QUARTERLY ACTIVITIES REPORT

FOR THE PERIOD ENDING DECEMBER 31, 2018

31 January 2019

ASX Code: HMX

CAPITAL STRUCTURE:

Share Price (30/01/19)	**$0.019**
Shares on Issue	**278m**
Market Cap	**$5.3m**
Options Listed	**165m**
Options Unlisted	**21m**

Significant Shareholders	
Deutsche Rohstoff	**13.%**
Resource Capital Fund VI	**9.3%**
Management	**8.8%**

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DIRECTORS / MANAGEMENT:

Russell Davis
Executive Chairman

Nader El Sayed
Non–Executive Director

Ziggy Lubieniecki
Non-Executive Director

Mark Pitts
Company Secretary

Mark Whittle
Chief Operating Officer

Copper-Gold Exploration

Jubilee - Mt Frosty Joint Venture (Hammer 51% and operator)

- Maiden Inferred Mineral Resource Estimate of 1.41Mt @ 1.41% Cu and 0.62g/t Au (at 0.5% Cu cut-off).
- Metallurgical sulphide flotation test work completed with 99% Cu recovery and 87% Au recovery to concentrate.

Black Rock Copper-Gold Project (Hammer 100%)

- Purchase of the Black Rock project near Hammer's Elaine and Jubilee deposits further consolidates Hammer's tenure position in the Mary Kathleen area. Significant potential for discovery of large copper-gold systems supported by previous drilling – 78m at 0.54% Cu and 0.13g/t Au in wide spaced drilling.

Perentie - Dronfield Joint Venture (Hammer 80% and operator)

- First pass SAM survey completed over Susan, Paddy B, Judith and Trackside.
- A 15-hole, 1329m RC drilling program at Paddy B, Judith and Trackside confirms exploration concept. Multiple targets remain to be tested. Significant results include 2m at 2.36% Cu and 2g/t Au.

Mt Philp Breccia IOCG Target

- Awarded Collaborative Exploration Initiative grant from the Department of Natural Resources and Mines to progress exploration over the Mt Philp Breccia IOCG target.
- Hammer Metals Limited soil program has defined multiple copper targets

Millennium Cobalt Joint Venture (Hammer 75% and operator)

- First pass metallurgical sulphide flotation test work completed with 95% Cu recovery, 95% Co recovery and 81% Au recovery to concentrate achieved in the high-grade composite test.
- Sale of 75% Hammer Metals Limited interest to GEMC awaiting satisfaction of conditions precedent.

Corporate

- Cash balance at end December 2018 is $0.86 million
- Ziggy Lubieniecki previously Exploration Director at Gold Road Resources Limited joined the board as a Non-Executive Director as part of a board and management restructure.

OPERATIONS SUMMARY

MOUNT ISA PROJECT

Hammer Metals Limited (ASX: HMX) ("Hammer" or "the Company") is exploring the Mount Isa project 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 project area is also prospective for iron sulphide copper-gold (ISCG) deposits, an example of which is the Eloise deposit. Eloise contained a pre-mining resource of approximately 3.1 million tonnes at 5.5% Cu and 1.4g/t Au but it is estimated that over 10 million tonnes have been mined since 1996. [1] [2]

During the quarter Hammer completed the first metallurgical study and the maiden resource estimate at the **Jubilee Copper-Gold Deposit**. The Jubilee deposit is located within EPM 14467 and is one of many targets within the Mt Frosty Joint Venture (with Mount Isa Mines Limited). The Inferred Mineral Resource estimate of 1.41Mt @ 1.41% Cu and 0.62g/t Au (utilising a 0.5% Cu cut-off grade) is open at depth. Excellent metallurgical recoveries were achieved with the first flotation test-work with 99% Cu recovery and 87% Au recovery to concentrate.

At **Millennium** the first metallurgical work was completed on the northern quartzite domain. This domain hosts the bulk of the mineral resource. Very good recoveries were achieved with 95% Cu recovery, 95% Co recovery and 81% Au recovery to concentrate achieved in the high-grade composite test.

In October Hammer completed the acquisition of two exploration permits that cover the **Black Rock** and Sunset copper-gold prospects 5km west of Jubilee. The Black Rock prospect has returned broad intersections of up to 78m at 0.54% Cu and 0.13g/t Au and 94m at 0.44% Cu and has an approximate strike length of 1.2 kilometres with true widths of up to 60 metres.

Late in the quarter the Company focused on further testing of the **Perentie** discovery with geological mapping, an 80 line-kilometre Sub Audio Magnetometric ("SAM") survey and a 15 hole, 1329m scout RC drilling program. Intersections from the program include:

- 2m at 2.42% Cu from 74m including 1m at 4.21% Cu and 0.13g/t Au from 75m in HDRC012 at Paddy B and,
- 2m at 2.36% Cu and 2g/t Au from 37m in HDRC016 at Trackside.

The drilling tested 3 of 30+ targets within the project area and assays indicated vectors towards potential sources of mineralisation north of the areas drilled.

Hammer was awarded an $80,000 Collaborative Exploration Initiative ("CEI") funding grant from the Queensland Department of Natural Resources. The CEI grant will partly fund grassroots programs on the **Mt Philp Breccia** IOCG target leading toward drill target generation in 2019.

The status of the Hammers' high priority targets is shown below.

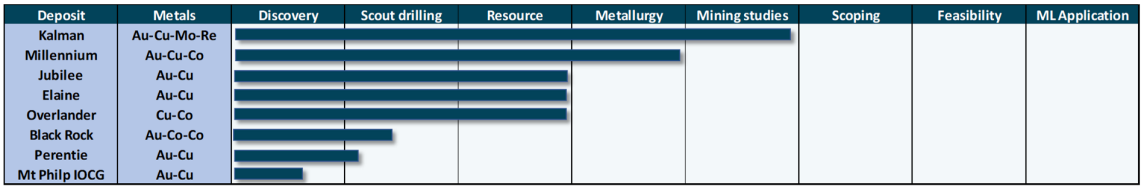

Figure 1 - Project status

[1] Baker T 1998 – Alteration, mineralisation and fluid flow evolution at the Eloise Cu-Au deposit, Cloncurry district, Northwest Queensland, Australia. Econ Geol V93 pp 1312-1236

[2] Belperio 2016 – Presentation, SA Exploration and Mining Conference, Adelaide 2/12/2016

MOUNT FROSTY JOINT VENTURE – JUBILEE COPPER-GOLD DEPOSIT

The Mount Frosty Joint Venture over EPM 14467 is located adjacent to the Mary Kathleen Uranium Mine, 60km east of Mount Isa. The tenement covers a section of the Mary Kathleen Shear Zone that hosts several copper-gold, uranium and REE prospects including Jubilee, Koppany and Blue Caesar. The Jubilee copper-gold prospect is located within 2km of the sealed Barkly Highway, midway between Mount Isa and Cloncurry (Figure 4).

Under the terms of the Joint Venture Agreement with Mount Isa Mines Limited (MIM - a 100% owned subsidiary of Glencore PLC) each Party to the Joint Venture will contribute exploration expenditure according to their participating interest (Hammer Metals Limited - 51% / MIM – 49%). Hammer is managing the exploration activities.

The recently completed diamond drilling programme obtained significant results including **5.5m at 6.87% Cu** and **14.5g/t Au** from 74m within **14m at 2.19% Cu and 5.93g/t Au** from 66m in HJDD003. (Refer to ASX release dated August 27th, 2018)

Testwork was conducted on a single composite sample sourced from the diamond drillholes (HJDD001, HJDD002 and HJDD003). Optimum grind and reagent settings were obtained in Test 3 which resulted in a **peak copper recovery of 98% and gold recovery of 80% to a copper concentrate.** (Refer to ASX release dated November 13th, 2018)

Table 1 – Head grade assay for the Jubilee composite

Composite	Cu %	Au g/t	Co %	Ag g/t
Jubilee	2.85	2.77	0.024	<2

Table 2 – Optimal test results for the Jubilee composite

Test	Product	Cu		Au		Co	
		%	% Rec'y	ppm	% Rec'y	%	% Rec'y
T3	Cu Con	19.4	98.5	10.7	80.0	0.10	56.4
	Co Con	0.4	0.9	2.4	7.2	0.12	27.5
	Total Con		99.3		87.2		83.9

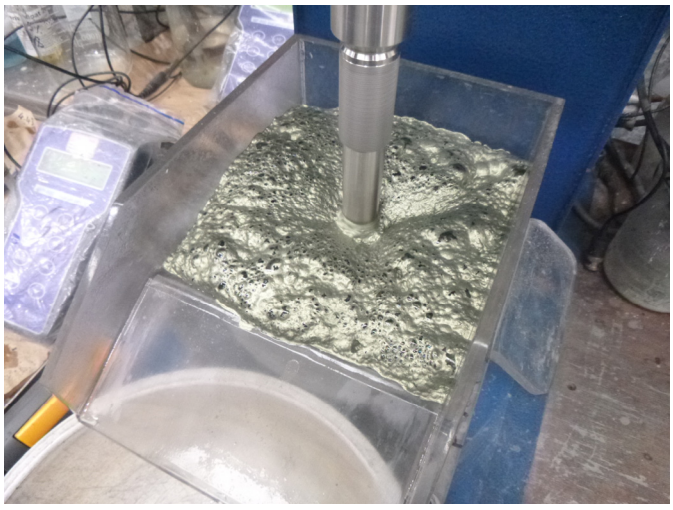

Figure 2 - Copper rougher flotation test T3

The maiden Mineral Resource estimate of 1.41Mt @ 1.41% Cu and 0.62g/t Au was completed in late December. The resource extends to 325 metres below surface. (Refer to ASX release dated December 20th, 2018). An examination of the grade-tonnage curve indicates that the Jubilee Deposit has underground mining potential with grades approaching 2% Cu at higher Cu cut-off grades.

