ASX Announcement (ASX: HMX)

31st July 2015

Quarterly Activities Report
For Period Ending 30 June 2015

HIGHLIGHTS

- **First pass RC and diamond drilling program** targeting IOCG copper-gold deposits completed at Overlander North, Overlander Central, Andy's Hill and Hammertime;
- **Overlander North IOCG** target returned an intercept of **21 metres at 1.7% Cu** from 435 metres within **97.3 metres at 0.54% Cu** from 358.7 metres and a higher grade zone of **6 metres at 3.3% Cu** from 446 metres in OVD001;
- Resistivity, gravity and magnetic targets adjacent to intersection in OVD001 remain to be tested;
- **Overlander Central** mineralised rhyolite breccia unit intercepted with 71 metres at 0.31% Cu. IP chargeability and resistivity modelling from recent program highlights large extent of the mineralisation at Overlander.
- **Andy's Hill** drill holes intercepted further broad widths of massive magnetite and red rock alteration with disseminated Copper and Rare Earth Element mineralisation.
- **Hammertime** hole intercepted a 216m thick zone of IOCG alteration with disseminated copper-gold mineralisation from surface down to the drill hole's intersection with the Ballara Fault.
- **Capital raising of $A1 million completed** subsequent to the end of the quarter.

OPERATIONS SUMMARY

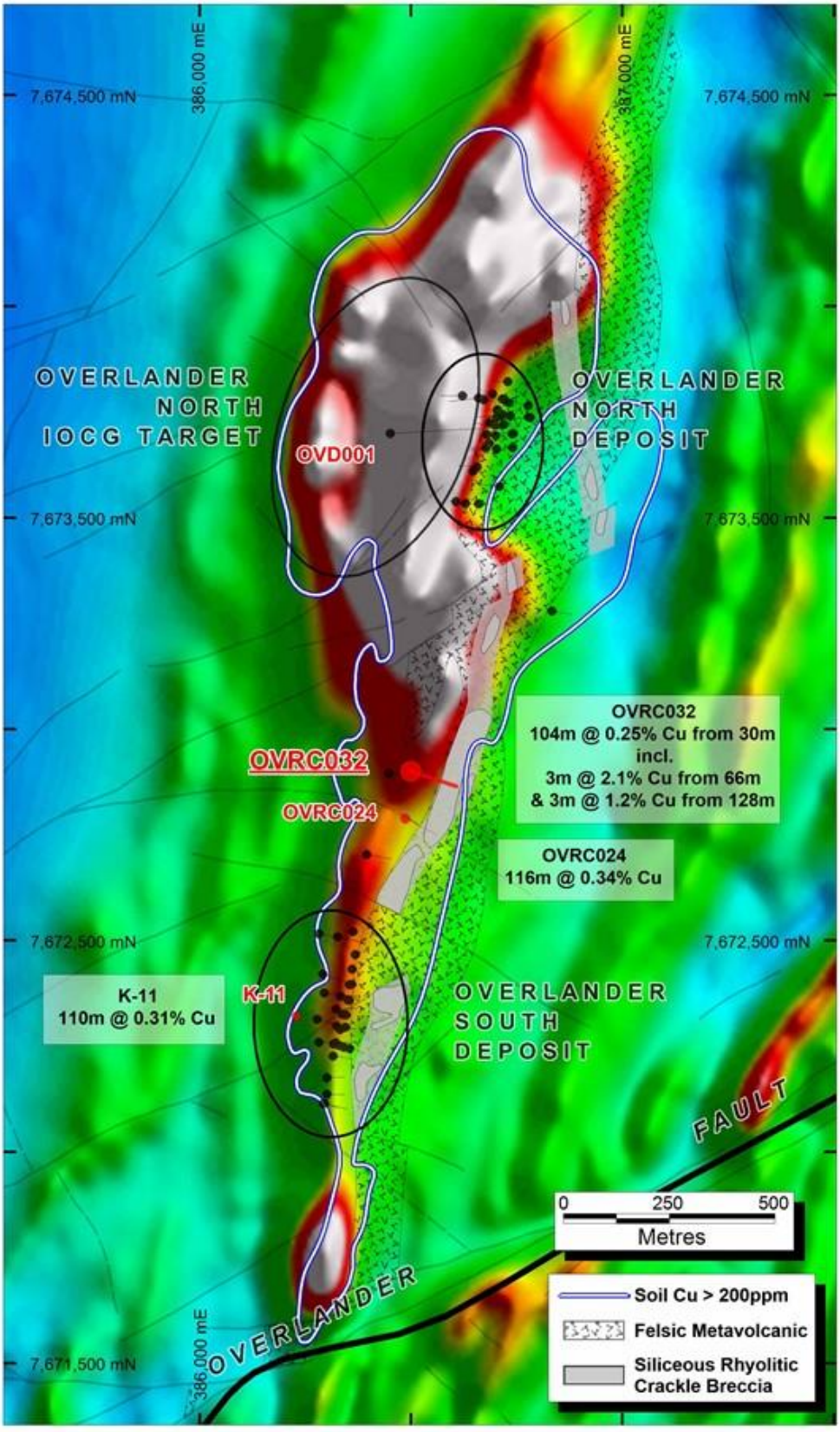
MOUNT ISA PROJECT

Hammer Metals Limited (**ASX: HMX**) ("Hammer" or "the Company") completed an active quarter of exploration at the Mount Isa project including an extensive 3D-IP survey at Overlander and Andy's Hill followed by a program of RC and diamond drilling. A total of 1863 metres in 6 holes including 273.3 metres of diamond drilling were completed at the Overlander North, Overlander Central, Hammertime and Andy's Hill copper-gold targets.

Hammer is targeting the large and previously unrecognized IOCG alteration systems the Company has outlined within the project. Modelling and interpretation of the recently acquired 3D-IP (Induced Polarisation), magnetic and gravity survey data has generated a number of specific target zones within these extensive alteration zones. The recently completed drilling program was an initial test of the anomalies and produced encouraging results, confirming the presence of the target mineralisation and alteration.

The Overlander prospect in particular has been demonstrated to be a regionally significant zone of alteration and copper mineralisation with IOCG style, shear hosted and rhyolite breccia-hosted copper +/- cobalt, silver, gold and lead-zinc mineralisation. (Refer to ASX releases dated March 18th, 2015, April 17th 2015 and May 11th 2015.)

The copper-in-soil anomaly at Overlander as defined by the 200ppm contour is over 3 kilometres long and in conjunction with the extensive IP chargeability and resistivity responses from the recent surveys suggests there may be an association between the various alteration and mineralizing events.



