



To: ASX Announcements
Date: 3 August, 2004
Re: Purezza Marketing Inc

IMT and its US Phoslock licensee, Purezza Marketing Inc, have agreed to amend the current licence agreement.

It became necessary to revise the licence in order to recognise the changes in the development of the Phoslock business since the licence was first issued. The licence was issued in 2001 on the basis that Phoslock would only be sold in slurry form. This would require Purezza to raise its own capital and establish a plant or a number of plants throughout the US to manufacture Phoslock slurry.

IMT's sole source of income under this business model would have been royalties based on the amount of Phoslock manufactured and sold by Purezza. The royalties were US\$45 per tonne. This business model became redundant with the development of Phoslock granules and the establishment of IMT's manufacturing capability in China. Purezza will as a result not manufacture Phoslock but will instead purchase granules direct from IMT.

It is not intended that licence agreements be entered into again. In the future, all agreements will be in the form of distributorships. The New Zealand and Netherlands arrangements entered into recently are not licences but are distributorships where the distributors are required to purchase Phoslock from IMT.

The Purezza licence agreement has been revised with the following principles now applying:

- Purezza will purchase Phoslock granules direct from IMT at an agreed price. IMT will purchase the granules from its China JV, IETC, at an agreed price for on-sale to Purezza.
- MPO's will still apply but have been revised.

- IMT will be issued with a further 2 million shares in Purezza, resulting in IMT owning around 13% of the issued capital.
- Brett Crowley is to join the board of Purezza.

From an economic perspective, IMT's position will change in that it will derive a margin on purchase and sale of the granules instead of receiving royalties. IMT expects the margin per tonne under the amended arrangements to be higher than the royalties per tonne that would have been received under the 2001 licence agreement ie greater than \$45 per tonne.

Purezza's profitability is also expected to increase as a result of it sourcing lower cost Phoslock granules from IMT in place of manufacturing Phoslock slurry in the US. The elimination of the need to build and operate one or more manufacturing plants will significantly improve Purezza's operating performance and reduce its capital needs.

Purezza is continuing to develop its business by way of the following:

- Assisting a large wastewater treatment company in redesigning a number of its products to include Phoslock. The products include pool liners and processes for removing chemicals from waste streams.
- Negotiating to provide the distribution rights to a US marketing company in the water industry.
- Marketing to industries such as sugar, abattoirs, chicken, citrus and tobacco to reduce their phosphorus discharge.
- Marketing directly to water authorities throughout the US.

All of these marketing initiatives will escalate when granules are available in commercial quantities in the next few weeks.

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