Table 3 – Jubilee Inferred Mineral Resource Estimate by Weathering Zone (at a 0.5% Cu cut-off grade)

Category	Domain	Mt	Cu %	Cu (t)	Au g/t (Cut)	Au oz (Cut)
Inferred	Mod-Slightly Weathered	0.07	1.51	1,000	0.55	1,200
Inferred	Fresh	1.34	1.41	19,000	0.63	27,100
Inferred	**Total**	**1.41**	**1.41**	**20,000**	**0.62**	**28,300**

(Totals may not sum exactly due minor rounding errors)

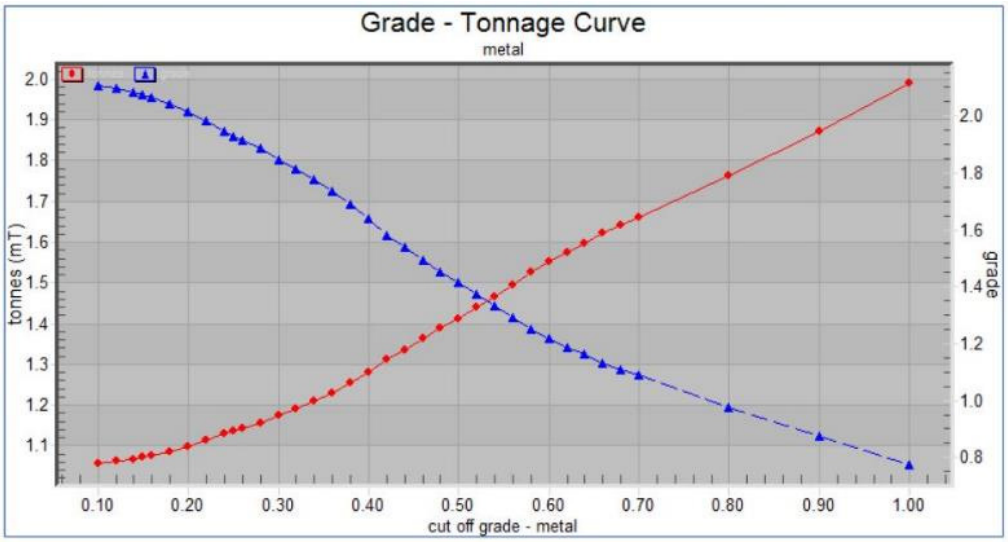

Figure 3 - Jubilee Mineral Resource Grade – Tonnage curve

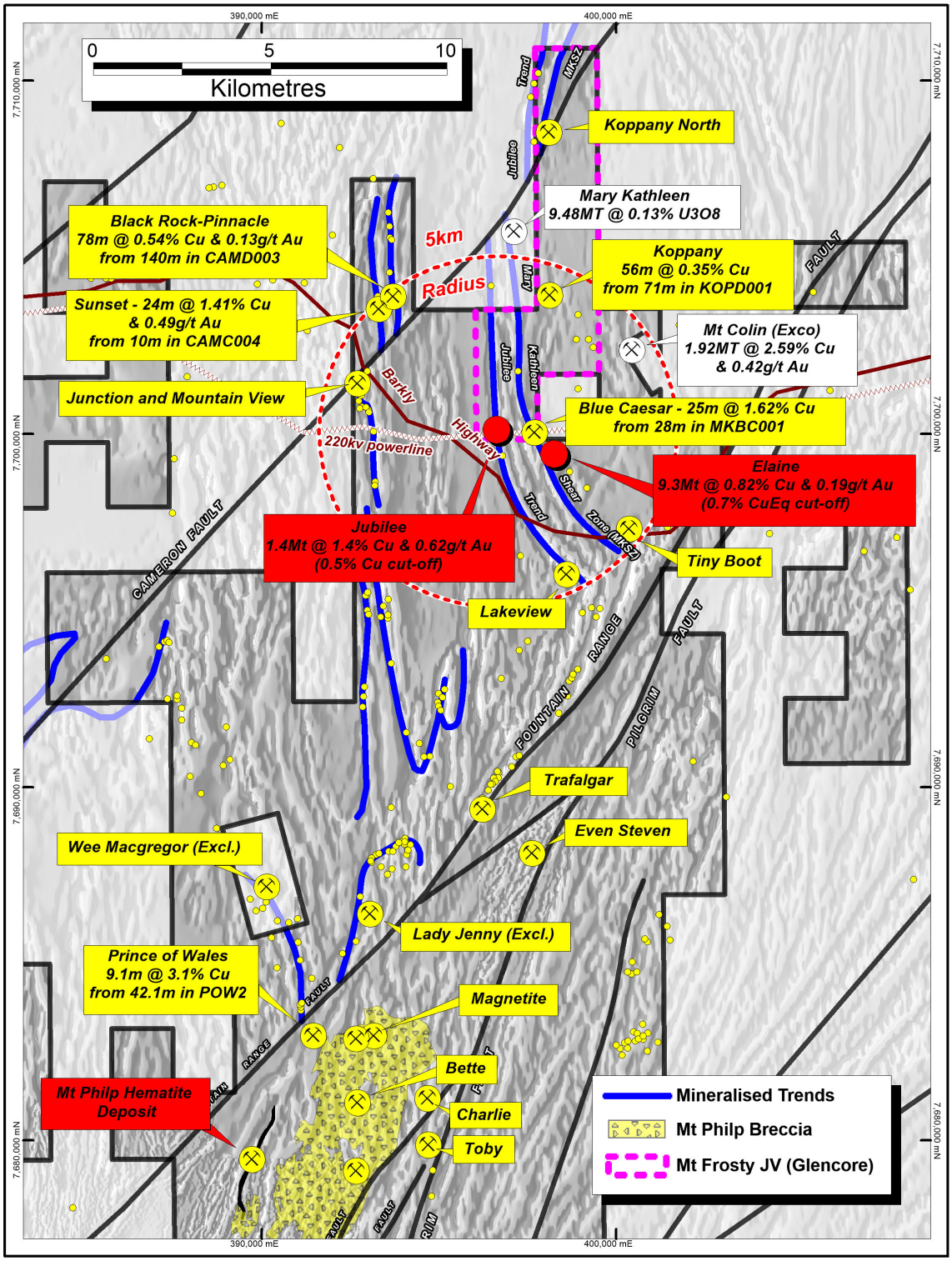

Figure 4 - Northern portion of the project area showing the location of the Jubilee copper-gold deposit and the Black Rock prospect.

BLACK ROCK COPPER-GOLD PROJECT

In October Hammer announced the acquisition of two exploration permits which cover the Black Rock, Mountain View and Sunset prospects (Figure 4). (Refer to ASX release dated October 30th, 2018)

The lithological sequence that hosts the Black Rock and Sunset Prospects also hosts the Mary Kathleen, Jubilee and Elaine deposits as well as several other copper occurrences for over 20km along strike and is considered to have substantial exploration potential. The purchase of these tenements further consolidates Hammer's commanding tenement position in the Mary Kathleen area.

The **Black Rock** Prospect is hosted within a magnetite-hematite altered fractured quartzite. Mineralisation occurs as quartz stockwork veining with pyrite-chalcopyrite (+ hematite-magnetite). Mineralisation has been delineated by wide spaced drilling over a 1.2km strike length with a mineralised envelope true width of up to 60m. Significant intercepts include:

- 78m at 0.54% Cu and 0.13g/t Au from 140m in CAMD003
- 94m at 0.44% Cu from 159m in DDH-PN1 (no gold assays)
- 98m at 0.30% Cu including 3m at 4.05% Cu and 0.59g/t Au from 85m in CAMC033
- 70m at 0.33% Cu including 5m at 1.08% Cu and 0.23g/t Au from 206m in CAMC028

Hammer believes that an exploration target of approximately 5 – 15Mt (tonnes) at between 0.5 to 1% Cu may be present at Black Rock. The company acknowledges that the potential quantity and grade of the exploration target is conceptual in nature and that there has been insufficient additional exploration to estimate a mineral resource at the date of this release and whilst additional exploration is planned it is uncertain if this will result in the estimation of a mineral resource. Targeted tonnage/grades are based on results from previous exploration conducted on the prospect.

Level of exploration activity already completed at Black Rock:

- 18 holes totaling approximately 5.6 kilometres (refer to ASX release dated October 30th, 2018). Apart from a single 309.5m diamond hole, the remaining drilling was by the reverse circulation method. This drilling tested an approximate 1.2km mineralised strike length.
- These holes were drilled on fences with a spacing of between 100 and 300m. Down-plunge Intercept spacing within a fence ranged between 40 and 150m.

