



30 October 2015

Quarterly Activities Report For Period Ending 30 September 2015

HIGHLIGHTS

Overlander Resource

- Overlander copper resource **up 53% to 1.77 million tonnes at 1.2% Cu** following an extensional drilling program at Overlander North

Hammertime

- Direct drill targets defined by mapping at Hammertime - intense red-rock and magnetite alteration zones with copper staining coincident with strong copper-gold soil anomalies
- Peak values in **rock chips of 29.3% Cu, 2.47g/t Au and 50g/t Ag**

Kalman West

- Rock chip sampling at the Kalman West target defined a +7km zone containing elevated copper, gold, lead and zinc

Overlander Central

- Multiple Niton (XRF) analyses of surface exposure of the Overlander Central rhyolite breccia defines a higher grade zone of +1% Cu along the footwall of the breccia unit

Corporate

- Capital raising of \$A1 million completed during the quarter

OPERATIONS SUMMARY

MOUNT ISA PROJECT

Hammer Metals Limited (**ASX: HMX**) ("Hammer" or "the Company") continued with an active exploration program at the Mount Isa project following up on the encouraging drilling results from the previous quarter. Hammer is targeting the large and previously unrecognized IOCG alteration systems the Company has outlined within the project.

Programs of geological mapping, rock chip sampling and hand-held NITON (XRF) analyses were undertaken at the Hammertime, Kalman West and Overlander Central prospects in order to better 'vector-in' to the higher grade sections of these large altered and mineralised zones. The several strong zones of typical IOCG alteration defined at Hammertime with accompanying rock chips strongly anomalous in copper and gold was highly encouraging.

Hammer's exploration continues to highlight the potential of this section of the Mount Isa inlier for new discoveries. The ability to discover such large outcropping IOCG systems that are still largely untested is testament to the project's prospectivity.



Overlander Mineral Resource Estimate Update

Following an extensional drilling program at Overlander North a new Mineral Resource Estimate was completed for Overlander North by Haren Consulting and reported in accordance with the guidelines of the JORC Code (2012 Edition) (refer ASX release 26th August 2015). The Mineral Resource Estimate for Overlander South remains unchanged since its initial reporting in July 2014.

The 100%-owned Overlander North and South deposits are situated 60 kilometres to the southeast of the mining centre of Mount Isa in North West Queensland and 6 kilometres to the west of Hammer's Kalman copper-gold-molybdenum-rhenium deposit.

- Total Overlander copper resources (Overlander North and Overlander South) were increased by **53% to 1.77 million tonnes at 1.2% Cu**
- Updated Resource comprises **1,123,000 tonnes at 1.31% Cu** in the Indicated and Inferred category at Overlander North and **649,000 tonnes at 1.0% Cu** in the Inferred category at Overlander South using a 0.7% Cu cut-off grade;
- Deposits remain open down plunge and along strike;
- Additional testing planned for the Overlander Rhyolite and Overlander North IOCG targets.

Overlander North (August 2015) and South Combined (June 2014) Mineral Resource (0.7 % Cu cut-off)

Classification	Tonnes	Cu (%)	Co (ppm)	Cu tonnes	Co tonnes
Measured	-	-	-	-	-
Indicated	253,000	1.35	254	3,414	64
Inferred	1,518,000	1.17	476	17,702	723
Total	1,772,000	1.2	445	21,116	788

Note – Totals may differ due to rounding

Table A: Overlander North (August 2015) Mineral Resource (0.7 % Cu cut-off)

Classification	Tonnes	Cu (%)	Co (ppm)	Cu tonnes	Co tonnes
Measured	-	-	-	-	-
Indicated	253,000	1.35	254	3,414	64
Inferred	870,000	1.30	456	11,350	396
OVN Total	1,123,000	1.31	410	14,764	461

Note – Totals may differ due to rounding



Hammertime

Hammertime is located on the eastern side of the Ballara Fault 1.5km west of Hammer's Kalman copper-gold-molybdenum-rhenium deposit. The Ballara Fault is a splay off the sub-parallel and regional scale Pilgrim Fault. Previous soil sampling had defined a +4km long zone of elevated copper and gold which has now been further investigated through detailed geological mapping and sampling.

