



# Electrometals Technologies Limited

ABN 25 000 751 093

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The Manager  
Company Announcements Office  
Australian Securities Exchange

## **AGREEMENT TO SUSPEND LEGAL PROCEEDINGS PENDING NEGOTIATIONS FOR SETTLEMENT**

On 13 August 2007, the company announced to the Australian Securities Exchange that it had received a Queensland Supreme Court claim for approximately \$3 million in relation to the supply in 2002 of an EMEW® plating and powder electrowinning plant to the Chilean company Molibdenos y Metales S.A. (“Molymet”). If the claim were to be successfully prosecuted by Molymet, then additional costs to Electrometals of interest and court costs may have resulted.

Since that time, the company has taken steps to defend the action and, in previous announcements and published company reports, has consistently expressed the view that, although there is some uncertainty, the outcome of this legal action should not be unfavourable to Electrometals, based upon our assessment of the legal position.

Recent developments in the case have involved the convening of a Court-ordered experts conclave, where experts from each side jointly considered various technical aspects, with a view to defining the matters of agreement and the matters of disagreement. This conclave was inconclusive and prompted Electrometals to request that Molymet provide additional information and records to better substantiate their claim and to allow the independent expert appointed by Electrometals to further assess the technical matters related to the claim and Electrometals’ defence. As it became increasingly likely that the matter would go to trial, Electrometals also requested that Molymet lodge security for costs with the Queensland Supreme Court.

The company can now advise that it has agreed to a request from Molymet to suspend legal proceedings temporarily, while representatives from both sides attempt to seek resolution of the matter through direct negotiation on a “without prejudice” basis. A date has not been set for these discussions; however, due to other commitments by the participants, they are not expected to take place until late September, 2010. Both parties have undertaken to conduct the discussions in good faith, in a framework where there is good reason to believe that a settlement may be reached, but no guarantee of settlement can be expected until the discussions are concluded.

R. E. KEEVERS  
Chairman & CEO