The process used to determine the tonnage and grade ranges utilised are as follows:

- Review of drilling data followed by data validation and estimation of volume, tonnage and grade. This resulted in a tonnage and grade estimate, which is of insufficient quality to be considered a mineral resource.
- Based on Hammer's experience with this style of mineralisation in the Mount Isa region and the quality of data received leads us to reasonably expect a total grade ranging between 0.5% and 1% Cu.

Exploration at Black Rock over the next 12 to 24 months will focus on infill drilling in the higher-grade areas of the zone to provide sufficient data to potentially calculate a Mineral Resource estimate for the zone.

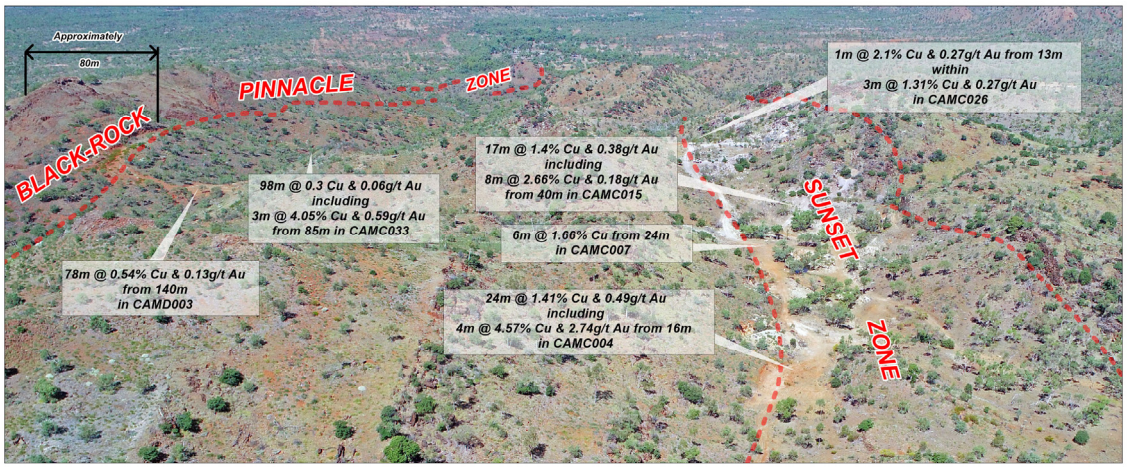

Figure 4 - Oblique view of Black Rock (looking south) showing the location of the Black Rock and Sunset trends

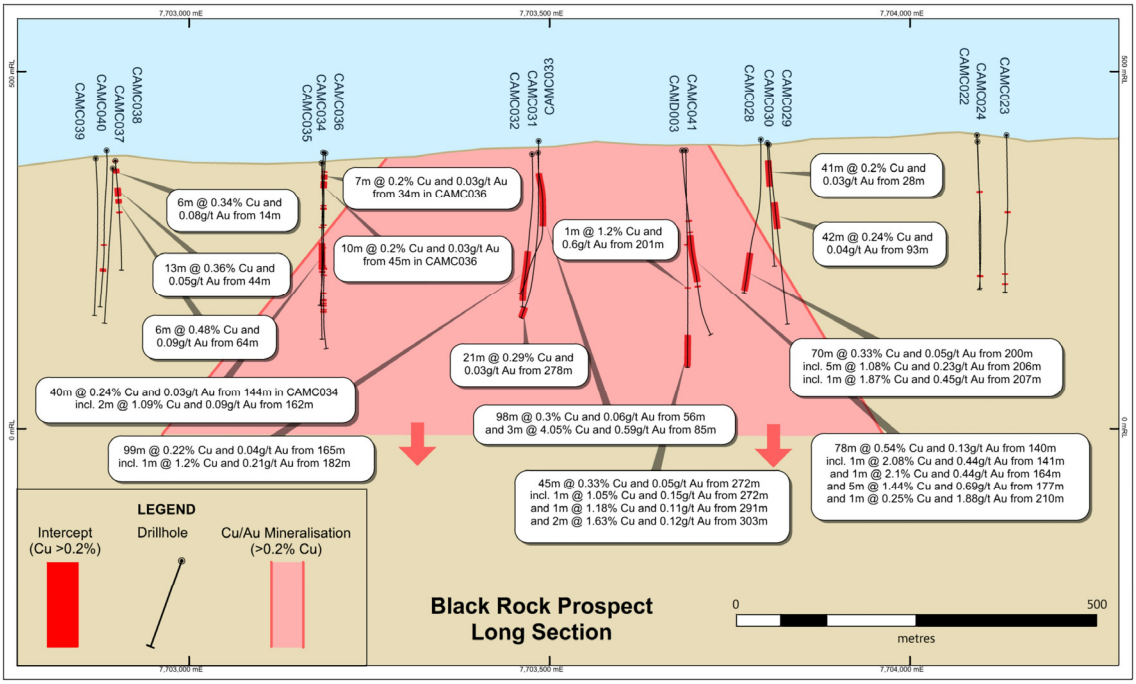

Figure 5 – Long section through Black Rock looking west

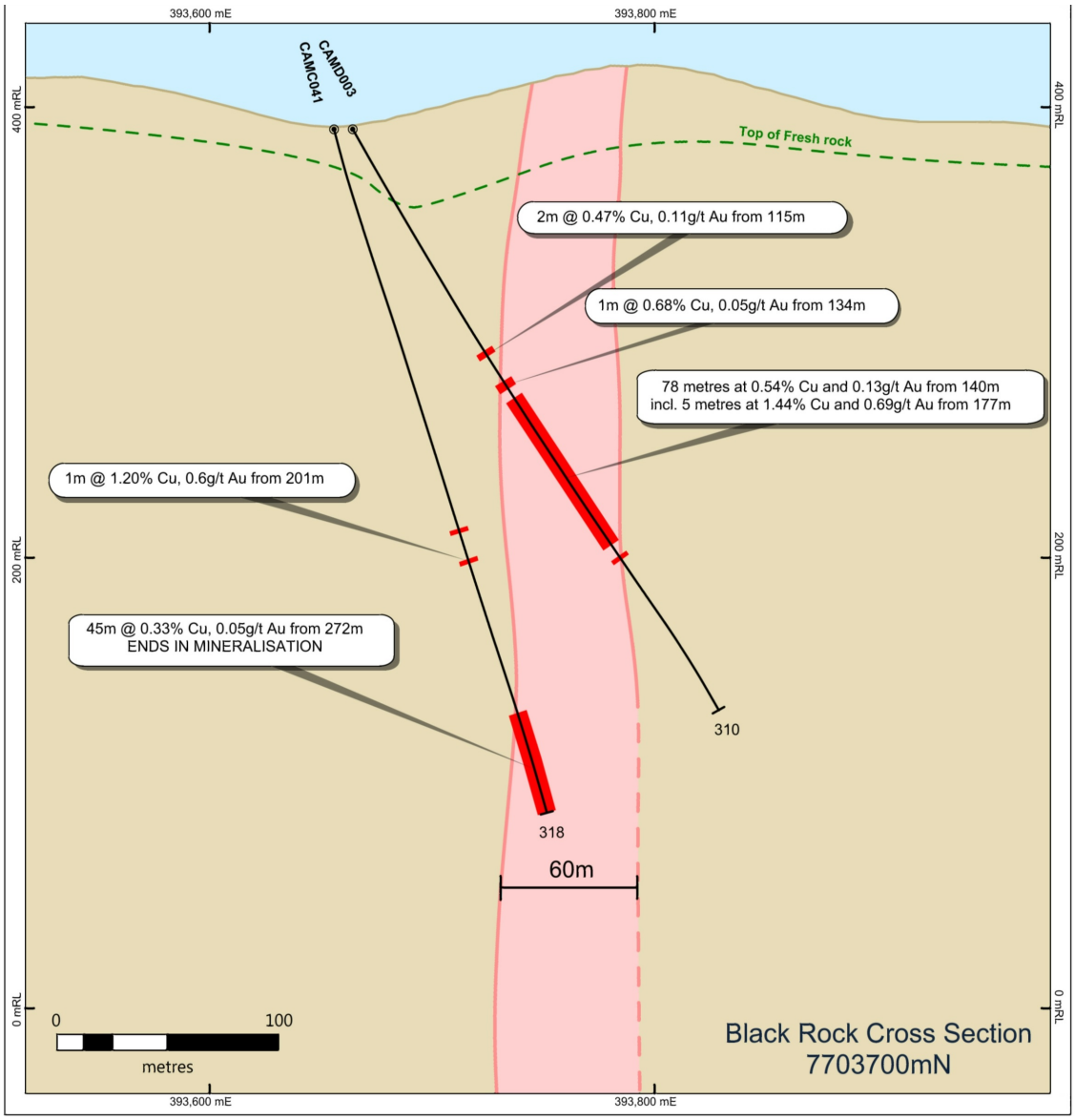

Figure 6 – Cross section through Black Rock looking north

PERENTIE

The Perentie Project is located 20km northeast of Duchess. Reconnaissance rock chip sampling has identified mineralisation associated with demagnetised zones in the Wimberu Granite. (Refer to ASX announcements dated August 15th, August 22nd, September 3rd and September 28th)

Mineralisation is associated with zones of magnetite destruction and hematite enrichment and is composed of carbonate-hematite breccias and veins with chalcocite-chalcopyrite and malachite. Grades of up to 31% Cu, 19g/t Au and 240g/t Ag have been reported in rock chips.

