

8 December 2003

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

Dear Sirs,

RE: ANNOUNCEMENT

Please find attached Announcement in relation:

* **Disposal of AMC shares by Newmont**

Yours sincerely



P.K. Nair
COMPANY SECRETARY



**Australian
Magnesium**

8 December 2003

DISPOSAL OF AMC SHARES BY NEWMONT

Newmont Mining Corporation (Newmont) has advised Australian Magnesium Corporation Limited (AMC) that it wishes to dispose of its 26.7% shareholding in AMC. This is in line with Newmont's previously stated strategic position to concentrate on its main business of gold exploration, mining and development.

Newmont has indicated to AMC that it would make available its shareholding to facilitate the introduction of a new corporate partner into AMC, who has a shared vision for the development of AMC's magnesium business.

Following its corporate restructure in June 2003, AMC has been working on the preparation of a new business plan, in conjunction with the Commonwealth and State governments, to be presented to companies interested in participating in AMC's magnesium business.

To meet the objectives of Newmont, in disposing of its shareholding, and of AMC, in having Newmont's shares available to facilitate the introduction of a new corporate partner, Newmont has today executed an agreement to sell its shares to Magtrust Pty Ltd (Magtrust), a company owned and controlled by the Directors of AMC, for a nominal amount.

The sale of the shares is expected to occur in two instalments. The first instalment represents approximately 19.9% of the ordinary shares in AMC. The second instalment will represent the balance of the shares held by Newmont. The sale of the second instalment will be subject to ASIC granting an exemption from the takeovers provisions of the Corporations Act.

The sale of the first instalment has occurred today. The sale of the second instalment will occur subject to the grant of the ASIC exemption. If the ASIC exemption is not granted by 18 December 2003, then Newmont's agreement to sell the second instalment to Magtrust will end.

Magtrust will hold the shares pursuant to the terms of a deed of trust with AMC until Magtrust sells the shares. If the proceeds of the sale of the shares by Magtrust exceed the consideration paid to Newmont plus administrative costs, then the net proceeds will be made available to AMC. Therefore, Magtrust and its shareholders will not profit from the transaction. Magtrust will not receive any remuneration for performing this role or receive any other benefit as a consequence of holding the AMC shares. While Magtrust holds the shares, the voting rights attached to the shares cannot be exercised.

Magtrust is to sell the shares to a party who is supportive of AMC's objectives to develop a magnesium business. The sale may be subject to shareholder approval. Magtrust is also able to sell the shares to other parties (other than Newmont), subject to AMC's consent and to any legal requirements.

If Magtrust is unable to sell the shares within 12 months, then it must sell the shares to AMC under a selective share buy-back. The selective share buy-back would be subject to shareholder approval.

If a takeover bid is made for AMC, and the bidder obtains voting power of at least 35% in respect of AMC and the takeover bid is or becomes unconditional or is recommended by the board of directors of AMC, then Magtrust must accept the takeover offer in respect of the shares.

With immediate effect from the execution of the Newmont share sale arrangement, Mr Ken Williams previously a Newmont appointee will become an independent Non Executive Director of the Company and will be remunerated at the same rate as other Non Executive Directors (\$40,000 per annum).

M a g n e s i u m