

31 October 2022

2022 Annual Report

Hammer Metals Limited (ASX:HMX) (“Hammer” or “the Company”) is pleased to attach its Annual Report for the year ended 30 June 2022.

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This announcement was authorised for issue by Mark Pitts, Company Secretary, Hammer Metals Limited.

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Annual Report

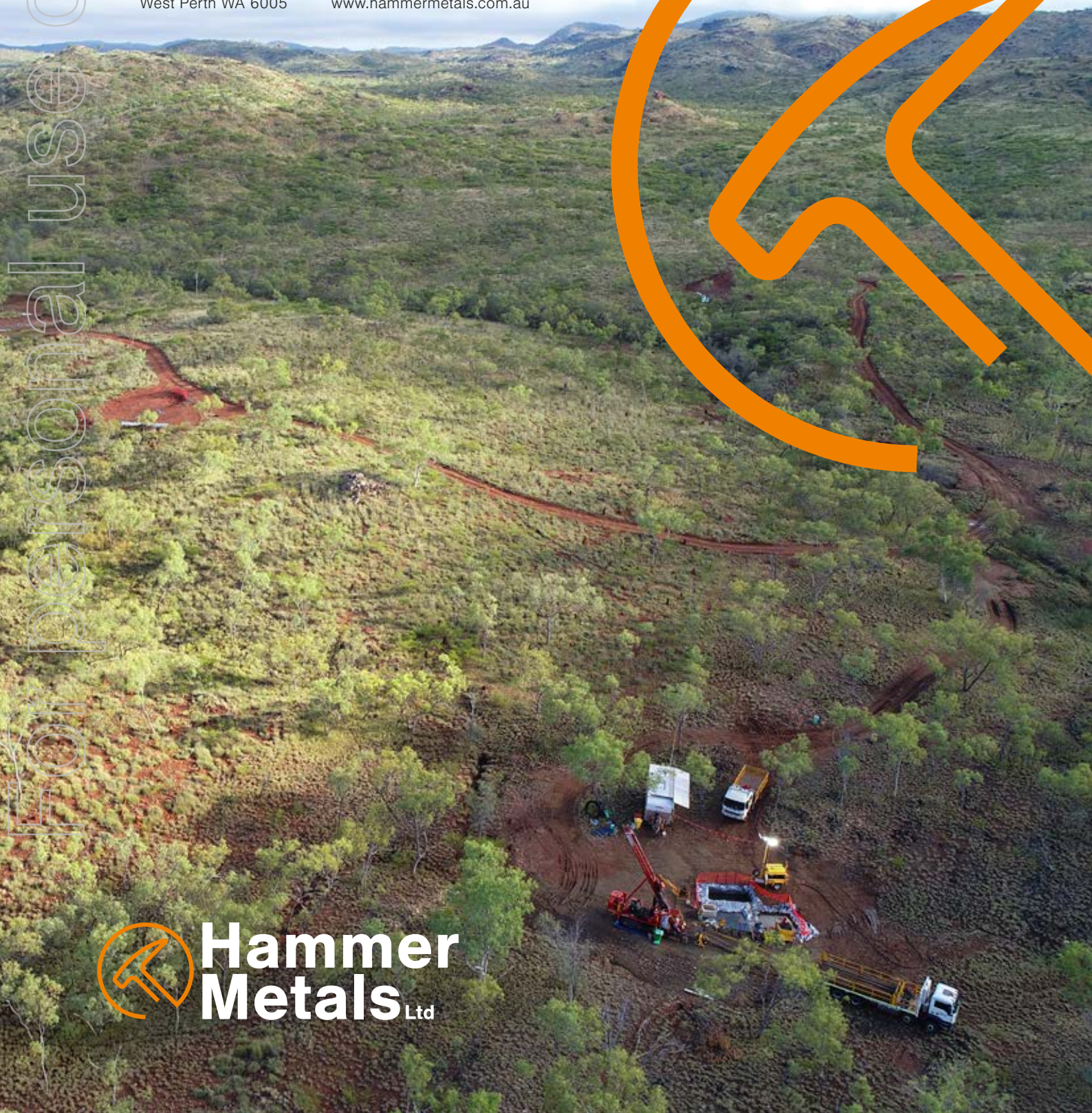
2022

Hammer Metals

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**Hammer
Metals** Ltd

ABN

87 095 092 158

ASX

HMX



BOARD OF DIRECTORS

Russell Davis
Non-Executive Chairman

Daniel Thomas
Managing Director

Zbigniew Lubieniecki
Non-Executive Director

David Church
Non-Executive Director



COMPANY SECRETARY

Mark Pitts



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ASX Limited
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CORPORATE GOVERNANCE

The Company's corporate
governance statement
can be found at the following
URL: [www.hammermetals.com.
au/company-profile/corporate-governance/](http://www.hammermetals.com.au/company-profile/corporate-governance/)

Photography by Planetary Geophysics

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Chairman's Letter

It is my pleasure to present Hammer Metals' Annual Report for the 2022 financial year.

Dear Fellow Shareholders,

I will leave Dan Thomas to outline in detail the Company's activities over the past year and what we have planned, but suffice it to say copper exploration at Hammer's Mount Isa project has been the Company's principal focus. A more modest gold program was executed at Bronzewing South in WA.

At Mount Isa the Company's joint venture with Sumitomo Metal Mining Oceana Pty Ltd has proved to be a productive exploration partnership, with a high level of activity being undertaken alongside Hammer's 100% funded exploration programs. The funding from Hammer's capital raisings last year along with the JV funding has permitted strong and consistent exploration programs over the period, with activities ranging from Hammer's "large-target" project generation work to the more field based geochemical, geological and geophysical programs. Hammer has drilled over 24,500 metres of aircore, RC and diamond drilling at its projects in the past 12 months with another RC program at Mount Isa currently underway.

There have been several very encouraging developments during the year. Firstly, at Kalman, Hammer's largest deposit containing an estimated 360,000 tonnes of copper-equivalent metal, extensional drilling identified new shallow copper-gold-molybdenum-rhenium zones that have good potential to add shallow open-pittable material to the Kalman resource inventory. This discovery along with a sustained improvement in the molybdenum price and the positive results from the initial ore sorting test work have enhanced Kalman's development potential and provide strong justification for a rigorous campaign to move Kalman forward. A program of extensional and definition drilling of this new zone is currently underway, and the next stage of metallurgical test work is being planned.

Of most benefit to Hammer's growth and capacity to expedite the potential development of Hammer's resources will be the discovery of additional high-grade copper mineralisation within trucking distance of Kalman and I am pleased to note that progress is being made in this regard.

New zones of high-grade copper mineralisation have been discovered at Ajax, Ajax East and Pearl highlighting the substantial potential for discovering new resources along the +10km long Trafalgar trend. A Mineral Resource Estimate for the Lake View copper-gold deposit located 2km west of Ajax is also underway.

With respect to Hammer's "large target" generative work the Company has delineated new IOCG targets "under cover" at Bullrush, located 10km north of Rio Tinto's recent discovery of a large IOCG system at Devoncourt. Other exciting developments include the discovery of a previously untested large-scale altered and mineralised zone at Jimmy's Creek, as well as a series of strong VTEM conductors north of the high-grade Tick Hill gold mine. Both these areas are located adjacent to the regional scale Pilgrim Fault, in a similar structural position to the Kalman Deposit.

In the background Hammer has been assembling a suite of exciting Rare Earth Element (REE) targets such as Hardway and Yellowstone. These targets will be drilled in coming months.

There is good reason to look forward to the year ahead. Although metal prices have softened in recent months the range of commodities in Hammer's portfolio are fundamental to supporting the global energy transition, and our gold project provides a useful option on a recovery in the gold price. Increasing corporate activity in the copper space in general, as well as in the Mount Isa district itself, are all positive indicators that Hammer is well positioned both in a geographical and commodity sense.

In conclusion I would like to thank Hammer's supportive shareholders, our joint venture partners at Mount Isa (Sumitomo Metal Mining Oceania and Glencore) as well as our small but effective team led by Dan for their efforts over the past year. The Hammer Metals team is committed to making a significant exploration discovery and delivering a positive outcome for our shareholders.

Sincerely,



Russell Davis
Chairman

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Corporate Strategy

- Position the company for discovery, through innovative and focused exploration for large copper-gold and gold deposits in two of the world's great metal provinces.
- Grow the Company's defined JORC resources to progress to a viable mining development scenario in Mount Isa.
- Work to consolidate and improve the quality of the Company's tenement positions.
- Operate safely and effectively.
- Deliver positive financial returns to shareholders.

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Operational Highlights

- Extension of known mineralisation at Hammer's Kalman Cu/Au/Mo/Re project at shallow depths to the north of the existing JORC resource.
- Discovery of the Ajax and Pearl copper/gold trends. These prospects extend for ~5km from the northern edge of the Trafalgar trend and continue up to Hammer's Lakeview prospect. The highly prospective trend contains a significant sulphide rich system with zones of high-grade copper occurrences.
- Hammer acquired new tenements across a southern section of the Mount Isa fault and along the prospective IOCG corridor near Mount Hope and along the Fountain Range Fault.
- Completion of broad scale geophysical programs including ground, downhole and airborne EM surveys, IP surveys, detailed gravity surveys and aerial and ground magnetic surveys generating sizeable highly prospective copper/gold targets.
- Completed over 24.5km of drilling across a wide variety of targets in the Mount Isa and Yandal projects.
- Continued to define new prospective targets across lightly explored tenure in the Yandal gold belt.



Corporate Activity

During the year, the Company further enhanced its standing in the Mount Isa region through several new tenement applications in the highly sought after Mount Isa copper district.

The Company's corporate activities are focussed on enhancing the capacity of our exploration team to make discoveries through adequate funding, as well as securing tenements or projects that improve the quality and potential of the Company's exploration portfolio.

The company continued to grow its portfolio with the addition of several prospective tenements near the Company's existing tenure along the Fountain Range and Mount Isa fault structures. In August, 2021 the company officially welcomed Sumitomo Metal Mining Oceania ("SMMO") as our new partner in the Mount Isa East Joint Venture.

With a reinvigoration of our Mount Isa exploration portfolio, activities at our Yandal project slowed during the year. Tenure acquired during FY21 were subject to their inaugural work programs with initial programs delineating new and exciting nickel and gold targets.

Earlier in FY22, the Company successfully divested its non-core early-stage Iron Ore project in Western Australia for a consideration of \$325,000 and a future NSR royalty of 0.5% on all Iron Ore sales.

During the period, the Company completed a diamond drilling program targeting copper mineralisation below the Mount Phiilp Iron Ore project. The program, as part of the MIEJV, was part funded with the assistance of a ~\$148k Collaborative Exploration Incentive (CEI) grant from the Queensland State Government. The Company also successfully applied for and received a Research and Development Tax Incentive refund of ~\$615k from the Federal Government.

As reported in an ASX release on 15 July 2021, the company finalised the FY21 capital raising with shareholder approval for the director's participation in the program with 6,842,104 shares purchased at a price of 9.5c per share raising an additional \$650,000. No additional fundraising activities occurred during FY22.

Management actively interacts with the investment and exploration community. The Company's website (www.hammermetals.com.au) provides additional project and corporate information and access to previous announcements.



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Mt Isa Project (QLD)

The Company is an active mineral explorer in the Mount Isa region, focused on discovering large copper-gold deposits of the Ernest Henry style and has a range of prospective targets at various stages of testing.

Through its wholly owned subsidiaries, the Company holds a strategic tenement position covering over 2,700km² with 100% interests in the Kalman (Cu-Au-Mo-Re) deposit, the Overlander North and Overlander South (Cu-Co) deposits, the Elaine-Dorothy (Cu-Au) deposit and a 51% interest in the Jubilee (Cu-Au) deposit.

The ground position is focused on major regional-scale structural zones and extends for over 100km from Mary Kathleen in the north to the Tick Hill area in the south.

The position established by Hammer over the past decade secures Hammer an enviable position in one of the world's most prospective base metal provinces.

Renewed exploration success in the Mount Isa region and the ongoing consolidation of prospective projects in the region is a timely reminder of the inherent value contained within Hammer's portfolio.

With the world's increasing focus on cleaner forms of energy and the pursuit of battery minerals for energy storage and transportation, known existing mineral inventories will become increasingly valuable.

The Company's discovery of the Ajax/Pearl copper-gold trend was the highlight of the year with a continued reinvigoration of our exciting and advanced base metals prospects in Mount Isa. New drilling at Kalman, the first in almost five years, extended the known limits of shallow primary mineralisation and has opened the potential for a resource upgrade to the project.

The extension of shallow mineralisation at Kalman has encouraged the Company to embark on further exploration of the deposit in addition to advancing our understanding of the suitability of the mineralisation to be upgraded by ore sorting and potential mine planning upgrades. The upcoming drilling program which will comprise of further shallow exploration drilling to the north of the deposit has the potential to re-rate and ultimately upgrade the economics of the project.

Over the past 12 months, international molybdenum prices have continued to strengthen and when considered with the corresponding movements in copper prices the attractiveness of the Kalman JORC resource increases.

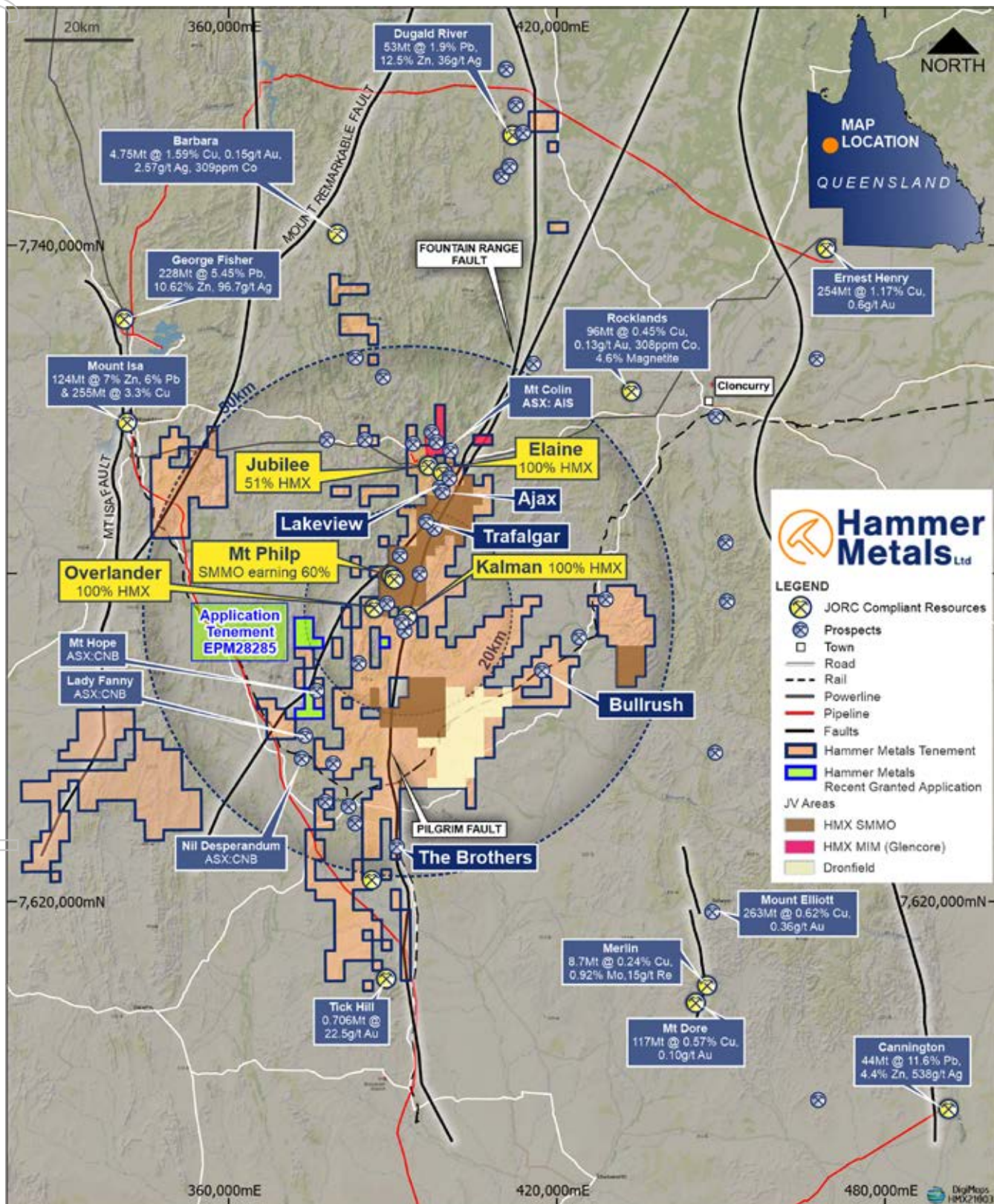
Further drilling along the Trafalgar trend continued to deliver zones of copper and gold mineralisation and when considered with the mineralisation seen at Ajax and Pearl, it highlights the prospective nature of the 18km trend from the south of Trafalgar through to the Elaine (100% HMX) and the Jubilee (51% HMX) copper-gold deposits.

Broad scale geophysical programs, including Electromagnetic (EM), Induced Polarisation (IP), Gravity and Magnetic surveys have further contributed to a growing list of impressive IOCG targets for Hammer in the Mount Isa region. Further ground truthing and geochemical soil sampling programs will lead to the maturation of these prospects and their drilling in FY23.

With defined copper-gold resources at Kalman, Overlander, Elaine and Jubilee (51% HMX) and significant mineralisation being discovered at Trafalgar, Lakeview and Ajax, Hammer is focussing on the expansion of its mineral inventory with a view to advancing the company to become a future base metal miner.

Exploration also expanded to the southern regions of Hammer's tenement holdings with drilling at Overlander and targets being defined at Mascotte and Mount Hope South. The attractiveness of this region has been further enhanced with several targets being identified in a VTEM survey along the Pilgrim fault in the Tick Hill region. Several areas have been identified for further geochemical, geophysical and field mapping activities with drilling targets to be generated during the coming year.

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Mount Isa Project Locations.



Photography by Kate Allen

Copper-Gold Exploration - Kalman and Surrounds

▲ Kalman Deposit

The Kalman Deposit contains 360kt of Copper Equivalent Metal.

The Indicated and Inferred Mineral Resource at Kalman stands at 20Mt at 0.61% Cu, 0.14% Mo, 0.34g/t Au and 3.7g/t Re (1.8% CuEq) (ASX Announcement 27 September 2016). The deposit remains open at shallow depths to the north whilst the down plunge portions of high-grade mineralisation also remain open at depth. With a molybdenum grade of 0.14%, Kalman is the third highest grade undeveloped molybdenum resource in the world.

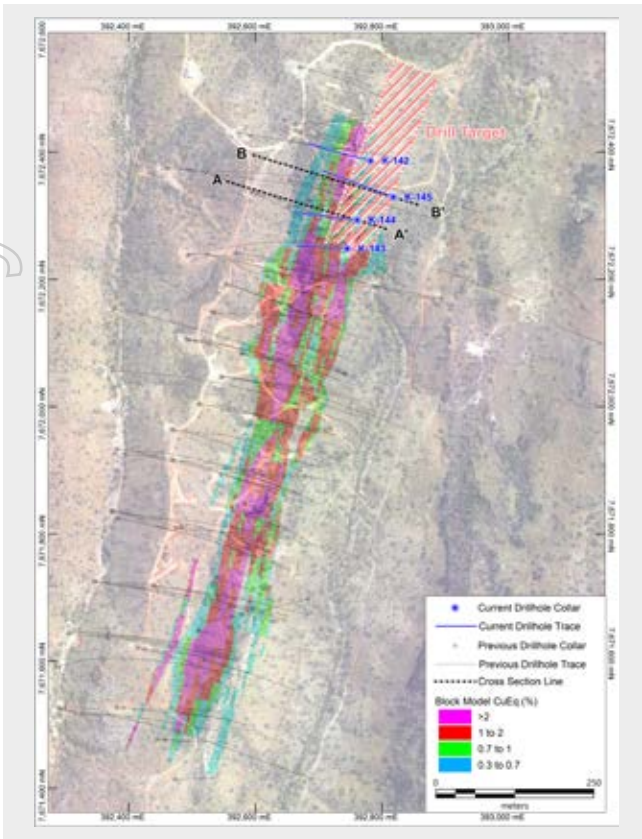
Kalman is Hammer's most advanced prospect with significant mineral inventory. It is near Hammer's other JORC compliant resources at Elaine, Jubilee (51% HMX) and Overlander as well as the Company's lead exploration projects at Trafalgar, Ajax and Pearl. All are located within 30km of the main highway between Mount Isa and Cloncurry.

During the year, four RC holes for a total of 776m were drilled in a poorly tested area at the northern end of the deposit. The successful delineation of near-surface mineralisation in this area has potential to materially upgrade the Kalman resource. Hammer has identified zones for further drilling, targeting this lode along strike and at depth (ASX Announcement 15 February 2022) at the time of this report.

Significant intercepts from the drilling included:

- 64m at 0.23% Cu, 0.12% Mo, 0.10g/t Au, 3.0g/t Ag, and 2.6g/t Re (0.75% CuEq) from 67m in K-143;
 - Including 16m at 0.19% Cu, 0.34% Mo, 0.08g/t Au, 8.84g/t Ag, and 8.59g/t Re (1.71% CuEq) from 114m in including 4m* at 0.66% Mo and 20.78g/t Re from 125m;
- 50m at 0.63% Cu, 0.01% Mo, 0.49g/t Au, 0.5g/t Ag, and 0.1g/t Re (0.79g/t CuEq) from 20m in K-144;
 - Including 16m at 1.38% Cu, 0.01% Mo, 0.84g/t Au, 0.62g/t Ag, and 0.04g/t Re (1.59% CuEq) from 43m and 1m at 7.3g/t Au from 47m;
- 22m at 0.82% Cu, 0.03% Mo, 0.37g/t Au, 0.8g/t Ag, and 0.63%Re (1.0% CuEq) from 99m in K-145;
 - Including 8m at 1.41% Cu, 0.08% Mo, 0.75g/t Au, 1.5g/t Ag, and 1.7g/t Re (1.88% CuEq) from 99m; and
- 9m at 0.65% Cu, 0.23% Mo, 0.27g/t Au, 12.0g/t Ag, and 4.8g/t Re (1.74% CuEq) from 41m in K-142.

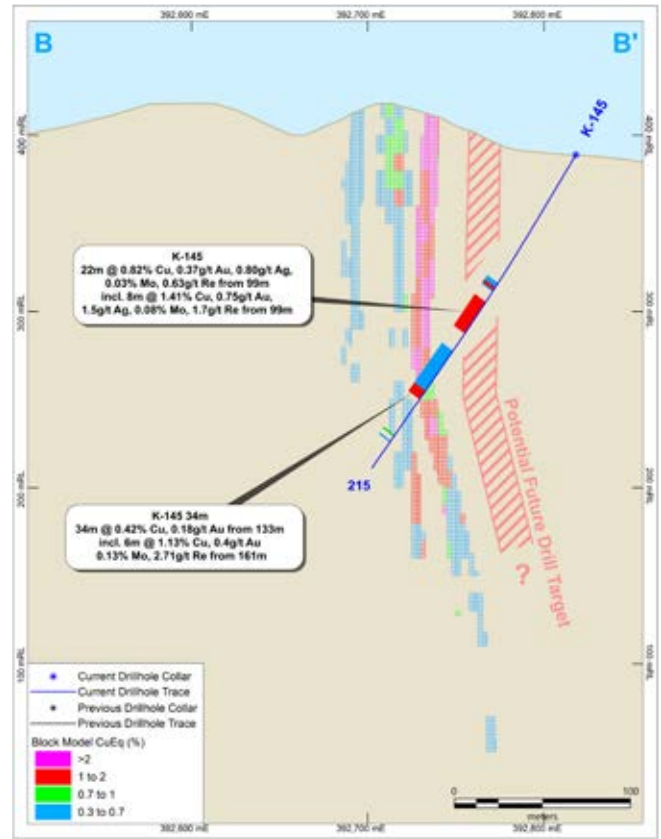
Mineralisation intercepted at 99m in hole K-145 represents an extension of a mineralised lode approximately 100m to the north of the existing JORC resource blocks. Future drilling will aim to extend this zone of mineralisation which remains open at depth and to the north.



Plan view of the Kalman Deposit showing the current resource model, location of K-142 through K-145 and the eastern target zone.

Similarly, a broad zone of mineralisation intercepted in hole K-144 potentially indicates the amalgamation of two interpreted mineral lenses. The previous resource model also constrained the eastern zone of mineralisation at depth below hole K-144. This also represents a zone for further resource definition at a shallow depth which would be amenable to future open pit mining.

