



A.B.N. 71 002 802 646

1 August 2005

The Manager,
Company Announcements office,
Australian Stock Exchange Limited,
Level 20, Bridge Street,
Sydney, NSW 2000.

Dear Sir,

Re: Stanton Prospect Sale Option and Performance January to June 2005

Stanton

Hydromet Corporation Limited (ASX: HMC) wishes to inform the market that the option agreement the Company entered into in July 2004 to sell the Stanton Cobalt-Nickel Mineralisation Prospect (EL23531) in the Northern Territory has expired and has not been exercised by the holder.

The Company is exploring alternatives to develop or divest the Prospect. In this regard, the Company is to allot and issue 166,000 ordinary fully paid shares (at \$0.06024 per share) to Royalty Resources Limited as consideration for releasing and cancelling the mining mortgage on the Stanton Prospect. The Company believes the release of the mining mortgage will be valuable to the future development or divestment of the Prospect.

Performance January to June 2005.

The Group continued its improved performance during the six months to June 2005 and expects profits once audited, to reflect this.

Lack of profitability at our Unanderra plant has been addressed with an interim treatment fee increase to cover the high processing costs and assess Zinc Sulphate quality improvements associated with recent process developments. In spite of fluctuations in the world price for selenium produced at our Tomago plant the project is proceeding satisfactorily. The company is presently finalising arrangements for the proposed Used Lead Acid Battery recycling project planned for Unanderra in the coming year.

Other projects in which Hydromet is involved are progressing at a satisfactory rate and it is expected that a number of them will contribute to profits in the current financial year.

Yours sincerely,

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

Pipvide Tang
Director

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