



4th June 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

EPA APPROVAL OF HYDROMET'S LEAD PROCESS
TO PROCEED WITH RIO TINTO CONTRACT

The Board of Directors of HydroMet is pleased to announce that on Friday June 1st 2001 the NSW EPA issued full approval of our lead immobilisation process. The approval enables us to complete our ongoing contract with Rio Tinto, to treat 16,000 of lead residue. Total value of the contract is \$11.5 million.

The treatment plant was commissioned in January 2001 with a commissioning report submitted to the EPA in late February. Production rates have steadily increased since commencement with normal early teething problems now overcome. The Directors are also pleased to advise that we achieved 85% of design capacity during May and expect to reach full capacity in June - July. Current treatment rates are at 30 tonnes per day at our Unanderra facility providing a much improved income stream from the Rio Tinto contract. The contract is expected to run through to December 2002.

A further optimisation study has been completed which will improve financial benefits through cost savings associated with optimised chemical reagent consumption and increased production rates. Continuing operational experience is also expected to assist in the optimisation phase. The study is expected to be finalised and provided to NSW EPA during June.

Full approval of the HydroMet process is acknowledgment and a prime example of the company's capabilities in technology development and practical application of advanced solutions to complex hazardous waste handling problems. Our technology has worldwide significance and can be applied to similar lead waste anywhere in the world, an aspect of our marketing plan, that will be vigorously pursued.

HydroMet is negotiating similar contracts to extend its proven technology to treat steel arc furnace dust and aluminium smelter waste generated by local clients. In the case of the arc furnace dust, Hydromet has submitted a treatability report to the NSW EPA in relation to the recycling of the waste dust. The project has long term significance for the company and we would expect to finalise a commercial agreement within 3 months of EPA's approval of our proposed process.

The Falconbridge precious metals recycling project is also under way, with the first 100 tonne parcel having commenced processing at our Tomago facility in May. The project is progressing steadily and we are aiming to have our commissioning report to NSW EPA by end June.

Directors are confident, that, with progress made to date and with potential for further contacts emerging, the financial year 2001/2002 is looking very much brighter for the company.

Yours sincerely

Gregory W Wrightson
Managing Director