

13 June, 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:

AMC restructure agreement signed

Yours sincerely,



P.K. Nair
COMPANY SECRETARY

13 June 2003

AMC restructure agreement signed

Australian Magnesium Corporation Limited (ASX codes: ANM, ANMNA, ANMO) will develop a revised magnesium business plan following the signing today of an agreement to restructure the Company and its Stanwell Magnesium Project.

Central to the revised business plan will be the work completed to date, progress achieved in the international magnesium industry, technologies owned by the Company and significant research and development alliances already established.

Board and Management changes

As part of the formal restructuring, AMC has also announced Board and management changes following a meeting of the Company's Directors today.

The Board will be reduced from ten to five directors with the retirement of two executive directors, Mr Rod Sharp (Chief Executive Officer) and Mr Tony Brown (Vice President – Project), and three non-executive directors, Mr John Dow, Mr Hans Umlauff, and Mr Ian Freer. Mr Dow and Mr Umlauff have retired from the Board following the decision of Newmont Australia to reduce its Board representation on AMC from three directorships to one.

Directors continuing on the Board are: - Dr Roland Williams (Chairman), Mr John Story, Mr Ken Williams, Mr Creagh O'Connor and Dr Christopher Rawlings.

Dr Williams - who will retire as Chairman at AMC's annual general meeting in November - said the Board and management changes were consistent with AMC's restructuring plan to preserve value for shareholders and stakeholders and to revise the Company's business plan.

Dr Williams said Mr Sharp and Mr Brown had also resigned from their corporate positions and had waived any termination benefits.

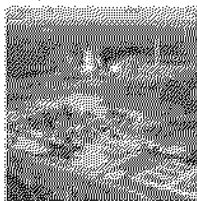
"Their contributions have combined to establish AMC in the international magnesium industry and to provide the Company with the basis to move forward with a revised business plan," he said.

Acting CEO appointed

The AMC Board also announced the appointment of Dr Rawlings as Acting Chief Executive Officer of the restructured organisation.

Dr Rawlings, who joined the AMC Board as a non-executive Director in October 2002, was previously CEO of QCT Resources Ltd for six years until November 2000 prior to its takeover by BHP/Mitsubishi.

Dr Rawlings is currently also Chairman of Renison Consolidated Mines NL and a non-executive Director of Gympie Gold Ltd, Uniquest Ltd, JK Tech Limited and D'Aguila Gold Ltd. He is a past president of the Queensland Mining Council and past Chairman of the Australian Coal Association.





Restructuring Agreement

Under the Heads of Agreement signed today with the Queensland Government, the Commonwealth Government, Newmont Australia and Leighton Contractors, AMC shareholders will retain ownership of the Company and the magnesium industry expertise and technology interests held within the Group.

The key elements of the agreement include:

- Leighton and AMC have agreed to terminate the Stanwell EPC contract and will form a joint venture to both preserve and develop certain project assets (such as equipment and engineering) for use in a future development.
- AMC will settle outstanding obligations to other creditors from its existing cash reserves.
- The Queensland and Commonwealth Governments will allow prior access to cash reserves for ongoing operating purposes.
- Newmont, a 27.8 per cent shareholder in the Company, has agreed to concessions relating to its existing financial arrangements with AMC, to provide contingent support up to a maximum A\$10 million and to maintain existing guarantees in relation to the QMAG operation.
- The senior debt facilities associated with the Stanwell Magnesium Project are being cancelled and the associated foreign exchange and interest rate hedging contracts have been unwound.

Dr Williams said the financial restructuring and organisational changes were needed now because the Company's search for balance sheet support had not been successful in the time frame the company had set itself.

"Without the support of our major stakeholders, we would have had no option but to appoint an administrator which would have inevitably prevented any further involvement by AMC and its shareholders in the global magnesium industry," he said.

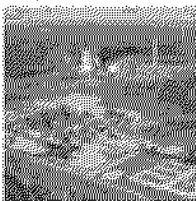
"The agreement also allows AMC to maintain its critical alliance relationships with the Australian light metals research community, including the CSIRO and CAST."

Revised Magnesium Business Plan

Dr Williams said his decision to remain AMC Chairman until this year's AGM was to focus on the development of a new magnesium production project for Stanwell.

"The revised business plan will be based on project work completed to date, the magnesium technologies owned by the Company and the research and development alliances already established," he said.

"Importantly, the restructuring enables AMC to regroup, assess other Stanwell development options and continue the search for a new corporate or project partner."





Acting CEO Dr Chris Rawlings said it was crucial that AMC's strategic intent going forward included preserving and utilising the value from the Stanwell Magnesium Project, AMC's metals technology team and its intellectual property portfolio.

"These assets will be developed together with our QMAG magnesia business which has a full production commitment and where we will continue to enhance performance," he said.

"We must not lose sight of the fact that the AM processing technology developed with the CSIRO remains the best available. It is modern, has low operating costs and is environmentally friendly.

"With these attributes, it is the firm aim of AMC and its stakeholders to re-establish the development of a magnesium facility and we will actively look to engage new partners in our review of future alternatives," Dr Rawlings said.

AMC job losses

Work will be halted on the Stanwell Magnesium Project in central Queensland and the site placed under care and maintenance. This will immediately impact on engineering and construction activities and companies involved on the project.

The Company will continue to operate its QMAG magnesia products business at Rockhampton.

"While we are encouraged and grateful that AMC can move forward as a Company, we regret that there will be significant reductions in the AMC workforce," Dr Williams said.

"At this stage, we expect the Company wide workforce will be lowered from its current level of 350 to some 230 staff," he said. "All retrenched employees will receive their full entitlements."

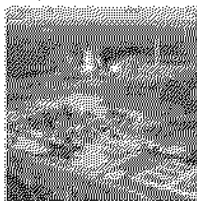
"It is deeply disappointing for our staff and their families and the immediate prospect of their participation in building a new Australian industry," Dr Williams said.

ASX trading

AMC will hold discussions with the Australian Stock Exchange with the aim of resuming trading in the Company's three securities within a week.

The terms regarding AMC's Distribution Entitled Securities (DES) remain unchanged.

DES holders will continue to receive distribution payments, with the remaining three payments each of 3.2 cents per security to be paid over the next 18 months.



For further comment contact

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