Overlander Project Area – Geochemistry and Geology on Magnetic Image

Overlander North

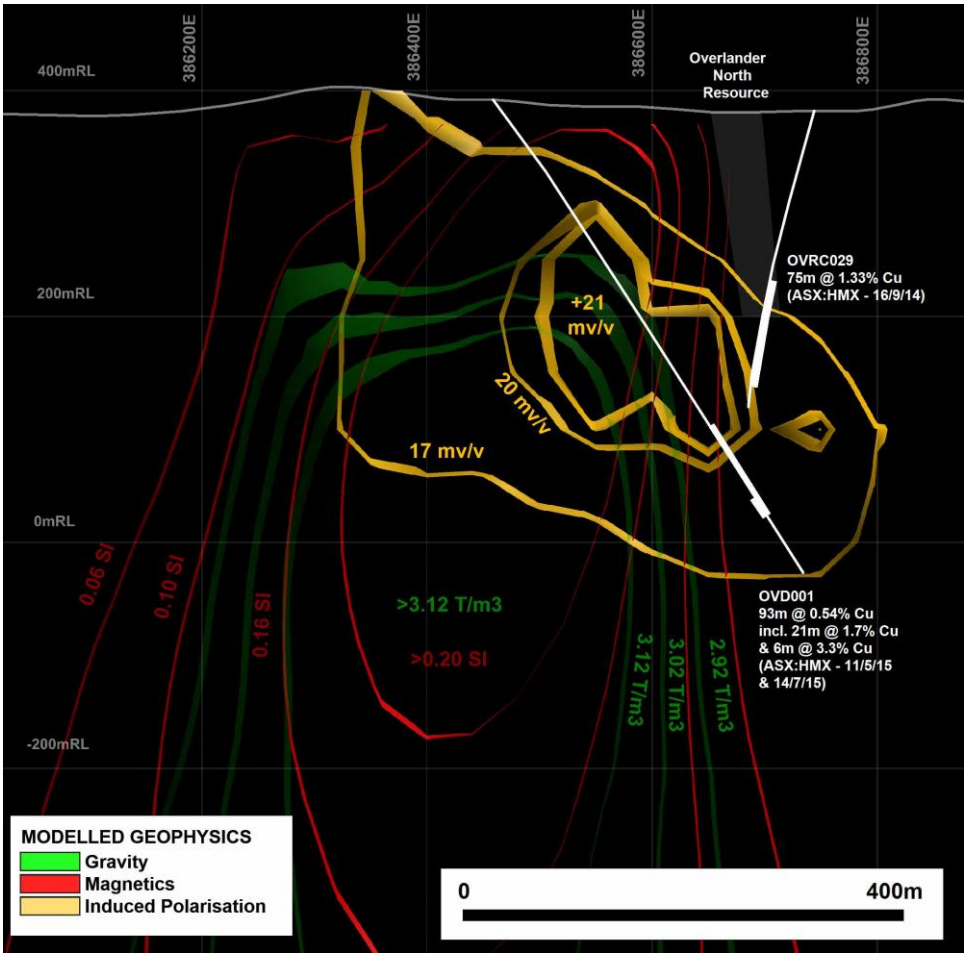
OVD001 is Hammer's first diamond drill hole into the Overlander North IOCG alteration system and was targeted on an IP chargeability feature on the eastern flanks of the gravity and magnetic inversion shells. The hole was RC pre-collared to 248.7 metres and diamond cored to 522 metres. (Refer to ASX release dated May 11th 2015 for details.)

The drill hole intercepted strong albite-magnetite +/- biotite IOCG-style altered sediments and volcanics with disseminated copper mineralisation (chalcopyrite) on the flanks of the gravity and magnetic inversion shells to a depth of approximately 360 metres, followed by brecciated and altered sediments which hosted the strongest copper mineralisation to 470 metres, followed by strongly red-rock altered and pyritic rhyolitic volcanics to the end of the hole at 522 metres.

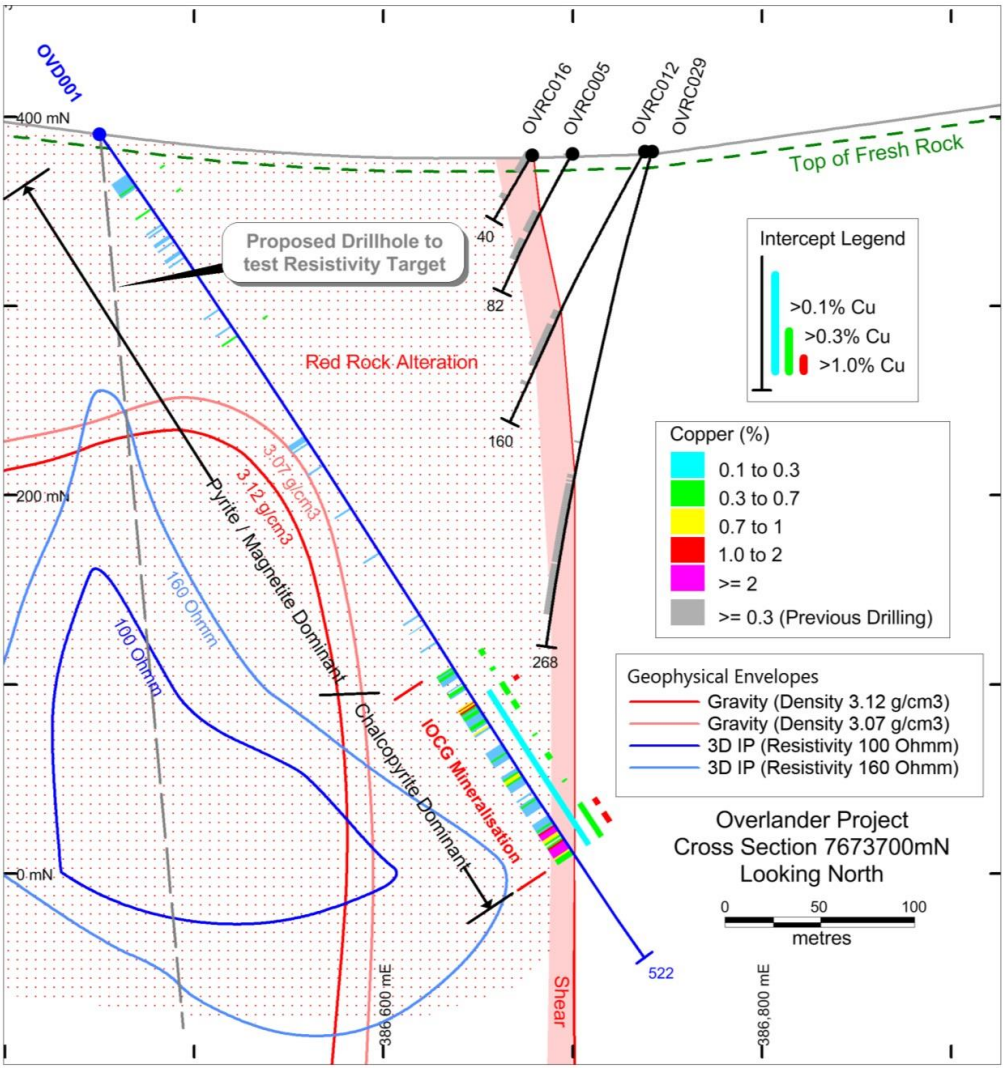
The best mineralised zone totaled **97.3 metres at 0.55% Cu** downhole with internal high grade intersections of **27 metres of 1.7% Cu including 6 metres at 3.3% Cu and 0.13% Co** with a peak copper grade of 7% Cu over a one metre interval. The higher grades are approximately 150 metres below a previous intersection of 75 metres at 1.33% Cu in OVRC029.

