



A.B.N. 71 002 802 646

24 May 2010

Dear Shareholder,

**Notice to Non-eligible Shareholders
Non-renounceable entitlement offer of New Option**

Hydromet Corporation Limited (ASX code: HMC) announced to the ASX on 24 May 2010 a 1 for 1 pro-rata non-renounceable entitlement offer of options ("New Options") to eligible shareholders which will raise approximately \$4.5 million and enable the Company to complete the funding arrangements for the planned secondary lead smelter at Tomago, NSW and to meet the Company's working capital requirements.

Details of the Entitlement Offer are found in the Offer Document which is available from www.hydromet.com.au or www.asx.com.au.

The offer will be extended only to shareholders with registered addresses in Australia and New Zealand. The Company has determined, in accordance with Listing Rule 7.7.1(a) of the ASX Listing Rules, that it would be unreasonable to offer participation in the entitlement offer to shareholders residing outside Australia and New Zealand ("non-eligible shareholders").

This letter is to inform you about the Entitlement Offer and advise you that you are considered a non-eligible shareholder. This letter is not an offer to issue New Options to you, nor an invitation for you to apply for New Options. You are not required to do anything in response to this letter.

Should you have any queries please contact the Company's share registry, Registries Limited by telephone on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) or by facsimile on +61 2 9279 0664 or consult your professional adviser.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Pipvide Tang", is positioned above the typed name.

Pipvide Tang
Company Secretary