HTRC001, the first Hammer Metals drill hole into the prospect intersected a 216m thick zone of IOCG style alteration with disseminated copper and gold averaging 0.17% Cu from surface. (Refer to ASX release dated June 3 2015.).

The mapping defined three zones of strong magnetite and red rock alteration typical of IOCG systems within calcareous sediments of the Corella Formation. The alteration zones are up to 1.1km in length and 300m wide. Rock chip sampling of these zones has returned grades in excess of 2.4g/t Au and 29.3% Cu. (Refer to ASX release dated September 1 2015 for details.) Drill-hole planning is underway and the company intends to further test these targets as soon as possible.

Kalman West

The Kalman West Prospect is located on a shear zone that is sub-parallel to the Pilgrim and Ballara fault zones between Hammertime and Kalman. Previous soil sampling defined anomalies elevated in gold, copper, lead and zinc. Testing of the structure is sparse with only six drill holes within the 7.5km strike length of the structure mapped to date, with the lead and zinc anomalous regions remaining untested by drilling. (Refer to ASX release dated June 3 2015.)

Re-logging of PN006, a historical diamond drill hole revealed significant thicknesses of red rock altered sediments with disseminated pyrite, magnetite and chalcopyrite throughout. Disseminated sphalerite (zinc sulphide) was noted towards the base of the hole. Rock chip sampling by Hammer recorded values of up to 2.48g/t Au, 20g/t Ag, 19% Cu, 0.17% Pb and 0.13% Zn. (Refer to ASX release dated September 1 2015 for details.)

The thickness and strike length of the altered and mineralised zone along with its close proximity to Kalman is considered highly encouraging and will be a focus of further exploration. Initially the soil sampling program will be extended to the north to cover the geochemically anomalous zones indicated by the rock chip sampling.

Overlander Central

Overlander is a 2.5km long mineralised trend spatially related to the Overlander Shear. The Overlander IOCG target dominates the northern part of the zone.

The Overlander Central target is a felsic porphyry which occurs on the footwall (eastern) side of the mineralised Overlander Shear. The porphyry is characterised by a distinct crackle breccia texture with up to 20% sulphide (pyrite, pyrrhotite and chalcopyrite) and strong potassium feldspar and silica alteration. Mapping has indicated that the mineralised breccia has a strike length in excess of 2km and up to 100m in width.

Drilling by Hammer Metals has intersected wide zones of copper mineralisation of 104m @ 0.25% Cu in OVRC032 and 116m @ 0.34% Cu in OVRC024. (Refer to ASX release dated June 5 2015.)

Detailed surface Niton (XRF) analyses of the outcropping central part of the porphyry tested for copper grade variability within the breccia unit in the vicinity of OVRC032. The analyses indicate that in general the eastern margin of the breccia had the higher copper values with an increased tenor in the northern



section of the area sampled. This technique appears to be effective in cheaply delineating anomalous areas of this extensive unit in outcropping terrain and the Niton sampling program will be extended in due course. (Refer to ASX release dated September 1 2015 for details.)

Future Activities at Mount Isa

The data collected from the recent mapping and drilling programs will be incorporated into the current geological and geophysical models and used to improve targeting prior to commencing follow-up drilling. The Overlander prospect remains a priority target and is expected to be the focus of the next drilling program. Mapping and sampling programs will continue and remodeling of the Kalman deposit is in progress.

The *in-house* regional data compilation and generative work program designed to outline new target areas for large base metal and gold deposits is producing exciting results.

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

No field work was completed.

CORPORATE

During the quarter Simon Bodensteiner joined the Board. Simon, a mining engineer, represents the Company's major shareholder, the German resources company Deutsche Rohstoff AG.

