



ASX Announcement

23 December 2016

ALRECO UPDATE – SALE OF MOOLAP PROPERTY

On 20 February 2014, MHM Metals Limited (**MHM** or the **Company**) announced that Alcoa Inc, the Company's main supplier of feedstock for its salt slag processing business, had announced its intention to permanently close its two rolling mills at Port Henry, Victoria and Yennora, New South Wales. The Company's wholly owned subsidiary Alreco Pty Ltd (Alreco), received its last supply of material from Alcoa on 31 March 2015 and subsequently focused its efforts on processing legacy stockpiles and the remediation of its Moolap operations.

On 30 September 2015, Alreco ceased all commercial operations.

On 12 October 2016, MHM advised that Alreco had entered into a Deed of Settlement and Release with Alcoa of Australia (Alcoa) in connection with the lease of the Hays Rd property and the associated remediation obligation.

The Deed of Settlement and Release was effected through payment by Alreco to Alcoa of \$1m AUD and Alcoa's discharge of its security over a \$350,000 AUD bank guarantee and the property at 80 Buckley Grove, Moolap held by Alreco.

A provision for this liability had been accounted for in the Company's 2016 financial statements, in the amount of \$1m AUD.

The Company has now settled the sale of the property, plant and equipment at 80 Buckley Grove, Moolap for consideration of \$1. The sale was effected on a 'walk in, walk out' basis, without representations and warranties on the part of the seller and with the buyer assuming the responsibility for all potential liabilities connected to the property, including the legacy stockpiles.

The property, plant and equipment at 80 Buckley Grove had been accounted for in the Company's 2016 financial statements in the amount of \$500,000.

Capital Structure

Ordinary shares on issue:	136,228,616
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The settlement of the property at 80 Buckley Grove finalizes the Company's interests in the Moolap region and in the aluminium recycling industry.

As a result of the discontinuance of the Company's previous main undertaking the ASX has confirmed the Company will remain suspended from trading until it re-complies with Chapters 1 and 2 of the ASX listing rules.

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For more information:

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