

**Press Release**  
**February 13, 2002**

### ***Hydromet shows a profit ahead of important growth moves***

The Directors of Hydromet Corporation Limited today reported an encouraging profit turnaround ahead of a major venture this year, which will enhance the Company's, plan to become the country's leader in hazardous waste treatment with a recycling emphasis.

In its review of operations for the six months ended December 2001, Hydromet reported a consolidated net profit of \$0.53 million, which represented a \$1.2 Million improvement on the result (\$0.62 million loss) for the corresponding period in 2000.

According to Managing Director, Mr. Greg Wrightson, the latest result is a very positive development in the lead-up to the company's \$25 Million five year contract with Onesteel Limited to treat furnace dust generated at the steelmaker's Rooty Hill NSW steel plant.

The contract, signed last month, has an innovative feature in that zinc content in the dust will be recovered and processed into zinc sulphate, an important agricultural chemical widely used in Australia and New Zealand.

The Onesteel contract is considered a major milestone for the Company and is expected to be the first of a number of significant projects, fitting with Hydromet's plan to be the Australian industry leader in waste treatment and environmentally beneficial recycling.

The company considers its technology capable of solving difficult hazardous waste recycling and disposal problems faced by heavy industry both in Australia and overseas.

The latest profit result comes from positive contributions from Hydromet's successful lead immobilisation on behalf of Rio Tinto and Falconbridge precious metals recovery projects in progress at its Unanderra, NSW and Newcastle plants.

Both projects, that commenced scaled-up processing in July-August last year, are currently operating smoothly with the capacity to exceed forecast production rates.

The lead project is immobilising more than 1,000 tonnes of lead residue per month under a contract with Rio Tinto scheduled to be completed mid-year.

The valuable Onesteel project will be undertaken at Unanderra with plant modifications and improvements set to be completed before June, ready to commence treatment of furnace dust in July.

Another complementary project for the Unanderra plant, a waste acid recycling venture that fits nicely with the furnace dust project is currently under consideration.

The company's Newcastle plant, which is currently engrossed in the recovery of selenium from precious metal residue from Falconbridge, Norway, will also play a role in the Onesteel project. It will provide spray-drying capability to produce zinc sulphate powder for sale to animal feed and other agricultural applications

Hydromet expects to become the major producer of zinc sulphate, offering product to agriculture from about June-July.

In other operations, Hydromet will tender in June for a continuation of the manganese mud immobilisation service it is providing under contract at the Pasminco Zinc Smelter in Hobart.

The company will also seek an experienced joint venture or farm-in partner to help exploit its very promising Stanton Cobalt Prospect in the Northern Territory.

Hydromet is currently awaiting approval of an upgrade application to the NT Mines Department to change the prospect from an exploration to a mining venture. The cobalt concentrate from Stanton will be used to produce cobalt chemicals within Hydromet.

A number of projects are under review by the company including :

- A battery stripping and recycling project.
- Potential acquisition of smelting capability.
- Mercury immobilisation project.
- Potential landfill acquisition.
- Falconbridge Tellurium project.
- Manganese recycling project.

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