

14 July, 2003

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

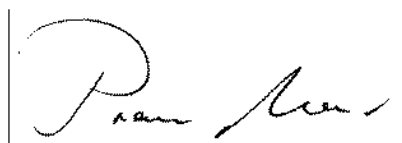
Dear Sirs,

RE ANNOUNCEMENT

Please find attached an Announcement in relation to:

Ford Magnesium Supply Obligations

Yours sincerely,



P.K. Nair
COMPANY SECRETARY

14 July 2003

Ford Magnesium Supply Obligations

Australian Magnesium Corporation Limited (AMC) and the Ford Motor Company (Ford) have reached agreement to:

- Release AMC from its binding obligation to supply magnesium under the supply agreement
- Release Ford from its binding obligation to purchase magnesium under the supply agreement

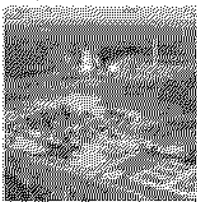
Ford has agreed to relinquish any rights Ford may have in relation to a refund of the US\$30 million deposit on the payment of US\$10 million to Ford.

The US\$30 million was provided in 1997-98 to contribute to the funding of the Gladstone demonstration plant and magnesium project feasibility study.

Newmont Australia has committed to provide the US\$10 million payment on behalf of AMC under the terms of the Heads of Agreement signed by AMC stakeholders on 13 June 2003.

No ongoing financial obligations apply to either AMC or Ford in relation to this matter.

AMC and Ford will continue to maintain an ongoing relationship, details of which will be determined over the coming months.



For further comment contact

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