The true width of the mineralised zone is estimated to be approximately 70 metres.

The results of this hole are considered to confirm the existence or a large IOCG system at Overlander North. The next planned hole will commence testing the core of the adjacent overlapping gravity, magnetic and IP conductivity responses after updated inversion modeling of the geophysical data on the basis of the results of OVD001.



Overlander Modelled 3D Gravity, Magnetics and IP - Cross Section 7673700



Overlander North Cross Section 7673700N with IP Chargeability/Gravity Inversion Shells

OVD001 Chlorite, Biotite, Albite, Chalcopyrite, Pyrite Breccia

OVD001 – Footwall Alteration

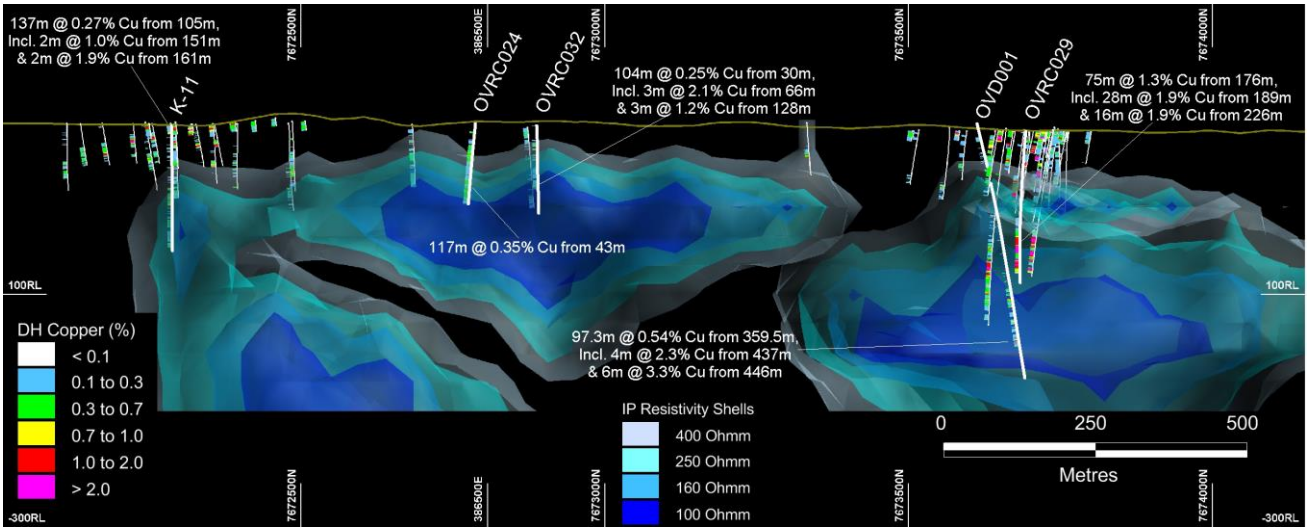
Overlander Central

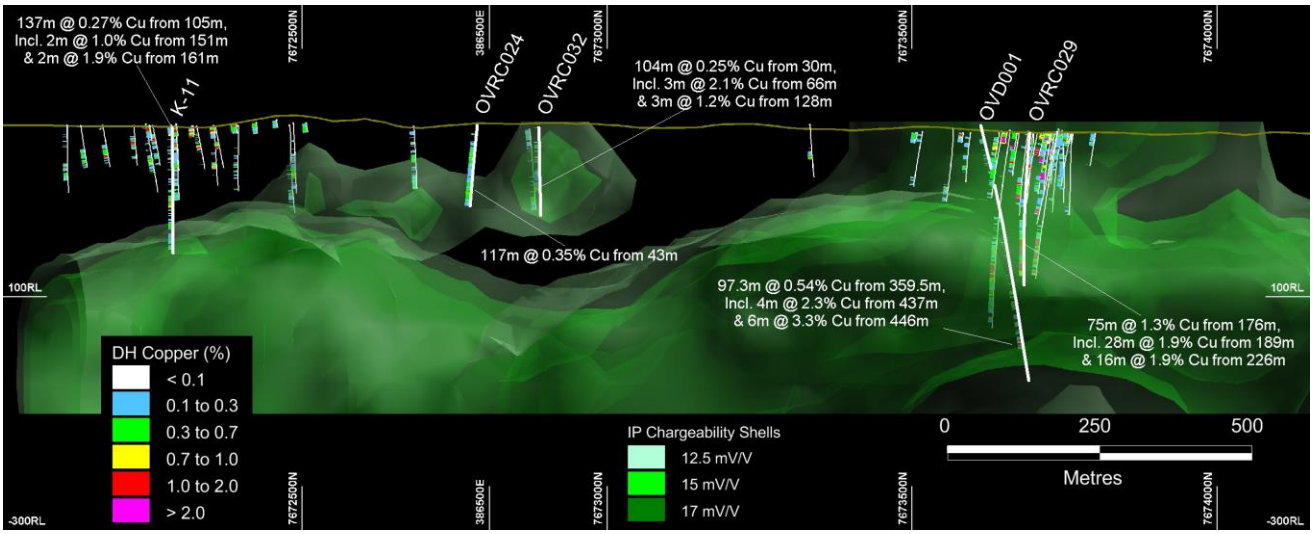
OVRC032 is Hammer's second hole into the rhyolite breccia unit at Overlander Central which abuts the eastern side (or footwall) of the Overlander Shear. OVRC024 which was drilled during 2014 intersected 116m @ 0.34% Cu (with the drill hole terminating in mineralisation). In 2006, Cerro Resources Limited drilled K-11 which intersected 110m @ 0.31% Cu, again with the hole terminating in mineralisation.

