



CORPORATION LIMITED

A.B.N. 71 002 802 646

April 18<sup>th</sup>, 2002.

Dear Shareholder,

Re – Notice of Extraordinary General Meeting of Shareholders.

Please find enclosed Notice of Meeting and attachments outlining matters to be dealt with at the May 20<sup>th</sup> 2002 Extraordinary General Meeting relating to the Share Purchase Plan and private placement, for which the Board is seeking your approval.

With respect to Hydromet's performance for the three months ended March 2002, I am very pleased to inform you that results are in line with expectations with continuing profitability as forecast. Our attention is currently focused on the implementation of the Onesteel project, continuing discussions with potential clients and possible acquisitions in line with our business development strategy as previously reported.

Your Board looks forward to discussing the notice details and future plans at the meeting in May and hope you are able to attend.

Yours sincerely

Gregory W Wrightson.

Managing Director.



## **HYDROMET CORPORATION LIMITED**

**ABN 71 002 802 646**

### **NOTICE OF EXTRAORDINARY GENERAL MEETING OF MEMBERS**

Notice is hereby given that an Extraordinary General Meeting of Members of Hydromet Corporation Limited (the "Company") will be held at Novotel Northbeach, 2-14 Cliff Road, North Wollongong, New South Wales on Monday, 20 May 2002 at 3.00pm at which it is proposed to consider, and if thought fit, pass the following resolutions as ordinary resolutions:

#### **SHARE PURCHASE PLAN**

**RESOLUTION 1:  
APPROVAL AND  
RATIFICATION OF PAST  
ISSUE UNDER THE  
SHARE PURCHASE PLAN**

"That the previous issue by the Company of 28,312,843 ordinary shares to shareholders under the Company's Share Purchase Plan dated 1 February 2002 on 3 April 2002 be and is hereby approved for all purposes including ASX Listing Rule 7.1."

**RESOLUTION 2:  
APPROVAL OF ISSUE OF  
ADDITIONAL SHARES  
UNDER THE SHARE  
PURCHASE PLAN**

"That the issue by the Company of up to 15,644,341 ordinary shares to shareholders (being ordinary shares applied for under the Company's Share Purchase Plan dated 1 February 2002 but which the Company was not permitted to issue without shareholder approval) be and is hereby approved for all purposes including ASX Listing Rule 7.1."

#### **SHARE PLACEMENT**

**RESOLUTION 3: ISSUE  
OF SHARES TO  
INVESTORS**

"That the issue by the Company of up to 31,750,000 ordinary shares in the Company at 5 cents per share to professional investors identified by ETrade Australia Securities Limited be and is hereby approved for all purposes including ASX Listing Rule 7.1:

**RESOLUTION 4: ISSUE  
OF SHARES TO A  
COMPANY CONTROLLED  
BY A DIRECTOR**

"That the issue by the Company of up to 4,250,000 ordinary shares in the Company at 5 cents per share to Chemmet Pty Ltd ACN 055 384 373 (a company primarily owned and controlled by Dr. Lakshman Jayaweera (a director of the Company)) be and is hereby approved for all purposes including ASX Listing Rule 7.1 and ASX Listing Rule 10.11."

\* \* \* \*

By order of the Board

A handwritten signature in black ink, appearing to read 'N. Smith', written in a cursive style.

**N. SMITH**  
**COMPANY SECRETARY**  
**18 APRIL 2002**

**Attachments:**

Attachment A: Important Information Required by ASX Listing Rules 7.3 and 7.5

Attachment B: Explanatory Memorandum for Extraordinary General Meeting of Members

Attachment C: Proxy Voting Form

**ATTACHMENT A: IMPORTANT INFORMATION REQUIRED BY  
ASX LISTING RULES 7.3 AND 7.5**

**RESOLUTION 1: APPROVAL AND RATIFICATION OF PAST ISSUE UNDER  
THE SHARE PURCHASE PLAN**

1. *Number of securities to be allotted*

28,312,843 ordinary shares to shareholders of the Company.

2. *Issue price*

5 cents per ordinary share.

