

AL80 UPDATE

ASX Release - 14 March 2012

- Supply contract with Impex Minerals Pty Ltd cancelled due to non-performance
- Letter of Intent signed with Australia Bandfield Group for the supply of AL80 produced in Australia.

MHM Metals Limited (ASX:MHM) has cancelled an exclusive supply contract with Impex Minerals Pty Ltd for the offtake of AL80, MHM's aluminium oxide product that is produced from salt cake recycling operations.

The contract has been cancelled following repeated non-performance by Impex of key conditions precedent to the contract and repeated failure to deliver on timeframes. On 23 February MHM announced that the first anticipated shipment date for AL80 would be 5 March 2012. This date was provided following written and verbal assurance by Impex that shipping would commence on this date. Due to non-compliance by Impex, MHM has now cancelled the contract with Impex.

MHM has immediately proceeded with an alternative buyer of MHM's AL80 product.

MHM has signed a Letter of Intent with Australia Bandfield Group for the supply of all AL80 produced in Australia.

Established in 1994, Bandfield has exposure to a range of businesses including ship broking, export and sales of mineral and agricultural products and advisory services in mining, port infrastructure and investment. The scope of its business also includes advice and evaluation for Australian or Asian companies seeking joint venture investments and providing shipping solutions for Australian companies seeking to reach Asian markets.

Preparations for the first shipment have already begun and Bandfield has advised that it will be delivering shipping containers to site within 10 days.

The delay in shipment of AL80 is presently not impacting ongoing operations at MHM's Geelong salt cake recycling facility.

FURTHER INFORMATION:

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ASX Codes
MHM, MHMO

Issued Capital
104.1M Ordinary Shares
23.9M Listed Options

Substantial Shareholders
Rogers Southern PL 10%
Directors 13%
Top Twenty 34%

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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