

# MHM ROADSHOW

April 2011



ABN: 41 124 212 175

# Introduction

## Corporate Snapshot

|                                 |            |
|---------------------------------|------------|
| <b>Exchanges</b>                | ASX        |
| <b>Share Price</b>              | \$1.15     |
| <b>Shares / Options</b>         | 101m / 26m |
| <b>Fully Diluted Market Cap</b> | \$146m     |

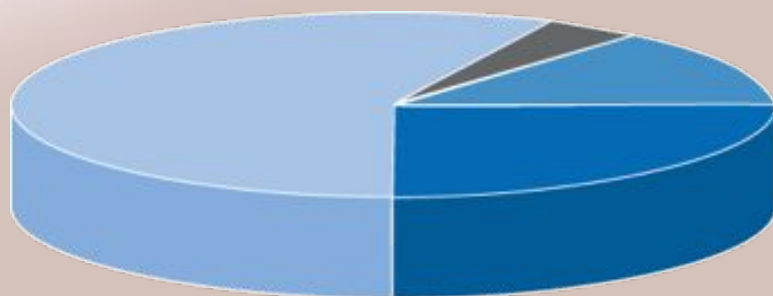
|                                   |         |
|-----------------------------------|---------|
| <b>Cash</b> (at 31 December 2010) | \$11.7m |
| <b>No debt</b>                    |         |

|                     |                 |
|---------------------|-----------------|
| 12 Month High / Low | \$1.56 - \$0.16 |
|---------------------|-----------------|

## Directors & Management

|                 |                               |
|-----------------|-------------------------------|
| Basil Conti     | <b>Non-Executive Chairman</b> |
| Frank Rogers    | <b>Managing Director</b>      |
| Ben Mead        | <b>Executive Director</b>     |
| Simon Wells     | <b>Executive Director</b>     |
| Dr Neil Allen   | <b>Non-Executive Director</b> |
| Richard Lindsay | <b>Exploration Manager</b>    |

## Shareholder profile



|                         |     |
|-------------------------|-----|
| ■ Top 20                | 21% |
| ■ Directors             | 13% |
| ■ UBS Wealth Management | 7%  |
| ■ Other                 | 59% |

# 12 Month Chart



# MHM

**Diversified industrial/green-tech & resources company**

## **Aluminium Division**

**Australian Operations**

**US Operations**

**International Opportunities**

**Alcoa partnership**

## **Mineral Division**

**Silica Project**

**Other Resource Projects**

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MHM is an innovative and forward thinking company entering a major period of growth over the next 3-5 years. Our goal is to maximise shareholder value via minimal dilution and a core focus on delivering EPS. We intend to enter the ASX300 by the end of the CY2011.

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# Aluminium Division Overview



# Aluminium Division

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“

Transforming waste into valuable commodities  
with positive outcomes for the environment, the  
aluminium industry, and shareholders

”

**1. Australian Operations**

**2. US Operations**

**3. International Growth Options**

# Competition / IP Protection

## Competitors

- MHM has conducted extensive patent review /analysis of competing salt slag processing technologies.
- Alternate processes fundamentally different, MHM's technology has significant capital & operating expense advantages.
- This view supported by aluminium companies familiar with competing technologies.

## IP Protection

- MHM has perpetual, exclusive global rights to salt slag processing technology.
- Technology providers opted not to apply for patent, instead adopted 'black box' trade secret approach. Issues surrounding ability to administer patent rights in every jurisdiction, perceived difficulties in protecting processing patents & unwillingness to advertise to the world how the process operates.
- MHM has procedures in place to protect technology, and is comfortable with IP protection position.





# 1. Australian Operations – Structure

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- Alreco Pty Ltd is 100% owned Australian operating subsidiary.
- Owns perpetual, exclusive global rights to proprietary technology to process waste (aluminium salt slag) from secondary aluminium industry.

