



ASX Announcement

For immediate release

Monday 22 September 2014

Company Update

Federal Court orders \$548,581 (plus interest and legal costs) be paid in compensation to MHM Metals Ltd by former Managing Director and Rogers Southern Pty Ltd

Initiation of claims to recover approximately \$5 million from Project Development Corporation and Joint Venture partners

MHM Metals Limited [ASX: MHM] today provides the following update in relation to the outcome of Federal Court proceedings against its former Managing Director (refer ASX announcement 5 December 2013).

It also announces it has issued demands for further recovery claims against Project Development Corporation ("PDC") and its, joint venture partners.

Federal Court of Australia proceedings

On 18 September 2014 in the Federal Court of Australia at Melbourne, Justice Davies ordered Mr Frank Rogers (former Managing Director) and Rogers Southern Pty Ltd (a company controlled by Mr Rogers) to pay compensation to MHM Metals Ltd amounting to \$548,581 (plus interest and costs) for breach of director duties and misappropriation of funds.

The compensation relates to the purchase and refit of a survey vessel by MHM Metals for use in its erstwhile exploration activities in Tasmania in 2008. The survey vessel was subsequently revealed to be a pleasure yacht, the "Ocean Voyager", belonging to Mr Rogers' Family Trust.

Initiation of recovery claims

MHM Metals also announces today that on Friday 19 September, it issued demands on several claims to recover substantial funds (approximating \$5 million, plus interest and legal costs), against a number of entities including PDC and its Joint Venture partners. The recovery claims relate to alleged breaches of a number of agreements entered into by the MHM Metals group of companies concerning processing and sales, and technology licenses with PDC and its joint venture partners.



Iain Kirkwood, Chairman of MHM Metals, said Thursday's Federal Court judgment in favour of the company vindicates the action taken by the new board. "We were pleased with the Federal Court judgment, which concerned the sale of a yacht owned by former MD, Frank Rogers, to the company in 2008."

"The further potential recovery claims in which demands have been issued are serious and substantive. MHM Metals alleges that there were fundamental errors in the application of the various agreements which resulted in material financial loss for MHM Metals over a number of years. Further, there appear to have been a myriad of related party transactions and conflict of interest issues, which raise disclosure and corporate governance concerns. Our legal advice is strong and the new board will vigorously pursue these claims."

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