

Visit www.mhmmetals.com



MHM Metals Limited

Managing Director presentation
2014 AGM

November 2014

Presenter: Matthew Keen, Managing Director

Disclaimer



This document has been prepared by MHM Metals Limited (“MHM” or “the Company”). It should not be considered as an offer or invitation to subscribe for, or purchase any, securities in the Company or as an inducement to make an offer or invitation with respect to those securities. No agreement to subscribe for securities in the company will be entered into on the basis of this presentation. This presentation contains forecasts, projections and forward looking information. Such forecasts, projections and information are not a guarantee of future performance and involve unknown risks and uncertainties, many of which are out of MHM’s control. Actual results and developments may differ materially from those expected or implied. To the maximum extent permitted by applicable law, MHM makes no representations and can give no assurance, guarantee or warranty, express or implied, as to, and takes no responsibility and assumes no liability for (1) the authenticity, validity, accuracy, suitability or completeness of, or any errors or omissions from, and information, statement or opinion contained in this presentation and (2) without prejudice to the generality or the foregoing, the achievement or accuracy of any forecast, projections or other forward looking information contained within this presentation and disclaim all responsibility and liability for these forward looking statements (including, without limitation, liability for negligence). Throughout this presentation all figures are quoted in A\$ unless otherwise stated. You should not act in reliance on this presentation material. This overview of the Company does not purport to be inclusive or contain all information that recipients may require in order to make an informed assessment of MHM’s prospects. You should conduct your own investigation and perform your own analysis in order to satisfy yourself as to the accuracy and completeness of this information, statements and opinions contained in this presentation before making any investment decision.

FY2014 – highlights (1)



Operations

- Installed and commissioned the new filter press into the wet circuit of the Moolap plant.
 - can now effectively separate aluminium, non-metallic product and salt from the salt slag.
 - throughput has increased quarter on quarter with a record week of 770 tonnes processed in late September 2014.
- Once Alcoa announced the shutting down of its Yennora facility, further improvement works on the plant were put on hold.

FY2014 – highlights (2)

Operations

- Between September 2013 and November 2014 Alreco:

Received from Alcoa (Yennora) and Sims (Laverton)	14,974 tonnes
Processed at Alreco	<u>25,188 tonnes</u>
As a result reduced stockpiles by	10,214 tonnes

- Despite the negative news associated with the closure of the Yennora and Laverton facilities, Alreco had its best year of production from financial, productivity, liability reduction and quality perspectives.

Alcoa closure

- In February 2014 Alcoa Inc announced that it would permanently close its operations at Yennora in December 2014
- MHM Metals had no prior warning of this decision
- Alreco's only source of income was from Alcoa (following Sims' earlier closure)
- Keeping Alreco's plant at Moolap open relied solely on processing Alcoa's landfill
- This landfill is now to remain in-situ
- As a result, the board had no viable alternative to closing Alreco's plant at Moolap

Site Cleanup Plan - Moolap

- Alreco's Moolap facility will continue to run until mid February 2015 to process the remaining unprocessed salt slag on site and the last shipments from Alcoa.
- Economically it is more feasible to landfill the partly processed and unsaleable fully processed (fines material) than to reprocess the material.
 - It is envisaged that this material will be sent to an appropriate landfill site in early 2015.
 - Some material has already been landfilled in 2014.
- If the plant can not be sold in one line, it will be demobilised and sold or scrapped.
- The freehold property at Moolap will be sold on completion of the cleanup.

USA

- Expansion into the USA was considered as part of the strategic review. This was not a viable option owing to:
 - current regulatory environment in the USA whereby unprocessed salt slag can be landfilled
 - significant investment required to establish a greenfield operation.
- Should the environment in the USA change, MHM Metals can reassess the opportunity.
- Russellville property in Kentucky is being sold.

