



ASX Announcement

Thursday 28 January 2016

MHM QUARTERLY ACTIVITIES REPORT

MHM Metals (ASX: MHM) is pleased to provide the following Quarterly Activities Report for the period ended 31 December 2015.

Corporate

During the Quarter, the Company obtained interim funding of \$200,000 to meet working capital requirements pending receipt of the R&D Incentive.

Subsequently the Company received an R&D Incentive of \$4,433,329.

During the Quarter, the company entered into a Letter of intent for the sale of its US property, located in Russellville, Kentucky, for a sum of USD \$550,000. The prospective buyer was granted a period of Due Diligence and the Company will keep the market informed as the process progresses.

Separately the Company entered into a binding, conditional agreement for the sale of the Moolap property on a Walk In Walk Out basis, for the agreed sum of AUD \$500,000. MHM will keep the market informed as it moves towards settlement of the transaction.

Subsequent to the Quarter's end, the Company received an R&D Incentive of \$2,983,000 for the 14/15 Financial Year.

As at January 28, 2016 the Company holds c\$8m cash.

Business Development

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

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

Subsequent to the Quarter's end and as announced to the market on January 11, 2016, the Company entered into a Binding Heads of Agreement with Stone Resources Australia to develop the Brightstar Gold Project located in the Laverton region of Western Australia.

END

For more information:

MHM Metals Limited

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

MHM Metals Limited ABN 41 124 212 175

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Company Snapshot

Capital Structure

Ordinary shares on issue:	141,119,156
Market Cap (at 2.7c):	\$3,810,217
Cash (as at 28 Jan 2016):	c\$8,000,000

Directors

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

Company Secretary

Justin Mouchacca

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 December 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 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	(411)	(680)
1.3 Dividends received	-	-
1.4 Interest received	12	12
1.5 Interest and other costs of finance paid	-	-
1.6 Income tax refund - R & D Refund	4,681	4,681
1.7 Other (provide details if material)		
<i>Moolap Remediation</i>	-	(100)
<i>Redundancy costs</i>	(158)	(158)
Net Operating Cash Flows	4,124	3,780
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)	50	50
Net investing cash flows	50	78
1.13 Total operating and investing cash flows (carried forward)	4,174	3,858

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	4,174	3,858
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	200	200
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(240)	(240)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	(40)	(40)
	Net increase (decrease) in cash held	4,134	3,818
1.20	Cash at beginning of quarter/year to date	1,044	1,358
1.21	Exchange rate adjustments to item 1.20	15	17
1.22	Cash at end of quarter	5,193	5,193

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	54
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 December 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

During the quarter and following shareholder approval at the Company's 2015 Annual General Meeting, the Company issued 9,651,011 fully paid ordinary shares as satisfaction for loans provided to the Company at a deemed issue price of \$0.021 (2.1 cents) per share.

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	(125)
4.2 Development	-
4.3 Production	-
4.4 Administration	(225)
4.5 Other – Moolap remediation	(50)
Total	(400)

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	4,843	694
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other - <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)	5,193	1,044

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

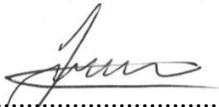
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	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	9,651,000 1,250,000	9,651,000 1,250,000	\$0.021 \$0.02	- -
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: ...28 January 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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