



## AMMTEC ANNOUNCES AN AGREEMENT TO SELL 68.5% INTEREST IN PSI FOR US\$25M

18 August 2008

Ammtec announces it has entered into a binding agreement for the sale of its 68.5% interest in US based resin manufacturer Purity Systems Inc (PSI) for US\$25million.

The sale, which is conditional on legal and commercial due diligence and pre-emptive rights being waived by the PSI minority holders, will be concluded by 30 September, with settlement in early October 2008.

Ammtec took control of PSI when it acquired an additional 43.5% of the company from the founders in August 2007. Since then PSI has focused on further development of the resins and refinement of production methods to reduce production costs.

Commenting on the deal, Ammtec's Managing Director Rod Smith confirmed that "Ammtec still firmly believes in the PSI resin technology, but considerable effort and working capital is still required as PSI continues development of the resins and focuses on marketing the product. Whereas the resin business is aligned to some extent to Ammtec and metallurgical testing is required to sure up the ion exchange processes it is not core to our operations. PSI will need resources and funding to further commercialise the resin technology and this would have been detrimental to our EPS".

Ammtec paid \$4.3million for PSI, which was the carrying value at 30 June 2008. PSI incurred a loss of almost \$600,000, Ammtec's share being \$400,000 for the FY08 and the recently released guidance for FY09 allowed for further consolidated losses of \$1.5million for FY09. Ammtec will consolidate PSI losses for the first quarter of FY09 and issues the following conditional revised guidance for FY09.

(\$'000)	FY08 <sup>1</sup>	FY08 <sup>2</sup>	FY09 (with PSI)	FY09 (ex PSI) <sup>3</sup>
Revenue				
- Operations	37,488	47,600	55,600	55,600
- Interest	-	-	-	1,200
Total Revenues	37,488	47,600	55,600	56,800
EBITDA	11,902	14,800	18,000	19,940
EBIT	10,835	13,650	16,500	18,255
PBT	10,157	12,900	15,000	17,620
NPAT	6,927	8,510	10,000	12,155
EPS (basic) <sup>4</sup>	31.0cps	37.0cps	40.0cps	47.0cps
Dividend	25.0cps	25.0cps		

1 Results include Marc for 4 months

2 Marc contribution annualised

3 PSI is consolidated for first quarter, \$17.5million after tax gain on sale excluded from results, proceeds received in October and cash held at 7.5% for the remainder of the year, tax on capital gain of \$7.5million not payable until after 30 June 2009.

4 Assumes 30% take-up on DRP



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Smith adds “even though resin technology is very well established in other sectors, its use in metallurgical processing is very new and therefore may require considerable financial commitment over an extended period to fully realise its commercial potential”.

The newly appointed general manager of PSI, David Briggs and technical director Bruce Arnall will continue with PSI as part of the deal.

The purchaser intends to continue with the development of PSI resins for the recovery of heavy metals from solution and will use Ammtec to provide metallurgical testwork to its development projects on normal commercial terms.

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