OVRC032 was targeted on a shallow zone of increased IP chargeability and low resistivity about 100 metres along strike to the north of OVRC024 and intercepted 71 metres at 0.31% Cu from 61 metres within a broader envelope of 104 metres at 0.25% Cu, consistent with previous intersections. Sections of the mineralised breccia were stoped out with barren post-mineral pegmatite dykes. Within this envelope, zones of higher grade mineralisation included 3m at 2.1% Cu from 66m and 3m at 1.2% from 128m.

To date drilling has tested 250 metres of the mapped two kilometre strike length of this unit to relatively shallow depths. The breccia is up to 75 metres in width hence the consistent disseminated mineralisation represents a large tonnage copper target.

Inversion modeling of the recent IP survey data has outlined several strong chargeability and resistivity anomalies below the current depth of drilling at Overlander. These anomalies are interpreted to be related to the rhyolite breccia zones as well as the Overlander Shear Zone and the Overlander North IOCG target. This suggests that a large scale alteration system was operating at Overlander and the mineralisation styles observed are related. (Refer to ASX release dated June 5th 2015.)





Overlander Central Long Section showing drillholes which have intersected the crackle breccia. Resistivity (top) and Chargeability (below)

Hammertime

Hammertime is a recently discovered copper-gold soil and rock chip anomaly coincident with an extensive zone of IOCG style alteration located 2km west of Hammer's Kalman Cu-Au-Mo-Re deposit.

Hammertime Prospect

The surface geochemical anomalism and alteration at Hammertime extends for approximately 4km north-south and up to 800 metres east-west in the hanging wall of the major east-dipping Ballara Fault zone.

HTRC001 was drilled at the northern end of the alteration zone which extends a further 400 metres to the east from HTRC001, suggesting the Hammertime mineralised zone is potentially several hundred metres thick in this area. The drill hole intercepted IOCG alteration with disseminated copper-gold mineralisation from surface down to the drill hole's intersection with the Ballara Fault at 220 metres depth.

The broad mineralised envelope contains higher elevated zones of copper and gold with individual 1 metre intervals with results of up to 1.23% Cu and 0.43g/t Au within a 216 metre zone averaging 0.17% Cu. The consistently elevated gold values relative to the copper values indicates potential for significant gold content in higher grade parts of the system. (Refer to ASX release dated June 3rd 2015.)

Hammer considers this to be an excellent result for our first hole into Hammertime. The size of the altered and mineralized zone indicated by this hole is remarkable and the presence of elevated gold values also provides confidence that this major zone of alteration and mineralisation can contain a significant copper-gold deposit. Further work will focus on vectoring toward higher grade sections within the zone.

Andy's Hill

Three RC holes for 903 metres (AHRC001-AHRC003) were drilled at the Andy's Hill IOCG Prospect, located approximately 5 kilometres south of the Overlander North IOCG anomaly. (Refer to ASX release dated June 5th 2015.)

Recent detailed gravity, magnetic and IP surveys at Andy's Hill outlined several large overlapping anomalies indicative of IOCG mineralisation which had not been adequately tested by previous drilling. (Refer to ASX releases dated November 26th 2014 and March 17th 2015.)

The recent RC drilling was designed to provide an initial test of zones of low IP-resistivity and elevated chargeability and gravity to the south of AH-001 drilled in 2011. The three drill holes intersected broad zones of semi-massive magnetite and red rock altered meta-sediments containing widespread disseminated copper mineralisation (chalcopyrite) along with intervals of strongly elevated rare earth elements (cerium and lanthanum).

The copper mineralisation tended to occur between and on the margins of the magnetite bodies associated with actinolite-albite-pyrite-magnetite alteration. The holes did not fully penetrate through the alteration zone which is up to 300 metres wide (or the interpreted geophysical) anomalies and may be deepened by diamond core drilling at a later date.

The best results include 24 metres at 0.28% Cu from 209 metres in AHRC001 and 14 metres at 0.2% Cu, 2469ppm Ce and 1955ppm La from 63 metres in AHRC003 Peak values of 1.98% Cu, 7420 ppm Ce and 5780 La occur over any individual metre intervals.

The drilling confirmed the significant size and complexity of the IOCG system at Andy's Hill with further work focusing on the alteration and geochemical data to determine vectors to ore grade copper mineralisation within the system as well as structural mapping to locate favourable breccia zones.

Andy's Hill East

Follow-up rock chip sampling of a copper-gold soil geochemical anomaly 500 metres to the southeast of Andy's Hill located sheared and quartz veined sediments and volcanics with rock chip values ranging up to 3.2% Cu and 1.71g/t Au. (A full list of the rock chip sample locations and results is included in Appendix 2.)

Kalman West

The Kalman West Prospect is located between the Pilgrim Fault Zone (which hosts the Kalman deposit) and the Ballara Fault Zone which controls the western boundary of the Hammertime mineralisation.

Kalman West is situated on a seven kilometre long splay fault off the regional scale Pilgrim Fault with anomalous copper, gold, lead and zinc from previous soil sampling. Drilling by a previous explorer returned encouraging intercepts including 24m @ 0.46% Cu and 0.24% Pb.

Hammer has conducted limited rock chip sampling over the soil anomaly returning elevated gold (0.11g/t and 0.20g/t) and lead (0.37% and 0.52%).

