30 JUNE 2024 FINANCIAL REPORT

ASX RELEASE
19 September 2024

DIRECTORS / MANAGEMENT

Russell Davis
Chairman

Daniel Thomas
Managing Director

David Church
Non–Executive Director

James Croser
Non–Executive Director

Mark Pitts
Company Secretary

Mark Whittle
Chief Operating Officer

CAPITAL STRUCTURE

ASX Code: HMX

Share Price (18/9/2024)	$0.037
Shares on Issue	886m
Market Cap	$32.8m
Options Unlisted	20.5m
Performance Rights	12m
Cash (30/06/2024)	$5.2m

Hammer Metals Limited (ASX:HMX) ("Hammer" or the "Company") attaches the Financial Report for the year ended 30 June 2024.

This announcement has been authorised for issue Mark Pitts, Company Secretary, Hammer Metals Limited in accordance with ASX Listing Rule 15.5.

For further information please contact:

Daniel Thomas
Managing Director

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HAMMER METALS LIMITED

ABN 87 095 092 158

FINANCIAL REPORT

30 JUNE 2024

Competent Person Statements

The information in this report as it relates to exploration results and geology was compiled by Mr. Mark Whittle, who is a Fellow of the AusIMM and an employee of the Company. Mr. Whittle, who is a shareholder and option-holder, has sufficient experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Whittle consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Where reference is made to previous announcements of mineral resource estimates, the Company confirms that it is not aware of any new information or data that materially affects the information included in those announcements and all material assumptions and technical parameters underpinning the mineral resource estimates included in those announcements continue to apply and have not materially changed.

DIRECTORS' REPORT

The Directors present their report together with the financial report of Hammer Metals Limited ("the Company" or "Hammer") and of the Group, comprising the Company and its subsidiaries, for the year ended 30 June 2024 and the auditor's report thereon.

1. DIRECTORS

The names and details of the Company's directors in office during the financial year or since the end of the financial year are set out below.

Russell Davis – Non-Executive Chairman
BSc (Honours) MBA MAusIMM

Russell Davis is a Geologist with over 40 years' experience in the mineral resources business. He has worked on the exploration and development of a range of commodities for a number of international and Australian companies, holding senior technical and corporate positions including Chief Mine Geologist, Exploration Manager and Managing Director. Mr Davis was a founding Director of Gold Road Resources Limited in 2005 and continued as an Executive then Non-executive Director until June 2016. Mr Davis was also founding Director of Syndicated Metals Limited in 2007 and Managing Director up to March 2012. Mr Davis has been a Director of Hammer Metals (Australia) Pty Ltd since its inception in 2012.

Daniel Thomas – Managing Director
BSc, MBA

Daniel Thomas has over 20 years' experience in operations, corporate development, project management and project finance having completed undergraduate studies in Chemistry and Geology as well as attaining an MBA from the Melbourne Business School. During his career, Mr Thomas has worked across Australia, North America, Asia and Africa, in a wide range of commodities, including base and precious metals. Mr Thomas' most recent role before joining the Company was as Business Development Manager at Sandfire Resources (ASX:SFR), where he was instrumental in utilising cash-flows generated by the DeGrussa Copper-Gold Mine to grow the Company both organically through exploration and through business development initiatives, including several acquisitions, investments and joint ventures. Prior to his time at Sandfire Resources Limited, Mr Thomas held roles with Wesfarmers, PTT Asia Pacific Mining and Mitsui E&P Australia.

David Church – Non-Executive Director
LLB, BEc

David Church is currently a Partner in the national legal firm Thompson Geer. Mr Church is a qualified solicitor and has previously practiced in England and Wales and Hong Kong with Linklaters. Mr Church was also the head of mergers and acquisitions for Regent Pacific Group Limited, a Hong Kong listed investment company, for over 13 years.

James Croser – Non-Executive Director (appointed 8 September 2023)
BEng (Mining Engineering)

James Croser has over 25 years of experience in operational and executive roles with a strong track record in guiding junior ASX companies through periods of significant growth. Most recently, Mr Croser was a founding Director in the establishment of Red Dirt Metals (now Delta Lithium – ASX:DLI) and the discovery of the Mt Ida lithium deposit in WA.

Zbigniew Lubieniecki – Non-Executive Director (resigned 7 September 2023)
BSc (Applied Geology), MAIG

Zbigniew ("Ziggy") Lubieniecki holds a Bachelor of Science (Applied Geology) and is an experienced exploration geologist with more than 30 years' experience in exploration, mining, management, property acquisition and company listings. Mr Lubieniecki has held senior positions including Chief Mine Geologist for Plutonic Resources Limited, Exploration Manager for Australian Platinum Mines and Executive Director of Gold Road Resources Limited. Mr Lubieniecki has had a successful exploration career including the discovery of the 6.2-million-ounce Gruyere gold deposit.

DIRECTORS' REPORT (CONTINUED)

2. DIRECTORSHIPS OF OTHER LISTED COMPANIES

Directorships of other ASX listed companies held by Directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of Directorship
Russell Davis	M3 Mining Limited	July 2022 – current[1]
Daniel Thomas	None	-
David Church	Caprice Resources Limited	October 2019 – February 2024
James Croser[2]	Delta Lithium Limited	December 2021 – current
	Greenstone Resources Limited	November 2023 – June 2024
Zbigniew Lubieniecki[3]	Cosmo Metals Limited	August 2022 – July 2024

1 – Mr Davis was a director of M3 Mining Limited prior to its listing on the Australian Securities Exchange in July 2022.
2 – Mr Croser was appointed to the board on 8 September 2023
3 – Mr Lubieniecki resigned from the board on 7 September 2023

3. COMPANY SECRETARY

Mark Pitts – Company Secretary
B.Bus, FCA, GAICD

Mr Pitts is a Chartered Accountant with over 35 years' experience in statutory reporting and business administration. He has been directly involved with, and consulted to, a number of public companies holding senior financial management positions.

4. DIRECTORS' MEETINGS

The number of Directors' meetings held, and the number of meetings attended by each of the Directors of the Company during their term in office in the financial year is as follows.

Director	Meetings held while in office	Meetings attended
Mr R Davis	6	6
Mr D Thomas	6	6
Mr D Church	6	6
Mr J Croser	5	5
Mr Z Lubieniecki	1	1

The Company does not have any committees. Matters usually considered by an audit, remuneration or nomination committee were dealt with by the whole Board during regular Board meetings.

5. PRINCIPAL ACTIVITY

The principal activity of the Group during the course of the financial year was mineral exploration in Australia.

6. OPERATING AND FINANCIAL REVIEW

The Group incurred an after-tax profit for the year of $6,270,584 (2023: loss of $1,285,536).

Corporate:
The following issues of ordinary shares were completed during the year:

- 6 July 2023 a total of 3,000,000 options exercisable at $0.035 on or before 30 June 2024 were validly exercised and 3,000,000 new ordinary shares were issued upon their conversion. The funds for the exercise were received during the previous financial year; and
- On 2 August 2023, the Company issued 3,666,667 ordinary shares to Directors of the Company at an issue price of $0.06 per share. These shares were issued in conjunction with the Share Placement completed on 5 June 2024, and the issue was approved by shareholders at the General Meeting held on 13 July 2023.

DIRECTORS' REPORT (CONTINUED)

During the financial year 7,000,000 options lapsed unexercised and 9,500,000 new options were issued.

Since the end of the financial year, 2,600,000 options have expired. No further options or rights have been granted or expired.

During the financial year, 9,000,000 performance rights were granted and 5,000,000 expired. Since the end of the financial year, no further performance rights have been issued or have expired.

Exploration Activities:
Hammer is currently exploring in two world-class minerals provinces, focused on the discovery of copper and gold deposits. In the Mount Isa region, the Group continued an aggressive exploration program unearthing a number of encouraging copper/gold exploration targets. Hammer continues to advance its exploration activities in the Yandal Belt in WA, testing new lithium targets emerging in addition to several prospective gold targets near the former Bronzewing gold mine.

Queensland - Mount Isa Region Projects
In the Mount Isa base metals district, Hammer has five projects with established copper-gold-molybdenum JORC resources. The Group is committed to growing its metal inventory near these existing resources, in addition to exploring the district for large iron oxide copper-gold (IOCG) deposits of the Ernest Henry style (approximately 220 million tonnes at 1.1% Cu and 0.5g/t Au). The Group holds approximately 3,000 km^2 of tenure in the Mt. Isa region. A systematic IOCG targeting exercise within the Mount Isa region is ongoing through the Mount Isa East JV with Sumitomo Metal Mining Oceania ("SMMO") and 100% funded activities.

In FY24, Hammer Metals reshaped its Mount Isa portfolio, entering three new Joint Ventures across a small portion of its exploration tenure. Through a landmark agreement with Carnaby Resources ("Carnaby") (ASX:CNB), Hammer agreed to sell up to a 70% interest in its three sub blocks surrounding the Mount Hope project for a consideration of up to $20million. Upfront consideration for an initial sale of a 51% interest in the project was $4 million in cash and $5million in Carnaby Resources shares. Future payments of up to $11 million become due as the project progress through to development.

New Joint Ventures over highly prospective terrain have been established with SMMO and South32. These projects have been established with the aim of defining a large Tier 1 mineral systems such as Ernest Henry and the Mount Isa Copper/Lead/Zinc systems.

<u>Mount Isa Project – wholly-owned projects</u>
Hammer's activities during the year focussed on the exploration of promising copper gold systems that were first identified in FY23 at Hardway, South Hope and Mascotte. Hammer continued to drill test over 14 new and exciting targets during the year, many of which had never been previously drilled. Key results achieved during the year include:

South Hope
- 15m at 3.47% Cu and 0.7g/t Au from 44m in HMSHRC007;

Mascotte
- 53m at 1.55% Cu and 0.52g/t Au from 77m in HMMARC008

Hardway
- 41m at 1% Cu from 14m in HWRC017;
- 43m at 0.9% in HMHWRC019; and
- 35m at 0.84% Cu from 46m in HMHWRC016.

(Refer ASX Announcements – 3 July 2023, 27 July 2023 and 31 October 2023)

In December 2023, the Australian government added molybdenum to the critical minerals list. Hammer's Kalman project is one of Australia's largest known deposits of contained molybdenum and rhenium. Having completed a JORC resource update for the Kalman project during the year, Kalman could be the key deposit to underpin a future critical minerals development in the Mount Isa region.

DIRECTORS' REPORT (CONTINUED)

The updated Mineral Resource Estimate (MRE) completed for the 100%-owned Kalman copper-gold-silver-molybdenum-rhenium deposit contains 39.2Mt at 1.07% Recovered Copper Equivalent ("CuEq Rec") at 0.53% Cu, 0.27g/t Au, 0.10% Mo, 1.5g/t Ag and 2.1g/t Re. This equates to ~500,000t of contained copper equivalent metal and represents a ~39% increase in the contained metal within the deposit. Drilling at Kalman delivered an additional 10Mt of material to the Indicated categorisation within the MRE (a 141% increase on the 2016 MRE). The Kalman MRE contains 208,400t of copper, 343,200 oz of gold, 38,000t of molybdenum, 1.92m oz of silver and 84,100 kg of rhenium (refer ASX Announcement 8 May 2023).

Table 1

Kalman Deposit - JORC 2012 Mineral Resource Estimate (May 2023)												
Classification	Mining Method	CuEq Cut-off	Tonnes Kt (1)	CuEq Cont. % (3)	CuEq Rec. % (2, 3, 4)	Cu %	Au g/t	Ag g/t	Mo %	Re g/t	Contained Cu Eq Metal (Kt) (1)	Recovered CuEq Metal (Kt) (1)
Indicated	Open Pit	0.4%	17,120	1.04	0.87	0.43	0.22	1.2	0.08	1.7	180	150
Inferred	Open Pit	0.4%	10,540	1.11	0.93	0.40	0.21	1.3	0.10	2.2	120	100
Inferred	Underground	1.0%	11,530	1.78	1.48	0.80	0.41	2.2	0.12	2.7	200	170
Total			**39,190**	**1.27**	**1.07**	**0.53**	**0.27**	**1.5**	**0.10**	**2.1**	**500**	**420**
Note (1)	Rounded to nearest 10kt											
Note (2)	The recovered copper equivalent equation is: CuEq Recovered = 0.86*Cu + (0.74*0.771051*Au) + (0.74*0.008336*Ag) + (0.86*4.857143*Mo) + (0.77*0.023334*Re)											
Note (3)	Copper Equivalent Price assumptions are: Cu: US$7,714/t (US$3.50/lb); Au: US$1,850/oz; Ag: US$20/oz; Mo: US$37,468/t (or US$17/lb); and Re: US$1,800/kg											
Note (4)	Recovery assumptions are: Cu 86%; Au 74%; Ag 74%; Mo 86%; and Re 77%.											
Note (5)	Transition from Open to Underground Mining based on prior optimsiation studies set at 75mRL. Surface RL is approx 425mRL.											

