



ASX Announcement

Thursday 29 October 2015

MHM QUARTERLY ACTIVITIES REPORT

MHM Metals (ASX: MHM) is pleased to provide the following Quarterly Activities Report for the period ended 30 September 2015.

Corporate

Paul Kopejtka assumed the position of Non-Executive Chairman effective July 1, 2015.

During the Quarter, Joseph van den Elsen assumed the role of Company CEO and Managing Director, replacing outgoing CEO and Managing Director Matthew Keen.

A continued focus on cost cutting measures through the reduction in the CEO/MD remuneration and Non-Executive Director fees and the streamlining of the company's back office function has reduced the forward looking fixed quarterly Corporate overhead to c\$125,000, relative to an average of c\$395,000 during the 2014 Calendar Year.

As at 30 September 2015 the Company held c\$1,050,000 in cash, of which \$350,000 was restricted and held in the form of a bank guarantee connected to a property leased from Alcoa.

Subsequent to the Quarter's end, the Company was advised that its amended claims for R&D incentives in prior years has been processed and an amount of \$4,433,329.20 credited to the company account. These funds were recognised in the Audited accounts as at 30 June 2015 as a Contingent Asset.

The company's unrestricted cash balance is currently c\$5m.

Business Development

The Company continues to identify and consider new business opportunities predominantly in the Resources sector, capable of becoming its primary undertaking.

To date the Board has identified and considered a number of opportunities across various industries and jurisdictions, including Australia, USA, Colombia, Peru, Brazil and Mozambique.

The Company is currently reviewing two domestic opportunities and will keep shareholders informed of any developments.

Company Snapshot

Capital Structure

Ordinary shares on issue:	130,218,145
Market Cap (at 2.3c):	\$2,995,017
Cash (as at 30 Sep 2015):	\$1,044,000

Directors

Paul Kopejtka (Non- Executive Chairman)
Joseph van den Elsen (Managing Director)
Chris Goodman (Non-Executive Director)

Company Secretary

Justin Mouchacca

Moolap Operations

The Company closed the Moolap Plant on 30 September 2015, the same date on which the 3 remaining employees' employment was discontinued.

The Audited carrying value of the Moolap Property, Plant & Equipment as at 30 June 2015 is approximately \$1.2m AUD and the remediation of the remaining legacy stock piles has been provisioned at c\$700,000 AUD in the annual accounts.

Post the operational closure of the Moolap facilities the clean-up operation currently underway continues. The clean-up will require the removal, either by sale and/or disposal of the remaining partly processed material on the site at 80 Buckley Grove. The Company is focused on completing the clean-up in the most cost effective and environmentally sensitive manner.

Once the Moolap facility is remediated to an acceptable standard the Company will look to dispose of the property, plant and equipment.

END

For more information:

MHM Metals Limited
Joseph van den Elsen, Managing Director: +61 (0) 421 849 433

Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas 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, 01/05/2013

Name of entity

MHM METALS LIMITED

ABN

41 124 212 175

Quarter ended ("current quarter")

30 September 2015

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from product sales and related debtors	222	222
1.2	Payments for:		
	(a) exploration & evaluation	(25)	(25)
	(b) US development	-	-
	(c) production	(172)	(172)
	(d) administration	(269)	(269)
1.3	Dividends received	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income tax refund	-	-
1.7	Other (provide details if material) <i>Moolap Remediation</i>	(100)	(100)
Net Operating Cash Flows		(344)	(344)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
	(d) Aluminium processing activities	-	-
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	28	28
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
Net investing cash flows		28	28

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (carried forward)	(316)	(316)
1.13	Total operating and investing cash flows (brought forward)	(316)	(316)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(316)	(316)
1.20	Cash at beginning of quarter/year to date	1,358	1,358
1.21	Exchange rate adjustments to item 1.20	2	2
1.22	Cash at end of quarter	1,044	1,044

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Curent quarter \$A'ooo
1.23	Aggregate amount of payments to the parties included in item 1.2	77
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors fees paid during the September 2015 quarter.

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

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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

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+ See chapter 19 for defined terms.

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	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	(25)
4.2 Development	-
4.3 Production	-
4.4 Administration	(155)
4.5 Other – Moolap remediation	(50)
4.6 Other – redundancy & bonus payments	(200)
4.7 Other – Lease termination payments	(350)
Total	(780)

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.	Curent quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	694	1,008
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details) <i>MHM has provided a guarantee to Alcoa in connection with an operating lease.</i>	350	350
Total: cash at end of quarter (item 1.22)	1,044	1,358

+ See chapter 19 for defined terms.

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	-	-	-
6.2	Interests in mining tenements and petroleum tenements acquired or increased	-	-	-

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	Preference securities (description)	-	-	-
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-
7.3	+Ordinary securities	130,218,145	130,218,145	FP
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	-	-	-
7.5	+Convertible debt securities (description)			

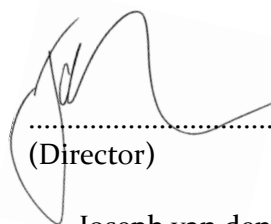
+ See chapter 19 for defined terms.

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
	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 2016
	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	18 December 2018
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

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:



(Director)

Date: ...29 October 2015.....

Joseph van den Elsen

Print name:

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+ See chapter 19 for defined terms.

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 and petroleum 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 or petroleum 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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