

9 March 2023

## Interim Financial Report – Half-year ended 31 December 2022

Hammer Metals Limited (“**Hammer**” or “**the Company**”) encloses its interim financial report for the half-year ended 31 December 2022.

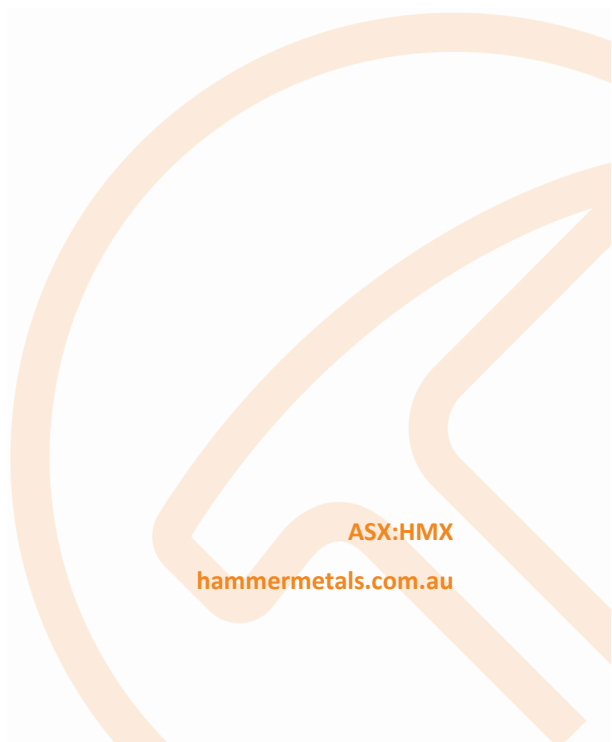
Yours faithfully



**Mark Pitts**  
Company Secretary

*This announcement has been authorised for release by Mr Mark Pitts, Company Secretary, Hammer Metals Limited.*

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**HAMMER METALS LIMITED**  
**ABN 87 095 092 158**  
**and its Controlled Entities**

**INTERIM FINANCIAL REPORT**

**6 MONTHS ENDED**

**31 DECEMBER 2022**

**HAMMER METALS LIMITED  
and its Controlled Entities**

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**HAMMER METALS LIMITED**  
**and its Controlled Entities**

**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

**PRINCIPLE AND REGISTERED OFFICE**

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West Perth WA 6005

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**AUDITORS**

PKF Perth  
5/35 Havelock Street  
West Perth, WA 6005  
Telephone: +61 8 9426 8999

**SHARE REGISTRY**

Advanced Share Registry Ltd  
110 Stirling Highway  
Nedlands WA 6009  
Telephone: +61 8 9389 8033  
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**SECURITIES EXCHANGE**

Australian Securities Exchange Limited  
Company code: HMX

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**HAMMER METALS LIMITED**  
**and its Controlled Entities**  
**DIRECTORS' REPORT**

The directors present their report together with the condensed consolidated financial report for the period ended 31 December 2022 and the review report thereon.

**DIRECTORS**

The directors of the Company at any time during or since the end of the half year are:

**Mr Russell Davis**  
Non-Executive Chairman

**Mr Daniel Thomas**  
Managing Director

**Mr Zbigniew Lubieniecki**  
Non-Executive Director

**Mr David Church**  
Non-Executive Director

**REVIEW OF OPERATIONS**

The Group incurred an after-tax loss for the half year ended 31 December 2022 of \$769,151 (31 December 2021: after-tax profit of \$85,704).

The Group operated during the period as a mineral explorer in Australia.

Mount Isa Region Projects

The Group is exploring its Mount Isa project for large iron oxide copper-gold (IOCG) deposits of the Ernest Henry style. The Group has maintained its tenure in Mount Isa and holds approximately 2,600 km<sup>2</sup> of exploration permits in the region.