A 500kg composite metallurgical sample has been gathered to trial ore sorting beneficiation technology on the project while historical mining scenarios have been revisited to further understand potential mining scenarios and the associated cut-off grades. With copper prices hitting all-time highs (>US\$10,000/t) and molybdenum prices breaching US\$45,000, there is an opportunity to further evaluate potential development options for Kalman and Hammer's other copper deposits at Overlander and Jubilee.



Section through K-145 with high grade intercept outside of the current JORC Resource Model.

Plans for the coming year include:

- Further drilling to add additional JORC resources at shallow depths to the north of the deposit;
- Build on the ore sorting testwork that has recently been commissioned by the Company;
- Update previous mining scenarios to determine potential mining scenarios and associated cut-off grades; and
- If warranted, embark on a new Scoping Study for the deposit.

Operations Summary

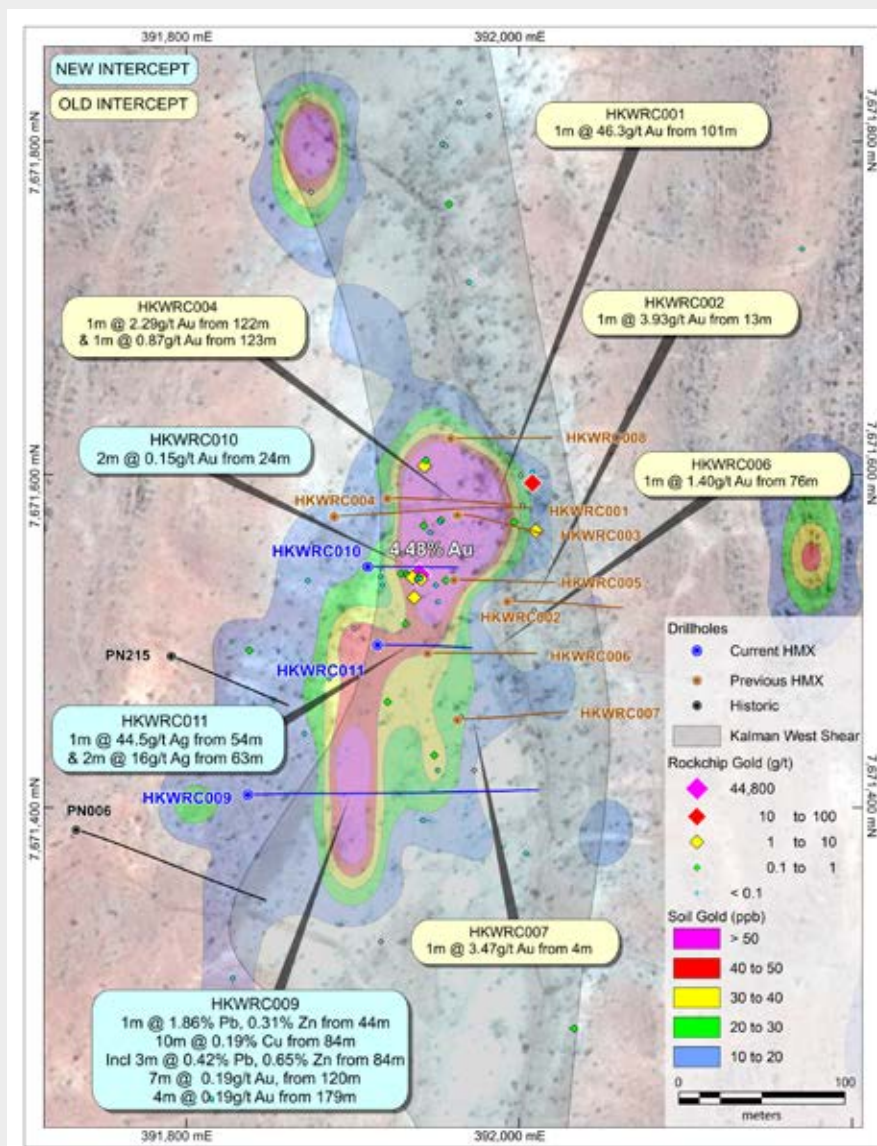
▲ Kalman West

Kalman West is located approximately 1km west of the Kalman Cu-Au-Mo-Re Deposit.

The prospect contains a multi-element soil anomaly partially coincident with a zone of graphitic sediments and a correlating VTEM anomaly. The zone has been previously drilled by Hammer with noted zones of lead, zinc and gold anomalism. The anomaly also aligns with the Magneto-Telluric anomaly that was identified during Hammer's 2020 Queensland government CEI funded survey.

Three holes for 487m were drilled at Kalman West targeting both a MT/VTEM anomaly and a zone of surface quartz veining with visible gold (ASX Announcement 14 October 2021).

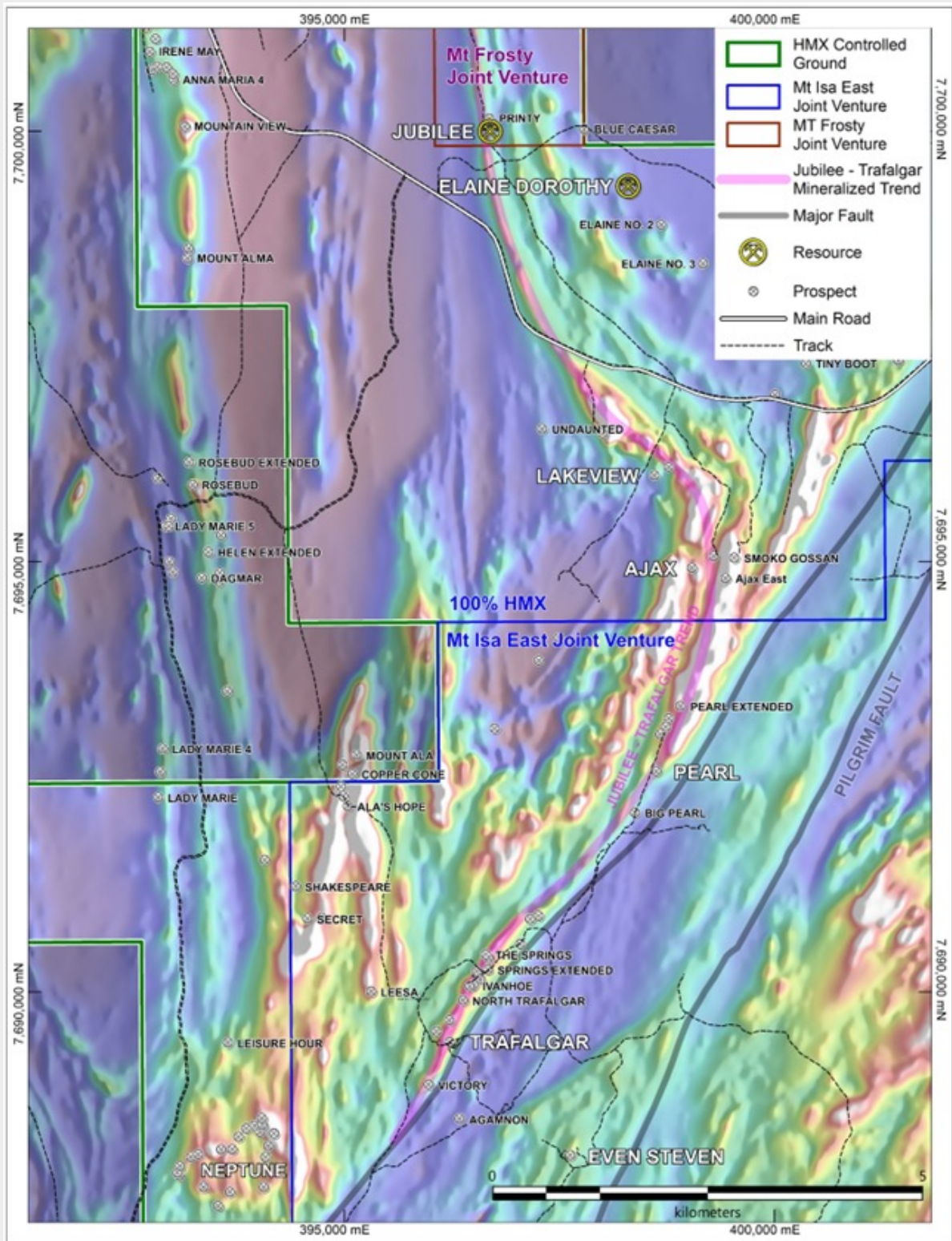
HKWRC009 (299m TD) was drilled to test the shallow expression of an MT anomaly beneath the Kalman West Shear Zone. This hole intersected a copper bearing hanging wall zone on the western margin of the Kalman West Shear Zone followed by anomalous Pb-Zn-Ag mineralisation with individual assays of up to 1.86% Pb, 0.95% Zn and 18.1g/t Ag hosted by graphitic metasediments. Anomalous Au was intersected in structures interpreted to be along strike of several significant gold intersections encountered 200m to the north.



Plan of the Kalman West Prospect (ASX Announcement 14 October 2021).

Northern Minerals Hub

– Ajax, Lakeview, Neptune, Jubilee (51%), Elaine, Pearl (SMMO earning 60%).



Trafalgar-to-Jubilee trend.

Operations Summary

▲ Ajax

The Ajax prospect is located approximately 1.2km south-east of Lakeview along the 15km Trafalgar-to-Jubilee mineralised trend.

Reconnaissance Reverse Circulation (RC) drill-hole HMLVRC014, which was designed to test prospective surface geological features on the Lakeview trend, intersected a significant zone of high-grade copper and gold mineralisation: **11m @ 5.5% Cu and 2.5g/t Au from 24m in HMLVRC014 was recorded (ASX Announcement 9 March 2022).**

Following this initial success, an EM conductor was identified at Ajax East and the first diamond drill test of this prospect successfully identified an extensive mineralised sulphidic system containing high-grade copper mineralisation (ASX Announcements dated 12 May 2022, 14 and 29 June 2022).

Significant intercepts recorded in HMLVDD001 include:

- 0.75m at 7.31% Cu and 0.21g/t Au from 181.65m;
- 5m at 1.10% Cu from 293.6m, including:
 - 0.9m at 3.18% Cu from 297.7m; and
- 0.75m at 4.73% Cu, 0.25% Ni and 842ppm Co from 342.1m.



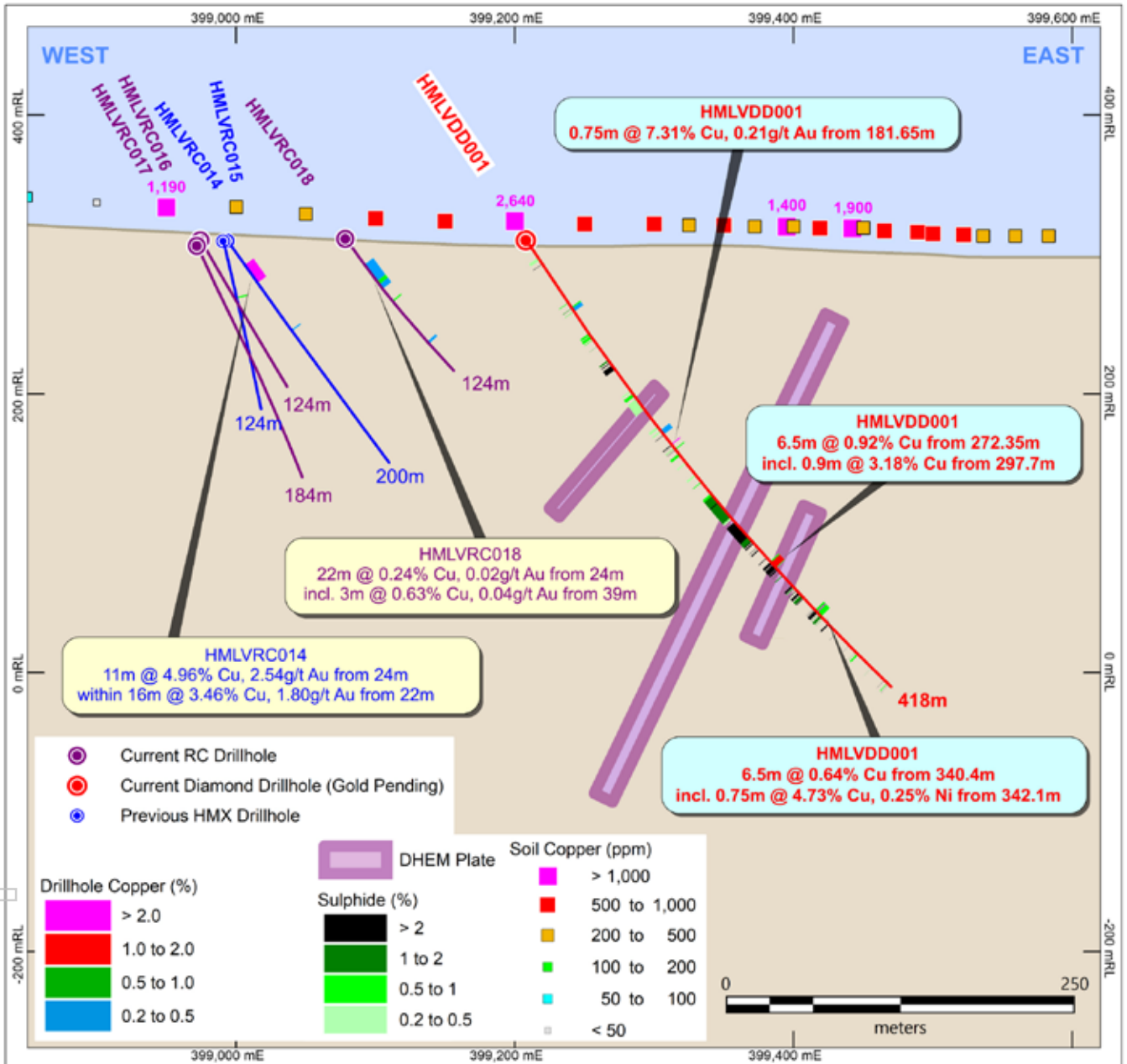
HMLVDD001 at 258m down-hole. Example of chalcopyrite-pyrrhotite mineralisation encountered in the hangingwall sulphide zone at Ajax east (ASX Announcement 29 June 2022).



HMLVDD001 at 342.7m down-hole. Example of chalcopyrite-pyrrhotite mineralisation encountered in the footwall sulphide zone at Ajax east (ASX Announcement 29 June 2022).

Subsequent down-hole and fixed-loop electromagnetic surveys have identified new conductive horizons while also increasing the size of the modelled conductors. The overall strike extent of the conductive horizon at Ajax East has been extended to more than 1km and remains open to the north and potentially to the south within the Mt Isa East JV area. Follow up soil sampling programs were also completed to further define zones of copper mineralisation along with ground magnetic and EM surveys.

A follow up drilling program was designed with six holes recently being completed to test the prospective sulphide horizon at various points along the anomalous copper and conductive trend. Results were awaited at the time of this report.



Additional EM Conductors identified in hanging and footwall – cross-section though HMLVDD00 (ASX Announcement 29 June 2022).

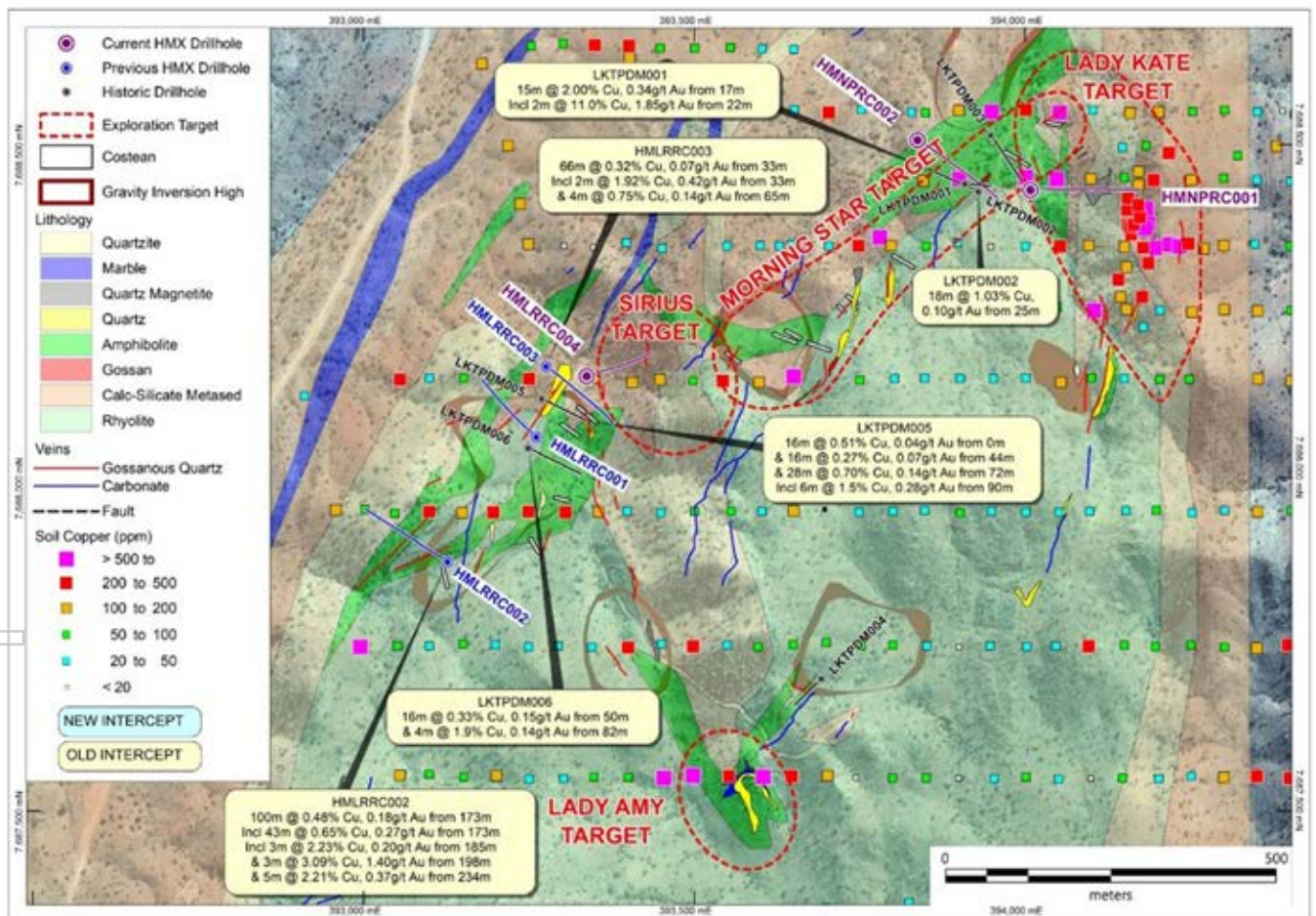
▲ Neptune

The Neptune project area is approximately 2km to the west of Trafalgar in an area of complex magnetic anomalism with multiple copper prospects.

Mineralisation is associated with magnetite alteration and shows strong similarities to mineralisation at Trafalgar, Black Rock and the Jubilee Cu-Au resource. This style of mineralisation and alteration is typical of IOCG systems in the Mt Isa region. Hammer's previous drilling in the area returned several encouraging intersections including 100m at 0.48% Cu and 0.18g/t Au.

Hammer undertook 760m of RC drilling at the Sirius, Morning Star and Lady Kate prospects within the Neptune Project area. Drilling at both the Lady Kate and Sirius targets was designed to test aeromagnetic anomalies within the Ballara Quartzite.

Both targets were overlain by an elevated copper-in-soil geochemical response. Both holes reached their target zones and identified zones of magnetite with minor copper anomalism. Hole HMNPRC002 tested the Morning Star target and intersected a thin mineralised horizon. A hole planned at the Lady Amy target could not be completed due to inclement weather and will be added to the current RC drilling program.



Neptune prospect area showing the location of the Sirius, Lady Kate and Morning Star targets tested by holes HMLRRC004, HMNPRC002 and HMNPRC001 respectively (ASX Announcement 12 May 2022 and 9 March 2021).

Operations Summary

▲ Overlander

Three reverse circulation holes were drilled at Overlander North.

Two of these holes (OVRC033 and OVRC034) were designed to test the southern margin of the Overlander IOCG alteration zone. Both holes intersected favourable alteration, however failed to intersect significant mineralisation (ASX Announcement 14 October 2021).

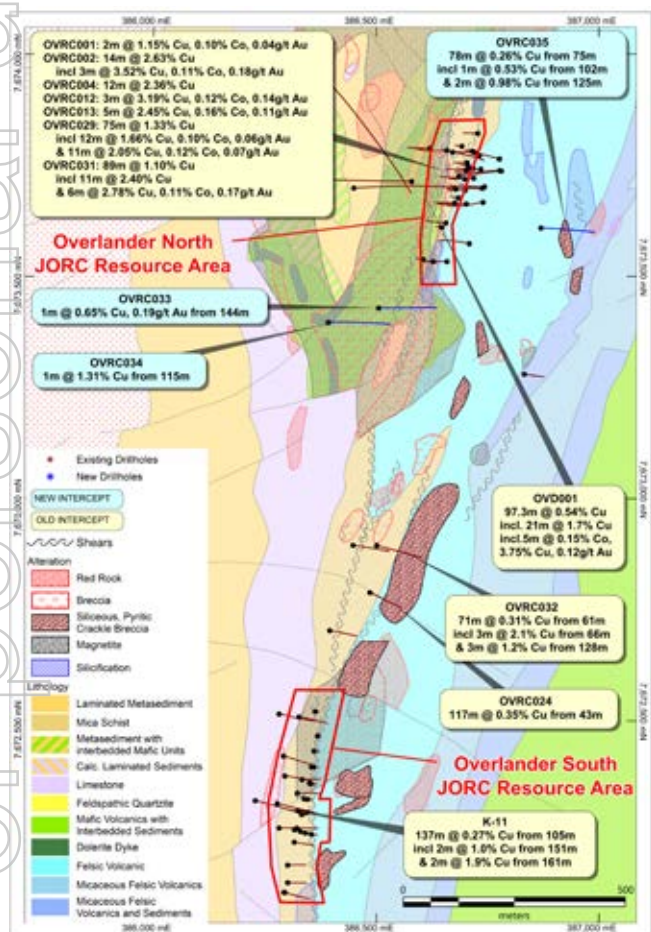
The third hole, OVRC035 was designed to test a rhyolitic crackle breccia on the eastern margin of Overlander North. The hole intersected 78m @ 0.26% Cu from 75m.

The rhyolitic breccia outcrops sporadically over a 1.6km strike length and is tested by only four holes (including OVRC035). The unit can be up to 100m in true thickness (ASX Announcement 15 June 2015).

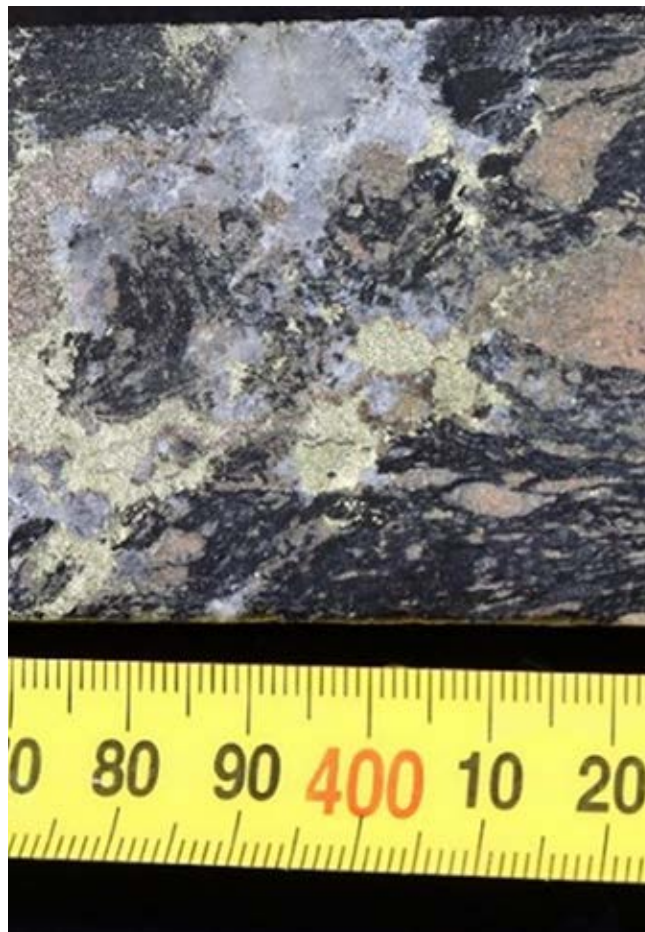
The other three holes have similar thick copper intersections including:

- 117 metres at 0.35% Cu from 43m in OVRC024;
- 71m at 0.31% Cu from 61m in OVRC032; and
- 137m at 0.27% Cu from 105m in K-11.