The Judith, Paddy B and Trackside prospects were mapped and subsequently tested by an 80 line-km SAM survey. The survey conducted by Gap Geophysics highlighted structural jogs within the demagnetised shear zones. These jogs are coincident with increased surface Cu anomalism. To test the exploration concept an initial 15 hole, 1329m reverse circulation drilling program was conducted in late November.

Significant results included 2m at 2.36% Cu and 2g/t Au at Trackside and 2m at 2.42% Cu including 1m at 4.21% Cu and 0.13g/t Au at Paddy B (Figure 8). The first pass drilling was a positive test of the exploration concept and tested 3 of the 30 exploration targets.

Processing and review of the multi-element analyses from the Perentie drill samples and rock chips have also indicated vectors to potential sources of the mineralisation further north of the Judith and Trackside prospects. These sources of mineralisation coincide with magnetic and gravity highs and anomalous copper in surface and sub-surface samples. Follow up drilling is required to test these new targets.

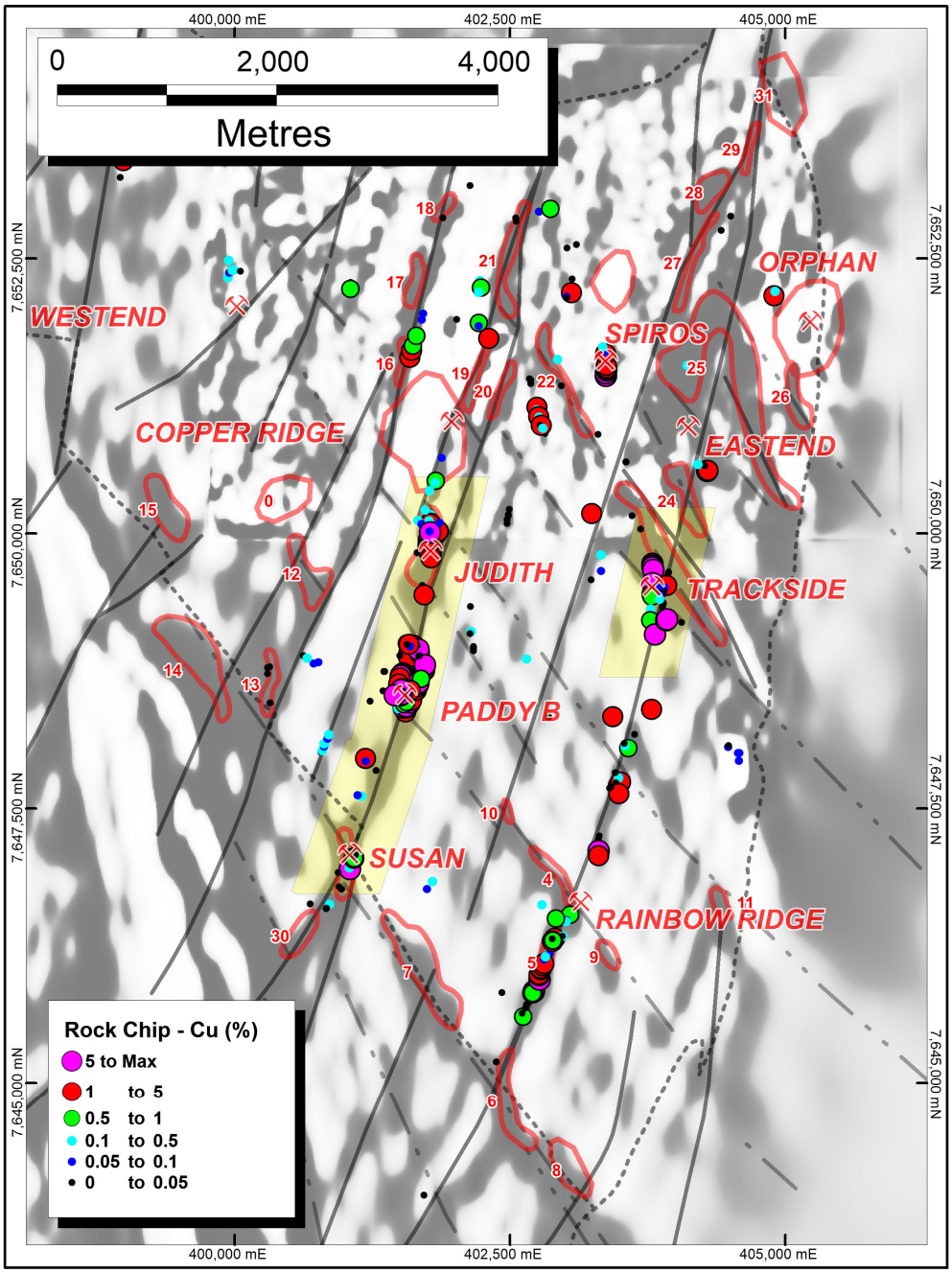

Figure 7 - The Perentie region showing the location of Judith, Paddy B and Trackside, the extent of the planned SAM geophysical program (yellow shaded areas) on a magnetic image.

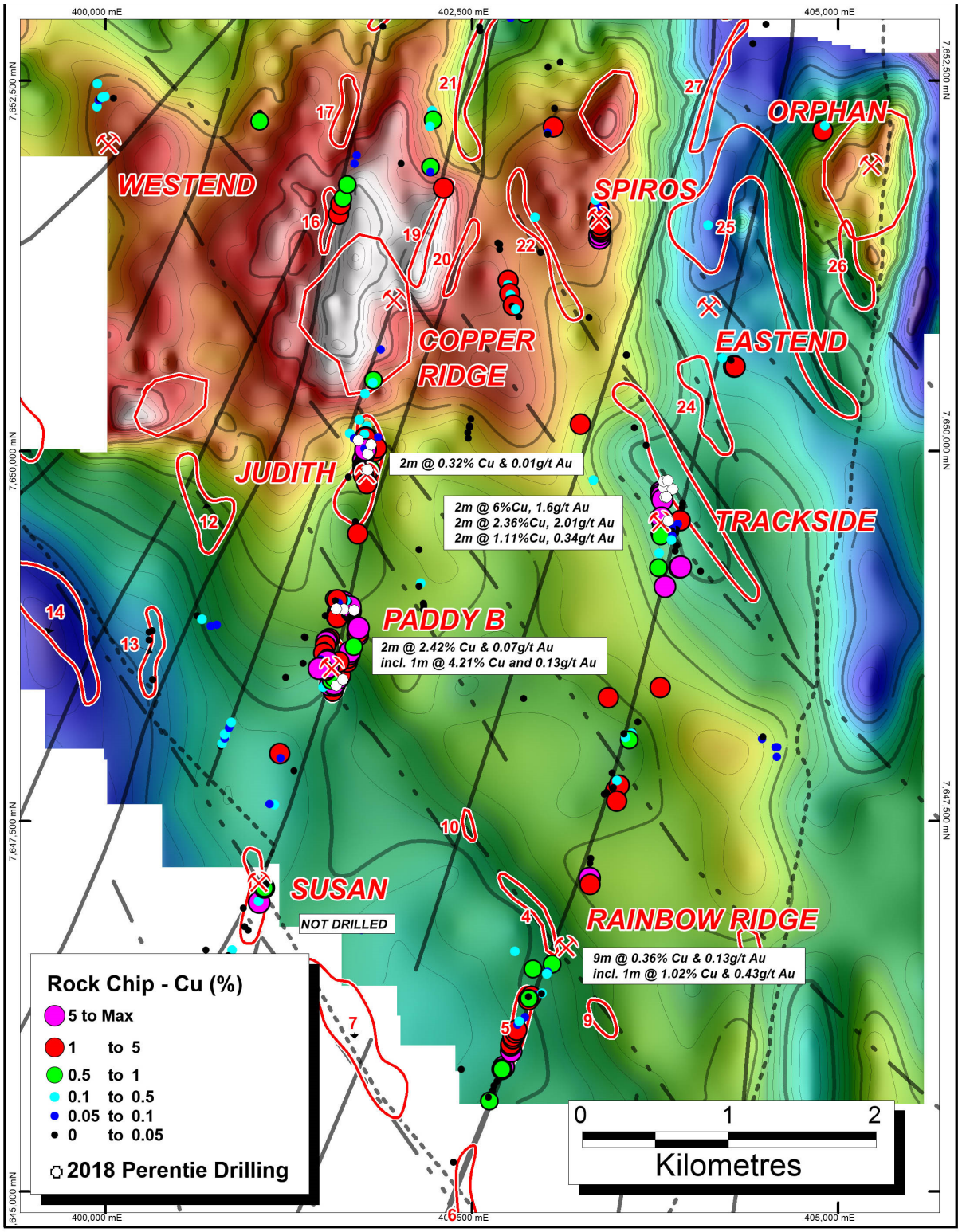

Figure 8 - Significant results from Perentie drilling on gravity imagery (& contours). The significant result noted at Rainbow Ridge and the intersection of 2m @ 6% Cu and 1.6g/t Au from Trackside were previously reported. (Refer to the ASX release dated September 16th, 2014).