3. *Terms of the securities*

The ordinary shares have the same rights and obligations as all other ordinary shares of the Company. They were issued on the terms and conditions set out in the Share Purchase Plan. The rights and obligations attaching to ordinary shares are stated in the Constitution of the Company.

All ordinary shares on issue in the Company following the issues contemplated by this Notice of Meeting will rank equally for dividends.

4. *Basis of determination of people who received shares*

The ordinary shares were issued on 3 April 2002 pursuant to accepted Application Forms under the Company's Share Purchase Plan dated 1 February 2002.

5. *Use of funds raised*

The funds raised will be directed towards:

- (a) the implementation of the OneSteel EAF Dust Project (a contract with OneSteel Limited ACN 004 410 833 (**OneSteel**) to treat and recycle Electric Arc Furnace (**EAF**) dust);
- (b) upgrading the existing processing facility of the Company at Unanderra to facilitate the processing of the EAF dust at a rate of 20-25 metric tonnes/day. Furthermore, the existing zinc sulphate crystallisation system and the spray dryer will be refurbished to produce zinc sulphate solution, heptahydrate and monohydrate at a total production rate of 4,000 metric tonnes/year; and
- (c) conducting plant trials with other potential clients aimed at securing projects similar to OneSteel's EAF Dust Project, Rio Tinto's Lead Immobilisation Project and Falconbridge's Precious Metal Project currently in progress.

## **RESOLUTION 2: APPROVAL OF ISSUE OF ADDITIONAL SHARES UNDER THE SHARE PURCHASE PLAN**

1. *Number of securities to be issued*

A maximum number of 15,644,341 ordinary shares to shareholders of the Company.

2. *Date by which shares are to be issued*

The ordinary shares will be issued as soon as practical after the passing of the resolution but within 3 months of the passing of the resolution.

3. *Issue price*

5 cents per ordinary share.

4. *Basis of determination of people to receive shares*

The ordinary shares are to be issued pursuant to accepted Application Forms under the Company's Share Purchase Plan dated 1 February 2002.

5. *Terms of the securities*

The ordinary shares will have the same rights and obligations as all other ordinary shares of the Company. They will be issued on the terms and conditions set out in the Share Purchase Plan. The rights and obligations attaching to ordinary shares are stated in the Constitution of the Company.

All ordinary shares on issue in the Company following the issues contemplated by this Notice of Meeting will rank equally for dividends.

6. *Use of funds raised*

As stated in item 5 of the information for resolution 1 above.

## **RESOLUTION 3: ISSUE OF SHARES TO INVESTORS**

1. *Number of securities to be issued*

A maximum number of 31,750,000 ordinary shares.

2. *Date by which shares are to be issued*

The ordinary shares will be issued as soon as practical after the passing of the resolution but within 3 months of the passing of the resolution.

3. *Issue price*

5 cents per ordinary share.

4. *People to receive shares*

ETrade Australia Securities Limited will arrange for people to subscribe for the shares. It is currently intended that these people be professional investors and that the shares be issued to at least 5 people (If the 31,750,000 shares were issued to 5 people, each person would acquire approximately 2.4% of the total ordinary shares of the Company assuming all shares pursuant to the all resolutions in the Notice of Meeting are issued). However, the Company reserves the right to issue all the shares to one person in which event that person would acquire approximately 11.8% of the Company (assuming all shares pursuant to the all resolutions in the Notice of Meeting are issued).

5. *Terms of the securities*

The ordinary shares will have the same rights and obligations as all other ordinary shares of the Company. The terms and conditions of ordinary shares are stated in the Constitution of the Company.

All ordinary shares on issue in the Company following the issues contemplated by this Notice of Meeting will rank equally for dividends.

6. *Use of funds raised*

For general working capital purposes including:

- (a) the implementation of the OneSteel EAF Dust Project (a contract with OneSteel Limited ACN 004 410 833 (**OneSteel**) to treat and recycle Electric Arc Furnace (**EAF**) dust);
- (b) upgrading the existing processing facility of the Company at Unanderra to facilitate the processing of the EAF dust at a rate of 20-25 metric tonnes/day. Furthermore, the existing zinc sulphate crystallisation system and the spray dryer will be refurbished to produce zinc sulphate solution, heptahydrate and monohydrate at a total production rate of 4,000 metric tonnes/year;
- (c) the consideration and possible development of a battery crushing facility;
- (d) the consideration and possible acquisition or installation of a secondary smelter; and
- (e) conducting plant trials with other potential clients aimed at securing projects similar to OneSteel's EAF Dust Project, Rio Tinto's Lead Immobilisation Project and Falconbridge's Precious Metal Project currently in progress.

