IMT Holdings Limited

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To: ASX Announcements

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Re: Phoslock Developments and Funding Arrangements

The development of IMT's Phoslock business continues to progress, with the near completion of its granular manufacturing facility in China. Revenue from the sale of Phoslock granules in China and elsewhere will be generated after the commissioning of the factory. Further details are set out below.

China JV and Manufacturing Facility

The incorporation of the JV in China to manufacture and sell Phoslock has been completed. IMT owns 20% of the JV.

The fitout of the factory in Kunming is expected to be completed and production commenced in April, 2004. Initial capacity of the factory will be approximately 20,000 tonnes of Phoslock granules per annum. This will be scaled up as demand increases. Although production could have commenced earlier, IMT decided to delay after it identified a machine (drier / granulator) which provides a far more efficient production process delivering improved product quality and significant cost savings. The machine is expected to be delivered to the factory in late March, 2004.

A large proportion of the initial output of Phoslock is earmarked for use in Kunming, south-west China, to treat the sources of phosphorus surrounding Lake Dianchi. This will include tributaries and sewage treatment plants. The balance will be sold by IMT to its licencees and customers outside China.

Australia

IMT's Australian licencee, ECOWISE Environmental Pty Limited, is arranging Phoslock treatment at five sites. Treatment at the first of those sites is scheduled to commence in May, 2004. The sites include a capital city drinking water dam, two sewage treatment plants, a golf course dam and a municipal park pond.

ECOWISE has achieved a high awareness of Phoslock in the water industry by its active promotion throughout Australia at various water conferences and seminars as well as by direct approach to water managers. Successful application at the first five sites is expected to provide the technical and marketing impetus for substantial orders to be generated from the water industry.

New Zealand

IMT is in the process of engaging a licencee/distributor in New Zealand. The potential licencee has a substantial distribution network and is currently arranging regulatory approval for Phoslock.

New Zealand has very substantial eutrophication problems in many of its lakes in the North Island and the government is actively seeking and funding solutions. In a report released by the Ministry of the Environment, the use of Phoslock was specifically recommended (www.mfe.govt.nz – go to recommendation 6.3)

USA

IMT's licencee in the USA (Purezza) has recently become listed in the US on the OTC Bulletin Board (operated by The Nasdaq Stock Market, Inc.) The market-making process is currently underway. IMT owns approximately 10% of Purezza.

Purezza has been extensively marketing Phoslock to large water body managers. These projects will be able to be advanced once the granules are available from China. In addition, Purezza is establishing a division to supply Phoslock to golf courses and fish farms. Both these sectors have major algae problems in their dams and water reservoirs. Purezza and IMT believe these two markets in the US have a potential of thousands of tonnes per year at premium prices and sales can be expected in the short term.

Application Methods

IMT is in the process of acquiring the equipment required to apply the granules and will engage specialist water treatment contractors to manage the application process. The equipment will allow the treatment of water bodies from both shore and boat-based apparatus.

The equipment will be modified specifically for the requirements of Phoslock and it is expected that IMT will arrange the manufacture and supply of the equipment to Phoslock distributors and licencees world-wide.

Capital Raising

In order to fund the manufacture, sale and application of Phoslock, the Board of IMT has resolved to place up to 5,000,000 ordinary shares at an issue price of $0.20 to clients of SHAW Stockbroking Limited as an excluded offering pursuant to Sections 708(8), (10) and (11) of the Corporations Act. The funds will be utilised for:

- The acquisition of Phoslock for export to Australia and elsewhere;
- IMT's share of additional capital required in due course by the China JV to increase capacity;
- The acquisition of equipment required to apply Phoslock; and
- Working capital.

An Appendix 3B Notice seeking quotation of the new fully paid shares will be made as soon as the specific number of shares to be placed is finalised, along with a statement pursuant to paragraph 5 of Category 1 of Schedule C to Class Order 02/1180.

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