



CORPORATION LIMITED

A.B.N. 71 002 802 646

Friday 18 November 2011

2011 AGM **Chairman's Presentation and Investor Update**

I am pleased to inform HydroMet shareholders that your company performed in line with expectations this year. We achieved strong revenue growth during the year, with full-year revenue of \$68.7 million.

Net profit before tax was a strong \$3.6 million.

Your company's directors are pleased to continue our payment of dividends. This year the company has paid total dividends, fully franked, of 0.175 cents per share for the year 2011.

I am taking this opportunity to present a market update of your company. I would be happy to discuss any aspect of this presentation at its conclusion.

Although HydroMet made giant strides in becoming a successful industrial waste recycler, we still have a long way to go. We have challenges ahead in order to reach our targets and to maximise returns to shareholders.

I am confident that the strategic diversification plans now in place, including some promising acquisitions, we will be able to take HydroMet to the next stage of the growth in coming years.

I would like to take this opportunity to thank our Managing Director Mr Greg Wrightson, who will be retiring at the end of this calendar year after 18 years of very dedicated service to HydroMet. Mr Wrightson has agreed to stay on as a consultant on a retainer basis, which I appreciate very much. Mr Wrightson's continued assistance to HydroMet is most welcome given his knowledge and experience, especially in the commercial field. Thank you Greg.

With regard to fulfilling the Managing Director's role, the Board has given me that opportunity which I have accepted with a great pride. My immediate task is to carry the Company to the next stage of development.

Over the years we have built up a very good team of executives, who aim to continue to grow the company. There are many challenges ahead, but I am confident we can overcome them to achieve significant growth in the coming years.

It gives me great pleasure to now present the latest market update.

Thank you.

Dr Lakshman Jayaweera
Chairman of the Board
HydroMet Corporation Limited

HYDROMET AGM

2011

HydroMet Corporation Limited

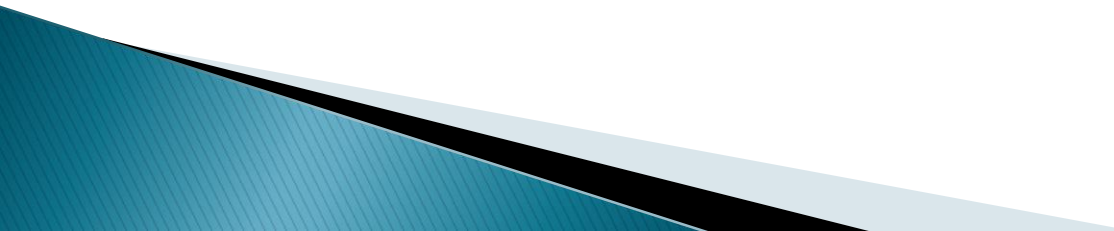
Market Update

18 November 2011

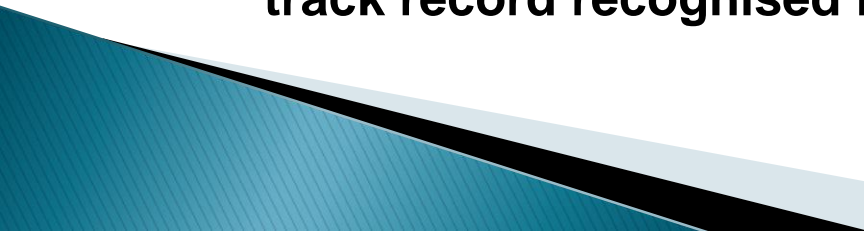


Our Vision

To be a successful worldwide player in the Industrial Waste, Metal Recycling and Resource Recovery industries.



