

24 January, 2003

Company Announcements Office
Australian Stock Exchange Limited
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Dear Sirs,

RE **DISPATCH OF FINAL INSTALMENT SECOND NOTICE**

Please find attached an Announcement in relation to:

**A letter to Distribution Entitled Security (DES) Holders and the Final Instalment -
Second Notice**

This notice will only be issued to **new** DES holders and current DES holders whose holdings of partly paid DES have changed since the First Notice was issued.

Yours sincerely,



P.K. Nair
COMPANY SECRETARY

Important Information

Dear security holder,

This notice is sent to new Distribution Entitled Security holders and those holders whose holding has changed since the first notice regarding the Final Instalment was sent to security holders on 6 December 2002.

Enclosed is a notice outlining payment of the Final Instalment of the issue price payable for Distribution Entitled Securities (DES) issued under the Company's prospectus of 15 October 2001.

Payment of the final instalment is due on Friday 31 January 2003. Further information on the rights and obligations of security holders is to be found in the notice. **Please read the notice carefully.**

Two payment avenues are open to you and these are set out in the notice.

Following the payment of the final instalment there will continue to be 3 ASX listed securities. The ordinary fully paid shares, ASX code ANM, the fully paid DES, ASX code ANMNA and the listed options, ASX code ANMO.

The fully paid DES have an entitlement to 4 further 6 monthly distributions of 3.2 cents per DES prior to reversion into ordinary fully paid shares on 23 November 2004.

We are also pleased to provide you with a copy of AMC's regular newsletter, which highlights a number of important magnesium market initiatives your Company is undertaking to position itself as the world-leading supplier of light metal solutions to the automotive industry.

We hope you find the newsletter of interest, and would welcome your thoughts and comments on the type of articles you would like to see. If you would prefer not to receive such information in the future please call our share registrar, who can remove you from the mailing list.

If you have any questions regarding your DES payment obligation, please contact AMC's share registrars, Douglas Heck & Burrell Registries, on (07) 3228 4219 or your stockbroker or financial adviser.

Yours faithfully,



Prem Nair
Company Secretary



Mr A B Sample
 Sample Company
 Sample Estate
 Unit 1
 123 Sample Street
 SAMPLEVILLE QLD 4001

SRN 123456789

Final Instalment Notice – Distribution Entitled Securities

Notice is given that the following amount is payable as the final instalment of the issue price of the following Distribution Entitled Securities (DES) registered as at 23 January 2003. This second notice is sent to new security holders and those holders whose holding has changed since the first notice regarding the Final Instalment was sent to DES holders on 6 December 2002.

	Number of DES	Amount Per Security	Amount Owing
Securities		A\$0.30	A\$
Subject to loyalty*		A\$0.25	A\$
Total			A\$

* Loyalty entitlement. Please turn page for details.

Due date for payment. The due date for payment of the final instalment is Friday 31 January 2003.

Payment can be made by cheque or BPAY. See below for further details.

Failure to pay the final instalment may result in forfeiture of your DES. Please turn the page for details.

Please note the following important dates:

16 January 2003 Last day of "instalment unpaid" trading in the partly paid DES (ASX code ANMCA);

17 January 2003 First day of "instalment paid" trading of a fully paid DES on a deferred settlement basis (ASX code ANMNA);

23 January 2003 Last day for the share registry to accept transfers of a partly paid "instalment unpaid" DES without instalment money attached.

For additional information regarding the market price of the DES, please turn the page.

PAYMENT INSTRUCTIONS

PAYING BY BPAY

Biller Code: _____
Ref: _____

1. Access your participating telephone or internet banking service.
2. Call your bank, credit union, or building society to make this payment from your cheques or savings account. More info: www.bpay.com.au
3. Record your BPAY receipt number and the date you made your payment. Your payment will be automatically registered and no further action is required.

OR

PAYING BY CHEQUE

1. Insert your cheque details on the remittance advice.
2. You must use a "Not Negotiable" cheque or bank draft payable to **AMC – Equity A/C** in Australian currency and drawn on an Australian Bank.
3. **Please do not pin or staple the cheque(s) to the advice.**
4. Return the remittance advice with your cheque for full payment in the enclosed reply paid envelope to:
Distribution Entitled Securities – Final Instalment
C/- Douglas Heck & Burrell Registries
 Reply Paid 69100, Brisbane Qld 4001

IF YOU HAVE ANY ENQUIRIES CONCERNING YOUR FINAL INSTALMENT PAYMENT, PLEASE TELEPHONE DOUGLAS HECK & BURRELL REGISTRIES ON (07) 3228 4219, YOUR STOCKBROKER OR FINANCIAL ADVISER WITHOUT DELAY.