Joint Ventures and Earn-in Programs

Mount Hope JV (Carnaby Resources earning up to 70% Interest)

Consideration from the initial tranche of payments was received during the year, comprising $4 million in cash and 9,090,909 shares in Carnaby Resources Limited (ASX: CNB) (escrowed for 12 months). In return, a 51% interest in the three Mount Hope sub-blocks has been granted to Carnaby. Hammer will retain a 30% equity interest and will be free-carried by Carnaby to production from the three Sub-Blocks.

Bullrush JV (SMMO earning up to a 60-80% interest)

Joint Exploration Agreement executed with SMMO, providing SMMO with the opportunity to earn up to an 80% interest in Hammer Metals' Bullrush Project in NorthWest Queensland (Project). The Bullrush Project has geophysical signatures that are suggestive of IOCG mineralisation beneath cover varying between 80m to 250m in thickness. Hammer will operate the Joint Exploration Program until the completion of the first Earn-in Period.

Mt Isa East Joint Venture ("MIEJV") (Hammer's Current Ownership ~40%)

Work on the MIEJV continued throughout the year, including drill testing of high priority targets at Shadow South, Secret and Prince of Wales. Additional targets at Jimmy Creek, Even Steven and Malbon were also investigated during geochemical and geophysical programs including a sizeable VTEM program.

Isa Valley JV (South32 Option to Earn up to an 80% interest)

South32 has an option to earn an 80% interest in the Isa Valley Project in North-West Queensland (Project) and form a joint venture. The Project covers sections of the Mount Isa Fault comprising an area of ~320km2 and is considered highly prospective for Mount Isa-style sediment hosted lead-zinc-copper mineralisation similar in style to the Mount Isa and George Fisher-Hilton deposits (124Mt @ 7% Zn, 6% Pb and 255Mt at 3.3% Cu and 228Mt @5.5% Pb, 10.6% Zn and 97g/t Ag respectively). South32 will manage and operate the exploration program.

Western Australia - Bronzewing South Project

Hammer's tenements cover prospective structural trends in the core of the Yandal Greenstone Belt. This region has reported greater than 24Moz of current and historical gold production from deposits such as Bronzewing, Jundee, Mt McClure, Darlot and Thunderbox.

During the year the company completed a reverse circulation drilling program at the Orelia North gold prospect which has subsequently allowed the Company to release a maiden JORC Mineral resource Estimate for the prospect. The Orelia North deposit extends from surface and remains open at depth with excellent potential to expand the resource.

DIRECTORS' REPORT (CONTINUED)

The company also completed a first pass test of a prospective lithium target along the Orelia North trend. Drilling was unable to explain the widespread lithium geochemical anomaly that is observed at the prospect.

Risk Management:
The Company takes a proactive approach to risk management. The Board is responsible for ensuring that risks, including emerging risks, and also opportunities, are identified on a timely basis and the Company's objectives and activities are aligned with the risks and opportunities identified by the Board.

Given the size of the Company and its stage of development all Board members are involved and have responsibility for management of risk. Day to day management of risks are delegated to the Managing Director.

Material business risks
There are inherent risks associated with the exploration for minerals. The Group faces the usual risks encountered by companies engaged in the exploration, evaluation and development of minerals. The material business risks for the Group include:

External Risks

Environmental risks

The Company's operations and projects are subject to the laws and regulations of the jurisdictions in which it has interests and carries on business (Queensland and Western Australia) regarding environmental compliance and relevant hazards. There is also a risk that the environmental laws and regulations may become more onerous, making the Group's operations more expensive which may adversely affect the financial position and /or performance of the Group. The Directors are not aware of any environmental law that is not being complied with.

The Company may be impacted by climate related risks including reduced water availability, extreme weather events and changes to legislation and regulation in relation to climate.

Government regulations and claims risks

Changes in law and regulations or government policy may adversely affect the Group's operations. There is no guarantee that current or future exploration claim applications or existing claim renewals will be granted, that they will be granted without undue delay, or that the Company can economically comply with any conditions imposed on any granted exploration claims. Loss of claims may adversely affect the financial position and /or performance of the Group. Management maintains close contact with relevant Departments and industry bodies to monitor changes and proposed changes in regulation and policy.

Cyber risk

The Group uses various IT systems and cloud based software. Should a cyber event occur, there is a risk of business disruption or data breach that may adversely affect the financial position and/or performance of the Group.

Operating Risks

Exploration and development risk

The exploration for and development of mineral deposits involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, not all exploration activity will lead to the discovery of economic deposits. Major expenditure may be required to locate and establish Ore Reserves, to establish rights to mine the ground, to receive all necessary operating permits, to develop metallurgical processes and to construct mining and processing facilities at a particular site.

Mineral Resources

The Group's estimates of Mineral Resources are based on different levels of geological confidence and different degrees of technical and economic evaluation, and no assurance can be given that anticipated tonnages and grades will be achieved or could be mined or processed profitably.

In addition to the risks described above, the Group's ability to successfully develop projects is contingent on the Group's ability to fund those projects through debt or equity raisings.

DIRECTORS' REPORT (CONTINUED)

7. DIVIDENDS

No dividends were paid or declared by the Company during the financial year.

8. EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to year end the following events have occurred:

- On 3 July 2024, 2,600,000 unlisted options exercisable at $0.05 each expired, having lapsed unexercised on 30 June 2024. The value of these options has been recognised against accumulated losses during the current financial year.

Other than the above, there has not been any other matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

9. LIKELY DEVELOPMENTS

The Company will continue planning and executing exploration and development work on its existing projects in Australia as well as projects under review in Australia to complement and expand on existing tenement holdings.

10. DIRECTORS' INTERESTS

The relevant interest of each Director in the shares and options of the Company as notified by the Directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

Director	Ordinary shares	Unlisted options	Performance Rights
Mr R Davis	43,744,013	3,500,000	-
Mr D Thomas	4,833,334	4,000,000	12,000,000
Mr D Church	1,052,631	4,000,000	-
Mr J Croser	-	4,000,000	-

The above table includes indirect shareholdings held by related parties to the directors.

11. ENVIRONMENTAL REGULATIONS

In the course of its normal mining and exploration activities Hammer adheres to environmental regulations imposed on it by the various regulatory authorities, particularly those regulations relating to ground disturbance and the protection of rare and endangered flora and fauna.

Hammer has complied with all material environmental requirements up to the date of this report. The Board believes that Hammer has adequate systems in place for the management of its environmental requirements and is not aware of any breach of these environmental requirements as they apply to it.

12. REMUNERATION REPORT – AUDITED

12.1 Principles of compensation

Remuneration levels for key management personnel and other staff of Hammer are competitively set to attract and retain appropriately qualified and experienced personnel and therefore includes a combination of cash paid and the issuance of options and rights. Key management personnel comprise the directors of the Company and senior executives for Hammer. Staff remuneration is reviewed annually.

Consequences of performance on shareholder wealth

In establishing performance measures and benchmarks to ensure incentive plans are appropriately structured to align corporate behaviour with the long-term creation of shareholder wealth, the Board has regard for the stage of development of the Company's business, share price, operational and business development achievements (including results of exploration activities) that are of future benefit to the Company.

DIRECTORS' REPORT (CONTINUED)

In considering Hammer's performance and benefits for shareholder wealth, the Board have regarded the following indices in respect to the current and previous four financial years:

	2024	2023	2022	2021	2019
Gain/(Loss) per share (cents)	0.71	(0.16)	(0.08)	(0.08)	(0.40)
Net profit/(loss) ($)	6,270,584	(1,285,536)	(645,270)	(611,525)	(1,978,610)
Share price at 30 June	$0.037	$0.061	$0.045	$0.092	$0.043

Service contracts

Daniel Thomas – Managing Director:
The Company entered into an Executive Service agreement with Mr Thomas on 1 August 2022, which was revised on 1 July 2024. An Executive service fee of $300,000 (plus superannuation) per annum is payable with an indefinite term. Either Party can terminate the agreement subject to a three-month notice period. Mr Thomas is not entitled to any termination payments other than for services rendered at time of termination.

Mark Pitts – Company Secretary
Mr Pitts is a Principal in the Company Secretarial and CFO advisory divisions of the Automic Group providing secretarial support and corporate and compliance advice, pursuant to a contract with the Company. The contract has no fixed term with the option of termination by either party with two months' written notice. Mr Pitts is not entitled to any termination payments other than for services rendered at time of termination.

Non-executive directors
Effective from 1 July 2024, all non-executive Directors receive a fixed annual Directors' fee of $50,000 (plus superannuation benefits as required under the applicable legislation). The Chair receives a fixed annual fee of $75,000 (plus superannuation benefits as required under the applicable legislation). During the financial year ended 30 June 2024, non-executive Directors' received a fixed annual fee of $50,000 inclusive of superannuation benefits and the Chair received a fixed annual fee of $75,000 inclusive of superannuation benefits.
The maximum aggregate amount of non-executive Directors' fees payable by the Company as approved by the shareholders at the 2011 annual general meeting is $300,000 per annum.

Share trading policy

In December 2010, Hammer introduced a share trading policy which sets out the circumstances in which directors, executives, employees and other designated persons may deal with securities held by them in the Company. This includes any shares or any other securities issued by the Company such as options. The policy includes restriction on key management personnel and other employees from entering into arrangements that limit their exposure to losses that would result from share price decreases. Entering into such arrangements has been prohibited by law since 1 July 2011.

DIRECTORS' REPORT (CONTINUED)

12.2 Directors' and senior executives' remuneration

Details of the nature and amount of each major element of the remuneration of each director of the Company and other key management personnel of the Group are:

Year Ended 30 June 2024	Short term			Long term				
Directors	Salary & fees $	Consulting fees $	Movement in leave accruals[1] $	Superannuation benefits $	Options and Rights $	Total $	Proportion of remuneration performance related %	Value of options and rights as proportion of remuneration %
Executive								
Mr D Thomas	277,851	-	9,260	28,711	218,004	533,826	33.4%	40.8%
Non-executive								
Mr R Davis	67,568	-	-	7,432	-	75,000	-	-
Mr D Church	45,045	-	-	4,955	29,850	79,850	-	37.4%
Mr J Croser[2]	36,787	-	-	4,047	103,200	144,034	-	71.6%
Mr Z Lubieniecki[3]	8,383	3,000	-	922	-	12,305	-	-
Total - Directors	435,634	3,000	9,260	46,067	351,054	845,015	21.1%	41.5%
Other Key Management Personnel								
Executives								
Mr M Pitts (Company Secretary)	69,975	-	-	-	-	69,975	-	-
Total – all key management personnel	505,609	3,000	9,260	46,067	351,054	914,990	19.5%	38.4%

1 – Represents the accounting value of the movement in accrued leave liabilities, and not amounts paid to the member of Key Management Personnel.
2 – Appointed 8 September 2023
3 – Resigned 7 September 2023

DIRECTORS' REPORT (CONTINUED)

Year Ended 30 June 2023	Short term			Long term				
Directors	Salary & fees $	Consulting fees $	Movement in leave accruals[1] $	Superannuation benefits $	Options and Rights $	Total $	Proportion of remuneration performance related %	Value of options and rights as proportion of remuneration %
Executive								
Mr D Thomas	278,583	-	3,863	25,292	22,161[2]	329,899	6.7%	6.7%
Non-executive								
Mr R Davis	67,873	7,299	-	7,127	64,950	147,249	-	44.1%
Mr Z Lubieniecki	45,249	39,313	-	4,751	64,950	154,263	-	42.1%
Mr D Church	45,249	-	-	4,751	64,950	114,950	-	56.5%
Total - Directors	436,954	46,612	3,863	41,921	217,011	746,361	3.0%	29.1%
Other Key Management Personnel								
Executives								
Mr M Pitts (Company Secretary)	60,000	-	-	-	-	60,000	-	-
Total – all key management personnel	496,954	46,612	3,863	41,921	217,011	806,361	2.7%	26.9%

1 – Represents the accounting value of the movement in accrued leave liabilities, and not amounts paid to the member of Key Management Personnel.
2 – Represents the vesting expense of options and rights issued during a previous period.

DIRECTORS' REPORT (CONTINUED)

12.3 Value of options to key management personnel

The value of options will only be realised if and when the market price of the Company shares, as quoted on the Australian Securities Exchange, rises above the Exercise Price of the options. Further details of the options are contained below.

12.4 Options and rights over equity instruments granted as compensation

5,500,000 options were granted to Non-Executive Directors and 4,000,000 options and 9,000,000 performance rights were granted to the Managing Director, during the current year. The terms of these options and rights are noted in the table below.

12.5 Analysis of options and rights over equity instruments granted as compensation

Granted during the current financial year

The following options were granted as remuneration to key management personnel during the year.