## **RESOLUTION 4: ISSUE OF SHARES TO A COMPANY CONTROLLED BY A DIRECTOR**

1. *Names of person to receive shares*

Chemmet Pty Ltd ACN 055 384 373

2. *Number of securities to be issued*

A maximum number of 4,250,000 ordinary shares.

3. *Date by which shares are to be issued*

The ordinary shares will be issued as soon as practical after approval of the resolution but within 1 month of the passing of the resolution.

4. *Relationship to director*

Dr Lakshman Jayaweera and Ms Ramanie Jayaweera own all the shares of Chemmet Pty Ltd and are the directors of Chemmet Pty Ltd.

5. *Issue price and terms of issue*

5 cents per ordinary share. Terms of issue are: payment of full issue price on issue and issue subject to shareholder approval.

6. *Terms of the securities*

The ordinary shares will have the same rights and obligations as all other ordinary shares of the Company. The terms and conditions of ordinary shares are stated in the Constitution of the Company.

All ordinary shares on issue in the Company following the issues contemplated by this Notice of Meeting will rank equally for dividends.

7. *Use of funds raised*

As stated in item 6 of the information for resolution 3 above.

## **VOTING EXCLUSION STATEMENT**

1. *Resolutions 1 and 2*

The Australian Stock Exchange Limited has granted the Company a waiver of the requirement for a voting exclusion statement for resolution 1 and resolution 2. As a result of the waiver, shareholders of the Company who lodged Application Forms under the

Company's Share Purchase Plan dated 1 February 2002 will be permitted to vote on resolution 1 and resolution 2.

2. *Resolutions 3 and 4*

In relation to Resolution 3, the Company will disregard any votes cast on the resolution by:

- (a) a person or persons identified by ETrade Australia Securities Limited who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed (for example, any known or proposed person to be issued shares under the placement) (the "Resolution 3 Proposed Allottees"); and
- (b) any associate of the Resolution 3 Proposed Allottees.

In relation to Resolution 4, the Company will disregard any votes cast on the resolution by:

- (a) Chemmet Pty Ltd ACN 055 384 373 ("Chemmet"); and
- (b) any associate of Chemmet including Dr Lakshman Jayaweera and Ramanie Jayaweera.

However, the Company will not disregard a vote if:

- (a) it is cast by a Resolution 3 Proposed Allottee or Chemmet (the "Resolution 3 and 4 Proposed Allottees") or an associate of a Resolution 3 or 4 Proposed Allottee as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by a Resolution 3 or 4 Proposed Allottee or an associate of a Resolution 3 or 4 Proposed Allottee chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

## **APPOINTMENT OF PROXY**

A member of the Company has a right to appoint a proxy. A proxy need not be a member of the Company. If a member is entitled to cast 2 or more votes, the member may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

Please note that the Chairman of the Extraordinary General Meeting will be Dr Lakshman Jayaweera. If you give the Chairman of the meeting your proxy and you do not direct the way the proxy must vote then you should note that (subject to the voting exclusion statement) Dr Jayaweera intends to vote as proxy in favour of all the resolutions.

## **HYDROMET CORPORATION LIMITED**

**ABN 71 002 802 646**

### **ATTACHMENT B: EXPLANATORY MEMORANDUM FOR EXTRAORDINARY GENERAL MEETING OF MEMBERS**

Meeting to be held at Novotel Northbeach, 2-14 Cliff Road, North Wollongong, New South Wales on Monday, 20 May 2002 at 3.00pm.

#### **BACKGROUND**

This general meeting is called so that shareholders of Hydromet Corporation Limited (the "Company") can consider, and if thought fit approve, certain issues of securities, including under the Company's recent Share Purchase Plan.

