



# ASX Announcement

For immediate release

Wednesday 29<sup>th</sup> October 2014

## COMPANY UPDATE

### Key points:

1. **Alreco plant at Moolap to close – Alcoa landfill to remain in situ**
2. **Action on Recovery Claims continuing**

### Moolap plant to close

MHM Metals Ltd (ASX:MHM) today announced that it will be closing its aluminium by-product treatment operations at Moolap, in south-east Geelong with operations to cease in the first quarter of CY' 2015.

As reported in the Company Update on 30 September 2014, the ability of the Company to continue to treat salt slag in the domestic-waste sector depended solely on the outcome of decisions by Alcoa (and the EPA of Victoria) regarding the Alcoa landfill. The Company has now received confirmation that the Alcoa landfill is expected to remain in-situ.

The Company's last shipment of salt slag from Alcoa's Yennora plant in NSW is due to take place in December. The processing of this shipment, and the remaining legacy stockpile, is expected to be completed by early 2015. The Company will then undertake any necessary clean up and remediation works on its Moolap site and otherwise prepare all remaining assets, including the freehold property, for sale.

Iain Kirkwood, Chairman MHM Metals Ltd, said, "We wanted to secure the future of the Moolap operation by processing the Alcoa landfill. However this opportunity did not materialise and we are very disappointed for all stakeholders, especially our plant employees at Moolap who will likely have to look for alternative employment in the New Year."

Matthew Keen, Managing Director of MHM Metals said, "I would like to thank employees for their efforts in the Moolap operations over the past 4 years. The Company will work with local and regional government departments to help employees understand what re-employment programs are available."

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## **Recovery claims**

As announced on 22 September 2014, the Company has issued several demands seeking to recover substantial funds against a number of entities, including Project Development Corporation and its Joint Venture parties.

These claims, which total approximately \$5 million plus interest and legal costs, relate to alleged breaches of a number of agreements entered into with the MHM Metals group of companies concerning processing and sales, and technology licenses with Project Development Corporation and its joint venture partners.

As previously advised, the Company has commenced investigating a significant number of related party transactions and conflict of interest issues, which raise disclosure and corporate governance concerns. The Company's legal advice is strong and the board intends to vigorously pursue these claims.

**END**

### **For more information:**

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