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# MHM Metals Limited

Managing Director presentation 2014 AGM

November 2014

Presenter: Matthew Keen, Managing Director

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## **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.





## **Operations**

Between September 2013 and November 2014 Alreco:

Received from Alcoa (Yennora) and Sims (Laverton)	14,974 tonnes
Processed at Alreco	25,188 tonnes
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 <u>best year</u> 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





- 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.

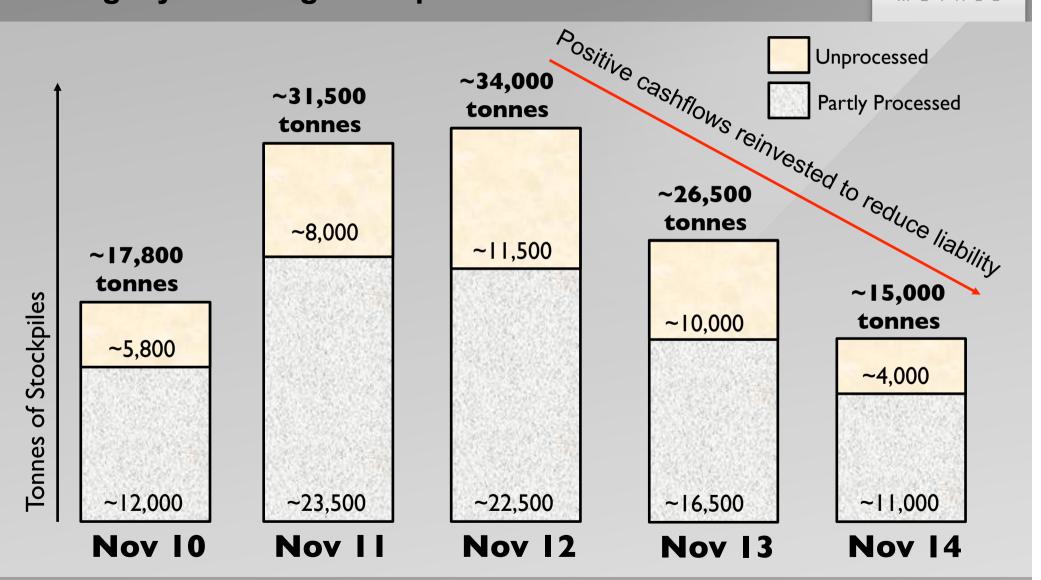
## **Recovery Claims**



- 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.



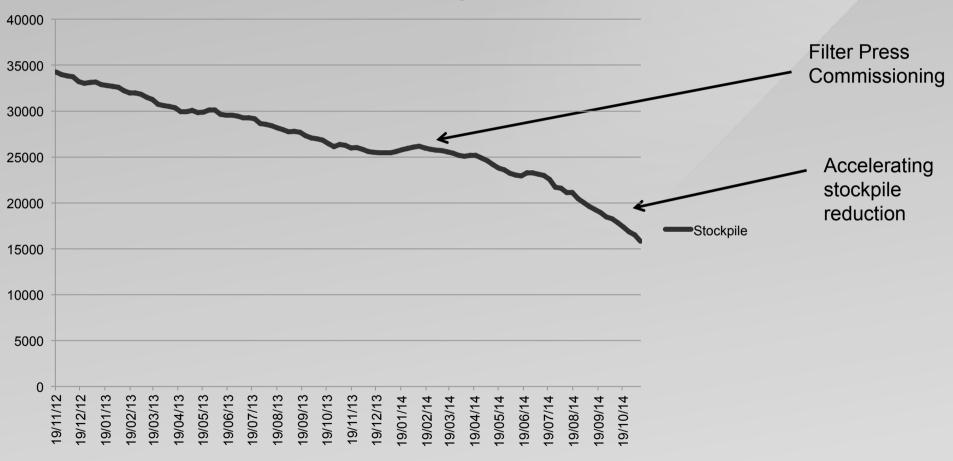
## **Legacy Salt Slag Stockpiles**







#### **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

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