

DRILLING RESULTS FROM HILL 99 COPPER GOLD PROJECT

ASX Release – 25 August 2011



Anomalous copper – zinc supporting high grade copper-gold target with geological similarities to North Lyell style mineralisation further to the north

- Highly encouraging first-stage drilling at Hill 99 VHMS copper-gold project
- Anomalous copper-zinc supporting high grade copper – gold mineralisation with geological similarities to North Lyell style mineralisation further to the north (4.7Mt @ 5.28% Cu, 0.4 g/t Au and 34.3 g/t Ag)
- Best results Hole H99-4: 0.3m @ 10.55% copper, 15 g/t Ag, 0.244% zinc from 177.6m
- Best results Hole H99-5: 1m @ 0.165% copper, from 169.5m

MHM Metals Limited (ASX:MHM) is pleased to announce the results of two diamond drillholes completed at its 100% owned Hill 99 copper – lead – zinc prospect in Western Tasmania. Hill 99 lies within the Noddy Creek Volcanics, believed to be the southerly extension of the Mount Read Volcanics, host to several world class gold and base metal mines. The drill holes were completed in July and are shown on Figure 1, below.

Three copper (+ minor gold) zones are apparent (see Figures 1 to 3 below). These are defined by previous soil samples (shown as dots on Figure 1) and intersections drawn on the cross sections. All are hosted by highly altered volcanics that have strong affinities with alteration assemblages at the North Lyell (previous production listed as 4.7Mt @ 5.28% Cu, 0.4 g/t Au and 34.3 g/t Ag) and Henty (reserves: 2.8Mt @ 12.5g/t Au) mines further to the north of Hill 99.

Drilling by MHM Metals identified strong chlorite, white mica, carbonate and localised quartz-albite assemblages, similar to the North Lyell deposit. The intense alteration mineralogy from the current drilling comprises strong (replacement) silica-white mica assemblages with pyrite and various copper sulphide minerals, very similar to the mineralogy found at the North Lyell deposit.

A second mineralisation model for Hill 99 is the Henty gold deposit. The high grade gold at Henty occurs in a silicified, structurally altered zone with adjacent copper mineralisation. Current drilling and a geological review of previous drilling at Hill 99 has found zones of silicification similar to those at Henty. A mixed zone of pervasive quartz and sericite alteration from hole H99-4 shows anomalous gold, nickel and zinc values (from 155m to 173m). The Henty gold deposit was discovered by assaying similarly silicified core for gold some 10 years after the holes had been drilled. Similar low grade assays such as found in hole H99-4 also occur in the periphery at Henty (Figure 3).

Significant historical information for Henty/Rosebery style VMS mineralization and Mount Lyell style copper-gold-zinc provides an excellent drill core library for MHM Metals to apply its new exploration techniques to focus the second-stage drilling, targeting the mineralization potential at depth. The results are sufficiently encouraging that a second stage drilling program of three diamond drill holes totaling 1,200m has been recommended, to test along strike and deeper than the existing drilling. The timeframe for the second stage program has not yet been determined.

ASX Codes:
MHM, MHMO

Issued Capital:
102.3M Ordinary Shares
25.5M Listed Options

Substantial Shareholders:
Rogers Southern PL 10%
Directors 13%
Top Twenty 21%

Directors:
Chairman – Basil Conti

Managing Director – Frank Rogers

Executive Director – Ben Mead

Executive Director – Simon Wells

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Company management believes the drilling program has added value to the Hill 99 project, and that it is an attractive prospect for further development as the company continues to assess opportunities to engage with project development partners, divest or spin-off the mineral assets of the company at a time that maximises returns to shareholders.

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JORC Compliance Statement

Information in this report that relates to Exploration results, Mineral Resources or Ore Reserves is based on information compiled by Richard Lindsay (Exploration Manager for MHM) who is a member of the Australian Institute of Geoscientists. Richard Lindsay has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australian Code for Reporting of Mineral Resources and Ore Reserves". Richard Lindsay consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.



