



CORPORATION LIMITED
A.B.N. 71 002 802 646

9th May 2001

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

Fax # 1300 300 021

Dear Sir/Madam

**SCOPING STUDY ANNOUNCEMENT ON STANTON COBALT-NICKEL
MINERALISATION PROSPECT IN NT**

The Board of Directors of HydroMet is pleased to announce the results of a scoping study carried out on development of the recently acquired Stanton Nickel Cobalt mineralisation prospect in the Northern Territory. An Independent Consulting Engineer, Craig Cuttriss of Resource Engineers Pty Ltd, carried out the above study.

On February 2nd this year Hydromet announced results of the indicated resource study conducted by John Goulevitch of Exploremin Pty Ltd. Based on the Goulevitch report, the indicated and inferred resource HydroMet estimated this initial stage of development the total in-situ Cobalt equivalent value in Stanton to be approximately A\$83 million of which the in-situ Cobalt value is A\$70 million. The objective of this scoping study was to examine the project feasibility of mining the above resource and producing a saleable concentrate. The scoping study also examined the possibility of utilising an existing mining and mineral processing facility located nearby Stanton to produce the concentrate in preference to onsite processing. In addition the study has considered further processing of the concentrate to produce value added Cobalt chemicals at HydroMet's existing facilities. An objective of the acquisition of Stanton Prospect was to provide HydroMet with an economic Cobalt concentrate source to build a sustainable long term Cobalt chemical business.

The preliminary study has indicated that under various scenarios, production of Cobalt concentrate will generate total project net profit (after deducting estimated capital expenditure of \$5.8 million) of between \$8.94 million to \$12.20 from the currently available indicated resource. Conversion of the concentrate to Cobalt chemicals at HydroMet's facility in Tomago has potential to increase total project net profit after capital expenditure to between \$17.26 million to \$26.63 million.

Whilst the Board considers this to be a preliminary finding it has decided that further work, including infill drilling at the mine exploration lease is necessary to confirm Cobalt content and economics. It is expected that this work will be undertaken in July - August this year, at the end of the current wet season.

The Company envisages inviting a joint venture or farm in partner to the project for mining and any further exploration.

Yours sincerely

Gregory W Wrightson
Managing Director