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**To:** ASX Announcements  
**Date:** 6 July 2004  
**Re:** Commencement of Phoslock Production

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Commercial production of Phoslock granules has commenced at IMT's factory in China. An opening ceremony was held at the factory, attended by directors of IMT, IMT's JV company (IETC) and local officials. Photographs of the factory can be found on IMT's website, [www.phoslock.com.au](http://www.phoslock.com.au).

Key points are as follows:

- Stringent quality control measures have been implemented to ensure that all finished product meets IMT specifications.
- Ongoing tests will be carried out by an independent analytical organization to ensure IMT standards continue to be met. Samples will be sent to IMT in Australia for ongoing QA.
- Granules are produced to meet IMT standards for size and moisture content.
- Further process optimisation has been achieved following the successful production of the first batch of granules.
- The production capacity of the factory is approximately 12,000 tonnes per annum. This can be increased to 20,000 tonnes per annum with minimal capital expense by retrofitting the filter press and installing larger mixing tanks
- The final cost of establishing the factory was less than A\$500,000.

Marketing in China is proceeding as follows:

- IETC has commenced factory tours, media advertising and technical presentations at conferences and to local and central government and municipal treatment plants (including sewage treatment plants).
- As it is the northern summer, algae is blooming throughout Kunming and much of China. However, the ponds adjacent to Lake Dianchi that were treated with Phoslock in February 2003 remain algae free. IETC is using this as a case study for the promotion of Phoslock.
- IETC will make final arrangements with the Lake Dianchi Authority regarding the previously announced 5000 tonne Phoslock order when production levels are achieved consistently. The size of the order and magnitude of the treatment process make it imperative that substantial inventory is on hand prior to commencement.
- A facility for Phoslock treatment has been included in the retrofit of Kunming Sewage Treatment Works No 3. Many other sewage treatment plants are expected to follow.
- IETC has advised it has received considerable interest from potential customers in Shanghai, Guangzhou and Shenzhen.

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