ASX Announcement (ASX: HMX)

29th January 2015

December 2014 Quarterly Activities Report
Highlights

- Successful drilling and geophysical programs continue to underscore the prospectivity of Hammer's Mount Isa Project for large Iron Oxide Copper Gold (IOCG) deposits;

- Modelling of new detailed gravity and magnetic data has defined multiple anomalies indicative of large IOCG alteration systems at Overlander, Andy's Hill and Dronfield;

- Overlander area is emerging as an extensive altered and mineralised zone with potential for multiple deposits;

- Deeper drilling at Overlander North indicates that the tenor and width of the copper mineralisation is increasing with depth. New intersections include:
  - **89 metres at 1.1% Cu and 427 ppm Co from 173 metres at a 0.1% Cu cut-off including:**
    - 19 metres at 1.9% Cu and 751 ppm Co from 197 metres and
    - 11 metres at 2.4% Cu and 770 ppm Co from 222 metres
    - 4 metres at 2.3% Cu and 449 ppm Co from 238 metres, and
    - 4 metres at 3.0% Cu and 1162 ppm Co from 253 metres in OVRC031
  - **131 metres at 0.59% Cu and 289 ppm Co from 190 metres at a 0.1% Cu cut-off including:**
    - 3 metres at 1.1% Cu and 427 ppm Co from 213 metres
    - 27 metres at 1.4% Cu and 403 ppm Co and 0.14g/t Au from 238 metres in OVRC030

- New copper-gold discovery at the Scalper Prospect with first hole. Thick IOCG alteration and mineralisation present with an intersection of:
  - **58 metres at 0.58% Cu and 0.13g/t Au at a 0.1% Cu cut-off including:**
    - 23 metres at 1.1% Cu and 0.27 g/t Au from 77 metres, including
    - 12 metres at 1.9% Cu and 0.45 g/t Au from 87 metres in SCRC001

- Shallow drilling at Kalman confirmed the near surface high grade molybdenum and copper zones. Intersections include:
  - 17 metres at 0.54% Mo and 12g/t Re and 8g/t Ag (3.7% CuEq), from 74 metres and
  - 24 metres at 0.46% Mo, 0.24% Cu and 11 g/t Re (3.4% CuEq), from 139 metres in K135
  - 20 metres at 0.18% Mo and 3.3 g/t Re (1.3% CuEq) from 70 metres in K137
  - 16 metres at 0.14% Mo and 4g/t Re (1.2% CuEq) from 45 metres in K138
  - 12 metres at 1.2% Cu and 0.5g/t Au (1.5% CuEq) from 0 metres in K139

- Kalman Resource model update to be undertaken

- Drill targets finalised for Mount Dick North Cu-Pb-Zn targets at Golden Peaks Project;

- Paterson Project joint venture tenements (E45/3768 and E45/4091) sold.

OPERATIONS SUMMARY

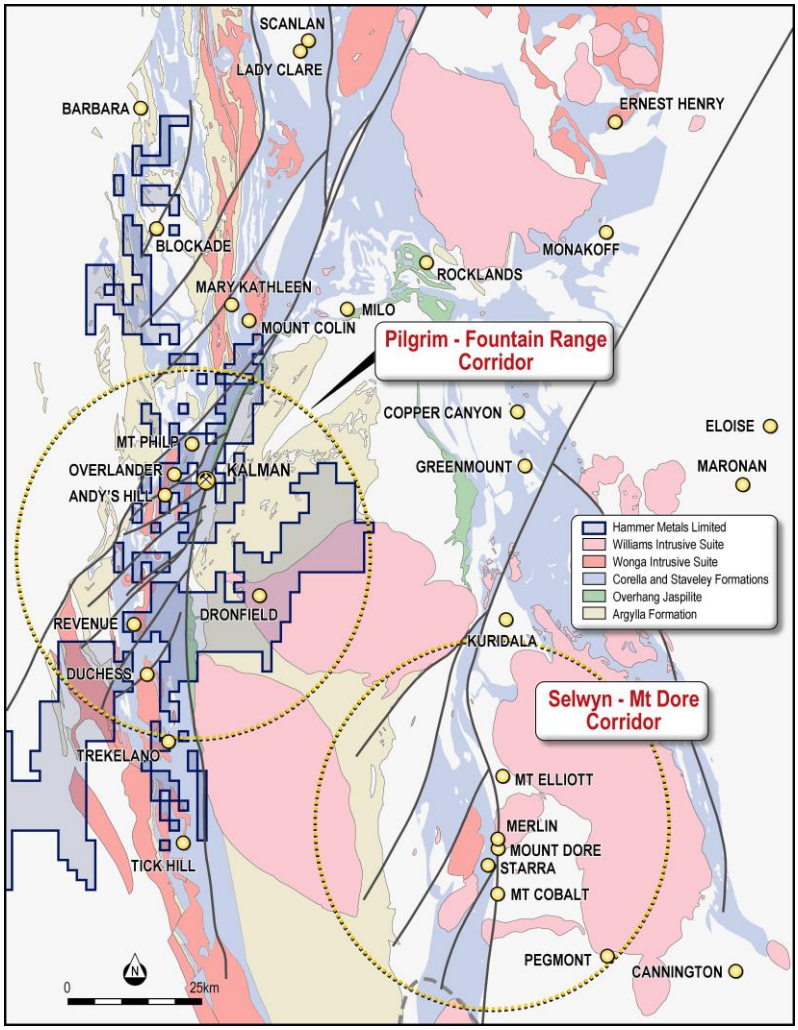
MOUNT ISA PROJECT

During the Quarter Hammer Metals Limited (**ASX: HMX**) ("Hammer" or "the Company") completed Reverse Circulation (RC) drilling and detailed geophysical programs targeting large iron oxide copper-gold deposits within its Mount Isa Project near the mining centre of Mount Isa in North West Queensland.

RC drilling (9 drill holes for 1661 metres) was undertaken at the Overlander North, Kalman and Scalper prospects and detailed geophysical programs at the Overlander, Andy's Hill and Dronfield prospects.

The RC drilling program was designed to follow up the outstanding results from the previous drilling program at Overlander North and Kalman (reported in ASX releases dated 15th and 16th September 2014), and to provide an initial test of the Scalper Prospect, a strong magnetic target located 6 kilometres along strike to the south of the Andy's Hill IOCG Prospect.

Refer to ASX releases dated 19 November, 26 November and 15 December 2014 for details.



Project Locations

Drilling Summary

Overlander North Prospect

The 100% owned Overlander Project is targeted for both shear-hosted copper mineralisation at Overlander North and Overlander South as well as IOCG mineralisation associated with the adjacent Overlander West magnetic anomaly and the Overlander East rhyolite breccia (**117 metres at 0.35% Cu from 43 metres depth in OVRC024)**. (Refer to previous ASX announcements dated 3rd June 2014, 14th July 2014 and 16th September 2014.)

Hammer announced a combined Mineral Resource Estimate for the Overlander North and Overlander South copper deposits of **1,157,000 tonnes at 1.2% Cu** at a 0.7% Cu cut-off grade in the Inferred category. (Refer to ASX release dated 24th July 2014.)

