



29 May, 2008

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

LONDON UNDERGROUND/METRONET ALLIANCE

Background

Hydrotech initially listed on the ASX on the premise that the Company had a commercial relationship with Metronet Alliance (MA).

Prior to that in March 2006, a test installation of Hydrotech's MPS System was installed at a site selected by MA, being the Walthamstow Underpass. The test installation at Walthamstow was successfully completed in July 2006. As part of the initial Agreement with Metronet, the MPS system was to undergo continuous monitoring for a period of 12 months, at which point after efficacy was proven; Hydrotech would then begin the process of tendering for additional works within the London Underground Network.

In July 2007, Metronet announced it was in Administration. This clearly was a significant challenge for Hydrotech as we were very optimistic that our professional relationship with MA would develop due to the overwhelming success of our first installation for Walthamstow.

In November 2007 Transport for London, the ultimate owner of London Underground, stated the importance of Walthamstow Underpass, in its capacity to allow 13 million passengers per annum to access the Underground Station without the need to cross a busy intersection.

Level 40, 108 St Georges Terrace
Perth WA 6000
+61 8 93759796
info@hydro-usl.com

Hydrotech is very pleased to be able to state that without the use of our technology it is highly unlikely that the Underpass would have opened due to the chronic water ingress problems faced by the Metronet engineers. However, due to the administration of MA and the difficulties facing the operators, additional work to Hydrotech was not forthcoming.

As several months have now passed, MA is now out of administration. Several high level meetings have taken place and Hydrotech can now look forward to working closely with MA and London's' second operator, Tube Lines. This change in outlook for business potential in the London Underground has transpired following recent meetings held with MA and Hydrotech senior executives.

Looking Forward

MA has tabled several key points to Hydrotech, which the Company views as very positive, being:-

- MA will put in place an agreement for the ongoing maintenance of our equipment in Walthamstow and beyond.
- On the 16 June, 2008, the final acceptance and sign-off by London Underground of Hydrotech's technology is due to occur, which will allow its widespread use within the UK underground rail sector, subject to cost considerations.
- Concurrently with the 16 June, 2008 acceptance, Hydrotech has been informed of 5 new installations that the Company has been invited to tender. The installations cover many areas, including:-
 - New concrete structures
 - Existing brick structures
 - Stations
 - Running tunnels

Hydrotech engineers will submit pricing proposals for the initial 5 installations before the end of June, 2008.

Hydrotech is fully committed to working with Metronet and London Underground. This involves developing a long term commercial relationship and assisting where possible in the development and installation of our advanced technology for the removal of ground water from high value assets.

Selected recipients of Hydrotech Europe Proposals

- Network Rail
- Langford Securities
- Amcott
- SPT Executive
- Transport for London
- MSpace
- Next Clothing

In the UK, proposals submitted and in the pipeline total over 18, and have a contract value of over \$7M AUD, which does not include Metronet. In relation to this, the Company would stress that many of the submissions to date are part of larger installations, and are not to be viewed in isolation.

For example, in the case of MSpace, our proposal represents a price for the installation of MPS in one unit. To put this in better perspective, MSpace is a property manager of Network Rail that manages railway arch units. Hydrotech understands that there are over 10,000 such units in the UK. Furthermore, prior to our recent discussions with Metronet, we had discounted the Metronet contribution to Hydrotech's potential revenue to zero, until we fully understood the impact of the administration, and the relationship post that event.

As stated above, Hydrotech is delighted to announce the renewed interest in the Company and its technology by Metronet and London Underground.



Phillip Gray
Chairman

New subway and ticket office opens at Walthamstow Central station

22 November 2007

Improved safety and accessibility part of massive investment

Passengers using Walthamstow Central station are set for faster, safer and easier journeys with a programme of improvements now complete and ready for use.

Underground, bus and National Rail users will benefit from the improvements, which are part of Transport for London's (TfL's) £10bn investment in London's transport infrastructure.

The improvements at Walthamstow include:

- New easy access subway linking tube, rail and bus terminals
- Enlarged ticket office, with extra ticket issuing facilities
- Enhanced passenger safety including new CCTV and Help points

Walthamstow Central is a major transport interchange, with more than 30 per cent of Underground users transferring to and from bus services at the station.

Before the improvements were undertaken, access to the tube was through the busy National Rail station ticketing area.

These works will greatly improve the experience for the 13 million passengers who use the station each year.

The Mayor of London, Ken Livingstone, said: "These improvements will greatly improve the safety and convenience of Walthamstow Central Station as a key transport interchange.

"They are part of our ongoing effort to improve public transport in London."

John Doyle, London Underground's Victoria line Manager, said: "We want to ensure customers can use this interchange quickly and safely to as part of their journey.

"The raft of improvements we have undertaken will be a huge benefit to customers, as it will save valuable time on journeys, and help ensure their safety.

"Further improvements are planned on the station, including step free access to the ticket hall being installed next year."

TfL is investing £10bn to improve and expand London's transport network, over half of that of being spent on the Tube

The station has also had an electronic water exclusion system installed, which will protect the concrete structure from water damage. This is the first time this technology has been used in the UK.

Pictures of official opening of the subway are available on request

These improvements will greatly improve the safety and convenience of Walthamstow Central Station

Ken Livingstone, Mayor of London