MT PHILP BRECCIA

The Mt Philp Breccia IOCG project is located to the northeast of Kalman and is one of the largest intrusive breccia bodies in the Mt Isa region (Figure 9). During the previous quarter Hammer completed geological mapping and a 200-metre spaced soil sampling program. U-Pb titanite dating of the breccia indicated that the emplacement of the breccia was around 200 million years younger than previously thought with the resulting 1500mya age similar to intrusives spatially associated with IOCG deposits in the Cloncurry region.

Hammer was awarded a $80,000 Collaborative Exploration Initiative ("CEI") funding grant from the Queensland Department of Natural Resources. (Refer to ASX release dated December 11th, 2018). This grant will part-fund a comprehensive exploration program which will lead up to an initial drill test of the prospective Iron Oxide Copper Gold (IOCG) target. Hammer's proposed program will comprise aeromagnetic and radiometric interpretation, a ground gravity survey and processing and modelling of geophysics, geology and geochemistry culminating in creating a three-dimensional model of the project area.

Interpretation of the soil program has outlined multiple copper targets which are being progressively reviewed (Figure 10). Gold analysis of the soil samples is underway.

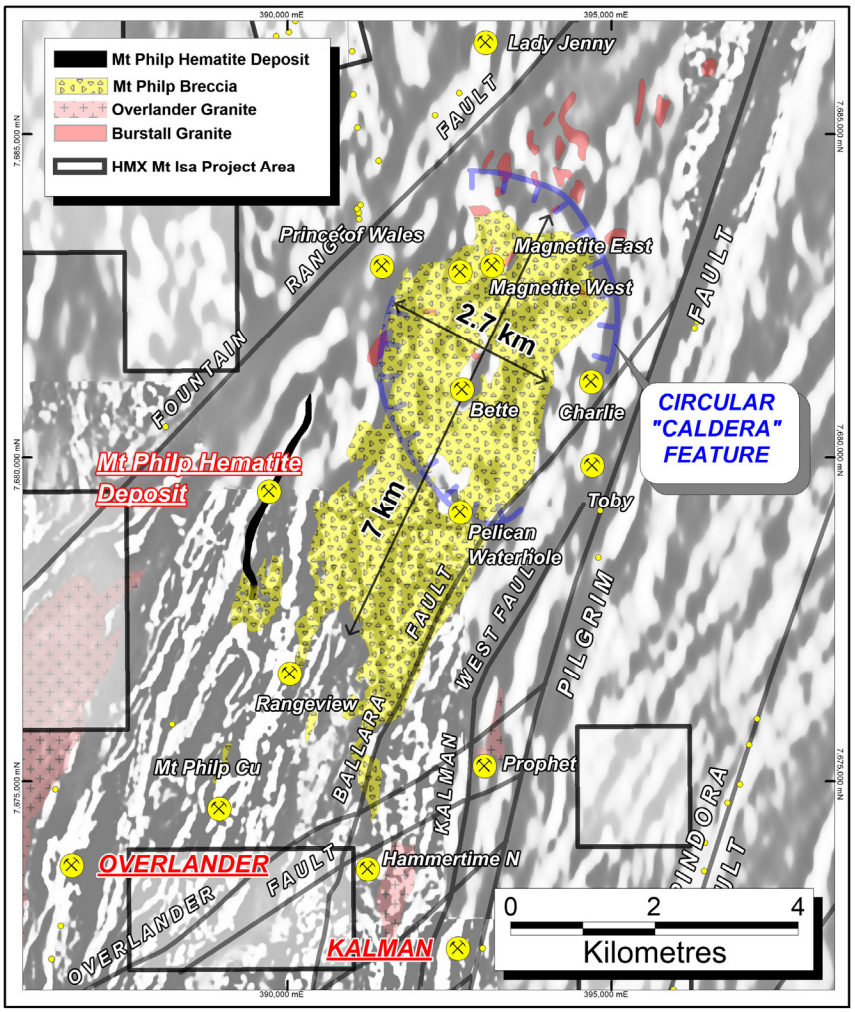

Figure 9 – Location of the Mt Philp Breccia relative to the Kalman Au-Cu-Mo-Re deposit.

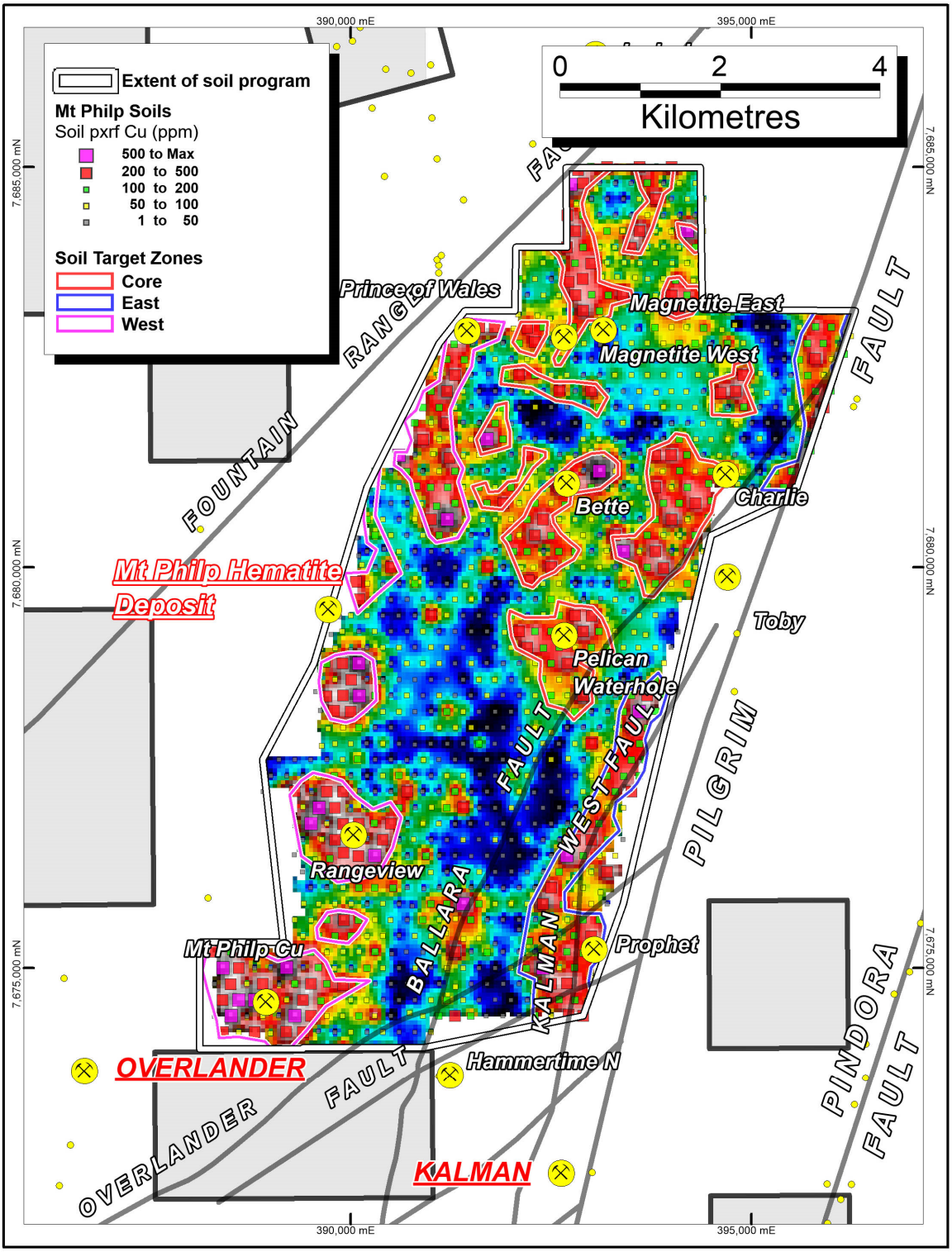

Figure 10 - The Mt Philp Breccia showing the extent of the completed soil sampling program

MILLENNIUM COBALT PROJECT

The Millennium Project is a joint venture with TSX listed, Global Energy Metals Corporation (GEMC). Hammer's 75% interest in the JV is currently being divested to GEMC. (Refer to ASX release dated March 16th, 2018 for details of the transaction.)

The Joint Venture completed the initial metallurgical study on the deposit. Two composite samples were sourced from MIDD001-MIDD010. These holes were drilled during the first quarter of 2018. (Refer to ASX releases January 17th, June 5th and July 19th.) The drill holes principally tested the northern quartzite domain of the Millennium resource (Figure 12). This domain hosts the majority of the Millennium Co-Cu-Au resource

The key outcome of the metallurgical test work was that production of separate cobalt and copper rougher concentrate streams is possible. The high-grade composite peak rougher flotation test indicated a combined Cu recovery of 95.1%, combined Co recovery of 95.4% and a total Au recovery of 81.4% with the Au reporting dominantly to the Cu concentrate. The low-grade composite peak rougher flotation test indicated a combined Cu recovery of 91.3%, combined Co recovery of 91.7% and a total Au recovery of 77.9% with the Au reporting dominantly to the Cu concentrate. (Refer to ASX release dated November 8th, 2018)

It is expected that the concentrate grades may increase on re-grind and final cleaner flotation. This test-work will be conducted in 2019.

