

# MHM QUARTERLY ACTIVITIES REPORT

ASX Release – 30 April 2013

## **March Quarter Financial Performance**

Alreco's total cash receipts for the quarter were \$1,535,000.

There was a net decrease of cash held for the quarter of (\$546,000):

Net Operating Cash Flow	\$116,000
Net Investing Cash Flow	(\$650,000)
Net Financing Cash Flow	(\$ 12,000)

Cash on hand at the end of March 2013 was \$3.61 million.

Projected cash income is expected to be \$1.68 million for the 4<sup>th</sup> quarter to the end of June 2013. Outgoings are anticipated to be \$2.0 million, including \$0.4m capex.

## **Moolap Plant**

### **Quarter Highlights:**

- Processing of salt slag has been stabilised.
- A consistent NMP-AL80 end product is being produced.
- Improved processing and reduced breakdowns resulting in a >10% processing cost reduction.
- NMP-AL80 was reclassified as non-dangerous industrial waste.
- Repeat sales of NMP-AL80 were achieved during March.
- A 12 month agreement was signed direct with Alcoa underpinning the Moolap plant processing cost.

## **NMP-AL80**

Sales of NMP-AL80 are being realised as the improved processing is resulting in a more consistent end product. The stabilised product along with its reclassification as a non-dangerous industrial waste has been the major contributing factor in repeat orders being received during March. Orders received were in excess of 500 tonne. While that quantity is below the Moolap plant output it is a very positive sign that NMP-AL80 sales are heading in the right direction.

### **Ongoing Testing:**

- Alcoa in conjunction with MHM Metals engaged CSIRO to conduct tests on mixing NMP-AL80 with green waste.
- MHM are conducting similar on-site tests with NMP-AL80 / green waste mixes.

Both tests indicate NMP-AL80 has the potential to act as a compost accelerant. If proven, this will open up a new domestic path to market for the product.

- Initial trials of an NMP-AL80 / brick rubble mix has demonstrated that this composite can be used as a low strength "concrete" suitable for fencing applications. It should also have application as a road base additive and a gravel road surfacing material.

Ongoing testing will continue over the next six months.

### **Filter Press**

The new Diemme filter press is being shipped and expected to arrive in Melbourne mid-May. Plans are well advanced on its installation and it is expected to be operational by the end of July 2013. Minimal disruption to processing is anticipated as the existing plant will operate while the new press is installed.

It is estimated that a further 15% reduction in processing costs will be achieved when the filter press is fully operational.

### **US Operations**

John Pugh has been retained in a reduced capacity and is maintaining relationships with key potential customers who have strong interests in MHM establishing processing operations in the US.

While MHM sees the US as the next major step forward in its development, minimal expenditure will be incurred until the Moolap process using the new press is proven.

Further development of the US operations are not expected until the 4<sup>th</sup> quarter of this calendar year.

### **Corporate Changes**

MHM Metals is in the process of changing its registered office to its main site at 80 Buckley Grove, Moolap Vic 3224.

### **For further information contact**

**Robert McAlister, CEO, on +61 (0) 3 52408999**

**Rudi Michelson at Monsoon Communications on +61 (0) 3 9620 3333**

## Appendix 5B

### Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

**MHM Metals Limited**

ABN

**41 124 212 175**

Quarter ended ("current quarter")

**31 March 2013**

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	1,535	3,077
1.2 Payments for (a) exploration & evaluation	(21)	(95)
(b) US development	(110)	(363)
(c) production	(1,662)	(4,753)
(d) administration	(575)	(1,733)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	35	184
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – research & development tax incentive	914	1,596
<b>Net Operating Cash Flows</b>	<b>116</b>	<b>(2,087)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets		
(i) Exploration activities	-	-
(ii) Aluminium processing activities	(648)	(2,287)
(iii) US property acquisition & improvements	(19)	(518)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	17	49
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(650)</b>	<b>(2,756)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(534)</b>	<b>(4,843)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(534)	(4,843)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	4,854
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(12)	(96)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
<b>Net financing cash flows</b>		(12)	4,758
<b>Net increase (decrease) in cash held</b>		(546)	(85)
1.20	Cash at beginning of quarter/year to date	4,137	3,699
1.21	Exchange rate adjustments to item 1.20	14	(9)
1.22	<b>Cash at end of quarter</b>	3,605	3,605

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	159
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	Nil	Nil
3.2	Credit standby arrangements	Nil	Nil

+ See chapter 19 for defined terms.

**Estimated cash outflows for next quarter**

		\$A'000
4.1	Exploration and evaluation	-
4.2	Development	(369)
4.3	Production	(1,507)
4.4	Administration	(153)
<b>Total</b>		<b>(2,029)</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	3,605	4,137
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)		<b>3,605</b>	<b>4,137</b>

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	EL 20/2007	100%	-
		EL 21/2007	100%	-
		EL 22/2007	100%	-
		EL 23/2007	100%	-
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

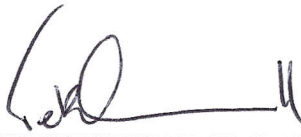
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference + securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	130,218,145	130,218,145		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	1,000,000	-	<i>Exercise price</i> 20 cents	<i>Expiry date</i> 28 November 2013
	1,000,000	-	20 cents	14 December 2013
	140,000	-	25 cents	9 October 2014
	1,900,000	-	28 cents	30 November 2014
	100,000	-	28 cents	4 January 2015
	300,000	-	85 cents	6 October 2015
	300,000	-	180 cents	20 June 2016
	150,000	-	100 cents	30 June 2016
	100,000	-	126 cents	23 August 2016
	300,000	-	100 cents	5 November 2014
	1,450,000	-	171 cents	29 November 2016
	150,000	-	135 cents	14 February 2017
	500,000	-	100 cents	18 July 2017
	100,000	-	45 cents	17 December 2018
7.8 Issued during quarter	-	-	<i>Exercise price</i>	<i>Expiry date</i>
7.9 Exercised during quarter	-	-		

+ See chapter 19 for defined terms.

7.10	Expired during quarter	-	-		
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <i>(totals only)</i>				

### Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act ~~or other standards acceptable to ASX (see note 5).~~
- 2 This statement does ~~does not\*~~ *(delete one)* give a true and fair view of the matters disclosed.

Sign here:  Date: 26.4.13  
(Director/Company secretary)

Print name: Peter Ansell

### Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 ~~Accounting Standards ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.~~

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