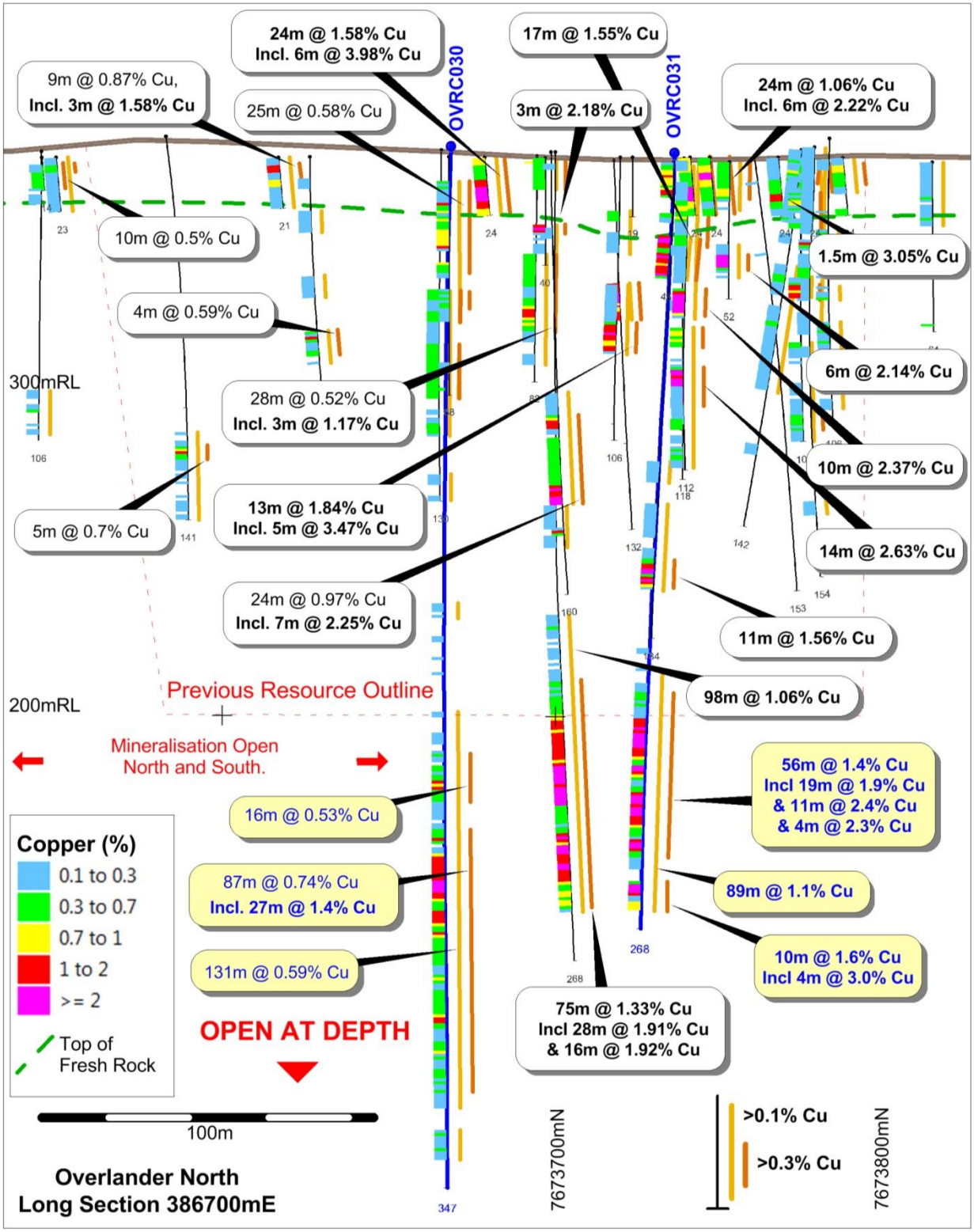
In the latest program two drill holes (OVRC030 and OVRC031) were drilled to test along strike to the north and south of OVRC029 (**75 metres at 1.33% Cu from 176 metres**) and below the boundary of the current resource model.

Both drill holes returned encouraging widths and grades of copper-cobalt-gold mineralisation supporting the results in OVRC029 and the general increase in width and continuity of the mineralized zone with depth. Significant results include:

- **131 metres at 0.59% Cu and 289g/t Co from 190 metres at a 0.1% Cu cut-off including:**
  - **27 metres at 1.4% Cu and 403 ppm Co from 238 metres in OVRC030**
- **89 metres at 1.1% Cu and 423ppm Co from 173 metres at a 0.1% Cu cut-off including:**
  - **19 metres at 1.9% Cu and 751 ppm Co from 197metres**
  - **11 metres at 2.4% cu and 770 ppm Co from 222 metres in OVRC031**

The true width of the above intersections is estimated to be approximately 25 - 30 metres.

Any potential association between this mineralisation and the immediately adjacent Overlander West IOCG target has yet to be tested with drilling which is planned for early 2015.



Overlander North Long Section

Scalper Prospect

One RC hole for 136 metres (SCRC001) was drilled beneath a copper-gold anomalous ironstone within a strong magnetic anomaly and coincident "red-rock" alteration zone.

Scalper is located in the same stratigraphic position as the Andy's Hill and Overlander IOCG targets 6-10 kilometres to the north and immediately east of the Overlander Granite.

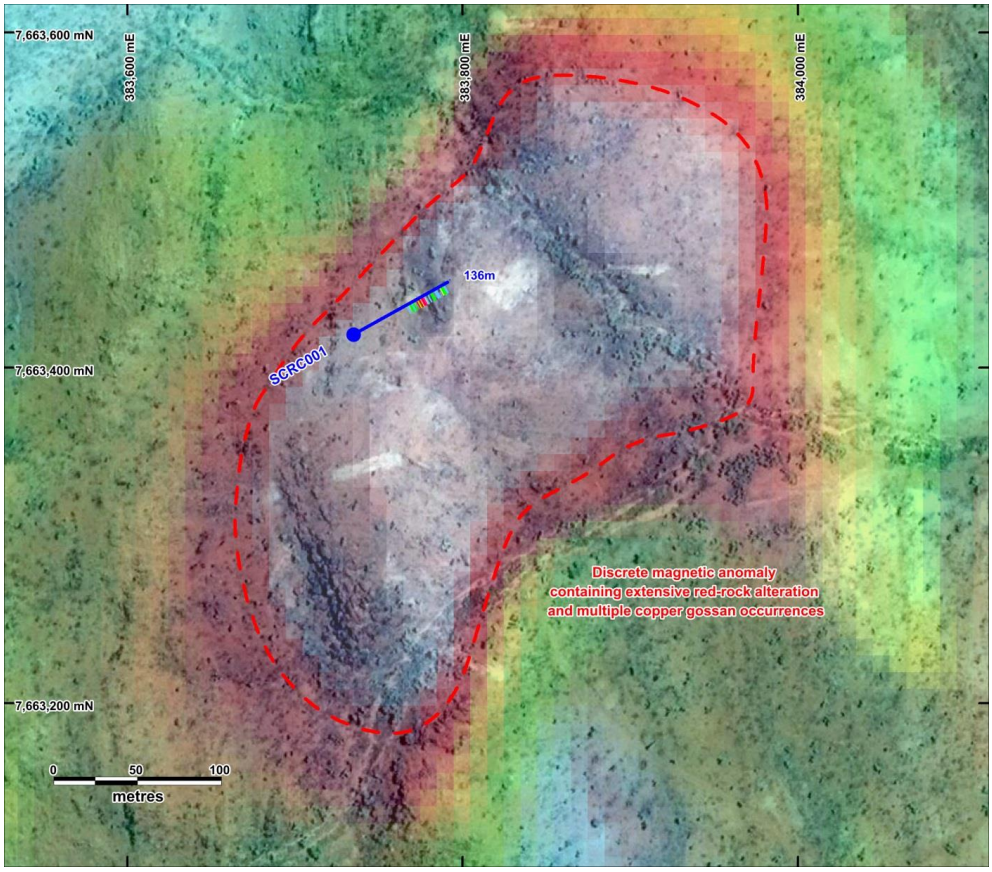
The drill hole intercepted strongly altered calcareous sediments with abundant magnetite and a broad zone of copper anomalism containing a central high grade interval of copper-gold-silver mineralisation. The hole did not fully penetrate the alteration zone and was still mineralised when terminated.

Results from HSRC001 include:

- **23 metres at 1.1% Cu and 0.27g/t Au from 77 metres including:**
    - **12 metres of 1.9% Cu and 0.45g/t Au from 87 metres**

The intersection also contained anomalous levels of the light rare earth element lanthanum (up to 1210 ppm La over a 1 metre interval). Lanthanum is considered a key pathfinder element for IOCG mineralisation and is also present at Andy's Hill.

The results of this initial hole are considered highly encoraging for an open pittable copper-gold resource and a follow-up drilling program is planned.



Scalper Drill Hole Location and Magnetic Image

Kalman Deposit

The Kalman copper-gold-molybdenum-rhenium deposit is located 60 kilometres southeast of Mount Isa and is 100% owned by Hammer Metals Limited.

The Kalman Mineral Resource Estimate was updated in March 2014 in accordance with the JORC Code (2012 Edition). The Resource comprises a combined 30 million tonnes at 1.3% copper equivalent (CuEq) at 0.54% Cu, 0.28% Au, 0.08% Mo and 2.2 g/t Re in the Inferred category. (Refer to the ASX Release dated 19th March 2014 for full details of the Mineral Resource Estimate.)

Six RC holes for 904 metres were drilled at Kalman (K134 to K139). The holes were designed to follow up the high grade molybdenum and copper intercepts from K132 (refer to ASX release dated 15th September 2014) located in a poorly tested section of the upper part of the main ore shoot at Kalman.