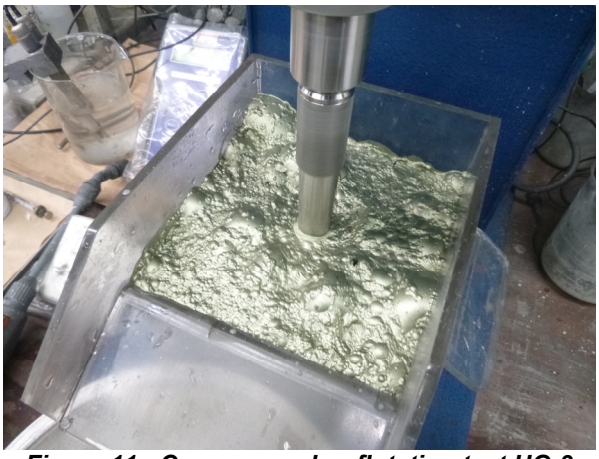

Figure 11 - Copper rougher flotation test HG-3

Table 4 – Rougher float test results for high-grade and low-grade composites

Test No.	High Grade Composite - Optimum Test – Combined Rougher Concentrate								
	Product	Cu		Co		Au		As	
		%	% Rec'y	%	% Rec'y	ppm	% Rec'y	%	% Rec'y
HG-7	Cu Con	20.6	90.8	0.48	5.4	5.1	45.6	0.23	2.5
	Co Con	0.4	4.3	3.12	89.9	1.5	35.8	3.39	93.1
	Total Con		95.1		95.4		81.4		95.6
Test No.	Low Grade Composite - Optimum Test – Combined Rougher Concentrate								
	Product	Cu		Co		Au		As	
		%	% Rec'y	%	% Rec'y	ppm	% Rec'y	%	% Rec'y
LG-5	Cu Con	16.9	85.2	0.26	7.8	4.3	51.0	0.14	4.9
	Co Con	0.5	6.1	1.16	83.9	0.9	27.0	1.00	88.4
	Total Con		91.3		91.7		77.9		93.2

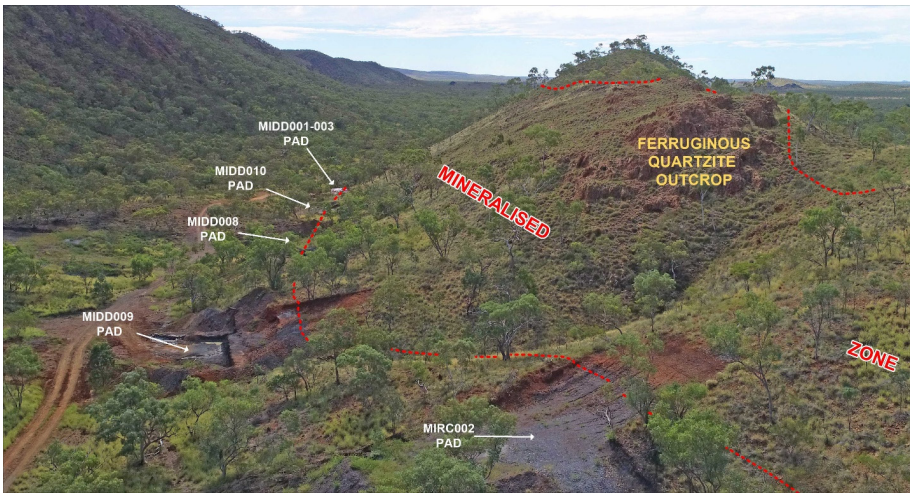

Figure 12 – Millennium Northern Quartzite Domain.

TARGET EVALUATION AND GENERATION ACTIVITIES

Field evaluation activities continued during the quarter focusing on the Perentie and Mt Philp regions. Results will continue to be reported as they become available.

EXPLORATION PERMIT ACTIVITY

During the quarter, Hammer Metals completed a tenement amalgamation process which has resulted in 18 of its tenements being amalgamated into 3 new tenements - EPM 26775, EPM 26776 and EPM 26777. This process will result in significant cost savings for both Hammer Metals and the Queensland Department of Natural Resources and Mines.

Subsequent to the end of the quarter Hammer Metals has continued to rationalise its tenement portfolio as a result of on-ground target reviews as part of its regional targeting strategy.

FUTURE ACTIVITIES AT MOUNT ISA

Activities during the March 2019 Quarter will focus on:

- Pit optimisation studies at Kalman, Overlander, Jubilee and Elaine.
- Drillhole planning at Black Rock. The aim of the infill drilling will be to provide sufficient data to potentially complete the maiden Black Rock mineral resource estimate.
- Continuation of field mapping and target reviews.
- Assessment of the gold soil assays from the Mt Philp soil survey and ground reconnaissance of the copper-gold anomalies.
- Drillhole planning for the Millennium resource upgrade drilling.

CORPORATE

The Company held $0.86 million on deposit at the end of the quarter.

Effective October 1st, 2018 Ziggy Lubieniecki previously Exploration Director at Gold Road Resources Limited joined the Board as a Non-Executive Director and Alex Hewlett and Simon Bodensteiner resigned as Directors.

For further information contact:
Russell Davis | Chairman
Mark Whittle | Chief Operating Officer

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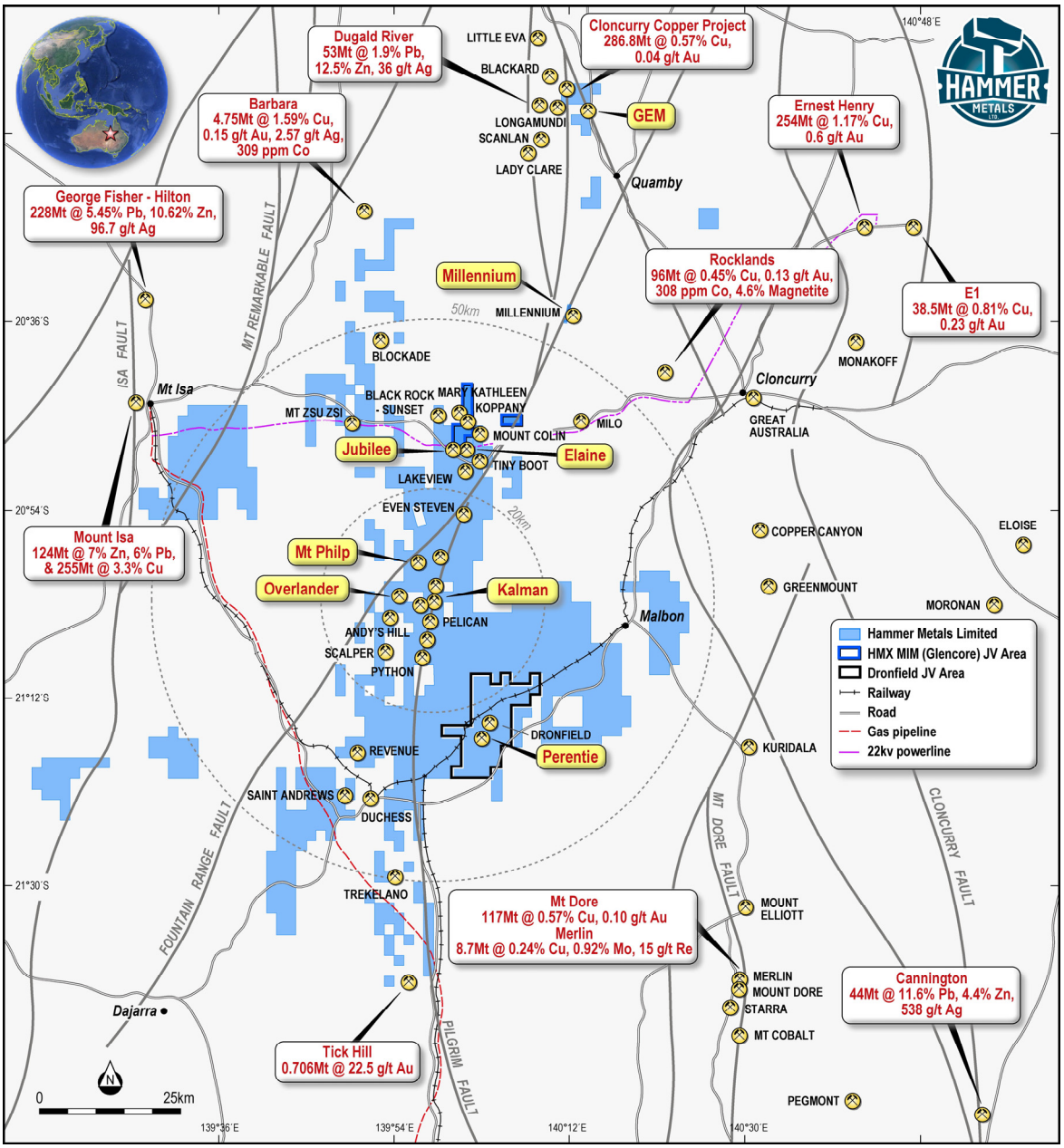
About Hammer Metals

Hammer Metals Limited (ASX: HMX) holds a strategic tenement position covering approximately 2500km^2 within the Mount Isa mining district, with 100% interests in the Kalman (Cu-Au-Mo-Re) deposit, the Overlander North and Overlander South (Cu-Co) deposits and the Elaine (Cu-Au) deposit. Hammer also has a 75% interest in the Millennium (Cu-Co-Au) deposit and a 51% interest in the emerging Jubilee (Cu-Au) deposit. Hammer is an active mineral explorer, focused on discovering large copper-gold deposits of the Ernest Henry style and has a range of prospective targets at various stages of testing.