Your Board has concluded that the Company should raise approximately \$4 million to progress its business as outlined under the heading "Use of funds raised" in the Notice of General Meeting. The Board currently intends to direct the following funds to the following projects:

- (a) OneSteel Project including upgrading existing facilities - \$2.5 million;
- (b) the consideration and possible development of a battery crushing facility - \$0.7 million;
- (c) the consideration and possible acquisition or installation of a secondary smelter - \$1.0 million; and
- (d) conducting plant trials with other potential clients - \$0.5 million.

The purpose of the Share Purchase Plan was primarily to raise funds for the OneSteel Project including to enable installation of a new processing facility at our Unanderra plant to treat Electric Arc Furnace dust. There has been an excellent response to the Share Purchase Plan, with applications for shares totalling \$2,197,859.20. Your board has also entered into an arrangement with ETrade Australia Securities Limited ("ETrade") to raise a further \$1,800,000. The approvals sought relate to these issues of shares.

Under ASX Listing Rule 7.1, apart from some limited exceptions, the Company cannot make issues of securities in excess of 15% of its ordinary capital in any 12 month period without shareholder approval. The Company has issued securities equalling approximately 15% of its ordinary capital under the Share Purchase Plan (28,312,843 ordinary shares). In order to satisfy shareholder applications under the Share Purchase Plan in full, the Company wishes to issue a further 15,644,341 ordinary shares (approximately 8.27% of the total ordinary shares of the Company prior to the Share Purchase Plan).

In addition, the Company proposes to place 36,000,000 ordinary shares to raise \$1,800,000 under arrangements with ETrade.

Where approval for issues of securities is obtained, including, in some cases where issues are approved after they have been made, those issues do not count towards the 15% calculation.

Approval is sought for all the above issues by the Company, including the issue that has already been made under the Share Purchase Plan. If such approval is given, none of the issues will count towards the 15% calculation.

Failure to obtain shareholder approval in relation to the issue already made under the Share Purchase Plan will not affect that issue. However, in such case, all the other proposed issues and any others within 12 months, will require prior shareholder approval.

ETrade will arrange for professional investors to subscribe for the shares. The Company has agreed to pay ETrade \$240,000 for management services and placement fees. This amount is payable even if shareholder approval is not obtained and the issues do not proceed.

## **RESOLUTIONS 1 AND 2**

### ***Share Purchase Plan***

On February 1, 2002, the directors of the Company approved an offer of ordinary shares in the Company to shareholders with registered addresses in Australia and New Zealand pursuant to a Share Purchase Plan (the "Share Purchase Plan").

The offer pursuant to the Share Purchase Plan opened on 13 February 2002 and closed on 13 March 2002. The offer was very successful. The Company accepted completed Application Forms for a total of 43,957,184 ordinary shares (23.25% of the total ordinary shares of the Company prior to the Share Purchase Plan).

The terms of the offer stated:

"If the total number of Shares to be issued pursuant to completed Application Forms received and accepted by the Company will result in a breach of ASX Listing Rule 7.1 (i.e. 28,352,283 Shares), the Company will allot Shares to the shareholders of all accepted Application Forms on a pro rata basis to the extent permitted by ASX Listing Rule 7.1.

In respect of the difference between the number of Shares specified in accepted Application Forms and the number allotted on a pro-rata basis (**Excess Shares**), the Company will, either resolve by a directors resolution not to issue any further Shares, apply to the ASX to waive the requirements of ASX Listing Rule 7.1 and/or call an Extraordinary General Meeting of Members, within 60 days of the close of the Offer, to consider a resolution to approve the issue of the Excess Shares for the purposes of the ASX Listing Rules including ASX Listing Rule 7.1."

The remaining terms of the offer are available for inspection at the registered office of the Company.

A total of 28,312,843 ordinary shares were issued pursuant accepted Application Forms on 3 April 2002. The directors of the Company have resolved to call the proposed Extraordinary General Meeting of Members to ratify the issue of the 28,312,843 ordinary shares and approve the proposed issue of the remaining 15,644,341 ordinary shares for the purposes of ASX Listing Rule 7.1.

