



ASX

AUSTRALIAN STOCK EXCHANGE



Mr A Deane
Company Secretary
Chemeq Limited
Suite 8 3 Brodie Hall Drive
BENTLEY WA 6102

By facsimile: 9355 0199

Dear Adam

Australian Stock Exchange Limited
ABN 98 008 624 691
Level 8
Exchange Plaza
2 The Esplanade
Perth WA 6000

GPO Box D187
Perth WA 6840

Telephone 61 (08) 9224 0015
Facsimile 61 (08) 9221 2020
Internet <http://www.asx.com.au>

Chemeq Limited (the "Company")

We refer to the Company's announcement released by the Australian Stock Exchange Limited on Thursday 16 December 2004.

In the interests of keeping the market fully informed and pursuant to listing rule 18.7, ASX requests the Company to provide the following information in a format suitable for release to the market:

1. Please provide the material aspects relating to the production "issues" referred to in the announcement.
2. Please confirm the dates of Mr Grujic and Mr Ian Purdy's resignation. We understand Mr Purdy resigned on 14 December 2004.
3. Please provide an explanation as to why the Company did not make a market release concerning the resignation of the Chief Financial Officer immediately the Company became aware of this information.

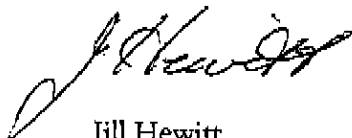
Please confirm that the market is now fully informed and the Company is now in compliance with listing rule 3.1 .

Please provide the above information in a format suitable for release to the market by no later than 12.30pm WST, today, Friday 17 December 2004. Please send your reply to ASX, Perth to facsimile number: 9221 2020.

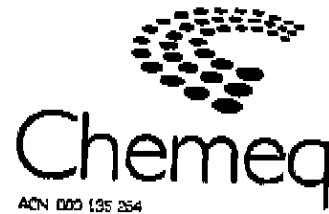
Please note that ASX intends to release to the market your reply and this letter.

If you have any queries regarding any of the above, please contact me on 9224 0013.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Jill Hewitt', with a stylized flourish at the end.

Jill Hewitt
Companies Adviser



17 December 2004

Dear Ms Hewitt

Thank you for your letter of 17 December 2004.

We have set out below our response to your specific questions in order:

1. Our announcement of 15 December 2004 stated that Chemeq Limited ("Chemeq") is currently working to address issues experienced during ramp-up of the company's new manufacturing facility in Western Australia. Further detail about those issues was not included in the announcement because it was considered that all material details had been disclosed in our announcement of 15 November 2004 (released by ASX on 16 November 2004) (the "**November announcement**"). In that announcement, Chemeq stated that:

"As previously announced, Chemeq's manufacturing facility in Western Australia was completed in August 2004 and is currently undergoing ramp-up to full name plate capacity.

Commissioning ramp-up has shown a filtration step in the production process to be taking longer than earlier indicated at the pilot scale in first production tests.

Chemeq now expects a delay to full ramp-up capacity beyond December 2004. It is not possible to quantify the exact time; in the meantime, production at less than name-plate capacity is continuing.

To independently assess the process of ramp-up to name plate capacity, Chemeq will engage a leading international engineering group."

Chemeq confirms that there are no further material details to announce at this time, but confirms (as set out in the November announcement) that the filtration step in the production process continues to be an issue that requires more work.

Chemeq also confirms that, as referred to in the November announcement, it is currently seeking competitive cost estimates from an engineering groups to assess the process of increasing plant through-put to name-plate capacity.



283. Mr Grujic's resignation as a director was received on 15 December 2004. His resignation was discussed with him and then confirmed at a Board Meeting on that day. Mr Ian Purdy tendered his letter of resignation as Chief Financial Officer to the CEO after trading on 14 December 2004. However, in light of the company's corporate governance policies, the CEO felt he could not accept that resignation without consulting with the Board. The Board considered Mr Purdy's resignation at the earliest possible opportunity at the meeting on 15 December 2004 and agreed that the company would accept it. The resignation was announced to the market on that day. Chemeq believes it was in compliance with listing rule 3.1 at all times.

Chemeq believes that the market is fully informed and that it is in compliance with listing rule 3.1.

If you have any further questions please do not hesitate to contact me.

Yours faithfully

ADAM DEANE
Company Secretary