*Mt. Isa project – wholly-owned projects*

Activities on Hammer's 100% owned Mount Isa projects included new drilling at Kalman deposit with 2,218m completed across twelve holes prior to the end of the year. Kalman drilling was designed to extend the deposit to the north and increase Hammer's JORC compliant Cu/Au/Mo/Re resource. An update of the Mineral Resource Estimate (MRE) for Kalman is currently underway and is expected to be completed in the second quarter of 2023. (refer ASX announcement 13 February 2023)

An extensive Reverse Circulation program was completed at numerous Hammer targets including Ajax, Ajax East, South Hope, The Stubby, Mascotte, Mascotte Junction, Lord Nelson Kalman West and Hardway. (Refer to ASX Announcements – 9 March 2022, 29 June 2022, 24 October 2022, 22 November 2022 and 23 December 2022). These targets have produced high grades of copper and gold mineralisation and provide for excellent targets for the company to pursue in the coming months. Each of the targets has been tested by a relatively small number of drill holes. Key targets and results achieved to date include:

- Ajax/Ajax East (13 holes) – Multi-kilometre sulphide structure with high grade zones of Cu/Au with results of 11m at 5% Cu and 2.5g/t Au from 24m in HMLVRC014
- South Hope (4 holes) - 600m away from Mount Hope Cu project (ASX:CNB) Ø 25m at 2.41% Cu and 0.47g/t Au from 85m in HMSHRC001
- Mascotte (Single hole) - ~5km east of South Hope prospect with results of 6m at 3.73% Cu and 1.47g/t Au from 50m in HMMARC002
- Mascotte Junction (2 holes) - 6m at 2.04% Cu, 0.03g/t Au, 684ppm Co and 0.17% Ni from 30m in HMMARC003
- Hardway (Single Hole) - with results of 30m at 1.1% copper from 48m (oxide) and 26m at 0.14% Total Rare Earth and Yttrium Oxides (TREYO) from 34m in HMHWRC001

## HAMMER METALS LIMITED and its Controlled Entities

### *Mount Isa East Joint Venture*

*(Sumitomo Metal Mining Oceania earning 60% interest by spending \$6,000,000 on the JV)*

The Farm-in and Joint Venture agreement was signed by Hammer and Japan Oil, Gas and Metals National Corporation (“JOGMEC”) in November 2019 and covers sections of the Even Steven, Mount Philp, Dronfield West and Malbon targets for a total area of approximately 290km<sup>2</sup> of the 2,600km<sup>2</sup> Mount Isa Project. JOGMEC sold their position in the Mount Isa East Joint Venture (“JV”) to Sumitomo Metal Mining Oceania Pty. Ltd. (“SMMO”), a subsidiary of Sumitomo Metal Mining (“SMM”) (see ASX announcement 19 August 2021). SMM’s demonstrated capabilities in exploration, project development and finance are a significant boost to the JV in its pursuit to delineate and develop a large-scale iron oxide copper-gold project.

SMMO and Hammer completed an extensive drilling program in the early part of FY23. Broad copper mineralisation was intersected at Pearl in most drillholes over a strike length of some 700m. Drilling targeted a cluster of fixed-loop EM plates and Induced Polarisation (“IP”) anomalies along the Trafalgar-to-Jubilee Trend. Significant intercepts include (see ASX Announcement 12 December 2022):

- 68m at 0.29% Cu and 0.06g/t Au from 31m in HMPLRC001,
- 96m at 0.2% Cu and 0.03g/t Au from 156m and 22m at 0.22% Cu from surface in HMPLRC002.
- 48m at 0.2% Cu and 0.06g/t Au from 5m and 78m at 0.23%Cu and 0.02g/t Au from 134m in HMPLRC004

Further drilling south along the Trafalgar trend at The Springs, Trafalgar and Victory prospects (seven holes for 1,703m) has continued to intersect zones of copper mineralisation, including: 44m at 0.29% Cu from 12m in HMTRRC021 including 2m at 1.8% Cu from 14m and 3m at 1.04% Cu from 34m.

Work programs and budgets are being set for 2023 with follow-up drilling to be prioritised at Secret, Shakespeare in addition to further targets at Pearl. A Research program in conjunction with CSIRO is aiming to aid in the definition of new large-scale IOCG targets.

### Yandal Gold/Lithium/Nickel Project

Hammer has ~260sqkm of tenure Located in Western Australian within the heart of the highly prospective Yandal Belt, that boasts greater than 24 million ounces of gold deposits and current and historical gold production.