The rhyolitic crackle breccia at Overlander is considered to have the potential to host a large tonnage Cu-Co resource. The Company is continuing to assess this significant system for its potential to host a large-scale economic zone of copper mineralisation.



Overlander North Prospect plan (ASX Announcement 14 October 2021).



OVDD004 421.2m. Brecciation and shearing associated with the Overlander shear. This sample is located within a zone of 3.31m at 1.49% Cu from 419m.

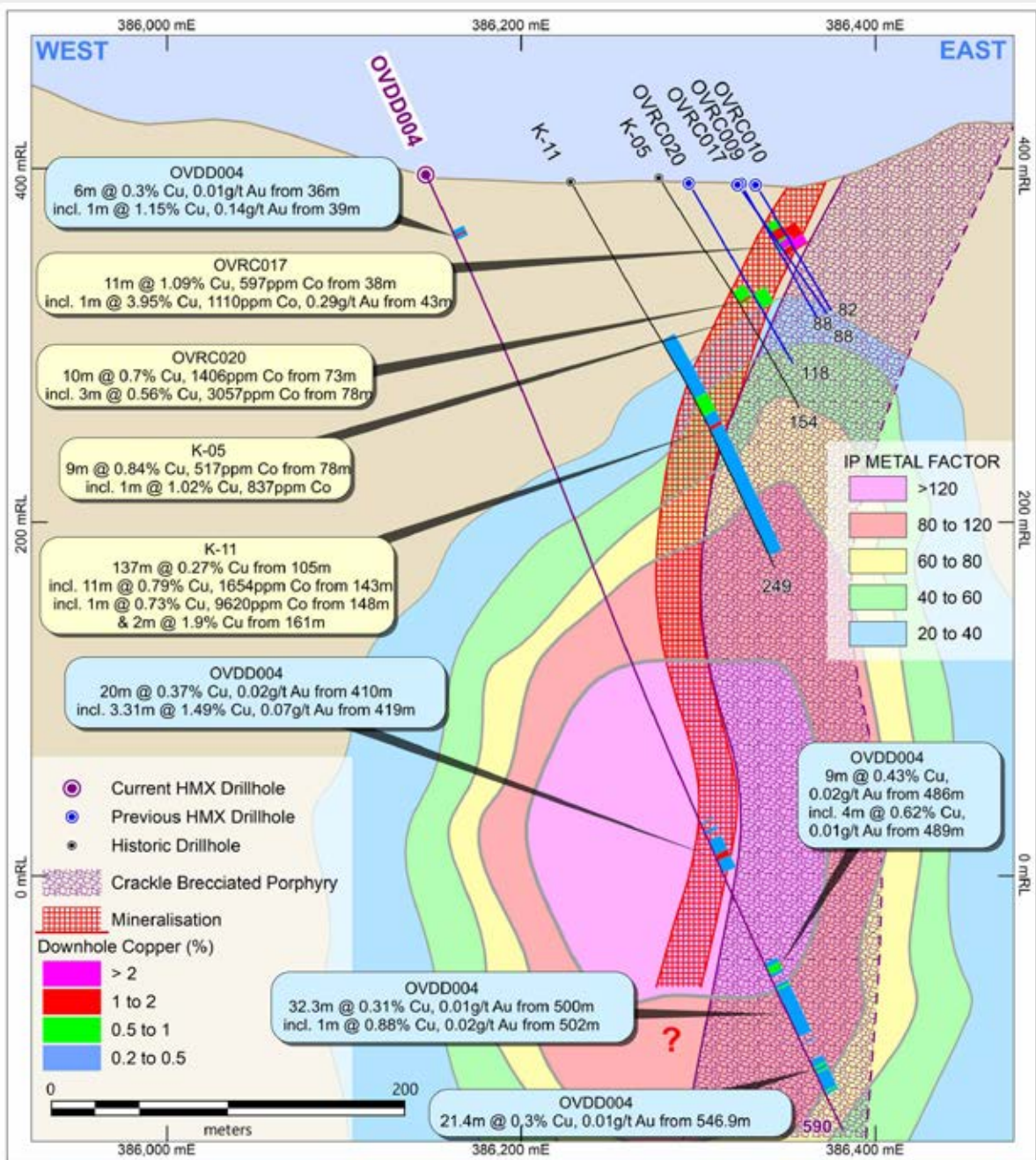
Overlander is a large mineralised system with a strike extent in excess of 6km – with numerous significant copper intercepts. Overlander also hosts one of Hammer’s JORC resources, however outside of the immediate resource area, the system remains relatively underexplored.

Two holes for 869m were drilled at Overlander South testing two targets. OVDD004 (589.5m TD) was designed to test an IP metal factor (“IPMF”) geophysical model at depth while also intersecting the Overlander south shear zone hosted mineralisation and the interpreted position of the footwall rhyolite breccia.

The hole intersected a significant zone of alteration and disseminated mineralisation in both the Overlander Shear and the Footwall Rhyolite Breccia. Down-hole EM was conducted on the hole resulting in the identification of three off-hole conductors.

Significant intercepts from OVDD004 include (ASX Announcement 12 May 2022):

- 20m at 0.37% Cu from 410m including 3.31m at 1.49% Cu from 419m;
- 32.2m at 0.31% Cu from 500m; and
- 21.3m at 0.30% Cu from 546.9m.



Cross-section of Overlander South Prospect showing the location of existing drilling, IP Metal Factor contours and significant intercepts (ASX Announcement 27 April 2022).

Operations Summary

Southern Region

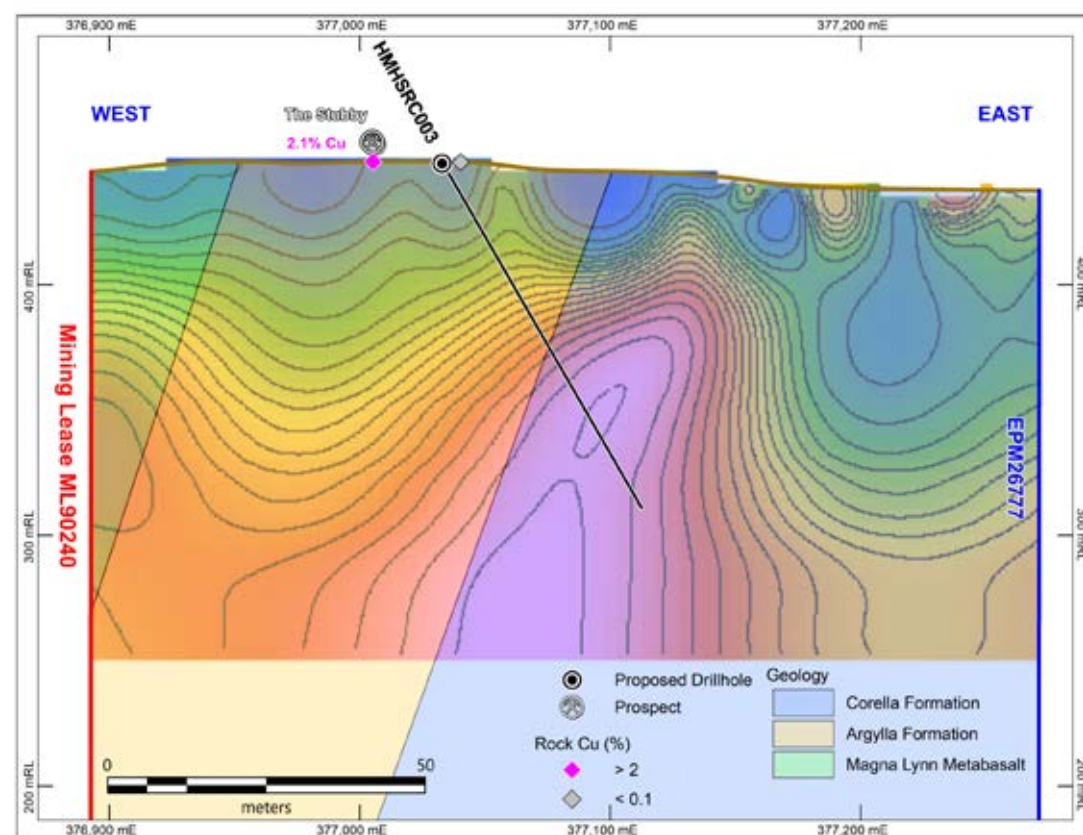
▲ South Hope

Hammer's Mount Hope prospects are located within EPM26777, approximately 20km south west of Hammer's Kalman Project and is characterised by small scale historical copper working.

Following the report of a substantial IP anomaly in Hammer's Exploration Licence, Hammer completed an IP survey over several of its Mount Hope prospects. The surveys have delineated several significant anomalies which have been prioritised for further investigation and drill testing. A maximum IP anomaly of >42mv/v was recorded in the survey along trend from nearby copper workings and represents an immediate drilling prospect. The South Hope prospect was recently subject to detailed geological mapping to define drill targets. Drilling aims to test and extend the initial channel sample result of 20.3m @ 1.7% Cu (ASX Announcement 20 June 2022).



South Hope historic workings.



Mount Hope East Anomaly chargeability cross-section showing the projected position of the Stubby prospect.

▲ Mascotte and Mascotte Junction

Mascotte is located approximately 5km to the east of South Hope and is a former copper mine, mined in the early 1900's.

Production records documented in an historical exploration report (CR22223) indicated that Mount Mascotte produced 4,824 tonnes of copper and 248.4 ounces of gold. There are no records of historical drilling at Mascotte with recent Hammer rock chips confirming the presence of high-grade zone of mineralisation. An initial drilling test of the prospective zones at Mount Hope, Mascotte and Mascotte Junction has been planned and is expected to be completed within the next month.

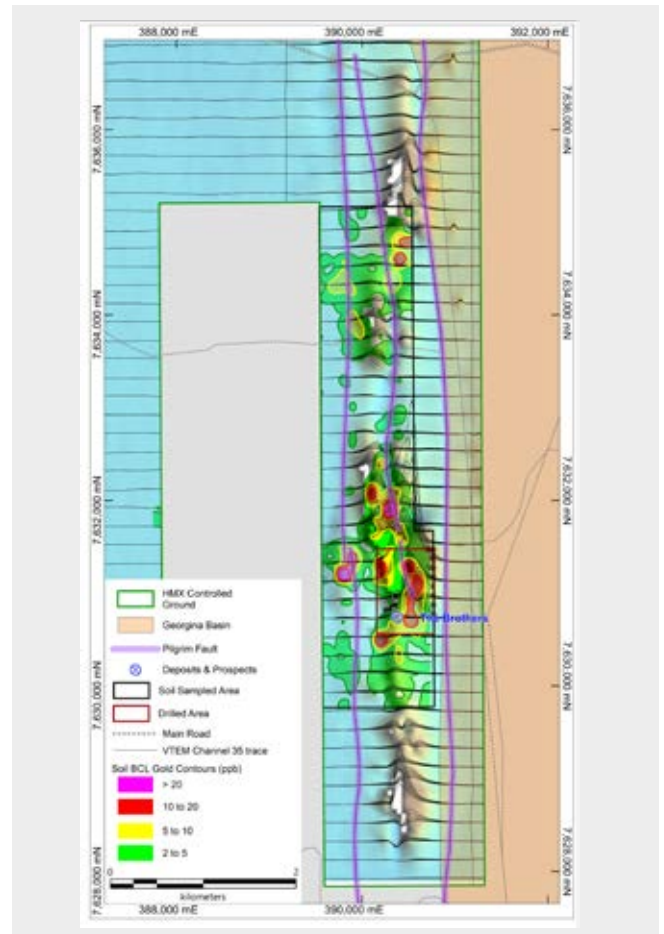
▲ The Brothers

The Brothers prospect was highlighted as a VTEM anomaly in Hammer's recent Pilgrim South VTEM survey.

The Brother's prospect was first explored by MIM in the mid 1990's, identifying a broad gold in soil geochemical anomaly.

A limited drilling program of 4 reverse circulation holes tested zones of soil anomalism but did not test the prospective target identified by this VTEM survey. The significant strike extent of the soil geochemical anomaly and the coincident broad VTEM response make this a high priority target for further field investigations.

The survey data is undergoing final processing prior to being modelled. A field review of the target zones continue with a potential to drill test the prospective horizons in early 2023.



Background VTEM channel 35 image (B Field Z component), B Field Channel 35 to 40, line responses (black lines), Historic Au soil geochemical contours. Additional anomalies also evident.

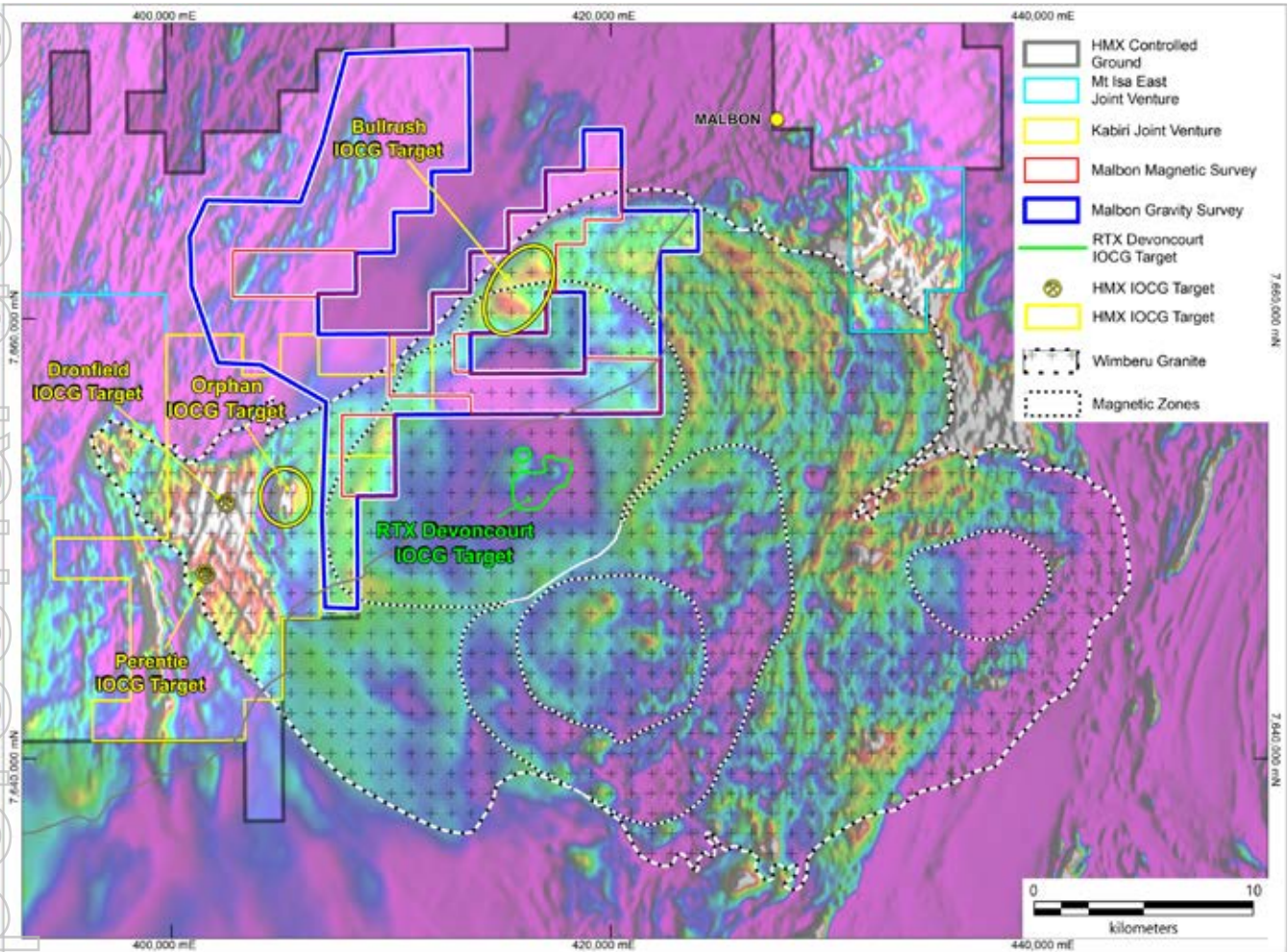
Operations Summary

▲ Bullrush

An undercover Tier 1 IOCG target with subtle magnetic gravity features.

The Company's original exploration activities in this region delivered early promise, with mineralisation identified at Dronfield and Perentie in addition to the prospective alteration zones within the Mount Isa East Joint Venture at Malbon.

Recent work by Rio Tinto Exploration over the multi-phase Wimberu granite met with success at the Devoncourt project where Rio has discovered a blind IOCG system hosted by a late-stage intrusive breccia body within the Wimberu Intrusive complex.



Detailed view of the Bullrush magnetic and gravity survey area showing the location of the Rio Tinto Exploration Devoncourt Project (ASX Announcement 19 September 2022).

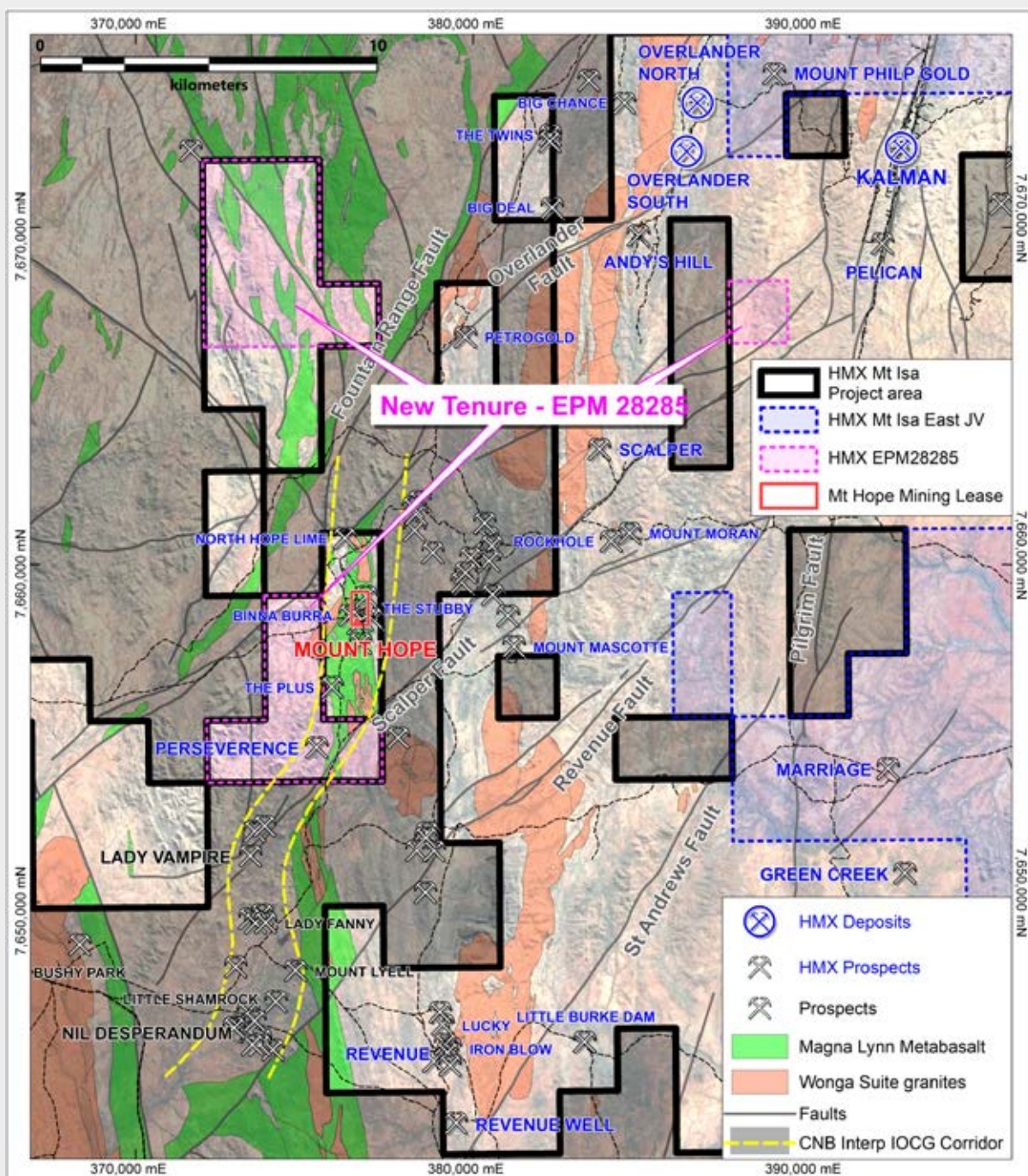
To improve the quality of basic geological information, Hammer undertook 200m line-spaced aeromagnetic and 200m station spaced gravity surveys in adjacent tenements. Final magnetic and gravity data have been received and the data are currently

being modelled. This work will include depth-to-target modelling which will dictate the drilling method required to drill test targets. Hammer will also consider offering the Bullrush prospect to selective groups for possible Joint Venture.

New Tenure

▲ EPM28285 “The Plus” tenement application

The Plus application covers the northern extension of the Nil Desperandum mineralised trend being explored by Carnaby.



HMX Tenement Position with regional geology underlay.

Operations Summary

▲ Resolve Extended – EPM28189

New tenement secured adjoining its existing tenure at Resolve located along the Mount Isa Fault.

This expanded tenement package covers a 31km section of the Mount Isa Fault and is considered to be relatively lightly explored for base metal mineralisation. Hammer has previously identified the Ashover target within the Resolve tenement where follow-up of elevated drainage gold results identified individual maximum rock chip responses of 0.44g/t Au, 78.2g/t Ag, 36.8% Cu and 0.14% Co (ASX Announcement 20 May 2020).

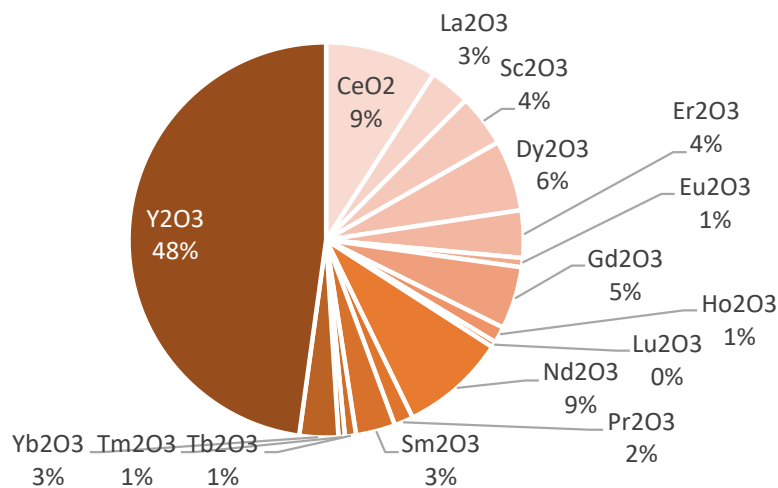
Other Commodities

As previously reported the significant potential of Hammer's tenement holding for several other commodities including cobalt, iron ore, potash, graphite, manganese and rare earth elements has become apparent. Hammer continues to assess the geological merits of these prospects and remains open to considering partners to explore these highly attractive prospects within Hammer's large tenement holding.

▲ Hardway Rare Earths

The Hardway copper mine contains a promising early stage Heavy Rare Earth Prospect.

Average Rare Earth Element Distribution - Hardway Rock Chips



Average Rare Earth Element Distribution Hardway rock chip samples.

The Hardway mine (formerly ML2760) is situated within Hammer Metals EPM14022, located between Mount Isa and Cloncurry approximately 1km north of the Barkly highway.

