



A.B.N. 71 002 802 646

7 May 2012

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

Dear Sir/Madam,

Updated Response to Takeover Offer

Hydromet Corporation Ltd (the Company) (ASX: HMC) refers to the off-market takeover offer for all the shares in the Company by Mr Simon Henry lodged on 19 April 2012.

The Directors of the Company have each formed the view that they recommend that shareholders accept Mr Henry's offer on the basis that no higher offer has materialised, Mr Henry's offer appears reasonable and that they and their associates do not wish to remain minority shareholders in the Company, particularly in light of Mr Henry announcing to the market today that he now holds 41.25% of the issued shares of the Company.

Further, each Director and their associates intend accepting Mr Henry's offer of 4.8 cents per share under the bid and/or selling all of their shares on market for not less than the offer price of 4.8 cents per share. The Directors and their associates' shares represent, in aggregate, 5.78% of the issued capital of the Company.

The Company will despatch the Target's Statement in response to Mr Henry's offer in due course.

For further enquiries, please contact:

Dr Lakshman Jayaweera
Chairman/Managing Director
Phone: 02 4271 1822
Email: ljayaweera@hydromet.com.au

Scott Malcolm
Greenstone Partners
Phone: 02 9252 4224
Email: sm@greenstonepartners.com.au

Yours Truly

A handwritten signature in black ink, appearing to read 'Pipvide Tang', is positioned above the printed name.

Pipvide Tang
Company Secretary