

MHM Company Update

ASX Release – 30 March 2012



- First shipment of AL80 has departed Geelong
- Closed-loop processing continuing, although throughput diminished due to intricacies of re-treating partly-processed material
- Planned alterations to areas of the circuit to increase throughput, reduce staffing and greatly simplify process
- Plant will continue operating during planned process changes
- Engineering and environmental permitting progressing very well in the United States
- Rail spur final design and costing expected imminently
- Management soon to confirm capital cost and drawdown schedule
- Preliminary site works commenced
- US and UK roadshow completed, business case positively received

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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AUSTRALIAN ALUMINIUM OPERATIONS UPDATE

MHM Metals Limited (ASX:MHM) confirms the first shipment of AL80 has left Alreco's Geelong facility, just two weeks after signing a Letter of Intent with Australia Bandfield Group. AL80 is an aluminium oxide product that results from the closed-loop salt cake processing technology for which MHM has exclusive, perpetual global rights.

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

Closed-loop processing continues in Geelong, although Alreco has struggled to reach full capacity due to processing issues presented by re-processing the partly treated and stockpiled salt cake. The partly processed material has been generating larger volumes of gases than anticipated, resulting in the need to blend the stockpile material with the regular salt cake feedstock. Alreco had originally expected that the partly processed material could be processed without blending, however due to the difficulties the material is being blended on a ratio of one tonne for every three tonnes of unprocessed salt cake.

Whilst the stockpile of partly-processed material is being reduced, management has designed small changes to the circuit to enable the plant to increase throughput, reduce staffing levels and greatly simplify the process. The design will be tested over the next week, with results provided to the ASX. The plant will continue operating during this period.

US ALUMINIUM OPERATIONS UPDATE

Preparations for building the US plant continue with engineering and environmental permitting activities well underway. Rail spur design and costing is expected imminently, with the construction of the rail spur a high priority to facilitate transfer of plant and equipment to the Russellville, Kentucky site.

Management is finalising final plant capital cost including independently verifying the costs, drawdowns and timeframes for completion. This information will be released to the market when available.

Preliminary site works have commenced and are ongoing.

Assessment of project-financing options is underway and will be finalised when the plant capital cost and drawdown schedule are confirmed. Management is confident that a number of options will be available. As always, management wishes to minimise any shareholder dilution to maximise earnings per share and share price.

A preliminary US and UK roadshow has been completed with positive feedback in every instance. The purpose of the roadshow was to introduce potential new investors to MHM and generate more support for the share price during in any market weakness or low news flow.

FURTHER INFORMATION:

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