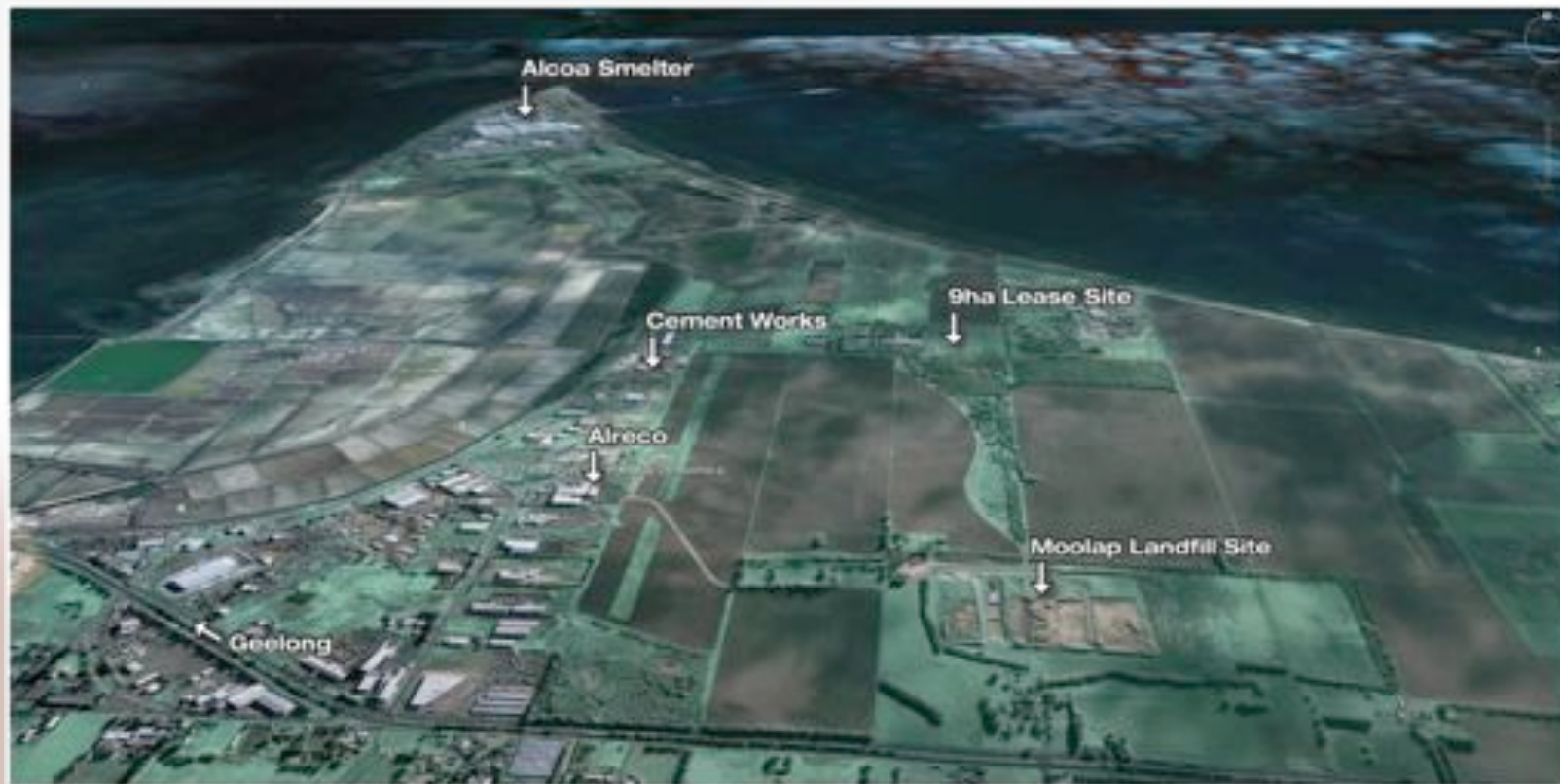




# 1. Australian Operations – Location

Australian operations are located in Moolap, VIC (80 km's south of Melbourne).

Image shows Alreco facility, salt slag landfill site, salt pond site and Alcoa's Point Henry smelter.



# 1. Australian Operations – Images

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- Recovered aluminium



- Aluminium salt slag



# 1. Australian Operations – Background

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- Salt slag traditionally placed in landfill, Aust EPA no longer permits. Aust industry cannot continue with present secondary smelters without solution. Waste is hazardous in Aust & Europe as can leach ammonia & heavy metals.
- Frank Rogers working with aluminium industry since 1998; developing technology, building pilot plant, testing landfill, progressing relationship with Alcoa.
- Technology provides landfill-free solution & processes salt slag into metal (10-20%), salts (50%) & aluminium oxide (30-40%).
- MHM directors appointed financial/technical experts to assess acquisition of Sims business & global rights. Financial/technical due diligence was satisfied & transaction settled 15 Jan 2010.
- Jan 2010: acquired salt slag processing business from Sims Metal Management (SGM). Facility to be upgraded to implement closed loop technology, no interruptions to operations during upgrade.
- All necessary permits and approvals for completion of final stage obtained. Full commissioning expected April 2010.

