

## ASX RELEASE

30 November 2006

### Chairman's Address - AGM 30 November 2006

Ladies and gentlemen,

In the Annual Report we have stated the continuing efforts of the Board and management to either acquire, develop or joint venture an Electrolytic Manganese Dioxide (EMD) production facility based upon HiTec's patented hydrometallurgical process. Whilst clearly we have not made as much progress as we would have liked, we do have a number of projects under discussion or negotiation, and remain confident of achieving a favourable outcome.

At last year's annual general meeting, we reported on a possible acquisition where our technology would replace an existing ore roasting process. This possibility remains and in some ways has strengthened, but has not progressed as we would have liked, for reasons which may well prevail for some time.

We are pursuing three other projects in Asian and Euro-Asian markets where our technology would ensure competitive and environmentally sound developments. One of those has spent extensive efforts to fully evaluate our technology and has given us a clear technology acceptance. In that case, efforts have turned to negotiations for a sound commercial transaction. Whilst that is taking time, it is making progress, and when we are able we will report the outcome. The other two are progressing satisfactorily, and together provide HiTec with multiple options for commercialising the technology. All these are in major economies where consumer demand and original equipment manufacture (OEM) demand for battery product is reflecting the expansive demand for electrically driven products. As reported, the global market for high quality EMD, particularly for alkaline batteries, has strengthened. At the same time, production has continued to rationalise away from the industrial economies to the emerging markets.

Additionally, you will have seen a lot of news on developments with hybrid car batteries, and personal computer power sources. Our interest in these developments is particularly related to the fortunes of the manganese forms of the Li-Ion battery, which appear to be gaining dominance. Whilst it is still somewhat unclear as to what direction Li-ion batteries will take in respect of raw materials, manganese does offer many advantages in a market where some of the alternative materials, for example nickel and cobalt, have been caught up in the commodity price spiral and have environmental disposal issues. We are carefully monitoring development in this regard.

All of this is taking longer than anyone would wish. We remain consistent in our view that we need to enter EMD production for the lowest possible capital and operating costs, and on an environmentally friendly basis that will facilitate success in competitive markets.

It remains important that in any commercial result that we achieve value for our shareholders.

### **ENDS**

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