Key Management Personnel	Number of options granted	Date granted	% Vested	% Forfeited / Lapsed	Financial year in which grant vested / will vest
Daniel Thomas – Management Options Tranche 1	2,000,000	17 November 2023	100%	-	-
Daniel Thomas – Management Options Tranche 2	2,000,000	17 November 2023	-	-	30 June 2025
David Church	1,500,000	17 November 2023	100%	-	-
James Croser	4,000,000	7 September 2023	100%	-	-

The fair value of the options issued during the year to Key Management Personnel was determined by reference to the Black-Scholes option pricing model. The key inputs and valuations are summarised as follows:

	Management – T1	**Management – T2**	**D Church**	**J Croser**
Underlying security spot price on grant date	$0.05	$0.05	$0.05	$0.055
Exercise price	$0.08	$0.08	$0.08	$0.08
Grant date	17 November 2023	17 November 2023	17 November 2023	7 September 2023
Expiration date	30 November 2026	30 November 2026	30 November 2026	30 November 2026
Vesting date	Immediate	15 December 2024	Immediate	Immediate
Life (years)	3	3	3	3.25
Volatility	75%	75%	75%	75%
Risk free rate	4.172%	4.172%	4.172%	3.841%
Dividend Yield	-	-	-	-
Number of options	2,000,000	2,000,000	1,500,000	4,000,000
Valuation per option	$0.0199	$0.0199	$0.0199	$0.0258
Remaining life (years)	2.4	2.4	2.4	2.4
Total value	$39,200	$39,200	$29,850	$103,200
Value recognised to date	$39,200	$22,829	$29,850	$103,200
Value still to be recognised	-	16,371	-	-

DIRECTORS' REPORT (CONTINUED)

The following performance rights, which all expire on 15 December 2027, were issued to the Company's Managing Director during the year:

- 500,000 Tranche 1A Management Performance Rights, vesting upon the continuous service for a period of 12 months from the date of issue;
- 500,000 Tranche 1B Management Performance Rights, vesting upon the continuous service for a period of 12 months from the date of issue and the share price of the Company's shares listed on the ASX achieving a premium of 50% over the 15-day VWAP prior to the issue date, or $0.078;
- 500,000 Tranche 2A Management Performance Rights, vesting upon the continuous service for a period of 24 months from the date of issue;
- 500,000 Tranche 2B Management Performance Rights, vesting upon the continuous service for a period of 24 months from the date of issue and the share price of the Company's shares listed on the ASX achieving a premium of 100% over the 15-day VWAP prior to the issue date, or $0.104; and
- 7,000,000 Tranche 3 Management Performance Rights, vesting upon the completion (to the Board's satisfaction) of a material transaction to the value of a minimum of 30% of the Company's market capitalisation, determined based on the 30-day VWAP immediately prior to the completion or announcement of the transaction.

The fair value of the Management Performance Rights issued during the year to Key Management Personnel was determined by reference to the underlying security on the date of issue. With respect to Tranches 1A, 2A and 3, these fair values have not been adjusted as there exist no market-based performance conditions attached to the rights. The key inputs and valuations are summarised as follows:

	Management Performance Rights - Tranche 1A	**Management Performance Rights – Tranche 2A**	**Management Performance Rights - Tranche 3**
Underlying security spot price on grant date	$0.052	$0.052	$0.052
Grant date	17 Nov 2023	17 Nov 2023	17 Nov 2023
Expiration date	15 Dec 2027	15 Dec 2027	15 Dec 2027
Vesting date (estimated)	15 Dec 2024	15 Dec 2025	15 Dec 2027
Life (years)	4.1	4.1	4.1
Discount applied {a}	-	-	-
Number of rights	500,000	500,000	7,000,000
Value per right	$0.05	$0.05	$0.05
Remaining life (years) {b}	3.5	3.5	3.5
Total value	$26,000	$26,000	$364,000
Value recognised to date (as at 30 June 2024)	$14,914	$7,742	$55,248
Value still to be recognised (as at 30 June 2024)	$11,086	$18,258	$308,752

{a} – all the above three tranches of Management Performance Rights issued during the year contain no market-based vesting conditions and therefore no discount has been applied.
{b} – the remaining life represents the time, in years, left until the expiry of the right.

DIRECTORS' REPORT (CONTINUED)

With respect to Tranches 1B and 2B, the fair values of these rights have been adjusted to recognise the existence of market-based performance conditions attached to the rights. This valuation has been determined by reference to a Monte Carlo Simulation model. The key inputs and valuations are summarised as follows:

	Management Performance Rights - Tranche 1B	**Management Performance Rights – Tranche 2B**
Underlying security spot price on grant date	$0.052	$0.052
Grant date	17 Nov 2023	17 Nov 2023
Expiration date	15 Dec 2027	15 Dec 2027
Vesting date (estimated)	15 Dec 2024	15 Dec 2025
Life (years)	4.1	4.1
Share price barrier	$0.0708	$0.104
Expected volatility	103%	103%
Risk-free rate	4.098%	4.098%
Expected dividend yield	-	-
Number of rights	500,000	500,000
Fair value per right	$0.0502	$0.049
Remaining life (years) {a}	3.5	3.5
Total value	$25,100	24,500
Value recognised to date (as at 30 June 2024)	$14,397	$7,295
Value still to be recognised (as at 30 June 2024)	$10,703	$17,205

{a} – the remaining life represents the time, in years, left until the expiry of the right.

Granted during previous financial years

The following options were granted as remuneration to key management personnel during the prior year.

	Number of options granted	Date granted	% Vested	% Forfeited / Lapsed	Financial year in which grant vested / will vest
Key Management Personnel					
Russell Davis	1,500,000	23 November 2022	100%	-	-
Zbigniew Lubieniecki	1,500,000	23 November 2022	100%	-	-
David Church	1,500,000	23 November 2022	100%	-	-

The fair value of the options issued during the year to Key Management Personnel was determined by reference to the Black-Scholes option pricing model.

DIRECTORS' REPORT (CONTINUED)

The key inputs and valuations are summarised as follows:

	Directors
Underlying security spot price on grant date	$0.063
Exercise price	$0.07
Grant date	23 November 2022
Expiration date	30 November 2026
Vesting date	Immediate
Life (years)	4
Volatility	100%
Risk free rate	3.17%
Dividend Yield	-
Number of options	4,500,000
Valuation per option	$0.0433
Remaining life (years)	2.4
Total value	$194,850
Value recognised to date	$194,850
Value still to be recognised	-

The following performance rights, which all expire on 21 December 2024, were issued to the Company's Managing Director during the previous financial year:

- 1,000,000 Tranche 6 performance rights, vesting upon the Company announcing a new JORC 2012 compliant mineral resource estimate of 50,000 tonnes Cu or equivalent KPI at the sole discretion of the Board;
- 1,000,000 Tranche 7 performance rights, vesting upon the Company announcing a new JORC 2012 compliant mineral resource estimate of 100,000 tonnes Cu or equivalent KPI at the sole discretion of the Board; and
- 1,000,000 Tranche 8 performance rights, vesting upon the Company announcing a new JORC 2012 compliant mineral resource estimate of 200,000 tonnes Cu or equivalent KPI at the sole discretion of the Board.

The fair value of the performance rights issued during the previous year to Key Management Personnel was determined by reference to the underlying security on the date of issue. These fair values have not been adjusted as there exist no market-based performance conditions attached to the rights. The key inputs and valuations are summarised as follows:

	Mr D Thomas – Tranche 6	Mr D Thomas – Tranche 7	Mr D Thomas – Tranche 8
Underlying security spot price on grant date	$0.044	$0.044	$0.044
Grant date	29 Nov 2022	29 Nov 2022	29 Nov 2022
Expiration date	21 Dec 2024	21 Dec 2024	21 Dec 2024
Vesting date	-	-	-
Life (years)	3	3	3
Discount applied {a}	-	-	-
Number of rights	1,000,000	1,000,000	1,000,000
Value per right	$0.044	$0.044	$0.044
Remaining life (years) {b}	1.4	1.4	1.4
Total value	$44,000	$44,000	$44,000
Value recognised to date (as at 30 June 2023)	$23,204	$23,204	$23,204
Value still to be recognised (as at 30 June 2023)	$20,796	$20,796	$20,796

{a} – all three tranches of performance rights issued during the previous year contain no market-based vesting conditions and therefore no discount has been applied.
{b} – the remaining life represents the time, in years, left until the expiry of the right.

Options or rights expired or exercised during the year

7,000,000 options held by Mr Daniel Thomas (or their nominee) expired unexercised during the year.

5,000,000 performance rights held by Mr Daniel Thomas (or their nominee) expired unexercised during the year.

DIRECTORS' REPORT (CONTINUED)

12.6 Option holdings

The movement during the reporting period in the number of options over ordinary shares in Hammer Metals Limited held, directly, indirectly or beneficially, by each key management person, including their personally-related entities, is as follows:

Key Management Personnel	Held at beginning of period/on appointment	Granted	Purchased	Exercised	Lapsed or Expired	Held at end of period / on resignation	Vested and exercisable at end of period
Mr R Davis	3,500,000	-	-	-	-	3,500,000	3,500,000
Mr D Thomas	7,000,000	4,000,000	-	-	(7,000,000)	4,000,000	2,000,000
Mr D Church	2,500,000	1,500,000	-	-	-	4,000,000	4,000,000
Mr J Croser {a}	4,000,000	-	-	-	-	4,000,000	4,000,000
Mr Z Lubieniecki {b}	3,000,000	-	-	-	-	3,000,000	3,000,000
Mr M Pitts	500,000	-	-	-	-	500,000	500,000

{a} – Options granted to Mr Croser during the year were granted prior to him being appointed as a Non-Executive Director of the Company. Mr Croser was appointed on 8 September 2023.
{b} – Mr Lubieniecki resigned on 7 September 2023.

12.7 Equity holdings and transactions

The movement during the reporting period in the number of ordinary shares in Hammer Metals Limited held directly, indirectly or beneficially, by each key management person, including their personally related entities, is as follows:

	Held at beginning of period/on appointment	Purchases	Sales	Granted in lieu of fees	Exercise of Options and Performance Rights	Held at end of period/on resignation
Mr R Davis	41,244,013	2,500,000	-	-	-	43,744,013
Mr D Thomas	4,000,000	833,334	-	-	-	4,833,334
Mr D Church	1,052,631	-	-	-	-	1,052,631
Mr J Croser {a}	-	-	-	-	-	-
Mr Z Lubieniecki {b}	64,493,551	333,333	-	-	-	64,826,884
Mr M Pitts	1,729,459	-	-	-	-	1,729,459

{a} – Mr Croser was appointed on 8 September 2023.
{b} – Mr Lubieniecki resigned on 7 September 2023.

12.8 Performance right holdings

The movement during the reporting period in the number of performance rights over ordinary shares in Hammer Metals Limited held, directly, indirectly or beneficially, by each key management person, including their personally-related entities, is as follows:

	Held at beginning of period/on appointment	Granted	Exercised	Other movements / Expiry	Held at end of period / on resignation	Vested and exercisable at end of period
Mr R Davis	-	-	-	-	-	-
Mr D Thomas	8,000,000	9,000,000	-	(5,000,000)	12,000,000	-
Mr D Church	-	-	-	-	-	-
Mr J Croser {a}	-	-	-	-	-	-
Mr Z Lubieniecki {b}	-	-	-	-	-	-
Mr M Pitts	-	-	-	-	-	-

{a} – Mr Croser was appointed on 8 September 2023.
{b} – Mr Lubieniecki resigned on 7 September 2023.

DIRECTORS' REPORT (CONTINUED)

12.9 Key management personnel transactions

The following table provides the total amount of transactions which have been entered into with related parties for the relevant financial year exclusive of GST:

		Transaction value year ended		Balance outstanding as at	
Key management Personnel	Transaction	30 June 2024 $	30 June 2023 $	30 June 2024 $	30 June 2023 $
Mr Z Lubieniecki	Consulting Fees	3,000	39,919	-	-
Mr R Davis	Consulting Fees	-	7,299	-	-
Mr M Pitts	Accounting services	43,700	45,200	3,900	4,100

The Company paid fees to Zbigniew Lubieniecki and Russell Davis, as consulting fees for geological services provided.
The Company paid fees to Endeavour Corporate, a company associated with Mark Pitts, for accounting and financial reporting services provided to the Group.
Mr Lubieniecki resigned on 7 September 2023.

END OF REMUNERATION REPORT

13. SHARE OPTIONS

Unissued shares under option

At the date of this report unissued ordinary shares of the Company under option are:

	Expiry Date	**Exercise price**	**Number of options**
Director Options	30 November 2024	$0.05	4,500,000
Corporate Advisor Options – Tranche 3	13 May 2025	$0.04	2,000,000
Non-Executive Director Options	30 November 2026	$0.07	4,500,000
Non-Executive Director Options	30 November 2026	$0.08	5,500,000
Management Options – Tranche 1	30 November 2026	$0.08	2,000,000
Management Options – Tranche 1	30 November 2026	$0.08	2,000,000
			20,500,000

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

Shares issued on exercise of options

On 6 July 2023, a total of 3,000,000 options exercisable at 3.5 cents each ($0.035) were exercised. The funds for these were received prior to 30 June 2023 and therefore the increase in share capital was recognised during the previous financial year.

DIRECTORS' REPORT (CONTINUED)

14. PERFORMANCE RIGHTS

Unissued shares under performance rights

At the date of this report unissued ordinary shares of the Company under performance rights are:

		30 June 2024
	Expiry Date	**Number of rights**
Managing Director Rights – Tranche 6	21 December 2024	1,000,000
Managing Director Rights – Tranche 7	21 December 2024	1,000,000
Managing Director Rights – Tranche 8	21 December 2024	1,000,000
Management Performance Rights – 1A	15 December 2027	500,000
Management Performance Rights – 1B	15 December 2027	500,000
Management Performance Rights – 2A	15 December 2027	500,000
Management Performance Rights – 2B	15 December 2027	500,000
Management Performance Rights – 3	15 December 2027	7,000,000
		12,000,000

The terms of these rights are summarised in section 12.5 above.