Following a soil survey completed in early 2022 and a number of promising anomalies, Hammer completed a reconnaissance rock chip sampling campaign covering parts of the Yandal tenements. This program has identified a lithium-bearing zone with initial outcropping strike length of approximately 200m. Rock chip results of up to 0.65% Li<sub>2</sub>O returned from the newly-discovered Tapenade prospect (See ASX Announcement 6 December 2022). Multiple Lithium Caesium Tantalum (LCT) Pegmatites were also identified to the west of the Orelia Target 1 prospect. Associated sampling program returns maximum assay results in key pathfinder elements of up to 180ppm Caesium, 1,795ppm Rubidium and 164ppm Niobium. This target zone is situated on the eastern side of the Kathleen Valley granite, approximately 40km east of the Kathleen Valley Lithium project. A review of bottom-of-hole geochemistry from gold drilling at Target 1 North Orelia contained anomalous lithium response of up to 275ppm.

An air-core drilling program is being designed for Q2 2023 focusing on several high-quality targets within Yandal Project, including these exciting new lithium targets.

## HAMMER METALS LIMITED and its Controlled Entities

### EVENTS AFTER BALANCE DATE

There has not been any 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 impact of the Coronavirus (COVID-19) pandemic has not been material for the Group up to 31 December 2022, however it is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation continues to develop and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

### LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is set on page 5 and forms part of the directors' report for the half year ended 31 December 2022.

Signed in accordance with a resolution of the directors:



R Davis  
Non-Executive Chairman  
Perth  
Dated 9<sup>th</sup> March 2023

### COMPETENT PERSON STATEMENT

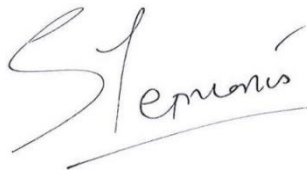
Where reference is made to previous releases of exploration results and mineral resource estimates in this announcement, the Company confirms that it is not aware of any new information or data that materially affects the information included in those announcements and all material assumptions and technical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

**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF HAMMER METALS LIMITED**

In relation to our review of the financial report of Hammer Metals Limited for the half year ended 31 December 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

9 MARCH 2023,  
WEST PERTH,  
WESTERN AUSTRALIA

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**HAMMER METALS LIMITED**  
**and its Controlled Entities**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

	Note	31 December 2022 \$	30 June 2022 \$
<b>Current assets</b>			
Cash and cash equivalents		2,526,756	5,193,673
Trade and other receivables		94,345	501,762
<b>Total current assets</b>		<u>2,621,101</u>	<u>5,695,435</u>
<b>Non-current assets</b>			
Other financial assets	11	176,485	370,695
Plant & Equipment		3,981	-
Right-of-use assets		235,603	268,662
Exploration and evaluation expenditure	8	23,920,667	21,337,979
<b>Total non-current assets</b>		<u>24,336,736</u>	<u>21,977,336</u>
<b>Total Assets</b>		<u>26,957,837</u>	<u>27,672,771</u>
<b>Current liabilities</b>			
Trade and other payables		442,931	612,132
Employee leave liabilities		75,427	79,435
Lease liability		63,997	63,997
<b>Total current liabilities</b>		<u>582,355</u>	<u>755,564</u>
<b>Non-current liabilities</b>			
Lease liability		137,727	169,940
<b>Total non-current liabilities</b>		<u>137,727</u>	<u>169,940</u>
<b>Total Liabilities</b>		<u>720,082</u>	<u>925,504</u>
<b>Net Assets</b>		<u>26,237,755</u>	<u>26,747,267</u>
<b>Equity</b>			
Share capital	9	63,106,365	62,965,503
Reserves	9	1,518,141	1,399,364
Accumulated losses		(38,386,751)	(37,617,600)
<b>Total Equity</b>		<u>26,237,755</u>	<u>26,747,267</u>

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

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**HAMMER METALS LIMITED**  
**and its Controlled Entities**  
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2022**

	<b>31 December</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Other income	137,345	110,527
Sale of tenements	-	322,727
Marketing expenses	(63,402)	(29,054)
Administrative expenses	(242,094)	(201,652)
Employee benefits expenses	(130,059)	(94,035)
Share based payments	12 (229,977)	(27,938)
Depreciation	(33,059)	(37,764)
Occupancy expenses	(19,778)	(20,011)
Fair value movement on financial assets	11 (194,210)	67,647
<b>Results from operating activities</b>	<u>(775,234)</u>	<u>90,447</u>
Financial income	10,070	433
Financial expenses	(3,987)	(5,176)
<b>Net financing income</b>	<u>6,083</u>	<u>(4,743)</u>
<b>Profit/(Loss) before tax</b>	(769,151)	85,704
Income tax benefit	-	-
<b>Profit/(Loss) for the period</b>	<u>(769,151)</u>	<u>85,704</u>
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive profit/(loss) for the period</b>	<u>(769,151)</u>	<u>85,704</u>
Basic and diluted gain/(loss) per share	(0.09)	0.01 cents