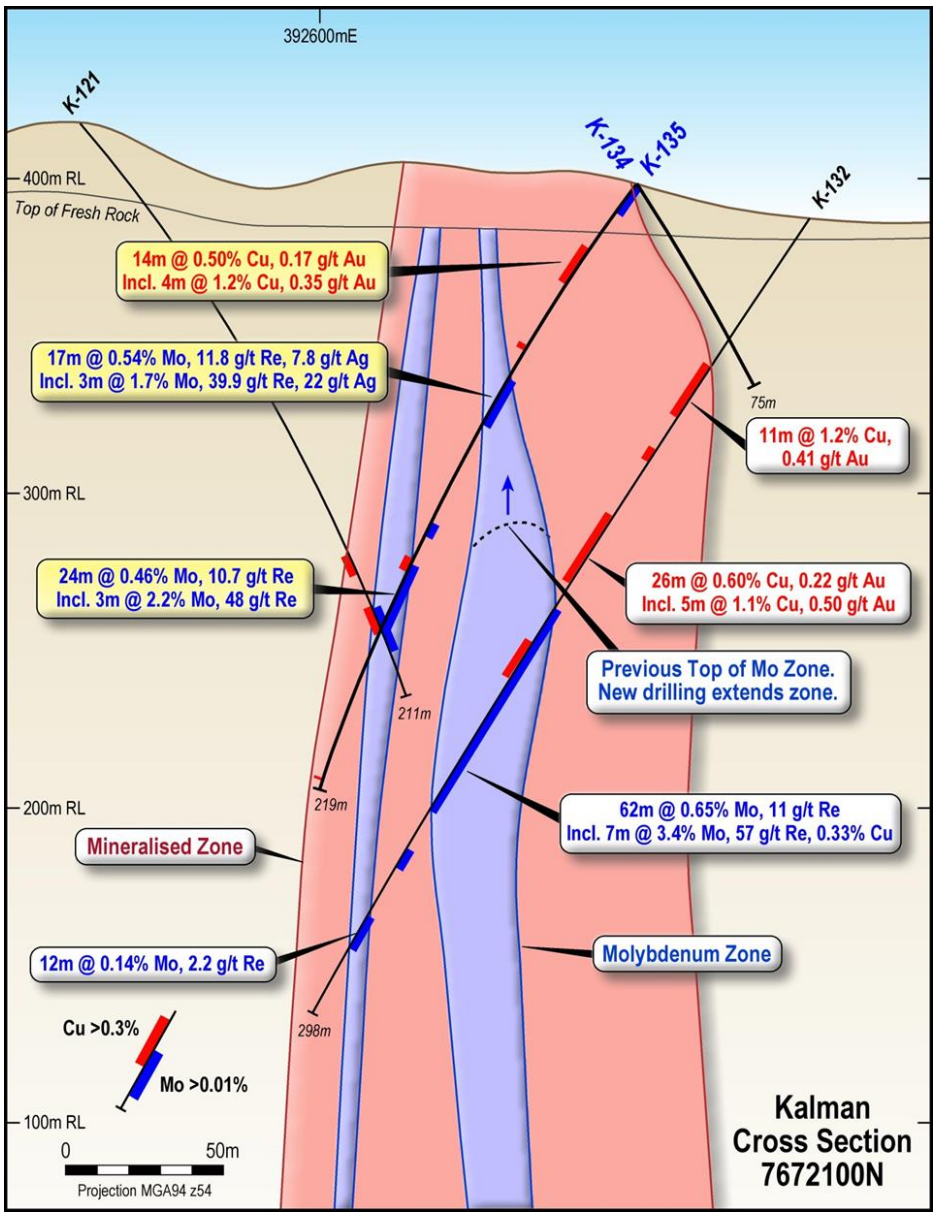
The intersections which are up-dip of the higher grade central ore shoot will expand the zone as currently modelled closer to surface with scope to be extended further up-dip and laterally.

Significant results include:

- **17 metres at 0.54% Mo and 12g/t Re and 7.8g/t Ag (3.7% CuEq) from 74 metres and**
- **24 metres at 0.46% Mo, 0.24% Cu and 11g/t Re(3.4% CuEq) from 141 metres in K135**
- **20 metres at 0.18% Mo and 3.3 g/t Re (1.3% CuEq) from 70 metres in K137**
- **16 metres at 0.14% Mo and 3.9g/t Re (1.2% CuEq) from 45 metres in K-138**
- **12 metres at 1.2% Cu and 0.50g/t Au (1.5% CuEq) from 0 metres in K-139**

Kalman is a polymetallic deposit and the Kalman March 2012 Mineral Resource Estimate was reported with a CuEq estimated grade and the estimated grades for the individual metals which made up the CuEq calculation. Hammer does not consider that the relative prices of the inputs have changed materially so for consistency the CuEq results reported from K134-K139 used the same metal prices and algorithm as used for the 2012 Resource Estimate of CuEq. Supporting details for the CuEq calculation are shown in Appendix 2.

The Kalman deposit will be remodeled to incorporate the new drilling results and the Resource estimate updated in the first half of 2015.



Kalman Drill Section

Gravity and Magnetic Modelling

Hammer completed detailed ground gravity surveys over the Dronfield, Andy's Hill and Overlander North IOCG target areas during the quarter. The gravity was completed in order to outline any denser and potentially mineralised iron-rich bodies within the known alteration zones. Hammer's geophysical consultants (Southern Geoscience Pty Ltd) modelled the gravity data in conjunction with Hammer's high-resolution magnetic data.

Hammer believes its work has defined a major new IOCG corridor extending from Mount Philp in the north through to Overlander, Andy's Hill and Scalper in the south. (Refer to ASX releases dated 20th May and 3rd June 2014 for details.) The recently completed 2D and 3D modelling of the new data has significantly enhanced the prospectivity of these targets.

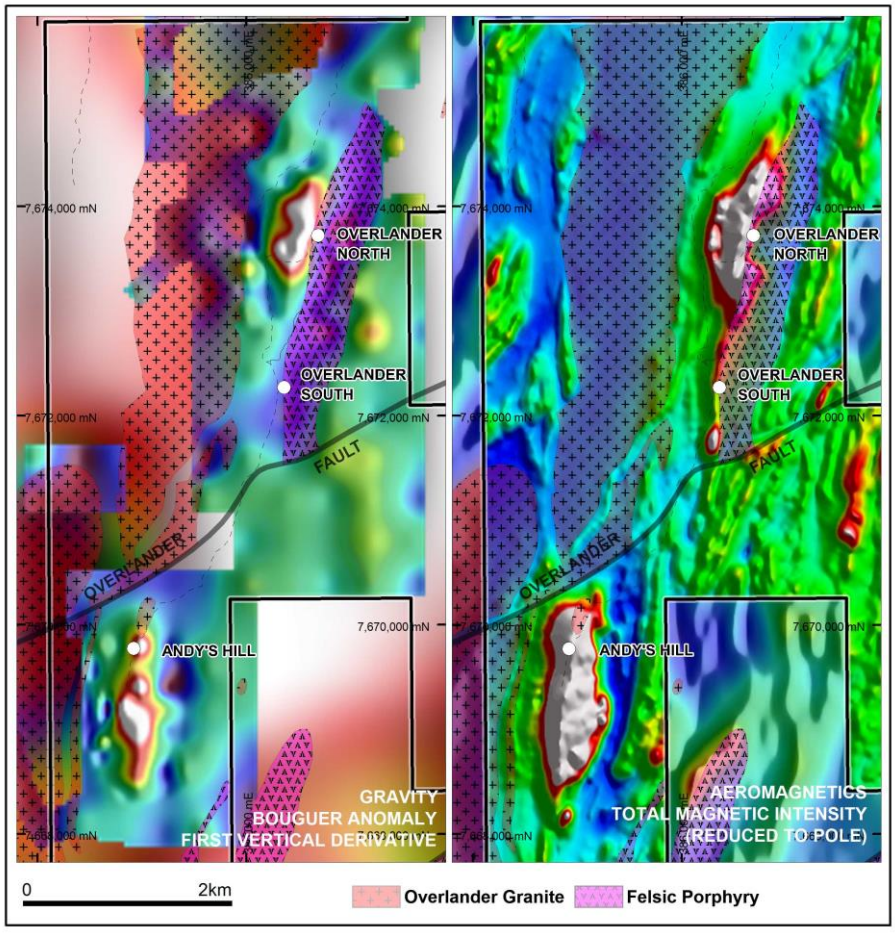
Overlander North

The Overlander North Prospect is within a zone of multiple IOCG targets which extends from the Mt Philp metasomatic hematite deposit in the north to the Scalper Prospect in the south.