- ENDS -

For further information, please contact:

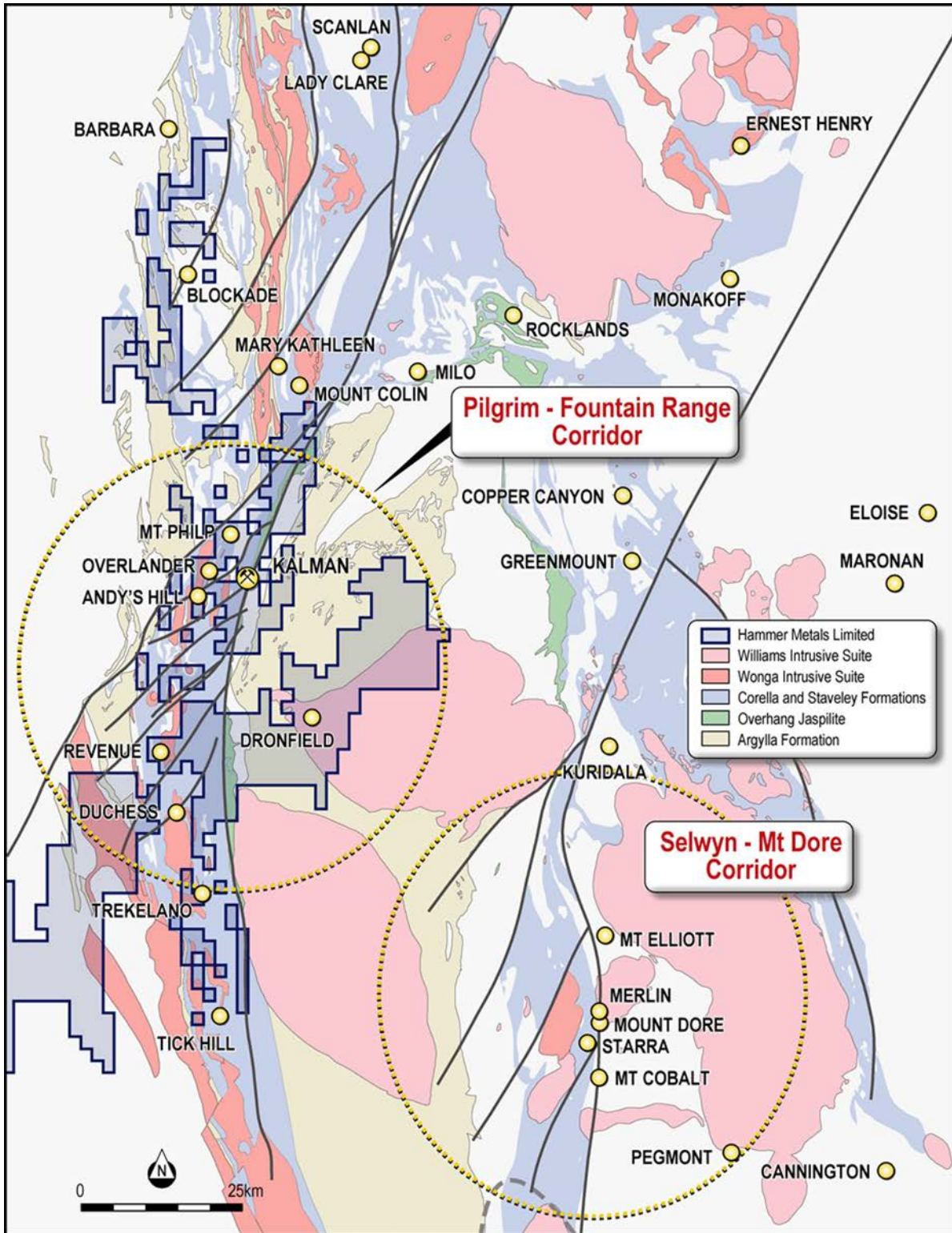
Alex Hewlett
Executive Director
Hammer Metals
Tel: +61 8 9271 0149

