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# Aluminium Project Settlement

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ASX Release – 15 January 2010

## Highlights

- Settlement of Aluminium Salt Slag Project completed
  - Possession of processing plant to occur on Monday 18 January 2010
  - Production to commence immediately
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## Overview

Macquarie Harbour Mining Limited (**MHM**) has finalised settlement of the Aluminium Salt Slag Facility from Sims Aluminium Pty Ltd, a wholly-owned subsidiary of Sims Metal Management Limited (ASX:SGM) (**Sims**). MHM, through its wholly-owned operating subsidiary Alreco Pty Ltd (**Alreco** or the **Company**), will take possession of the Facility on Monday 18 January 2010.

## Development Timetable

Upon taking possession on Monday 18 January 2010, Alreco will be able to operate under Sims existing EPA licenses whilst the transfer of licenses is being affected.

Processing of salt slag will commence upon taking possession, resulting in immediate income generation for the Company.

The upgrade of the existing Sims facility will commence on Monday 18 January 2010 and will take 26 weeks. It has been planned such that there will be no interruption to ongoing production. During the upgrade phase the Aluminium Salt Slag landfill will not be processed. Whilst this means that the plant will be running at 40% capacity, the Company will continue to generate profits from both the Alcoa and Sims processing contracts during this period.

## For Further Information

For further information please contact Ben Mead on +61 (0)3 6229 9955 or at [www.mhml.com.au](http://www.mhml.com.au).



macquarieharbour  
mining

ABN 41 124 212 175

## Corporate Detail

**ASX Codes:**  
MHM, MHMO

**Issued Capital:**  
89.0M Ordinary Shares  
27.5M Listed Options

**Substantial Shareholders:**  
Rogers Southern PL 14.9%  
Directors 18.5%

## Directors

Chairman  
Basil Conti FCA, FCIS,  
FTIA

Managing Director  
Frank Rogers

Executive Director  
Ben Mead B.Econ

Non-Executive Director  
P Robertson B.E.(Met),  
MBA

Non-Executive Director  
Dr Neil Allen B.Sc, PhD

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## Aluminium Project Background

Aluminium Salt Slag is a waste stream that results from the recycling of aluminium, a by-product from recyclers that has traditionally been placed in landfill. Due to regulatory changes by the EPA, this material can no longer be disposed in landfill and this has presented a major problem for the industry. Without a viable solution the secondary aluminium industry cannot continue to operate using the existing highly-efficient yet waste-generating processes.

Alreco has negotiated to acquire from Sims a Salt Slag processing facility in Moolap, Victoria which has been used to process material from its own smelting operations, together with that of Alcoa. The Sims process, however, still requires a significant portion of the material to be consigned to landfill at considerable expense. The existing plant will be upgraded to the specifications of a new technology that will greatly increase the efficiency and profitability of the process.

The upgrade of the existing Sims facility will commence immediately upon settlement. The upgrade will take 26 weeks, and has been planned such that there will be no interruption to ongoing production, though the plant will not be operating at full capacity.

During the plant upgrade period, the business is expected to earn pre-tax profits (EBITDA) of \$230,000 per month for Alreco. Once the plant upgrade has completed, the business is expected to earn pre-tax profits of \$8,600,000 per annum for Alreco. These estimates are based on projected income from supply contracts that have been finalised and additional income projections and operating expenses that have been verified by the Independent Technical Experts to the transaction, The Carnot Group.

Prior to the incorporation of MHM, two of the Company's Directors Frank Rogers and Peter Robertson (the **Technology Providers**) developed a proprietary technology that provides a "closed-loop" solution to the Salt Slag waste issue. This technology removes the need for any of the waste to be consigned to landfill. The waste is processed and converted into its primary components being aluminium metal, salt and non-metallic product (aluminium oxide), which is a by-product that can be sold into a variety of other uses. Alreco has now acquired exclusive global rights to this technology from the Technology Providers.

The Australian rights to use the Technology developed by the Technology Providers is currently licensed to a Third Party, which is an entity in which Frank Rogers and Peter Robertson (both directors of MHM) have an interest. The Third Party has agreed to sub-licence the right to use the Technology in Australia to Alreco.

The Third Party has access to a landfill owned by Alcoa containing 160,000 tonnes of aluminium waste, from which at least 16,000 tonnes of aluminium is expected to be recoverable. The Third Party has acquired from Alcoa the rights to 100% of the proceeds of materials recoverable from the landfill. In addition, the Third Party has executed a three-year tolling contract with Alcoa for the processing of Aluminium Salt Slag.

The Third Party and Alreco have executed a processing and sales agency agreement under which, in return for a fee, Alreco will process the Aluminium Salt Slag recovered from the Alcoa landfill and sell the resulting products as agent for the Third Party. Alreco will also perform the Third Party's obligations under a tolling contract with Alcoa, as a sub-contractor. Alreco will receive 60% of the EBIT profits for performing these services for the Third Party, and has the first right of refusal to acquire 100% of the rights of the Third Party, subject to independent valuation and shareholder approval.

The Independent Directors of MHM are of the view that the negotiated structure between the Third Party and Alreco provides for the lowest risk transaction. The initial processing and sales agency and subsequent valuation by an Independent Expert permits the Independent Directors to be satisfied that the business is operating as anticipated prior affecting the acquisition of 100% of the Third Party rights, subject to shareholder approval. It is the view of the Independent Directors that a more accurate valuation for the Third Party rights can be derived in this manner.

There is significant opportunity to expand the business overseas, particularly in the United States where in excess of 40-times the volume of Aluminium Salt Slag is produced compared to Australia. Alreco has commenced discussions a global aluminium company for the construction of two processing plants in the United States, for which there is strong interest. Alreco has also received expressions of interest from parties in Canada, Europe and South Africa for Salt Slag Processing operations.