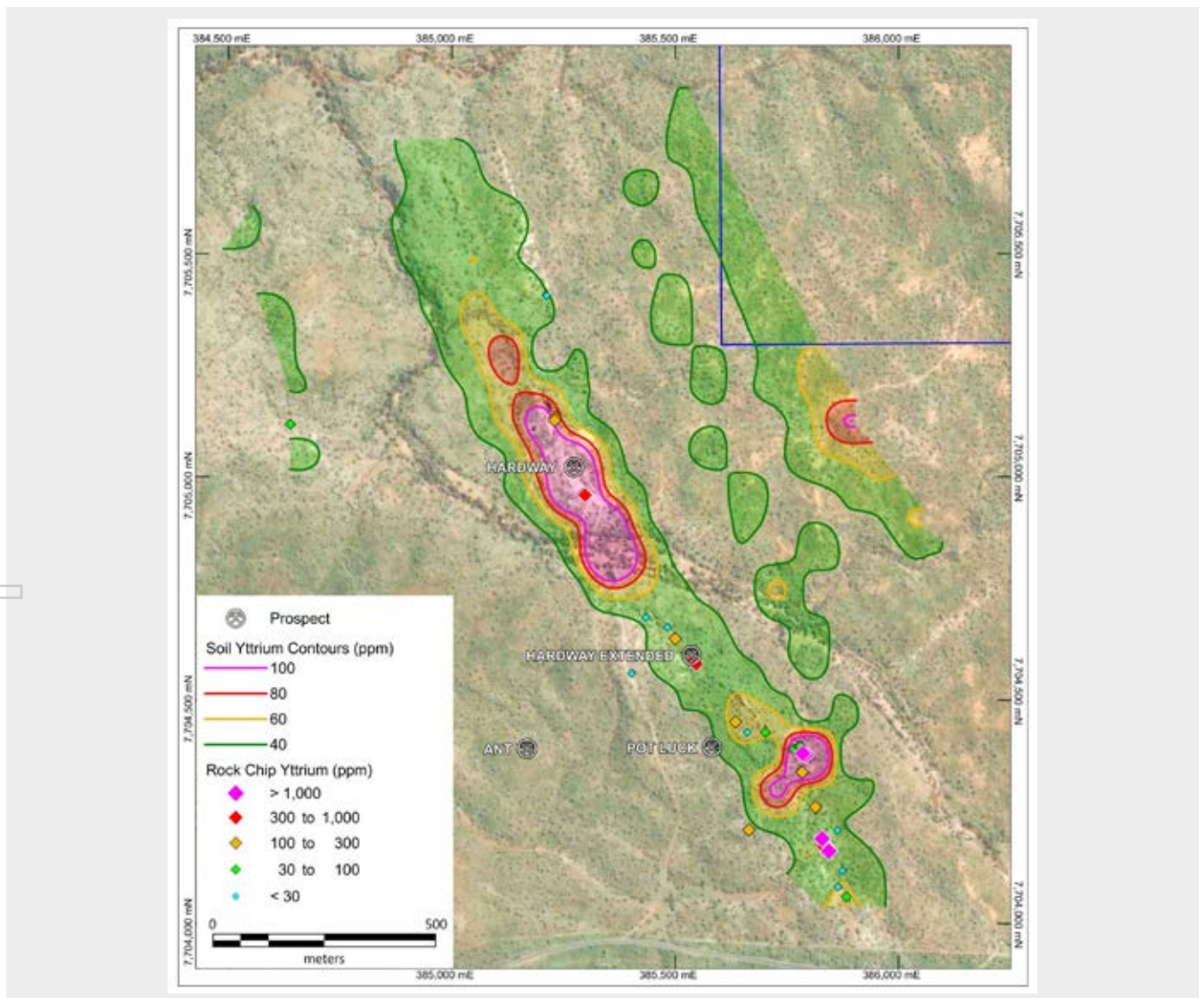
The Mining Lease lapsed and has now been incorporated into the 100% Hammer-held EPM14022.

A drilling program by Goldsearch in 2007 along strike from the main workings noted Yttrium assays exceeding 500ppm, which, at the time, was the upper limit of the analytical method utilised. A grade of >500ppm was recorded over 3m in MKRC023 (see Table 3). No over grade or rare earth element analyses were conducted on the samples and no further investigations to determine the nature of Yttrium were completed.

Hammer's recent rock chip sampling and assaying of an extensive element suite identified a unique mix of high-value heavy rare earth oxides. Individual samples recorded Total Rare Earth Oxide of 0.56% TREOY with maximum HREOY grades of 0.39% -The average ratio across the samples collected of HREOY to TREOY is 62%. The Hardway rare earth mineralisation is also unique in that it contains low levels of uranium and thorium.

Maximum individual grades of rare earth elements were recorded as follows: 2,430ppm Yttrium, 298ppm Dysprosium, 752ppm Neodymium, 47ppm Terbium, 31ppm Thulium, 900ppm Cerium, 336ppm Lanthanum, 192ppm Scandium, 40ppm Europium, 222ppm Erbium, 70ppm Holmium, 30ppm Lutetium, 198ppm Ytterbium, 147ppm Praseodymium and 210ppm Samarium (ASX Announcement 26 July 2022).

A recent soil sampling program was completed with PXRF analysis confirming broad trends of soils containing Yttrium anomalism. These zones will be subject to further field interrogation and in-fill soil sampling with the aim of identifying drill ready targets.



Hardway soil (PXRF contours) and rock chip sampling.

Operations Summary

Mount Isa East Joint Venture

(Sumitomo Metal Mining earning 60% Interest)

The Joint Venture area covers sections of the Even Steven, Mount Philp, Dronfield West and Malbon target areas covering approximately 290km² of Hammer's 2,700km² Mount Isa Project.

The areas are considered highly prospective for the discovery of Iron Oxide Copper Gold Deposits ("IOCG"). The Joint Venture is now in its third year of operation with the exploration activities heavily focussed on the Trafalgar to Pearl copper and gold trends.

Even Steven

(part of Mount Isa East JV)

The Even-Steven area comprises four advanced copper/gold targets encompassing the Trafalgar, Pearl, Even-Steven and Jimmy Creek prospects.

▲ Trafalgar/Trafalgar Trend

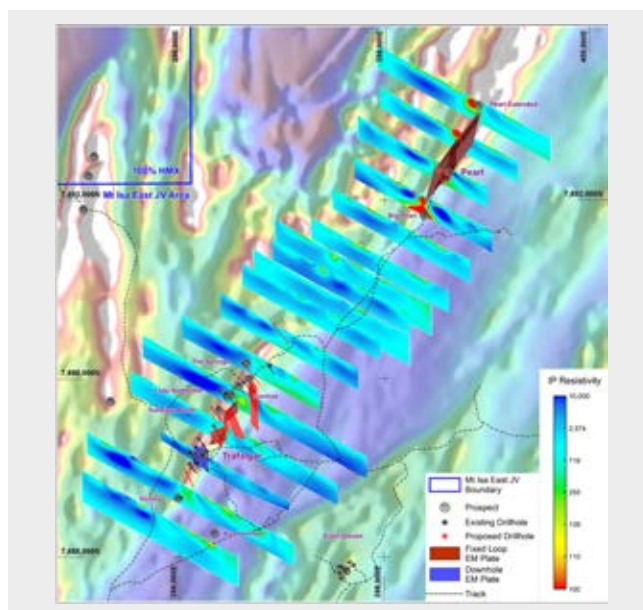
The Trafalgar trend was subject to a follow up drilling program and detailed Induced Polarisation surveys.

A drilling program based on the results of the completed IP surveys and detailed soil surveys along the Trafalgar trend is currently underway.

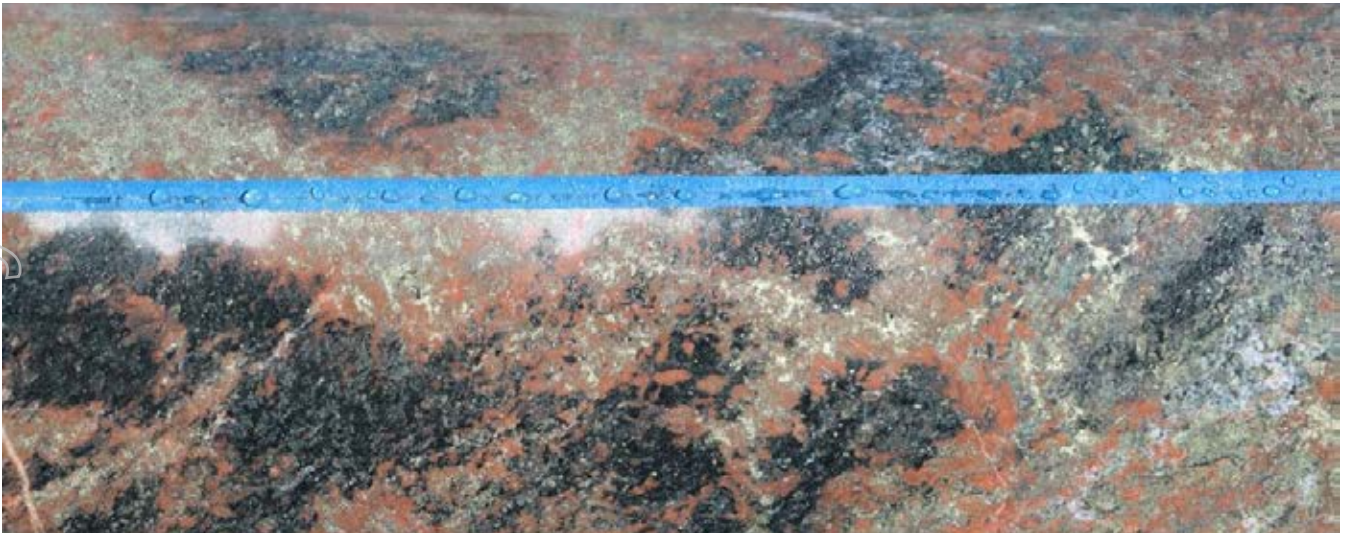
An initial diamond hole was drilled into Trafalgar to examine the nature of mineralisation. Significant intersections include:

- 1.13m at 7.65% Cu from within a mineralised envelope of 6.5m at 0.8g/t Au and 2.68% Cu from 147m in HMTRDD001.

Maximum individual grades are 5.23g/t Au and 7.65% Cu. Copper mineralisation is associated with elevated cobalt and geochemically significant elevated LREE, P and HREE's such as neodymium.



Oblique view showing Induced Polarisation chargeability sections along the Trafalgar trend. The underlying image is Magnetics RTP.



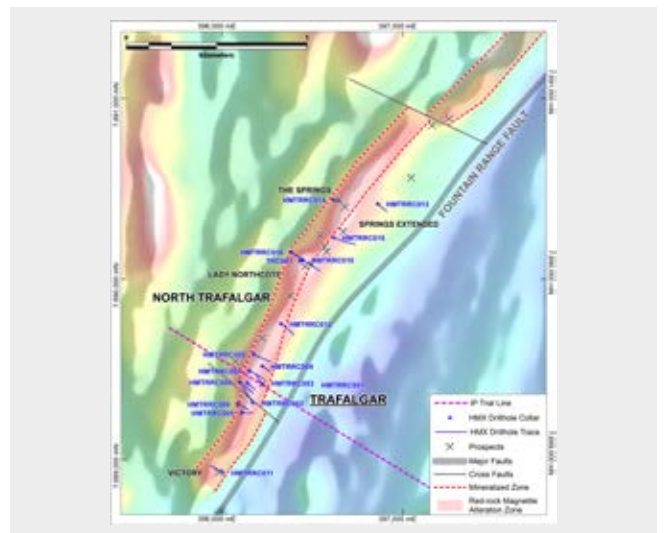
HMTRDD001 121.5m. Chalcopyrite intimately associated with red rock alteration. Hanging wall Trafalgar lode. The interval 121-122m assayed 0.14g/t Au and 1.46% Cu.



HMTRDD001 151.5m Chalcopyrite-Pyrrhotite as matrix infill in a quartz vein breccia. Main Trafalgar lode. The interval 151.42-152.55 assayed 0.5g/t Au and 7.65% Cu.

During the year, Hammer completed a 7-hole 1,151m RC program, testing targets along the immediate Trafalgar trend along strike to the north and south from the historical mining area. Significant zones of copper and gold mineralisation were intersected in all holes in the program, highlighting the prospectivity of the Trafalgar trend.

Shallow mineralised intercepts were recorded at many of the targets and, in some cases, with broad zones of mineralisation (ASX Announcement 4 April 2022).



Trafalgar trend drilling and trial IP line location.

Operations Summary

▲ Victory

Located at the southern end of the Trafalgar trend, Victory encompasses associated workings on surface.

Drilling at this prospect encountered a broad low-grade intersection with two higher grade mineralised lenses with results including:

- 40m at 0.34% Cu and 0.1g/t Au from 47m in HMTRRC0011, including:
 - 2m at 1.34% Cu and 0.45g/t Au from 47m; and
 - 3m at 1.66% Cu and 0.5g/t Au from 55m.

A coincident DHEM and IP anomaly is located at Victory with follow up drilling in progress to further test this prospective target (ASX Announcement 4 April 2022).

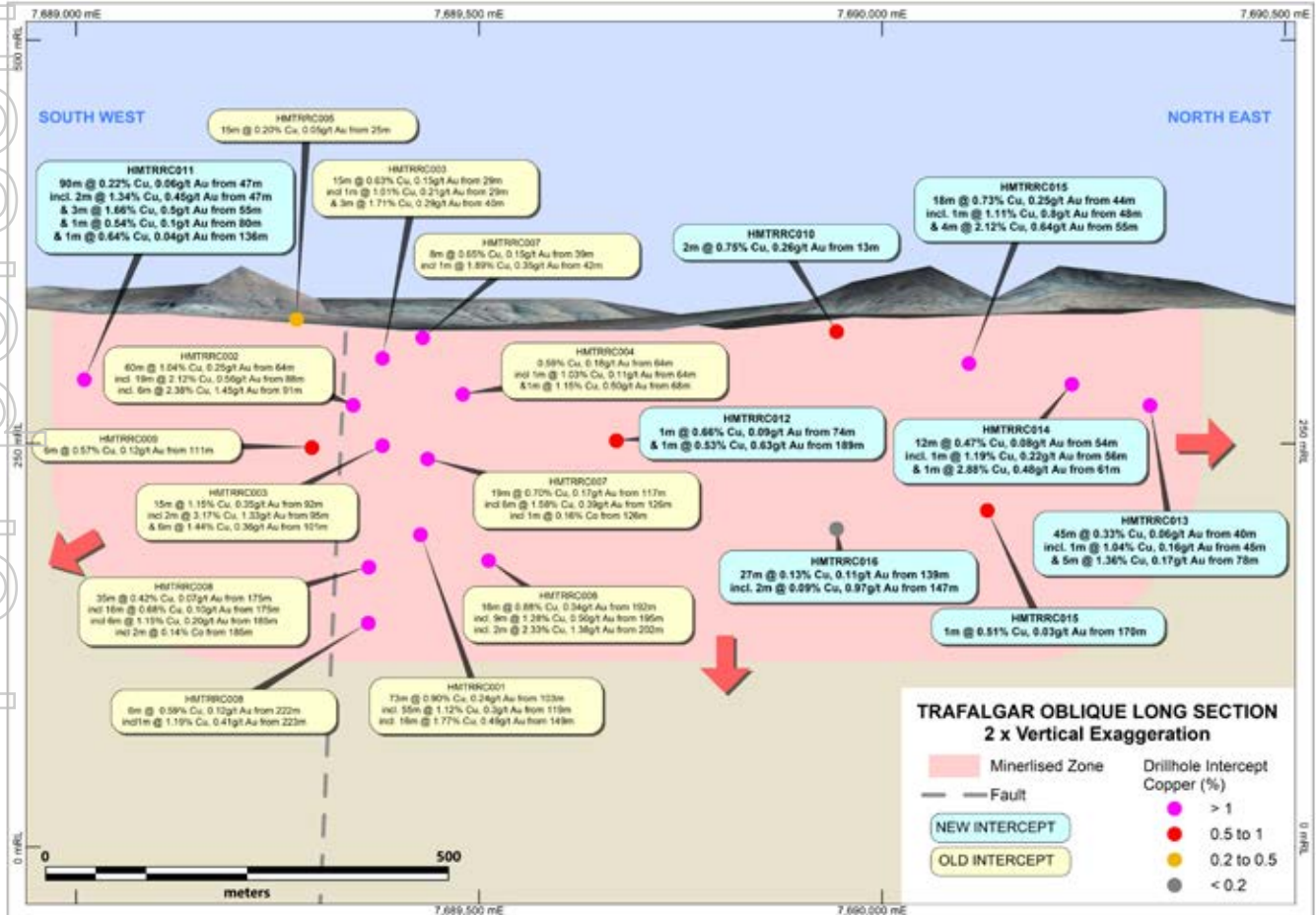
▲ Springs Extended

Springs Extended is located 800m north of Trafalgar.

Two RC holes (HMTRRC0013 and HMTRRC0015) were drilled 300m apart at the Springs Extended.

Significant results include:

- 18m at 0.73%Cu and 0.25g/t Au from 44m in HMTRRC0015, including:
 - 4m at 2.12%Cu and 0.64g/t Au from 55m; and
- 45m at 0.33% Cu, 0.06g/t Au from 40m in HMTRRC0013 including
 - 5m at 1.36% Cu and 0.17g/t Au from 78m (ASX Announcement 4 April 2022).



Trafalgar Long Section.

▲ Pearl and Pearl Extended

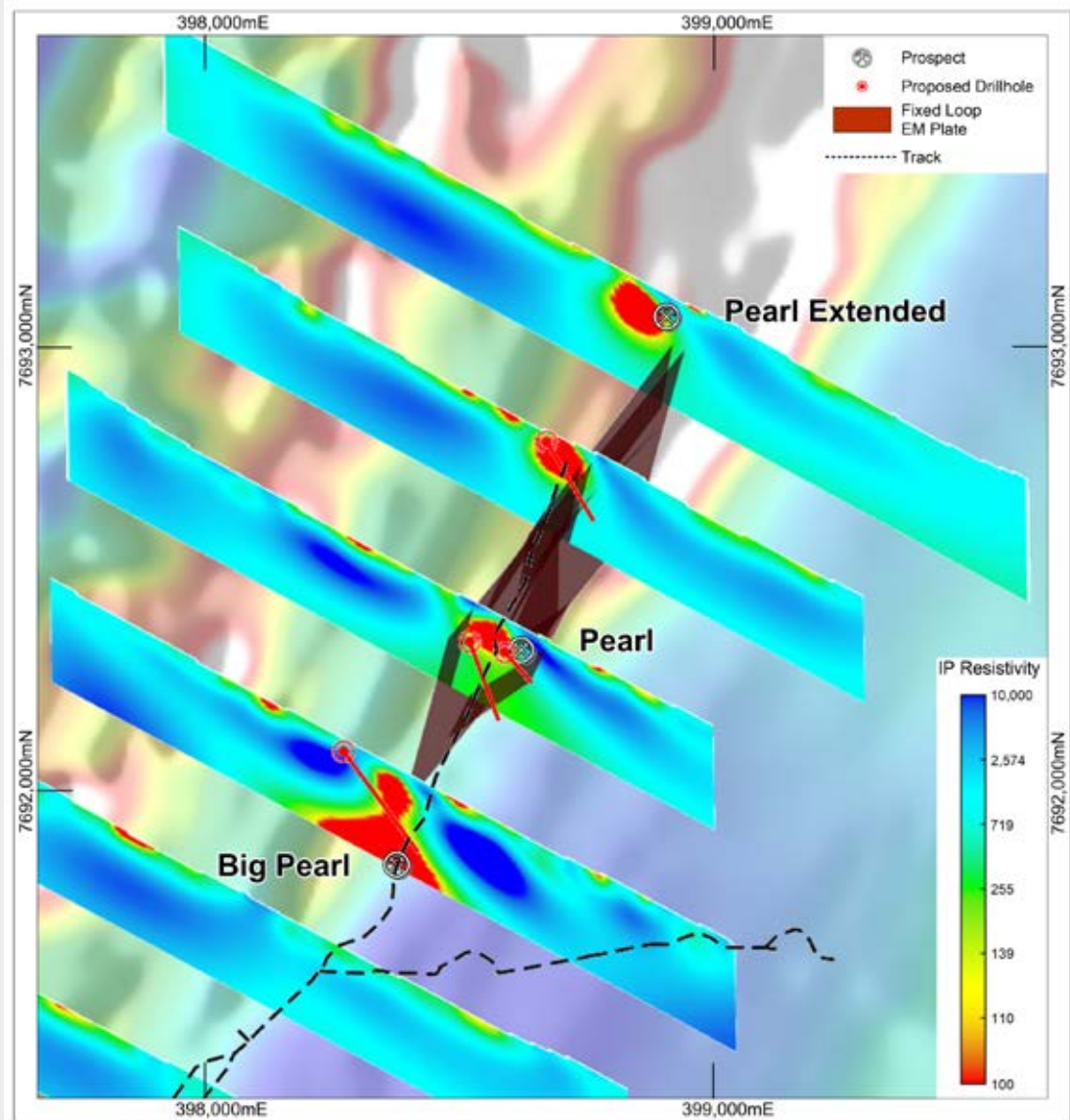
The Pearl prospect is located on the Trafalgar-to-Jubilee trend, approximately 2km south of Ajax East and on the same magnetic ridge.

Numerous artisanal copper workings and shafts on five structures are located along 800m of strike length.

Fixed-Loop Electromagnetic surveys identified a significant cluster of conductors at Pearl, with the individual conductors aligning to the regional foliation and broadly related to the position of workings at surface. An extension of the JV's IP surveys has now been completed over Pearl with significant chargeability anomalies also recorded in line with the previous EM anomalies (see ASX Announcement 29 June 2022).

Four lines of 400m-spaced IP surveys were conducted covering the Pearl, Pearl Extended and Big Pearl positions. This survey was the extension of the previous surveys conducted by the MIEJV over the prospective Trafalgar copper/gold trend. Conductivity anomalies were recorded along each line in the Pearl region and were largely coincident with Hammer's FLEM surveys in this region. The alignment of the IP, EM and geochemistry anomalies elevate the Pearl region as a priority target for the JV.

This work upgraded the Pearl prospect with drilling at this target now complete. Assays are awaited at the time of this report.



Pearl EM and IP Survey Results

Operations Summary

▲ Jimmy Creek

Jimmy Creek is a target on the Pilgrim Fault Zone which displays characteristics similar to the Kalman Cu-Au-Mo-Re deposit.

Geological mapping has been undertaken at Jimmy Creek and previous rock chip sampling conducted by Summit Gold (Australia) Pty Ltd in 1995 shows maximum responses of 9.6% Cu, 9.55g/t Au and 1410ppm Mo respectively. This element association indicates a similarity to the Kalman Deposit located 13km to the south and in a similar structural position (ASX Announcement 5 September 2022).



Breccia with coarse albite actinolite magnetite infill and abundant malachite on fractures.



Outcrop of massive manganese oxide gossan at Jimmy Creek.

Mt Philp Area

(Part of the Mount Isa East JV)

▲ Mount Philp

The Mount Isa East Joint venture was awarded approximately \$148,600 to partly fund a diamond drill hole under the Mt Philp Hematite Deposit.

HMPDD001, was designed to test the IOCG potential below the hematite alteration at Mt Philp, specifically targeting the redox transition between hematite to postulated magnetite at depth. Redox transitions are the focus of IOCG mineralisation in the Mt Isa region.

The drillhole did prove the theory that the Mt Philp Hematite deposit transitions to magnetite at depth and the entire plus 3km strike extent of the Mt Philp Hematite deposit is a large-scale Iron Oxide alteration zone. However, only minor mineralisation was encountered in the drillhole.



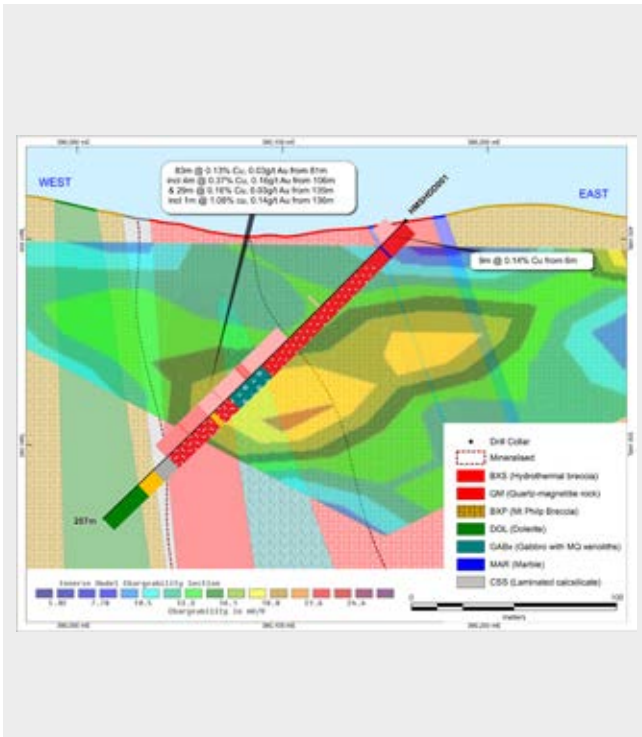
Mt Philp and Shadow region showing the location of the CEI hole and trial IP line.