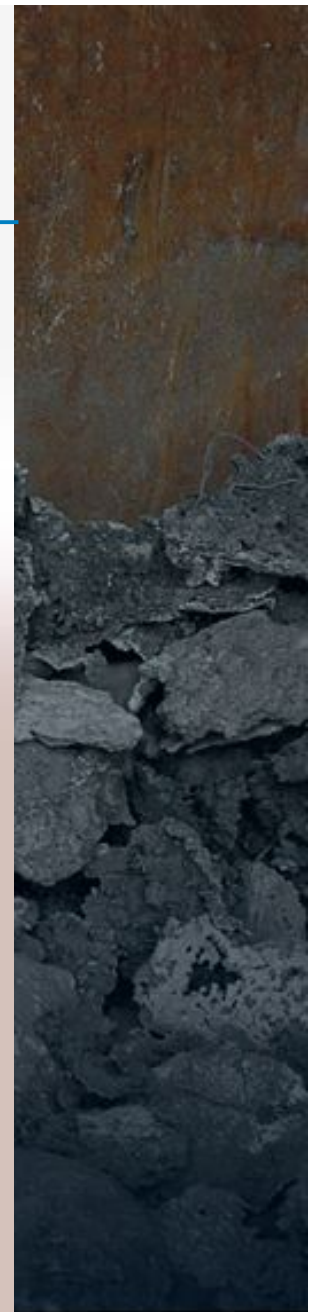




# 1. Australian Operations Detail



- ▶ Jan 2010: Aluminium salt slag business & underlying land purchased from Sims for \$3m, immediately commenced operations and cashflow positive since this time
- ▶ 3-year contract with Alcoa to process 11,000-13,000t aluminium salt slag pa for \$300 per tonne. Alcoa retains ownership of recovered metal & salt, Alreco retains aluminium oxide.
- ▶ 1-year contract with Sims to process aluminium salt slag, aluminium non-salt slag & aluminium dross, details of contract confidential. Contract expired though Alreco still processing material for Sims under contract terms. New contract being negotiated.
- ▶ Access to Alcoa-owned landfill to process 160,000t material. Landfill contains ~16,000-32,000t metal, ~80,000t salt & ~48,000-64,000t aluminium oxide. Alcoa relinquished ownership of reclaimed material.
- ▶ Targeted average operating cash surplus A\$230,000 per month during upgrade.
- ▶ A\$8.6m EBITDA pa at full capacity, once landfill processing commences.





# 1. Australian Operations – Future Purchase of Australian Rights

Interests of Frank Rogers & Peter Robertson & private investor as owners of Alcoa processing & Alcoa landfill contracts yet to be acquired by MHM. Structured as profit-sharing initially, to allow operation prior to acquisition (vend for MHM equity) to allow most accurate valuation rather than upfront pricing & acquisition.

Alreco earns 60% of profits from Alcoa contract & Alcoa landfill processing until acquisition of remaining rights. Profit share only for these two contracts & only for Aust operations. Alreco owns 100% of Sims contract, plant, equipment, land & any overseas expansion (royalty payable to technology providers for overseas technology use).



## 2. US Operations

MHM Metals Corp is 100%-owned operating subsidiary for US operations. Exec director Ben Mead relocated to the US Jan 2011 to drive expansion.

### Alcoa Inc

- ▶ Alcoa publically stated desire for no landfill by 2015, discussions to be global partner to achieve this goal.
- ▶ Preliminary contract discussions with Alcoa US commenced, together with salt slag testing/analysis.

### Smelter Service Corporation

- ▶ Secondary aluminium producer. Processes scrap & aluminium dross for Alcoa & others.
- ▶ Produces 90,000 tpa salt slag, owns 350,000t single purpose salt slag landfill.
- ▶ Working with MHM re construction of first US salt slag processing facility. MHM to own facility outright. Anticipated to commence construction mid-2011.