Competent Person Statements

The information in this report as it relates to exploration results, geology and exploration targets was compiled by Mr. Mark Whittle, who is a Member of the AusIMM and a consultant to the Company. Mr. Whittle who is a shareholder and option-holder, 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.

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



Mt Isa Project

Appendix A -Tenement Interests at the end of December 2018 as per Listing Rule 5.3.3

PROJECT	TENEMENT	STATUS	INTEREST %	Acquired during quarter	COMMENT
Pilbara Iron Ore - WA	E08/1997	Granted	100%	No	
Mt Isa Project - QLD	EPM 11919	Granted	100%	Yes	Acquired during Quarter (Subject to 1.5% NSR)
	EPM 12205	Granted	100%	No	
	EPM 13870	Granted	100%	No	Subject to 2% NSR
	EPM 14019	Granted	100%	No	
	EPM 14022	Granted	100%	No	
	EPM 14232	Granted	0%	No	Relinquished During Quarter
	EPM 14467	Granted	51%	No	
	EPM 15972	Granted	0%	No	Relinquished During Quarter
	EPM 16726	Granted	0%	No	Relinquished During Quarter
	EPM 16987	Granted	0%	No	Relinquished During Quarter
	EPM 17762	Granted	0%	No	Relinquished During Quarter
	EPM 18084	Granted	80%	No	
	EPM 18116	Granted	0%	No	Relinquished During Quarter
	EPM 19783	Granted	100%	No	
	EPM 19784	Granted	0%	No	Relinquished During Quarter
	EPM 25145	Granted	100%	No	
	EPM 25165	Granted	100%	Yes	Acquired during Quarter (Subject to 1.5% NSR)
	EPM 25369	Granted	0%	No	Relinquished During Quarter
	EPM 25425	Granted	0%	No	Relinquished During Quarter
	EPM 25486	Granted	0%	No	Relinquished During Quarter
	EPM 25523	Granted	0%	No	Relinquished During Quarter
	EPM 25666	Granted	0%	No	Relinquished During Quarter
	EPM 25686	Granted	0%	No	Relinquished During Quarter
	EPM 25777	Granted	0%	No	Relinquished During Quarter
	EPM 25866	Granted	100%	No	
	EPM 25867	Granted	100%	No	
	EPM 25892	Granted	0%	No	Relinquished During Quarter
	EPM 25997	Granted	0%	No	Relinquished During Quarter
	EPM 26126	Granted	100%	No	
	EPM 26127	Granted	100%	No	
	EPM 26128	Granted	0%	No	Relinquished During Quarter
	EPM 26130	Granted	100%	No	
	EPM 26172	Granted	0%	No	Relinquished During Quarter
	EPM 26306	Granted	0%	No	Relinquished During Quarter
	EPM 26392	Granted	0%	No	Relinquished During Quarter
	EPM 26474	Granted	100%	No	
	EPM 26511	Granted	100%	No	
	EPM 26512	Application	100%	No	
	EPM 26628	Granted	100%	No	
	EPM 26694	Granted	100%	No	Granted during Quarter
	EPM 26775	Granted	100%	Yes	Granted during Quarter
	EPM 26776	Granted	100%	Yes	Granted during Quarter
	EPM 26777	Granted	100%	Yes	Granted during Quarter
	EPM 26809	Application	100%	No	
	EPM 26881	Application	100%	No	
	EPM 26902	Application	100%	No	
	EPM 26904	Application	100%	No	
	EPM 27018	Application	100%	No	
	ML 2512	Granted	100%	No	
	ML 2761	Granted	100%	No	
	ML 2762	Granted	100%	No	
	ML 7506	Granted	100%	No	
	ML 7507	Granted	100%	No	

Appendix B - Resources - Explanatory Statements

Kalman Resource Estimate & Notes on Copper Equivalence Calculation and Metallurgical Recoveries

The Kalman Mineral Resource Estimate was updated in August 2016 in accordance with the JORC Code (2012 Edition). (Refer to the ASX Release dated 27th September 2016 for full details of the Resource Estimate.)

The company is not aware of any new information or data that materially affects the information in the Hammer Metals Limited ASX announcement dated September 27th, 2016. All material assumptions and technical parameters underpinning the mineral resource estimate continue to apply and have not materially changed.

Kalman Deposit Mineral Resource Estimate

(Reported at 0.75% CuEq cut-off above 100m RL and 1.4% CuEq cut-off below 100m RL)

Classification	Mining Method	CuEq Cut-Off	Mt	Cu Eq %	Cu %	Mo %	Au g/t	Ag g/t	Re g/t
Indicated	Open Pit	0.75%	7.1	1.5	0.48	0.12	0.27	1.4	2.9
Inferred	Open Pit	0.75%	6.2	1.6	0.44	0.15	0.24	1.5	3.9
Inferred	Underground	1.40%	7.0	2.4	0.89	0.16	0.5	2.9	4.5
Total			**20.0**	**1.8**	**0.61**	**0.14**	**0.34**	**1.9**	**3.7**

- *Note: (1) Numbers rounded to two significant figures*
- *Note: (2) Totals may differ due to rounding*
- *Note: (3) CuEq = Cu + (0.864268 * Au) + (0.011063 * Ag) + (4.741128 * Mo) + (0.064516 * Re)*

Copper equivalent (CuEq) grades were calculated using estimated block grades for Cu, Au, Ag, Mo and Re. The CuEq calculation is based on commodity prices and metallurgical recovery assumptions as detailed in this release. Prices agreed to by Hammer were a reflection of the market as at 14/02/2014 and forward-looking forecasts provided by consensus analysis. Metal prices provided are:
Metal prices provided are: Cu: US$7,165/t, Au: US$1,324.80/oz, Ag: US$22.40/oz, Mo: US$16.10/lb
The forward-looking price for Rhenium was estimated using available historical and current prices - Re: US$5,329/kg
The CuEq equation is CuEq = Cu + 0.594464Au + 0.010051Ag + 4.953866Mo + 0.074375Re and was applied to the respective elements estimated within the resource block model.

Assumed Metallurgical Recoveries

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

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

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

Millennium Resource Estimate & Notes on Copper Equivalence Calculation

The Millennium Mineral Resource Estimate was conducted in December 2016 in accordance with the JORC Code (2012 Edition). (Refer to the ASX Release dated 6th December 2016 for full details of the Resource Estimate.) The company is not aware of any new information or data that materially affects the information in the Hammer Metals Limited ASX announcement. All material assumptions and technical parameters underpinning the mineral resource estimate continue to apply and have not materially changed.

The 100%-owned Millennium polymetallic deposit is situated on granted mining leases (ML's 2512, 2761, 2762, 7506 and 7507) approximately 32km northwest of Cloncurry in North West Queensland.

Millennium Deposit Inferred Mineral Resource Estimate

(Reported at 0.7% CuEq and 1% CuEq cut-offs across four domains)

CuEq cut-off %	Mt	CuEq %	Cu %	Co %	Au g/t
1.00	3.07	1.29	0.35	0.14	0.12
0.70	5.89	1.08	0.32	0.11	0.11

- *Note: (1) Totals may differ due to rounding*
- *Note: (2) CuEq= Cu_pct+(Co_pct*5.9)+(Au_ppm*0.9)+(Ag_ppm*0.01)*

Millennium Mineral Resource Estimate Metal Equivalent Information

The Copper Equivalent (CuEq) equation has been calculated to reflect current and forecast pricing. CuEq grades were calculated using estimated block grades for Co, Cu, Au and Ag. Metal prices used were:

- Cu: US$4,600/t;
- Co: US$27,000/t;
- Au: US$1,330/oz; and
- Ag: US$20/oz.

The copper equivalent equation is: CuEq = Cu % + (Co % * 5.9) + (Au ppm * 0.9) + (Ag ppm * 0.01)
Cut-offs of 0.7% and 1.0% CuEq has been applied for reporting Mineral Resources.

Metallurgical test-work indicated that acceptable copper-cobalt sulphide concentrates could be produced via conventional processing methods. Based on the test-work conducted, it is the company's opinion that all metals used in the metal equivalent calculation have a reasonable potential to be recovered.