Shares issued on exercise of performance rights

During the year, no performance rights were exercised.

15. CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviours and accountability, the Directors support and have adhered to the principles of sound corporate governance. The Board recognises the recommendations of the ASX Corporate Governance Council and considers the Company is in compliance with those guidelines which are of importance to the operations of the Company. Where a recommendation has not been followed, that fact has been disclosed together with the reasons for the departure.

The Company's Corporate Governance Statement and disclosures available on the Company's website at www.hammermetals.com.au.

16. INDEMNIFICATION OF OFFICERS AND AUDITORS

The Company has entered into Deeds of Access and Indemnity (Deed) with each Director and the Company Secretary (officers). Under the Deed, the Company indemnifies the officers to the maximum extent permitted by law and the Constitution against legal proceedings, damage, loss, liability, cost, charge, expense, outgoing or payment (including legal expenses on a solicitor/client basis) suffered, paid or incurred by the officers in connection with the officers being an officer of the Company, the employment of the officer with the Company or a breach by the Company of its obligations under the Deed.

Also pursuant to the Deed, the Company must insure the officers against liability and provide access to all board papers relevant to defending any claim brought against them in their capacity as officers of the Company.

The Company has paid insurance premiums during the year in respect of liability for any past, present or future Directors, secretary, officers and employees of the Company or related body corporate. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

The Company has not provided any insurance or indemnification for the Auditor of the Company.

DIRECTORS' REPORT (CONTINUED)

17. NON-AUDIT SERVICES

During the year PKF Perth, the Company's auditor, provided no non-audit services to the Company.

18. LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is set out on page 18 and forms part of the Directors' report for the financial year ended 30 June 2024.

19. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of Directors, other than that disclosed elsewhere in this report, there were no other significant changes in the state of affairs of the Group that occurred during the financial year under review.

This report is made with a resolution of the Directors:

R Davis
Chairman
Perth
19 September 2024

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AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF HAMMER METALS LIMITED

In relation to our audit of the financial report of Hammer Metals Limited for the year ended 30 June 2024, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

PKF Perth

PKF PERTH

ALEXANDRA CARVALHO
PARTNER

19 September 2024
PERTH, WESTERN AUSTRALIA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	Note	30 June 2024 $	30 June 2023 $
Current assets			
Cash and cash equivalents	10	5,228,612	4,357,140
Trade and other receivables	11	172,227	252,649
Total current assets		**5,400,839**	**4,609,789**
Non-current assets			
Other financial assets	12	4,615,933	227,529
Plant and equipment		3,006	3,981
Right-of-use assets	13	177,663	162,012
Exploration and evaluation expenditure	14	26,540,119	24,678,290
Total non-current assets		**31,336,721**	**25,071,812**
Total assets		**36,737,560**	**29,681,601**
Current liabilities			
Trade and other payables	15	660,677	443,893
Lease liabilities	16	108,892	68,892
Total current liabilities		**769,569**	**512,785**
Non-current liabilities			
Lease liabilities	16	68,696	95,701
Total non-current liabilities		**68,696**	**95,701**
Total liabilities		**838,265**	**608,486**
Net assets		**35,899,295**	**29,073,115**
Equity			
Share capital	17	66,810,197	66,593,958
Reserves	18	787,618	1,382,293
Accumulated losses		(31,698,520)	(38,903,136)
Total equity		**35,899,295**	**29,073,115**

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2024

	Note	30 June 2024	30 June 2023
		$	$
Other income	4	177,062	190,974
Sale of tenement	4	9,000,000	-
Marketing expenses		(81,454)	(163,931)
Administrative expenses		(969,253)	(608,390)
Employee benefits expense	5	(249,704)	(265,893)
Share based payments	5	(339,357)	(171,229)
Occupancy expenses		(43,636)	(40,314)
Depreciation and amortisation	5	(97,929)	(100,585)
Exploration written off	14	(599,610)	-
Fair value adjustment on financial assets		(611,596)	(143,166)
Other expenses		(1,025)	-
Profit / (Loss) from operating activities		**6,183,497**	**(1,302,534)**
Finance income		99,097	24,367
Finance expenses		(12,010)	(7,369)
Net finance income / (expense)	6	**87,087**	**16,998**
Profit/(loss) before income tax		**6,270,584**	**(1,285,536)**
Income tax benefit	8	-	-
Net profit/(loss) for the year from continuing operations		**6,270,584**	**(1,285,536)**
Other comprehensive income		-	-
Other comprehensive loss for the year, net of income tax		**-**	**-**
Total Comprehensive profit/(loss) for the year		**6,270,584**	**(1,285,536)**
Loss per share:			
Basic gain/(loss) per share (cents per share)	9(a)	0.71	(0.16)
Diluted gain/(loss) per share (cents per share)	9(a)	0.71	(0.16)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	Share capital	Share based payment reserve	Accumulated losses	Total
Balance at 1 July 2022	**62,965,503**	**1,399,364**	**(37,617,600)**	**26,747,267**
Loss for the year	-	-	(1,285,536)	(1,285,536)
Other comprehensive income / loss	-	-	-	-
Total comprehensive loss for the period	**-**	**-**	**(1,285,536)**	**(1,285,536)**
Exercise of options for cash	46,000	(11,000)	-	35,000
Exercise of options – cashless exercise	100,200	(100,200)	-	-
Exercise of options – unissued shares	182,100	(77,100)	-	105,000
Shares issued for cash	3,500,000	-	-	3,500,000
Share based payments	-	264,531	-	264,531
Derecognition of share based payments previously expensed	-	(93,302)	-	(93,302)
Share issue costs	(199,845)	-	-	(199,845)
Balance at 30 June 2023	**66,593,958**	**1,382,293**	**(38,903,136)**	**29,073,115**
Balance at 1 July 2023	**66,593,958**	**1,382,293**	**(38,903,136)**	**29,073,115**
Loss for the year	-	-	6,270,584	6,270,584
Other comprehensive income / loss	-	-	-	-
Total comprehensive loss for the period	**-**	**-**	**6,270,584**	**6,270,584**
Shares issued for cash	220,000	-	-	220,000
Share based payments	-	339,357	-	339,357
Derecognition of share based payments previously expensed	-	(934,032)	934,032	-
Share issue costs	(3,761)	-	-	(3,761)
Balance at 30 June 2024	**66,810,197**	**787,618**	**(31,698,520)**	**35,899,295**

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	Note	30 June 2024 $	30 June 2023 $
Cash flows from operating activities			
Interest received		99,097	24,367
Fuel rebate received		9,194	4,021
Payments to suppliers and employees		(1,614,991)	(1,011,169)
Net cash used in operating activities	23	**(1,506,700)**	**(982,781)**
Cash flows from investing activities			
Payments for exploration expenditure		(3,157,246)	(4,897,616)
Purchase of property, plant & equipment		-	(3,981)
Proceeds from partial sale of tenements		4,000,000	-
Management fees received from farm-in and joint arrangement partners		173,676	186,919
Exploration incurred on behalf of farm-in partner		(1,430,271)	(1,232,231)
Reimbursement of exploration on behalf of farm-in partner received		1,531,461	1,476,361
Receipt of research and development grant		1,257,932	1,104,678
Security bonds		(102,000)	-
Government exploration grants received		-	148,676
Net cash provided by / (used in) investing activities		**2,273,552**	**(3,217,194)**
Cash flows from financing activities			
Proceeds from issue of share capital		220,000	3,500,000
Share funds received in advance		-	105,000
Proceeds from issue of options		-	35,000
Transaction costs from issue of shares and options		(3,761)	(199,845)
Lease payments made		(111,619)	(76,713)
Net cash from financing activities		**104,620**	**3,363,442**
Net increase / (decrease) in cash and cash equivalents		871,472	(836,533)
Cash and cash equivalents at beginning of year		4,357,140	5,193,673
Cash and cash equivalents at end of year	10	**5,228,612**	**4,357,140**

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. REPORTING ENTITY

Hammer Metals Limited (the "Company") is a company domiciled in Australia. The Company's registered office is Unit 1, 28-30 Mayfair Street, West Perth, Western Australia. The consolidated financial statements of the Company for the financial year ended 30 June 2024 comprises the Company and its subsidiaries (together referred to as the "Group").

The Group is a for profit entity and is primarily involved in the exploration and extraction of mineral resources.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements also comply with International Financial Reporting Standards (IFRS's) adopted by the International Accounting Standards Board (IASB).

The consolidated financial report was authorised for issue by the Directors on 19 September 2024.

(b) Basis of measurement

The financial report is prepared on the historical cost basis except for share based payments and other financial assets which are measured at their fair value.

(c) Functional and presentation currency

The financial report is presented in Australian dollars which is the functional and presentation currency of the Company and its subsidiaries.

(d) Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 26.

(e) Use of estimates and judgements

Set out below is information about:

- critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements; and
- assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

Critical judgements

i. Going concern

A key assumption underlying the preparation of the financial statements is that the Group will continue as a going concern. An entity is a going concern when it is considered to be able to pay its debts as and when they are due, and to continue in operation without any intention or necessity to liquidate or otherwise wind up its operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (continued)

(e) Use of estimates and judgements (continued)

Estimates and assumptions

ii. *Ore Reserves and Mineral Resources*
Economically recoverable reserves represent the estimated quantity of product in an area of interest that can be expected to be profitably extracted, processed and sold under current and foreseeable economic conditions. The Group determines and reports ore reserves and mineral resources under the standards incorporated in the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves, 2012 edition (the JORC Code). The determination of ore reserves or mineral resources includes estimates and assumptions about a range of geological, technical and economic factors, including: quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. Changes in ore reserves and mineral resources impact the assessment of recoverability of exploration and evaluation assets, provisions for site restoration and the recognition of deferred tax assets, including tax losses.

iii. *Exploration and evaluation assets*
Determining the recoverability of exploration and evaluation expenditure capitalised in accordance with the Group's accounting policy (refer note 3(l)), requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. Critical to this assessment is estimates and assumptions as to ore reserves (refer note 2(e)(ii)), the timing of expected cash flows, exchange rates, commodity prices and future capital requirements. Changes in these estimates and assumptions as new information about the presence or recoverability of an ore reserve becomes available, may impact the assessment of the recoverable amount of exploration and evaluation assets. If, after having capitalised the expenditure under accounting policy 3(l), a judgement is made that recovery of the expenditure is unlikely, an impairment loss is recorded in the statement of profit and loss and other comprehensive income in accordance with accounting policy 3(e). The carrying amounts of exploration and evaluation assets are set out in note 14.

iv. *Share based payments*
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model considering the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 20 for further information.

(f) Adoption of new and revised standards

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. STATEMENT OF MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the accounting policies set out in note 3 to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

i. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

ii. Investments in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 percent and 50 percent of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investments includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of the investment, including any long-term interest that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

iii. Joint arrangements

The Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group's rights to the assets and obligation for the liabilities of the arrangements. When making this assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances.

iv. Transactions eliminated on consolidation

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

(b) Plant and equipment

Items of plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy 3(f)). Depreciation is charged to the statement of profit and loss and other comprehensive income on a straight-line basis over their estimated useful lives. The estimated useful lives in the current and comparative periods are as follows:

- Office equipment 3 to 4 years
- Plant and equipment 3 to 5 years

The residual value, if significant, is reassessed annually.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

(c) Financial instruments

Recognition and derecognition
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets
Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets
<u>Financial assets at amortised cost</u>
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets to collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method.

<u>Financial assets at fair value through profit or loss (FVTPL)</u>
Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

The category also contains an equity investment. The Group accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in unlisted and listed equity securities at fair value through other comprehensive income (FVOCI). The fair value was determined in line with the requirements of AASB 9, which does not allow for measurement at cost. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

Trade and other receivables and contract assets
The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and measurement of financial liabilities
The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(e) Impairment

The Group assesses at each balance date whether a financial asset or group of financial assets is impaired.

Financial assets at amortised cost
Trade receivables are initially recognised at their transaction price and other receivables at fair value. Receivables that are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest are classified and subsequently measured at amortised cost. Receivables that do not meet the criteria for amortised cost are measured at fair value through profit or loss.

The group assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises the lifetime expected credit loss for trade receivables carried at amortised cost.

The expected credit losses on these financial assets are estimated based on the Group's historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as forecast conditions at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

(e) Impairment (continued)

For all other receivables measured at amortised cost, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to expected credit losses within the next 12 months.

The Group considers an event of default has occurred when a financial asset is more than 90 days past due or external sources indicate that the debtor is unlikely to pay its creditors, including the Group. A financial asset is credit impaired when there is evidence that the counterparty is in significant financial difficulty or a breach of contract, such as a default or past due event has occurred. The Group writes off a financial asset when there is information indicating the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

Non-financial assets
The carrying amounts of the Company's non-financial assets, other than deferred tax assets (see accounting policy 3(k)) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(f) Share capital

Ordinary shares
Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

(g) Interest bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of profit and loss and other comprehensive income over the period of the borrowings on an effective interest basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

(h) Employee benefits

Defined contribution plans
Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of profit and loss and other comprehensive income as incurred.

