



CMA Corporation Ltd  
Level 5, 160 Sussex Street  
Sydney NSW 2000  
PO Box 1256  
Queen Victoria Building, NSW 1230  
Telephone +61 (0)2 9200 3500  
Facsimile +61 (0)2 9200 3501  
www.cmacorp.net  
ABN 40 113 329 016

15 May 2008

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

Dear Sirs,

**ANNOUNCEMENT – CMA to acquire Meretec UK**

We attach an Announcement for immediate release to the Market.

Yours faithfully,

A handwritten signature in black ink that reads 'K King' in a cursive style.

**Kate King  
Company Secretary  
CMA Corporation Ltd**

Enc



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## **CMA to Acquire Meretec UK**

Metal recycling group CMA Corporation Limited (ASX: CMV) is pleased to announce that it has entered into a conditional agreement to acquire UK-based Meretec Limited.

Meretec Limited is the developer and owner of the de-zincing technology that is currently used under licence at CMA's plants in Melbourne and Chicago. The patented Meretec Process recycles galvanised steel, removing and recovering the zinc coating from the metal to produce clean black steel and high grade zinc particulate.

Under the terms of the proposed acquisition, CMA would purchase 100% of the issued capital of Meretec Limited for a total purchase price of A\$30 million. The acquisition will be settled through the issue of 37,500,000 fully paid ordinary shares in CMA Corporation Limited at an issue price of A\$0.80 per share. The shares will be held under escrow for a two year period from their date of issue.

The acquisition is subject to satisfactory completion of due diligence, documentation and to any regulatory approval that may be required.

CMA plans to generate revenue from Meretec through a number of channels:

- CMA owned Meretec plants
- Joint ventures with international scrap groups
- Licensing and royalty fees from third party users of the technology.

CMA Managing Director Doug Rowe said discussions were underway with a number of overseas companies in relation to licensing and joint venture proposals.

"The backing of CMA will take the Meretec business to a new level, allowing it to leverage our established international trading network and relationships," said Mr Rowe.

"This transaction opens up abundant opportunities for us and we expect Meretec will become a very significant contributor to group earnings.

"Our expectation is that the Meretec acquisition will be earnings accretive in the 2009 financial year."

The acquisition will also deliver considerable cost savings to CMA as the company currently pays considerable royalties to Meretec for use of the technology in Melbourne and Chicago.

Mr Rowe said that the acquisition of Meretec Limited was a logical next step in CMA's strategy to build earnings through the use of value-adding recycling technologies. It also differentiates CMA within its market sector by providing control over a unique process.

"The purchase of Meretec Limited gives CMA control over the technology that we are already using under licence, offering ongoing savings in the cost of operations and opening up a number of new revenue streams," he said.



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“Ownership of the Meretec technology provides CMA with a strong basis for further growth in throughput and a resultant increase in earnings.

“The Meretec process enables CMA to process large volumes of stock and improve the margin that can be earned on these sales. Major new supply agreements, such as contracts recently secured with Holden and other automotive and construction groups, boost feedstock volumes and create the potential for scale benefits from the establishment of further Meretec plants over time.”

Mr Rowe added that Meretec was a strong fit with the group’s existing operations.

“The established relationship with Meretec means that we know and understand the business and can capture significant synergies and efficiencies. This also greatly assists CMA in achieving its goal of being a major force in responsible recycling,” he said.

Meretec Chairman Martin Young has been invited to join the Board of CMA following completion of the acquisition. In addition, it is intended that all key Meretec employees will enter into long-term contracts with CMA, providing the group with the benefit of their ongoing expertise.

Mr Young said that the acquisition would offer a solid platform for further growth on an international basis as well as present timely opportunities for further licenses and joint venture arrangements.

“Meretec provides a proven source of valuable commodities for which there is high demand – black steel scrap and zinc powder. We are keen to further develop our strong relationship with CMA and contribute to increased earnings while also generating environmental value,” he said.

Meretec Limited is the owner of the US-based Meretec Corporation, from which CMA purchased its Chicago processing plant in February this year. CMA Managing Director Doug Rowe has an indirect interest in 2.7 million shares (1%) of Meretec Limited.

The acquisition is scheduled to settle in late June 2008.

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**For more information please contact:**

John McGlue  
Porter Novelli  
08 9386 1233  
0417 926 915