***Resolution 1: Approval and ratification of past issue under the Share Purchase Plan***

The approval of resolution 1 will mean that the 28,312,843 ordinary shares issued pursuant to accepted Application Forms under the Share Purchase Plan will no longer be counted towards the 15% limit of ASX Listing Rule 7.1. The Company will be permitted to issue such number of securities as does not exceed 15% of its total ordinary shares in the 12 months following the resolution without having to rely on an exception or seeking shareholder approval.

***Resolution 2: Approval of issue of additional shares under the Share Purchase Plan***

Resolution 2 is proposed as foreshadowed under the Share Purchase Plan in respect of the issue of the balance of shares applied for by shareholders under the Share Purchase Plan.

The approval of resolution 2 will mean that the proposed issue of 15,644,341 ordinary shares pursuant to accepted Application Forms under the Share Purchase Plan will not count towards the 15% limit of ASX Listing Rule 7.1. A further 15% of the total ordinary shares of the Company could be issued over 12 months without having to rely on an exception or seek shareholder approval.

The total number of ordinary shares of the Company (including ordinary shares held in escrow) after issue of ordinary shares pursuant to the Share Purchase Plan will be 232,972,402.

**RESOLUTION 3**

***Issue of shares to investors***

The Company proposes to issue an additional 31,750,000 ordinary shares at 5 cents per share. The shares will be issued to persons identified by ETrade. It is currently intended that these people be professional investors and that the shares be issued to at least 5 people (If the 31,750,000 shares were issued to 5 people, each person would acquire approximately 2.4% of the total ordinary shares of the Company assuming all shares pursuant to the all resolutions in the Notice of Meeting are issued). However, the Company reserve the right to issue all the shares to one person in which event that person would acquire approximately 11.8% of the Company (assuming all shares pursuant to all the resolutions in the Notice of Meeting have been issued).

The issue of some or all of the shares to a current shareholder may also mean that the total shareholding of the shareholder exceeds 20% of total ordinary shares of the Company in which case the shareholders may be required to make a takeover offer for the all ordinary shares of the Company.

The aggregate number of ordinary shares to be subscribed by new investors if Resolution 3 is passed is 31,750,000. The remaining 4,250,000 of the proposed placement is to be made up by the proposed issue to Dr Jayaweera dealt with under Resolution 4 (making a total of 36,000,000 ordinary shares). The investors will pay the issue price of 5 cents per shares upon issue.

Assuming that a total of 43,957,184 ordinary shares have been issued under the Share Purchase Plan, and the total number of issued ordinary shares on issue after all Share Purchase Issues is 232,972,402, a further 31,750,000 ordinary shares represents 11.8% of the total ordinary shares of the Company.

The Company will not prepare or issue a disclosure document (for example, a prospectus) for the placement to new investors as the Company will rely on exception of section 708(10) of the Corporations Act 2001 from the general requirement for a disclosure document for an issue of securities. In general terms, section 708(10) states that an offer does not need to be accompanied by a disclosure document if:

- (a) the offer is made through a financial services licensee;
- (b) the licensee is satisfied on reasonable grounds that the person to receive the offer has previous experience in investing in securities to allow the person to assess certain aspects of the offer;
- (c) the licensee provides the person with a written statement of his reasons for being satisfied that the person can assess the offer; and
- (d) the person signs a written acknowledgement.

The Company intends to use the funds raised from the placement for general working capital purposes including:

- (a) the implementation of the OneSteel EAF Dust Project (a contract with OneSteel Limited ACN 004 410 833 (**OneSteel**) to treat and recycle Electric Arc Furnace (**EAF**) dust);
- (b) upgrading the existing processing facility of the Company at Unanderra to facilitate the processing of the EAF dust at a rate of 20-25 metric tonnes/day. Furthermore, the existing zinc sulphate crystallisation system and the spray dryer will be refurbished to produce zinc sulphate solution, heptahydrate and monohydrate at a total production rate of 4,000 metric tonnes/year;
- (c) the consideration and possible development of a battery crushing facility;
- (d) the consideration and possible acquisition or installation of a secondary smelter; and
- (e) conducting plant trials with other potential clients aimed at securing projects similar to OneSteel's EAF Dust Project, Rio Tinto's Lead Immobilisation Project and Falconbridge's Precious Metal Project currently in progress.