### Additional salt slag sources

- ▶ Under negotiation, remain commercial-in-confidence.
- ▶ **Anticipated first plant capacity 150,000-250,000 tpa, commence production mid-2012.**

## 2. US Operations

### MHM has;

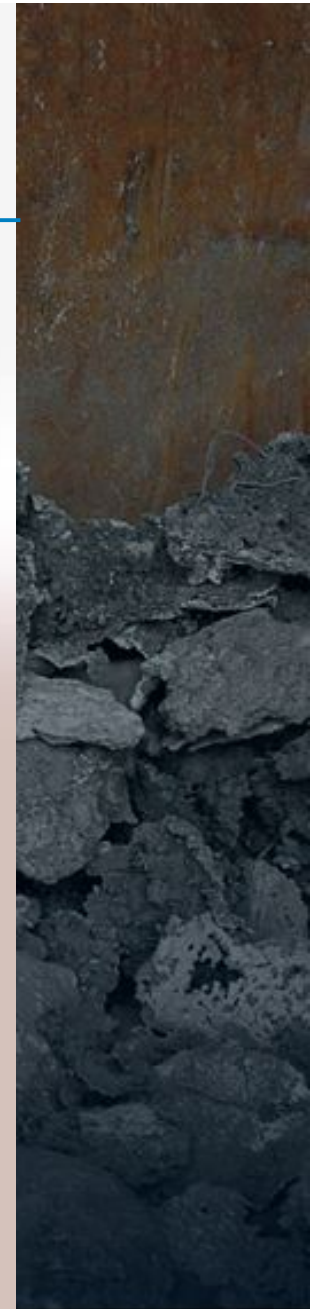
1. Commenced testing of SSC landfill & other salt slag
2. Commenced contract discussions for toll-treatment
3. Advanced site selections with final decision imminent
4. Advanced dialogue concerning government grant & concession negotiations
5. Undertaken preliminary construction permitting planning, engineering/permitting group appointed
6. Undertaken investigations into project financing options (debt financing preferred)
7. Anticipated first plant capacity 150,000-250,000 tpa, targeted commencement of production mid-2012



## 2. US Operations - SSC Landfill Testing



- Involves cutting trenches across the landfill, recovering large lumps of salt slag and metal to test recoveries, taking composite samples of salt slag for analysis.



## 2. US Operations - SSC Landfill Testing



- Salt slag containing lumps of aluminium



Aluminium and salt recovered by hand ➤





### 3. International Growth

#### Canadian market

Salt slag not permitted in landfill. Enquiries from Canadian aluminium company received.

#### European market

Salt slag landfill not permitted in Europe. Two competing European salt slag processing technologies, Alreco's technology has considerable Capex and Opex advantages.

Enquiries from several European aluminium companies to conduct feasibility.

#### US market – primary focus after Australia

1 million tpa of salt slag produced in US (25,000 tpa produced in Aust).

Expansion into US originally planned Q1 2011, brought forward.

Salt slag can still be landfilled in US but increasingly difficult. Industry invested large sums without solution. Increasing awareness of value of landfilled materials, environmental benefits of salt slag treatment & salt slag landfill reclamation.

**Opportunities exist for Alreco in any jurisdiction where salt slag is produced – any country with active secondary aluminium industry.**



# Additional Technologies



# Additional Technologies

## Aluminium oxide processing (NMP or Non-Metallic Product)

- MHM acquired exclusive rights to a technology under development to value add aluminium oxide residue.
- In Australia over 50,000 tpa of NMP produced in addition to that produced by Alreco. Possible opportunity to increase revenues by securing additional supply.
- US produces 10x volume of aluminium oxide produced in Australia.
- Jan 2010: MHM announced changes made to Australian operation to permit implementation of NMP technology. Further information to be provided upon on signing anticipated offtake contracts.

## SPL processing

- MHM acquired exclusive rights to technology under development to process Spent Pot Lining (SPL) into valuable commodities.
- Australia produces 38,000t pa of Spent Pot Lining, US produces 230,000t pa.
- Pilot scale testing expected in commence in US in near future.
- Revenue potential from treatment of SPL substantial.