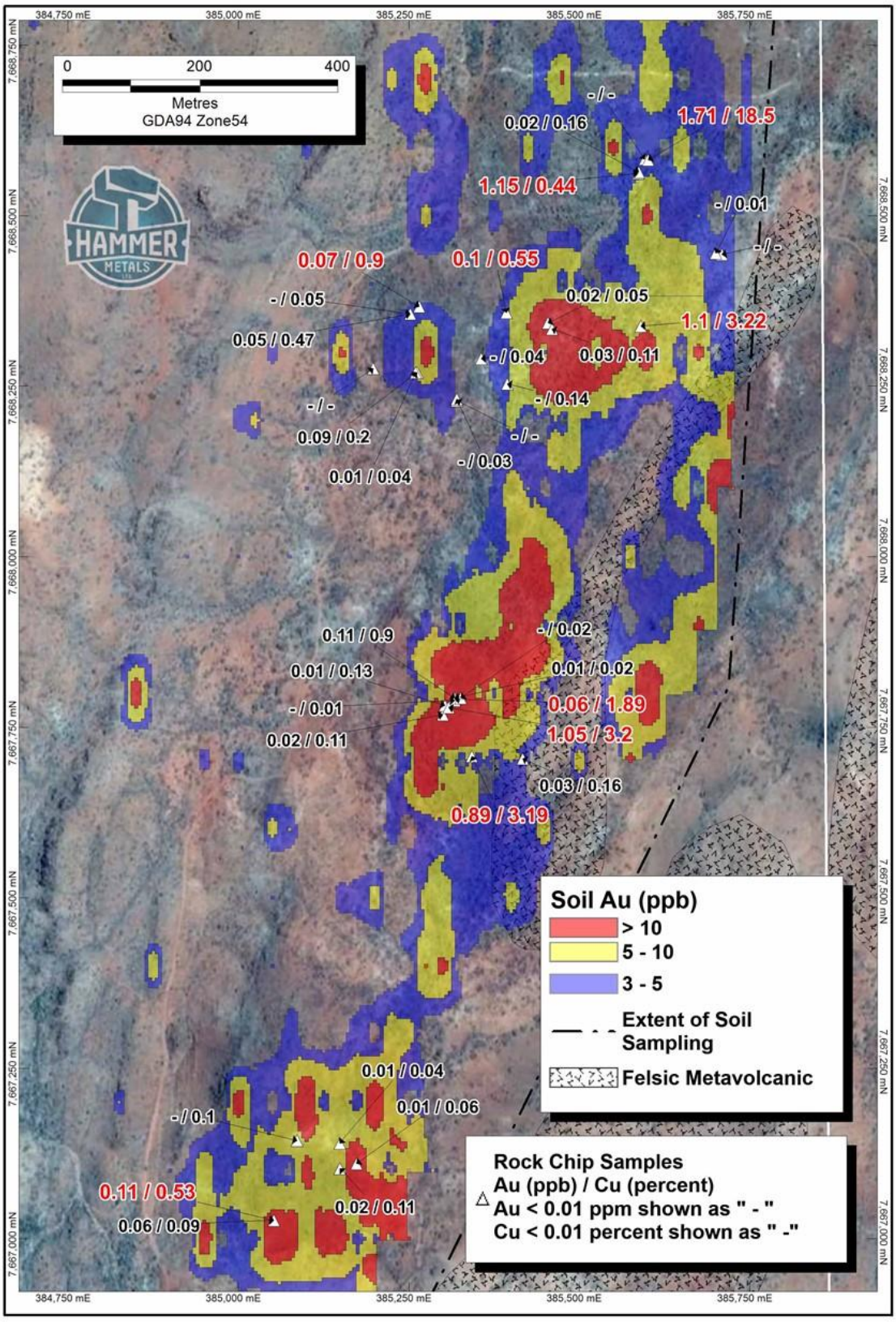
The Kalman West multi-element trend is considered highly prospective. The soil anomaly remains open to the north and further rock chip sampling and soil sampling along strike are planned. (Refer to ASX release dated June 3rd 2015 for further details.)

Future Activities at Mount Isa

The data collected from the recent mapping and drilling programs will be incorporated into the current geological and geophysical models and used to improve targeting prior to commencing follow-up drilling. The Overlander prospect remains a priority target and is expected to be the focus of the next drilling program. Mapping and sampling programs are planned for Hammertime, Dronfield and Scalper and remodeling of the Overlander and Kalman deposits has commenced in preparation for Mineral Resource updates.

In the meantime in-house data compilation and generative work continues to progressively produce new targets such as Kalman West (Cu-Au-Pb-Zn) and Andy's Hill East (Cu-Au).

Hammer continues to apply for new tenements over areas we consider to be prospective for copper and gold and which complement the current Mount Isa project holdings in the Mary Kathleen Belt and relinquish areas of lesser prospectivity. Hammer now holds a coherent tenement package totaling approximately 2300km^2 in the Mount Isa mining district.



Andy's Hill East Rock Chip locations

GOLDEN PEAKS PROJECT (QLD) – (Farm-in Agreement with Perilya Limited)

No field work was completed. A comprehensive review of the project data was completed and report prepared which will form the basis for the further exploration for volcanic hosted massive base metal sulphide mineralisation. EPM 15810 (100% Hammer Metals) and MDL13 were surrendered during the quarter. The area covered by MDL13 was included into the surrounding tenement (EPM15810) held by Perilya. EPM 15810 was renewed for a period of 5 years.

CORPORATE

Subsequent to the end of the quarter the Company finalised terms for a capital raising of $1 million. (Refer to ASX release dated July 27th 2015.) The capital raising comprised a placement to sophisticated investors at 6 cents per share to raise $350,600 and an unsecured loan, from the Company's major shareholder the German resources company Deutsche Rohstoff AG. The loan for $650,000 has a 2 year term and is convertable by both the Lender and the Company at a fixed price of 6 cents per share. One option for every two ordinary shares issued with a term of 2 years and 10 cent strike price are to be issued to participants in the raising.

Directors, Russell Davis and Alexander Hewlett, who have applied to participate in the raising will seek shareholder approval at a General Meeting that is expected to be held in early September.

Hammer's Board has taken steps to reduce operating costs where feasible and also by reducing fees for executive directors by 32%.

- ENDS -

For further information, please contact:

Alex Hewlett

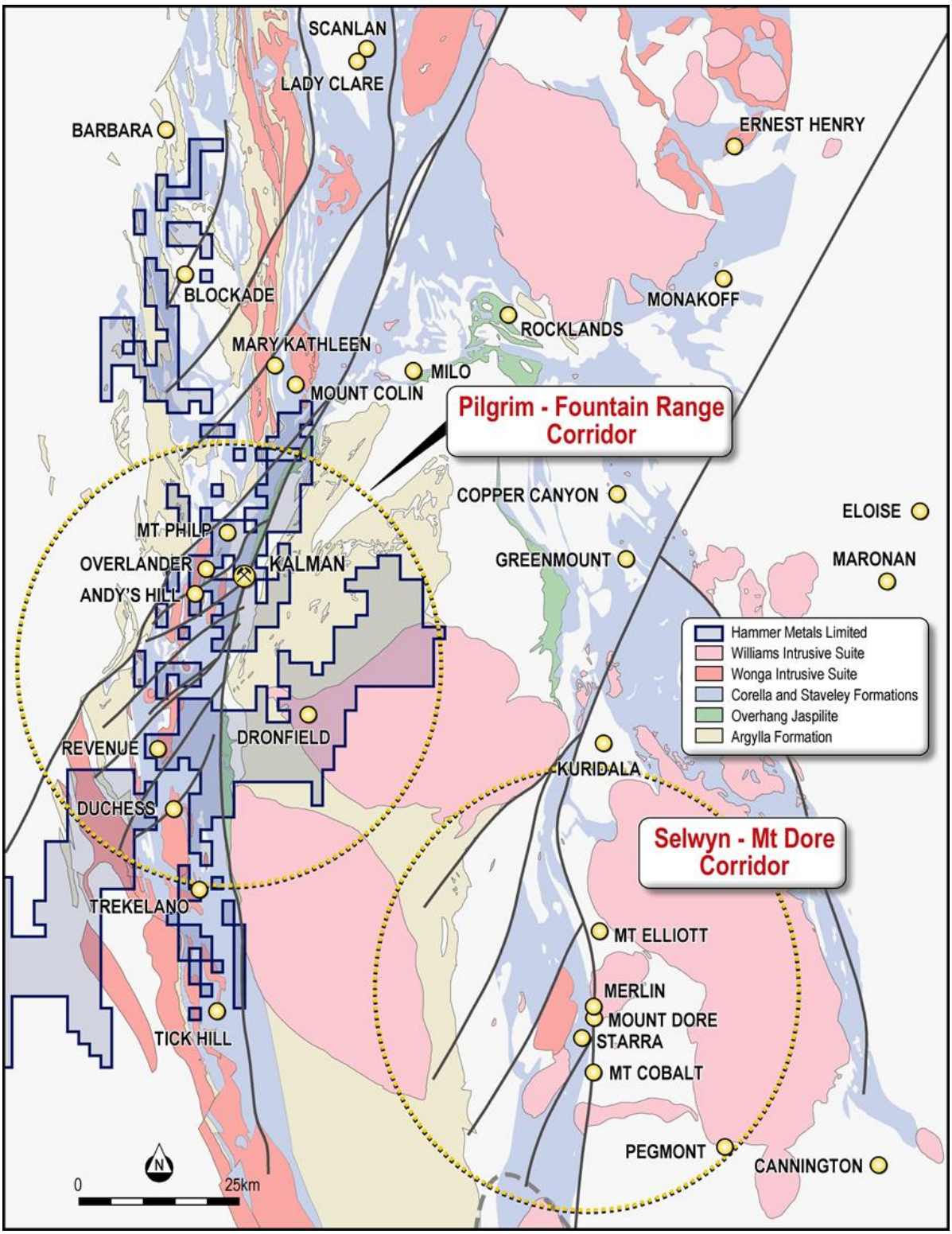
Executive Director

Hammer Metals

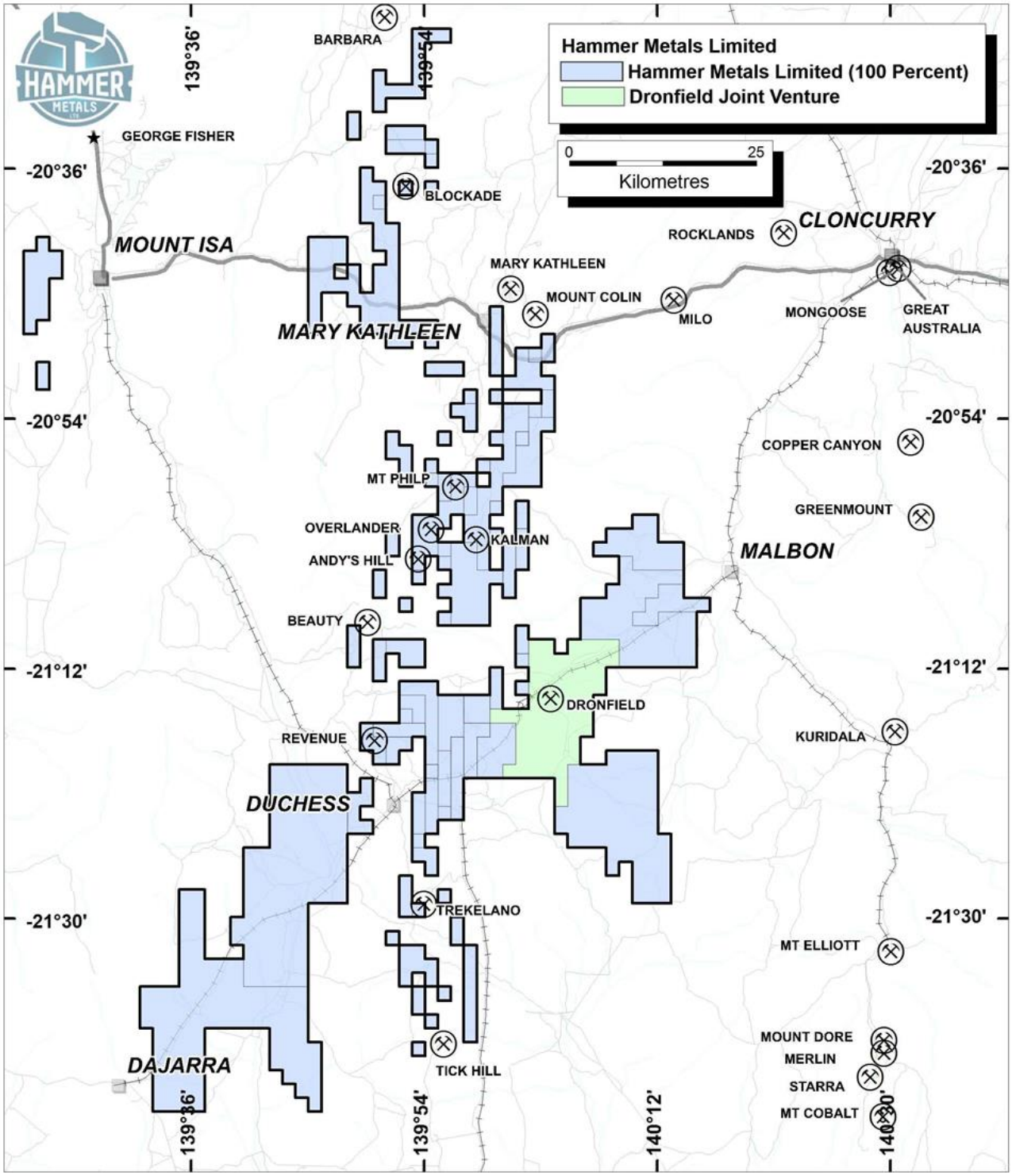
Tel: +61 8 9271 0149

Competent Person's Statement

The information in this report as it relates to exploration results and geology was compiled by Mr. Mark Whittle, who is a Member of the AusIMM and a consultant to the Company. Mr. Mark Whittle 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. Whittle consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.