The approval of resolution 3 will mean that the proposed issue of 31,750,000 ordinary shares to new investors will not count towards the 15% limit of ASX Listing Rule 7.1. The Company will retain its ability to issue a number of securities equal to 15% of its total ordinary shares in 12 months without having to rely on an exception or seek shareholder approval.

#### **RESOLUTION 4**

##### ***Issue of shares to a company controlled by a director***

The Company proposes to issue up to 4,250,000 ordinary shares at 5 cents per share to Chemmet Pty Ltd (“Chemmet”). The directors and shareholders of Chemmet are Dr Lakshman Jayaweera and Ms Ramanie Jayaweera. Dr Jayaweera is a director and Chairman of the Company. The full issue price per share will be paid upon issue.

As a result of the issue, Dr Jayaweera and his associates will hold a total of 15,308,250 ordinary shares of the Company or 5.69% of the total ordinary shares of the Company (assuming all shares pursuant to all the resolutions in the Notice of Meeting have been issued).

Chemmet also holds 6,000,000 options to acquire ordinary shares in the Company. Each option entitles Chemmet to acquire one ordinary share at an exercise price of 15 cents. The options are subject to a restriction agreement (preventing their exercise or transfer) until 1 June 2002.

The Company will not prepare or issue a disclosure document for the offer as the Company will rely on section 708(12) of the Corporations Act 2001. In general terms, section 708(12) states that an offer to a director does not need to be accompanied by a disclosure document.

The funds raised will be used for the same purposes as stated above for resolution 3.

As a result of the interest of Dr Jayaweera in the result of the resolution, none of Dr Jayaweera or his associates will cast any votes in favour or against the resolution (except, subject to the voting exclusion statement, pursuant to proxy forms appointing Dr Jayaweera or an associate as a proxy).

#### **ADVANTAGES AND DISADVANTAGES OF APPROVING RESOLUTIONS**

##### ***Advantages***

Your board has concluded that the Company should raise approximately \$4 million to progress its business. An amount of \$2.5 million is targeted for the OneSteel contract referred to in our Release to ASX on 1 February 2002. Shares issued by the Company as specified in resolution 1 have enabled the Company to raise \$1,415,642.15. The additional shares proposed to be issued under the Share Purchase Plan (Resolution 2) will raise up to a further \$782,217.05. The aggregate amount proposed to be raised under the Share Purchase Plan therefore is \$2,197,859.20.

The previous issue of 28,312,843 ordinary shares pursuant to the Share Purchase Plan prevents the Company making further issues of shares during the next twelve months unless that issue and all proposed issues are approved by shareholders or fall within an exemption to Listing Rule 7.1. The other issues proposed in this notice of meeting therefore all require shareholder approval (unless the previous issue of the 28,312,843 ordinary shares is approved). These additional issues are needed in the context of the Company's business as noted above. It has also been decided by your Board that the issue referred to above under the Share Purchase Plan should be ratified in order to give the Company more flexibility in raising additional capital over the next 12 months.

The approval of all the issues will increase the ability of the Company to issue securities to raise further funds during the next 12 months without needing to obtain member approval. Your Board considers this ability will increase the flexibility of the Company in developing its business, securing profitable contracts and a long term sustainable customer base. In times where transactions are conducted quickly and the competition is fierce, your directors consider this flexibility is important to the further development and prosperity of the Company.

### ***Disadvantages***

If the proposed issues are all approved, the Company may raise more capital without offering shareholders the opportunity to participate in, or seeking their approval for, issues of shares up to a maximum of 15% of the then issued ordinary capital.

Any issue of shares increases the total number of shares on issue. All the shares issued or proposed to be issued as set out in the Notice of Extraordinary General Meeting will rank equally for dividends. Your share of the aggregate dividend may decrease. Similarly your aggregate voting power may decrease.