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

**HAMMER METALS LIMITED**  
**and its Controlled Entities**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2022**

	Share capital	Share based payment reserve	Accumulated losses	Total
	\$	\$	\$	\$
Balance at 1 July 2021	62,277,335	1,291,101	(36,972,330)	<b>26,596,106</b>
Profit/(Loss) for period	-	-	85,704	<b>85,704</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive profit/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>85,704</b>	<b>85,704</b>
Shares issued for cash	650,000	-	-	<b>650,000</b>
Conversion of performance rights	27,429	(27,429)	-	-
Share based payments	-	27,938	-	<b>27,938</b>
Costs of equity issues	(5,361)	-	-	<b>(5,361)</b>
<b>Balance at 31 December 2021</b>	<b>62,949,403</b>	<b>1,291,610</b>	<b>(36,886,626)</b>	<b>27,354,387</b>
Balance at 1 July 2022	62,965,503	1,399,634	(37,617,600)	<b>26,747,267</b>
Profit/(Loss) for period	-	-	(769,151)	<b>(769,151)</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive profit/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>(769,151)</b>	<b>(769,151)</b>
Options exercised	146,200	(111,200)	-	<b>35,000</b>
Share based payments	-	229,977	-	<b>229,977</b>
Costs of equity issues	(5,338)	-	-	<b>(5,338)</b>
<b>Balance at 31 December 2022</b>	<b>63,106,365</b>	<b>1,518,141</b>	<b>(38,386,751)</b>	<b>26,237,755</b>

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

**HAMMER METALS LIMITED**  
**and its Controlled Entities**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2022**

	31 December 2022 \$	31 December 2021 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest received	10,070	433
Fuel rebate received	4,021	13,081
Payments to suppliers and employees	(591,606)	(533,805)
<b>Net cash used in operating activities</b>	<u>(577,515)</u>	<u>(520,291)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for exploration and evaluation expenditure	(2,212,451)	(1,826,803)
Proceeds from sale of tenement	-	322,727
Management fees from farm-in and joint venture partners	165,056	13,539
Cash calls received from farm-in and joint venture partners	-	175,000
Purchase of property, plant and equipment	(3,981)	(4,700)
<b>Net cash used in investing activities</b>	<u>(2,051,376)</u>	<u>(1,320,237)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	-	150,000
Proceeds from option exercises	35,000	-
Refund of share oversubscriptions received	-	(14,142)
Lease payments made	(67,688)	(36,212)
Transaction costs from issue of shares	(5,338)	(5,361)
<b>Net cash (used in)/provided by financing activities</b>	<u>(38,026)</u>	<u>94,285</u>
<b>Net decrease in cash and cash equivalents</b>	(2,666,917)	(1,746,243)
<b>Cash at the beginning of the financial period</b>	<u>5,193,673</u>	<u>9,706,093</u>
<b>Cash at the end of the financial period</b>	<u>2,526,756</u>	<u>7,959,850</u>

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

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# HAMMER METALS LIMITED and its Controlled Entities

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

### 1. Reporting entity

Hammer Metals Limited (the "Company") is a company domiciled in Australia. These condensed consolidated interim financial statements ('interim financial statements') as at and for the six months ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in mineral exploration in Western Australia and Queensland.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2022 are available upon request from the Company's registered office at Unit 1, 28-30 Mayfair Street, West Perth, WA, 6005 or at [www.hammermetals.com.au](http://www.hammermetals.com.au).

### 2. Statement of compliance

The interim financial statements are general purpose financial statements prepared in accordance with AASB 134: *Interim Financial Reporting* and the Corporations Act 2001.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 30 June 2022. This report does not include all of the information required for full annual financial report and should be read in conjunction with the consolidated financial report of the Group as at and for the year ended 30 June 2022.

This consolidated interim financial report was approved by the Board of Directors on 9 March 2023.

### 3. Significant accounting policies

The accounting policies applied by the Group in this condensed consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2022.

#### *Adoption of new and revised standards*

#### *New Standards and Interpretations applicable for the half year ended 31 December 2022*

In the period ended 31 December 2022, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to Group accounting policies.

