

Media Release

Hydromet Half Yearly Profit: On Track For Continued Growth

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Australian waste treatment and recycling company Hydromet Corporation Ltd [ASX: HMC] yesterday announced an after-tax profit of \$860,168 for the half-year ending December 2004.

The profit represents a \$2.323 million turnaround compared to a loss of \$1.463 million for the same period last year. The profit was based on operating revenue of \$7.741 million.

“Heavy demand in China combined with the strong price for selenium produced at our Minmet plant has made a significant contribution to our results,” said Hydromet Chairman and Technical Director Dr Lakshman Jayaweera. “Worldwide industry opinion indicates that the current unprecedented demand for selenium will continue for the next 12 months with further price increases likely. This is good news for the Company’s bottom line.”

Contributing to the excellent operating performance, Hydromet successfully completed its 4,000 tonne lead slag immobilisation project in New Zealand and is currently negotiating an ongoing contract to continue this work.

Hydromet’s electric arc furnace (EAF) dust/zinc recovery project based at the Unanderra facility in New South Wales experienced some difficulties with quality and high cost of zinc sulphate produced from the EAF dust, resulting in a loss on the project in the six months to 31 December 2004. Management is addressing the technical issue with process modification trials underway. Costs of the modified process will be confirmed in the trial. Negotiations for increased treatment fees to offset current processing costs are also in progress.

“Based on the current overall performances of the Company’s operational projects, we expect to see improvements in profits for the second half of the year,” said Dr Jayaweera.

Hydromet has a number of short-term and long-term projects currently under consideration:

- The Stanton sale option process is underway with a decision likely by the end of the financial year.
- Battery crushing/recycling project planned for Unanderra received local Council and EPA approval in September; and Company to finalise details of financial expectations during March.
- Arsenic immobilisation project in Western Australia due for final go ahead in early 2005.
- Waste acid recovery research and development project is continuing with project report to be submitted to client in February 2005.
- Metal bi-product slag proposal submitted for client consideration.
- The mercury immobilisation project in Tasmania due to commence operations in March 2005.

The Company is focused on strengthening its selenium-based business through product diversification and resolving the technical and commercial issues of the EAF dust project during the second half of the financial year.

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