▲ Shadow

A trial two-dimensional IP survey was completed to examine the chargeable response of mineralisation at Trafalgar and the Shadow trend.

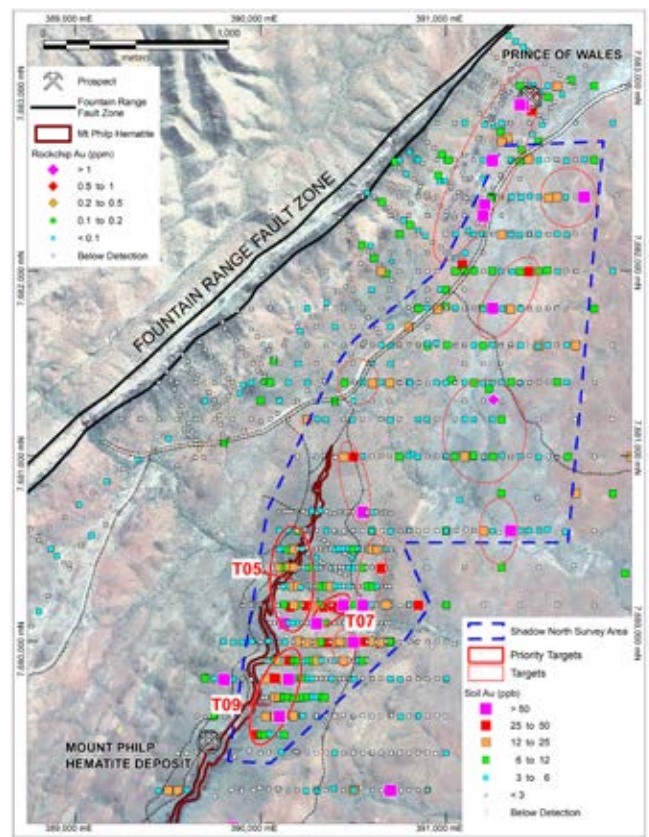
A single line was conducted at Shadow across HMSHDD001 The Joint Venture is assessing these results with a view to possibly undertaking a more strike extensive survey at both areas during the current field season.

Shadow North is located approximately 2.5km north of Shadow. In-fill soil sampling was conducted to better define an elevated gold response on the eastern side of the Mt Philp Hematite Deposit (ASX Announcement 2 March 2022).



Induced Polarisation Survey – Chargeability response with interpreted geology at Shadow.

The peak individual gold response in the infill survey was 500ppb with multiple sites showing plus 50ppb gold responses. Multiple copper and gold anomalies have been defined by this survey and ground review will initially focus on Targets 5, 9 and 7. The Joint Venture is evaluating this target zone as a possible Tick Hill analogue.



Plan view showing the location of the Shadow North soil survey.

Yandal Gold Projects (WA)

Hammer holds a 100% interest in approximately 290km² of tenements, located within the Yandal greenstone belt in Western Australia.

The Company acquired these projects in 2019 and has focussed on exploring and expanding its footprint in a prime gold exploration region, located, close to existing infrastructure. The Company remains keen to increase its exploration footprint in this prospective region.

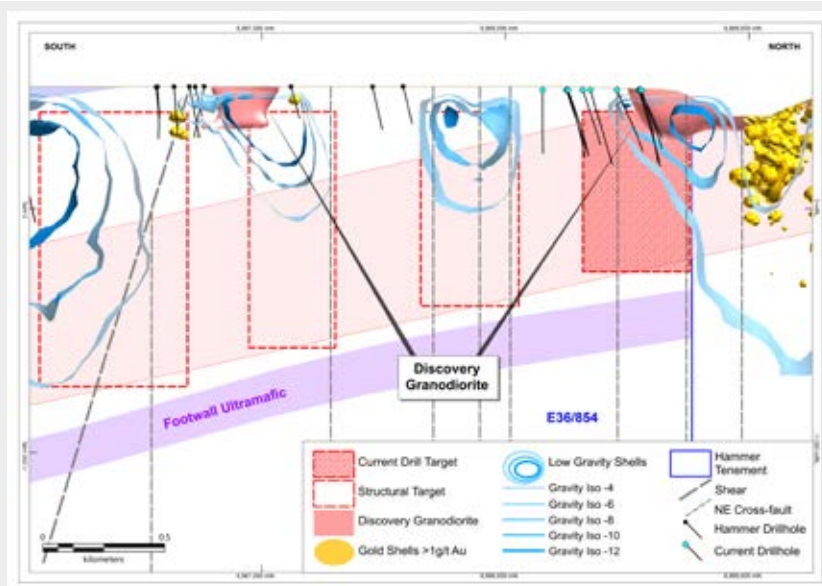
During the year the Company completed a detailed RC drilling program (3,554m) targeting prospective geological trend at Bronzewing South, commencing less than 300m from the 3million ounce Bronzewing gold mine. In addition to this program, the company conducted an initial drill test at the Gummow target and also completed a detailed soil survey project across a broad area focussing on prospective geological trends within the groups tenement holdings.

Bronzewing South Gold Project

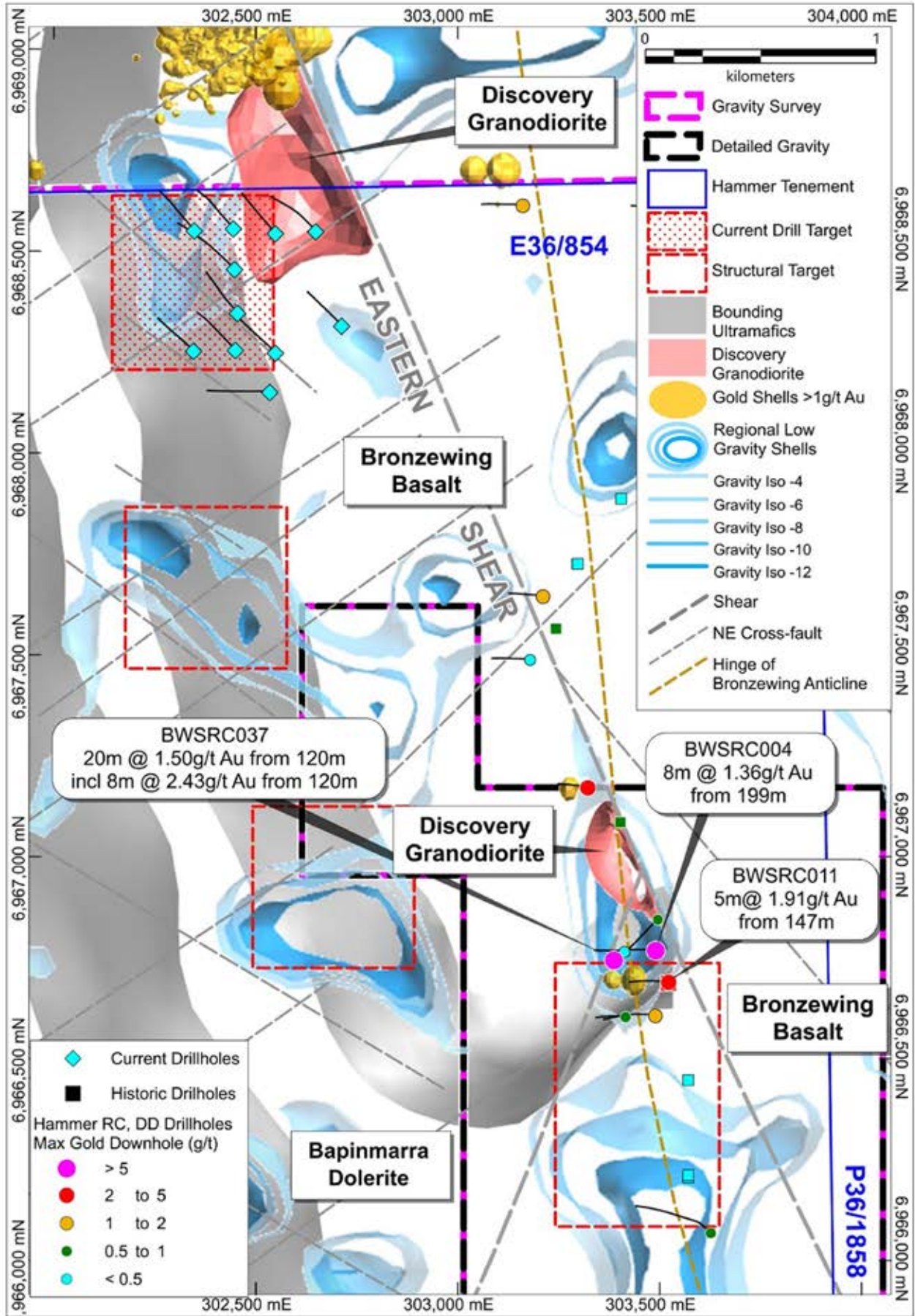
▲ Bronzewing South

The RC drilling program completed during the quarter focussed on the northernmost target position within the geological/structural corridor trending south of the Bronzewing Gold mine. Drilling intercepted the targeted rock units, the Bapinmarra Dolerite/Ultramafic, Bronzewing Basalt and Discovery Granodiorite as expected, including several shear zones and zones of quartz/carbonate veining however no significant mineralisation was intercepted by the hole (ASX Announcement 23 December 2021).

The completed RC holes will also provide excellent platforms for future diamond drilling tails should the targeted horizon be pursued at depth. The remaining targets (two of five) within this southern corridor remain valid and will be considered as part of future drilling programs within this target area.



Long section looking west through the Bronzewing South area showing the five targets identified in the detailed gravity survey (ASX Announcement 9 November 2020).



Bronzewing South plan showing Hammer targets (ASX Announcement 9 November 2020).

Operations Summary

▲ Gummow Prospect

The Gummow Prospect is located 4.9km to the south of the Bronzewing Deposit.

The prospect is located within a northwest trending shear zone traversing a tholeiitic basalt (similar to Bronzewing Basalt), between a felsic intrusive (interpreted to be a Discovery Granodiorite equivalent) and a coarse grained mafic (interpreted as the Madfish Basalt) (ASX Announcement 23 December 2021).

Drilling of this anomaly was limited to two holes (314m) with an initial intercept of:

- 4m @ 0.18g/t Au from 40m in BWSRC048

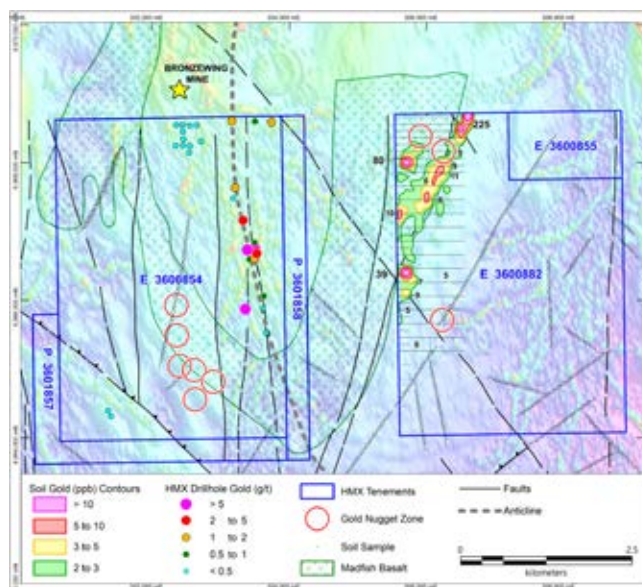
The drilling in both holes intercepted a mafic sequence on the northern side of an interpreted felsic intrusive. Minor sulphidic veining was intersected which is associated with anomalous gold values. Further investigation of this anomaly to be considered in a future air core program.

▲ Harrier and Bower

The Harrier and Bower project areas are within 3km of the former Bronzewing Gold mine.

Given the tenements proximity to the former mine, it remains lightly explored. A review of the historical exploration activities on this project have highlighted multiple significant soil anomalies over an area with historical nugget discoveries (See ASX Announcement 23 December 2021). In 2011, Navigator Resources completed a soil sampling program that consisted of 1,056 BLEG samples on a 200m by 50m grid pattern. Several anomalies including the Bower and Harrier prospects were highlighted.

At Bower in the north, a program peak soil response of 225ppb Au is coincident with a reported eastern nugget patch over a 600m strike length. An anomalous zone with a peak response of 80ppb Au is present at the southern end of a western nugget patch. At Harrier to the south of the tenement, a coherent anomaly with a strike length of 1.3km and a width of 250m is evident with a maximum soil result of 41ppb Au. The anomaly correlates well with a reported gold nugget trend on the tenure and the anomaly remains open to the north and the south of the area. Hammer will look to test these anomalies with an air core program in FY23.



Harrier and Bower soil survey results.

North Orelia

These tenements are situated to the North of the McClure group of deposits which include the Orelia and Lotus gold deposits.

These tenements are situated to the North of the McClure group of deposits which include the Orelia and Lotus gold deposits. During the financial year, the Company completed drilling 308 holes for 9768m to test previously undrilled targets on the Orelia trend. Based on the drilling Hammer has completed to date at Target 1 the Company considers that there is good potential to define a shallow gold resource at Target 1 with further infill drilling.

Four prospects were tested as part of the recently completed Aircore program, highlighting several anomalous zones that warrant follow-up exploration.

▲ Target 2

Drilling targeted the southern margin of a fractionated granite. The best result from this target was 4m at 0.19g/t Au from 8m in BWSAC0794 which was overlain by a plus 5ppb Au-in-soil anomaly (ASX Announcement 25 August 2021).

▲ Target 3

Drilling at Target 3 extended the strike length of known mineralisation. Intercepts included (ASX Announcement 25 August 2021):

- 4m at 0.52g/t Au from 32m in BWSAC0638A;
- 8m at 0.21g/t Au from 40m in BWSAC0641; and
- 4m at 0.55g/t Au from 24m in BWSAC0653.

▲ Target 4

Target 4 is located immediately along strike to the north of Northern Star's Orelia Deposit. Mineralisation encountered to date within this target is often associated with sulphidic shale units which contain an anomalous Zinc zone of up to 70m in width and up to 1.2km in length (with maximum downhole individual analyses of 6520ppm Zn, 38.2% Sulphur and elevated Cu and Pb). This zone is located at the boundary between mafic and felsic/intermediate rocks.

Significant intercepts include: (ASX Announcement 25 August 2021)

- 18m at 0.12g/t Au from 24m in BWSAC0577;
- 16m at 0.47g/t Au from 52m in BWSAC0585;
- 3m at 0.47g/t Au from 52m in BWSAC0818; and
- 8m at 0.35g/t Au from 72m in BWSAC0828.

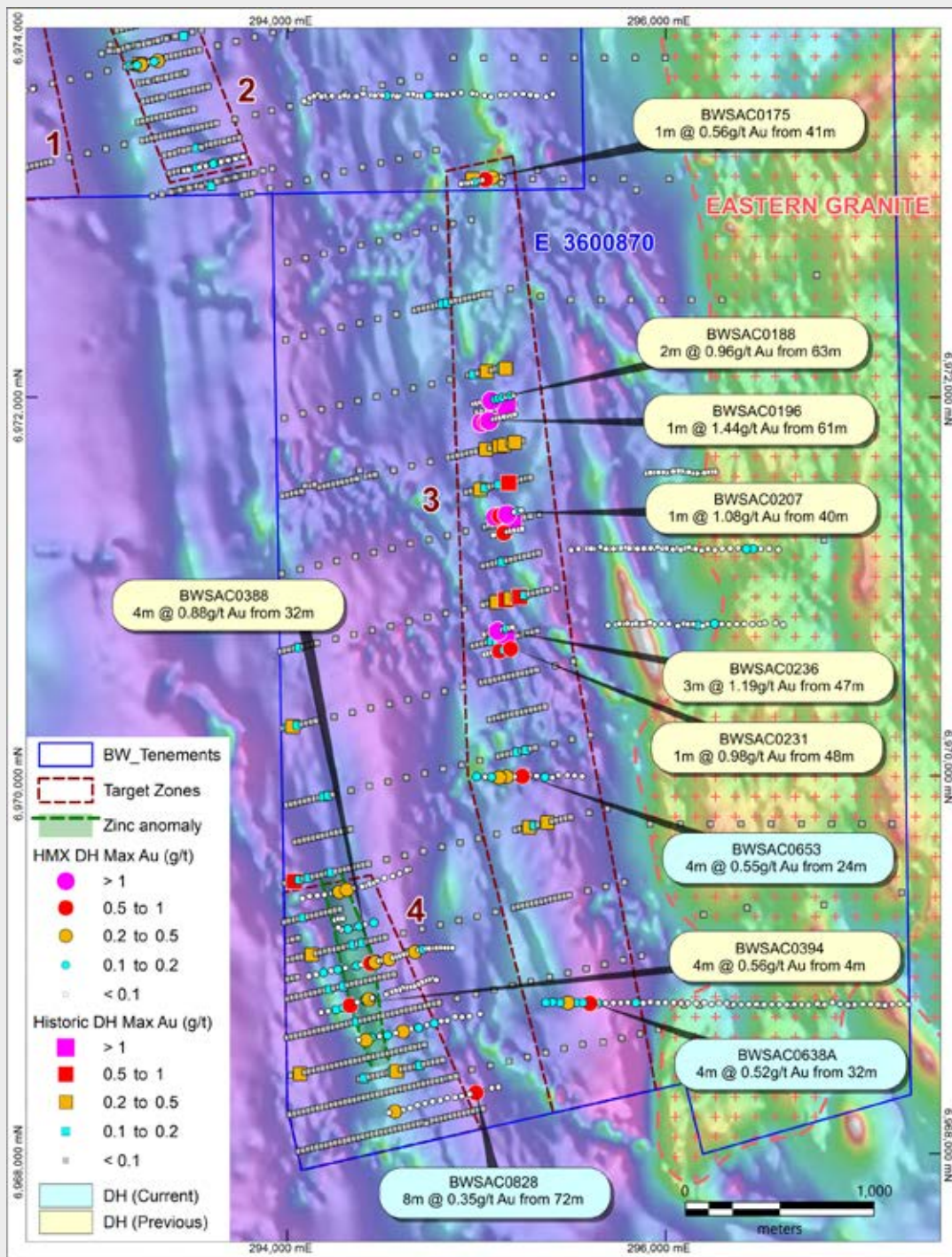
Drilling in hole BWSAC0839 finished in an anomalous zone of gold mineralisation - 0.32g/t Au from 56m.

Operations Summary

▲ Eastern Granite

This target is located partly within a granite bordering the eastern margin of the Orelia trend where soil geochemical sampling had defined a 1.1km by 300m gold anomaly. No previously drilling had been conducted over this target. Hammer Metals tested the area with 126 air core holes with this work partly funded by a Western Australia Government Exploration Initiative grant.

Significant geochemical intercepts of 8m at 0.12g/t Au from 20m in BWSAC0621 and 4m at 0.15g/t Au from 12m in BWSAC0622 were associated with a north-northwest trending shear zone on the margin of the granite. Both holes terminated in anomalous mineralisation (ASX Announcement 25 August 2021). Shear zones within granites are attractive targets within the Yandal Belt and, in some cases host economic mineralisation such as Northern Star's Ramone Deposit.



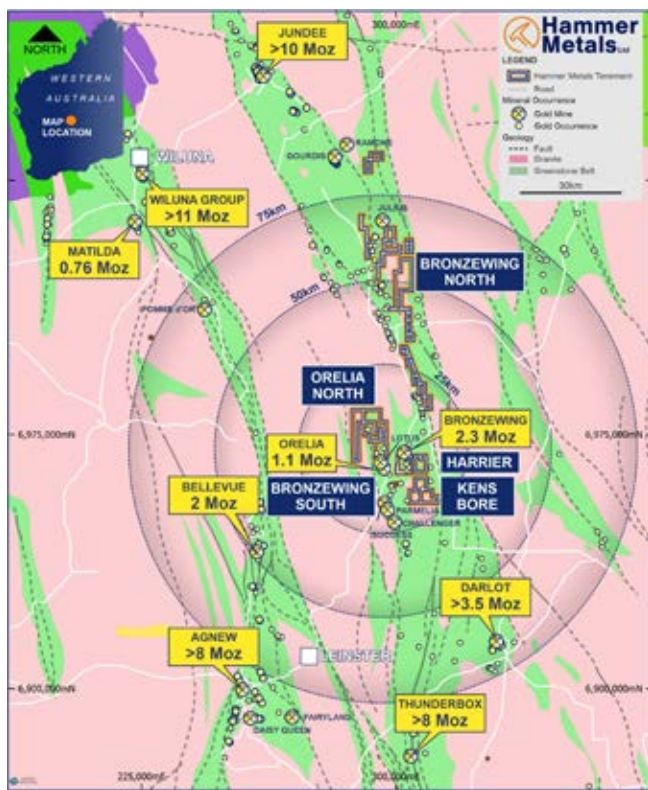
North Orelia Trend Targets three and four showing significant Hammer Drilling Intercepts (Background image Magnetics) (ASX Announcement 25 August 2021).

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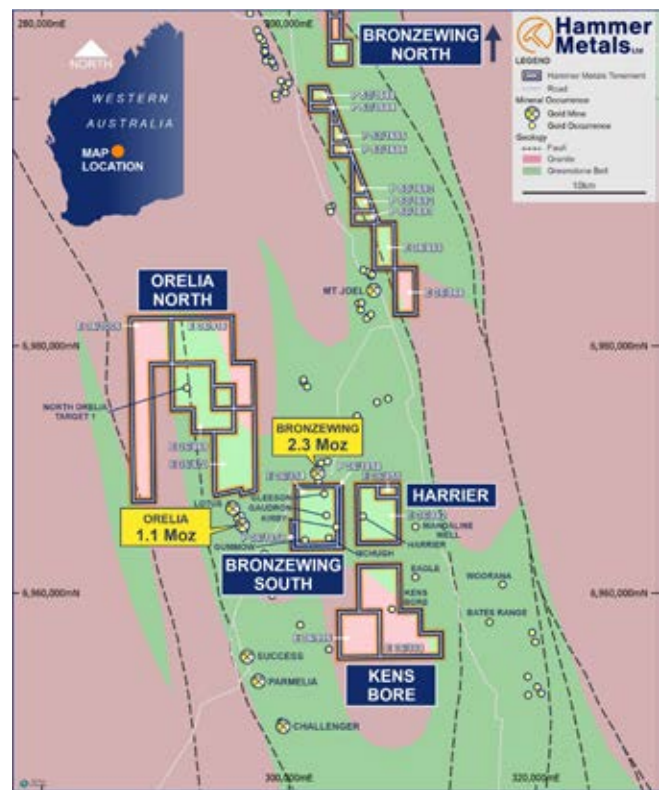
North Yandal Soil Surveys

Hammer completed an extensive soil geochemical program during the second quarter of 2022.

The program focused on tenements in the Bronzewing North and Ken's Bore project regions. A total of 3,547 samples were taken with a mixture of -2mm soils and minus 80 mesh samples being submitted to the laboratory for a combination of total and partial leach geochemical analysis. Several prospective gold, nickel and lithium targets were generated which will be subject to further field review and potential first pass air core drilling in the coming year.



Hammer Metals Bronzewing South Project Area.



Hammer Metals Bronzewing North Project Area.

Pilbara Iron Ore (WA)

In early FY22, the Company completed the sale of its Iron Ore project in Western Australia for a consideration of \$325,000 and a future NSR royalty of 0.5% on all Iron Ore sales.

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Competent Person's Statements

▲ Exploration Results

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 Hammer Metals Limited. Mr. Mark Whittle, who is also a share and option holder in the Company, has sufficient experience which is relevant to the styles of mineralisation and deposit types 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 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.

▲ Mineral Resource Estimates

Where the company refers to Mineral Resource Estimates for the following prospects:

- the Kalman deposit (ASX Announcement 27 September 2016);
- the Jubilee deposit (ASX Announcement 20 December 2018).

it 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 resource estimates continue to apply and have not materially changed.



Photography by Planetary Geophysics

▲ Annual Mineral Resource Statement

As of 30 June 2022

The Company's Mineral Resource Statement has been compiled in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code 2012 and 2004 Editions) and Chapter 5 of the ASX Listing Rules and ASX Guidance Note 31. The Company has no Ore Reserve estimates.

The Company governs its activities in accordance with industry best-practice. The reported estimates for Overlander and Kalman were generated by reputable, independent consulting firms. The resource reports and supporting data were subjected to internal analysis and peer-review before release.