Competent Person's Statement

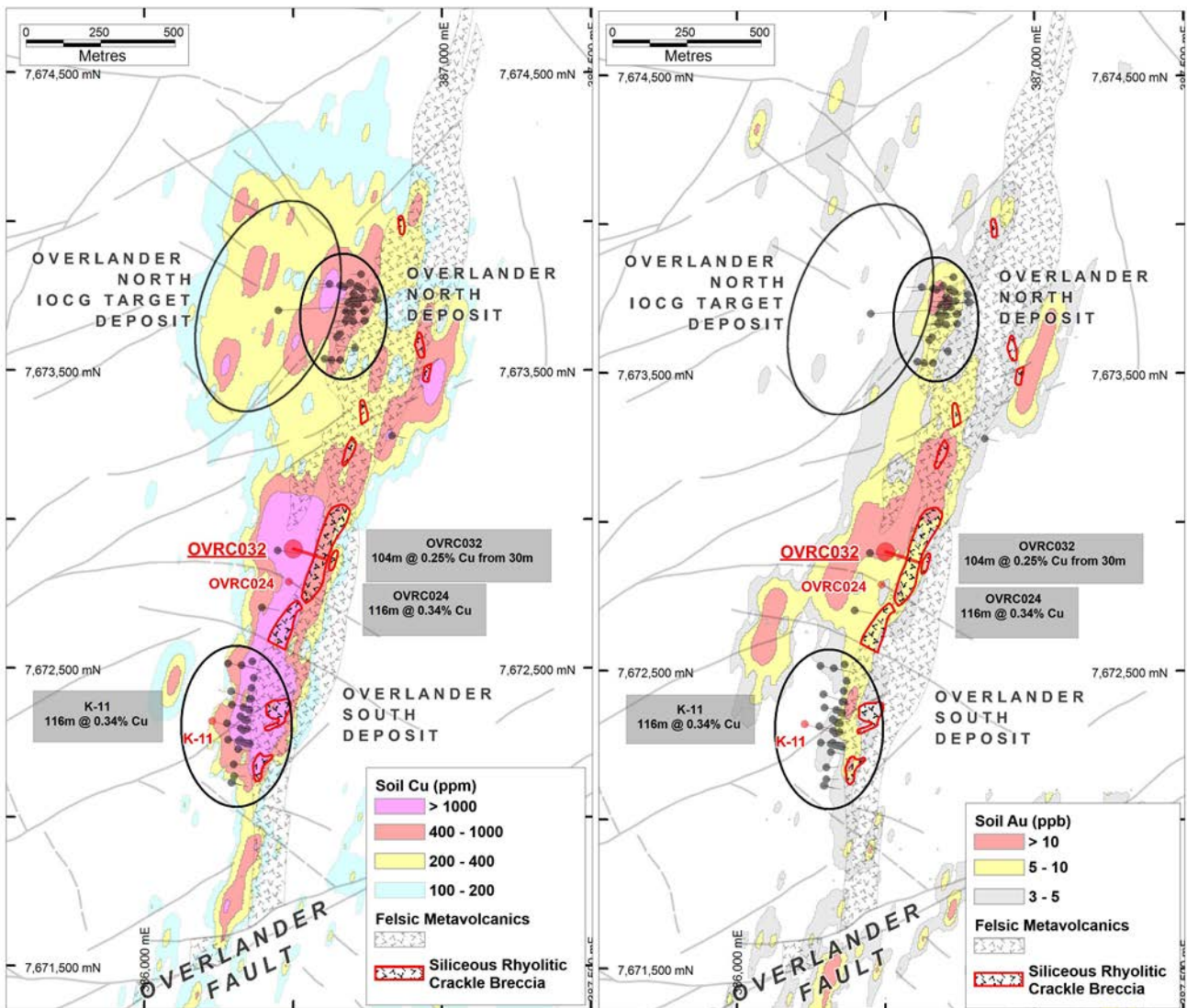
The information in this report as it relates to exploration results and geology was compiled by Mr. Mark Whittle, who is a Member of the AusIMM and a consultant to the Company. Mr. Mark Whittle has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration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

Overlander North and Overlander South Resource Estimates

Where the Company refers to the Overlander North and Overlander South Mineral Resource estimates (referencing the release made to the ASX on 26th August 2015), it confirms that it is not aware of any new information or data that materially affects the information included in that announcement and all material assumptions and technical parameters underpinning the resource estimate with that announcement continue to apply and have not materially changed.