# Mineral Division





# Development Strategy/Rationale

MHM has a suite of mineral projects at various stages of development

## Advanced

- High Purity Silica Project

## Less Advanced

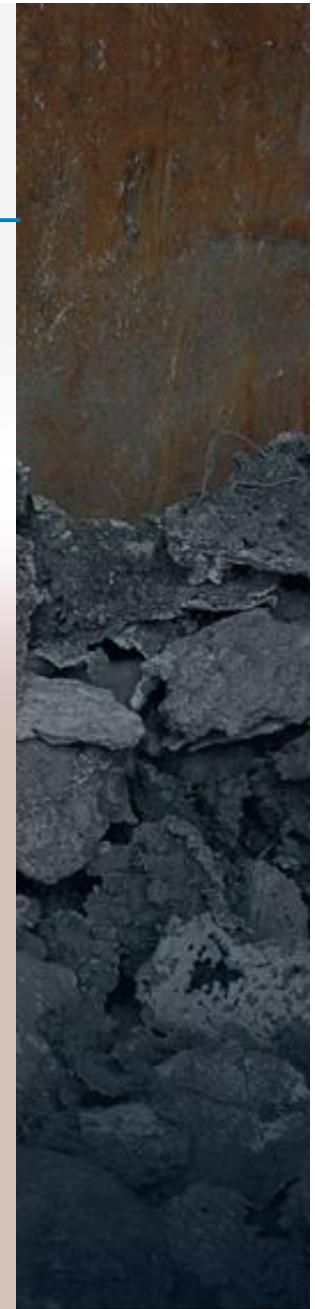
- Thomas Creek Porphyry Copper Gold Project  
Hill 99 Polymetallic Project  
Hibbs Ultramafic Nickel Project  
Double Cove Iron Ore Project
- The mineral projects may deliver substantial value to shareholders and MHM management has responsibility to maximise return on these assets. Management also aware market wants MHM to consolidate its diversified interests into the aluminium business.
- A small proportion of profits will be reinvested into these projects for self-funded development & project development partners and/or divestment will be considered.



# Mineral Division

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- High purity silica, Cape Sorell Tasmania







- ## 24 - MHM ROADSHOW April 2011



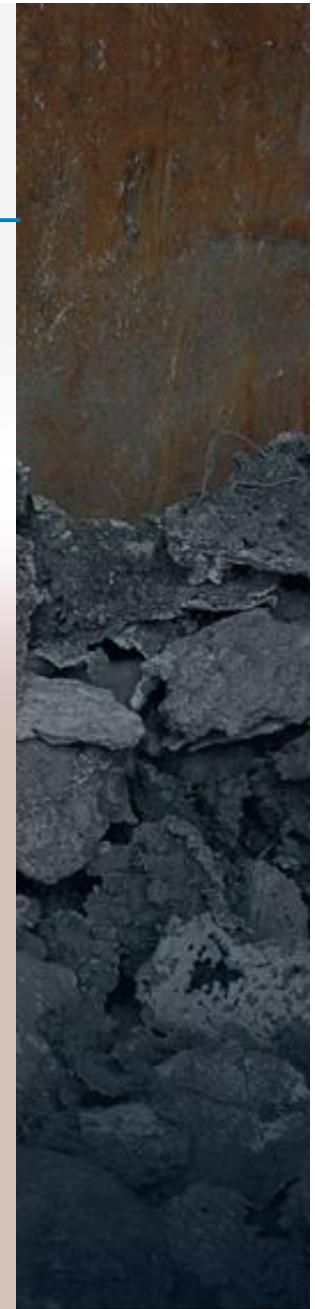
# Offtake Discussions

- MHM is conducting offtake discussions with a number of parties.
- **WackerChemie AG:** is diversified chemicals company based in Munich, operations in 5 continents, ~15,000 employees, 2008 sales €4.3b, EBITDA €1.05b. World-leader silicon metals production for chemical applications, silicon wafers for semiconductor industry & major producer of hyper-pure polysilicon used in photovoltaic solar energy market.
- Reported in media to be considering \$500m investment in Tasmanian silicon smelter, discussions occurring but details remain commercial-in-confidence.
- **Multinational chemical company (US):** silicon multi-national reported by Tasmanian Treasurer to be considering silicon smelter proposal MHM in discussions with other parties re Tasmanian silicon smelting concept.
- **Third multi-national company:** engaged in the silicon smelter proposal negotiations.
- **Silica flour:** A number of parties have received samples of high purity silica flour & engaged in offtake discussions at various stages of development.