Share based payment transactions
The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcome.

Wages, salaries, annual leave, sick leave and non-monetary benefits
Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as, workers compensation insurance and payroll tax.

(i) Finance income and expenses

Net finance income
Net finance income comprises interest payable on borrowings calculated using the effective interest method, interest receivable on funds invested and realised foreign exchange gains and losses. Interest income is recognised in the statement of profit and loss and other comprehensive income as it accrues, using the effective interest method.

(j) Income tax

Income tax on the statement of profit and loss and other comprehensive income for the periods presented comprises current and deferred tax. Income tax is recognised in the statement of profit and loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Company and its Australian resident wholly owned subsidiaries adopted the tax consolidation legislation with effect from 1 July 2014 and are therefore taxed as a single entity from that date. Hammer Metals Ltd is the head entity within the tax-consolidated group. Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

(k) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company.

(l) Exploration and evaluation expenditure

Exploration for and evaluation of mineral resources is the search for mineral resources after the Group has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the mineral resources. Accordingly, exploration and evaluation expenditures are those expenditures incurred by the Group in connection with the exploration for and evaluation of minerals resources before the technical feasibility and commercial viability of extracting mineral resources are demonstrable.

Accounting for exploration and evaluation expenditure is assessed separately for each area of interest. An area of interest is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit.

Expenditure incurred on activities that precede exploration and evaluation of mineral resources, including all expenditure incurred prior to securing legal rights to explore an area, is expensed as incurred.

For each area of interest, the expenditure is recognised as an exploration and evaluation asset where the following conditions are satisfied:

a) The rights to tenure of the area of interest are current; and
b) At least one of the following conditions is also met:
   i. The expenditure is expected to be recouped through successful development and commercial exploitation of an area of interest, or alternatively by its sale; and
   ii. Exploration and evaluation activities in the area of interest have not, at reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise 'economically recoverable reserves' and active and significant operations in, or in relation to, the area of interest are continuing. Economically recoverable reserves are the estimated quantity of product in an area of interest that can be expected to be profitably extracted, processed and sold under current and foreseeable conditions.

Exploration and evaluation assets include

- Acquisition of rights to explore;
- Topographical, geological, geochemical and geophysical studies;
- Exploratory drilling, trenching, and sampling and
- Activities in relation to evaluating the technical feasibility and commercial viability of extracting the mineral resource.

General and administrative costs are allocated to, and included in, the cost of exploration and evaluation assets only to the extent that those costs can be related directly to the operational activities in the area of interest to which the exploration and evaluation assets relate. In all other instances, these costs are expensed as incurred.

Exploration and evaluation assets are transferred to Development Assets once technical feasibility and commercial viability of an area of interest is demonstrable. Exploration and evaluation assets are assessed for impairment, and any impairment loss is recognised prior to being reclassified.

The carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective area of interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

(l) Exploration and evaluation expenditure (continued)

Impairment testing of exploration and evaluation assets
Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability or facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Exploration and evaluation assets are tested for impairment when any of the following facts and circumstances exist:

- The term of exploration licence in the specific area of interest has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploitation for and evaluation of mineral resources in the specific area are not budgeted or planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the decision was made to discontinue such activities in the specified are; or
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development of by sale.

Where a potential impairment is indicated, an assessment is performed for each cash generating unit which is no larger than the area of interest. The Group performs impairment testing in accordance with accounting policy 3(e).

Farm-in arrangements (in the exploration and evaluation phase)
For exploration and evaluation asset acquisitions (farm-in arrangements) in which the Group has made arrangements to fund a portion of the selling partner's (farmor's) exploration and/or future development expenditures (carried interests), these expenditures are reflected in the financial statements as and when the exploration work progresses.

Farm-out arrangements (in the exploration and evaluation phase)
The Group does not record any expenditure made by the farmee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements but redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained.

Monies received pursuant to farm-in agreements are treated as a liability (advanced cash call) on receipt and until such time as the relevant expenditure is incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	30 June 2024	30 June 2023
4. OTHER INCOME	$	$
Management fee from farm-in partners	166,843	170,990
Other income	10,219	19,984
Total other income	**177,062**	**190,974**
Partial sale of tenement to Carnaby Resources Limited (ASX:CNB)		
Proceeds received – cash	4,000,000	**-**
Proceeds received – shares (9,090,090 ordinary shares in CNB)	5,000,000	**-**
Total income from sale of tenement	**9,000,000**	**-**
Total income	**9,177,062**	**190,974**

	30 June 2024	30 June 2023
5. RESULT FROM OPERATING ACTIVITIES	$	$
Net loss for the year before tax has been arrived at after the charging the following expenses:		
Depreciation of plant and equipment	976	-
Amortisation of right-of-use assets	96,953	100,585
Total depreciation and amortisation	**97,929**	**100,585**
Salary and wages	227,420	239,876
Superannuation expense	22,134	24,567
Share based payments	339,357	171,229
Other employee expenses	150	1,450
Total employee costs	**589,061**	**437,122**

	30 June 2024	30 June 2023
6. FINANCE INCOME AND FINANCE COSTS	$	$
Recognised in loss for the year:		
Interest income	99,097	24,367
Finance costs / lease interest expense	(12,010)	(7,369)
Net finance income	**87,087**	**16,998**

	30 June 2024	30 June 2023
7. AUDITORS' REMUNERATION	$	$
Auditors of the Company – PKF		
Audit services:		
Audit and review of financial reports	37,500	25,450
	37,500	**25,450**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	30 June 2024	30 June 2023
8. INCOME TAX	$	$
(a) Income tax benefit		
Current tax	-	-
Deferred tax	-	-
Total income tax benefit	**-**	**-**
Numerical reconciliation of income tax benefit to pre-tax accounting profit / (loss):		
Profit / (loss) before income tax	6,270,584	(1,285,536)
Income tax expenses / (benefit) using the Company's domestic tax rate of 25% (2023: 25%)	1,567,646	(321,384)
Adjusted for:		
(Non-deductible expenses) / Non-Assessable Income	(85,891)	(44,059)
Temporary differences and tax losses not recognised	(1,481,755)	365,443
Income tax benefit	**-**	**-**
(b) Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Temporary timing differences related to:		
Property, plant and equipment	1,269	1,025
Investments	346,010	316,884
Accrued expenses and provisions	29,834	28,530
Capital raising costs	46,670	85,234
Income tax losses	10,626,252	12,020,777
	11,050,035	**12,452,450**
(c) Recognised deferred tax assets & liabilities		
Temporary timing differences related to:		
Exploration and evaluation expenditure	(6,635,030)	(6,169,573)
Investments	(1,138,106)	-
Income tax losses	7,773,136	6,169,573
	-	-

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits from.

(d) Movement of temporary differences recognised during the year ended 30 June 2024:

	Balance 1 July 2023	Profit or Loss	Other comprehensive income	Equity	Balance 30 June 2024
Exploration and evaluation expenditure	(6,169,573)	(465,457)	-	-	(6,635,030)
Investments	-	(1,138,106)	-	-	(1,138,106)
Carried-forward tax losses	6,169,573	1,603,563	-	-	7,773,136
	-	**-**	**-**	**-**	**-**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. INCOME TAX (CONTINUED)

(e) Movement of temporary differences recognised during the year ended 30 June 2023:

	Balance 1 July 2022	Profit or Loss	Other comprehensive income	Equity	Balance 30 June 2023
Exploration and evaluation expenditure	(5,334,495)	(835,078)	-	-	(6,169,573)
Carried-forward tax losses	5,334,495	835,078	-	-	6,169,573
	-	-	-	-	-

9. GAIN/(LOSS) PER SHARE

	30 June 2024	30 June 2023
(a) Basic gain / (loss) per share calculated using the weighted average number of fully paid ordinary shares on issue at the reporting date.	0.71 cents	(0.16) cents
Dilutive gain / (loss) per share calculated using the weighted average number of fully paid ordinary shares on issue at the reporting date.	0.71 cents	(0.16) cents
(b) Weighted average number of shares used in calculation of basic earnings per share	886,037,586	824,347,048
(b) Weighted average number of shares used in calculation of dilutive earnings per share	888,037,586	824,347,048

10. CASH AND CASH EQUIVALENTS

	30 June 2024 $	30 June 2023 $
Cash at bank and on hand	**5,228,612**	**4,357,140**

The Group's exposure to interest rate risk and sensitivity analysis for financial assets and financial liabilities are disclosed in Note 25.

11. TRADE AND OTHER RECEIVABLES

	30 June 2024 $	30 June 2023 $
Current		
GST receivable	35,421	31,007
Security deposit	119,392	80,887
Other receivables	17,414	140,755
	172,227	**252,649**

Trade and other receivables are non-interest bearing.

12. OTHER FINANCIAL ASSETS

	30 June 2024 $	30 June 2023 $
Non - Current		
Investments in other entities		
Listed shares in TSXV and ASX-listed companies - at fair value	**4,615,933**	**227,529**
Movements in other financial assets for the period:		
Opening balance at the beginning of the period	227,529	370,695
Additions – CNB shares received as part consideration for sale of tenement	5,000,000	-
Fair value adjustment on financial assets	(611,596)	(143,166)
Closing balance at the end of the period	**4,615,933**	**227,529**

The Group's exposure to equity price risk and sensitivity analysis in disclosed in Note 25. Listed shares recognised as non-current assets have been recognised at fair value through profit or loss ("FVTPL")

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

		30 June 2024 $	30 June 2023 $
13.	**RIGHT-OF-USE ASSETS**		
	Right-of-use assets	443,238	330,634
	Less: accumulated depreciation	(265,575)	(168,622)
	Total right-of-use assets	**177,663**	**162,012**
	Movements in right-of-use assets for the period:		
	Opening balance at the beginning of the period	162,012	268,662
	Additions for the period	112,604	6,372
	Depreciation	(96,953)	(113,022)
	Disposals	-	-
	Closing balance at the end of the period	**177,663**	**162,012**

		30 June 2024 $	30 June 2023 $
14.	**EXPLORATION AND EVALUATION EXPENDITURE**		
	Balance at 1 July	24,678,290	21,337,979
	Exploration and evaluation expenditure incurred	3,719,371	4,593,665
	Exploration grants received	-	(148,676)
	Exploration written-off	(599,610)	-
	Research and development grant received	(1,257,932)	(1,104,678)
	Balance at 30 June	**26,540,119**	**24,678,290**

During the year, the Group has written off exploration expenditure relating to its Mt. Frosty joint venture, as a result of the Group no longer meeting the requirements for carrying the expenditure forward. The Group maintains that this project retains significant value, however the Group has adopted a conservative approach in accordance with the accounting standards in this instance.

The ultimate recovery of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas of interest at an amount greater than or equal to carrying value. Refer note 3 (n).

Expenses capitalised to Exploration and Evaluation Expenditure assets for the year include direct exploration costs (drilling, rock chip programs and surveys including magnetic and SAM), laboratory costs (assaying, analysis and review), geological and geochemical consultants as well as allocated administration costs (including salary and wages) where those costs can be directly attributed to the exploration or evaluation activities upon a given area of interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. TRADE AND OTHER PAYABLES	30 June 2024 $	30 June 2023 $
Trade payables and accruals	556,245	364,179
Employee leave accruals	104,432	79,714
	660,677	**443,893**

All trade and other payables are non-interest bearing and payable on normal commercial terms.

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 25.

16. LEASE LIABILITIES	30 June 2024 $	30 June 2023 $
Current lease liabilities	108,892	68,892
Non-current lease liabilities	68,696	95,701
	177,588	**164,593**

The nature of the Group's leasing activities includes office leases and the lease of motor vehicles.

17. ISSUED CAPITAL	30 June 2024 No.	30 June 2023 No.	30 June 2024 $	30 June 2023 $
(a) Share capital				
Ordinary shares				
On issue at 1 July	879,740,682	815,394,623	66,593,958	62,965,503
Exercise of unlisted options – cash	-	1,000,000	-	46,000
Exercise of unlisted options – cashless[1]	-	5,012,726	-	100,200
Shares issued for cash at $0.06 per share	3,666,667	58,333,333	220,000	3,500,000
Funds for unlisted options – unexercised[2]	3,000,000	-	-	182,100
Share issue costs	-	-	(3,761)	(199,845)
On issue at 30 June – fully paid	**886,407,349**	**879,740,682**	**66,810,197**	**66,593,958**

1 – During the year ended 30 June 2023 a total of 8,350,000 unquoted options were exercised using a cashless exercise facility, resulting in a total of 5,012,726 ordinary shares being issued in full settlement of the exercise.
2 – During the year ended 30 June 2023 the Company received a valid exercise notice for 3,000,000 unquoted options exercisable at $0.035 each on or before 30 June 2024, however the exercise of these options and the issue of shares was only completed on 6 July 2023, and therefore the issue of shares and receipt of funds were recorded across the two financial years.