Project Locations



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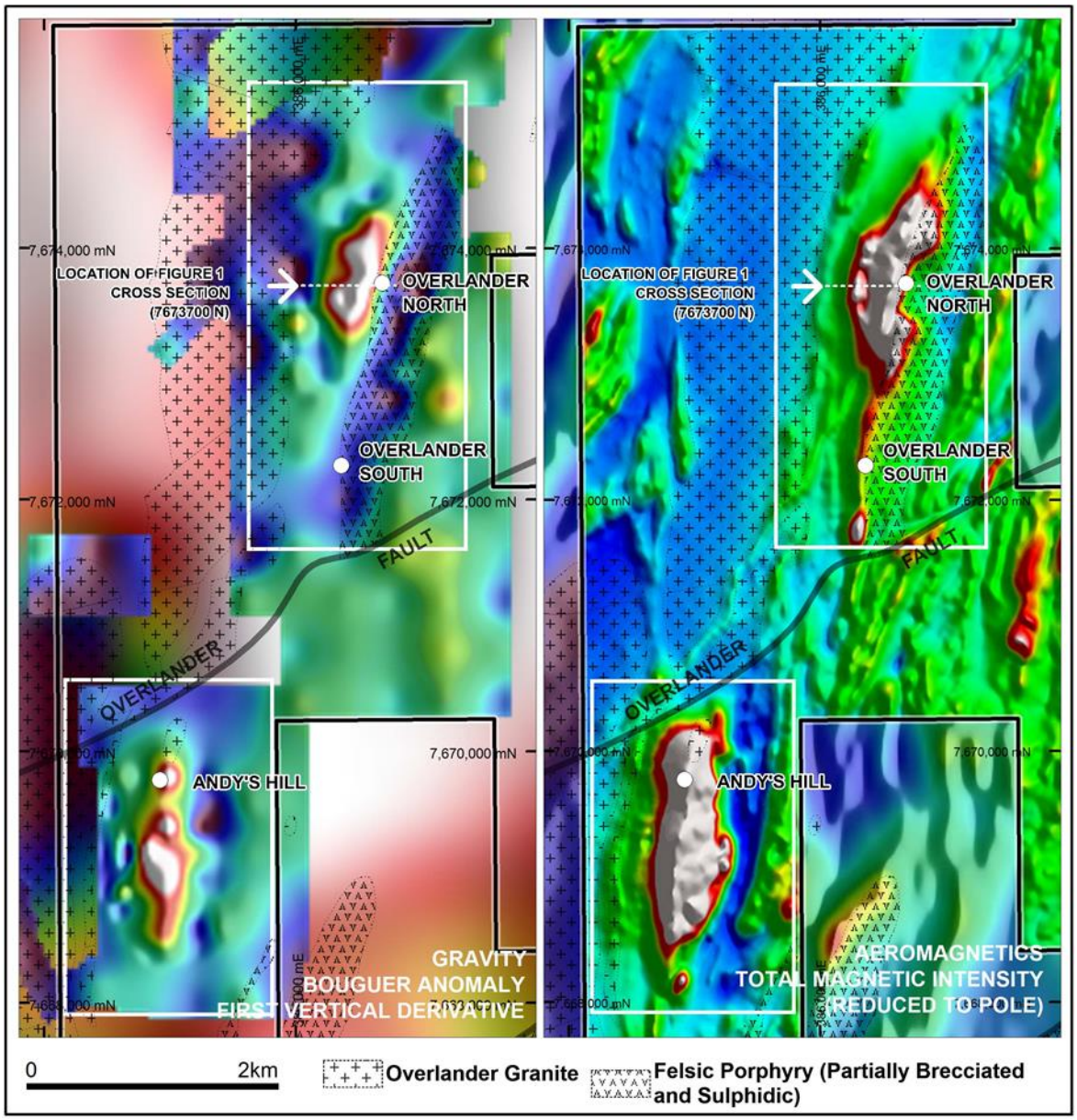

Overlander and Andy's Hill IOCG Project Areas

Appendix 1

Tenement Interests at End of June 2015 as per Listing Rule 5.3.3					
Project	**Tenement Number**	**Status**	**Interest at end of Quarter**	**Acquired during quarter**	**Comment**
Leonora - WA	E40/295	Granted	100%	No	
	E40/312	Granted	100%	No	
Pilbara Iron Ore - WA	M08/506	Application	100%	No	
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	
	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	
	EPM 25666	Application	100%	No	
	EPM 25686	Granted	100%	No	
	EPM 25777	Application	100%	No	
	EPM 25866	Application	100%	No	
	EPM 25867	Application	100%	No	
	EPM 25892	Application	100%	No	
	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	Relinquished	0%	No	Area incorporated into EPM 15810
	EPM 19831	Relinquished	0%	No	Relinquished

Appendix 2

Rock Chip Sample Listing – Andy's Hill East

Sample No	East	North	Au_ppm	Cu_ppm	Cu_%	Fe_%	Ni_ppm	Ag_ppm	Co_ppm
E35728	385198	7668276	<0.01	47		1.4	13	0.1	12
E35729	385252	7668356	0.05	4670		17.55	913	0.1	422
E35730	385252	7668356	<0.01	480		2.82	42	0.1	20
E35731	385265	7668367	0.07	9020		2.09	70	0.3	42
E35732	385393	7668358	0.1	5470		3.99	54	0.1	48
E35733	385454	7668343	0.02	474		1.44	58	0.1	18
E35734	385460	7668334	0.03	1070		2.35	34	0.1	15
E35735	385590	7668338	1.1	>10000	3.22	10.85	28	1.4	112
E35736	385709	7668443	<0.01	28		0.66	2	0.1	1
E35737	385700	7668445	<0.01	109		6.65	24	0.1	19
E35738	385586	7668562	1.15	4420		29.9	1205	0.4	46
E35739	385587	7668564	0.02	1630		3.63	47	0.1	22
E35740	385596	7668583	<0.01	73		16.25	41	0.1	13
E35741	385601	7668582	1.71	>10000	18.5	31.8	897	6.8	186
E35742	385262	7668270	0.09	1990		16	689	0.1	148
E35743	385260	7668270	0.01	428		3.6	40	0.1	23
E35744	385394	7668253	<0.01	1370		6.92	57	0.2	39
E35745	385356	7668290	<0.01	382		2.84	41	0.1	18
E35746	385320	7668229	<0.01	32		4.08	6	0.1	4
E35747	385320	7668231	<0.01	273		2.08	17	0.1	18
E35748	385317	7667793	0.11	9000		29.1	333	0.1	85
E35749	385317	7667791	0.06	>10000	1.89	8.8	98	0.1	65
E35750	385317	7667793	0.01	220		3.25	3	0.1	2
E35751	385317	7667789	<0.01	109		0.75	4	0.1	1
E35752	385326	7667793	<0.01	216		2.56	32	0.1	18
E35753	385300	7667768	0.02	1090		1.17	11	0.1	6
E35754	385303	7667782	0.01	1310		2.79	19	0.1	15
E35755	385308	7667779	1.05	>10000	3.2	24.8	44	0.3	971
E35756	385342	7667707	0.89	>10000	3.19	35	322	0.6	181
E35757	385417	7667704	0.03	1580		1.14	23	0.1	27
E35758	385173	7667110	0.01	648		3.76	41	0.1	22
E35759	385149	7667103	0.02	1110		3.11	34	0.1	26
E35760	385149	7667140	0.01	361		1.79	29	0.1	9
E35761	385086	7667144	<0.01	957		0.96	51	0.1	39
E35762	385052	7667027	0.06	922		1.03	34	0.1	38
E35763	385052	7667027	0.11	5280		1.52	16	0.1	20
Location	Location relative to GDA94 Datum Zone 54								
Analyses	Au Fire Assay with AAS Finish								
	Other analyses conducted as part of a multi-element ICP Suite								

