

MHM COMMISSIONING UPDATE

ASX Release – 29 June 2011



MHM Metals Limited (ASX:MHM) confirms that test runs have been successfully completed on each of the plant components at the salt slag recycling facility operated by wholly-owned subsidiary Alreco Pty Ltd. The wet (washing) circuits have all been run independently and their ability to handle the required volumes and tonnages verified.

The final step in the commissioning process will be to run all components of the upgraded plant in unison. This process requires additional power supply than was previously available to the site. Despite Alreco applying for supplementary power supply at the earliest opportunity, there has been some delay with metering and commissioning which unfortunately has been beyond the company's control.

Alreco has completed all internal electrical upgrades and the relevant power company has installed new metres as required, with the only item outstanding being their final commissioning and sign off by the power company. MHM anticipates making a further announcement in the next short period to confirm that commissioning of the plant is finalised.

The plant has been successfully producing AL80 over the last month. This is in accordance with the contract executed with Impex Minerals Pty Ltd as announced to the ASX on 14 June 2011.

Brine evaporation pond construction has reached sufficient capacity to accommodate full plant throughput. Each pond has a four-month capacity. Construction work will continue on additional ponds as required.

The pipeline running from Alreco's plant to the brine storage ponds is in place. The pipeline is fully operational and ready for use. Alreco has executed a licence agreement with Alcoa with respect to the ongoing use of the pipeline as the pipeline crosses Alcoa's land.

The directors of MHM appreciate that there has been some frustration at the delays incurred in the plant upgrade and commissioning process. The board wishes to remind shareholders that this plant is a 'world first', and the first of what is expected to be a number of these facilities located across the globe. As is common-place with new processes there have been unexpected delays and lessons learnt that will speed the construction and commissioning of future plant construction. There have also been a number of events that have been entirely outside of the company's control and sustained efforts are being made to conclude the commissioning process as quickly as possible.

Further information:

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CORPORATE DETAIL

ASX Codes:
MHM, MHMO

Issued Capital:
101.5M Ordinary Shares
26.2M Listed Options

Substantial Shareholders:
Rogers Southern PL 10%
Directors 13%
Top Twenty 21%

Directors:
Chairman – Basil Conti

Managing Director – Frank Rogers

Executive Director – Ben Mead

Executive Director – Simon Wells

Non-Exec Director – Dr Neil Allen

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