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Chairman's Presentation at
2008 Annual General Meeting - 18 November 2008

Ladies and Gentlemen

I would like to take this opportunity to give a brief account of the company's recent performance along with our future outlook, likely developments and our strategy for future growth.

For the financial year 2008, the company reported an after tax profit of \$2.6 million from sales revenue of \$33 million, both of which are a pleasing increase on the previous year. A total of 0.2 cents per share, twice that of last year was paid in dividends for the 2008 financial year, which continues our commitment to reward shareholders.

Going forward in the year, it is fair to say that we are facing big challenges due to the recent global economic crisis and uncertainties in the world metal market. As explained in my letter to shareholders in the annual report we started experiencing volatility in the second half of the 2008 financial year and they have continued to flow on into financial year 2009. It has become extremely important for our management to face those challenges in a positive manner and manage the day to day activities very cautiously and carefully while still maintaining our long term strategy for a brighter future.

Despite the world economic crisis having major impacts on most, if not all business organisations in the world, we still believe strongly that your company is well positioned to be successful even in such a difficult climate due to following reasons;

- 1) Fundamentals of our business and operational activities are very strong.
- 2) Very low gearing, healthy cash flow, and with strong net assets backing.
- 3) Low corporate overhead with hands on management to face any difficult business and operational issues.

- 4) As we are generating revenues from multiple metal products today, some of our commodities are not affected too badly by the slump in global metal prices, Gold and Tellurium being two examples.
- 5) Weakening of Australian dollar is helping us in mitigating the affects of some of the metal price decline.

Although we are experiencing some impact on performance in the first half of 2009 financial year, we are expecting an improvement in the second half of the year.

Although the LME lead price has come down to a level of U\$1,300 – 1,500/t, the weakening of the Australian dollar has helped us to maintain the lead price in Australian dollar terms at around A\$2,200/t. Furthermore, our capacity to source battery feed at more competitive prices has been achieved, thereby feeding our processing plant at moderately low cost.

Sale of our lead products is progressing well and we are very close to finalising a second long term contract with one of the largest secondary lead smelters in Europe. Over the last few months they have trialled our product with a very successful outcome and are at the final stage of concluding a deal for an evergreen supply contract. Along with the existing customer in Europe this would mean we have secured 1,000mt of contained lead sales to two European smelters every month which is equivalent to 22,000mt of used lead acid batteries per year. We also have established a market outlet for the remainder of the products in Asia.

Our lead smelter project is now in the final stage of receiving determination from the regulatory authorities for a go ahead. Based on the evidence so far, we are very optimistic that the outcome will be very positive and are hoping to finalise this in the early part of 2009. In regard to finance for the project, we are discussing with several financial institutions the funding of the project based on equipment finance up to \$10 million. Based on these discussions we are confident that a financial package can be established with these institutions in the next few months. We believe that our proposed secondary lead smelter project will further strengthen our position as a major player in the secondary lead business in Australasia.

We are becoming a major player at an international level in the selenium, tellurium, and precious metal business, attracting more and more long term clients and feed materials. In regard to the stability of metal prices, we have experienced some slow down in the demand for selenium, resulting in a drop in selenium price from US\$31/Lb to US\$23/Lb. Even at these prices there is evidence that buyers are reluctant to commit to long term contracts. However, based on our previous experience in similar circumstances, we believe the situation will improve in 2009, especially when existing stocks dry up and consumers resume purchasing. On the bright side, despite the decline in all the other metals, the price of tellurium has increased sharply and consequently HydroMet has received orders to supply tellurium products at around A\$220/Kg. Demand for tellurium surged due to its new application in the production of solar cell modules. Currently HydroMet is in the process of securing a long term supply contract to supply tellurium products to one of the leading solar cell component manufacturers in the world.

Furthermore, HydroMet's precious metal activities have become a successful business for the company, generating a sustainable margin in processing such residues along with selenium and tellurium. The stability of the gold price and the weakening of the Australian dollar are also in HydroMet's favour.

We believe there is an immense future in the precious metals business and we are building up this aspect along with our selenium and tellurium activities. We find more and more evidence that the market for processing such feed materials from international clients at our Tomago facility is very bright. The Board has taken a strategic decision to expand this division and upgrade the facilities to absorb more feed materials for processing. Our strategy is to become a world recognised player in the processing of such complex type precious metal bearing residues and to generate value added PGM concentrates.

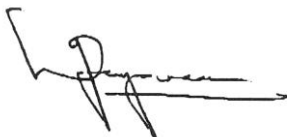
In regard to our Stanton Cobalt-Nickel-Copper prospect in NT, although we made a commitment to conduct an infill drilling program in September 08, we experienced some difficulties in mobilising the drill rig to the exploration area due to years of degradation of creek crossings. After careful evaluation of the conditions of the area following site visits made by our geologists and the management, we decided to defer the programme until a proper access to the site has been established. Furthermore, the management also believes, under the current economic situation, the funding requirements of the program can be redirected to other more rewarding activities.

With respect to finances, the Board of Directors is considering a mix of equity and bank loan funding for the smelter project at Tomago. In addition we will raise up to \$3 Million in Debenture funding to continue to build our existing business in the short term and until the smelter project preferred finance arrangements are concluded.

In summary today, our company generates revenues from multiple sources of products streams, which include; lead, lead chemicals, selenium, tellurium, precious metals, zinc sulphate, hazardous waste treatment and revenues from our treatment fees. Our goal is to grow in these areas by further investment in for example, secondary lead smelting, precious metal processing, high purity tellurium product development and lead chemicals production. If the above activities can be realised, we expect that the company's revenue can be improved significantly from the current level of A\$33 millions to the vicinity of \$60-\$80 millions within 3 years.

In conclusion, I would like to take this opportunity to thank our shareholders for their continued support and patience over the years.

Thank you, once again.



Dr Lakshman Jayaweera
Chairman/Technical Director