



ASX Announcement

Monday 18 April 2016

MHM QUARTERLY ACTIVITIES REPORT

MHM Metals (ASX: MHM) is pleased to provide the following Quarterly Activities Report for the period ended 31 March 2016.

Corporate

During the Quarter, the Company received an R&D Incentive rebate of \$2.93m for the 2015 Financial Year.

The Company also provided a Small Share Parcel Buy-Back facility which allowed shareholders holding less than 16,667 to sell their shares for \$0.033 (3.3 cents) per share.

Subsequent to the quarters end, the company acquired a total of 4,890,540 shares under the Small Share Parcel Buy-Back facility which were immediately cancelled, reducing the company share count to 136,228,616.

As at 31 March 2016, the Company held cash and deposits totalling \$7,705,000.

Subsequent to the quarters end, the Company also finalised the sale of its US property for net proceeds of approximately USD\$507,000.

Business Development

On January 11, 2016, the Company entered into a Binding heads of Agreement (BHOA) with Stone Resources Australia Limited (Stone) to develop the Brightstar Gold Project located in the Laverton region of Western Australia.

Subsequently, the Company advised Stone that as a result of what it considered various breaches of the covenants, warrants and representations it made in the BHOA between the parties, it was terminating the BHOA with immediate effect.

On April 8, 2016 the Company issued Stone with a demand for payment of the \$100,000 break fee and further damages incurred as a result of the various alleged breaches of the covenants, warranties and representations they made in the BHOA.

With significant cash reserves of c\$8m, the Company continues to identify and consider new business opportunities predominantly in the Resources sector

Company Snapshot

Capital Structure

Ordinary shares on issue:	136,228,616
Market Cap (at 2.8c):	\$3,814,401
Cash (as at 31 Mar 2016):	\$7,705,000

Directors

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

Company Secretary

Justin Mouchacca

The Company is currently reviewing two domestic opportunities originated internally and remains open to considering 3rd party originated proposals.

END

For more information:

MHM Metals Limited
Joseph van den Elsen, Managing Director: +61 (3) 9692 7222

MHM Metals Limited ABN 41 124 212 175

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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")

31 March 2016

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	-	222
1.2 Payments for:		
(a) Exploration & evaluation	-	(25)
(b) US Development	-	-
(c) Production	-	(172)
(d) Administration	(373)	(1,053)
1.3 Dividends received	-	-
1.4 Interest received	40	53
1.5 Interest and other costs of finance paid	-	-
1.6 Income tax refund - R & D Refund	2,983	7,663
Interest received - R & D refund	8	8
1.7 Other (provide details if material)		
<i>GST Refund</i>	9	9
<i>Moolap Remediation</i>	-	(100)
<i>Redundancy costs</i>	-	(158)
<i>Brightstar Project Costs</i>	(171)	(171)
Net Operating Cash Flows	2,496	6,276
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
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (deposits received)	35	85
- Reclassification of Term Deposit		
Net investing cash flows	35	113
1.13 Total operating and investing cash flows (carried forward)	2,531	6,389

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	2,531	6,389
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	200
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(9)	(249)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	(9)	(49)
	Net increase (decrease) in cash held	2,522	6,340
1.20	Cash at beginning of quarter/year to date	5,193	1,358
1.21	Exchange rate adjustments to item 1.20	(10)	7
1.22	Cash at end of quarter	7,705	7,705

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

		Curent quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	62
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 and Executive salaries paid during the March 2016 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	(75)
4.2 Development	-
4.3 Production	-
4.4 Administration	(225)
4.5 Other – Brightstar Project	(125)
Small Share Parcel Buy Back	(161)
Total	(586)

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	1,304	4,843
5.2 Deposits at call	6,033	-
5.3 Bank overdraft	-	-
5.4 Other - <i>MHM has provided a guarantee to Alcoa in connection with an operating lease.</i>	368	350
Total: cash at end of quarter (item 1.22)	7,705	5,193

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	-	-	-

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

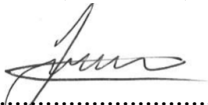
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference + securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 +Ordinary securities	141,119,156	141,119,156	FP	FP
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>			<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 <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

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 give a true and fair view of the matters disclosed.

Sign here:  Date: ...18 April 2016.....
(Company Secretary)

Print name: Justin Mouchacca
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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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