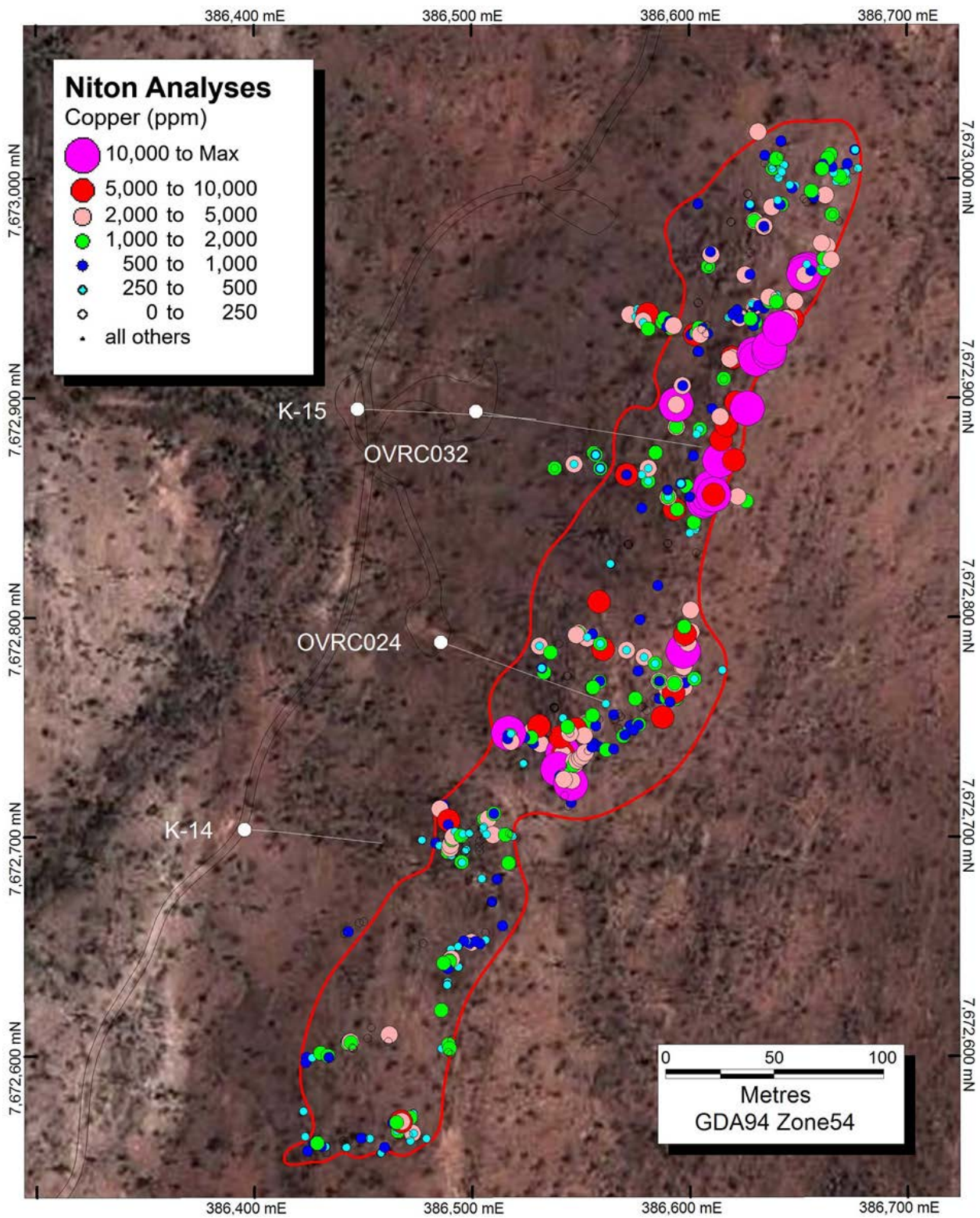


Project Locations

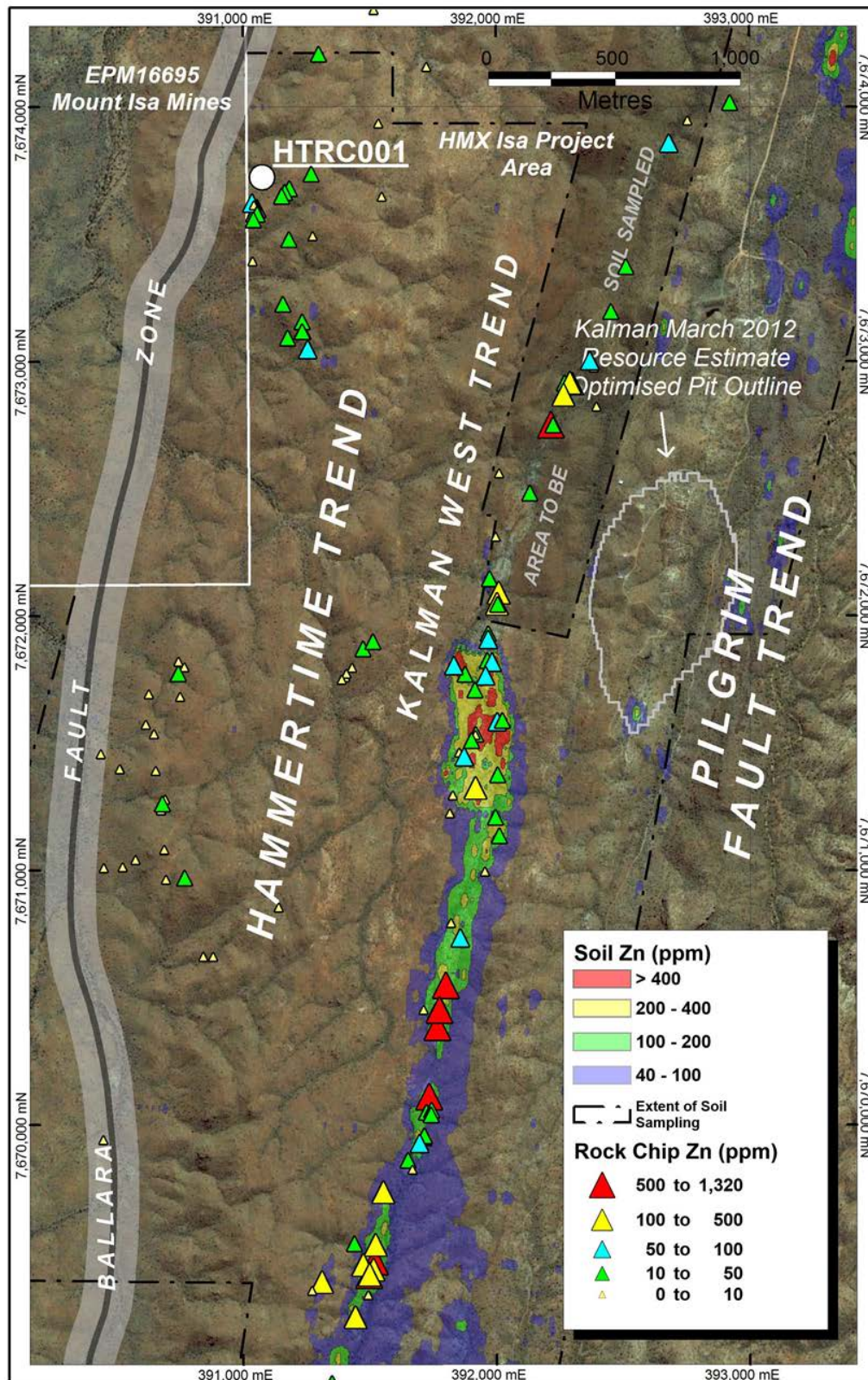


Overlander Geology and Geochemistry





Overlander Central NITON Copper Results



Kalman West Soil and Rock Chip Zinc Geochemistry



Appendix 1

Tenement Interests at End of September 2015				
Project	Tenement Number	Status	Interest %	Comment
Pilbara Iron Ore - WA	E08/1997	Granted	100%	Converting to Retention License
Mount Isa - Qld	EPM 13870	Granted	100%	Subject to 2% NSR
	EPM 14232	Granted	100%	
	EPM 15972	Granted	100%	
	EPM 16726	Granted	100%	
	EPM 16987	Granted	100%	
	EPM 17453	Granted	100%	
	EPM 17762	Granted	100%	
	EPM 18116	Granted	100%	
	EPM 18320	Granted	100%	
	EPM 19782	Granted	100%	
	EPM 19783	Granted	100%	
	EPM 19784	Granted	100%	
	EPM 19785	Granted	100%	
	EPM 19805	Granted	100%	
	EPM 19818	Granted	100%	
	EPM 25145	Granted	100%	
	EPM 25369	Granted	100%	
	EPM 25402	Granted	100%	
	EPM 25425	Granted	100%	
	EPM 25452	Granted	100%	
	EPM 25486	Granted	100%	
	EPM 25523	Granted	100%	
	EPM 25666	Application	100%	
	EPM 25686	Granted	100%	
	EPM 25777	Application	100%	
	EPM 25866	Application	100%	
	EPM 25867	Application	100%	
	EPM 25892	Application	100%	
	EPM 25997	Application	100%	
	EPM 18084	Granted	0%	Can earn 80% from Kabiri Resources Pty Ltd
Golden Peaks - Qld	EPM 15810	Granted	0%	Can earn 60% from Perilya Limited

Rule 5.3 Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

HAMMER METALS LIMITED

ABN

87 095 092 158

Quarter ended ("current quarter")

30 September 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(416)	(416)
(b) development	-	-
(c) production	-	-
