

# SHAREHOLDER REPORT

NOVEMBER 2021



## DEAR SHAREHOLDERS

2020 was an extraordinary year by any measure and the after effects thereof continue into 2021. The environment has forced management to constantly adapt, anticipate, and manage key risks to ensure that shareholder assets are safeguarded and returns maximised. By the end of the third quarter of 2021, Imritec's operating businesses are in line with budget and expected to at least achieve budget by year end.

Imritec is implementing its vision of becoming a **global leader in zero-waste, cradle to grave recycling of Aluminium Dross and other Aluminium scrap/waste products**. In order to achieve this vision, a framework of key objectives is required to be fulfilled which include the following:

1. Focus on the recycling of Aluminium Dross, Aluminium Scrap and other Aluminium Waste related products.
2. Achieve the highest aluminium metal recovery from Aluminium Dross and Scrap in the market.
3. Recycle aluminium at the lowest processing cost per ton in the market.
4. Ensure that all recycling occurs in an identifiable cradle-to-grave process with zero landfill and minimal harmful emissions.
5. That the most efficient capital cost structure is utilised to generate the highest marginal returns for shareholders.

The group remains focused on achieving this vision and we are pleased to provide an update on both the existing operations as well as projects that we have been working on to date.

The following phased roadmap has been implemented to achieve the Imritec vision:

Phase 1: Streamlining of Existing Operations and Processes

Phase 2: Design and Development of the Cradle to Grave Dross Recycling Process

Phase 3: Construction and Operation of the Cradle to Grave Dross Recycling Process in Bahrain

Phase 4: Construction and Operation of the Cradle to Grave Dross Recycling Process in South Africa

Conceptual work and design on all four phases has already been undertaken by the management team with every phase being worked on concurrently but expected to be executed upon in the phased sequence above.

## RECYCLING OPERATIONS

It was a turbulent beginning to the 2021 financial year with a combination of Covid-19 implications and electricity disruptions at both the Alumicor and AMR operating sites. This was further compounded by force majeure notices being served by our oxygen providers severely impacting operations as oxygen is the primary ingredient in our oxy-fuel system. Nevertheless, the management team adapted, securing generators that were in short supply and improvising the burner system to operate without oxygen (though at the cost of higher LPG consumption).

Imritec's operations at AMR and Alumicor recycled 22,725 tons of dross for the 9 months ending 30 September 2021 compared to 19,070 tons of dross over the same period in 2020 reflecting a 19% increase in volumes compared to the prior year and in line with budgeted volumes.

Mozal have commenced with delivery of dross to the AMR operations from July 2021 with 198 tons of dross processed in Q3. It is expected that dross delivery from Mozal will stabilise at around 120 - 150 tons per month.

Both Hulamin and South32 agreed to above inflation increases which proves again the defensiveness of the business and the ability to negotiate sustainable increases even in a tough economic environment.

Volumes from Hulamin have been steadily increasing and Alumicor have recently commissioned an additional 10-ton furnace which increases standard operating capacity from 1,800 tons per month to 2,050 tons per month as well as improving production efficiency.



Furnace 4 at Alumicor commissioned in July 2021 increasing capacity by 250 tons per month.

## **RESIDUE PILOT PLANT AND CRADLE TO GRAVE DROSS PROCESSING**

The key to achieving a “cradle-to-grave” zero waste process is through the development of a Residue Treatment Facility to process 100% of our current waste into a usable or saleable product. The Residue Pilot Plant is the first step in proving and designing a commercially feasible upscale version of this facility.

Since its commissioning in May this year, invaluable data has been obtained from trials run on residue emanating from South32, Hualamin and Garmco. The pilot plant has been able to wash the residue and recover salt free Non-Metal Products (NMPs) and Imritec, with the guidance of our consulting engineers, Holland & Hausberger, has commenced with the conceptual development of the upscale Residue Treatment Facility.

## **BAHRAIN PROJECT**

After many months of consultation, Alumicor Bahrain has received approval from the Supreme Council for the Environment (SCE) in Bahrain of its Environmental Licence. This is a critical milestone of the project with the only other outstanding licence being the building licence which is expected to be finalised by end of December 2021.

Alumicor Bahrain will therefore be in a position to commence with construction as soon as the upscale Residue Treatment Facility concept is finalised.

The last quarter of 2021 will be used as the foundation from which to execute projects in 2021 and planning for what is going to be a key year for the group. The Imritec board would like to take this opportunity to thank shareholders for their continuous support as well as our employees for their dedication and commitment to the group.

## **The Imritec Board**