of 11,094,010 common shares of the Company at an effective price of US$0.10 per share. The proposed shares-for-debt arrangement is subject to receipt of all necessary regulatory approvals.

5. Full Description of Material Change

The press release annexed hereto as Schedule "A" provides a full description of the material change.

6. Reliance on Section 75(3) of the *Securities Act* (Ontario), Section 85(2) of the *Securities Act* (British Columbia) and Section 146(2) of the *Securities Act* (Alberta)

This report is not being filed on a confidential basis.

7. Omitted Information

Not applicable.

8. Senior Officers

If further information is required, please contact William Burton, President and Chief Executive Officer, Telephone (902) 257-1171.

9. Statement by Senior Officer

The foregoing accurately discloses the material change referred to herein.

DATED at Wallace, Nova Scotia this 5th day of December, 2003.

**MAGNESIUM ALLOY CORPORATION**

*"William Burton"*
Per: ______________________________
William Burton
President and Chief Executive Officer

## SCHEDULE "A"

Trading Symbol: YMY.U
Exchange: Canadian Venture Exchange | Cusip: 5589149 10 7

**PRESS RELEASE**

Halifax, Canada: December 2, 2003 | **FOR IMMEDIATE RELEASE**

## Magnesium Alloy Announces Proposed Private Placement of US$700,000 and Shares for Debt Arrangements

**Magnesium Alloy Corporation (the "Company") (YMY.U – TSX Venture)** announced today that it is the intention of the Company to complete a private placement (the "Offering") of 7,000,000 units ("Units") of the Company at a price of US$0.10 per Unit for gross proceeds of US$700,000. Each Unit will consist of one common share of the Company and one common share purchase warrant, each whole common share purchase warrant entitling the holder to purchase one additional common share of the Company at a price of US$0.15 per share on or prior to the second anniversary of the closing of the Offering. The net proceeds of the Offering are expected to be used for working capital and general corporate purposes. The Offering is anticipated to close on or about December 12, 2003, subject to receipt of all necessary regulatory approvals.

The Company has retained Kingsdale Capital Markets Inc. (the "Agent") to act as agent in connection with the private placement. The Company has agreed to pay the Agent a commission of 10% of the gross proceeds of the Offering and issue broker warrants to the Agent entitling it to purchase common shares of the Company in an amount equal to 10% of the number of Units sold under the private placement at an exercise price of US$0.10 per share until the second anniversary of the closing of the Offering.

The Company also reached an agreement with certain of its creditors to satisfy certain current outstanding debts of approximately US$1,109,401 through the issuance of a total of 11,094,010 common shares of the Company at an effective price of US$0.10 per share. The proposed shares-for-debt arrangement is subject to receipt of all necessary regulatory approvals.

Magnesium Alloy Corporation is a Canadian company whose common shares are listed on the TSX Venture Exchange and are traded in U.S. currency under the symbol "YMY.U". MagAlloy is developing one of the World's largest deposits of magnesium salts for the production of magnesium alloys near Pointe-Noire in the Republic of Congo. The Company currently has 28,973,933 shares outstanding on an undiluted basis. More information on the Company is available at its website, www.magnesiumalloy.ca.

FOR FURTHER INFORMATION PLEASE CONTACT:
Magnesium Alloy Corporation
William Burton
President & Chief Executive Officer
(902) 257-1171