Corporate Profile and Current Activities

- 1. Specialists in processing of industrial waste, metals and smelter residues for value-added products.**
 - 2. One of the major players in recycling of Used Lead Acid Batteries (ULAB) in Australia, with current capacity of 36,000Mt/year of ULAB.**
 - 3. Processing of smelter residues predominantly containing Selenium, Tellurium and precious metals. A significant producer of Selenium in the global market.**
 - 4. Two well-established, fully licensed commercial processing facilities in Unanderra and Tomago, with flexibility to expand in similar related fields.**
 - 5. Well-respected team of professionals with a long and strong track record recognised by the industry.**
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Capital Structure and Financial Highlights for FY 2011

1)	Number of shares on Issue	454.5 million
2)	Current share price	4.5 cents
3)	Market Cap	\$20.4 million
4)	Total number of shareholders	2,094
5)	Total revenue	\$68.7 million
6)	Net profit before tax	\$3.6 million
7)	EBITDA	\$4.69 million
8)	Total Dividend paid	0.175 cents
9)	Net Assets	\$23.4 million
10)	Total Borrowings	\$5.95 million
11)	Gearing Ratios	26%
12)	Revenue and Profit breakdown by Operation	

<u>Unanderra (ULAB)</u>	Revenue	\$38.886 m	Net Profit before tax	\$1.67 m
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<u>Tomago (Selenium)</u>	Revenue	\$30.035 m	Net Profit before tax	\$4.22 m
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Operational Highlights for FY 2011

ULAB Processing

1. Processed 32,000Mt of ULAB/year.
2. Sold all the Lead products generated, locally and overseas.
3. Established successful collection network throughout Australia taking 30% ULAB market.
4. Significant improvement to the plant performance.
5. High LME Lead price averaging US\$2,395 for the year, despite high Australian dollar.
6. Received DA to install Lead melting and medium size smelting furnace at Unanderra, primarily to process Lead-bearing CRT glass and other waste residues. Development work on CRT glass is still underway. Management is yet to determine the economics. This is in addition to the full-blown smelter approval at Tomago currently sitting on standby.

Selenium

7. Record production and sales of Selenium.
8. Significant reduction in operating costs.
9. High LMB Selenium price averaging US\$50.9/lb (US\$112,000/t) for the year.

Our Challenges for the Future

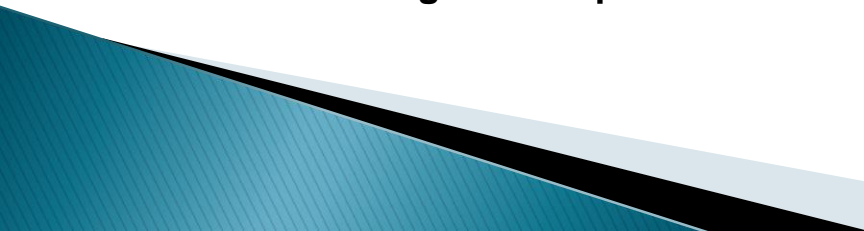
ULAB

1. Increased competition in the battery-collection market with now 3 major players including HMC has significantly increased the cost of the scrap batteries.
2. Challenge ahead is to improve grass-root collection network and to further reduce our conversion costs.
3. Recent collapse of the LME Lead prices below US\$2,000/Mt, coupled with the strong Australian dollar, has a major impact on the profitability of our ULAB business.
4. We will review the option to produce value-added Lead Metals via smelting. Our aim remains to pursue this, but only with minimum capital and lowest commercial risk.

Selenium

5. With the high demand for Selenium in the world market, competition is emerging for feed sourcing. We remain the preferred buyer with our traditional smelter clients.
6. It remains critical for HydroMet to source additional feed material predominantly containing precious metal and low selenium, although these are expensive.

Overall Challenge

7. Our existing two businesses ULAB and Selenium have reached maturity and have limitations for further growth and expansion in the current climate.
 8. To achieve future growth HydroMet cannot just rely on these two commodities. Therefore, diversifying its expansion activities via acquisition and new projects is becoming more important for the company.
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Strategy and Measures for Future Growth

