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1 May 2007

Company Announcements  
Australian Stock Exchange Limited  
Level 8, Exchange Plaza  
2 The Esplanade  
PERTH WA 6000

Dear Sirs,

**ANNOUNCEMENT:**

**Media Release : \$37 Million Entitlement Issue - Acquisition of Southern Recycling**

We attach an Announcement for immediate release to the Market.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Patrick Raper', with a long horizontal stroke extending from the bottom of the signature.

**Patrick Raper  
Company Secretary  
CMA Corporation Limited**

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1 May 2007

**CMA Announces \$37 Million Entitlement Issue Details, Calls Shareholder Meeting to Vote on Southern Recycling Approval**

CMA Corporation Limited (ASX: CMV) today announced details of the shareholder Entitlement Issue to fund the acquisition of Victoria-based Southern Recycling announced in February 2007.

Under the terms of the Entitlement Issue, which will raise \$37 million, shareholders will have the opportunity to subscribe for CMA shares on a 3-for-4 basis at a price of \$0.32 per share.

The Issue will be non-renounceable and fully underwritten. CMA is currently finalising the terms of the underwriting agreement. BBY Limited will be lead manager to the Issue.

CMA also today dispatched the Notice for a meeting of shareholders on 1 June 2007 to approve the acquisition of Southern Recycling.

The acquisition agreement announced in February was subject to satisfactory due diligence and financing arrangements. The due diligence conditions have been met. Settlement is scheduled for 4 July 2007.

CMA has agreed to pay \$40 million for Southern Recycling, comprising a \$25 million cash payment and the issue of 46.875 million CMA shares at \$0.32 per share.

At the 1 June meeting, shareholders will also be asked to approve the issue of shares to Southern Recycling principal Doug Rowe as part consideration for the acquisition.

The issue price for both the Entitlement Issue and the issue of shares to Mr Rowe was determined as a 15% discount to the weighted average price of trading in CMA's shares over a 20 day period prior to 17 January 2007.

Southern Recycling will represent a significant boost to CMA's strategy of building a major network of metals recycling and trading operations throughout Australasia.

Southern Recycling is one of the largest privately-owned processors and recyclers of scrap and secondary metals in Australia, with operations in Victoria, NSW, South Australia and Tasmania, and representatives in Western Australia, the Northern Territory and New Zealand.

In the 2006 financial year, Southern Recycling posted group revenue of \$73.8 million with an audited gross profit margin of 43.9%. In the 6 months to 31 December 2006, it posted revenue of \$45.6 million with a gross profit margin of 36.6%.

Mr Rowe will hold 14.8% of the expanded capital of CMA on settlement and will also become an Executive Director of the company with responsibility for managing and growing the Company's metal trading and processing activities.

CMA Managing Director Peter Hatfull said the Company was pleased to have satisfactorily concluded due diligence. "This acquisition takes CMA to a new level, significantly increasing the geographic footprint of CMA's scrap metal trading division and advancing our strategy of achieving critical mass in infrastructure, locations and operations.

"Southern Rocycling will also further our strategy of developing more consistent revenue streams and give us a broader range of scrap suppliers and physical distribution channels."

Mr Hatfull said that CMA would also benefit significantly from access to Southern Rocycling's metal processing technologies, including its dri-melt plant, mercury extraction operations and Meretec process used in a \$14 million de-zincing plant scheduled to come on stream in July 2007.

CMA intends to formally launch the Entitlement Offer immediately following shareholder approval at the 1 June meeting.

Proceeds from the Issue will be applied as follows:

- \$25 million will be paid to Mr Rowe to satisfy the cash component of the acquisition price
- Approximately \$2.5 million will be used to pay for the costs of the acquisition and the Entitlement Issue
- Approximately \$9.5 million will be used for working capital purposes.

For the 6 months to 31 December 2006, CMA reported EBITDA of \$8.2 million and net profit after tax of \$2.88 million on group revenue of \$104 million.

-Ends-

**For more information please contact:**

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