



A.B.N. 71 002 802 646

29 September 2010

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

Dear Sir/Madam,

**ANNUAL ACCOUNTS CORRECTION - NO CHANGE TO DIVIDEND**

The Board has been advised that due to an internal misunderstanding, the stock on hand at Hydromet on 30 June 2010 was overstated by \$1,218,000 in the annual accounts for the year ended 30 June 2010. The misunderstanding resulted when two members of management confused the level of production during the month of June 2010 with the level of stock on hand as at 30 June 2010. The error was not detected in the audit process. The Board will conduct a review of the internal reporting processes and the audit process in general to avoid such issues in the future.

The correction has resulted in an increased income tax benefit of \$365,000 for the year ended 30 June 2010. Following these changes the reported profit of \$3,034,000 has been reduced to \$2,181,000 and the net assets and shareholders equity have been reduced from \$22,652,000 to \$21,799,000. The Company will report the adjustments in its 2011 accounts by way of prior year adjustments. The dividend of 0.1 cent per share, as announced, will be paid on 15 October 2010.

The Company is pleased to report that the profit for the first two months of the 2010/11 financial year is well above our profit projection.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Pipvide Tang', is written over a faint, illegible printed name.

Pipvide Tang  
Company Secretary