Massive copper mineralisation (as chalcopyrite) at 177.6m in hole H99-4.

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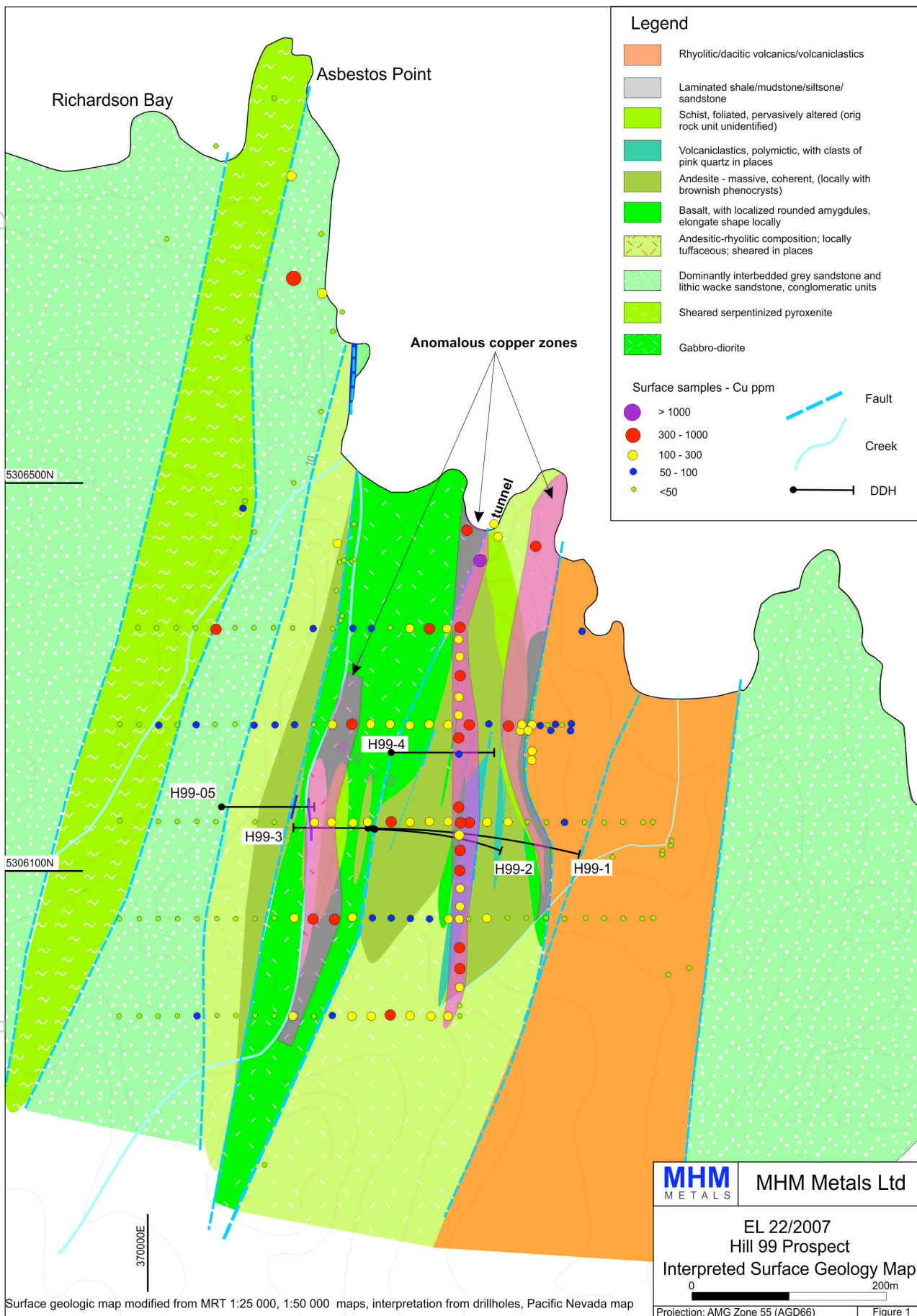