Terms and conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.
The company does not have authorised capital or par value in respect of its issued shares.
In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

Dividends

No dividends were paid or declared for the year (2023: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

		30 June 2024	30 June 2023
17.	**ISSUED CAPITAL (CONTINUED)**		
(b)	Options outstanding over ordinary shares	No.	No.
	Unlisted options (Share-based payment reserve)		
	Unlisted options exercisable at $0.035 expiring 30 Jun 2023	-	3,000,000
	Unlisted options exercisable at $0.05 expiring 21 Oct 2023	-	3,000,000
	Unlisted options exercisable at $0.06 expiring 21 Oct 2023	-	4,000,000
	Unlisted options exercisable at $0.05 expiring 30 Jun 2024	2,600,000	2,600,000
	Unlisted options exercisable at $0.05 expiring 30 Nov 2024	4,500,000	4,500,000
	Unlisted options exercisable at $0.04 expiring 13 May 2025	2,000,000	2,000,000
	Unlisted options exercisable at $0.07 expiring 30 Nov 2026	4,500,000	4,500,000
	Unlisted options exercisable at $0.08 expiring 30 Nov 2026	5,500,000	-
	Unlisted options exercisable at $0.08 expiring 30 Nov 2026 – Management Tranche 1	2,000,000	-
	Unlisted options exercisable at $0.08 expiring 30 Nov 2026 – Management Tranche 2	2,000,000	-
		23,100,000	**23,600,000**

9,500,000 unlisted options were granted to directors, executives, and employees during the year (2023: 4,500,000). Refer to Note 20.
3,000,000 unlisted options were exercised during the year (2023: 9,350,000).
No unlisted options were granted to consultants during the year (2023: Nil)
7,000,000 fully vested unlisted options expired unexercised during the period (2023: Nil).
Options carry no voting rights until converted to fully paid ordinary shares. All unlisted options were granted for no cash consideration.

		30 June 2024	30 June 2023
		No.	No.
(c)	Performance rights outstanding		
	Performance rights (Share-based payment reserve)		
	Managing Director Performance Rights – Tranche 5	-	5,000,000
	Managing Director Performance Rights – Tranche 6	1,000,000	1,000,000
	Managing Director Performance Rights – Tranche 7	1,000,000	1,000,000
	Managing Director Performance Rights – Tranche 8	1,000,000	1,000,000
	Management Performance Rights – 1A	500,000	-
	Management Performance Rights – 1B	500,000	-
	Management Performance Rights – 2A	500,000	-
	Management Performance Rights – 2B	500,000	-
	Management Performance Rights – 3	7,000,000	-
		12,000,000	**8,000,000**

The following performance rights were granted during the current financial year (refer note 20):

	Number of options	**Vesting Date**	**Vesting Condition**	**Expiry Date**
Management Performance Rights				
- Tranche 1A	500,000	15/12/2024	Refer below	15/12/2027
- Tranche 1B	500,000	15/12/2024	Refer below	15/12/2027
- Tranche 2A	500,000	15/12/2025	Refer below	15/12/2027
- Tranche 2B	500,000	15/12/2025	Refer below	15/12/2027
- Tranche 3	7,000,000	N/A	Refer below	15/12/2027

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. ISSUED CAPITAL (CONTINUED)

All performance rights require the recipient to remain employed until vesting date. The tranches outstanding at balance date contain the following vesting conditions:

- Tranche 1A Management Performance Rights vest upon the continuous service for a period of 12 months from the date of issue;
- Tranche 1B Management Performance Rights vest upon the continuous service for a period of 12 months from the date of issue and the share price of the Company's shares listed on the ASX achieving a premium of 50% over the 15-day VWAP prior to the issue date, or $0.078;
- Tranche 2A Management Performance Rights vest upon the continuous service for a period of 24 months from the date of issue;
- Tranche 2B Management Performance Rights vest upon the continuous service for a period of 24 months from the date of issue and the share price of the Company's shares listed on the ASX achieving a premium of 100% over the 15-day VWAP prior to the issue date, or $0.104; and
- Tranche 3 Management Performance Rights vest upon the completion (to the Board's satisfaction) of a material transaction to the value of a minimum of 30% of the Company's market capitalisation, determined based on the 30-day VWAP immediately prior to the completion or announcement of the transaction.

The following performance rights were granted during the previous financial year (refer note 20):

	Number of options	Vesting Date	Vesting Condition	Expiry Date
Managing Director Performance Rights				
- Tranche 6	1,000,000	N/A	Refer below	13/12/2024
- Tranche 7	1,000,000	N/A	Refer below	13/12/2024
- Tranche 8	1,000,000	N/A	Refer below	13/12/2024

All performance rights require the recipient to remain employed until vesting date. The tranches outstanding at balance date contain the following vesting conditions:

- Tranche 6 performance rights vest upon the Company announcing a new JORC 2012 compliant mineral resource estimate of 50,000 tonnes Cu or equivalent KPI at the sole discretion of the Board;
- Tranche 7 performance rights vest upon the Company announcing a new JORC 2012 compliant mineral resource estimate of 100,000 tonnes Cu or equivalent KPI at the sole discretion of the Board; and
- Tranche 8 performance rights vest upon the Company announcing a new JORC 2012 compliant mineral resource estimate of 200,000 tonnes Cu or equivalent KPI at the sole discretion of the Board.

18. RESERVES	30 June 2024 $	30 June 2023 $
Share-based payment reserve [(1)]		
Balance at beginning of period	1,382,293	1,399,364
Options issued to Directors and executives	195,680	194,850
Performance rights issued to Managing Director	99,596	-
Options exercised during the period	-	(188,300)
Reversal of previously recognised value relating to Tranche 5 Performance Rights (Note 17(c)) [(2)]	-	(93,302)
Expiry of options	(75,440)	
Reversal of previously recognised value relating to historic options which expired in previous financial periods	(858,592)	
Further vesting expense of options and rights issued in previous periods	44,081	69,681
	787,618	**1,382,293**

[(1)] The share-based payment reserve is used to record the fair value of options and rights issued to Directors and employees and consultants under various share-based payment schemes and options issued for the acquisition of assets.

[(2)] These rights expire on 21 October 2024, and therefore as they are currently unlikely to vest, the amount recognised as an expense to-date has been reversed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. COMMITMENTS

a) Exploration Expenditure Commitments

In order to maintain current rights of tenure to exploration tenements the Company is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State Governments within Australia. These obligations may be reset when application for a mining lease is made and at other times. As a result, exploration expenditure commitments beyond twelve months cannot be reliably determined.

The Group has a minimum expenditure commitment on tenure under its control.

The Group can apply for exemption from compliance with the minimum exploration expenditure requirements.

These obligations are not provided for in the financial report and are payable:

	Consolidated		Company	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	$	$	$	$
Annual minimum exploration expenditure	4,197,111	3,785,310	-	-

The annual minimum exploration expenditure disclosed above includes $2,099,530 which falls under tenements related to the joint arrangements as set out in note 22. Of this amount, $172,000 is related to the tenement held within the Mt Frosty Joint Venture, under which the Group is responsible for 51% of expenditures on the joint arrangement, $1,773,930 relates to twelve tenements that are held by the Group and fall under, either partially or in full, the Mt Isa East Joint Venture. This is a joint arrangement between the Group and Sumitomo Metal Mining Oceania Pty Ltd ("SMMO"), the full details of which are disclosed in note 22. A further $101,800 and $51,800 relates to the Isa Valley JV and Bullrush JV's, respectively.

20. SHARE BASED PAYMENTS

Employee Incentive Plan

The Hammer Metals Employee Incentive Plan was approved by shareholders on 17 November 2023. The key features of this plan are:

(a) The plan will be available to directors, employees and other permitted persons of the Company and its subsidiaries.
(b) Performance Rights or Options are granted for no consideration.
(c) Where options are issued an exercise price will be determined by the Board from time to time.
(d) The number of shares the subject of Performance Rights or Options issued under this plan and other similar plans will not exceed 5% of the Company's issued capital from time to time.
(e) If a holder ceases to be an eligible participant of the plan during the exercise period of a vested Performance Right or Option, the holder may exercise the options within 30 days of ceasing to be an eligible participant and thereafter the options will lapse.
(f) The Performance Rights or Options issued under this plan shall not be quoted on ASX.
(g) The Performance Rights or Options' terms are at the discretion of the Directors.

Options

The number and weighted average exercise price of unlisted share options on issue is as follows:

	30 June 2024		30 June 2023	
	No of unlisted options	Weighted average exercise price	No of unlisted options	Weighted average exercise price
Outstanding at 1 July	23,600,000	$0.053	28,450,000	$0.043
Granted during the period	9,500,000	$0.08	4,500,000	$0.07
Exercised during the period	(3,000,000)	$0.035	(9,350,000)	$0.032
Expired / lapsed during the period	(7,000,000)	$0.056	-	-
Outstanding at 30 June	23,100,000	$0.065	23,600,000	$0.053
Exercisable at 30 June	23,100,000		23,600,000	

The options outstanding at year end have exercise prices ranging from $0.04 to $0.08 and a weighted average remaining contractual life of 2.63 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. SHARE BASED PAYMENTS (CONTINUED)

Options granted during current financial year

The following options were granted during the year.

	Number of options granted	Date granted	% Vested	% Forfeited / Lapsed	Financial year in which grant vested / will vest
Key Management Personnel					
Daniel Thomas – Management Options Tranche 1	2,000,000	17 November 2023	100%	-	-
Daniel Thomas – Management Options Tranche 2	2,000,000	17 November 2023	-	-	30 June 2025
David Church	1,500,000	17 November 2023	100%	-	-
James Croser	4,000,000	7 September 2023	100%	-	-

The fair value of the options issued during the year to Key Management Personnel was determined by reference to the Black-Scholes option pricing model. The key inputs and valuations are summarised as follows:

	Management – T1	**Management – T2**	**D Church**	**J Croser**
Underlying security spot price on grant date	$0.05	$0.05	$0.05	$0.055
Exercise price	$0.08	$0.08	$0.08	$0.08
Grant date	17 November 2023	17 November 2023	17 November 2023	7 September 2023
Expiration date	30 November 2026	30 November 2026	30 November 2026	30 November 2026
Vesting date	Immediate	15 December 2024	Immediate	Immediate
Life (years)	3	3	3	3.25
Volatility	75%	75%	75%	75%
Risk free rate	4.172%	4.172%	4.172%	3.841%
Dividend Yield	-	-	-	-
Number of options	2,000,000	2,000,000	1,500,000	4,000,000
Valuation per option	$0.0199	$0.0199	$0.0199	$0.0258
Remaining life (years)	2.4	2.4	2.4	2.4
Total value	$39,200	$39,200	$29,850	$103,200
Value recognised to date	$39,200	$22,829	$29,850	$103,200
Value still to be recognised	-	13,971	-	-

Options granted during previous financial year

The following options were granted during the prior year.

	Number of options granted	Date granted	% Vested	% Forfeited / Lapsed	Financial year in which grant vested / will vest
Director Options	4,500,000	23 Nov 2023	100%	-	-

The fair value of the options issued during the year to Directors was determined by reference to the Black-Scholes option pricing model. The key inputs and valuations are summarised as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. SHARE BASED PAYMENTS (CONTINUED)

	Directors
Underlying security spot price on grant date	$0.063
Exercise price	$0.07
Grant date	23 Nov 2023
Expiration date	30 Nov 2026
Vesting date	Immediate
Life (years)	4
Volatility	100%
Risk free rate	3.17%
Dividend Yield	-
Number of options	4,500,000
Valuation per option	$0.0433
Remaining life (years)	3.42

Performance Rights

The number of performance rights on issue is as follows:

	30 June 2024 No.	30 June 2023 No.
Outstanding at 1 July	8,000,000	8,000,000
Granted during the period	9,000,000	-
Exercised during the period	-	-
Expired / lapsed during the period	(5,000,000)	-
Outstanding at 30 June	12,000,000	8,000,000
Vested and exercisable at 30 June	-	-

Performance Rights granted during current financial year

The fair value of the Management Performance Rights issued during the year to Key Management Personnel was determined by reference to the underlying security on the date of issue. With respect to Tranches 1A, 2A and 3, these fair values have not been adjusted as there exist no market-based performance conditions attached to the rights. The key inputs and valuations are summarised as follows:

	Management Performance Rights - Tranche 1A	**Management Performance Rights – Tranche 2A**	**Management Performance Rights - Tranche 3**
Underlying security spot price on grant date	$0.052	$0.052	$0.052
Grant date	17 Nov 2023	17 Nov 2023	17 Nov 2023
Expiration date	15 Dec 2027	15 Dec 2027	15 Dec 2027
Vesting date (estimated)	15 Dec 2024	15 Dec 2025	15 Dec 2027
Life (years)	4.1	4.1	4.1
Discount applied {a}	-	-	-
Number of rights	500,000	500,000	7,000,000
Value per right	$0.05	$0.05	$0.05
Remaining life (years) {b}	3.5	3.5	3.5
Total value	$26,000	$26,000	$364,000
Value recognised to date (as at 30 June 2024)	$14,914	$7,742	$55,248
Value still to be recognised (as at 30 June 2024)	$11,086	$18,258	$308,752

{a} – all the above three tranches of Management Performance Rights issued during the year contain no market-based vesting conditions and therefore no discount has been applied.
{b} – the remaining life represents the time, in years, left until the expiry of the right.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. SHARE BASED PAYMENTS (CONTINUED)

With respect to Tranches 1B and 2B, the fair values of these rights have been adjusted to recognise the existence of market-based performance conditions attached to the rights. This valuation has been determined by reference to a Monte Carlo Simulation model. The key inputs and valuations are summarised as follows:

	Management Performance Rights - Tranche 1B	**Management Performance Rights – Tranche 2B**
Underlying security spot price on grant date	$0.052	$0.052
Grant date	17 Nov 2023	17 Nov 2023
Expiration date	15 Dec 2027	15 Dec 2027
Vesting date (estimated)	15 Dec 2024	15 Dec 2025
Life (years)	4.1	4.1
Share price barrier	$0.0708	$0.104
Expected volatility	103%	103%
Risk-free rate	4.098%	4.098%
Expected dividend yield	-	-
Number of rights	500,000	500,000
Fair value per right	$0.0502	$0.049
Remaining life (years) {a}	3.5	3.5
Total value	$25,100	24,500
Value recognised to date (as at 30 June 2024)	$14,397	$7,295
Value still to be recognised (as at 30 June 2024)	$10,703	$17,205

{a} – the remaining life represents the time, in years, left until the expiry of the right.

