



A.B.N. 71 002 802 646

24 February 2012

ASX Market Announcements
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam,

Strategic Alliance via 15% share placement with Sell & Parker Pty Ltd

The Board of Directors are very pleased to announce that the company has agreed to issue shares to Sell and Parker Pty Ltd, ACN 000 101 315, being 15% of the total issue of shares at 3.85 cents per share after the Share Purchase Plan, which closes today.

The above transaction to be finalised by the middle of next week after all the proceeds from the Share Purchase Plan are finalised and issued to the shareholders. The fund raised will be allocated to the Company's working capital.

The board believe the share placement and the alliance with Sell and Parker, will bring wealth and experience to Hydromet for the future growth of the company, especially in the area of Lead Recycling Activities.

Sell & Parker is a large privately owned Australian scrap metal recycler. The company was established in 1966 and currently employs over 190 staff. They have six (6) collection yards around NSW focused on collection and processing of ferrous and non-ferrous scrap, including secondary lead and ULABs. Sell & Parker operates a large metal fragmentiser and several large static shears. Sell & Parker is a major supplier of ferrous scrap to Bluescope and regularly export non-ferrous metals to countries including China, India, Korea, Thailand, Japan, Indonesia, Malaysia, Pakistan, Bangladesh & Netherlands. Sell & Parker are members of Australian Council of Recycling (ACOR), Institute of Scrap Recycling Industries (ISRI), Bureau of International Recycling (BIR) & China Non Ferrous Metals Industry Association (CMRA). Sell & Parker also hold license number A036040008 issued by the AQSIQ agency of the Chinese Government allowing the export of scrap metal to China. Further information on Sell & Parker can be sourced from the web page www.sellparker.com.au.

Furthermore, it is also pleasing to inform you that Mr Morgan Parker, who is a Director of Sell and Parker has accepted an invitation to join the Board of Hydromet. The appointment will effect from the date when the placement is completed.

Morgan Parker is a director of Sell & Parker and has been with the business since 2000. Mr Parker primarily focuses on the trading of non-ferrous metals as well as involvement in the finance and OH&S issues. Mr Parker will bring to Hydromet extensive experience within the Australian metal recycling industry, and will assist with the trading of Hydromet's metal products.

Prior to joining Sell and Parker, Mr Parker spent 13 years in the investment banking industry. Mr Parker studied Actuarial Studies at Macquarie University and holds a Bachelor of Economics degree. He is a member of the Australian Institute of Company Directors.

We are very excited about this development and expect Mr Parker to add to the growth of Hydromet.

Yours Truly

A handwritten signature in black ink, appearing to read 'P. Tang', with a stylized flourish at the end.

Pipvide Tang
Company Secretary