



9th May 2007.

The Manager
 Company Announcements Office
 Australian Securities Exchange
 20 Bridge Street,
 SYDNEY NSW 2000

Dear Sir or Madam,

WASTE RECYCLER HYDROMET LIFTS PROFITS

HydroMet's group activities for the 2007 March quarter have resulted in a Net Profit before tax of \$0.76 Million in line with expectations and bringing unaudited year to date profit to \$1.047 Million.

Revenue earned during the March quarter was \$3.004 Million bringing year to date revenue to \$12.522 Million. The overall result has been generated from profits across all group activities including:

STRONG PERFORMANCE FROM BATTERY RECYCLING PROJECT

- Lead production and sales from the recently commissioned Battery Recycling Plant at the Unanderra facility have made a significant contribution to profits.
 - Since commissioning in November 2006 we have processed 2,397 tonnes of batteries (165,300 batteries), produced 1,268 tonnes of lead product and sold \$1.4 Million of Lead.
 - From the initial 210 tonnes of batteries processed in November we reached our monthly production target of 1,000 tonnes in March and expect to exceed this level going forward. Planned future monthly production should lift to 2,500 tonnes with increased approved processing rate currently being sought.

- Battery Recycling Plant processing statistics for the March quarter were:

	<u>Tonnes</u>	<u>Lead</u>	<u>Revenue</u>
	<u>Processed</u>	<u>Extracted</u>	<u>From Sales</u>
▪ January	377	200	\$0.254 Million
▪ February	718	379	\$0.639 Million
▪ March	1,002	526	\$0.752 Million

- The strong Lead price has been of benefit to Hydromet with pricing expected to remain bullish in the foreseeable future.

EXPANSION OF SELENIUM OPERATION IN STRONG MARKET

- The Selenium business at our Newcastle operation also remains strong from both a demand and price perspective.
 - Selenium prices have moved upwards and remained strong in the March quarter.
 - Additional Selenium/Precious Metal bearing feed identified and further material expected to be secured during the 2007/08 FY.
 - Precious metal bearing feeds from Canada and South Africa will be processed on a toll fee basis in the coming months and through the 2008 FY.

Negotiations to acquire an offshore selenium producer referred to in previous updates have been terminated due to business valuation differences which could not be resolved. However our plans to increase selenium business through our Newcastle facility as outlined earlier will be implemented to expand our position in the world market and to introduce a range of selenium based products to the market.

NEW ZINC BASED PRODUCT FROM UNANDERRA

- The EAF dust/Zinc Sulphate project continues to contribute to our results with expectations of increased Zinc Sulphate sales through the introduction of a 35% grade powder to complement our 20% fertilizer grade product during the second half of this year.

The placement approved at the March shareholders meeting will not be fully issued before the June 20th expiry date and future funding will be sought at the appropriate time to increase Selenium/Precious Metals processing at Newcastle and to integrate our battery breaking business with a secondary lead smelter option currently under evaluation.



Gregory W Wrightson
Managing Director