- 1. Further operation improvements both at Unanderra and Tomago, with the view to reducing operating costs.**
- 2. Aggressive expansion and diversification plans, which could shortly lead into potential acquisitions .**
- 3. Expansion targets are still in the waste recycling and residue processing projects, which do not rely too much on commodity prices.**
- 4. Identification of E-Waste processing as the next worldwide growth area in recycling.**
- 5. HydroMet is at an advanced stage of discussions to take a controlling interest in a well-respected Australian E-Waste processing company.**
- 6. If the above acquisition can be achieved, HydroMet will be at the forefront of E-Waste processing in Australia.**
- 7. HydroMet is reviewing the most economically viable smelting option for our ULAB operation, aiming for minimal capital investment. These include:**
 - a) Discussion with a major overseas secondary Lead Smelting company for a potential merger or a JV.**
 - b) Opportunistic acquisition of a small secondary Lead Smelting facility in Australasia, with minimum capital investment.**
 - c) Installation of a small furnace at Unanderra requiring minimal capital. Includes pilot scale development work on Lead-bearing CRT glass.**
- 8) Preliminary discussions are in progress to explore the option of HydroMet entering the Non-Ferrous processing and physical trading business via acquisition of a medium size Australian company.**

Outlook for the Future

Short Term

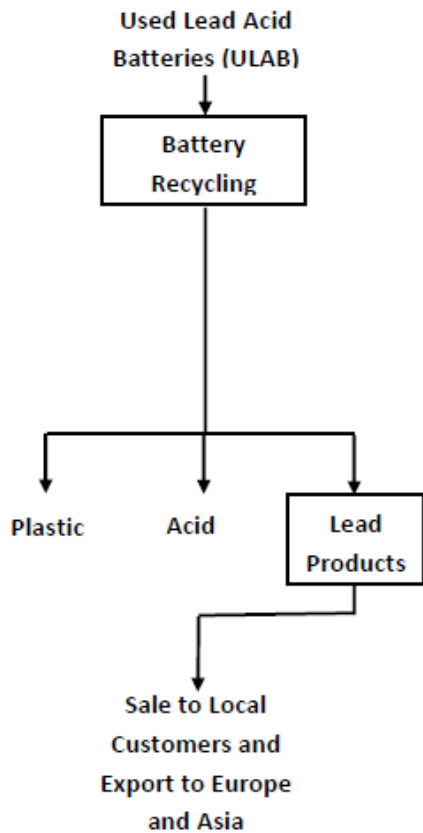
1. Current low Lead price, strong Australian dollar and high feed cost could have a negative impact on our ULAB business, affecting first-half earnings.
2. HydroMet intends to make every effort to minimise this effect by further improvements to plant efficiency and the feed throughput. Furthermore, record high LMB selenium price at US\$61.95/lb (US\$136,000/t) could also offset adverse effect of the low Lead price.

Long Term

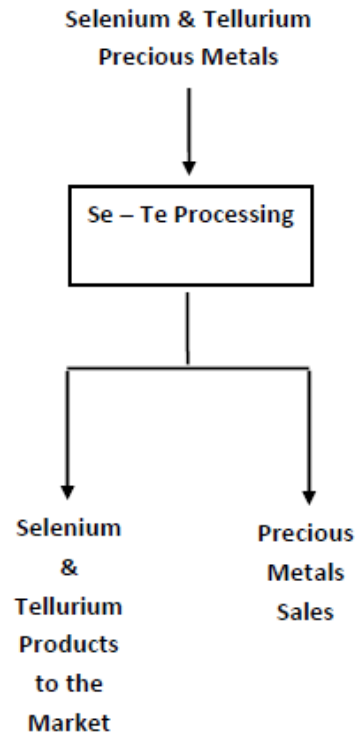
3. HydroMet's aggressive diversification plans via acquisition, coupled with plant improvement programs now in place, should lead to improved company performance in long term. Management expects the company to be more diversified in the future, with a broader range of revenue streams, independent of current commodity prices.

Hydromet – Current Activities and Future Plans (3-5 Years)

Unanderra



Minmet (Tomago)



Revenue for F/Y 11

= \$68.7 million/year

Projected Revenue in next 3-5 years

= \$80 – 100 million/year

(New Acquisitions and Projects)

Future Potential Business via Acquisitions and New Projects

1. Lead Smelter Options

1. Merger or JV with a Smelting Co.
2. Acquisition of a small Secondary Smelting Operation
3. Installation of small Furnace at Unanderra

2. Two New Residue Processing Projects

Copper Dross Leaching for a Smelter Customer

Low Grade Selenium Bearing Residue Project for a new client

3. New Acquisitions

Investment in emerging New Growth Industry E-Waste Processing

Investment in Processing and Trading in Non Ferrous Metals