Figure 1. Geological map of Hill 99 showing soil sample results, drill holes and copper lodes

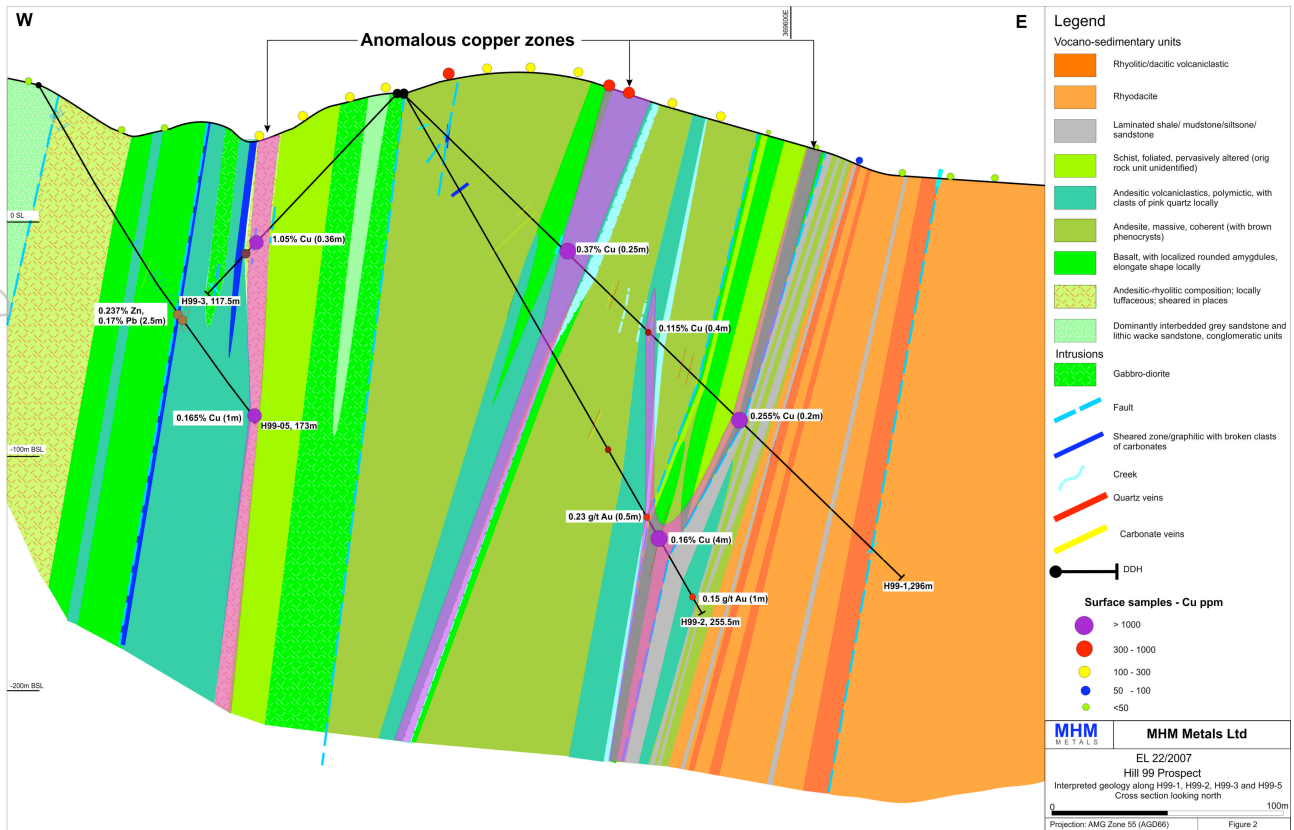


Figure 2: Geological cross section showing H99-05 and previous drilling. Three copper mineralised zones are shown in purple.