Performance Rights granted during previous financial year

The following performance rights, which all expire on 21 December 2024, were issued to the Company's Managing Director during the previous financial year:

- 1,000,000 Tranche 6 performance rights, vesting upon the Company announcing a new JORC 2012 compliant mineral resource estimate of 50,000 tonnes Cu or equivalent KPI at the sole discretion of the Board;
- 1,000,000 Tranche 7 performance rights, vesting upon the Company announcing a new JORC 2012 compliant mineral resource estimate of 100,000 tonnes Cu or equivalent KPI at the sole discretion of the Board; and
- 1,000,000 Tranche 8 performance rights, vesting upon the Company announcing a new JORC 2012 compliant mineral resource estimate of 200,000 tonnes Cu or equivalent KPI at the sole discretion of the Board.

The fair value of the performance rights issued during the previous year to Key Management Personnel was determined by reference to the underlying security on the date of issue. These fair values have not been adjusted as there exist no market-based performance conditions attached to the rights. The key inputs and valuations are summarised as follows:

	Mr D Thomas – Tranche 6	**Mr D Thomas – Tranche 7**	**Mr D Thomas – Tranche 8**
Underlying security spot price on grant date	$0.044	$0.044	$0.044
Grant date	29 Nov 2022	29 Nov 2022	29 Nov 2022
Expiration date	21 Dec 2024	21 Dec 2024	21 Dec 2024
Vesting date	-	-	-
Life (years)	3	3	3
Discount applied {a}	-	-	-
Number of rights	1,000,000	1,000,000	1,000,000
Value per right	$0.044	$0.044	$0.044
Remaining life (years) {b}	1.4	1.4	1.4
Total value	$44,000	$44,000	$44,000
Value recognised to date (as at 30 June 2024)	$23,204	$23,204	$23,204
Value still to be recognised (as at 30 June 2024)	$20,796	$20,796	$20,796

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. SHARE BASED PAYMENTS (CONTINUED)

{a} – all three tranches of performance rights issued during the previous year contain no market-based vesting conditions and therefore no discount has been applied.
{b} – the remaining life represents the time, in years, left until the expiry of the right.

The fair value of the performance rights issued during the previous year to Key Management Personnel was determined by reference to the underlying security on the date of issue, adjusted as necessary for any market-based performance conditions. The key inputs and valuations are summarised as follows:

	Mr D Thomas – Tranche 6	**Mr D Thomas – Tranche 7**	**Mr D Thomas – Tranche 8**
Underlying security spot price on grant date	$0.044	$0.044	$0.044
Grant date	29 Nov 2022	29 Nov 2022	29 Nov 2022
Expiration date	21 Dec 2024	21 Dec 2024	21 Dec 2024
Vesting date	-	-	-
Life (years)	3	3	3
Discount applied (Note 1)	-	-	-
Number of rights	1,000,000	1,000,000	1,000,000
Value per right	$0.044	$0.044	$0.044
Remaining life (years) (Note 2)	2.4	2.4	2.4
Total value	$44,000	$44,000	$44,000
Value recognised to date	$8,551	$8,551	$8,551
Value still to be recognised	$35,449	$35,449	$35,449

Note 1 – all three tranches of performance rights issued during the previous year contain no market-based vesting conditions and therefore no discount has been applied.
Note 2 – the remaining life represents the time, in years, left until the expiry of the right.

All performance rights require the managing director to remain employed until vesting date. The vesting conditions attached to each tranche issued during the year are as follows:

- Tranche 6 performance rights vest upon the Company announcing a new JORC 2012 compliant mineral resource estimate of 50,000 tonnes Cu or equivalent KPI at the sole discretion of the Board;
- Tranche 7 performance rights vest upon the Company announcing a new JORC 2012 compliant mineral resource estimate of 100,000 tonnes Cu or equivalent KPI at the sole discretion of the Board; and
- Tranche 8 performance rights vest upon the Company announcing a new JORC 2012 compliant mineral resource estimate of 200,000 tonnes Cu or equivalent KPI at the sole discretion of the Board.

21. RELATED PARTIES

Key Management Personnel Compensation:

The following were key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Executive Directors
Mr D Thomas
Non-executive Directors
Mr R Davis
Mr D Church
Mr J Croser (appointed 8 September 2023)
Mr Z Lubieniecki (resigned 7 September 2023)
Executives
Mr M Pitts (Company Secretary)

The key management personnel compensation comprised:	30 June 2024 $	30 June 2023 $
Short-term employee benefits	517,869	547,429
Post-employment benefits	46,067	41,921
Share-based payments	351,054	217,011
	914,990	**806,361**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. RELATED PARTIES (CONTINUED)

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced Directors and executives. Remuneration packages include a mix of fixed remuneration and equity-based remuneration.

Information regarding individual Directors and executive's compensation and some equity instruments disclosures as permitted by Corporations Regulations 2M.3.03 and 2M.6.04 is provided in the remuneration report section of the Directors' report.

Certain key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Some of these entities (as detailed below) transacted with the Group during the reporting period.

The aggregate value of transactions and outstanding balances relating to this entity were as follows:

		Transaction value year ended		Balance outstanding as at	
		30 June 2024	30 June 2023	30 June 2024	30 June 2023
	Transaction	$	$	$	$
Mr Z Lubieniecki	Consulting Fees	3,000	39,313	-	-
Mr R Davis	Consulting Fees	-	7,299	-	-
Mr M Pitts	Accounting services	43,700	45,200	3,900	4,100

The Company paid fees to Endeavour Corporate, a company associated with Mark Pitts, for accounting and financial reporting services provided to the company. The Company also paid fees to Zbigniew Lubieniecki, who resigned on 7 September 2023, and Russell Davis as consulting fees for geological services provided.

22. INTEREST IN OTHER ENTITIES

Name	Country of Incorporation	Percentage held 2024	Percentage held 2023
Parent and ultimate controlling entity			
Hammer Metals Limited			
Subsidiaries			
Hammer Metals Australia Pty Ltd	Australia	100%	100%
Mt. Dockerell Mining Pty Ltd	Australia	100%	100%
Mulga Minerals Pty Ltd	Australia	100%	100%
Carnegie Exploration Pty Ltd	Australia	100%	100%
Hammer Bulk Commodities Pty Ltd	Australia	100%	100%
Midas Metals Asia Pty Ltd (i)	Australia	85%	85%

(i) This subsidiary is dormant and has not traded during the year.

The investments held in controlled entities are included in the financial statements of the parent at cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. INTEREST IN OTHER ENTITIES (CONTINUED)

Joint arrangements

The Group has the following farm-in / farm-out arrangements:

Mt Frosty – Mt Isa Mines (Glencore)

During a previous financial year the Group (through its wholly owned subsidiary Mulga Minerals Pty Ltd ('Mulga')) completed the acquisition of a 51% interest in the Mt. Frosty prospect and agreed terms for a new joint venture agreement with Mount Isa Mines Limited ('MIM') (a 100% owned subsidiary of Glenore PLC).

Each party to the joint arrangement contributes exploration expenditure according to their participating interest (Hammer – 51% and MIM – 49%). Dilution provisions apply if a party elects not to contribute to a programme. If a party's participating interest falls below 10% their interest will convert to a 3% Net Profits Royalty. Mulga acts as the initial manager of the joint arrangement.

During the year, the Group has written off exploration expenditure relating to its Mt. Frosty joint venture, as a result of the Group no longer meeting the requirements for carrying the expenditure forward. The Group maintains that this project retains significant value, however the Group has adopted a conservative approach in accordance with the accounting standards in this instance.

Mt Isa East JV – JOGMEC/SMMO

The Agreement with Japan Oil, Gas and Metals National Corporation ("JOGMEC") was signed in November 2019 and covers sections of the Even Steven, Mount Philp, Dronfield West and Malbon targets for a total area of approximately 290km^2 of the 2,200km^2 Mount Isa Project. The arrangement is referred to as the Mount Isa East Joint Venture, however in accordance with the Australian Accounting Standards is a joint arrangement by nature.

During the financial year ended 30 June 2022, JOGMEC and Sumitomo Metal Mining Oceania Pty Ltd. ("SMMO") signed an agreement whereby JOGMEC would transfer its position within the Mt Isa East JV to SMMO. The terms of the agreement remain unchanged.

The agreement allowed for SMMO to achieve a 60% interest in the project areas by expending $6,000,000 by 31 March 2024 through five stages (Farm-In Periods). During the current year, SMMO completed its fifth stage of the Farm-In, and therefore earned the 60% interest. The Agreement also allows for, subsequent to the completion of the Fifth Farm-in Period, each company to elect to contribute its pro-rata share of future funding. If either party does not contribute and is diluted to an ownership of less than 10% of the Mt Isa East JV, the Group's equitable interest will convert to a 2% Net Smelter Return Royalty. At any time, the Net Smelter Royalty Return Rate can be reduced to 1% via the payment of A$2,000,000.

The areas of interest subject to the Agreement are held by the Company's subsidiaries Mt Dockerell Mining Pty Ltd and Mulga Minerals Pty Ltd.

Isa Valley Project – South32 Limited

On 27 May 2024, the Group announced a farm-in arrangement with South32 Limited ("South32"), whereby South32 can earn an 80% interest in the Isa Valley Project as follows:

- An initial commitment to earn 70% through the completion of a 900m drilling campaign within 18 months of entering into the agreement (for an estimated cost of $150,000), and the expenditure of an additional $3 million within 3 years. South32 can extend this earn-in period by up to 1 year by spending an additional $1 million (therefore, $4 million over 4 years).
- Once South32 has earned the 70% interest, this can be increased to an 80% interest through the agreement to free-carry the Group's interest in the project through to a Pre-Feasibility Study.

South32 is responsible for managing and operating the exploration program.

Bullrush Project – Sumitomo Metal Mining Oceania Pty Ltd ("SMMO")

On 27 June 2024, the Group announced a farm-in arrangement with SMMO whereby SMMO can earn an 80% interest in the Bullrush Project as follows:

- An initial commitment to earn 51% through the completion of a 2,000m drilling campaign within 12 months of entering into the agreement, and the expenditure of an additional $4.5 million within 4 years.
- An additional 9% interest (to 60% total) through the expenditure of $2 million in a further 2-year period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. INTEREST IN OTHER ENTITIES (continued)

Bullrush Project – Sumitomo Metal Mining Oceania Pty Ltd (“SMMO”) – continued

Subsequently, the Group can maintain its 40% interest in the project by contributing its pro-rata share of exploration expenditure. Should the Group elect to not contribute its share, SMMO can increase its interest from 60% to 80% by electing to free-carry the Group’s interest in the project through to a Pre-Feasibility Study.

The Group will act as the manager an operator of the project until at least the end of the first earn-in period.

23. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES	30 June 2024 $	30 June 2023 $
Profit / (loss) for the year	6,270,584	(1,285,536)
Adjustments for:		
Depreciation and amortisation	97,929	100,585
Share based payments	339,357	171,229
Fair value adjustment on financial assets	611,596	143,166
Partial sale of tenements	(9,000,000)	-
Interest expense	12,010	7,369
Management fee from farm-in partners	(161,199)	(178,147)
Exploration expenditure written-off	599,610	-
Movements attributable to operating activities:		
Decrease / (increase) in trade and other receivables	68,755	77,351
Increase / (decrease) in trade and other payables	(345,342)	(18,798)
Net cash used in operating activities	(1,506,700)	(982,781)

24. SEGMENT INFORMATION

The Group has three reportable segments, being mineral exploration in Queensland and Western Australia, and corporate activities. The Group’s operating segments have been determined with reference to the monthly management accounts, program budgets and cash flow forecasts used by the chief operating decision maker to make decisions regarding the Group’s operations and allocation of working capital.

Segment information

The following tables represent revenue and profit information and certain asset and liability information regarding geographical segments for the year ended 30 June 2024.

