



2 February 2001

The Manager
Company Announcements Office
Australian Stock Exchange Limited
Level 4, 20 Bridge Street
SYDNEY NSW 2000

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Dear Sir/Madam

ANNOUNCEMENT ON STANTON COBALT, NICKEL, COPPER PROSPECT

Further to the previous announcement dated 18/1/01 the Board of Directors of HydroMet are pleased to announce the results of the Identified Resource Study carried out on Stanton Cobalt-Nickel and Copper mineralisation prospect by an Independent Consulting Geologist.

This statement has been prepared by John Goulevitch of Exploremine Pty Ltd (ACN 010 629 884) who is a Competent Person in the field of mineral exploration and estimation of Mineral Resources in accordance with the Australian Code for Reporting of Mineral and Ore Reserves (JORC code).

The statement of the Identified Mineral Resource of Stanton is as follows:-

Total Indicated Resource is 800,000 tonnes with Co assaying at 0.15%,
Ni at 0.08% Cu at 0.15% and total Co equivalent at 0.18%.

In addition to the above resource, the total Inferred Resource is 100,000
tonnes with Co assaying at 0.12% Ni at 0.04%, Cu at 0.12% and, total
Co equivalent at 0.14%.

Based on the above Indicated and Inferred Resources, HydroMet has estimated that at this initial stage of investigation, the total in-situ Cobalt equivalent value in Stanton is approximately A\$83 million of which the in-situ Cobalt value is \$70 million. The above estimate is based on a Cobalt price of US\$13/Lb (present market price) and exchange rate of US \$0.54 = A\$.

The above study was only targeted at the Stanton portion of the overall project due to the finding of a significant concentration of Cobalt from the previous drilling program conducted by Rio Tinto Exploration. The study did not include other mineralisation within the project area, where the concentration of Cobalt is lower than Stanton.

The Stanton deposit has two zones of mineralisation which are called upper lode and lower lode. The dominant deposit is the upper lode which comprises 90% of the Identified Mineral Resources. Mineralisation in the upper lode extends from the surface to a depth of about 60 metres at its maximum development in the core of the deposit and projects to the surface over an area of 150 x 90 metres. This suggests that Stanton has a potential for a small low cost open cut mine to produce concentrate.

The Directors are extremely pleased with the outcome of the above Indicated Resource Study on Stanton. Prior to this study, the Stanton prospect only had an informal resource estimate. As a result of this study, the Stanton can now be upgraded to an Identified Resource status, in accordance with the JORC code.

The Identified Resource at Stanton Prospect has the potential to provide a valuable asset for the Company.

Supply of Cobalt feed is of strategic importance to HydroMet as the company is looking for a long term sustainable feed supply for its Cobalt Chemicals business. Cobalt is predominantly used in the special alloys and Rechargeable Battery market. Growth is anticipated in the latter market as the demand for personal computers, mobile phones and electrically driven motor vehicles increases.

The following stages of investigation are now planned for Stanton in the next 12 months:-

1. Infill drilling to convert the current Indicated Resource to a Measured status and possibly to expand the existing ore-body through the open and undrilled areas. This drilling program cannot be started until June/July due to very heavy rains currently prevailing in the Stanton area of Northern Territory.
2. Define any other target areas for Cobalt in proximity to the existing Indicated Resource based on the previous drilling and field study conducted by Rio Tinto Exploration.
3. Conduct a scoping study on a small open cut mine for extraction and processing of the ore to produce a Cobalt concentrate for overseas sales and HydroMet's own use.
4. Commence discussions with potential Joint Venture or farm-in parties for exploration, mining and processing of the identified cobalt deposit. HydroMet's preferred option would be to seek such parties for this project.

Mr Goulevitch has consented in writing to the inclusion in this announcement of information prepared by him in the form and context it has been used.

Yours sincerely

Gregory W Wrightson
Managing Director