The following table sets out the total number of shares of the Company after the issue of shares pursuant to each resolution:

<b>Resolution</b>	<b>Total number of ordinary shares</b>	<b>Percentage increase in total number of ordinary shares</b>
Before Resolution 1	189,015,218	
After Resolution 1	217,328,061	15%*
After Resolution 2	232,972,402	23.3%*
After Resolution 3	264,722,402	40.1%*
After Resolution 4	268,972,402	42.3%*

\* Calculated as a percentage of 189,015,218

## **DIRECTORS RECOMMENDATION**

All directors of the Company recommend that members approve and vote in favour of all resolutions.

\* \* \* \*

By order of the Board

A handwritten signature in black ink, appearing to read 'N. Smith', written in a cursive style.

NEIL SMITH  
SECRETARY  
18 April 2002

**HYDROMET CORPORATION LIMITED**  
**ABN: 71 002 802 646**

**PROXY VOTING FORM**

**EXTRAORDINARY GENERAL MEETING OF MEMBERS**

**Address for return of proxies:**

The Secretary  
 Hydromet Corporation Limited  
 Lot 3 Five Islands Road  
 UNANDERRA NSW 2564  
 Telephone: 02 42 711 822  
 Facsimile: 02 42 716 151

I/we .....  
 of .....  
 being a member/joint members of the above-named Company appoint  
 .....  
 of .....

or failing him/her, or if no person is named, the Chairman of the meeting as my/our proxy to vote for me/us on our behalf at the Extraordinary General Meeting of the Company to be held on May 20, 2002 and at every adjournment thereof, in the manner indicated below, or in the absence of indication as he or she thinks fit.

	<i>FOR</i>	AGAINST	ABSTAIN
Resolution 1 – Approval and ratification of past issue under Share Purchase Plan	<b>q</b>	<b>q</b>	<b>q</b>
Resolution 2 – Approval of issue of additional shares under Share Purchase Plan	<b>q</b>	<b>q</b>	<b>q</b>
Resolution 3 – Issue of shares to investors	<b>q</b>	<b>q</b>	<b>q</b>
Resolution 4 – Issue of shares to a director	<b>q</b>	<b>q</b>	<b>q</b>

Dr. Lakshman Jayaweera will be the Chairman of the Extraordinary General Meeting. In relation to proxy forms appointing Dr Jayaweera as proxy and not specifying the way the vote should be cast, **Dr. Jayaweera intends to vote in favour of all resolutions.**

If you do not wish to direct your proxy how to vote, please place a mark in the box.

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

Dated this .....day  
 of.....2002.

Signature of Member: .....

Name of Member: .....

## IMPORTANT INFORMATION

A member is entitled to and has a right to appoint a proxy. A proxy has the same rights as the member to speak at the meeting, to vote (but only to the extent allowed by the appointment) and to join in a demand for a poll. The proxy need not be a member of the Company.

If a member is entitled to cast 2 or more votes that member may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the appointment does not specify the proportion or number of the member's votes that each proxy may exercise, each proxy may exercise half the votes.

This proxy and any power of attorney or other authority (or authorised copy of such documents) under which the proxy was signed must be delivered or forwarded by facsimile to the Company at least 48 hours before the relevant meeting.

A vote given in accordance with a proxy voting form or a power of attorney is valid notwithstanding the previous death or unsoundness of mind of the principal, the revocation of the instrument (or the authority under which the instrument was executed) or the transfer of the shares the subject of that proxy voting form or power, if no notice in writing of the death, unsoundness of mind, revocation or transfer has been received by the Company at the registered office before the commencement of the meeting or adjourned meeting at which the instrument is used or the power is exercised.

## SIGNING THE PROXY

Category of member signing	Signing instructions
Individual:	Single signature – nothing more
Joint holding:	Signature of EACH member – nothing more
By attorney under power of attorney:	Signature of attorney – print name of attorney <b>and</b> state that the form is signed under power of attorney
Company:	<p>If a company, the proxy must be signed, with or without a company seal, (depending on the requirements of the company's Constitution), by:</p> <ul style="list-style-type: none"> <li><b>n</b> two directors of the company; or</li> <li><b>n</b> a director and a secretary of the company; or</li> <li><b>n</b> for a proprietary company that has a sole director who is also the sole secretary – that director (by stating next to their signature that they are the sole director and the sole secretary of the Company).</li> </ul>