



**CORPORATION LIMITED**

A.B.N. 71 002 802 646

29 December 2011

## **Preview of the First Half Result**

Following the negative forecast for our lead recycling business given to shareholders at the November AGM the Directors expect that the pre-tax losses for the first half will be approximately between \$2.5 - 3 million. Most of the losses were incurred in the December quarter.

The principal causes for this are due to the combined effect of exceptionally high used battery (ULAB) prices, sharp fall in the LME lead price in the last four months, strong Australian dollar and coupled with poor smelter return for our lead products. The ULAB operation processed 18,000t of used batteries and generated 10,350t of lead over the six month period.

We are currently in discussion with our major lead smelter customers regarding profitable ways of maintaining production of our lead products for which they have a constant demand. This may involve our major customer supporting HydroMet either by assisting in feed purchase price combined with toll treatment fee basis or by improving our smelter return to overcome these current issues. Discussions have also commenced with our long term customer to form a potential alliance in HydroMet's lead recycling activities.

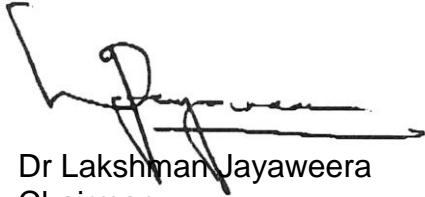
On the feed side of our lead recycling business we are in discussion with some ULAB suppliers who are also lead end-users, to offer those suppliers a collection network for the used batteries and to provide finished lead products through our associated company in China, one our major shareholders. With a clear focus on processing costs we expect further improvement to the ULAB operation to reduce our conversion cost per tonne of lead produced. The Directors are hopeful of a positive second half in our lead recycling business.

Our selenium business at Tomago has performed very well with healthy earnings and we are hopeful of finding more sources of feed stock supply in 2012.

With the continuing volatility of commodities we are expanding our areas of operation to avoid reliance on world metal prices, over which we have little or no control. To this end we have agreed to acquire a major interest in PGM, a leading electronic waste recycler which, due mainly to new anti-dumping regulations, has become a fast growing business sector, worldwide. This proposed acquisition will be subject to shareholders' approval in the forthcoming general meeting. Other potential acquisitions are also in early discussion.

The company will consider installing a smelter furnace, subject to technical and economic feasibility of combined smelting of CRT glass generated from E-waste and lead oxide paste. Under this option a furnace and associated plant, can be established with minimum capital and would generate new lead feed units based on treatment fees which would enhance the current ULAB revenues and profitability.

Shareholders will be informed of any further developments as they emerge.

A handwritten signature in black ink, appearing to read 'Dr Lakshman Jayaweera', is written over a horizontal line. The signature is stylized and somewhat cursive.

Dr Lakshman Jayaweera  
Chairman