Compensation

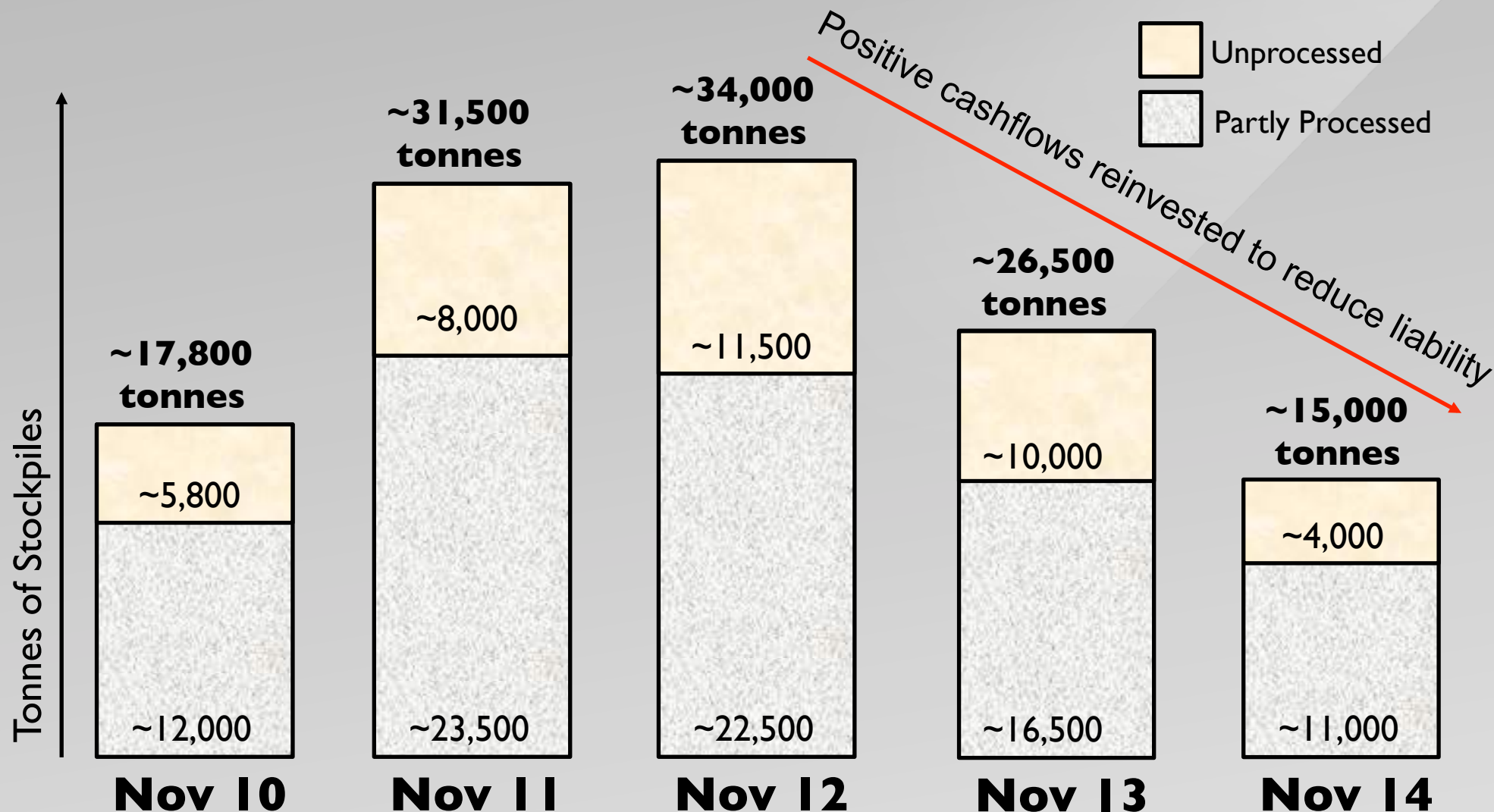


- During the year the Company initiated legal proceedings in the Federal Court of Australia against its former Managing Director, Mr Frank Rogers, for breaches of the Corporations Act 2001.
- In September 2014, Justice Davies ordered Mr Rogers to pay compensation to MHM Metals Ltd amounting to \$548,581 plus costs and interest for breach of director duties and misappropriation of funds.
- The compensation relates to the purchase and refit of a survey vessel by MHM Metals which was subsequently revealed to be a pleasure yacht belonging to Mr Rogers' Family Trust.
- The decision has since been appealed and, subject to Mr Rogers posting \$25,000 security for costs by 5 December 2014, is expected to return to court in February or March of 2015. The Company is confident that the judgement is correct and that the appeal will be unsuccessful.

