



CORPORATION LIMITED
A.B.N. 71 002 802 646

5 March 2002

Dear Shareholder,

It is with great pleasure that I enclose herewith the media release to the ASX dated 13 February 2002 reporting, HydroMet Corporation Ltd half year net profit of \$0.53 million for the six month ending December 2001. The directors expect a similar trend during the current half-year as well.

In addition to the recently announced 25 million dollar long term contract with OneSteel HydroMet has just concluded an agreement with Falconbridge for the treatment of up to 200 metric tonnes of Copper Tellurium bearing precious metal residue. This is addition to the current ongoing contract with them for processing of selenium bearing precious metal concentrate. Potential revenue value of the project is \$1.5 million and subject to a 40 tonne trial.

By now all eligible shareholders should have received a letter, inviting them to take part in an opportunity to acquire ordinary shares in the company at 5 cents each up to total value of \$3,000 which is offered at a discount to the average share price determined at 30 January 2002. This decision was taken by the board of directors, in preference to alternative funding to offer the opportunity to our loyal shareholders who have supported the company in the past. I am writing this letter to remind you of this offer and to confirm that this offer will close at 5pm on 13 March 2002.

Eligibility was determined as registered shareholders as at 5pm 8 February 2002 with a registered address in either Australia or New Zealand.

I urge you to consider this offer and take part in the share plan which could benefit you and as well as the company to move on to the next stage of its significant development.

Once again, thankyou very much for your support.

Yours sincerely

Dr Lakshman Jayaweera
Chairman