

Media Release

Hydromet announces full-year before-tax profit of \$3.6 million

Thursday 25 August 2011

Hydromet Corporation Limited [ASX: HMC] – one of Australia’s largest recyclers of industrial waste residue – today announced a profit before tax of \$3.6 million for the financial year ended 30 June 2011.

The result was achieved from total group revenue of \$68.7 million. Revenue for FY2011 was 59% higher than for the same previous corresponding period.

The board declared a final fully-franked dividend of 0.1 cents per share, bringing total dividends for the full year to 0.175 cents – 75% higher than total dividends for FY2010.

Dr Lakshman Jayaweera, Chairman of Hydromet, said the profit during the past year reflected several well-performing parts of the business, including plant performance, productivity, feed sourcing and marketing of end-product.

“We were also able to benefit from strong commodity prices, particularly during the second half of the financial year,” he said. “On the other side of the ledger was the adverse effect of the strong Australian dollar, particularly during the latter part of the year. I am pleased to say that we were able to weather this impact.”

Looking ahead, Dr Jayaweera said the company expects strong revenues to continue in FY2012. “Hydromet has a solid foundation and we are confident that, in the year ahead, the company will consolidate its position and diversify its activities, minimizing our exposure to commodity-driven pressures. Hydromet is very stable, both financially and commercially, and we believe we are in a good position to counter any weakness in the Australian, or international economies.”

Dr Jayaweera said Hydromet’s low gearing ratio of 26% allows the company to explore expansion options in the coming year. “Having achieved a successful and sustainable business in lead and selenium fields, we are exploring the potential to diversify our growth plan via synergistic acquisitions. Management is currently in discussion with interested parties who, we believe, can offer us complementary business opportunities which will add significant value to future growth.”

Dr Jayaweera said that Hydromet management was in the process of developing a new large-scale residue treatment project with a smelter client, potentially leading to a long-term contract. “Subject to successful negotiation and conclusion in the next 2-3 months, we hope that the project can be incorporated into our Tomago site by the end of 2012,” he said.

Dr Jayaweera said the Hydromet board is reviewing strategies, now that the company's lead acid battery processing operations have reached a level of maturity, having captured 30% of the Australian lead acid battery recycling market. "We are enjoying more attractive terms for our lead products sold to smelter customers both locally and overseas. The board is cautiously reviewing our previously proposed smelter project in Tomago, along with a number of other alternative smelting options available to us."

Dr Jayaweera thanked outgoing Managing Director Greg Wrightson for his outstanding contribution to the company over the last 18 years and confirmed that Mr Wrightson will continue working with the company on a consulting basis. "Over the years Mr Wrightson's contribution and dedication to Hydromet has made the company what it is today," he said.

The board has appointed Dr Jayaweera as the company's new Managing Director and he will remain as the Chairman.

"It is a privilege for me to take on this new role. I feel my experience puts me in a good position to carry out this duty successfully. I look forward to leading a team to achieve the goals which we have set in place," Dr Jayaweera said.

For more information:

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About Hydromet:

Hydromet Corporation Limited is an Australian-owned industrial residue treatment and recycling company. It has pioneered an environmental processing technology which uniquely treats and recycles industrial waste residue, offering an environmental solution to often difficult heavy industry waste disposal problems. The end-product of the Hydromet recycling process can be either a value-added metal or metal chemical, which can be sold both domestically or exported. Hydromet's technology benefits both the environment and the Australian economy.

In February 2008 the board announced approval to triple the company's recycling capacity from 12,000 tonnes to 36,000 tonnes per annum of used lead acid batteries at its Unanderra battery recycling facility.

www.hydromet.com.au