



ASX Announcement

For immediate release

16 October 2015

CORPORATE UPDATE

Paul Kopejtko assumed the position of Non-Executive Director 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.

At the Company's upcoming AGM, shareholder approval will be sought to issue Matthew Keen 2,500,000 shares in the Company at an issue price of 2c a share, in partial settlement of his bonus for the 2014/15 Financial Year.

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 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 distributed c\$500,000 in connection with the termination of 2 long term equipment leases, redundancy payments related to the termination of Alreco's 3 remaining employees and a number of other outstanding liabilities reducing the un-restricted cash balance to c\$200,000.

On October 9, the Company entered into two separate loan agreements with two of its Directors for the provision of up to \$400,000 in funding. This funding was sought to ensure the Company was able to meet its working capital requirements, fund ongoing remediation at the Moolap site and continued Due Diligence on new business opportunities, pending the receipt of an R&D Incentive rebate.

Subject to shareholder approval, the lenders will have the election to be repaid through the issue of Shares in the Company at an issue Price equal to the Volume Weighted average Price (VWAP) over the 30 day period, immediately prior to election. Alternatively the lenders will be repaid in cash.

Company Snapshot

Capital Structure

Ordinary shares on issue:	130,218,145
Market Cap (at 1.3c):	\$2,213,708
Cash (as at 30 Jun 2015):	\$1,358,000

Directors

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

Company Secretary

Justin Mouchacca

Today the company has been 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.

Given the change in the Company's financial position, the loan agreement entered into on October 9 between Joseph van den Elsen and the company for the provision of up to \$200,000 has been terminated by mutual agreement.

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.

Litigation

On 5 December 2013 the company initiated proceedings in the Federal Court, Victorian Registry, against its former Managing Director Mr. Frank Rogers in respect to alleged breaches of the Corporations Act, 2001. The claim alleged irregular asset purchase transactions with an approximate value of \$720,000, including in relation to a vessel on which the company spent over \$500,000.

On 18 September 2014 in the Federal Court of Australia at Melbourne, Justice Davies ordered Mr Rogers and Rogers Southern Pty Ltd (a company controlled by Mr Rogers) to pay compensation to the Company amounting to \$548,581 (plus interest and costs) for breach of director duties and misappropriation of funds.

The compensation relates to the purchase and refit of a survey vessel by the Company for use in its erstwhile exploration activities in Tasmania in 2008. The survey vessel was subsequently revealed to be a pleasure yacht, the "Ocean Voyager", belonging to Mr Rogers' Family Trust.

On the 2nd of March 2015, the Full court of the Federal Court of Australia comprising of Judges Middleton, Gilmour and Gleeson heard the appeal by Mr Frank Rogers and Rogers Southern Pty Ltd against the 18 September 2014 judgment, which they subsequently dismissed on 25 May 2015.

In dismissing the appeal the Judges also made a further award of costs associated with defending the appeal in MHM's favour.

Prior to the appeal judgment, the court awarded MHM a Power Of Attorney over a luxury vessel owned by Rogers Southern which MHM is seeking to sell, in recovery of the value of the judgment.

Based on independent valuations and advice it is the intention of management to prepare the boat for sale. The Company highlights that the Audited valuation as at 30 June 2015 is approximately \$500,000 AUD.

MHM Metals advised the market on 22 July 2015 that it had been served with a statement of Claim lodged by Ronai & Associates in the District court of New South Wales and scheduled for hearing on 7 May 2016.

The Statement of Claim totals \$367,886 arising from an alleged verbal agreement to assist MHM claim additional R&D Incentives for expenditure incurred in prior years. The Company considers the Claim to be without merit and will vigorously defend its position.

Russellville Property, Kentucky, USA

As foreshadowed in the results of the Company's strategic review announced to the market on 30 September 2014, the Company has placed the Russellville property on the market. Whilst there can be no certainty as to the timing of the sale, nor the ultimate sale price, the Company is confident of ultimately realising at least US\$325,000 (A\$423,177) as reflected in the Audited Financial Statements as at 30 June 2015.

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.

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For more information:

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