



16th November 2000.

The Manager
Company Announcements Office.
Australian Stock Exchange Limited.
Exchange Centre.
20 Bond Street,
SYDNEY NSW 2000.

Dear Sir/ Madam,

Re - Progress update.

The Board of Directors of Hydromet wishes to inform shareholders of progress with the previously announced major projects underway within the group.

The Lead Immobilisation Project.

In September the Company received NSW EPA interim approval for the \$11.5 Million Lead Immobilisation process.

Interim approval enables Hydromet to process and dispose of treated lead residue using existing plant, during the upgrade to full scale plant. Based on this interim approval HydroMet commenced treatment of the 16,000 tonne stockpile generating revenue from material processed during the interim phase. Plant installation and operator recruitment is on schedule and due to be completed by end November with commissioning to commence December. We expect full capacity processing to be reached during January 2001 and ongoing EPA approval following submission of the commissioning report.

Falconbridge precious metal recovery project.

This is a two year precious metal recovery project with an estimated valued \$4.5 million. We have forwarded necessary process information to NSW and Commonwealth EPA's to facilitate the issue of an import permit, enabling the initial 100 tonne (total 600 tonnes) shipment to be finalised. Existing plant will be upgraded to meet throughput objectives. These modifications have been defined and work will commence upon receipt of import approval. Subject to approval, it is anticipated that we will receive the first parcel and commence processing in February 2001. With limited world production of Selenium, a by product of the HydroMet process, demand is strong and will further enhance the return on this project over the next two years.

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The Stanton Prospect.

Assignment of the Exploration Lease to HydroMet is in process with approval being received from Rio Tinto and Mr Joe Fisher.

We have met with the Northern Territory Mines Department regarding future development of the lease and have engaged a geological firm, in Darwin, to assess existing data available on the Cobalt/Nickel deposit. With the substantial information already available from the Rio Tinto data we have been advised that an Indicated Resource can be determined prior to further drilling. This information will enable HydroMet to establish a pre feasibility evaluation of the project and to discuss details with potential JV partners in order to progress to the next stage of development.

Necessary additional fieldwork is scheduled to be carried out after the current wet season, most likely in May - June 2001.

Other developments.

Hydromet plans to conduct preliminary treatment trials on steel mill baghouse dust in January 2001. The process objective is to recover Zinc from the waste and to value add to Zinc based chemical and intermediates, a market (\$3 million pa) in which HydroMet has developed strong market share and support over the past 4 years.

A proposal has been submitted to a client to process and recycle an existing stockpile of cobalt bearing residue. Agreement is being sought to conduct a plant process trial, prior submission of a full project proposal.

A preliminary proposal has been forwarded to an Aluminium Smelting client, for the treatment and recycling of a waste stream generated during the production of Aluminium, using existing HydroMet technology.

The Company has appointed a website designer to establish a HydroMet site before end December 2000. The website will be an important shareholder information and marketing tool, necessary to keep interested parties informed of developments within the group on a regular basis.

Yours sincerely

Gregory W Wrightson.
Managing Director.