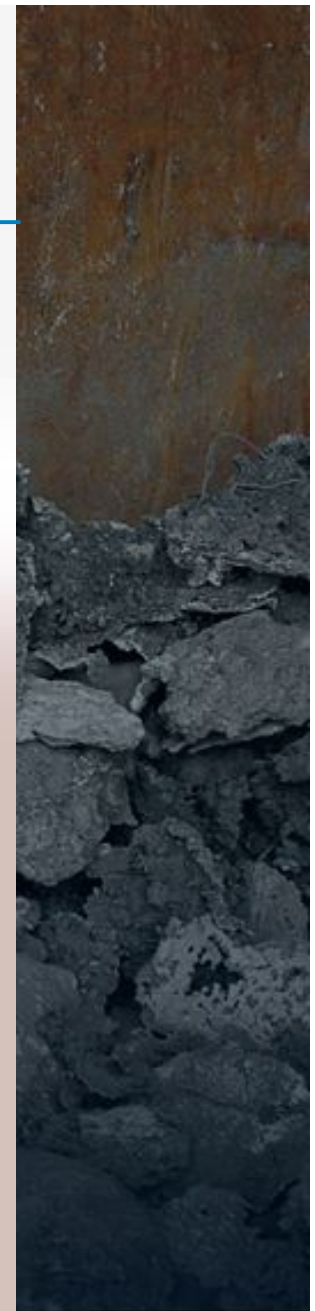
# Silicon Smelting in Tasmania

- Silicon metal produced when silica is smelted with carbon to produce silicon.
- Essentially 3t silica together with 1t charcoal or low-ash, low-sulphur coal smelted using ~12MW electricity to produce 1t silicon metal.
- This silicon metal then further processed & used for computer circuitry, solar panels, construction materials, cosmetics etc.
- Tasmania is premier global location for a silicon smelter.
  - World-class quartzite with purity & magnitude.
  - 100% renewable energy (hydro-electric power).
  - Charcoal produced from forest waste &/or plantation timber. Presently forest-waste is burnt in post harvest operations. A silicon smelter could use significant proportion of this waste with charcoal produced in closed-loop operation. Waste heat from the process could be used to generate electricity.



# Ongoing Exploration

- MHM commenced ramp-up of exploration for gold, nickel, copper and polymetallics on existing project areas, all located in Tasmania.
- Project development partners/ divestment will be considered.
- MHM project areas contain a diversity of rock types including the highly prospective Mt Read Volcanics with structural complexity of a type prone for mineral discovery.
- Number of targets with significant potential:
  - Thomas Creek Porphyry Copper-Gold Project – highly prospective target. Reinterpretation of previous exploration & drilling suggests extensive mineralised zone (4x2km). Strikingly similar signatures to Cadia-Ridgeway (Newcrest NSW) discovery. Drilling planned 2011.
  - Hill 99 – outcropping massive iron sulphide. Sulphidegossan float with highly chloritised rocks & coincident copper & zinc soil anomaly over 400m strike length. Target contains extensive alteration package of the type that hosts the Henty gold & Hellyer zinc mineralisation.





# Directors & Management

|                                                         |                                                                                                                                                                                 |
|---------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Basil Conti FCA FCIS FTIA<br/>Chairman</b>           | CPA with over 35 years experience in corporate governance and management with ASX-listed & private enterprise corporations.                                                     |
| <b>Frank Rogers<br/>Managing Director</b>               | 40 years experience in process engineering, mining, exploration & public company management.                                                                                    |
| <b>Ben Mead BEc<br/>Executive Director</b>              | Diverse commercial management & business development experience in Australia, United Kingdom & US. International commercial banking background.                                 |
| <b>Simon Wells<br/>Executive Director</b>               | Background in project management & implementation, consulting to the mining, engineering & chemical industries. Previously a partner at a consulting & political lobbying firm. |
| <b>Dr Neil Allen BSc PhD<br/>Non-Executive Director</b> | Mineral physicist with extensive exploration & mineral dressing experience in Tasmania.                                                                                         |
| <b>Richard Lindsay BSc<br/>Exploration Manager</b>      | Over 20 years experience in Australia, Africa & Asia. Extensive experience with gold exploration & porphyry copper-gold deposits.                                               |



# Conclusions

- Cashflow positive Australian aluminium operations – anticipated EBITDA \$8.6m pa when at full capacity.
- Completion of upgrade for Australian operations imminent.
- Substantial immediate growth potential in US, planning to commence construction mid-2011 with production mid-2012.
- Business growth driven by aluminium industry demand. Economics and environmental factors all support MHM technology.
- Minimise dilution to shareholders via debt financing, grants, low interest loans & self funding.
- Management plans to consolidate diversified mineral interests to maximise shareholder returns.
- Silica project is simple mining/processing operation with potential to generate returns in perpetuity.
- Significant medium/long term potential for gold, nickel, copper & iron ore projects with project development partners/divestment when expedient.
- MHM directors & management have a significant stake in MHM & committed to generating prosperity for all shareholders in short, medium & long term.



