

THIRD US PROCESSING CONTRACT

ASX Release – 14 November 2011



MHM Metals Limited (ASX:MHM) has secured a third processing contract for the supply of feedstock to the planned US salt slag and black dross processing facility. The twelve month contract has been structured as a 'tipping' arrangement, where MHM assumes ownership of recovered aluminium, salt flux and aluminium oxide. The contract provides a mechanism for the parties to explore a tolling arrangement where the customer retains ownership of recovered aluminium and salt flux, on the basis of demonstrated recoveries.

Following MHM's announcement of the first and second supply contracts earlier this month, momentum continues to grow for MHM as the company rapidly progresses the global expansion of its aluminium waste recycling technology.

Due to the dynamics of the US aluminium industry, the details of this contract must remain confidential and MHM must refrain from revealing the counterparty or contract terms.

Subsequent companies that engage contractually with MHM may also require contract information and company names to remain confidential prior to commencement of MHM's US operations. A number of US aluminium companies accepting the MHM solution may experience reduced or denied landfill access or large landfill cost increases if identified as contracting with MHM. This is particularly problematic in the period between contracting for waste recycling and commencement of MHM's operations.

Due to contractual limitations MHM also cannot reveal tonnages to be processed. The anticipated processing capacity of the first US plant remains 200,000-250,000 tonnes per annum. MHM intends to later provide overall contracted supply volumes when it can be done so in a manner that provides no risk for identification of the underlying counterparties.

MHM continues to engage with a number of other companies with substantial salt slag and black dross volumes and management is working diligently to secure additional processing contracts in the near future.

Site due diligence continues to progress extremely well. Once government financial support for the project has been confirmed over the coming weeks, management has identified no reason why the acquisition of the property would not proceed. MHM has commenced geotechnical analysis of the site, which is not expected to identify any issues. The company has also engaged with a rail provider and commenced preliminary planning and engineering for construction of a rail spur. The availability of rail is an important consideration for MHM, providing flexibility of transportation and potentially increasing the radius for which salt slag and black dross can be economically recycled. MHM has also commenced planning adaption of existing structures on the property that show potential for reduced cost and expedited construction timeframes.

FURTHER INFORMATION:

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ASX Codes:
MHM, MHMO

Issued Capital:
102.3M Ordinary Shares
25.4M Listed Options

Substantial Shareholders:
Rogers Southern PL 10%
Directors 13%
Top Twenty 23%

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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