FINAL INSTALMENT REMITTANCE ADVICE

Mr A B Sample
 Sample Company

Please provide a contact name and daytime telephone number so that we may contact you if necessary.

Name: _____ Phone: () _____

Please do not pin or staple the cheque(s) to this advice.

Details of Cheque(s)		
Drawer	Bank	Branch
Paid in by (Signature)		
For CREDIT of Australian Magnesium Corporation Ltd Final Instalment		
Tran Code 831	User Number 066547	Customer Number

Date: / /

Total Amount Enclosed

\$ _____

DEPOSIT

Consequences of non-payment of the final instalment

The consequences of non-payment of the final instalment in respect of a DES are set out below:

Suspension of distributions

The obligation of AMC to pay the semi-annual distribution of 3.2 cents per security is suspended whilst payment of the final instalment remains outstanding. If the final instalment is not paid in full by 31 January 2003, the right to receive the suspended distributions shall terminate.

Loss of loyalty discount

The holder of the DES will lose any entitlement to the loyalty discount of 5 cents for that security. This means that a holder who would previously have been obliged to pay a final instalment of 25 cents must pay a final instalment of 30 cents for that security.

Interest

The holder of the DES must pay interest on the instalment from the due date for payment to the time of actual payment at such rate as the Board of Directors may determine. The Board of Directors may in their discretion waive payment of interest wholly or in part.

Sale or forfeiture

AMC will have a lien on any partly paid DES for any final instalment that is due but unpaid. The effect of the lien is that AMC may prevent the transfer of the DES by the holder. Further, AMC may sell the DES if the holder does not pay the instalment within 14 days of receipt of a further notice from AMC. AMC must apply the net proceeds of any sale in satisfaction of the unpaid instalment, together with any interest on that amount and expenses incurred in connection with the enforcement of the lien and the sale of the securities, and must pay any balance of the net proceeds of sale to the person entitled to the securities at the date of sale. If following the sale of the DES there is a shortfall in respect of the unpaid instalment, interest and expenses, then AMC may take steps to recover the shortfall.

Alternatively, AMC may forfeit any partly paid DES if the final instalment is not paid when due. AMC must first give a further notice to the holder stating that the DES will be forfeited in the event of non-payment. Forfeiture includes any unpaid distributions in respect of the loan note component of the DES.

Forfeited securities are at the disposal of AMC. The securities may be re-allotted, sold or otherwise disposed of in such manner as the Board of Directors think fit. However, the former holder remains liable to pay the unpaid instalment (including interest and expenses), unless shareholders approve otherwise. Alternatively, AMC may, by a shareholder resolution, cancel the securities that have been forfeited.

If AMC chooses not to sell or forfeit the DES, then it may still take steps to recover the full amount of the final instalment and any interest on the instalment.

Additional Information

The following information is provided in accordance with the ASX Listing Rules:

Last available market price for a partly paid DES prior to the issue of this notice, \$0.145 on 16 January 2003.

Last available market price for a partly paid DES prior to ASX announcement of the instalment, \$0.155 on 29 November 2002.

Highest market price for a partly paid DES in the 3 months prior to the issue of this notice, \$0.255 on 24 October 2002.

Lowest market price for a partly paid DES in the 3 months prior to the issue of this notice, \$0.11 on 9 December 2002.

Last available market price for a fully paid DES prior to the issue of this notice, \$0.465 on 22 January 2003.

Loyalty Entitlement

A loyalty discount of 5 cents off the amount to be paid on the final instalment of each DES, up to a maximum of 30,000 securities per eligible holder, is available to holders who were either:

- an Australian resident registered as a holder of fully paid ordinary shares in AMC or Normandy Mining Limited as at the close of business on 18 October 2001; or
- an Australian resident employee, Director or proposed Director of the Company at the time of the application for the securities.

The loyalty discount only applies if the DES are held in the same registered name from the date of issue (23 November 2001) until the final instalment due date (31 January 2003).