JORC Code, 2012 Edition

Table 1 report – June 2015 Quarterly

- The attached release pertains to activities carried out in the June 2015 Quarter. With the exception of the Andy's Hill east rock chips all other results have been reported previously. Therefore the description below pertains solely to the newly reported rock chips.
- In relation to other results reported, the reader is referred to releases made during the quarter which are referenced in the document.

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections in this information release.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Samples were collected using geological criteria (visual inspection). • All samples submitted for assay underwent a fine crush with 1kg riffled off for pulverising to 75 micron. Samples were submitted for aqua regia digest followed by fire assay for gold and ICP analysis for a range of elements including copper, silver, cobalt and molybdenum.

Criteria	JORC Code explanation	Commentary
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Rock Chips Sample (5kg).
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Not Applicable
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Geological descriptions of the rock chip samples was conducted in the field.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Sample were selected based on geological features and attempts were made to sample across lithologies and mineralised features where practicable. • The aim of the sampling was a first pass attempt to assess grade variation of mineralised structures within an area of elevated soil geochemistry. As such the sampling density is appropriate. • The 5kg sample size is appropriate for this method of sampling.
Quality of assay data and	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered*	• All samples were analysed by ALS for a range of elements by ME-ICP41 after an aqua regia digest. Gold was analysed by Au-AA26. Cu values

Criteria	JORC Code explanation	Commentary
laboratory tests	*partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	greater than 1% were reanalysed by ME- OG46. Any other elements which exceeded their maximum analytical limits were re-analysed by the relevant over-grade methods for the particular element. • Standard reference samples and blanks were not inserted however for the analysis batch, a total of 21 lab-internal standards and blanks were reported. These lab quality control samples are reviewed and stored in the Hammer Exploration database.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• All results were checked by alternative company personnel. • Assay files are received electronically from the laboratory. Below-detection limit (BDL) results are shown as "<DL" in Appendix 2 of the report.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Sample positions are collected to GPS accuracy (+-5m) • Grid used is UTM MGA 94 Zone 54. • RL's for the sample positions area calculated from a Digital Terrain Model. The DTM is constructed from 50 metre line-spaced spaced aeromagnetic data.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• This sampling is a first pass broad assessment of the tenor of an area noted as having elevated gold and copper soil geochemistry. Only gross relationships can be inferred from this density of sampling and the results obtained cannot be extended to larger areas. • No compositing of the data has occurred.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this*	• Sampling was conducted to assess differing lithologies encountered and at all times, sampling orientation was perpendicular to mineralised trends.

Criteria	JORC Code explanation	Commentary
	should be assessed and reported if material.	
Sample security	• *The measures taken to ensure sample security.*	• Pre-numbered bags are used and transported by company personnel to the ALS Laboratory in Mount Isa. ALS transports samples to its laboratories in Townsville or Brisbane as required.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits or reviews have been undertaken on this dataset.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The Andy's Hill East Prospect is located within EPM14232. EPM14232 is held 100% by Mt Dockerell Mining Pty Ltd (which is a 100% owned subsidiary of HMX). No royalties are applicable on EPM14232. • The Andy's Hill East Prospect is located within the Kalkadoon Native Title claim area. • EPM14232 is in good standing with the Queensland Department of Mines.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Syndicated Metals Limited and Cerro Resources Limited have conducted soil sampling over the Andy's Hill East Prospect and this sampling is illustrated as contoured gridded data on the relevant maps in this release.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• At Andy's Hill East mineralisation is located along shear structures within Corella Formation. The current observations suggest that mineralisation is of shear zone hosted copper (-gold) style similar to the Trekelano, Barbara or Mount Colin Deposits.

Criteria	JORC Code explanation	Commentary

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		• See the attached table in Appendix 2 which lists all samples collected over the area by Hammer Metals Limited.

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Not Applicable.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Not Applicable.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These*	• See attached figures

Criteria	JORC Code explanation	Commentary
	should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All rock chip samples taken in the area are shown on figures and tabulated in Appendix 2.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Refer to the release.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• It is envisioned that these areas will be further examined with a view to defining drill targets during the 2015 field season.

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")

30 June 2015

Consolidated statement of cash flows

		Curent quarter $A'000	Year to date (12 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	(632)	(2,464)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(124)	(900)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	3	17
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other - R&D tax incentive	-	589
	Net Operating Cash Flows	(753)	(2,758)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	(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	-	(5)
1.13	Total operating and investing cash flows (carried forward)	(753)	(2,763)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(753)	(2,763)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	2,450
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	-	2,363
	Net increase (decrease) in cash held	(753)	(400)
1.20	Cash at beginning of quarter/year to date	1,145	792
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	392	392

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	88
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	120
	Total	**320**

Note: The cash out flows for the next quarter will be dependant on the availability of working capital. The Company has announced a placement and additional funding mechanism subsequent to the end of the quarter.

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	392	1,145
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	392	1,145

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	MDL13	Relinquished – HMX could earn up to 60% interest from Perilya	0%	0%
		EPM 19831	Relinquished	100%	0%
6.2	Interests in mining tenements acquired or increased			-	-

+ 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)*	-	-		
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	- -	- -		
7.3	**+Ordinary securities**	101,825,401	101,825,401		
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
		3,811,953	-	$0.15	6 Feb 2018
7.8	Issued during quarter			*Exercise price*	*Expiry date*
		-	-	-	-
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: 31 July 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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