Recovery Claims

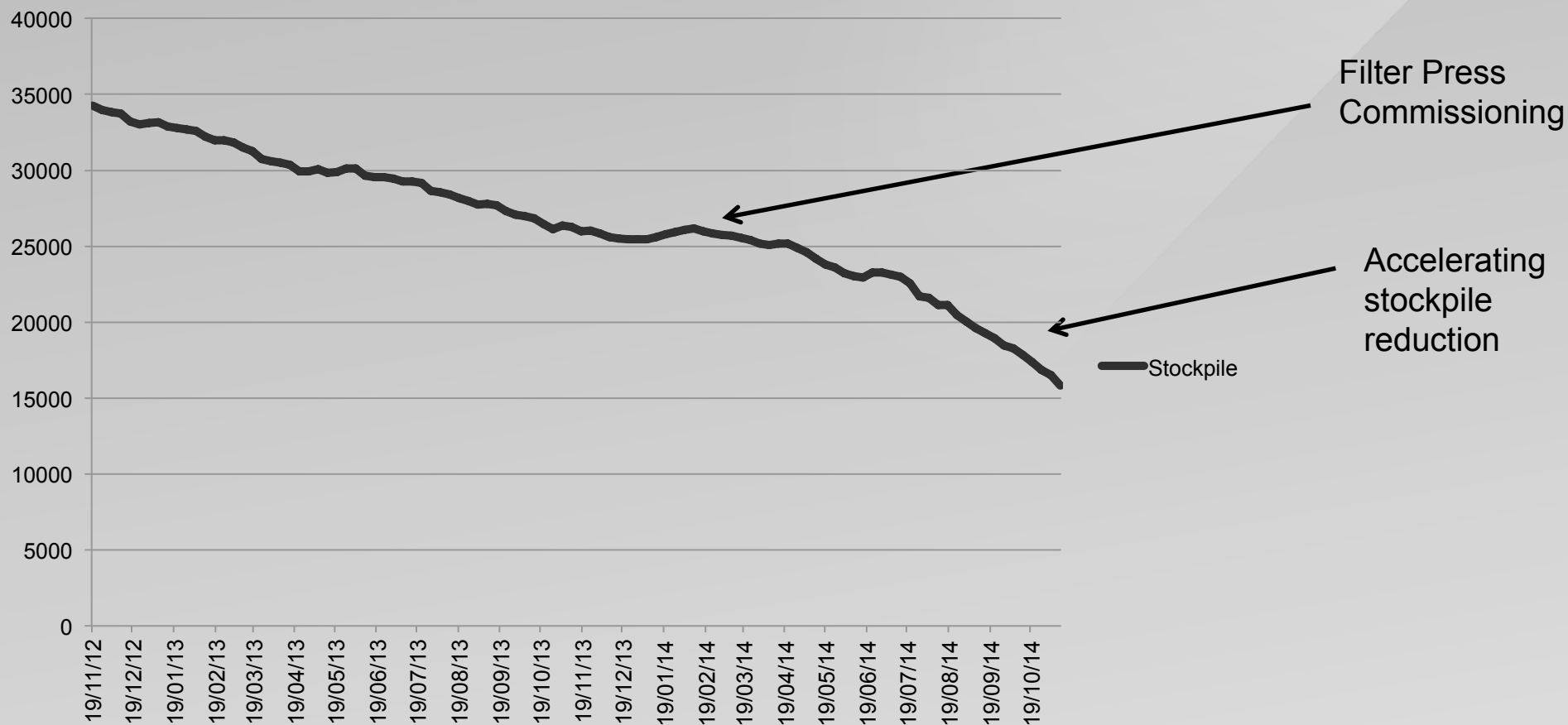
- On 22 September 2014, the Company issued several demands seeking to recover substantial funds against a number of entities including PDC and its JV partners.
- These claims total approximately \$5m plus interest and legal costs.
- The recovery claims relate to alleged breaches of a number of agreements entered into by MHM Metals group of companies concerning processing and sales and technology licenses with Project Development Corporation (PDC) and its joint venture partners.
- The Company has commenced investigating a significant number of related party transactions and apparent conflict of interest issues.
- The Company's legal advice is strong and the board intends to vigorously pursue these claims.

Legacy Salt Slag Stockpiles



Legacy Salt Slag Stockpiles

Alreco Total Stockpiles



2015 Priorities



1. Safe and efficient clean up of Alreco's plant at Moolap
2. Minimise costs and maximise cash from sale of all assets including freehold land at Moolap and Russellville, KY, USA
3. Vigorously pursue Recovery Claims
4. Explore business opportunities that have potential to rebuild MHM Metals' shareholder value

Visit www.mhmmetals.com



MHM Metals Limited

Managing Director presentation
2014 AGM

November 2014

Presenter: Matthew Keen, Managing Director