Test No.	High Grade Composite - Optimum Test – Combined Rougher Concentrate								
	Product	Cu		Co		Au		As	
		%	% Rec'y	%	% Rec'y	ppm	% Rec'y	%	% Rec'y
HG-7	Cu Con	20.6	90.8	0.48	5.4	5.1	45.6	0.23	2.5
	Co Con	0.4	4.3	3.12	89.9	1.5	35.8	3.39	93.1
	Total Con		95.1		95.4		81.4		95.6

Test No.	Low Grade Composite - Optimum Test – Combined Rougher Concentrate								
	Product	Cu		Co		Au		As	
		%	% Rec'y	%	% Rec'y	ppm	% Rec'y	%	% Rec'y
LG-5	Cu Con	16.9	85.2	0.26	7.8	4.3	51.0	0.14	4.9
	Co Con	0.5	6.1	1.16	83.9	0.9	27.0	1.00	88.4
	Total Con		91.3		91.7		77.9		93.2

Overlander Mineral Resource Estimate

The 100%-owned Overlander Project is 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. 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.

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 420m below surface. Drilling in the Overlander South deposit extends to a vertical depth of approximately 215m 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 40m by 20m 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 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 August 26th, 2015). The company is not aware of any new information or data that materially affects the information in the Hammer Metals Limited ASX announcement. All material assumptions and technical parameters underpinning the mineral resource estimate continue to apply and have not materially changed.

Overlander North and South Mineral Resource Estimate

(Reported at 0.7% Cu cut-off)

Overlander North Resource					
Classification	**Tonnes**	**Cu %**	**Co %**	**Cu t**	**Co t**
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**

Overlander South Resource					
Classification	**Tonnes**	**Cu %**	**Co %**	**Cu t**	**Co t**
Indicated	-	-	-	-	-
Inferred	649,000	1	500	6,352	327
Total	**649,000**	**1**	**500**	**6,352**	**327**

Overlander Combined Mineral Resource					
Classification	**Tonnes**	**Cu %**	**Co %**	**Cu t**	**Co t**
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: (1) Totals may differ due to rounding*

Jubilee Mineral Resource Estimate

The 51%-owned Jubilee Deposit is situated 50 kilometres west of Mount Isa in North West Queensland. It is a high-priority target area for shear-hosted copper mineralisation. Mineralisation was modelled from surface to a depth of approximately 325m below surface.

The resource estimates are based on good quality RC and diamond drilling data. Drill hole spacing is predominantly on a 50m by 40m spacing with additional drill holes between sections targeted at the higher-grade cores of the deposits.

The Mineral Resource Estimate was conducted by H&S consultants Pty Ltd and reported in accordance with the guidelines of the JORC Code (2012 Edition). They contain combined resources of 1.41Mt at 1.41% copper and 0.62g/t Au in the inferred category (Refer to the ASX release dated December 20th, 2018).

The company is not aware of any new information or data that materially affects the information in the Hammer Metals Limited ASX announcement. All material assumptions and technical parameters underpinning the mineral resource estimate continue to apply and have not materially changed.

Jubilee Inferred Mineral Resource Estimate

(Reported at 0.5% Cu cut-off)

Category	Domain	Mt	Cu %	Cu (t)	Au g/t (Cut)	Au oz (Cut)
Inferred	Mod-Slightly Weathered	0.07	1.51	1,000	0.55	1,200
Inferred	Fresh	1.34	1.41	19,000	0.63	27,100
Inferred	**Total**	**1.41**	**1.41**	**20,000**	**0.62**	**28,300**

- *Note: (1) Totals may differ due to rounding*

Elaine Project Mineral Resource Estimate & Notes on Copper Equivalence Calculation and Metallurgical Recoveries

The 100%-owned Elaine Cu-Au deposit is situated on granted exploration licence 14022, approximately 50km east of Mount Isa in North West Queensland. A resource estimate was first completed and reported to ASX by previous owners (Chinalco Yunnan Copper Resources Limited, now AuKing Limited) on 18th October 2012. The company is not aware of any new information or data that materially affects the information in the AKN ASX announcement. All material assumptions and technical parameters underpinning the mineral resource estimate continue to apply and have not materially changed.

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 are considered to comply. The Elaine Project Mineral Resource Estimate is based on approximately 30 holes to a depth of 450 metres below surface.

The current resource totals 9.3 million tonnes (Mt) grading 0.82% Cu and 0.19g/t Au (at a 0.7% CuEq cut-off) and is classified as being all in the Inferred category. The resource is tabulated below at a variety of CuEq % cut-offs.

Elaine Inferred Mineral Resource Estimate

CuEq cut-off %	Mt	CuEq %	Cu %	Au g/t
0.10	64.34	0.34	0.31	0.05
0.20	32.77	0.54	0.49	0.08
0.25	26.10	0.62	0.56	0.09
0.30	22.81	0.67	0.60	0.10
0.40	17.81	0.76	0.68	0.12
0.50	15.05	0.82	0.73	0.13
0.60	12.47	0.88	0.77	0.15
0.70	**9.31**	**0.95**	**0.82**	**0.19**
0.80	6.46	1.04	0.87	0.25

Elaine Mineral Resource Estimate Metal Equivalent Information

The Copper Equivalent (CuEq) equation has been calculated to reflect current and forecast pricing. CuEq grades were calculated using estimated block grades for Cu and Au. Metal prices used were:

- Cu: US$5,400/t;
- Au: US$1,300/oz;

The copper equivalent equation is: CuEq % = Cu % + (Au ppm * 0.70216)

Metallurgical test-work indicated that acceptable copper-cobalt sulphide concentrates could be produced via conventional processing methods. Based on the test-work conducted, it is the company's opinion that all metals used in the metal equivalent calculation have a reasonable potential to be recovered.

Test No.	April 2013 Elaine Metallurgical Testwork				
	Product	Cu		Au	
		%	% Rec'y	ppm	% Rec'y
Test 11	**Final cleaner concentrate**	**29.9**	**92.2**	**2.73**	**31.7**
	Rougher concentrate	8.1	96.0	1.22	54.4
Test 13	**Final cleaner concentrate**	**22.9**	**77.1**	**0.88**	**23.9**
	Rougher concentrate	11.6	91.6	0.67	42.3

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

Mt. Philp Mineral Resource Estimate

The Mineral Resource Estimate is based on 48 diamond and reverse circulation (RC) drillholes completed in 2011 for a total of 3,801 metres (m). Drilling comprises fans located on a nominal 100 m 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 (Mt) grading 41.4% iron and 37.9% silica (Table 1-1) in the Indicated category and 11.4 million tonnes (Mt) 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. The company is not aware of any new information or data that materially affects the information in the ASX announcement. All material assumptions and technical parameters underpinning the mineral resource estimate continue to apply and have not materially changed.

Mt Philp Deposit Mineral Resource Estimate

Mt Philp Mineral Resource						
Classification	Mt	Fe %	P %	SiO_2%	Al_2O_3 %	LOI %
Indicated	19.11	41	0.02	38	1.2	0.29
Inferred	11.40	34	0.02	48	2.0	0.31
Total	**30.51**	**39**	**0.02**	**42**	**1.6**	**0.30**

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

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas 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, 01/05/13, 01/09/16

Name of entity

HAMMER METALS LIMITED

ABN	**Quarter ended ("current quarter")**
87 095 092 158	31 DECEMBER 2018

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(484)	(966)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(23)	(106)
	(e) administration and corporate costs	(206)	(359)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	2
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	183
1.8	Other – miscellaneous	19	19
1.8	Other – exploration expenditure relating to farm-in	(50)	(248)
1.9	**Net cash from / (used in) operating activities**	**(743)**	**(1,475)**
2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – Cash calls received from farm-in partner	-	-
2.5	Other – Option fee from new farm-in partner	-	-
2.6	**Net cash from / (used in) investing activities**	**-**	**-**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	-	200
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	(60)
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – proceeds from issues of options	-	807
3.10	**Net cash from / (used in) financing activities**	**-**	**947**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,604	1,389
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(743)	(1,475)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	947

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**861**	**861**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	405	1,044
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other – JV bank accounts	456	560
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**861**	**1,604**

6.	Payments to directors of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	23
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Directors remuneration payments for the quarter.

7.	Payments to related entities of the entity and their associates	Current quarter $A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Exploration and evaluation	70
9.2	Development	-
9.3	Production	-
9.4	Staff costs	20
9.5	Administration and corporate costs	50
9.6	Other – exploration relating to farm-ins	10
9.7	**Total estimated cash outflows**	**150**

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	EPM 14232 EPM 15972 EPM 16726 EPM 16987 EPM 17762 EPM 18116 EPM 25369 EPM 25425 EPM 25486 EPM 25523 EPM 25666 EPM 25686 EPM 25777 EPM 25997 EPM 26128 EPM 26172 EPM 26306 EPM 26392	Mt Dockerell Mining Pty Ltd Relinquished during quarter as part of a tenement amalgamation in favour of tenements EPM 26775, EPM 26776 & EPM 26777 which were granted during quarter	100%	0%
		EPM 19784 EPM 25892	Mulga Minerals Pty Ltd Relinquished during quarter	100%	0%
10.2	Interests in mining tenements and petroleum tenements acquired or increased	EPM 26994 EPM 26775 EPM 26776 EPM 26777	Mt Dockerell Mining Pty Ltd Applications granted during quarter	100%	100%
		EPM 11919 EPM 25165	Tenements acquired during quarter	0%	100%

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

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

Sign here:  Date: 31 January 2019
(Company secretary)

Print name: Mark Pitts

Notes

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

2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.