



# ASX Announcement

Monday, 31 October 16

## MHM QUARTERLY ACTIVITIES REPORT

MHM Metals (ASX: MHM) ('the Company') is pleased to provide the following Quarterly Activities Report for the period ended 30 September 2016.

### Corporate

During the quarter, the company advised that further to the announcement dated 15 December 2015, the Conditions Precedent to the Sale of the Company's Moolap Property had not been met and the Agreement terminated.

Subsequent to the quarter's end, the Company's wholly owned subsidiary Alreco Pty Ltd entered into a Deed of Settlement and Release with Alcoa in connection with the lease of the Hays Road property and the associated remediation obligation. The Deed of Settlement and Release was effected through payment by Alreco to Alcoa of \$1m AUD and Alcoa's discharge of its security over a \$350,000 AUD bank guarantee and the property at 80 Buckley Grove, Moolap held by Alreco.

A provision for this liability had already been accounted for in the company's 2016 Annual Report, in the amount of \$1m AUD.

Separately, MHM advised the market that it had entered into a confidential Deed of Settlement with Stone Resources Limited (ASX: SHK) in connection with a matter last disclosed to the market on 11 April 2016.

The Company will keep the market informed as it continues to pursue the orderly wind up of its legacy operations.

### Business Development

On 12 July 2016 the Company announced to the market that it had become a significant shareholder in KIN Mining NL (ASX: KIN). In this capacity it sought to discuss an indicative, non-binding merger proposal with KIN. On 14 July 2016 KIN advised the market that it was unwillingly to discuss the proposal with the Company and MHM ceased to be a substantial shareholder on 19 July 2016.

### Company Snapshot

#### Capital Structure

Ordinary shares on issue:	136,228,616
Cash & investments (as at 30 Sept 2016):	\$7,683,552

#### Directors

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

#### Company Secretary

Justin Mouchacca

With its significant cash reserves, the Company continues to advance a number of potential opportunities it has identified where its balance sheet and management experience can be applied to add value to the benefit of MHM shareholders.

Trading in MHM shares will remain suspended on ASX until such time as the Company has identified a suitable new opportunity and has met the necessary requirements under ASX Listing Rule 11.1 that may apply in relation to that opportunity (including re-complying with Chapters 1 and 2 of the ASX Listing Rules, to the extent required).

**END**

**For more information:**

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

## 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, 01/05/13, 01/09/16

### Name of entity

**MHM METALS LIMITED**

### ABN

**41 124 212 175**

### Quarter ended ("current quarter")

**30 September 2016**

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(69)	(69)
(e) administration and corporate costs	(360)	(360)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	77	77
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)		
(a) GST refund	34	34
(b) legal settlement	75	75
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(243)</b>	<b>(243)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
	(c) equity investments	(1,071)	(1,071)
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) equity investments	232	232
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(839)</b>	<b>(839)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	7,484	7,484
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(243)	(243)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(839)	(839)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(24)	(24)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>6,378</b>	<b>6,378</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	6,000	2,077
5.2	Call deposits	-	5,034
5.3	Bank overdrafts	-	-
5.4	Other – <i>MHM has provided a guarantee to Alcoa in connection with an operating lease.</i>	378	373
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>6,378</b>	<b>7,484</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
140
-

Director's fees and Executive salaries paid during the September 2016 quarter.

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

-

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. <b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	125
9.2 Development	-
9.3 Production	-
9.4 Staff costs	70
9.5 Administration and corporate costs	155
9.6 Other (provide details if material)	
<b>9.7 Total estimated cash outflows</b>	<b>350</b>

10. <b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

### **Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: .....  
(Company secretary)

Date: 31 October 2016

Print name: Justin Mouchacca

### **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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.