

MHM EXPLORATION PROGRESS REPORT

ASX Release – 19 July 2011



- First stage drilling program at Cape Sorell High Purity Silica Project successfully completed, sampling and assaying ongoing
- Highly encouraging drilling program completed at Hill 99 copper-lead-zinc prospect

HIGH PURITY SILICA DRILLING UPDATE

MHM Metals Limited (ASX:MHM) first phase diamond drilling at the Cape Sorell High Purity Silica Project has been completed. A total of six short holes intersected white quartzite over a thickness of approximately 12m based on visual appearance. The silica rich quartzite dips approximately 50° west, and drilling was designed to test the true thickness of the quartzite at the North Escarpment prospect and the potential for a more extensive silica cap over mixed sediments including sandstone and siltstone. Sampling and assaying of the drill core is continuing.

DRILLING OF HILL 99 COPPER-LEAD-ZINC PROSPECT

The two-hole 369 metre diamond-drilling program at MHM's Hill 99 copper-lead-zinc prospect has completed, with preliminary inspection and sampling of the core by Niton XFR analyser showing highly encouraging levels of mineralisation. The target was for copper mineralisation with zinc and gold credits in either a structural or VHMS setting. The results to hand are extremely positive and the core is now being prepared for assay.

Hole H99-04 intersected strong quartz veining from 158m to 183m within highly altered intermediate and mafic volcanic rocks with disseminated chalcopyrite (copper sulphide) though parts of this section.

Hole H99-05 intersected strongly altered mafic volcanics throughout the hole. Intense quartz-carbonate veining is present from 118m to the end of the hole at 173m. Patchy, disseminated lead and zinc sulphides are associated with some of the veins. The intensity of the alteration and veining in both drill holes indicates that strong, mineralised hydrothermal systems have been intersected and will require follow up drilling.

Detailed studies on drill core from this and previous drill holes have shown that the stratigraphy, alteration and age of the rocks at Hill 99 are comparable with mineralised horizons at the Hellier-Fosse-Roseberry group of mines further to the north.

The drilling is consistent with MHM's strategy to continue to progress the company's mineral projects while assessing 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.

Further information:

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CORPORATE DETAIL

ASX Codes:
MHM, MHMO

Issued Capital:
102.2M 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

Non-Exec Director – Dr Neil Allen

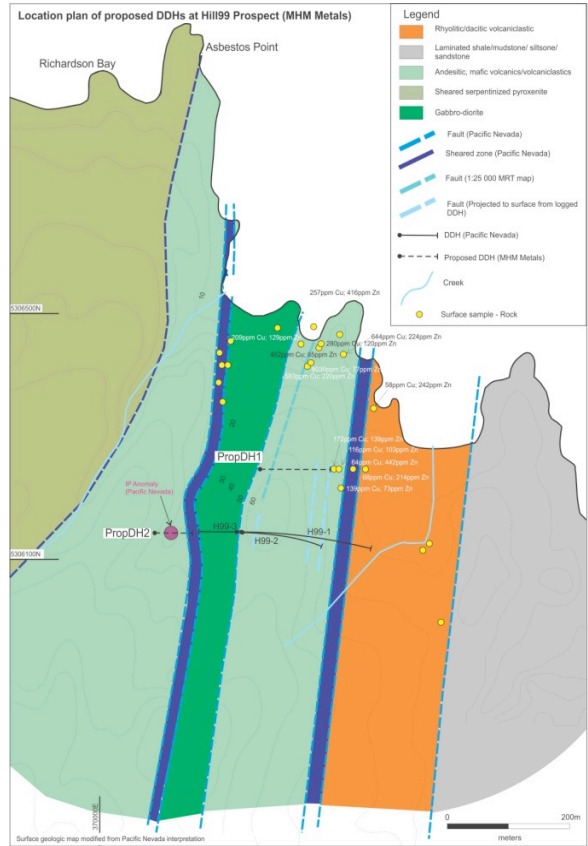
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Project locations, Tasmanian West Coast



Hill 99 copper-lead-zinc prospect drillhole locations