

ASX Release – 13 September 2013

Clarification of CEO change & Company Update

MHM Metals Limited (ASX:MHM) today provides clarification of the release lodged with ASX on 11 September 2013. It also takes this opportunity to provide an interim company update pending the release of MHM's annual results later this month.

CEO change - clarification

Mr Robert McAlister has requested MHM to replace the statement that he resigned as Chief Executive Officer with "his services were terminated".

Company Update

Pending the release of MHM's annual audited financial statements and directors' report, the following interim update is provided.

The waste processing operation at Moolap is undergoing significant changes. The primary objectives (of the changes) which were identified in MHM's new strategic plan include:

- understand and document the waste processing operation including water management;
- reduce processing costs;
- process 100% of customer waste received and produce consistent NMP to achieve a more saleable product;
- reprocess the material stockpiled on site over past years into saleable product;
- implement effective asset management and maintenance programmes to cope with the very harsh operating environment at Moolap.

Operational and other costs have been reducing steadily which is encouraging but there is much more to be achieved including proper documentation and effective asset management. This is critical for the understanding of the existing operation and importantly the development of future expansion. Increased tolling fees were negotiated with effect from April 2013 which, coupled with reducing operating costs, resulted in the company generating positive EBITDA over the past three months; again this is encouraging. The new Dieme Filter Press installation is nearing completion and is now expected to be commissioned in late October (formerly August). The unit is high capacity and fully automated which, once installed, will reduce costs including water consumption. It will allow for throughput capacity at the plant to run in excess of current requirements. This will allow stockpiles to be more quickly reduced and maximise potential income. To date, MHM has made a number of small volume NMP (AL80) sales within Australia for use in the industrial abrasives and refractory industries. The results have been very positive and potential for expansion is excellent. As reported last month, a shipment of NMP was sent to

a potential customer in China for evaluation. Further product has also been supplied for larger volumes for other uses both within Australia and overseas. Again this is encouraging and MHM is confident that sustaining, contracted orders should follow.

MHM will be lodging its annual financial report for the year ended 30 June 2013 prior to the end of September.

END

For further information contact

Matt Keen, CEO – +61 3 5240 8999

Iain Kirkwood, Chairman +61 (0) 408 473 496