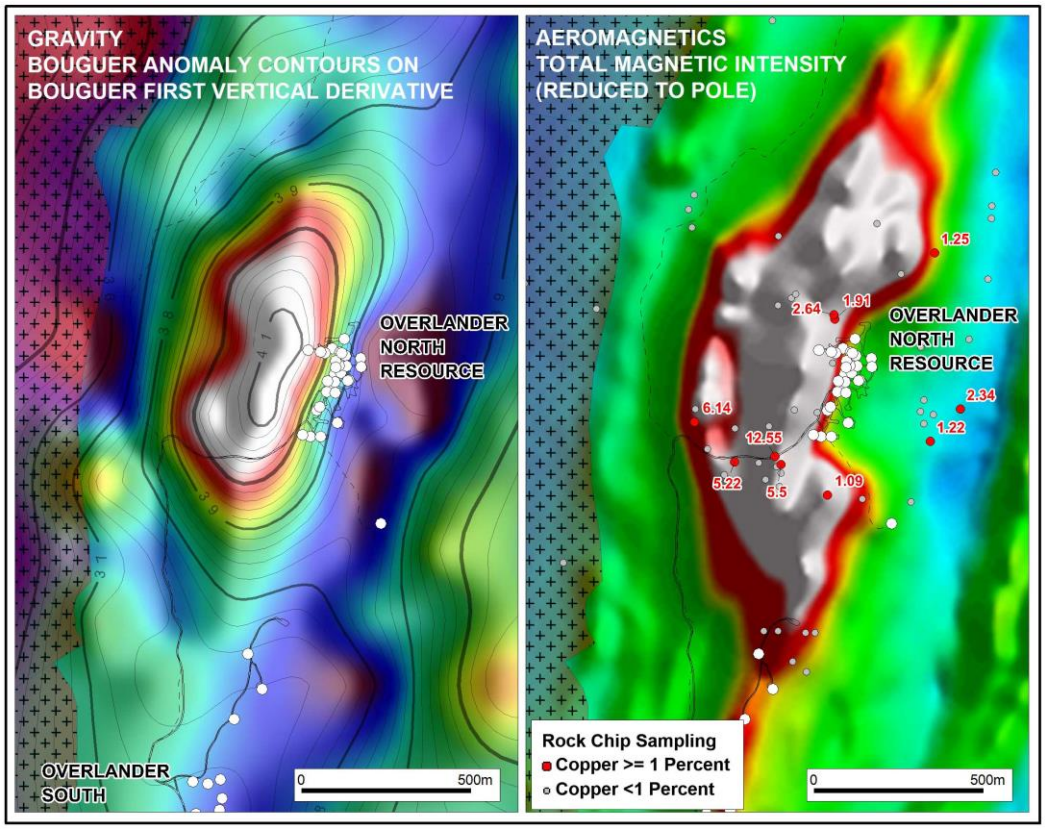
The Overlander magnetic and gravity anomalies are located immediately to the west of the Overlander North copper deposit that is located in the Overlander shear zone. The shear zone appears to form the eastern boundary to the magnetic anomaly. The magnetic response peaks at 2500nT and is approximately 1500 by 500 metres in extent. A coincident gravity anomaly has been delineated which is approximately 1000 x 500 metres in extent (at the 3.9mgal level) with a peak response of approximately 4.1mgal.

Strongly red rock and magnetite altered calc-silicate rocks occur immediately above the area of the gravity response. A strong copper-in-soil response occurs over the entire area, and new rock chip sampling immediately above the coincident magnetic and gravity anomalies has returned assay grades as high as 12.5% Cu in gossanous material.

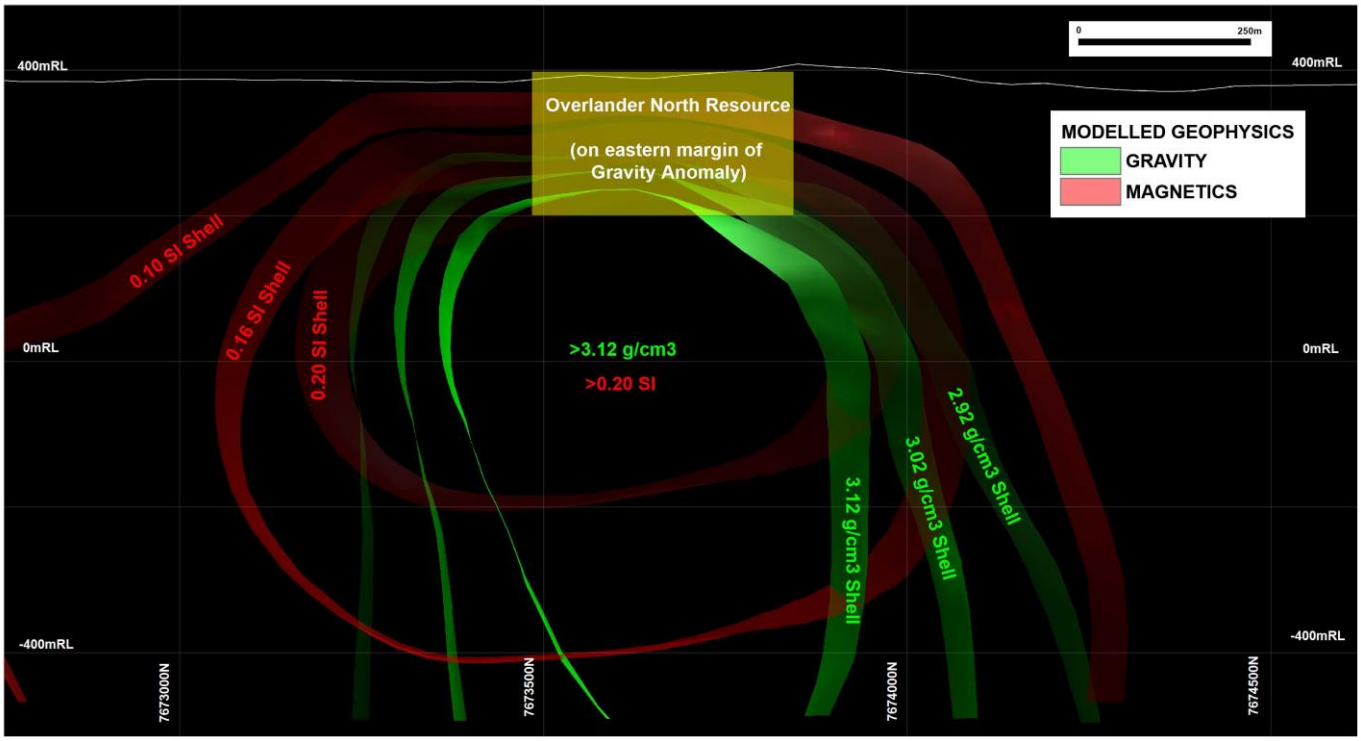
Modelling of the gravity data indicates the presence of a dense body with an SG of up to 4.5g/cm^3 with the top of the body at approximately 100m below surface. A strongly magnetic body is modelled as being partially coincident with the gravity body. The magnetic and gravity bodies are untested by drilling and represent priority drilling targets.



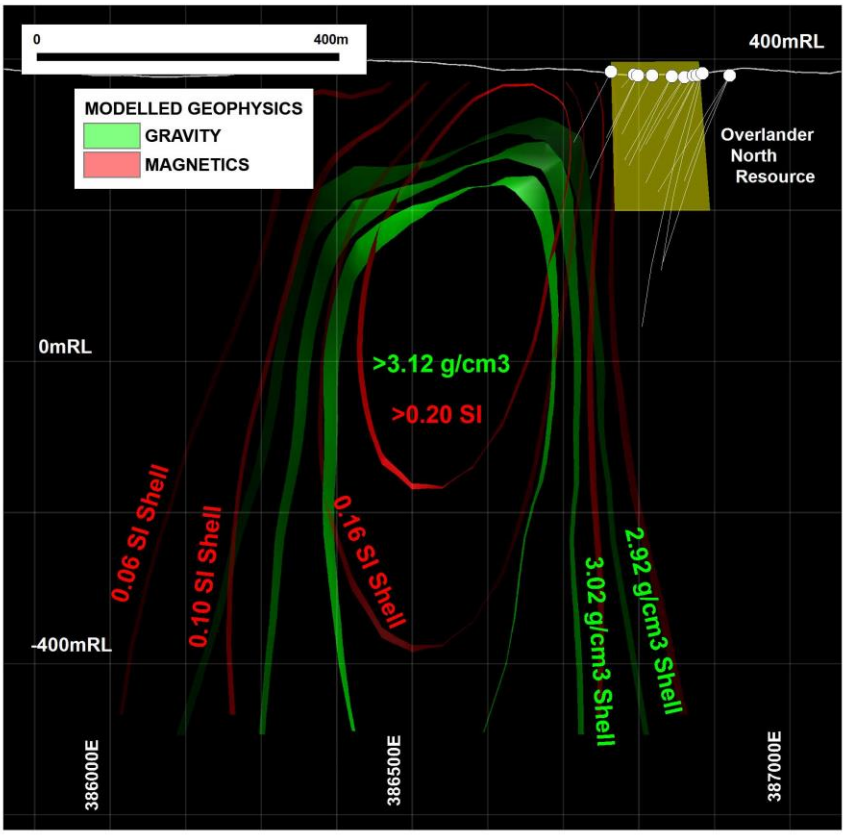
Overlander-Andy's Hill Survey Area



Overlander North Gravity and Magnetic Anomalies



Overlander North Modelled Long Section (looking West)



