



18 May, 2009

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

Share Placement and Share Purchase Plan

The Company is very pleased to advise that it has obtained commitments for a placement of shares to select investors, to raise up to \$1,279,000 (before costs) through the issue of up to 182,714,286 ordinary shares at a price of 0.7 cents per share.

In conjunction with the share placement, the Company will be offering eligible shareholders the opportunity to acquire a maximum of \$5,000 of additional shares in the Company pursuant to a Share Purchase Plan (SPP). The shares to be offered under the SPP will be issued at the same price as the placement, being 0.7 cents per share.

The SPP will provide shareholders registered at 5pm WST on 15 May, 2009, with a registered address in Australia or New Zealand, the opportunity to subscribe for up to \$5,000 ordinary shares in the Company without incurring any brokerage costs. The closing date for receipt of applications for shares pursuant to the SPP will be mid June, 2009. Specific details and terms will be contained in the SPP documentation that is currently being finalised and mailed to shareholders very shortly.

The directors estimate the maximum number of shares that could be issued under the SPP, should all eligible shareholders subscribe, to be approximately 520 million shares.

Both the placement of shares and the Share Purchase Plan will be put to shareholders to approve at an Extraordinary General Meeting to be held 24 June, 2009. The monies raised from the issue of the shares will be used to fund the ordinary working capital requirements of the Company.

The Notice of Extraordinary General Meeting and the Share Purchase Plan documentation will be mailed together to holders in the coming few days.

The Company would like to take this opportunity to thank its shareholders and business consultants for their ongoing and continued support.

For further information on Hydrotech, please view our website at www.hydro-usl.com

A handwritten signature in black ink, appearing to read 'Philip Gray', written over a faint, illegible printed name.

Philip Gray
Chairman