

26 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 Development & Funding Update

Yours sincerely,



P.K. Nair
COMPANY SECRETARY



Stanwell Development and Funding Update

Australian Magnesium Corporation Limited (AMC) is in discussions with a number of potential new corporate partners to progress development of the Stanwell Magnesium Project.

Chief Executive Mr Rod Sharp said today continued development was dependent on involving a new strategic partner.

"AMC and its principal shareholder, Newmont Mining Corporation, are of a shared view the currently anticipated level of additional funding and balance sheet support for Stanwell requires the introduction of a new partner," Mr Sharp said.

"Newmont is working closely with AMC to expedite the introduction of a new partner, and AMC has retained Standard Bank London as its corporate advisor," he said.

"At this stage these discussions with potential corporate partners are preliminary in nature and therefore uncertain as to their final outcome. AMC's aim is to progress discussions through June and move towards a more formal proposal thereafter.

"During June AMC will need to secure reasonable assurance of interim financial support from its key stakeholders to carry it and the project through to the finalisation of any agreement with a new partner, which could take a number of months. Should a new partner not be secured, or interim financial support not become available in the timeframe required, AMC would need to review the basis for proceeding with Stanwell.

"Expenditures have been reduced in recent months and a number of activities suspended, but it is important AMC quickly resolve its funding and support issues to maintain the existing project schedule and meet its customer commitments.

"Maintaining project schedule, finalising engineering and continuing with selected construction work, in particular the cast house, are key to realising value for AMC and a new entrant.

"Fluor is progressing its independent estimate of the project's capital cost and a review of the schedule. The Fluor estimate is expected to be available in mid-June.

"June is a critical month for AMC involving discussions with potential partners, securing interim financial support, receipt of the Fluor review and progressing project engineering and construction.

"We continue to believe that significant value has been created in the project and are focusing our efforts on securing the means by which this value can be enhanced and realized with an appropriate partner," Mr Sharp said.

Photos of recent site construction activities are available on AMC's website www.austmg.com



Investor Relations & Media Comment

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