

# MANAGING DIRECTOR'S AGM SPEECH

ASX Release – 29 November 2011



Good morning, and thank you all for attending.

I am happy to report that this year has seen the company achieve important operational and commercial milestones. Our focus has been and will continue to be cash generation and adding value to the company's assets -- all of which is ultimately reflected in the share price.

During these uncertain times it is imperative that the company cash reserves be husbanded carefully. However it is also an opportunity for companies with cash and with the ability to exploit the strong Australian dollar.

The flagship Aluminium Division has been the main focus of your Directors' attention and we have seen the expansion of the processing facility in Geelong. More recently we have expanded into the US by securing salt slag and black dross processing contracts and the imminent acquisition of a large parcel of land for construction of the company's first US processing facility.

MHM is continuing with the development of the Silica Division, again with emphasis on obtaining supply contracts to underwrite the development of a silicon smelter in Tasmania. Additionally, considerable effort has been devoted to securing silica reserves, in addition to those held by the company on the west coast of Tasmania.

Exploration expenditure has been carefully monitored to minimise cash drain on company funds. Some significant discoveries were found during the reporting year and work continues to test the potential of the Thomas Creek porphyry copper-gold target and the mineralisation at Hill 99.

## Aluminium Division:

It is important for our shareholders to understand that MHM has constructed and commissioned three plants at the Geelong facility. These are:

- The Dross Processing Plant
- The Salt Slag Processing Plant
- The Aluminium Oxide Plant

Careful consideration was given to how cash flow could be maintained during plant construction. By partly processing salt slag your company was able to maintain an income stream from the date of acquisition of the Sims facility. As you can imagine, it is difficult to organise both operations and plant construction simultaneously and it is a credit to our management and staff that this was achieved.

Your company is now in the process of conducting final commissioning of the Aluminium Oxide Plant which has already produced our AL80 product for sale. This process is the Holy Grail in the processing of salt slag, closing the loop by converting oxides into a benign useable product. This has not been achieved before.

**ASX Codes:**  
MHM, MHMO

**Issued Capital:**  
102.8M Ordinary Shares  
25.3M 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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The expansion into the US has steadily gained momentum. Considerable effort was needed to convince a cynical aluminium industry that MHM could achieve what others had not and it is certainly a credit to both Ben Mead and John Pugh our US Operations Director that we now have three processing contracts and expect more to follow.

The selection of the right property on which to construct our first processing facility was a very important decision. The site had to be located close enough to the producers of the slag and dross and had to be of sufficient size to allow for expansion and to provide a buffer to surrounding buildings.

The property selected is currently under investigation to ensure that issues such as environmental legacies have been addressed. We don't expect any such issues. We look forward to providing more details about the site, and anticipated government financial support on 13 December.

Your Directors and management see an exciting future in the US. The size of the market gives the potential for a huge uplift in the company's asset base and income stream.

An important factor in assessing the value of our company is the fact that the Aluminium Division does not rely on finite reserves. It is reasonable therefore to say that so long as there is an aluminium industry MHM will have a cash producing business.

### **Silica Division**

As stated in my introduction your company has sought to secure offtake contracts based on the purity of the silica at Cape Sorell. The company is also seeking additional silica resources to achieve volumes to make MHM a serious scale producer in the silica industry. Assessments have been carried out on a number of deposits to determine viability.

MHM has received numerous expressions of interest in being involved in a silica smelter in Tasmania. Work continues on site selection, power supply agreements and the supply of sufficient timber for production of charcoal needed for the process.

Should this smelter materialise it will be a very large undertaking for MHM. As such your Board and management are investigating financial and corporate structures that maximise shareholder benefits.

### **Mineral Exploration**

Due to the demand for cash to expand the Aluminium Division into the US, exploration has been curtailed to two targets on the west coast of Tasmania. These are the Thomas Creek porphyry copper-gold prospect and the Hill 99 polymetallic prospect.

Although these prospects show potential to host significant mineralisation, your Board has elected to seek joint venture partners to carry out additional exploration. This decision is prudent when considering the very substantial potential of the Aluminium Division and the Silica Division.

Your company's policy of emphasis on projects that have short lead times to cash flow is particularly expedient considering the current global financial malaise.

### **Conclusion**

In conclusion I thank our staff for their considerable efforts and successes in taking the company forward to where it is today in such a short time frame. Also I thank shareholders who have supported the company and have given encouragement to management and staff to keep pressing on during some of the challenging times. It is also appropriate for me to thank the management of Alcoa for the support both morally and financially, and Sims, our other customer, for the manner in which their people have supported our business.

**Frank Rogers**

Managing Director