#### *Standards and Interpretations in issue not yet adopted*

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the period ended 31 December 2022. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

### 4. Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business. During the half-year ended 31 December 2022, the Group incurred a loss before tax of \$769,151 and net cash outflows from operating and investing activities of \$2,628,891. As at 31 December 2022, the Group had \$2,526,756 in cash and cash equivalents and net current assets of \$2,038,746.

# HAMMER METALS LIMITED and its Controlled Entities

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

### 4. Going Concern (continued)

Whilst not immediately required, the Group may need to raise additional funds to meet its planned and budgeted exploration expenditure as well as regular corporate overheads. The Group's capacity to raise additional funds will be impacted by the success of the ongoing exploration activities and market conditions. Additional sources of funding available to the Group include a capital raising via preferential issues to existing shareholders or placements to new and existing investors. If necessary, the Group can delay exploration expenditure and the directors can also institute cost saving measures to further reduce corporate and administrative costs.

However, should the above planned activities to raise or conserve capital not be successful, there exists a material uncertainty surrounding the Group's ability to continue as a going concern and, therefore, realise its assets and dispose of its liabilities in the ordinary course of business and at the amounts stated in the financial report.

### 5. Use of judgements and estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income, and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2022.

### 6. Financial risk management

During the half-year ended 31 December 2022, the Group's financial risk management objectives and policies were consistent with that disclosed in the consolidated financial report for the year ended 30 June 2022.

### 7. Operating Segments

The Group is engaged in one business and geographical segment, being Copper-Gold exploration in Australia. Operating segments are 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.

### 8. Exploration and evaluation expenditure

	31 December 2022	30 June 2022
	\$	\$
Balance at the beginning of the period	21,337,979	17,429,445
Exploration and evaluation expenditure incurred	2,582,688	4,523,729
Research and Development incentive credit	-	(615,195)
Balance at the end of the period	<u>23,920,667</u>	<u>21,337,979</u>

The ultimate recoupment 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 or equal to the carrying value.

**HAMMER METALS LIMITED  
and its Controlled Entities**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022**

**9. Capital and reserves**

The following table summarises the shares issued during the six months ended 31 December 2022.

	<b>31 December 2022</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
<b>Issued capital</b>		
821,407,349 (30 June 2022: 815,394,623) ordinary fully paid shares	<u>63,106,365</u>	<u>62,965,503</u>
	<b>Number of shares</b>	<b>\$</b>
Movements for Ordinary shares:		
Balance at 30 June 2022	815,394,623	62,695,503
Exercise of options using cashless exercise facility	5,012,726	100,200
Exercise of options for cash at \$0.035 each	1,000,000	46,000
Cost of shares issued	-	(5,338)
Balance at 31 December 2022	<u>821,407,349</u>	<u>63,106,365</u>

	<b>Number of options</b>	<b>\$</b>
<b>Unlisted options (Share based payment reserve)</b>		
Unlisted options on issue	<u>23,600,000</u>	<u>1,389,731</u>

No unlisted options expired unexercised during the period.

A total of 8,350,000 unlisted options exercisable at \$0.032 each were exercised during the period using a cashless exercise facility as per the terms and conditions of the options. As a result, a total of 5,012,726 shares were issued in settlement of these options.

A total of 1,000,000 unlisted options exercisable at \$0.035 each were exercised for the period for cash consideration.

The following options were issued to directors during the period (refer Note 12):

	<b>Number of options</b>	<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Vesting Date</b>
Director Options	4,500,000	\$0.07	30/11/26	23/11/22

	<b>Number of rights</b>	<b>\$</b>
<b>Performance rights (Share based payment reserve)</b>		
Performance rights on issue	<u>8,000,000</u>	<u>128,410</u>

**HAMMER METALS LIMITED  
and its Controlled Entities**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021**

**9. Capital and reserves (continued)**

The following performance rights were granted during a previous period and continue to be expensed over the expected vesting period:

	Number of options	Fair value per security on grant date <sup>1</sup>	Vesting Condition	Expiry Date
Managing Director Performance Rights				
- Tranche 5	5,000,000	\$0.021	Note 2	13/12/2023
- Tranche 6	1,000,000	\$0.044	Note 3	29/11/2024
- Tranche 7	1,000,000	\$0.044	Note 4	29/11/2024
- Tranche 8	1,000,000	\$0.044	Note 5	29/11/2024