	Queensland Exploration $	Western Australia Exploration $	Corporate $	Total $
30 June 2024				
Segment income	-	-	177,062	177,062
Segment profit / (loss) before income tax expense	(2,911)	(310)	6,273,805	6,270,584
Segment assets	19,333,058	7,207,061	10,197,441	36,737,560
Segment liabilities	(2,545)	(8,153)	(827,567)	(838,265)
30 June 2023				
Segment income	-	-	190,974	190,974
Segment loss before income tax expense	(3,819)	(360)	(1,281,357)	(1,285,536)
Segment assets	18,522,627	6,155,663	5,003,311	29,681,601
Segment liabilities	(23,090)	(4,875)	(580,521)	(608,486)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS DISCLOSURES

Overview

The Group has exposure to the following risks from their use of financial instruments:

Credit risk

Liquidity risk

Market risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities.

Trade and other receivables

As the Company operates in the mining exploration sector it does not have significant trade receivables and is therefore not exposed to credit risk in relation to trade receivables. The Group receives advanced cash calls from its farm-in / joint arrangement partner which are classified as liabilities. The cash call amounts are reduced as and when expenditure in terms of the farm-in/ joint arrangement agreement is incurred.

Presently, the Group undertakes exploration and evaluation activities in Australia. At the balance sheet date there were no significant concentrations of credit risk.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

		Carrying amount	
	Note	30 June 2024	30 June 2023
		$	$
Cash and cash equivalents	10	5,228,612	4,357,140
Trade and other receivables	11	172,227	252,649

Impairment losses

None of the Group's trade and other receivables are past due and impaired (2023: Nil).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due (refer Note 2(g)). The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows. Typically, the Group ensures it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

The expected settlement of the Group's financial liabilities is as follows:

Consolidated	Carrying Amount	Contractual Cash-Flows	< 6 months	6-12 months	1-2 years	2-5 years
30 June 2024						
Trade and Other Payables	660,677	660,677	660,677	-	-	-
Lease liabilities	177,588	177,989	54,444	47,274	72,938	3,333
	838,265	838,666	715,121	47,274	72,938	3,333
30 June 2023						
Trade and Other Payables	443,893	443,893	443,893	-	-	-
Lease liabilities	164,593	172,343	36,183	36,183	72,400	27,577
	608,486	616,236	480,076	36,183	72,400	27,577

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk
The Group has no exposure to currency risk on investments and transactions that are denominated in a currency other than the respective functional currencies of Group entities. The Group has not entered into any derivative financial instruments to hedge such transactions and anticipated future receipts or payments that are denominated in a foreign currency.

Interest rate risk
The Group is not exposed to interest rate risk on borrowings as it has no borrowings subject to variable interest. The Group is exposed to interest rate risk on its cash balances.

Profile
At the reporting date the interest rate profile of the Company's and the Group's interest-bearing financial instruments was:

	Carrying amount	
	30 June 2024	30 June 2023
	$	$
Fixed rate instruments		
Cash and cash equivalents	23,264	22,367
Weighted average interest rates	4.70%	4.00%
Variable rate instruments		
Cash and cash equivalents	5,205,348	4,334,773
Weighted average interest rates	3.78%	1.32%

Fair value sensitivity analysis for fixed rate instruments
The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss or equity (2023: Nil)

Cash flow sensitivity analysis for variable rate instruments
A sensitivity of 50 basis points has been used and considered reasonable given current interest rates. A 0.5% movement in interest rates at the reporting date would have increased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis for 2023 was performed on the same basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

Consolidated	Loss		Equity	
	50bp increase	50bp decrease	50bp increase	50bp decrease
30 June 2024				
Variable rate instruments	$26,143	($26,143)	$26,143	($26,143)
30 June 2023				
Variable rate instruments	$21,786	($21,786)	$21,786	($21,786)

Carrying amounts versus fair values
The fair values of financial assets and liabilities materially equates to the carrying amounts shown in the statement of financial position.

	30 June 2024 $	30 June 2023 $
Financial assets carried at fair value through profit or loss		
Equity securities – listed on ASX and TSXV at quoted prices	4,615,933	227,529
Financial assets carried at amortised costs		
Cash and cash equivalents	5,228,612	4,357,140
Trade and other receivables	172,227	252,649
Financial liabilities carried at amortised costs		
Trade and other payables	(660,677)	(443,893)
Lease liabilities	(177,588)	(164,593)

There are no off-balance sheet financial asset and liabilities at year-end.
All financial assets and liabilities were denominated in Australian dollars during the years ended 30 June 2024 and 2023.

Fair value risk
The group uses three different methods in estimating the fair value of a financial investment. The methods comprise:

- Level 1 – the fair value is calculated using quoted prices in active markets; and
- Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3 – the fair value is estimated using inputs other than quoted prices.

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs.
The fair value of derivatives that do not have an active market are based on valuation techniques. Level 2 derivatives include market observable inputs whilst level 3 derivatives do not include market observable inputs.

Transfer between categories
There were no transfers between levels during the year.

The fair value of financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

Consolidated	Quoted Market Price Level 1 $	Valuation Technique: Market Observable Inputs Level 2 $	Valuation Technique: Non-market Observable Inputs Level 3 $	Total $
30 June 2024				
Equity securities – listed on ASX and TSXV at quoted prices	4,615,933	-	-	4,615,933
	4,615,933	-	-	4,615,933
30 June 2023				
Equity securities – listed on ASX and TSXV at quoted prices	227,529	-	-	227,529
	227,529	-	-	227,529

Other Market Price Risk
Other Equity price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. Investments are managed on an individual basis and material buy and sell decisions are approved by the Board of Directors. The primary goal of the Group's investment strategy is to maximise investment returns.

Fair value sensitivity analysis for equity securities (listed investments)
A sensitivity of 10% has been used and considered reasonable given current market rates. A 10% movement in market prices at the reporting date would have increased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis for 2023 was performed on the same basis.

Consolidated	Loss		Equity	
30 June 2024	10% increase	10% decrease	10% increase	10% decrease
Equity securities – listed on TSXV	$461,593	($461,593)	$461,593	($461,593)
30 June 2023				
Equity securities – listed on TSXV	$22,753	($22,753)	$22,753	($22,753)

Commodity Price Risk
The Group operates primarily in the exploration and evaluation phase and accordingly the Group's financial assets and liabilities are subject to minimal commodity price risk at this stage.

Capital Management
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt. The Group's focus has been to raise sufficient funds through equity to fund exploration and evaluation activities.
There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.
Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. PARENT ENTITY DISCLOSURES

	Company	
	30 June 2024	30 June 2023
Financial Position	$	$
Assets		
Current assets	25,935,376	23,208,159
Non-current assets	10,713,566	6,465,856
Total assets	**36,648,942**	**29,674,015**
Liabilities		
Current liabilities	718,691	463,173
Non-current liabilities	30,956	137,727
Total liabilities	**749,647**	**600,900**
Net assets	**35,899,295**	**29,073,115**
Equity		
Issued capital	66,810,197	66,593,958
Accumulated losses	(31,698,520)	(38,903,136)
Reserves	787,618	1,382,293
Total equity	**35,899,295**	**29,073,115**

	Company	
	30 June 2024	30 June 2023
Financial Performance	$	$
Loss for the year	7,204,616	(1,285,536)
Other comprehensive income	-	-
Total comprehensive income	**7,204,616**	**(1,285,536)**

There were no contingent liabilities of the parent entity at 30 June 2024 (2023: None), nor where there any commitments of the parent entity (2023: None).

27. CONTINGENCIES

The Group has no contingencies as at 30 June 2024 (2023: nil).

28. EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to year end the following events have occurred:

- On 3 July 2024, 2,600,000 unlisted options exercisable at $0.05 each expired, having lapsed unexercised on 30 June 2024.

Other than the above, there has not been any other matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT
AS AT 30 JUNE 2024

		Body Corporates		Tax Residency	
Entity Name	**Entity Type**	**Place of Incorporation**	**% Share Capital Held**	**Australian or Foreign**	**Foreign Jurisdiction**
Hammer Metals Limited	Body Corporate	Australia	N/a	Australian	N/a
Hammer Metals Australia Pty Ltd	Body Corporate	Australia	100%	Australian	N/a
Mt. Dockerell Mining Pty Ltd	Body Corporate	Australia	100%	Australian	N/a
Mulga Minerals Pty Ltd	Body Corporate	Australia	100%	Australian	N/a
Carnegie Exploration Pty Ltd	Body Corporate	Australia	100%	Australian	N/a
Hammer Bulk Commodities Pty Ltd	Body Corporate	Australia	100%	Australian	N/a
Midas Metals Asia Pty Ltd	Body Corporate	Australia	85%	Australian	N/a

All entities except for Midas Metals Asia Pty Ltd are members of the Hammer Metals Limited consolidated tax group.

None of the abovementioned entities acts as a trustee of a trust within the Group, nor is a partner in partnership with the Group, nor is a participant in a joint venture within the Group.

Basis of preparation
The consolidated entity disclosure statement (CEDS) has been prepared in accordance with subsection Section 295 (3A) of the Corporations Act 2001. The entities listed in the statement are Hammer Metals Limited and all the entities it controls in accordance with AASB 10 Consolidated Financial Statements.

Key assumptions and judgements
Determination of tax residency
Section 295 (3A) Corporations Act requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the Income Tax Assessment Act 1997 (Cth). The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the Group has applied the following interpretations:

Australian tax residency
The Group has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency
The Group has applied current legislation and where available judicial precedent in the determination of foreign tax residency.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Hammer Metals Limited ("the Company"):

(a) the consolidated financial statements and notes and the remuneration report in the Directors' report, are in accordance with the Corporations Act 2001, including:

i. *giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and*

ii. *complying with Australian Accounting Standards and the Corporations Regulations 2001;*

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations by the managing director and company secretary for the financial year ended 30 June 2024 pursuant to Section 295A of the Corporation Act 2001.

3. The Directors draw attention to Note 2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

4. The Consolidated Entity Disclosure Statement as set out on page 52 is true and correct.

Signed in accordance with a resolution of the Directors:

R Davis
Chairman

Perth

Dated 19 September 2024

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HAMMER METALS LIMITED

Report on the Financial Report

Opinion

We have audited the financial report of Hammer Metals Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement, and the directors' declaration of the Company and the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion the accompanying financial report of Hammer Metals Limited is in accordance with the Corporations Act 2001, including:

i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the year ended on that date; and

ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The financial report of the consolidated entity does not include any adjustments in relation to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Independence

We are independent of the consolidated entity in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

A key audit matter is a matter that, in our professional judgement, was of most significance in our audit of the financial report of the current year. This matter was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For the matter below, our description of how our audit addressed the matter is provided in that context

Carrying value of capitalised exploration expenditure

Why significant	How our audit addressed the key audit matter

As at 30 June 2024 the carrying value of exploration and evaluation assets was $26,540,119 (2023: $24,678,290), as disclosed in note 14. Exploration and Evaluation assets written off during the year amounted to $599,610.
 	
The consolidated entity's accounting policy in respect of exploration and evaluation expenditure is outlined in notes 2(e) iii and 3(l).
 	
Significant judgement is required:
 	
• in determining whether facts and circumstances indicate that the exploration and evaluation assets should be tested for impairment in accordance with Australian Accounting Standard *AASB 6 - Exploration for and Evaluation of Mineral Resources* ("AASB 6"); and
• in determining the treatment of exploration and evaluation expenditure in accordance with AASB 6, and the consolidated entity's accounting policy. In particular:
  ○ whether the particular areas of interest meet the recognition conditions for an asset; and
  ○ which elements of exploration and evaluation expenditures qualify for capitalisation for each area of interest.
	Our work included, but was not limited to, the following procedures:
	
	• Conducting a detailed review of management's assessment of impairment trigger events prepared in accordance with AASB 6 including:
	  ○ assessing whether the rights to tenure of the areas of interest remained current at reporting date as well as confirming that rights to tenure are expected to be renewed for permits that will expire in the near future;
	  ○ holding discussions with the Directors and management as to the status of ongoing exploration programmes for the areas of interest, as well as assessing if there was evidence that a decision had been made to discontinue activities in any specific areas of interest; and
	  ○ obtaining and assessing evidence of the consolidated entity's future intention for the areas of interest, including reviewing future budgeted expenditure and related work programmes.
	• considering whether exploration activities for the areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed;
	• testing, on a sample basis, exploration and evaluation expenditure incurred during the year for compliance with AASB 6 and the consolidated entity's accounting policy; and
	• assessing the appropriateness of the related disclosures in notes 2(e) iii, 3(l) and 14.

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the consolidated entity's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors' for the Financial Report

The Directors of the Company are responsible for the preparation of:-

a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001; and
b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act2001; and

for such internal control as the Directors determine is necessary to enable the preparation of:-

i) the financial report (other than the consolidated entity disclosure statements) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Hammer Metals Limited for the year ended 30 June 2024, complies with section 300A of the Corporations Act 2001.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

PKF Perth

PKF PERTH

ALEXANDRA CARVALHO
PARTNER

19 September 2024
PERTH, WESTERN AUSTRALIA