Overlander North modelled Cross Section (7673740N)

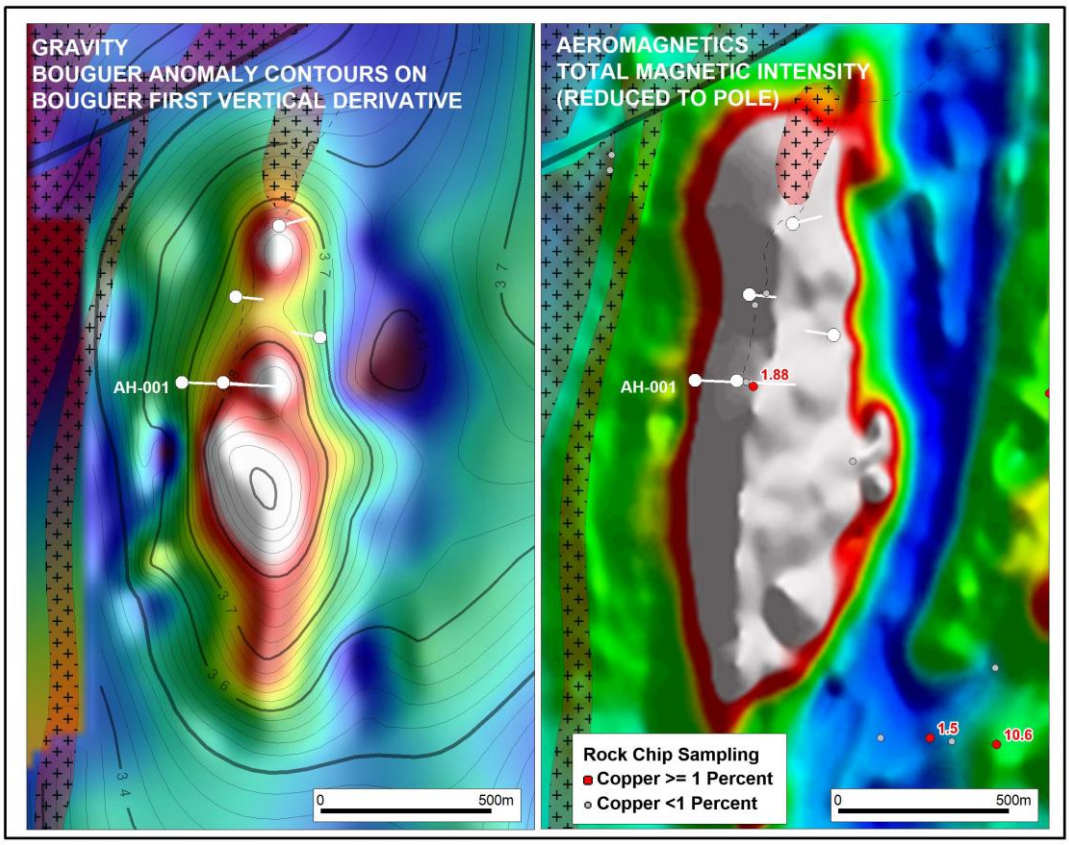
Andy's Hill

The Andy's Hill IOCG target is located 5 kilometres south of Overlander North. Rock outcrop above the magnetic and gravity anomalies consists of red rock altered and gossanous calcareous sediments of the Corella Formation. The area is characterised by a large zone of strong "red rock" alteration and anomalous copper-in-soil response.

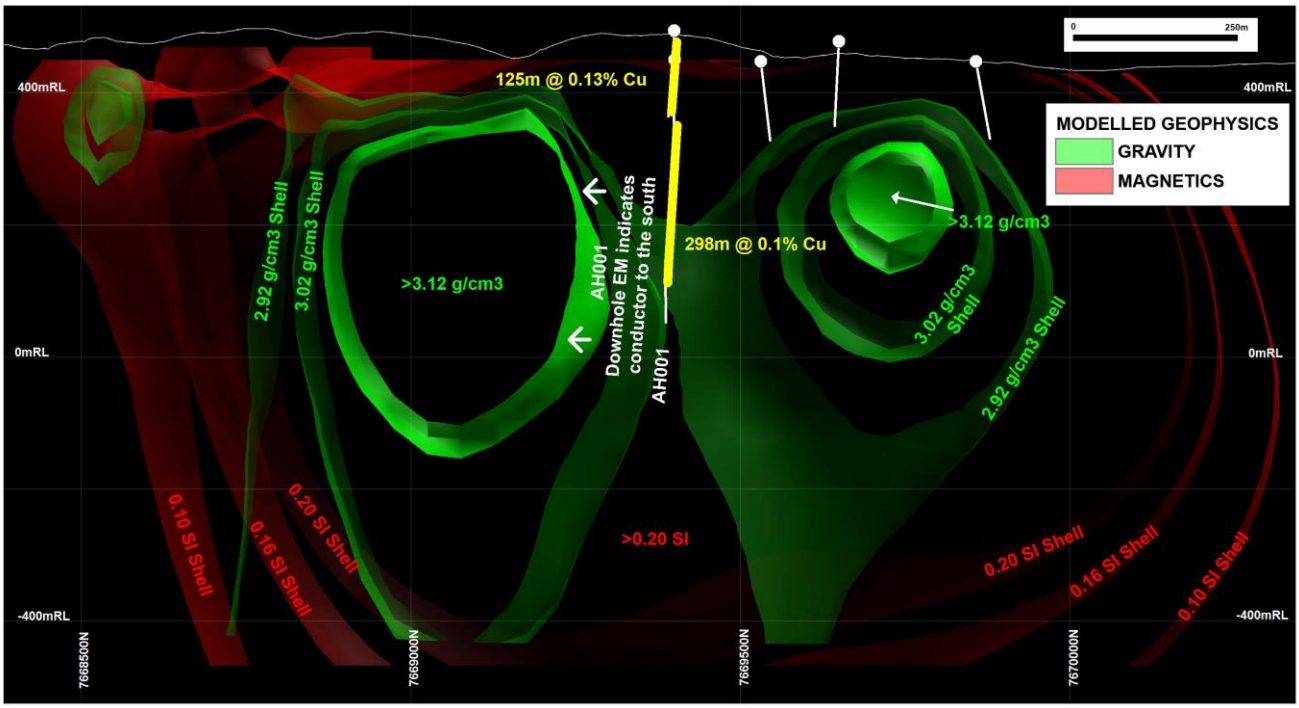
Previous drilling at Andy's Hill has intercepted extensive red rock alteration with copper sulphides. AHD001 drilled in 2011 was terminated in a zone of strong red rock alteration at 494.5m after intersecting 298m @ 0.1% Cu within strongly magnetic, altered and brecciated sediments. AHD001 also contained elevated gold, cobalt and the rare earth elements (REE's) with lanthanum (up to 0.56%) and cerium (up to 0.72%) over one metre sample intervals.

Preliminary gravity modelling indicates two bodies with SG's of up to 4.5g/cm^3 with their top at approximately 100m below surface. Previous drill holes were either too shallow or in the case of AHD001 passed between the two modelled higher density bodies within the system. A down-hole EM survey of AHD001 indicated an off-hole conductor to the south of the hole in the vicinity of the larger gravity feature.

