Australian Magnesium

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30 September 2005

Melissa Grundy
Australian Stock Exchange
Level 5, Riverside Centre
123 Eagle Street
BRISBANE QLD 4000

Facsimile: 3832 4114

Dear Melissa

RE: SUSPENSION OF SHARES

AMC requests a suspension of its securities under Listing Rule 17.2 and provides the following details in respect of the request:

Reason for the suspension:

The Company is seeking to suspend its ordinary shares (ASX Code: ANM) from trading as AMC progresses through a book build process for a capital raising which is subject to shareholder approval at the EGM on 4 October 2005.

How long the Company expects the suspension to last:

Request is made for the stock to be suspended for the duration of the book build process.

The event the Company expects to happen that will end the suspension:

The suspension will be lifted at the completion of the book build process but in any event not later than the open of market on Tuesday, 4 October 2005.

That the Company is not aware of any reason why its securities should not be suspended:

Request is made for suspension as there is a risk of trading in an uniformed market during the book build exercise.

Any other information necessary to inform the market about the suspension, or that ASX asks for:

The Capital raising is material to the financial strength of the Company and it would not want investors (particularly retail) to be disadvantaged as the book was building.

Yours faithfully
Australian Magnesium Corporation

Prem Nair
Company Secretary