



6 November, 2007

Attention: Public Announcements Officer
Australian Securities Exchange
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Chairman's Address at the Annual General Meeting held on Wednesday
6 November 2007

Ladies and Gentlemen, it has been a pleasure to welcome you this morning to what is a very significant occasion for Hydrotech International Limited – the first Annual General Meeting of the company since it was incorporated on 17 November 2006.

The year since then has been a period devoted to laying the foundations for the company's future operations and preparing an aggressive business strategy which we are confident will lead before long to significant business for Hydrotech. Let me take you through what I see as the main elements of the company's activities over the last year or so, and what those have achieved.

First, much effort was rightly devoted by Directors, Managers and Advisers to preparations for Hydrotech's listing on the Australian Securities Exchange, which was achieved on 16 July 2007. We were confident that our Initial Public Offering (IPO) would attract interest. That confidence was not misplaced: the IPO was oversubscribed, testimony, I believe, to the fact that investors were, like us, excited by the prospects of business likely

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to be generated by Hydrotech's proprietary Multi Pulse Sequencing (MPS) system. I would stress that the MPS system is unique and provides a completely new way to deal with problems caused by water entering subterranean concrete and masonry structures. Independent experts have confirmed the benefits which our system can bring. It has also been approved by a key regulatory body in the UK as being fully compatible with other electronic systems deployed in the rail environment. I emphasise this last point because rail systems – overground and underground; stations and tunnels and other structures – are a key market for Hydrotech. I am pleased that our contacts with the managers and operators of rail and underground systems in the UK have been fruitful, a point to which I shall return.

A second important element in this last year of preparation has been the rationalising of the naming of the various companies which are elements of the Hydrotech Group. The operating entity in the UK is now called Hydrotech Europe plc. It began operations in December 2006 in premises in Milton Keynes, north of London. We expect that to be Hydrotech Europe's operational base for the foreseeable future.

The Hong Kong operation is now called Hydrotech Asia Limited, making it clear that its remit goes beyond Hong Kong – important though that particular market remains to Hydrotech.

Hydrotech's business is technology-driven. It is therefore essential that we continue to develop our technology to ensure that it remains cutting-edge, able to bring great benefits to our customers. The key technical development part of the operation is based in Norway: that is now called Hydrotech R & D Limited.

This common branding and badging under the Hydrotech name was designed to achieve two main purposes - not simply to avoid any possible confusion on the part of customers, but also to underline the commitment of all in the group, wherever they might be based, to our world-wide operations.

Similarly, it was to help ensure a seamless global operation that Hydrotech's first year also saw a restructuring of our back office procedures, in all of our entities, to ensure that all financial and management information is accessible immediately to all in the Hydrotech Group.

That brings me to personnel, another key element in the preparatory work conducted over the last year. We began the year with relatively few staff in Hong Kong, the UK and Norway. We have since built up numbers in a sensible but necessary way, to ensure that we have people of high quality and with the technical ability required to promote the MPS system. Our people in the UK, Hong Kong and Norway have been joined by others in China, another potentially key market for Hydrotech.

Although the first year has been a time to build a robust infrastructure to support the business strategy, it has not been simply a time of preparation. Hard and productive work has also been undertaken to develop contacts and push for business. We have already appointed licensees in the UK, and indications are that we shall soon proceed with substantial work both on the London Underground and with Network Rail who manage and operate seventeen of the largest and busiest stations in the UK. As I have said, railways are a key target for us. But they are by no means the only target. As illustration of the versatility and wide applicability of the MPS system, I would cite the contacts we have had with the Environment Agency in the UK about a possible installation in the Thames Barrier in London, and with the British Nuclear Group and British Nuclear Fuels Limited to demonstrate the capability of the MPS system in the exacting environment of nuclear power stations.

In China we have also appointed a licensee, and we already have in place an agreement which will allow our Hong Kong operation access to the important southern China market. We have also recently reached agreement with one of the largest engineering operations in China that they will actively promote use of the MPS system in a wide variety of applications. China is our first priority in Asia. But we have also already had contacts in Thailand and Macau which we think promising.

As for the year ahead, Hydrotech will continue with the design and installation of our technology, continuing to use our business strategy of operating through licensees. We are currently evaluating additional licensees and expect to appoint others in the months ahead.

We shall continue to develop our technology and expect to introduce major new technologies based on the existing MPS system, including a system designed for use in sand, soil and clay.

I expect soon to see positive conclusion to several of our key initiatives in the UK. Although we shall continue to target rail as a main driver, our increased manpower means that we shall be able to broaden our potential areas of influence by targeting consulting engineers and architects.

Similarly, the establishment of our team in China means that we shall be in a strong position to target large-scale infrastructure projects there, including dams and major water projects.

In short, we are confident that with a solid infrastructure in place, Hydrotech International Limited can now focus – with success - on gaining the contracts which will lead to revenue generation commensurate with our unique technology. Hydrotech is well placed to do great things. We are grateful for your support and for the confidence you have shown. We shall aim to show that is fully justified.

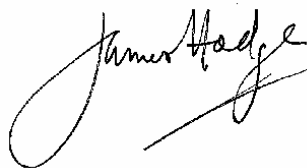
Finally, I should like to thank all in the Hydrotech Group for their immensely hard work. I should like to refer specifically to Mr Lee Boyd, our former Company Secretary. During the business of the AGM it was noted that Mr Boyd has retired from the Board and did not offer himself for re-election. Mr Boyd has the thanks of the Board for the contributions he was able to make to its deliberations, and their best wishes for his future endeavours. A Board meeting will be held immediately after this AGM. I expect the Board then to decide to appoint Professor Andy Fourie as a Director of Hydrotech. If so, that appointment will of course be put forward in a resolution to be voted on by shareholders at the next AGM.

Professor Fourie – who, I am glad to say, is with us today – is a distinguished civil engineer, with Bachelor's and Master's degrees in engineering from the University of the Witwatersrand in South Africa and a Ph D in Geotechnical Engineering from Imperial College in London. Professor Fourie is currently Professorial Fellow at the Australian Centre for Geomechanics, based at the University of Western Australia in Perth. Before that he was Professor of Construction Materials at the University of the Witwatersrand, after time as a Lecturer in Engineering at the University of Queensland and a spell as a geotechnical engineer for SRK Consulting, an international consulting company.

Professor Fourie's research interests cover the management of mining, industrial and municipal solid wastes. Most recently, his research activities have focused on the application of electrokinetics to the dewatering of mining wastes to minimise their potential environmental impact. He has published widely and has edited, or co-edited, eight volumes dealing with the management of mining and industrial waste.

The Board will benefit greatly from Professor Fourie's wise counsel.

The past year has been challenging for Hydrotech International Limited. I have been impressed by the way in which everyone has risen magnificently to those challenges. I know that the same "can do" spirit will be the mark of Hydrotech in what I am sure will be an exciting and rewarding year ahead.

A handwritten signature in black ink, reading "James Hodge". The signature is written in a cursive style with a large, sweeping initial 'J' and a long horizontal stroke extending to the right.

Sincerely
Sir James Hodge
Chairman