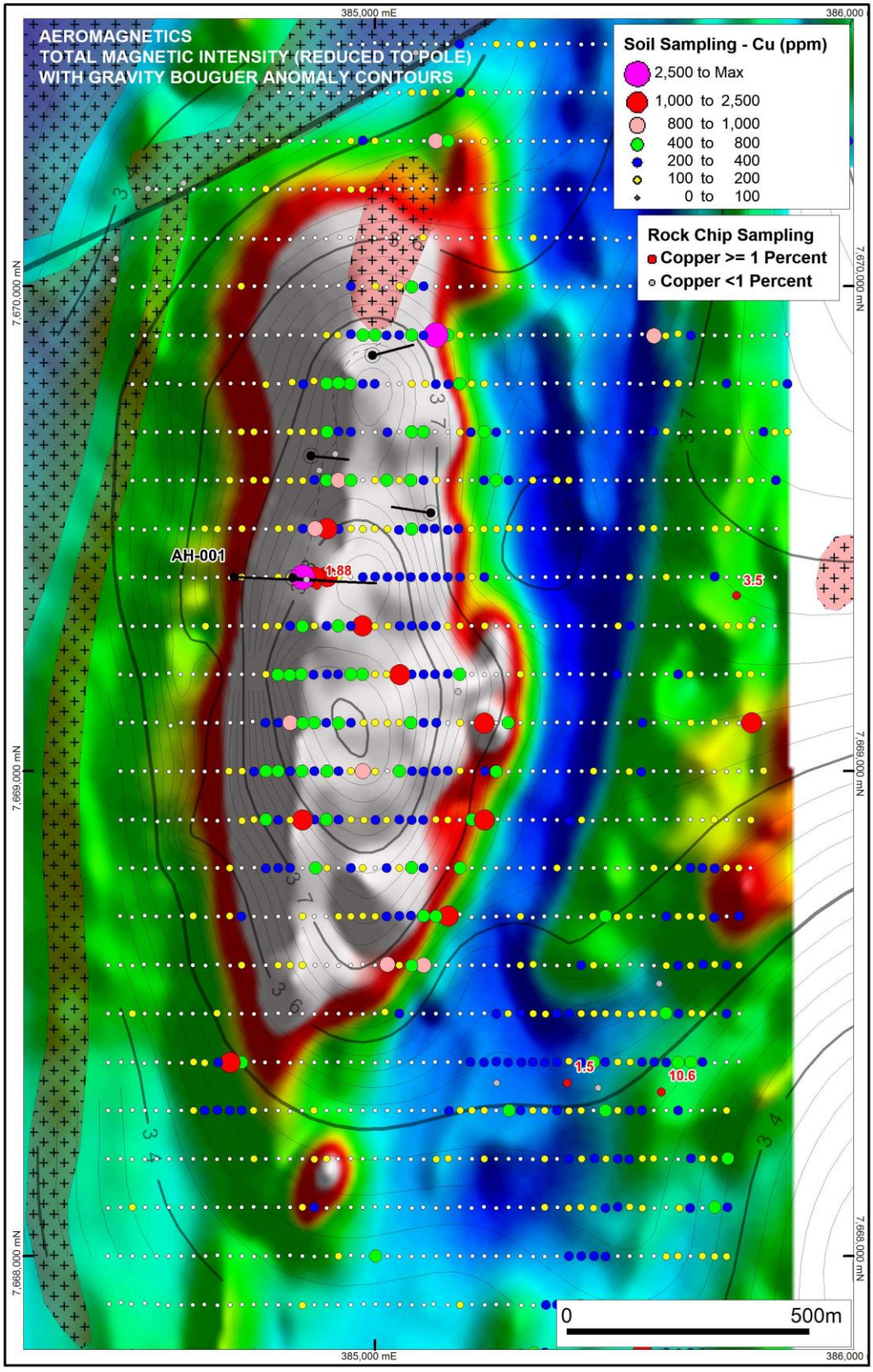
Hammer considers this work to be highly encouraging and confirms the potential of Andy's Hill to host significant mineralisation within the alteration envelope.



Andy's Hill Anomaly



Andy's Hill modelled Long Section (looking West)



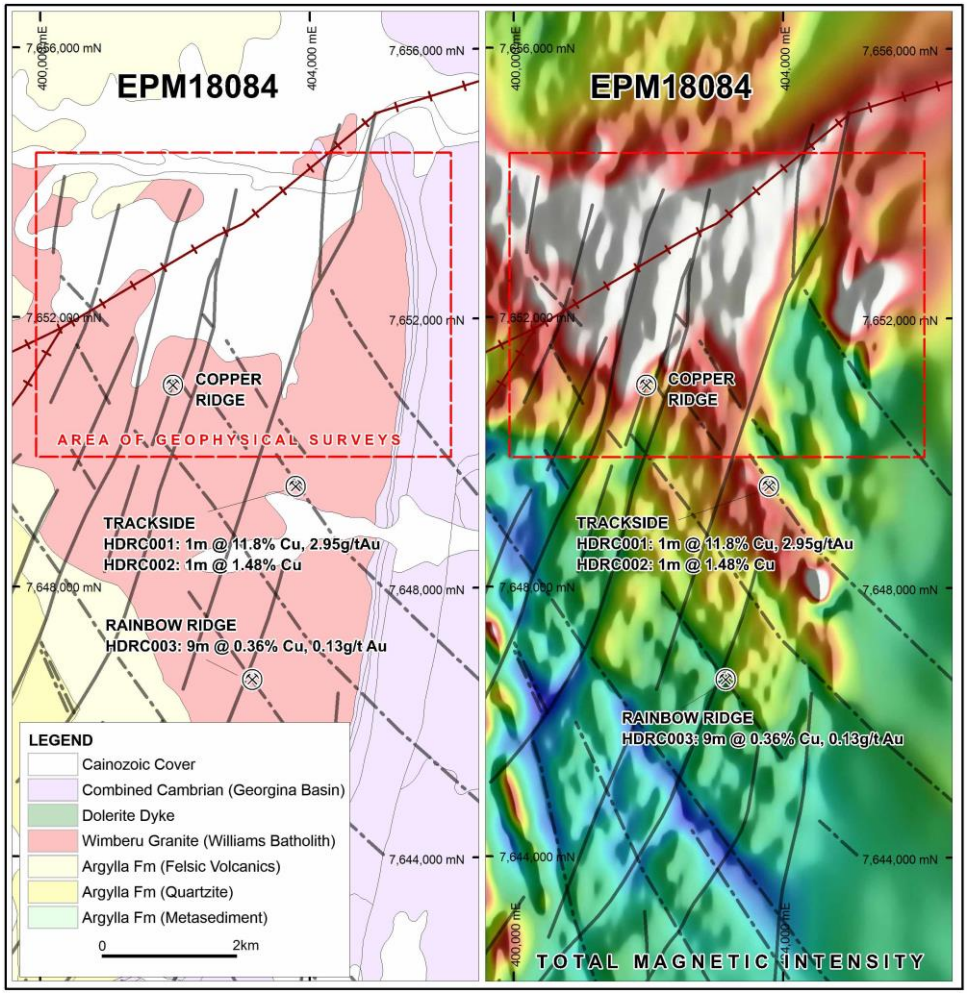
Andy's Hill Soil Geochemistry

Dronfield

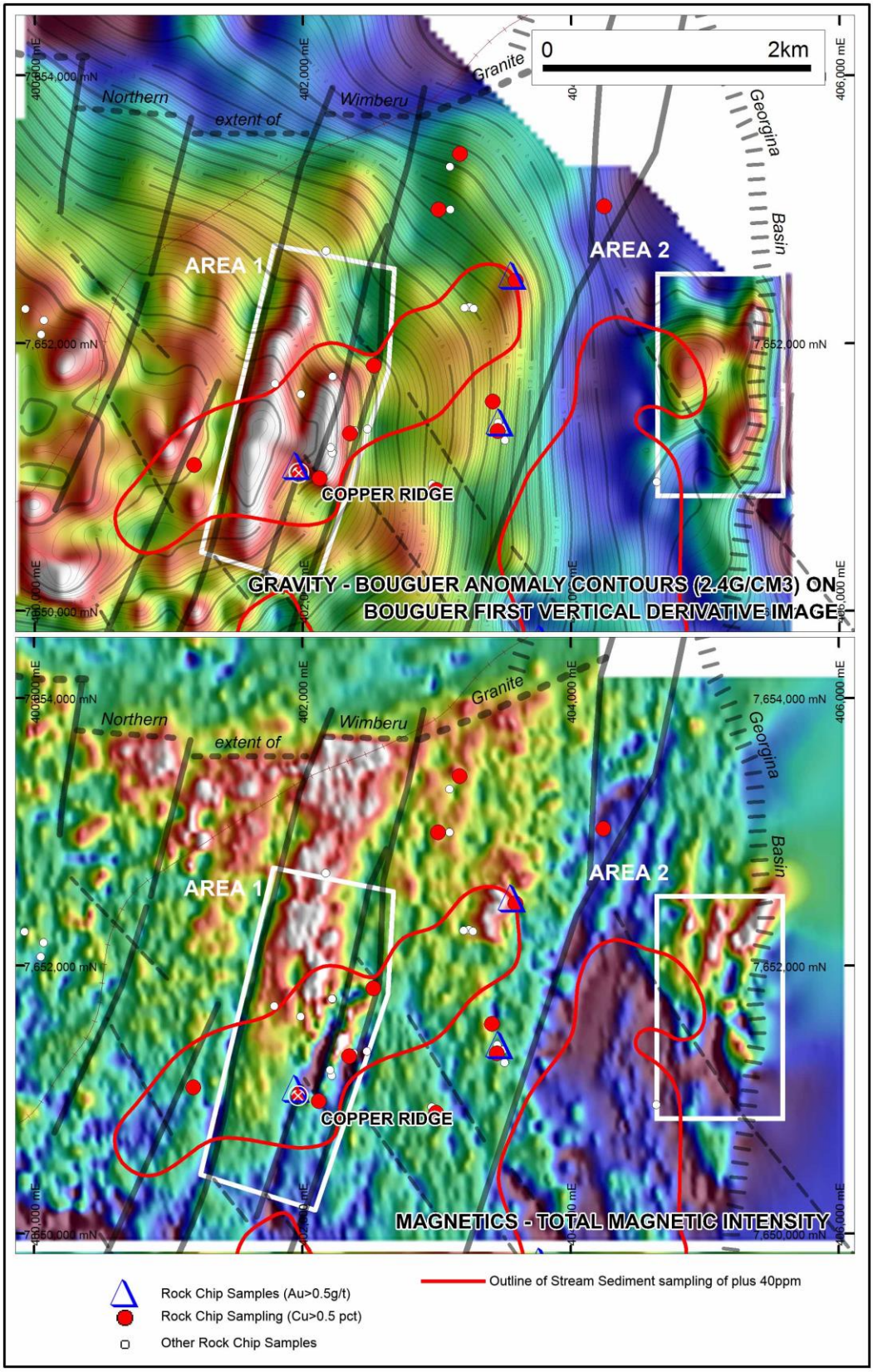
The Dronfield magnetic and gravity anomalies are located approximately 25 kilometres southeast of Overlander on EPM 18084 which is subject to a farm-in agreement with Kabiri Resources Pty Ltd. The Dronfield anomaly is located on the northern contact of the Williams Granite contact with the Argylla Formation.