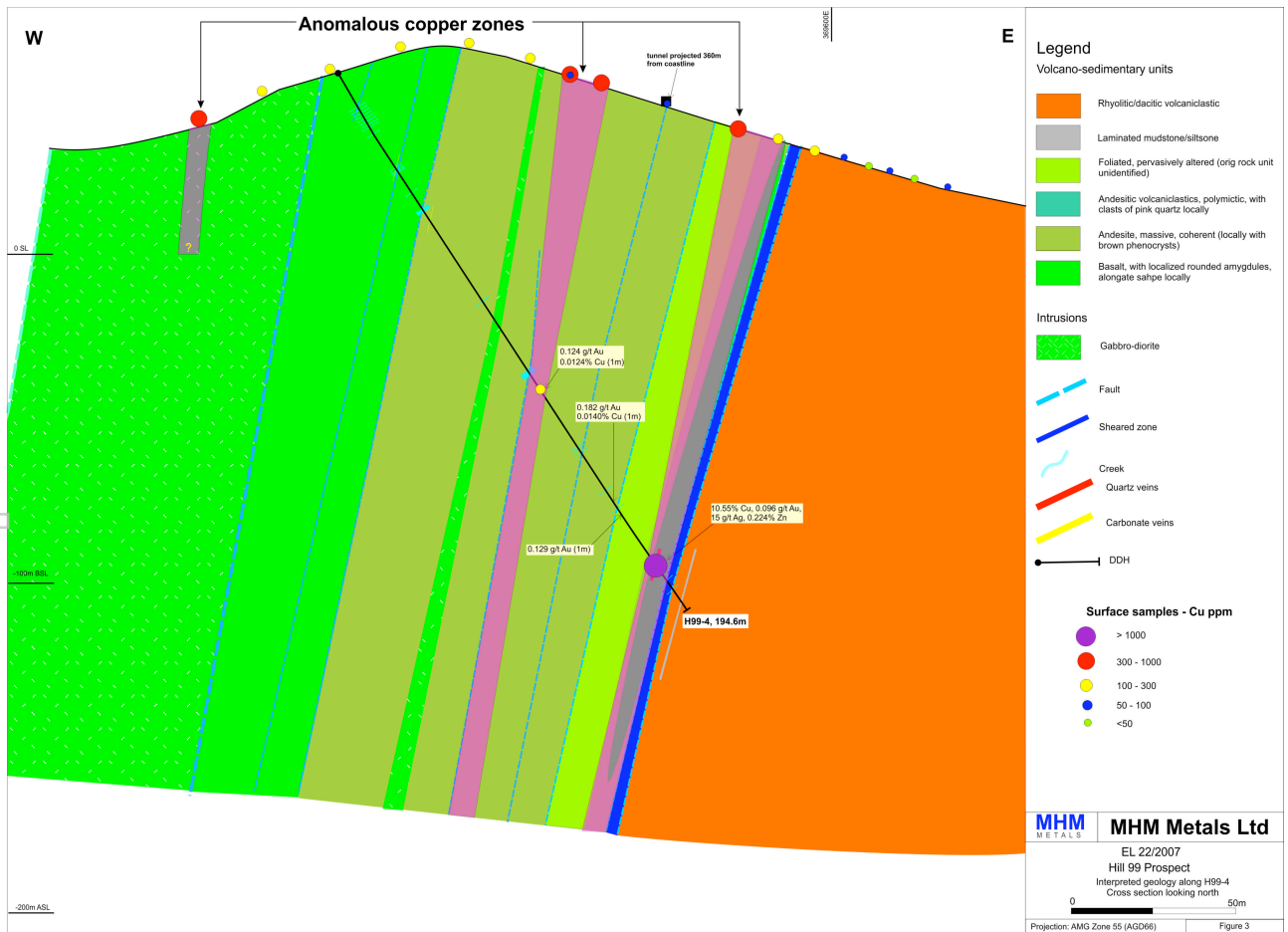


Figure 3: Geological cross section showing hole H99-4 and three interpreted copper mineralised zones.