In 2016, Hammer Metals Limited commissioned Haren Consulting Pty Ltd to update the Kalman Resource based on new drilling and geological interpretation. The resource was issued on the 27th of September 2016.

In November 2016, Haren Consulting was contracted by Hammer Metals Limited to complete a maiden mineral resource estimate for the Millennium deposit. The estimate is based on good quality RC drilling data. The Mineral Resource was based on a series of 23 RC holes drilled by Hammer Metals following its acquisition of the tenements in May 2016 and 17 RC holes drilled by the previous operator in 2013-2014. Drilling extends to a maximum down hole depth of 322m and the mineralisation was modelled from surface to a depth of approximately 280m below surface. The drill hole spacing is approximately 50 to 100m along strike.

In November 2018, H&S Consultants Pty Ltd was commissioned to undertake a resource estimate on the Jubilee Cu-Au Deposit. The resource was issued on 12 December 2018.

The estimate is based on good quality RC and Diamond drilling data. The estimate was based on a 42 reverse circulation holes for 5475m and 3 diamond holes for 261m. Of these holes 26 were drilled by Hammer Metals Ltd and the remaining 19 drilled by the previous operator. Drilling extends to a maximum depth of 325m below surface. The drill hole spacing is approximately 50m along strike.

There has been no material change to the Jubilee Resource estimate since its initial release to the ASX dated 20 December 2018.

Hammer sold its Millennium project to Global Energy Metals Corporation ("GEMC") in June 2019. Therefore, the Millennium Cu-Co-Au resource has been taken out of the Annual Mineral Resource statement.

CSA Global Pty Ltd conducted the Resource Estimate over the West Pilbara Iron Ore Deposit and this was reported to the ASX on 26 July 2010. In 2014, the Resource was updated to adhere to the JORC Code 2012 Edition, however the Resource Estimate remained unchanged.

Cerro Resources Limited, the previous tenure holder over the Mt. Philp Hematite Deposit reported the Resource Estimate to the ASX on the 12 March 2012. The Mt Philp Resource Estimate adhered to the JORC Code 2004 edition.

In relation to the Overlander, West Pilbara, Mt Philp and Jubilee Resources, there have been no material changes to the Resource Estimates during the reporting period.

Resource Project	Mineral Resource Competent Person	Organization	ASX Reporting Date
Jubilee	Mr. L. Burlet	H&S Consultants Pty Ltd	December 12th, 2018
Kalman	Ms. E. Haren	Haren Consulting	September 27th 2016
Overlander	Ms. E. Haren	Haren Consulting	August 26th 2015
West Pilbara	Mr. C. Allen	CSA Global Pty Ltd	July 26th 2010
Mt. Philp	Mr. T. Leahey	Cerro Resource NL	September 28th 2012

▲ Jubilee Deposit Jorc 2012 Mineral Resource Estimate (12 December, 2018)

(Reported at 0.5% Cu cut-off)

Classification	Weathering Domain	Tonnes	Cu %	Au (Cut) g/t	Cu Tonnes	Au (Cut) Ounces
Inferred	Mod-Slightly Weathered		1.51	0.55	1,000	1,200
Inferred	Fresh		1.41	0.63	19,000	27,100
Total			1.41	0.62	20,000	28,300

■ Note: (1) Numbers rounded to two significant figures to reflect appropriate levels of confidence

■ Note: (2) Totals may differ due to rounding

The 51%-owned Jubilee Deposit is situated 50 kilometres west of Mount Isa in Queensland.

In November 2018, H&S Consultants Pty Ltd was commissioned to undertake a resource estimate on the Jubilee Cu-Au Deposit. The resource was issued on 12 December 2018.

The estimate is based on good quality RC and Diamond drilling data. The estimate was based on a 42 reverse circulation holes for 5475m and 3 diamond holes for 261m. Of these holes 26 were drilled by Hammer Metals Ltd and the remaining 19 drilled by the previous operator. Drilling extends to a maximum depth of 325m below surface. The drill hole spacing is approximately 50m along strike.

There has been no material change to the Jubilee Resource estimate since its initial release to the ASX dated 20 December 2018.

Refer to the ASX release dated 20 December, 2018. The company is not aware of any new information or data that materially affects the information in the HMX ASX announcement. All material assumptions and technical parameters underpinning the mineral resource estimate continue to apply and have not materially changed.

▲ Kalman Deposit Jorc 2012 Mineral Resource Estimate (27 September, 2016)

Classification	Mining Method	CuEq Cut-off	Tonnes Kt	CuEq %	Cu %	Mo %	Au ppm	Ag ppm	Re ppm
Indicated	Open Pit	0.75%	7,100	1.5	0.48	0.12	0.27	1.4	2.9
Inferred	Open Pit	0.75%	6,200	1.6	0.44	0.15	0.24	1.5	3.9
Inferred	Underground	1.4%	7,000	2.4	0.89	0.16	0.50	2.9	4.5
Total			20,000	1.8	0.61	0.14	0.34	1.9	3.7

■ Note: (1) The copper equivalent equation is: $CuEq = Cu + (0.864268 * Au) + (0.011063 * Ag) + (4.741128 * Mo) + (0.064516 * Re)$

■ Note: (2) Copper Equivalent Price assumptions are: Cu: US\$4,650/t; Au: US\$1,250/oz; Ag: US\$16/oz; Mo: US\$10/lb; and Re: US\$3,000/kg.

The Kalman Molybdenum-Rhenium-Copper-Gold-Silver (Mo-Re-Cu-Au-Ag) deposit is situated 60 kilometres southeast of Mt Isa within the Mt Isa Inlier, and forms part of the company's Kalman Project.

Drilling extends to a maximum down hole depth of 998.3 metres and the mineralisation was modelled from surface to a depth of approximately 800 metres below surface. The estimate is based on good quality RC and diamond core drilling data. The drill hole spacing is approximately 100 metres along strike with some 50 metre-spaced infill drilling.

Annual Mineral Resource Statement

In September 2016, Haren Consulting was contracted by Hammer Metals Limited to complete an update of the Mineral Resource estimate for the deposit. The estimate was reported to comply with the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' by the Joint Ore Reserves Committee (JORC).

The Kalman Mineral Resource has been reported at two cut-off grades to reflect both open pit and underground mining scenarios. The Kalman Mineral Resource estimate comprises a combined 20 million tonnes at 1.8% copper equivalent (CuEq) at 0.61% copper, 0.34 g/t gold, 0.14% molybdenum and 3.7 g/t rhenium in the Indicated and Inferred categories at revised cut-off grades (ASX Announcement 27 September 2016).

The Kalman Mineral Resource Estimate disclosed as part of the 2015 review was last updated in March 2014 in accordance with the JORC Code (2012 Edition). The Resource estimate comprised 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 (ASX Announcement 19 March 2014 for full details of the Resource Estimate).

▲ Kalman Deposit Mineral Resource Estimate (2015)

(Reported at 0.3% CuEq cut-off above 100m RL and 1.0% CuEq cut-off below 100m RL)

Classification	Mining Method	Tonnes kt	CuEq %	Cu %	Au ppm	Ag ppm	Mo %	Re ppm
Inferred	Open Pit	22,000	1.1	0.42	0.22	1.1	0.07	1.9
Inferred	Underground	8,300	1.9	0.87	0.42	2.0	0.11	2.9
Total		30,000	1.3	0.54	0.28	1.3	0.08	2.2

■ Note: (1) Numbers rounded to two significant figures

■ Note: (2) Totals may differ due to rounding

■ Note: (3) $(CuEq = Cu + 0.594464Au + 0.010051Ag + 4.953866Mo + 0.074375Re)$

The reasons for the update were:

- 8 holes (K131-K132 and K134-139) drilled by Hammer in 2014 were incorporated into the resource model. The drill holes intersected multiple, relatively shallow high-grade molybdenum and copper intersections which were considered to have the potential to enhance the existing mineral resource model.
- The deposit was re-interpreted to improve mineralisation constraints.

The 2016 resource update differed from the 2014 update in that the resulting total resource tonnage was reduced from 30,000kt to 20,000kt and average metal grades increased, primarily due to the use of more elevated cut-off grades.

▲ Overlander North And South Deposits Jorc 2012 Mineral Resource Estimates (26 August, 2015)

(Reported at 0.7% Cu cut-off)

OVERLANDER NORTH MINERAL RESOURCE

Classification	Tonnes	Cu %	Co ppm	Cu Tonnes	Co Tonnes
Indicated	253,000	1.4	254	3,414	64
Inferred	870,000	1.3	456	11,350	396
Total	1,123,000	1.3	410	14,764	461

■ Note: (1) Numbers rounded to two significant figures to reflect appropriate levels of confidence

■ Note: (2) Totals may differ due to rounding

OVERLANDER SOUTH MINERAL RESOURCE

Classification	Tonnes	Cu %	Co ppm	Cu Tonnes	Co Tonnes
Indicated	-	-	-	-	-
Inferred	649,000	1.0	500	6,352	327
Total	649,000	1.0	500	6,352	327

■ Note: (1) Numbers rounded to two significant figures to reflect appropriate levels of confidence

■ Note: (2) Totals may differ due to rounding

OVERLANDER NORTH AND SOUTH COMBINED MINERAL RESOURCE

Classification	Tonnes	Cu %	Co ppm	Cu Tonnes	Co Tonnes
Indicated	253,000	1.4	254	3,414	64
Inferred	1,518,000	1.2	476	17,700	723
Total	1,772,000	1.2	445	21,112	788

■ Note: (1) Numbers rounded to two significant figures to reflect appropriate levels of confidence

■ Note: (2) Totals may differ due to rounding

The 100%-owned Overlander Project is situated 60 kilometres to the southeast of the mining centre of Mount Isa in Queensland and 6 kilometres to the west of Hammer's Kalman copper-gold-molybdenum-rhenium deposit. It is a high-priority target area for both shear-hosted copper and IOCG copper mineralisation. The Overlander North and South Copper Deposits are situated approximately one kilometre apart within a common shear zone.

Annual Mineral Resource Statement

Drilling in the Overlander North deposit extends to a vertical depth of approximately 430m and the mineralisation was modelled from surface to a depth of approximately 420 metres below surface. Drilling in the Overlander South deposit extends to a vertical depth of approximately 215 metres and the mineralisation was modelled from surface to a depth of approximately 180m below surface. The resource estimates are based on good quality RC and diamond drilling data. Drill hole spacing is predominantly on a 40 metre by 20 metre spacing with additional drill holes between sections targeted at the higher-grade cores of the deposits.

Following additional drilling in 2014 and 2015, the Mineral Resource Estimates for the Overlander North and South shear-hosted copper Deposits were revised by Haren Consulting Pty Ltd and reported in accordance with the guidelines of the JORC Code (2012 Edition). They contain combined resources of 1,772,000 tonnes at 1.2% copper in the indicated and inferred categories (Refer to the ASX release dated 26 August 2015). There has been no material change to the Overlander resource base during the financial year.

▲ Mt. Philp Deposit Jorc 2004 Mineral Resource Estimate (12 March, 2012)

Classification	Tonnes	Fe %	P %	SiO ₂ %	Al ₂ O ₃ %	TiO ₂ %	LOI %
Indicated	19,110,000	41	0.02	38	1.3	0.38	0.29
Inferred	11,400,000	34	0.02	48	2.0	0.46	0.31
Total	30,510,000	39	0.02	42	1.6	0.41	0.30

- Note: (1) Numbers rounded to two significant figures to reflect appropriate levels of confidence
- Note: (2) Totals may differ due to rounding

The Mount Philp Iron Ore deposit is located in north-western Queensland, 1,500 kilometres northwest of Brisbane. The Mineral Resource Estimate is based on 48 diamond and reverse circulation (RC) drillholes completed in 2011 for a total of 3,801 metres. Drilling comprises fans located on a nominal 100 metre pattern along the strike length of the ironstone. The Mineral Resource was estimated and reported in-house by Cerro Resource NL.

The current resource totals 19.1 million tonnes grading 41.4% iron and 37.9% silica in the Indicated category and 11.4 million tonnes grading 33.8% iron and 47.4% silica in the Inferred category. This resource is open at depth.

A resource estimate was first completed and reported to ASX by previous owners on 28th September 2012 and there has been no material change to the resource base during the financial year. A review of the resource estimate was completed for the purpose of compiling this statement and the principles and methodology of the resource estimation procedure and the resource classification procedure have been reconciled with the CIM Resource Reserve definitions and found to comply.

▲ Governance And Internal Controls – Resource Calculations

The Company ensures good governance in relation to resource estimation through the use of third-party resource consultants and internal review in accordance with industry best practice. All reported resource estimates were generated by reputable, independent consulting firms. The resource reports and supporting data were subjected to internal analysis and peer review before release. The Company is not aware of any additional information, other than that reported, which would have a material effect on the estimates as reported.

Due to the nature, stage and size of the Company's existing operations, the Board believes there would be no efficiencies gained by establishing a separate mineral reserves and resources committee responsible for reviewing and monitoring the Company's processes for calculating mineral reserves and resources estimates and for ensuring that the appropriate controls are applied to such calculations.

The Company will report any future mineral reserves and resources estimates in accordance with the 2012 JORC Code.

Tenement Interests

Competent Person's Statements

The information in this Annual Mineral Resources Statement is based on, and fairly represents information and supporting documentation reviewed by Mr Mark Whittle, a Competent Person who is a fellow of the AusIMM and an employee of Hammer Metals Limited.

Mr Whittle has sufficient experience which is relevant to the styles of mineralisation and deposit types 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 (2004 JORC Code)" and the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 JORC Code)". Mr Whittle consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

TENEMENT INTERESTS AT END OF SEPTEMBER 2022

Mt Isa (Queensland)

MT. DOCKERELL MINING PTY LTD

Lease	Lease Name	Lease Status	Interest
EPM 11919	Cameron River	Granted	100%
EPM 13870	Pelican	Granted	100%
EPM 18084	Dronfield	Granted	80%
EPM 25165	Cameron River 4	Granted	100%
EPM 26474	Enterprise	Granted	100%
EPM 26511	Sling Shot	Granted	100%
EPM 26628	Argylla	Granted	100%
EPM 26694	Mt Philp	Granted	100%
EPM 26775	Pilgrim North	Granted	100%
EPM 26776	Pilgrim Central	Granted	100%
EPM 26777	Pilgrim South	Granted	100%
EPM 26902	Marriage	Granted	100%
EPM 26904	Jady Jenny	Granted	100%
EPM 27018	Dingo Creek	Granted	100%
EPM27469	Mount Moran	Granted	100%
EPM27470	China Wall	Granted	100%
EPM27806	Roos	Granted	100%
EPM27815	Lady Vampire	Granted	100%
EPM27861	Saint Mungo	Granted	100%
EPM28285	The Plus	Application	100%

MULGA MINERALS PTY LTD

Lease	Lease Name	Lease Status	Interest
EPM 12205	Cloncurry	Granted	100%
EPM 14019	South Mary K	Granted	100%
EPM 14022	North Mary K	Granted	100%
EPM 14467	Mt Frosty	Granted	51%
EPM 25145	Green Creek	Granted	100%
EPM 25866	Malbon	Granted	100%
EPM 25867	Mt Jasper	Granted	100%
EPM 26126	Cathay	Granted	100%
EPM 26127	Resolve	Granted	100%
EPM 26130	El Questro	Granted	100%
EPM 26512	Black Angel	Granted	100%
EPM 27355	Pioneer	Granted	100%

Yilgarn (Western Australia)

CARNEGIE EXPLORATION PTY LTD

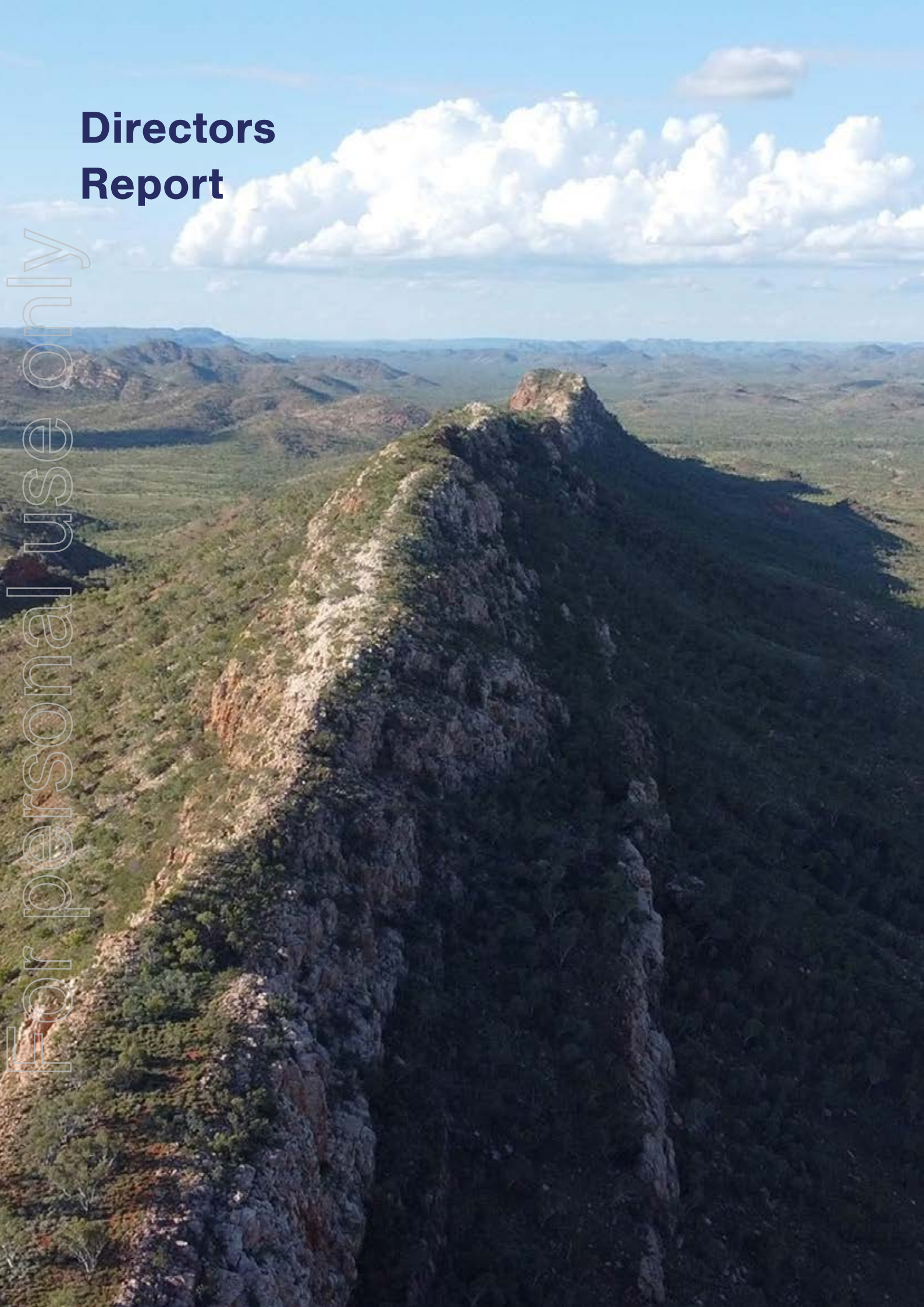
Lease	Lease Name	Lease Status	Interest
E36/854		Granted	100%
E36/855		Granted	100%
E36/868	Kens Bore	Granted	100%
E36/869		Granted	100%
E36/870		Granted	100%
E36/882		Granted	100%
E36/916		Granted	100%
E36/996		Granted	100%
E36/1006		Application	100%
E53/1989		Granted	100%
E53/1996		Granted	100%
E53/2030		Granted	100%

Tenement Interests

Lease	Lease Name	Lease Status	Interest
E53/2085		Granted	100%
E53/2112		Granted	100%
E53/2113		Granted	100%
E53/2114		Granted	100%
E53/2115		Granted	100%
E53/2116		Granted	100%
E53/2127		Granted	100%
E53/2128		Granted	100%
P36/1857		Granted	100%
P36/1858		Granted	100%
P53/1682		Granted	100%
P53/1683		Granted	100%
P53/1684		Granted	100%
P53/1685		Granted	100%
P53/1686		Granted	100%
P53/1687		Granted	100%
P53/1688		Granted	100%
P53/1689		Granted	100%
P53/1690		Granted	100%
P53/1691		Granted	100%
P53/1692		Granted	100%
P53/1693		Granted	100%
P53/1694		Granted	100%
P53/1695		Granted	100%
P53/1696		Granted	100%
P53/1697		Granted	100%

Directors Report

For personal use only



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 2022 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, MAICD

Russell Davis is a Geologist with over 30 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 and also Syndicated Metals Limited where he was Managing Director from December 2007 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 (Applied Chemistry), 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.



ZBIGNIEW LUBIENIECKI
Non-Executive Director

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 and exploration Manager for Australian Platinum Mines and was most recently an 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.



DAVID CHURCH
Non-Executive Director

(appointed 1 July 2020)

LLB

David Church is currently the non-executive Chairman of Caprice Resources Limited and a consultant to the Hong-Kong Stock Exchange-listed Regent Pacific Group Limited, performing the functions of General Counsel and Head of Mergers and Acquisitions. Mr Church is a qualified solicitor and has practiced in Australia with Clayton Utz, and in the UK and Hong Kong with Linklaters.

▲ 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 2021 – current ¹
Daniel Thomas	None	-
Zbigniew Lubieniecki	Cosmo Metals	August 2021 - current
David Church	Caprice Resources Limited	October 2019 - current

¹ – Mr Davis was a director of M3 Mining Limited prior to its listing on the Australian Securities Exchange in July 2021

▲ 3. Company Secretary

MARK PITTS – COMPANY SECRETARY

B.Bus, FCA, GAICD

Mr Pitts is a Chartered Accountant with over 30 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. Mr Pitts is a Director in the corporate advisory firm Endeavour Corporate providing secretarial support, corporate and compliance advice to a number of ASX listed public companies.

▲ 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	7	7
Mr D Thomas	7	7
Mr Z Lubieniecki	7	7
Mr D Church	7	7

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.

Directors Report

▲ 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 loss for the year of \$645,270 (2021: \$611,525).

CORPORATE:

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

- On 15 July 2021, following approval granted at the general meeting of shareholders held in July 2021, 6,842,104 shares were issued to directors raising \$650,000 before costs. These shares represented participation of the Company's Directors in the share placement completed during the previous financial year.
- On 21 December 2021, 1,500,000 shares were issued upon the exercise of performance rights held by the Company's managing director which had vested in October 2021.
- On 27 May 2021, 400,000 shares were issued upon the exercise of options at 3.2 cents each (\$ 0.032), raising \$17,600 before costs.

A total of 2,000,000 unquoted options exercisable at \$0.04 on or before 13 May 2025 were issued to a corporate advisor in accordance with a mandate agreement.

During the financial year no options expired or lapsed unexercised.

Since the end of the financial year, no options have been granted or expired.

The following performance rights were exercised during the year:

- 750,000 performance rights, vesting on 21 October 2021.
- 750,000 performance rights, vesting on 21 October 2021, subject to achieving a minimum share price of \$0.036 for a period of 30 days.

No performance rights were issued or expired during, or since the end of the financial year. Subsequent to the end of the financial year, on 4 August 2022, a total of 7,650,000 options exercisable at 3.2 cents each (\$0.032) were exercised. These options were exercised utilising a cashless exercise facility, and therefore a total of 4,664,633 new ordinary shares were issued.

EXPLORATION ACTIVITIES:

Hammer is currently exploring in two great minerals provinces, focused on the discovery of copper and gold deposits. In the Mount Isa region, the Company has embarked on an aggressive exploration program looking to build upon its existing JORC compliant copper/gold resources. Hammer continues to advance its gold exploration activities in the Yandal Belt in WA, focusing on targets near the former Bronzewing gold mine.

QUEENSLAND - MOUNT ISA REGION PROJECTS

In the Mount Isa base metals district, Hammer has four projects with established copper gold JORC resources. The company 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 2,600 km² of tenure in the Mt. Isa region. A systematic IOCG targeting exercise within the Mount Isa region is ongoing through the Mt Isa East JV and 100% funded activities.

Mt. Isa project – wholly-owned projects

Hammer's activities in the Mount Isa region are predominantly focused on the Trafalgar to Jubilee copper/gold mineralisation trend. The company completed 7,792m of Reverse Circulation ("RC") drilling (52 holes) and 800m of Diamond Drilling (two holes) at ten distinct targets (Ajax, Ajax East, Overlander South, Kalman, Lakeview, Sirius, Morning Star and Lady Kate). The highlights from these drilling programs were the identification of the Ajax East sulphide trend and multiple shallow intersections in the northern part of the Kalman project opening up the potential for resource upgrades at the project.

