



IMT Holdings Limited
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To: ASX Announcements
Date: 30 January, 2003
Re: China Joint Venture

IMT has entered into an agreement to establish a joint venture for the manufacture and sale of Phoslock in China and for the export of Phoslock outside China. IMT will hold 20% of the JV.

The other two members of the joint venture are as follows:

- Yalong Metallurgy (Group) Company Limited. This is a manufacturing and distribution company specialising in minerals and metals and will hold 29% of the JV. Its turnover is approximately A\$40,000,000 and employs approximately 1000 people.
- International Environment Technology Solutions Pty Limited ("IETS"). This company is the licensee for Phoslock in China and will hold 51% of the JV. As disclosed previously Messrs Respinger, Garman and Liu (directors of IMT) are associated with IETS.

The JV will undertake the following:

1. The sourcing of materials in China.
2. The construction of Phoslock manufacturing plant in Kunming initially and in other cities in China as the business develops. The Kunming plant will have sufficient capacity to meet the initial demand in China and export markets.
3. The manufacturing, packaging and logistical management of Phoslock.
4. The marketing, distribution and application of Phoslock in China.

The manufacture of Phoslock will be less expensive in China than in most other countries where Phoslock will be used, including Australia and the US. Being able to export Phoslock from China will be of significant benefit to future licencees as it will eliminate the need to establish their own manufacturing facilities which would otherwise be a major undertaking and duplication of

resources. This will make the sale of licenses more attractive and will reduce the lead time for those new licensed territories being operational.

For further details, please contact Brett Crowley, CEO, on 02 96980622.