(d) administration	(133)	(133)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other - R&D tax incentive	-	-
Net Operating Cash Flows	(547)	(547)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(1)	(1)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(548)	(548)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(548)	(548)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	351	351
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	650	650
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – Share issue costs	(7)	(7)
	Net financing cash flows	994	994
	Net increase (decrease) in cash held	446	446
1.20	Cash at beginning of quarter/year to date	392	392
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	838	838

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

		Curent quarter \$A'ooo
1.23	Aggregate amount of payments to the parties included in item 1.2	135
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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

Non-cash financing and investing activities

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

None

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

None

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'ooo	Amount used \$A'ooo
3.1	Loan facilities	-
3.2	Credit standby arrangements	-

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	210
4.2 Development	-
4.3 Production	-
4.4 Administration	120
Total	330

Note: The cash out flows for the next quarter will be dependant on the availability of working capital.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated **statement of cash flows**) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	838	392
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	838	392

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	EPM25369	Granted during the quarter	0%	100%
6.2 Interests in mining tenements acquired or increased			-	-

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

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

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference	-	-		
	*securities (description)				
7.2	Changes during quarter				
	(a) Increases through issues	-	-		
	(b) Decreases through returns of capital, buy-backs, redemptions	-	-		
7.3	*Ordinary securities	107,668,735	107,668,735		
7.4	Changes during quarter	5,843,334	5,843,334	6c per share	6c per share
	(a) Increases through issues				
	(b) Decreases through returns of capital, buy-backs				
7.5	*Convertible debt securities (description)				
7.6	Changes during quarter				
	(a) Increases through issues				
	(b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	14,300,000	-	Exercise price \$0.20	Expiry date 30 June 2017
		2,116,674	-	\$0.30	26 May 2016
		1,000,000	-	\$0.20	26 May 2017
		1,000,000	-	\$0.20	11 Sept 2017
		300,000	-	\$0.30	11 Sept 2016
		7,100,000	-	\$0.135	30 Nov 2017
		3,811,953	-	\$0.15	6 Feb 2018
		8,338,334	-	\$0.10	30 July 2017
		500,000	-	\$0.10	6 Aug 2017
7.8	Issued during quarter	8,338,334		Exercise price \$0.10	Expiry date 30 July 2017
		500,000	-	\$0.10	6 Aug 2017
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 30 October 2015
(Company secretary)

Print name: Mark Pitts
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Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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