Several significant geophysical, geochemical and mapping programs were completed during the year with numerous new targets being generated. A drilling program is ongoing at the time of this report focusing on the Ajax East Sulphide trend before a return to extensional testing at the Kalman project which will look to increase the copper/gold/molybdenum and rhenium resource of the project.

Mt Isa East Joint Venture (“MIEJV”)

Following a formal sale process, JOGMEC sold their interest in the MIEJV to Sumitomo Metal Mining Oceania. Work on the MIEJV continued throughout the year, including 2,121m of RC drilling and 631m of Diamond Drilling at six distinct targets.

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 the first deep RC drilling program on the tenement immediately south of the 3million ounce Bronzewing gold mine. A total of 13 holes for 3,554m of RC drilling was completed (ASX Announcement 23 December 2021).

Work continued on Hammer's North Orelia prospect with the reporting of results from a 9,700m, 309-hole air core drilling program. An extensive 5000 sample soil geochemical program was completed with results awaited at the time of this report. Separate air core and reverse circulation drilling programs have been designed for this project area and will be considered for testing in the upcoming financial year.

IMPACT OF COVID-19 PANDEMIC

During the first of half of the financial year, Hammer was impacted by COVID-19 related border closures, however the Board has instituted several measures to ensure that delays and disruptions from these closures were kept to a minimum. Minor disruptions with COVID illnesses on site in early 2022 were experienced, however ongoing disruptions are not expected.

▲ 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 4 August 2022, a total of 7,650,000 options exercisable at 3.2 cents each (\$0.032) were exercised. These options were exercised utilising a cashless exercise facility, and therefore a total of 4,664,633 new ordinary shares were issued.

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.

The COVID-19 pandemic is ongoing and while it has yet to have a significant financial impact on the Group, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is constantly developing and is dependent on measures imposed by the Australian Government, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

▲ 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.

Directors Report

▲ 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:

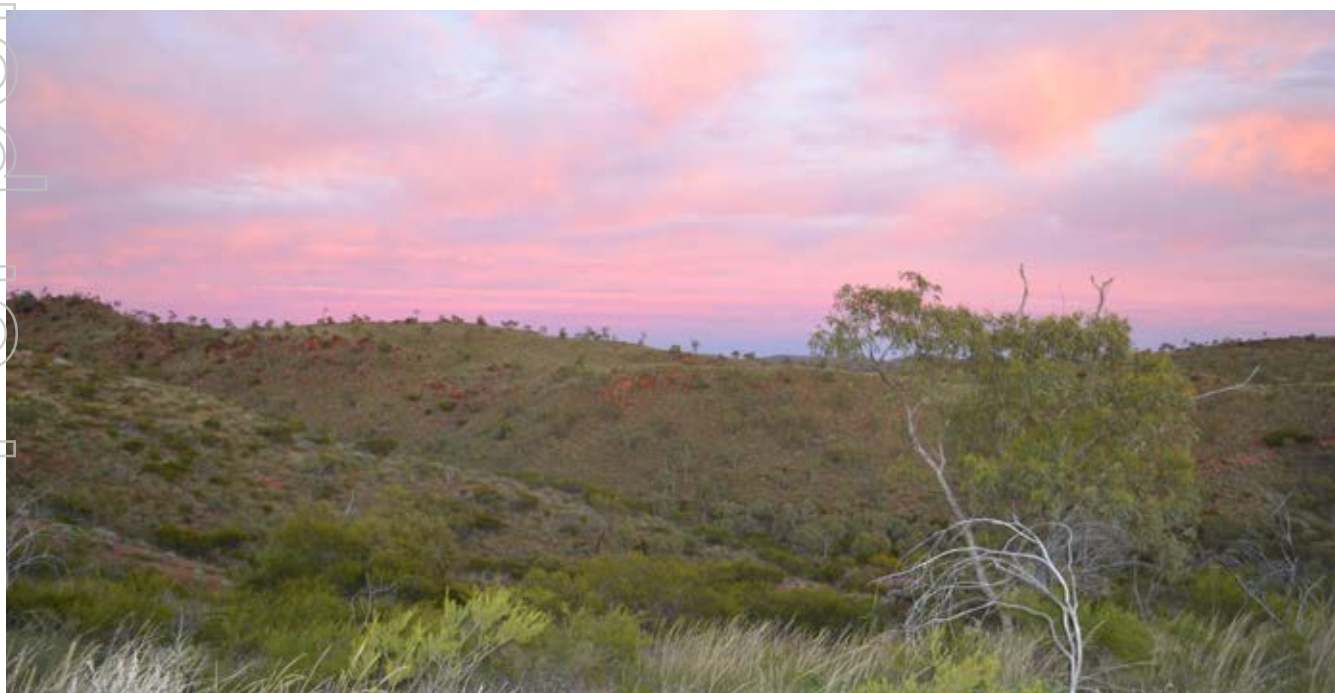
Director	Ordinary shares	Unlisted options	Performance Rights
Mr R Davis	41,244,013	2,000,000	-
Mr D Thomas	4,000,000	7,000,000	8,000,000
Mr Z Lubieniecki	64,493,551	1,500,000	-
Mr D Church	1,052,631	1,000,000	-

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. 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:

	2022	2021	2020	2019	2018
Loss per share (cents)	(0.08)	(0.08)	(0.40)	(0.29)	(0.26)
Net loss (\$)	(645,270)	(611,525)	(1,978,610)	(852,517)	(673,062)
Share price at 30 June	\$0.045	\$0.092	\$0.043	\$0.023	\$0.025

Service contracts

Daniel Thomas – Managing Director

The Company entered into an Executive Service agreement with Mr Thomas on 1 August 2021. An Executive service fee of \$275,000 (plus superannuation at 10%) 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 Director in the corporate advisory firm Endeavour Corporate providing secretarial support and corporate and compliance advice, pursuant to a contract between Endeavour Corporate and the Company. The contract with Endeavour Corporate 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

All non-executive Directors receive a fixed annual Directors' fee of \$50,000 (inclusive of superannuation benefits as required under the applicable legislation). The Chair receives a fixed annual fee of \$75,000 (inclusive of superannuation benefits as required under the applicable legislation).

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

▲ 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:

Directors	Year Ended 30 June 2022		Short Term		Long Term		Proportion of remuneration performance related %	Value of options and rights as proportion of remuneration %
	Salary & fees \$	Consulting fees \$	Movement in leave accruals ¹ \$	Superannuation benefits \$	Options and Rights \$	Total \$		
Executive								
Mr D Thomas	270,417	-	10,158	27,041	62,492 ²	370,108	16.9%	16.9%
Non-executive								
Mr R Davis	57,955	8,500	-	5,796	-	72,251	-	-
Mr Z Lubieniecki	38,636	42,375	-	3,864	-	84,875	-	-
Mr D Church	41,364	-	-	4,136	-	45,500	-	-
Total - Directors	408,372	50,875	10,158	40,837	62,492	572,734	10.9%	10.9%
Other Key Management Personnel Executives								
Mr M Pitts (Company Secretary)	60,000	-	-	-	-	60,000	-	-
Total – all key management personnel	468,372	50,875	10,158	40,837	62,492	632,734	9.9%	9.9%

1 – Represents the accounting value of the movement in accrued leave liabilities, and not amounts paid to the member of Key Management Personnel.

2 – Includes both instruments issued during the current period and the vesting expense of options and rights issued during a previous period.

▲ 12.2 Directors' and senior executives' remuneration continued

Directors	Year Ended 30 June 2021			Short Term			Long Term			Proportion of remuneration performance related %		Value of options and rights as proportion of remuneration %
	Salary & fees \$	Consulting fees \$	Movement in leave accruals ¹ \$	Superannuation benefits \$	Options and Rights \$	Total \$	remuneration %	related %				
Executive												
Mr D Thomas	220,000	-	8,723	20,900	81,045 ²	330,668	14.6%	24.5%				
Non-executive												
Mr R Davis ²	60,000	-	-	5,463	47,000	112,463	-	41.8%				
Mr Z Lubieniecki	40,000	40,708	-	3,800	35,250	119,758	-	29.4%				
Mr D Church	40,000	-	-	3,800	23,500	67,300	-	34.9%				
Total - Directors	360,000	40,708	8,723	33,963	186,795	630,189	7.67%	29.6%				
Other Key Management Personnel Executives												
Mr M Pitts (Company Secretary)	58,500	-	-	-	-	58,500	-	-				
Total - all key management personnel	418,500	40,708	8,723	33,963	186,795	688,689	7.02%	27.1%				

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

▲ 12.3 Value of options to executives

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

No options were granted to key management personnel during the year. 4,500,000 options were granted to the Non-Executive Directors during the previous financial 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

No options were granted as remuneration to key management personnel during the year.

GRANTED DURING PREVIOUS FINANCIAL YEARS

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

Key Management Personnel	Number of options granted	Date granted	% Vested	% Forfeited / Lapsed	Financial year in which grant vested / will vest
Russell Davis	2,000,000	30 November 2020	100%	-	-
Zbigniew Lubieniecki	1,500,000	30 November 2020	100%	-	-
David Church	1,000,000	30 November 2020	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:

	Directors
Underlying security spot price on grant date	\$0.037
Exercise price	\$0.05
Grant date	30 November 2020
Expiration date	30 November 2024
Vesting date	Immediate
Life (years)	4
Volatility	100%
Risk free rate	0.20%
Dividend Yield	-
Number of options	4,500,000
Valuation per option	\$0.0235
Remaining life (years)	3.4
Total value	\$105,750
Value recognised to date	\$105,750
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 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 number of rights under each tranche on issue during the current and previous financial year are as follows:

	30 June 2022 No.	30 June 2021 No.
Managing Director Performance Rights – Tranche 3	-	750,000
Managing Director Performance Rights – Tranche 4	-	750,000
Managing Director Performance Rights – Tranche 5	5,000,000	5,000,000
Managing Director Performance Rights – Tranche 6	1,000,000	-
Managing Director Performance Rights – Tranche 7	1,000,000	-
Managing Director Performance Rights – Tranche 8	1,000,000	-
	8,000,000	6,500,000

The fair value of the performance rights issued during the 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 2021	29 Nov 2021	29 Nov 2021
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 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.

Directors Report

▲ 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	-	-	-	-	7,000,000	7,000,000
Mr Z Lubieniecki	4,500,000	-	-	-	-	4,500,000	4,500,000
Mr D Church	1,000,000	-	-	-	-	1,000,000	1,000,000
Mr M Pitts	1,000,000	-	-	-	-	1,000,000	1,000,000

▲ 12.7 Equity holdings and transactions

During the year, no shares were issued to key management personnel in lieu of fees for the prior year (2021: nil). 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	39,152,973	1,026,316	-	-	-	40,179,289
Mr D Thomas	2,241,407	258,593	-	-	1,500,000	4,000,000
Mr Z Lubieniecki	57,401,125	5,263,158	-	-	-	62,664,283
Mr D Church	-	1,052,631	-	-	-	1,052,631
Mr M Pitts	1,424,581	-	-	-	-	1,424,581

▲ 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	Held at end of period / on resignation	Vested and exercisable at end of period
Mr R Davis	-	-	-	-	-	-
Mr D Thomas	6,500,000	3,000,000	(1,500,000)	-	8,000,000	-
Mr Z Lubieniecki	-	-	-	-	-	-
Mr D Church	-	-	-	-	-	-
Mr M Pitts	-	-	-	-	-	-

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:

Key management Personnel	Transaction	Transaction value year ended		Balance outstanding as at	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020
		\$	\$	\$	\$
Mr Z Lubieniecki	Consulting Fees	42,375	40,708	-	-
Mr R Davis	Consulting Fees	8,500	-	8,500	-
Mr M Pitts	Accounting services	48,790	41,520	5,780	3,670

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.

END OF REMUNERATION REPORT

Directors 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/Executive/Employee Options	30 November 2021	\$0.032	700,000
Corporate Advisor Options – Tranche 1	13 December 2022	\$0.035	1,000,000
Managing Director Options – Tranche 1	21 October 2023	\$0.05	3,000,000
Managing Director Options – Tranche 2	21 October 2023	\$0.06	4,000,000
Corporate Advisor Options – Tranche 2	30 June 2023	\$0.035	3,000,000
Employee and Consultant Options	30 June 2024	\$0.05	2,600,000
Director Options	30 November 2024	\$0.05	4,500,000
Corporate Advisor Options – Tranche 3	13 May 2025	\$0.04	2,000,000
			20,800,000

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

During the financial year, the Company issued 400,000 ordinary shares as a result of the exercise of unquoted options exercisable at 3.2 cents on or before 30 November 2021 (2021: 1,250,000).

During the previous financial year, the Company issued 167,105,021 ordinary shares as a result of the exercise of HMXOD quoted options (exercisable at 3 cents on or before 21 September 2020).

Subsequent to year end on 4 August 2022, a total of 7,650,000 options exercisable at 3.2 cents each (\$0.032) were exercised. These options were exercised utilising a cashless exercise facility, and therefore a total of 4,664,633 new ordinary shares were issued.

▲ 14. Performance Rights

Unissued shares under performance rights

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

	Expiry Date	Number of rights
Managing Director Rights – Tranche 5	13 December 2023	5,000,000
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
		8,000,000

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

Shares issued on exercise of performance rights

During the financial year, the Company issued 1,500,000 ordinary shares as a result of the exercise of performance rights (2021: 1,500,000).

▲ 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.

▲ 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 66 and forms part of the Directors' report for the financial year ended 30 June 2022.

▲ 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

28 September 2022

Auditor's Independence Declaration

PKF Perth



Advisory • Audit
Business Solutions

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 2022, 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

SIMON FERMANIS
PARTNER

28 SEPTEMBER 2022
WEST PERTH,
WESTERN AUSTRALIA

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Liability limited by a scheme approved under Professional Standards Legislation.

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Consolidated Statement Of Financial Position

HAMMER METALS LIMITED
and its Controlled Entities

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	30 June 2022 \$	30 June 2021 \$
Current Assets			
Cash and cash equivalents	10	5,193,673	9,706,093
Trade and other receivables	11	501,762	140,842
Total current assets		5,695,435	9,846,935
Non-current assets			
Other financial assets	12	370,695	484,299
Right-of-use assets	13	268,662	303,302
Exploration and evaluation expenditure	14	21,337,979	17,429,445
Total non-current assets		21,977,336	18,217,046
Total assets		27,672,771	28,063,981
Current liabilities			
Trade and other payables	15	691,567	1,171,283
Lease liabilities	16	63,997	63,997
Total current liabilities		755,564	1,235,280
Non-current liabilities			
Lease liabilities	16	169,940	232,595
Total non-current liabilities		169,940	232,595
Total liabilities		925,504	1,467,875
Net assets		26,747,267	26,596,106
Equity			
Share capital	17	62,965,503	62,277,335
Reserves	18	1,399,364	1,291,101
Accumulated losses		(37,617,600)	(36,972,330)
Total equity		26,747,267	26,596,106

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

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Consolidated Statement Of Profit Or Loss And Other Comprehensive Income

HAMMER METALS LIMITED
and its Controlled Entities

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	Note	30 June 2022 \$	30 June 2021 \$
Other income	4	214,863	308,019
Sale of tenement		322,727	-
Marketing expenses		(102,143)	(114,839)
Administrative expenses		(735,505)	(765,502)
Share based payments	5	(140,492)	(186,795)
Occupancy expenses		(40,191)	(45,878)
Depreciation and amortisation	5	(42,458)	(26,906)
Fair value adjustment on financial assets		(113,604)	213,202
Other expenses		-	(1,915)
Loss from operating activities		(636,803)	(620,614)
Finance income		1,303	14,006
Finance expenses		(9,770)	(4,917)
Net finance income / (expense)	6	(8,467)	9,089
Loss before income tax		(645,270)	(611,525)
Income tax benefit	8	-	-
Net loss for the year from continuing operations		(645,270)	(611,525)
Other comprehensive income		-	-
Other comprehensive loss for the year, net of income tax		-	-
Total Comprehensive loss for the year		(645,270)	(611,525)
Loss per share:			
Basic and diluted loss per share (cents per share)	9(a)	(0.08)	(0.08)

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

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Consolidated Statement Of Changes In Equity

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HAMMER METALS LIMITED
and its Controlled Entities

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Share capital	Share based payment reserve	Option issue reserve	Accumulated losses	Total
Balance at 1 July 2020	51,429,354	1,144,698	650,225	(36,374,981)	(16,849,296)
Loss for the year	-	-	-	(611,525)	(611,525)
Other comprehensive income / loss	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(611,525)	(611,525)
Exercise of options	5,704,199	(15,000)	(636,049)	-	5,053,150
Shares issued for cash	5,349,994	-	-	-	5,349,994
Shares issued to acquire tenements	50,000	-	-	-	50,000
Shares issued in lieu of fees	23,500	-	-	-	23,500
Conversion of performance rights	25,392	(25,392)	-	-	-
Lapse of listed options	-	-	(14,176)	14,176	-
Share based payments	-	186,795	-	-	186,795
Share issue costs	(305,104)	-	-	-	(305,104)
Balance at 30 June 2021	62,277,335	1,291,101	-	(36,972,330)	(26,596,106)
Balance at 1 July 2021	62,277,335	1,291,101	-	(36,972,330)	(26,596,106)
Loss for the year	-	-	-	(645,270)	(645,270)
Other comprehensive income / loss	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(645,270)	(645,270)
Exercise of options	17,600	(4,800)	-	-	12,800
Shares issued for cash	650,000	-	-	-	650,000
Conversion of performance rights	27,429	(27,429)	-	-	-
Share based payments	-	140,492	-	-	140,492
Share issue costs	(6,861)	-	-	-	(6,861)
Balance at 30 June 2022	62,695,503	1,399,364	-	(37,617,600)	(26,747,267)

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

Consolidated Statement Of Cash Flows

HAMMER METALS LIMITED
and its Controlled Entities

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Note	30 June 2022 \$	30 June 2021 \$
Cash flows from operating activities			
Interest received		1,303	14,006
Receipts from other parties to joint operations		-	100,000
COVID-related government assistance received		-	38,500
Fuel rebate received		8,197	4,667
Payments to suppliers and employees		(1,010,887)	(776,845)
Net cash used in operating activities	23	(1,001,387)	(619,672)
Cash flows from investing activities			
Payments for exploration expenditure		(4,926,844)	(3,868,940)
Sale of tenements		322,727	-
Management fees received from farm-in and joint arrangement partners		233,500	197,170
Receipt of research and development grant		615,195	384,209
Government exploration grants received		-	377,224
Cash calls received from farm-in and joint venture partners		175,000	-
Purchase of plant and equipment		-	(5,946)
Net cash used in investing activities		(3,580,422)	(2,916,283)
Cash flows from financing activities			
Proceeds from issue of share capital		150,000	5,349,994
Share funds received in advance		-	500,000
Proceeds from issue of options		12,800	5,053,150
Share fund oversubscriptions returned		(14,125)	-
Transaction costs from issue of shares and options		(6,861)	(305,104)
Lease payments made		(72,425)	(34,527)
Net cash from financing activities		69,389	10,563,513
Net increase / (decrease) in cash and cash equivalents		(4,512,420)	7,027,558
Cash and cash equivalents at beginning of year		9,706,093	2,678,535
Cash and cash equivalents at end of year	10	5,193,673	9,706,093

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

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Notes To The Consolidated Financial Statements

HAMMER METALS LIMITED
and its Controlled Entities

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 2022 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 28 September 2022.

(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) 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. A significant amount of judgement has been required in assessing whether the Group is a going concern, as set out in note 2(f).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (continued)

(d) 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(n)), 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(d)(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(n), 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(f). 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.

v. *Lease term*

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (continued)

(e) 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.

(f) Going concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

For the year ended 30 June 2022, the Group has incurred a consolidated loss before tax of \$645,270 and net cash outflows from operating and investing activities of \$4,581,809. As at 30 June 2022, the Group had \$5,193,673 in cash and cash equivalents and net current assets of \$4,939,871.

On the above basis, the Directors are of the view that the going concern basis of preparation is appropriate.

3. STATEMENT OF SIGNIFICANT 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

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.

v. *Business combinations*

Business combinations are accounted for by applying the acquisition method.

For every business combination, the Group identifies the acquirer, which is the combining entity that obtains control of the other combining entities or businesses. 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 acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

vi. *Contingent liabilities*

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

vii. *Non-controlling interest*

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

(b) Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of profit and loss and other comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) 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.

(d) 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).

(d) Financial instruments (continued)

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

Financial assets at amortised cost

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial instruments (continued)

Financial assets at fair value through profit or loss (FVTPL)

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.

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.

(e) 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.

(f) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Impairment (continued)

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.

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) 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.

(h) 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.

(i) 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.

(j) 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.

(k) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Income tax (continued)

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.

(l) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

A provision for site restoration in respect of contaminated and disturbed land, and the related expense, is recognised when the land is contaminated or disturbed. Such activities include dismantling infrastructure, removal and treatment of waste material, and land rehabilitation, including restoring, topsoiling and revegetation of the disturbed area.

(m) 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.

(n) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Exploration and evaluation expenditure (continued)

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.

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 area; 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(f).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Exploration and evaluation expenditure (continued)

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.

(o) Government grants

Government grants are recognised when there is reasonable assurance that (a) the Group will comply with the conditions attaching to them; and (b) the grants will be received; they are then recognised in profit or loss as other income or as a deduction against the carrying value of an underlying asset.

The Group recognises the refundable research and development tax incentive (received under the tax legislation passed in 2011) as a government grant. This incentive is refundable to the Group regardless of whether the Group is in a tax payable position and is presented by deducting the grant from the carrying amount of the related exploration asset.

(p) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(q) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

	30 June 2022	30 June 2021
	\$	\$
4. OTHER INCOME		
Management fee from farm-in partners	189,294	141,780
COVID-related government assistance	-	38,500
Fees received from preparation of exploration information	-	100,000
Other income	25,569	27,739
	214,863	308,019
	30 June 2022	30 June 2021
	\$	\$
5. RESULT FROM OPERATING ACTIVITIES		
Net loss for the year before tax has been arrived at after the charging the following expenses:		
Depreciation of property, plant and equipment	7,818	5,946
Amortisation of right-of-use assets	34,640	20,960
	42,458	26,906
Salary and wages	226,142	239,315
Superannuation expense	18,627	17,982
Share based payments	140,492	186,795
Other employee expenses	750	-
Total employee costs	386,011	444,092
	30 June 2022	30 June 2021
	\$	\$
6. FINANCE INCOME AND FINANCE COSTS		
Recognised in loss for the year:		
Interest income	1,303	14,006
Finance costs / lease interest expense	(9,770)	(4,917)
Net finance income	8,467	9,089
	30 June 2022	30 June 2021
	\$	\$
7. AUDITORS' REMUNERATION		
Auditors of the Company – KPMG (resigned 11 March 2022)		
Audit services:		
Audit and review of financial reports	28,166	37,000
Auditors of the Company – PKF (appointed 11 March 2022)		
Audit services:		
Audit and review of financial reports	19,000	-
	47,166	37,000

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	30 June 2022	30 June 2021
	\$	\$
8. INCOME TAX		
(a) Income tax benefit		
Current tax	-	-
Deferred tax	-	-
Total income tax benefit	<u>-</u>	<u>-</u>
Numerical reconciliation of income tax benefit to pre-tax accounting loss:		
Loss before income tax	(645,270)	(611,525)
Income tax benefit using the Company's domestic tax rate of 25% (2021: 27.5%)	(177,449)	(168,169)
Adjusted for:		
Non-deductible expenses / (Non-Assessable Income)	35,869	(820)
Under/over from prior year	-	-
Temporary differences and tax losses not recognised	141,580	168,989
Income tax benefit	<u>-</u>	<u>-</u>
(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	3,443	539
Investments	222,016	212,976
Accrued expenses and provisions	42,217	73,772
Capital raising costs	78,997	131,500
Income tax losses	8,099,807	7,566,723
	<u>8,446,480</u>	<u>7,985,510</u>
(c) Recognised deferred tax assets & liabilities		
Temporary timing differences related to:		
Exploration and evaluation expenditure	(5,334,495)	(4,793,097)
Income tax losses	5,334,495	4,793,097
	<u>-</u>	<u>-</u>

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 2022:

	Balance 1 July 2021	Profit or Loss	Other comprehensive income	Equity	Balance 30 June 2022
Exploration and evaluation expenditure	(4,793,097)	(541,398)	-	-	(5,334,495)
Carried-forward tax losses	4,793,097	541,395	-	-	5,334,495
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. INCOME TAX (CONTINUED)

(e) Movement of temporary differences recognised during the year ended 30 June 2021:

	Balance 1 July 2020	Profit or Loss	Other comprehensive income	Equity	Balance 30 June 2021
Exploration and evaluation expenditure	(3,880,462)	(912,635)	-	-	(4,793,097)
Carried-forward tax losses	3,880,462	912,635	-	-	4,793,097
	-	-	-	-	-

9. LOSS PER SHARE

(a) Basic and dilutive loss per share calculated using the weighted average number of fully paid ordinary shares on issue at the reporting date.