# Contacts

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# Appendix: News Flow 2010/11

## Aluminium Division

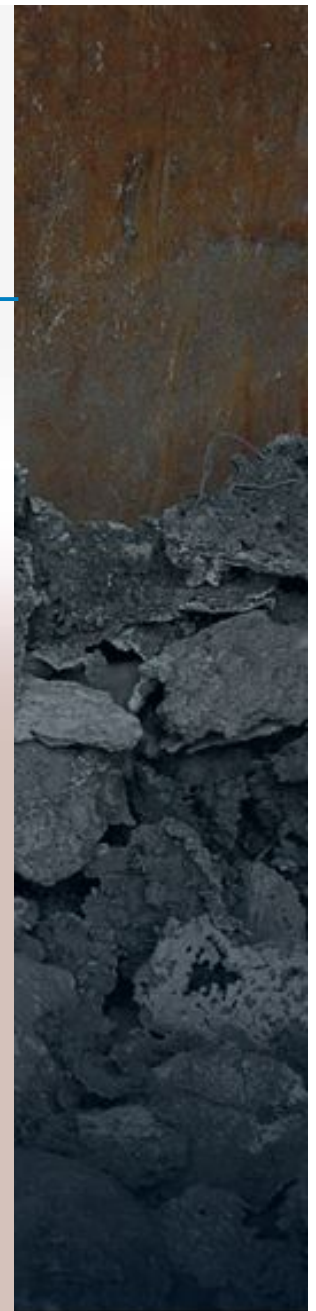
- Jan 2010: Acquired salt slag business, exclusive global rights to proprietary technology, contracts with Alcoa & Sims
- Jan: Recommencement of salt slag processing facility, technology upgrade during ongoing operations
- Jul: Net profit to 30 Jun A\$1.1m
- Oct: Research Report from NY-based RB Milestone, \$3 ps price target
- Oct: Contract with US aluminium company (Smelter Service Corp) for joint feasibility for salt slag processing in Tennessee. MHM completes A\$12m capital raising to facilitate expansion
- Oct : Gross profit Q3 2010 A\$1,677,000, operating cash surplus A\$1,015,000
- Oct: Updated research report RB Milestone \$3.92 ps target
- Nov: Council approval final stage of aluminium operations. Ben Mead to relocate to US to drive US expansion
- Dec: Council provides conflicting advice re CHMP study for evaporation ponds, MHM commences study. Submission made for second location
- Jan 2011: Gross profit Q4 2010 A\$836,000, operating cash surplus A\$238,000. Modifications of plant to allow processing of aluminium oxide, a second-stage value-adding process.
- Feb: Approval from council to construct evaporation ponds on alternate location, original application still outstanding
- Mar: Evaporation ponds under construction, testing of landfill in Tennessee underway, site selection underway

## Minerals Division

- Apr 2010: Concluded VTEM of precious & base metal assets western Tasmania
- Jul: Ongoing metallurgy & conceptual mining study of Miyabi, ongoing negotiation for high purity silica development
- Oct: Ground-based exploration of western Tasmanian projects, follow up VTEM with drilling program planning
- Jan 2011: Drilling approval sought for high purity silica project, response to off take/silicon smelter development discussions

# Appendix: Environmental Benefits of Salt Slag Technology

- Technology has significant impact on sustainability of aluminium industry.
- Landfilled salt slag causes environmental problems – releases ammonia into air & metals into groundwater.
- 95% less energy producing aluminium from salt slag waste compared to primary sources.
- Australian Aluminium Council: primary aluminium production results in 3.1t CO<sub>2</sub> per tonne of metal. Alreco Process uses 95% less energy/less CO<sub>2</sub>. Alcoa landfill likely to contain 16,000-32,000t of metal, saving 47,000-94,000t CO<sub>2</sub>. Sims processing agreement further increases savings.
- Aust aluminium industry promoting the Green Can concept – infinitely recyclable product with no resultant waste. Only achievable due to Alreco technology.
- Alreco implementing evaporation plant in Australia to produce instant crystalline salt from salt slag treatment (as opposed to evaporation ponds). To save ~120m litres water pa. This will also demonstrate closed-loop process for projects where solar evaporation not feasible.



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