Hammer has already conducted drilling at the Trackside and Rainbow Ridge prospects at Dronfield (Refer to ASX release dated 16/9/2014) which targeted shear-hosted mineralisation. Significantly the drilling indicated the presence of extensive red rock and magnetite alteration associated with the mineralisation.

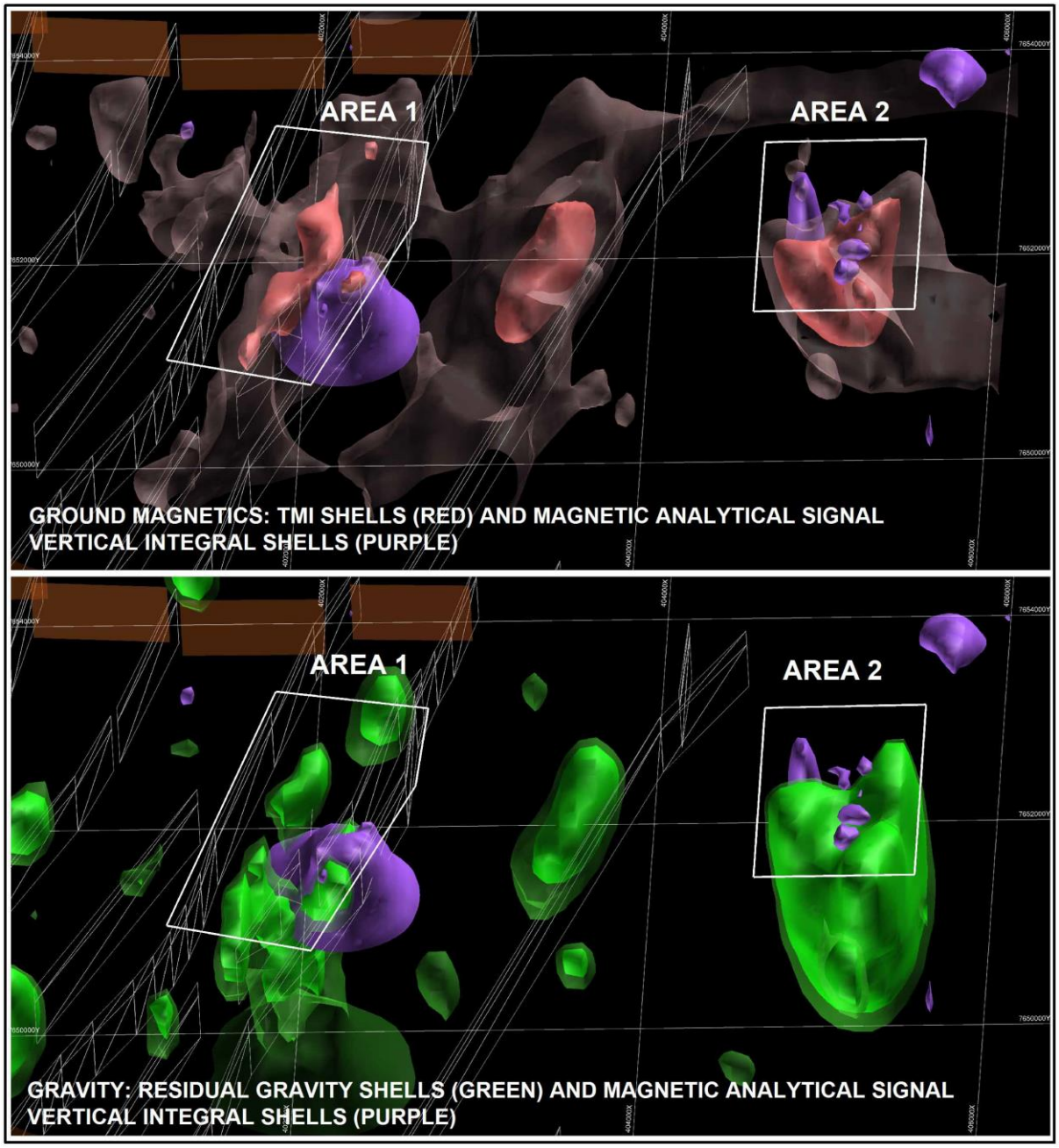
Three dimensional modeling has been completed on the new data sets and has delineated two zones of obvious interest for IOCG-style mineralisation. The first zone, (Area 1) a north-south trending area of overlapping magnetics and gravity trending south into the Wimberu Granite from its discordant contact with the felsic volcanics and sediments of the Argylla Formation. The geophysical trend is bounded by two large multi-kilometer scale faults and the area is thought to represent a structurally controlled alteration zone. Historical surface exploration indicates that surface gold and copper anomalism is present above this zone. The second zone (Area 2) is an overlapping gravity and magnetic anomaly located on a north south trending structure close to the unconformable margin of the Cambrian Georgina Basin.



Dronfield Survey Area – Location



Dronfield Survey Area – Gravity and Magnetics Imagery



Dronfield Schematic view (looking north)

Mount Philp Iron Ore Deposit

The Mineral Development License application (MDL 471) over Hammer's 100% owned Mount Philp haematitic iron deposit was withdrawn, thereby reverting to the existing granted exploration tenure (EPM 14232). Work at Mount Philp is currently focused on the copper-gold potential indicated by previous drilling below the iron deposit.

Future Activities at Mount Isa

Hammer intends to build on the achievements of the 2014 exploration program which included new copper resources at Overlander North and Overlander South, drilling of the highest grade molybdenum-rhenium intercept yet at Kalman, as well as defining large Ernest Henry-style Iron Oxide Copper Gold (IOCG) systems at Overlander, Andy's Hill, Dronfield and Hammer Time.

The priority in the first quarter of 2015 will be to further define with IP and then drill the Overlander and Andy's Hill IOCG targets. Existing anomalies at Hammer Time (located 2 kilometres to the west of Kalman) will also be drilled.

Detailed structural and alteration mapping will be completed at these prospects whilst the IP survey is underway.

Field work is scheduled to commence when the current wet season has ended and conditions on the ground are favourable. It is anticipated this will occur during February.

Golden Peaks Project (QLD)

A review of the new ground EM data and previous geochemical and geological data was completed over the Mount Dick North area where a cluster of EM conductors was located by the VTEM survey flown by Hammer in 2013. Several drill targets for volcanic hosted massive base metal sulphide mineralisation were generated and an application for drill funding under the Queensland Government's Collaborative Drilling Initiative was submitted.

Paterson Tenements (WA)

Agreement was reached with Encounter Resources Limited (ASX: ENR) for the sale of Hammer's Paterson tenements (E45/3768 and E45/4091) which were subject to a joint venture with Encounter.

In consideration for the tenements 750,000 fully paid ordinary shares in Encounter were issued to Hammer. An 18 month voluntary escrow period applies to the shares.