	30 June 2022 \$	30 June 2021 \$
	(0.08) cents	(0.08) cents

Options disclosed in Note 17(b) are potential ordinary shares which are considered anti-dilutive, therefore diluted earnings per share are the same as basic earnings per share.

(b) Weighted average number of shares used in calculation of basic and dilutive earnings per share

	814,035,632	721,519,795
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10. CASH AND CASH EQUIVALENTS

Cash at bank and on hand

	30 June 2022 \$	30 June 2021 \$
	5,193,673	9,706,093

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

Current

	30 June 2022 \$	30 June 2021 \$
GST receivable	53,463	23,733
Security deposit	25,150	25,150
Other receivables	423,149	91,959
	501,762	140,842

Trade and other receivables are non-interest bearing.

12. OTHER FINANCIAL ASSETS

Non - Current

Investments in other entities

Listed shares in TSXV and ASX-listed companies - at fair value

	30 June 2022 \$	30 June 2021 \$
	370,695	484,299

The Group's exposure to equity price risk and sensitivity analysis is 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 2022	30 June 2021
	\$	\$
13. RIGHT-OF-USE ASSETS		
Plant and equipment – right of use	324,262	324,262
Less: accumulated depreciation	(55,600)	(20,960)
Total right-of-use assets	268,662	303,302
 Movements in right-of-use assets for the period:		
Opening balance at the beginning of the period	303,302	71,570
Additions for the period	-	252,592
Depreciation	(34,640)	(20,960)
Disposals	-	-
Closing balance at the end of the period	268,662	303,302
 14. EXPLORATION AND EVALUATION EXPENDITURE		
	30 June 2022	30 June 2021
	\$	\$
Balance at 1 July	17,429,445	14,110,772
Exploration and evaluation expenditure incurred	4,523,729	4,030,106
Tenements acquired	-	50,000
Exploration grants received	-	(377,224)
Research and development grant received	(615,195)	(384,209)
Balance at 30 June	21,337,979	17,429,445

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 2022 \$	30 June 2021 \$
Trade payables and accruals	612,132	623,965
Employee Leave Accruals	79,435	47,318
Share issue funds received in advance – Note 1	-	500,000
	691,567	1,171,283

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.

Note 1 – relates to funds received for the subscription of shares in the Company by a director, which was subject to shareholder approval. Approval was obtained after balance date and therefore these funds were subsequently reallocated to issued capital.

16. LEASE LIABILITIES	30 June 2022 \$	30 June 2021 \$
Current lease liabilities	63,997	63,997
Non-current lease liabilities	169,940	232,595
	233,937	296,592

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

17. ISSUED CAPITAL	30 June 2022 No.	30 June 2021 No.	30 June 2022 \$	30 June 2021 \$
(a) Share capital				
<i>Ordinary shares</i>				
On issue at 1 July	806,652,519	578,356,565	62,277,335	51,429,354
Exercise of HMXOD listed options	-	167,105,021	-	5,649,199
Shares issued to acquire tenements	-	1,250,000	-	50,000
Shares issued for cash at \$0.095 per share ¹	6,842,104	56,315,727	650,000	5,349,994
Shares issued in lieu of fees	-	875,206	-	23,500
Conversion of performance rights	1,500,000	1,500,000	27,429	25,392
Exercise of unlisted options	400,000	1,250,000	17,600	55,000
Share issue costs	-	-	(6,861)	(305,104)
On issue at 30 June – fully paid	815,394,623	806,652,519	62,965,503	62,277,335

1 – A portion (\$500,000) of the total share funds received for the year ended 30 June 2022 was received during the year ended 30 June 2021 and was recorded as a liability as at 30 June 2021. Refer to Note 15.

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 (2021: Nil).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. ISSUED CAPITAL (CONTINUED)	30 June 2022	30 June 2021
(b) Options outstanding over ordinary shares	No.	No.
<i>Listed options (Option issue reserve)</i>		
Listed HMXOD options exercisable at \$0.03 on or before 30 Sep 2020	-	-
<i>Unlisted options (Share-based payment reserve)</i>		
Unlisted options exercisable at \$0.032 on or before 30 Nov 2022	8,350,000	8,750,000
Unlisted options exercisable at \$0.05 expiring 21 Oct 2023	3,000,000	3,000,000
Unlisted options exercisable at \$0.06 expiring 21 Oct 2023	4,000,000	4,000,000
Unlisted options exercisable at \$0.035 expiring 13 Dec 2022	1,000,000	1,000,000
Unlisted options exercisable at \$0.035 expiring 30 Jun 2023	3,000,000	3,000,000
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	-
	28,450,000	26,850,000

No listed options were issued during the year (2021: Nil).

No unlisted options were granted to directors, executives and employees during the year (2021: 4,500,000).

400,000 unlisted options were exercised during the year (2021: 1,250,000).

2,000,000 unlisted options were granted to consultants during the year (2021: Nil)

No listed options were exercised during the year (2021: 167,105,021), and none lapsed unexercised (2021: 3,724,428).

No fully vested unlisted options expired unexercised during the period (2021: 2,676,078).

Options carry no voting rights until converted to fully paid ordinary shares. All unlisted options were granted for no cash consideration.

(c) Performance rights outstanding	30 June 2022	30 June 2021
<i>Performance rights (Share-based payment reserve)</i>	No.	No.
Managing Director Performance Rights – Tranche 3	-	750,000
Managing Director Performance Rights – Tranche 4	-	750,000
Managing Director Performance Rights – Tranche 5	5,000,000	5,000,000
Managing Director Performance Rights – Tranche 6	1,000,000	-
Managing Director Performance Rights – Tranche 7	1,000,000	-
Managing Director Performance Rights – Tranche 8	1,000,000	-
	8,000,000	6,500,000

The following performance rights were granted during the period (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	13/12/2023
- Tranche 7	1,000,000	N/A	Refer below	13/12/2023
- Tranche 8	1,000,000	N/A	Refer below	13/12/2023

All performance rights require the managing director to remain employed until vesting date. The tranches outstanding at balance date contain the following non-market based vesting conditions:

- Tranche 5 performance rights vest upon the satisfactory completion of a transaction in accordance with the terms outlined in the Company's Notice of AGM dated 8 October 2019;
- 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. RESERVES	30 June 2022 \$	30 June 2021 \$
Share-based payment reserve ⁽¹⁾		
Balance at beginning of period	1,291,101	1,144,698
Options issued to Directors and executives	-	105,750
Options issued to Corporate advisor	78,000	-
Performance rights issued to Managing Director	25,653	-
Options exercised during the period	(4,800)	(15,000)
Performance rights exercised during the period	(27,429)	(25,392)
Further vesting expense of options and rights issued in previous periods	36,839	81,045
	1,399,364	1,291,101
Option issue reserve ⁽²⁾		
Balance at beginning of period	-	650,225
Options exercised during the period	-	(636,049)
Lapse of unexercised options	-	(14,176)
	1,399,364	1,291,101

⁽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⁾ The option issue reserve was used to record the value of listed options issued under an entitlement issue during a previous financial year, less the costs of that issue. All listed options either were exercised or lapsed during the period, therefore the balance of the reserve is now nil.

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 2022 \$	30 June 2021 \$	30 June 2022 \$	30 June 2021 \$
Annual minimum exploration expenditure	2,927,546	2,325,718	-	-

The annual minimum exploration expenditure disclosed above includes \$1,518,264 which falls under tenements related to the joint arrangements as set out in Note 22. Of this amount, \$112,009 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, and \$1,406,255 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. SHARE BASED PAYMENTS

Incentive Option Plan

The Hammer Metals Incentive Option Plan was approved by shareholders on 14 November 2019. 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) Options are granted for no consideration.
- (c) The options are issued at an exercise price as determined by the Board from time to time.
- (d) The number of shares the subject of 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 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 options issued under this plan shall not be quoted on ASX.
- (g) The options' terms are at the discretion of the Directors.

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

	30 June 2022		30 June 2021	
	No of unlisted options	Weighted average exercise price	No of unlisted options	Weighted average exercise price
Outstanding at 1 July	26,850,000	\$0.045	26,276,078	\$0.044
Granted during the period	2,000,000	\$0.04	4,500,000	\$0.050
Exercised during the period	400,000	\$0.032	(1,250,000)	\$0.032
Expired / lapsed during the period	-	-	(2,676,078)	\$0.070
Outstanding at 30 June	<u>28,850,000</u>	<u>\$0.043</u>	<u>26,850,000</u>	<u>\$0.045</u>
Exercisable at 30 June	<u>28,850,000</u>		<u>22,850,000</u>	

The options outstanding at year end have exercise prices ranging from \$0.032 to \$0.07 and a weighted average remaining contractual life of 1.335 years.

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
Corporate Advisor Options	2,000,000	13 May 2022	100%	-	-

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

	Corporate Advisor
Underlying security spot price on grant date	\$0.062
Exercise price	\$0.04
Grant date	13 May 2022
Expiration date	13 May 2025
Vesting date	Immediate
Life (years)	3
Volatility	80%
Risk free rate	2.83%
Dividend Yield	-
Number of options	2,000,000
Valuation per option	\$0.039
Remaining life (years)	2.87

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. SHARE BASED PAYMENTS (CONTINUED)

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
Key Management Personnel					
Russell Davis	2,000,000	30 November 2020	100%	-	-
Zbigniew Lubieniecki	1,500,000	30 November 2020	100%	-	-
David Church	1,000,000	30 November 2020	100%	-	-

The fair value of the options issued during the previous 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:

	Directors
Underlying security spot price on grant date	\$0.037
Exercise price	\$0.05
Grant date	30 November 2020
Expiration date	30 November 2024
Vesting date	Immediate
Life (years)	4
Volatility	100%
Risk free rate	0.20%
Dividend Yield	-
Number of options	4,500,000
Valuation per option	\$0.0235
Remaining life (years)	3.4

The number of performance rights on issue is as follows:

	30 June 2022	30 June 2021
	No.	No.
Outstanding at 1 July	6,500,000	8,000,000
Granted during the period	3,000,000	-
Exercised during the period	(1,500,000)	(1,500,000)
Expired / lapsed during the period	-	-
Outstanding at 30 June	<u>8,000,000</u>	<u>6,500,000</u>
Vested and exercisable at 30 June	-	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. SHARE BASED PAYMENTS (CONTINUED)

The fair value of the performance rights issued during the 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 2021	29 Nov 2021	29 Nov 2021
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 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 Z Lubieniecki

Mr D Church

Executives

Mr M Pitts (Company Secretary)

	30 June 2022	30 June 2021
The key management personnel compensation comprised:	\$	\$
Short-term employee benefits	529,405	489,208
Post-employment benefits	40,837	37,050
Share-based payments	62,492	186,794
	632,734	713,052

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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	Transaction value year ended		Balance outstanding as at	
		30 June 2022	30 June 2021	30 June 2022	30 June 2021
		\$	\$	\$	\$
Mr Z Lubieniecki	Consulting Fees	42,375	40,708	-	-
Mr R Davis	Consulting Fees	8,500	-	8,500	-
Mr M Pitts	Accounting services	48,790	41,520	5,780	3,670

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 and Russell Davis as consulting fees for geological services provided.

22. INTEREST IN OTHER ENTITIES

Name	Country of Incorporation	Percentage held 2022	Percentage held 2021
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 ⁽ⁱ⁾	Australia	100%	100%
Midas Metals Asia Pty Ltd ⁽ⁱ⁾	Australia	85%	85%

(i) These subsidiaries are dormant and have not traded during the year.

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

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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. The Group's interest in the above arrangement includes capitalised exploration phase expenditure totalling \$597,665 at 30 June 2022 and is included in exploration and evaluation assets (note 14).

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 290km² of the 2,200km² 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 Farm-in period, JOGMEC can achieve a 60% interest in the project areas by expending \$6,000,000 by 31 March 2024. The Farm-in Period is staged as follows, noting that JOGMEC earns its interest after the completion of the Fifth and final Farm-in Period:

- The First Farm-in Period is a minimum expenditure of \$1,000,000 by 31 March 2020 before JOGMEC can withdraw from the agreement;
- The Second Farm-in Period is an aggregate expenditure of \$2,000,000 by 31 March 2021;
- The Third Farm-in Period is an aggregate expenditure of \$3,000,000 by 31 March 2022;
- The Fourth Farm-in Period is an aggregate expenditure of \$4,500,000 by 31 March 2023; and
- The Fifth and final Farm-in Period is an aggregate expenditure of \$6,000,000 by 31 March 2024.

Upon completion of the Fifth Farm-in Period, each company can 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 are all 100% held by the Company's subsidiaries Mt Dockerell Mining Pty Ltd and Mulga Minerals Pty Ltd. During the previous financial year, 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.

During the year, the Third Farm-in Period was completed and the Mt Isa East JV has continued to operate in line with the terms of the agreement noted above.

23. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES	30 June 2022 \$	30 June 2021 \$
Loss for the year	(645,270)	(611,525)
Adjustments for:		
Depreciation and amortisation	42,458	26,906
Share based payments	140,492	186,795
Fair value adjustment on financial assets	113,604	(213,202)
Sale of tenements	(322,727)	-
Interest expense	9,770	4,917
Management fee from farm-in partners	(189,649)	(141,780)
Shares issued in lieu of fees	-	23,500
Movements attributable to operating activities:		
Decrease / (increase) in trade and other receivables	(62,229)	(41,504)
Increase / (decrease) in trade and other payables	(212,294)	146,221
Net cash used in operating activities	<u>(1,001,387)</u>	<u>(619,672)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2022.

	Queensland Exploration \$	Western Australia Exploration \$	Corporate \$
<i>30 June 2022</i>			
Segment income	-	-	214,863
Segment profit / (loss) before income tax expense	318,639	(271)	(963,638)
Segment assets	15,734,221	5,603,758	6,334,792
Segment liabilities	(52,344)	(9,215)	(863,945)
<i>30 June 2021</i>			
Segment income	-	-	308,019
Segment loss before income tax expense	(17,782)	(273)	(593,470)
Segment assets	12,914,534	4,514,911	10,634,536
Segment liabilities	(139,607)	(22,842)	(1,305,426)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

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:

	Note	Carrying amount	
		30 June 2022	30 June 2021
		\$	\$
Cash and cash equivalents	10	5,193,673	9,706,093
Trade and other receivables	11	501,762	140,842

Impairment losses

None of the Group's trade and other receivables are past due and impaired (2021: 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(f)). 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.

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 2022						
Trade and Other Payables	691,567	691,567	691,567	-	-	-
Lease liabilities	233,937	247,904	36,201	36,201	72,401	103,101
	<u>925,504</u>	<u>939,471</u>	<u>715,059</u>	<u>36,201</u>	<u>72,401</u>	<u>103,101</u>
30 June 2021						
Trade and Other Payables	1,171,283	1,171,283	1,171,283	-	-	-
Lease liabilities	296,592	320,305	36,201	36,201	72,401	175,502
	<u>1,467,875</u>	<u>1,491,588</u>	<u>1,207,484</u>	<u>36,201</u>	<u>72,401</u>	<u>175,502</u>

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

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 2022	30 June 2021
	\$	\$
Fixed rate instruments		
Cash and cash equivalents	22,256	22,256
Weighted average interest rates	0.25%	0.25%
Variable rate instruments		
Cash and cash equivalents	5,171,417	9,683,837
Weighted average interest rates	0.20%	0.01%

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 (2021: 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 2021 was performed on the same basis.

Consolidated	Loss		Equity	
	50bp increase	50bp decrease	50bp increase	50bp decrease
30 June 2022				
Variable rate instruments	\$25,857	(\$25,857)	\$25,857	(\$25,857)
30 June 2021				
Variable rate instruments	\$48,419	(\$48,419)	\$48,419	(\$48,419)

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 2022	30 June 2021
	\$	\$
<i>Financial assets carried at fair value through profit or loss</i>		
Equity securities – listed on ASX and TSXV at quoted prices	370,695	484,299
<i>Financial assets carried at amortised costs</i>		
Cash and cash equivalents	5,193,673	9,706,093
Trade and other receivables	501,762	140,842
<i>Financial liabilities carried at amortised costs</i>		
Trade and other payables	(691,567)	(1,171,283)
Lease liabilities	(233,937)	(296,592)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

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 2022 and 2021.

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.

Consolidated	Quoted Market Price Level 1 \$	Valuation Technique: Market Observable Inputs Level 2 \$	Valuation Technique: Non-market Observable Inputs Level 3 \$	Total \$
30 June 2022				
Equity securities – listed on ASX and TSXV at quoted prices	370,695	-	-	370,695
	<u>370,695</u>	<u>-</u>	<u>-</u>	<u>370,695</u>
30 June 2021				
Equity securities – listed on ASX and TSXV at quoted prices	484,299	-	-	484,299
	<u>484,299</u>	<u>-</u>	<u>-</u>	<u>484,299</u>

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

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 2021 was performed on the same basis.

Consolidated	Loss		Equity	
	10% increase	10% decrease	10% increase	10% decrease
30 June 2022				
Equity securities – listed on TSXV	\$37,695	(\$37,695)	\$37,695	(\$37,695)
30 June 2021				
Equity securities – listed on TSXV	\$48,430	(\$48,430)	\$48,430	(\$48,430)

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.

26. PARENT ENTITY DISCLOSURES

	Company	
	30 June 2022	30 June 2021
Financial Position	\$	\$
Assets		
Current assets	20,982,882	21,241,534
Non-current assets	6,624,615	6,729,891
Total assets	27,607,497	27,971,425
Liabilities		
Current liabilities	690,290	1,200,479
Non-current liabilities	169,940	174,840
Total liabilities	860,230	1,375,319
Net assets	26,747,267	26,596,106
Equity		
Issued capital	62,965,503	62,277,335
Accumulated losses	(37,617,600)	(36,972,330)
Reserves	1,399,364	1,291,101
Total equity	26,747,267	26,596,106

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. PARENT ENTITY DISCLOSURES (CONTINUED)

	Company	
	30 June 2022	30 June 2021
Financial Performance	\$	\$
Loss for the year	(645,270)	(597,349)
Other comprehensive income	-	-
Total comprehensive income	(645,270)	(597,349)

There were no contingent liabilities of the parent entity at 30 June 2022 (2021: None), nor where there any commitments of the parent entity (2021: None).

27. CONTINGENCIES

The Group has no contingencies as at 30 June 2022 (2021: nil).

28. EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to year end the following events have occurred:

- On 4 August 2022, a total of 7,650,000 options exercisable at 3.2 cents each (\$0.032) were exercised. These options were exercised utilising a cashless exercise facility, and therefore a total of 4,664,633 new ordinary shares were issued.

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.

The COVID-19 pandemic is ongoing and while it has yet to have a significant financial impact on the Group, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is constantly developing and is dependent on measures imposed by the Australian Government, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

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Director's Declaration

HAMMER METALS LIMITED
and its Controlled Entities

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 2022 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 2022 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.

Signed in accordance with a resolution of the Directors:



R Davis
Chairman

Perth

Dated 28 September 2022

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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 accompanying financial report of Hammer Metals Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2022, 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, notes comprising a summary of significant accounting policies and other explanatory information, 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 2022 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.

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

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Key Audit Matter

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 each 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
<p>As at 30 June 2022 the carrying value of exploration and evaluation assets was \$21,337,979 (2021: \$17,429,445), as disclosed in notes 3 and 15.</p> <p>The consolidated entity's accounting policy in respect of exploration and evaluation expenditure is outlined in notes 3 and 15.</p> <p>Significant judgement is required:</p> <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> ○ 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. 	<p>Our work included, but was not limited to, the following procedures:</p> <ul style="list-style-type: none"> • Conducting a detailed review of management's assessment of impairment trigger events prepared in accordance with AASB 6 including: <ul style="list-style-type: none"> ○ assessing whether the rights to the 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 tenements 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 3 and 15.

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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 2022 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 the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material 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 2022.

In our opinion, the Remuneration Report of Hammer Metals Limited for the year ended 30 June 2022, 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

Simon Fermanis
SIMON FERMANIS
PARTNER

28 SEPTEMBER 2022
WEST PERTH,
WESTERN AUSTRALIA

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ASX Additional Information

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Listing Rules and not disclosed elsewhere in this report is set out below. Information regarding share and option holdings is current as at 14 October 2022.

(a) Ordinary shareholders

Twenty largest holders of ordinary shares	Number of shares	% held
Central Mutual (Investments) Pty Ltd <Central Mutual (Inv) A/C>	82,616,840	10.07
Mr Zbigniew Waldemar Lubieniecki	64,493,551	7.86
Zenith Pacific Limited	50,000,000	6.10
Davis Family Capital Pty Ltd <The Davis Super Fund A/C>	41,244,013	5.03
BNP Paribas Nominees Pty Ltd <DRP A/C>	37,122,130	4.53
Lundie Investments Pty Ltd <Patash Investments S/F A/C>	26,041,037	3.18
BNP Paribas Nominees Pty Ltd <IB AU NOMS Retailclient DRP>	20,693,843	2.52
Samlisa Nominees Pty Ltd	20,000,000	2.44
B + C Watson Holdings Pty Ltd <Watson Super Fund A/C>	9,144,764	1.12
J P Morgan Nominees Australia Pty Limited	9,000,000	1.10
BNP Paribas Nominees Pty Ltd ACF Clearstream	8,532,360	1.04
HSBC Custody Nominees (Australia) Limited	7,449,498	0.91
Mr Shane Ronald Britten	6,890,842	0.84
Mr Philip Joseph Parkins <P H Freight A/C>	6,744,086	0.82
Sacchetta Group Holdings Pty Ltd <John Sacchetta Super A/C>	6,650,000	0.81
ANGIP Nominees Ptd Ltd <Johns Family A/C>	6,500,000	0.79
AXSIM Funds Management Pty Ltd <Mamas Superannuation Fund A/C>	4,700,000	0.57
Citicorp Nominees Pty Limited	4,644,062	0.57
Mr Bryce Roy Symons	4,400,000	0.54
Mr Peter William Karlson + Mr Peter James Cargin <Paps Super Fund A/C>	3,850,000	0.47
	420,717,026	51.30

Significant Shareholders are:

Shareholder	Number of Shares	% held
Central Mutual (Investments) Pty Ltd <Central Mutual (Inv) A/C>	82,616,840	10.07
Mr Zbigniew Waldemar Lubieniecki	64,493,551	7.86
Zenith Pacific Limited	50,000,000	6.10

Each fully paid ordinary share entitles the holder to one vote at general meetings of shareholders and is entitled to dividends when declared.

The total number of shares on issue is 820,059,256

The number of shareholders holding less than a marketable parcel is 524.

There is no current on market buy back.

The Company has no ordinary shares which are subject to voluntary escrow.

Distribution of ordinary shareholders

Category of shareholding	Number of shareholders	Number of shares	%
1 – 1,000	169	31,976	0.00%
1,001 – 5,000	128	470,289	0.06%
5,001 – 10,000	370	2,948,504	0.36%
10,001 – 100,000	1,324	55,809,064	6.81%
100,001 and over	766	760,799,423	92.77%
Total	2,757	820,059,256	100.00%

(b) Unquoted securities

The Company has the following unquoted securities on issue.

Category of security	Number	Number of holders
Unlisted options exercisable at \$0.032 on or before 30 November 2022	8,750,000	10
Unlisted options exercisable at \$0.05 on or before 21 October 2023	3,000,000	1
Unlisted options exercisable at \$0.06 on or before 21 October 2023	4,000,000	1
Unlisted options exercisable at \$0.035 on or before 13 December 2022	1,000,000	1
Unlisted options exercisable at \$0.05 on or before 30 June 2024	2,600,000	5
Unlisted options exercisable at \$0.035 on or before 30 June 2023	3,000,000	1
Unlisted options exercisable at \$0.05 on or before 30 November 2024	4,500,000	3
Performance rights expiring 13 December 2023, vesting on 21 October 2021	750,000	1
Performance rights expiring 13 December 2023, vesting on 21 October 2021 and upon the achievement of a share price hurdle of \$0.036 for a period of 30 days	750,000	1
Performance rights expiring 13 December 2023, vesting on the satisfaction of a suitable transaction	5,000,000	1

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