



ACN 122 726 283

5 December 2012

Dear Shareholder

PRIORITY ISSUE – INFORMATION FOR SHAREHOLDERS

ACT NOW - PRIORITY OFFER CLOSING 5PM FRIDAY 14TH DECEMBER

HOW TO OBTAIN A PROSPECTUS:

- **DOWNLOAD FROM www.hydrotechinternational.com.au OR**
- **REQUEST A HARD COPY FROM HTI BY CALLING +61 8 9322 1444 OR VIA EMAIL AT info@hydrotechinternational.com.au**

FOR LATEST INFORMATION ON HTI VIEW ANNOUNCEMENTS ON ASX WEBSITE FOR HTI OR FOLLOW LINK ON HTI'S WEBSITE www.hydrotechinternational.com.au

On 14 November 2012, Hydrotech International Limited ("*HTI*" or "*the Company*") announced to ASX that it was proposing to undertake a major transaction involving, amongst other matters, the acquisition of the Mt Bundy Gold Project from Primary Minerals NL ("*Acquisition*").

A meeting of HTI shareholders is to be held on 20 December 2012 to approve the key elements of the proposed transaction including the Acquisition and a consolidation of all existing HTI issued capital on a 200:1 basis. The Company has also issued a prospectus seeking to raise a minimum of \$6 million through the issue of 30 million new ordinary (post consolidation) shares at 20cps together with a 1:3 free attaching listed option (exercisable at 20c and expiring on 31 March 2015). Over subscriptions of up to a further 10 million shares (and attaching options) to raise up to a further \$2 million will also be available.

Priority Issue to HTI Shareholders

The Company has reserved up to 5 million shares and attaching options (to raise up to \$1 million) for existing registered HTI shareholders as at 5.00pm (AEDT) on the Record Date of 3 December 2012.

To participate in the priority offer, existing HTI shareholders will need to lodge applications from the Prospectus within the priority offer period. The priority offer period opens on 5 December 2012 and closes on 14 December 2012. Applications not received by the close of the priority offer period will not be guaranteed any allocation of securities.

Any shares (and attaching options) not applied for by existing HTI shareholders in accordance with priority offer as detailed in the Company's prospectus dated 4 December 2012 ("*Prospectus*"), will form a part of the general public offer pool. HTI shareholders who are eligible to take up securities under the priority offer will not be permitted to transfer their right to take up securities under the priority offer. When completing the priority offer Application Form, eligible shareholders must provide identical details as are recorded on HTI's share registry. Shareholders who are uncertain whether they are eligible to take up securities under the priority offer or who are uncertain of their details on the HTI share registry may contact the Company to confirm their details. HTI shareholders can also lodge applications (with any priority) in the general public offer pool.

All the funds raised will be used to complete the Acquisition, for working capital purposes and as otherwise detailed in the Prospectus.

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Applications

A Prospectus containing a separate priority offer Application Form can be downloaded from HTI's website www.hydrotechinternational.com.au or you can contact the company on +61 8 9322 1444 and we will arrange for a copy to be posted to you..

Eligible shareholders must complete the priority offer Application Form in order to participate in the priority offer. Priority offer Application Forms must be properly completed and received, together with application money, by the Company's share registry no later than 5.00pm (AEDT) on 14 December 2012.

Quotation

New ordinary shares and options issued under the Prospectus will rank equally with the Company's existing quoted securities (on a post consolidation basis). The Company will apply to ASX for quotation of the new ordinary shares and options on the Official List of the ASX. If approval is not granted by ASX within 3 months after the date of the Prospectus, the Company will not issue any new securities and will repay all application monies without interest.

Enquiries

Eligible shareholders must read the Prospectus in its entirety to determine whether this is a suitable investment for their own circumstances.

If you have any questions regarding this Issue, please telephone the Company on 08 9322 1444 (within Australia) or +61 8 9322 1444 (outside Australia).

The Directors recommend this Issue to you.

Yours sincerely



Philip Gray

Chairman