

1 May, 2003

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

Dear Sirs,

RE ANNOUNCEMENT

Please find attached an Announcement in relation to:

Stanwell Magnesium Project workforce

Yours sincerely,

A handwritten signature in black ink, appearing to read 'P.K. Nair', is written over a horizontal line.

P.K. Nair
COMPANY SECRETARY

Stanwell Magnesium Project workforce

The workforce on the Stanwell Magnesium Project will be reduced from 700 to around 600 people in coming weeks.

Australian Magnesium Corporation (AMC) advises the principal contractor for the project, Leighton Contractors, today notified its employees, alliance partners and contractors that about 100 people would be stood down from project activities in Rockhampton, Brisbane and Melbourne.

This is consistent with AMC's announcement on 17 April 2003 which stated that operations would focus on selected project activities while a cost and schedule review was undertaken by US-based Fluor Corporation.

AMC is pursuing a revised contracting structure for the Stanwell project – near Rockhampton in central Queensland - which includes Fluor and Leighton working towards the formation of a joint venture to manage the project.

AMC has asked Fluor to complete a detailed cost and schedule review by early next month.

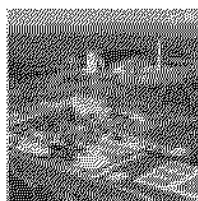
Currently, around 700 people are actively working on the project, including designers, engineers, purchasing and quality control inspectors, construction personnel, administrators and other project management officers.

In Rockhampton, of the 230 people on the project, approximately 80 people will either be given notice, stood down, or transferred to other projects.

About 80 AMC staff employed on operations training and commissioning planning separate to the development workforce will not be affected by the reduction in project activities.

AMC will continue to monitor project activities and staffing levels, while it awaits the recommendations in June of the cost and schedule review from Fluor.

In the meantime, AMC reaffirmed today that key activities were being progressed, including worldwide engineering work (more than 60 per cent complete), procurement (90 per cent awarded and tendered) and site construction which is focused on completing the foundry/cast house later this year in readiness for commissioning in early 2004.



Investor Relations & Media Comment

Joel Forwood - Manager - Investor Relations

Simon Jemison - General Manager - Public Affairs

Tel: +61 7 3837 3400 Fax: +61 7 3837 3423

Australian Magnesium Corporation Limited ABN 51 010 441 666

Brisbane Office: Level 5, 30 Little Cribb St, Milton, Queensland 4064

www.austmg.com

