

8th November 2007

**HYDRODEC GROUP PLC****MAJOR NEW CONTRACT TO SUPPLY *SUPERFINE* OIL TO THE TURKISH MARKET**

Hydrodec Group plc (“Hydrodec” or “the Company”) today announces a major export order for its *Superfine* transformer oil from Ceyhan Madeni Yag Ve Ticaret Ltd (‘Ceyhan’), a special purpose subsidiary of the Turkish trading company Innova Teknoloji, for distribution of *Superfine* in Turkey. Turkey is one of the world’s major centres for the manufacture of transformers, with a number of well-known global companies operating plants in the country.

The agreement with Ceyhan provides for a minimum supply by Hydrodec of 2,400,000 litres (46,000 litres a week) of *Superfine* transformer oil during the first year of the agreement. The agreement confers exclusive distribution rights for the Turkey market to Ceyhan. The Agreement is effective immediately and the first letter of credit is expected in the coming weeks. Hydrodec will also supply equipment to filter and dry the oil upon arrival in Turkey and test the oil for moisture content prior to delivery to final customers. The end customers in Turkey will primarily be transformer manufacturers.

Chairman John Gunn commented “*This landmark export order confirms the international competitiveness of Superfine transformer oil. The off take of Australian production capacity by export customers will give Hydrodec 100% capacity in our Young, New South Wales plant in 2008, earlier than expected.*”

*Even more exciting is the confirmation that the market for our Australian operations extends well outside Australia, creating the opportunity to examine the expansion of our Young plant to become a significant international supplier of Superfine and establish a capacity to trade oil, both feedstock and finished product, across the region.*

*In parallel with increasing demand on Australian production, progress on our first US facility in Canton Ohio remains on schedule and budget. Our proposed US production facilities have also received export inquiry in advance of start up. The increased capacity created by the US operations will deliver scale related production savings that will further improve our export and trading competitiveness.”*

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