Sunset Project – Leonora (WA)

Tenements securing the small Prospero gold deposit were relinquished due to high holding costs relative to the project's perceived value.

- ENDS -

For further information, please contact:

Alex Hewlett

Executive Director

Hammer Metals

Tel: +61 8 9271 0149

Competent Person's Statements:

Historic Exploration Results

The information in this report as it relates to exploration results and geology first reported prior to 1 December 2013 was reviewed by Mr John Downing, who is a Member of the Australian Institute of Geoscientists and a full time employee of the Company. Mr Downing has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Downing consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Exploration Results – Overlander, Andy's Hill and Dronfield

The information in this report as it relates to exploration results and geology was compiled by Mr John Downing, who is a Member of the Australian Institute of Geoscientists and a full time employee of the Company. Mr Downing has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity 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 Downing consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Kalman Resource Estimate

Where the Company refers to the Kalman Project and the revised mineral resource estimate in this report (referencing the release made to the ASX on March 19th 2014), it confirms that it is not aware of any new information or data that materially affects the information included in that announcement and all material assumptions and technical parameters underpinning the resource estimate with that announcement continue to apply and have not materially changed.

Overlander North and Overlander South Resource Estimates

Where the Company refers to the Overlander North and Overlander South Mineral Resource Estimates in this report (referencing the release made to the ASX on July 24th 2014), it confirms that it is not aware of any new information or data that materially affects the information included in that announcement and all material assumptions and technical parameters underpinning the resource estimate with that announcement continue to apply and have not materially changed.

Appendix 1

Tenement Interests at End of December 2014 as per Listing Rule 5.3.3					
Project	**Tenement Number**	**Status**	**Interest at end of Quarter**	**Acquired during quarter**	**Comment**
Leonora - WA	M37/1297	Granted	0%	No	Relinquished
	E40/295	Granted	100%	No	
	E40/312	Granted	100%	No	
Pilbara Iron Ore - WA	E08/1997	Granted	100%	No	Conversion to M08/506
	M08/506	Application	100%	No	Conversion of E08/1997
Paterson Province - WA	E45/3768	Granted	0%	No	Sold to Encounter Resources
	E45/4091	Granted	0%	No	Sold to Encounter Resources
Mount Isa - Qld	EPM 13870	Granted	100%	No	
	EPM 14232	Granted	100%	No	
	EPM15972	Granted	100%	No	
	EPM 16726	Granted	100%	No	
	EPM 16987	Granted	100%	No	
	EPM 17453	Granted	100%	No	
	EPM 17762	Granted	100%	No	
	EPM 18116	Granted	100%	No	
	EPM 18320	Granted	100%	No	
	MDL 471	Application	0%	No	Application withdrawn (Reverts to EPM 14232)
	EPM 19782	Granted	100%	No	
	EPM 19783	Granted	100%	No	
	EPM 19784	Granted	100%	No	
	EPM 19785	Granted	100%	No	
	EPM 19805	Granted	100%	No	
	EPM 19818	Granted	100%	No	
	EPM 25145	Granted	100%	No	
	EPM 25369	Application	100%	No	
	EPM 25402	Granted	100%	No	
	EPM 25425	Granted	100%	No	
	EPM 25452	Granted	100%	No	
	EPM 25486	Granted	100%	No	
	EPM 25523	Granted	100%	No	Granted during quarter
	EPM 25666	Application	100%	No	
	EPM 25686	Application	100%	No	
	EPM 25777	Application	100%	Yes	New application
	EPM 18084	Granted	0%	No	Can earn 80% from Kabiri Resources Pty Ltd
Golden Peaks - Qld	EPM 15810	Granted	0%	No	Can earn 60% from Perilya Limited
	MDL 13	Granted	0%	No	Can earn 60% from Perilya Limited
	EPM 19831	Granted	100%	No	

Appendix 2

Notes on Copper Equivalence Calculation

Copper equivalent (CuEq) grades were calculated using estimated block grades for Cu, Au, Ag, Mo and Re. The CuEq calculation is based on commodity prices and metallurgical recovery assumptions as detailed in this release. Prices agreed to by Hammer were a reflection of the market as at 14/02/2014 and forward looking forecasts provided by consensus analysis, these prices have not varied significantly. Metal prices provided are:

- Cu: US$7,165/t
- Au: US$1,324.80/oz
- Ag: US$22.40/oz
- Mo: US$16.10/lb

The forward looking price for Rhenium was estimated using available historical and current prices.

- Re: US$5,329/kg

The CuEq equation is CuEq = Cu + 0.594464Au + 0.010051Ag + 4.953866Mo + 0.074375Re and was applied to the respective elements estimated within the resource block model.

Assumed Metallurgical Recoveries

Based on the testing completed and the current understanding of the material characteristics it has been assumed that the Kalman material can be processed using a "typical" concentrator process flowsheet. The mass balance and stage metallurgical recovery of the four major elements were based on the metallurgical test results from the molybdenum zone sample and benchmarks. The final overall recovery (Table 3) was established from the mass balance and benchmarked against other operations and projects.

Table 3: Assumed Metallurgical Recoveries

Process Stage	Molybdenum Recovery (%)	Rhenium Recovery (%)	Copper Recovery (%)	Gold Recovery (%)	Silver[(1)] Recovery (%)
Bulk Rougher	95	86	95	82	82
Overall	86	77	86	74	74

(1) No data available for Silver recoveries so they have been assumed similar to Gold Recoveries

It is the company's opinion that the metals used in the metal equivalent equation have reasonable potential for recovery and sale based on metallurgical recoveries in flotation test work undertaken to date. There are a number of well-established processing routes for copper-molybdenum deposits and the sale of resulting copper and molybdenum concentrates.

Molybdenum concentrates with rhenium require roasting to capture the rhenium from the process off-gas. There are several offshore facilities that process molybdenum concentrates of which Molymet is the world's largest molybdenum processer and the largest producer of rhenium.

Because of the relatively small market for rhenium there is limited public information available for the payment of credits for rhenium. Preliminary enquiries by the company provide the company with sufficient confidence to believe that a credit for the rhenium content of the molybdenum concentrate can be obtained.

Rule 5.3
Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

HAMMER METALS LIMITED

ABN

87 095 092 158

Quarter ended ("current quarter")

31 December 2014

Consolidated statement of cash flows

		Curent quarter $A'000	Year to date (6 months) $A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(661)	(1349)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(201)	(546)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	6	9
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other - R&D tax incentive	114	591
	Net Operating Cash Flows	(742)	(1,295)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(3)	(5)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(3)	(5)
1.13	Total operating and investing cash flows (carried forward)	(745)	(1,300)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(745)	(1,300)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	1,200
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other	-	(87)
	Net financing cash flows	-	1,113
	Net increase (decrease) in cash held	(745)	(187)
1.20	Cash at beginning of quarter/year to date	1,350	792
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	605	605

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

		Curent quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	126
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Director's salary consulting fees and directors' fees are included in 1.23 above.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

None

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	**Amount used $A'000**
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	200
4.2	Development	-
4.3	Production	-
4.4	Administration	125
	Total	**325**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated **statement of cash flows) to the related items in the accou**nts is as follows.		**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Cash on hand and at bank	605	1,350
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	605	1,350

Changes in interests in mining tenements

		Tenement reference	**Nature of interest (note (2))**	**Interest at beginning of quarter**	**Interest at end of quarter**
6.1	Interests in mining tenements relinquished, reduced or lapsed	ELA45/3768 ELA45/4091 M37/1297 MDL471	Tenement sold Tenement sold Relinquished Application withdrawn	100% 100% 100% 100%	Nil Nil Nil Nil
6.2	Interests in mining tenements acquired or increased	EPM25777 EPM25523	New Application Tenement Granted	- -	- 100%

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

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

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities***(description)*	4,052,586	-		
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	- -	- -		
7.3	**+Ordinary securities**	82,147,815	82,147,815		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	-	-		
7.5	**+Convertible debt securities** (*description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options***(description and conversion factor)*			*Exercise price*	*Expiry date*
		14,300,000	-	$0.20	30 June 2017
		2,116,674	-	$0.30	26 May 2016
		1,000,000	-	$0.20	26 May 2017
		1,000,000	-	$0.20	11 Sept 2017
		300,000	-	$0.30	11 Sept 2016
		7,100,000	-	$0.135	30 Nov 2017
7.8	Issued during quarter			*Exercise price*	*Expiry date*
		7,100,000	-	$0.135	30 Nov 2017
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

+ See chapter 19 for defined terms.

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: ..... Date: 29 January 2015
(Company secretary)

Print name: Mark Pitts
.....

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

5 Accounting Standards ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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