Notes:

- The fair value has been determined by reference to the underlying market price of the Company's ordinary shares on the date of grant.
- Tranche 5 performance rights include a vesting condition requiring 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 include a vesting condition requiring the Company announcing a new JORC 2012 compliant mineral resource estimate of 50,000 tonnes Cu or an equivalent KPI at the sole discretion of the board
- Tranche 7 performance rights include a vesting condition requiring the Company announcing a new JORC 2012 compliant mineral resource estimate of 100,000 tonnes Cu or an equivalent KPI at the sole discretion of the board
- Tranche 8 performance rights include a vesting condition requiring the Company announcing a new JORC 2012 compliant mineral resource estimate of 200,000 tonnes Cu or an equivalent KPI at the sole discretion of the board

No performance rights were exercised, lapsed or expired during the period.

**Dividends**

No dividends were declared or paid during the six months ended 31 December 2022 (31 December 2021: NIL).

<b>Reserves</b>	<b>31 December 2022</b>	<b>30 June 2022</b>
	\$	\$
Share based payment reserve <sup>(1)</sup>		
Balance at beginning of period	1,399,364	1,291,101
Options issued to Directors (Note 12)	194,850	-
Options issued to Corporate Advisor	-	78,000
Performance rights issued to Managing Director	-	25,653
Options exercised during the period	(111,200)	(4,800)
Performance rights exercised during the period	-	(27,429)
Further vesting expense of options and rights issued in previous periods	35,127	36,839
	1,518,141	1,399,364



# HAMMER METALS LIMITED and its Controlled Entities

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

### 9. Capital and reserves (continued)

<sup>(1)</sup> The share-based payment reserve is used to record the fair value of options and rights issued to Directors, employees and consultants under various share-based payment schemes and options issued for the acquisition of assets. Amounts relating to options expired during the prior period have been reversed from the reserve to accumulated losses in that period.

### 10. Exploration Expenditure Commitments

In order to maintain current rights of tenure to exploration tenements the Group is required to perform 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. 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. Due to the nature and scale of the Group's exploration activities the Group is unable to estimate its likely tenement holdings and therefore minimum expenditure requirements more than 1 year ahead. The commitment for minimum exploration expenditure payable as at 31 December 2022, payable within one year, is \$3,544,385 (31 December 2021: \$2,582,796). These obligations are not provided for in the financial report.

### 11. Financial instruments

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their fair value hierarchy for financial instruments at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	<b>31 December 2022</b>	<b>30 June 2022</b>
	\$	\$
<b>Financial assets carried at fair value through profit or loss</b>		
Equity securities – listed on ASX and TSXV at quoted prices (level 1 fair value hierarchy)	176,485	370,695
<b>Financial assets carried at amortised cost</b>		
Cash and cash equivalents	2,526,756	5,193,673
Trade and other receivables	94,345	501,762
<b>Financial liabilities carried at amortised cost</b>		
Trade and other payables	(442,931)	(612,132)
Lease liabilities	(201,724)	(233,937)

**HAMMER METALS LIMITED  
and its Controlled Entities**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021**

**12. Share based payments**

The following options were granted during the period:

	Number of options granted	Date granted	% Vested	% Forfeited / Lapsed	Financial year in which grant vested / will vest
<b>Key Management Personnel</b>					
Russell Davis	1,500,000	23/11/2022	100%	-	N/A
Zbigniew Lubieniecki	1,500,000	23/11/2022	100%	-	N/A
David Church	1,500,000	23/11/2022	100%	-	N/A

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

	<b>Directors</b>
Underlying security spot price on grant date	\$0.063
Exercise price	\$0.07
Grant date	23 November 2022
Expiration date	30 November 2026
Vesting date	Immediate
Life (years)	4
Volatility	100%
Risk free rate	3.2%
Dividend Yield	-
Number of options	4,500,000
Valuation per option	\$0.04331
Remaining life (years)	3.9

During prior financial years the Group issued a number of equity instruments which were classified as share-based payments that have continued to be recognised in the loss for the period over their vesting period. An expense of \$35,127 has been recognised during the period with respect to these share-based payments.

The total amount expended in the statement of profit and loss and other comprehensive income for the period was \$229,977 (31 December 2021: \$27,938).

**HAMMER METALS LIMITED  
and its Controlled Entities**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021**

**12. Share based payments (continued)**

Incentive Option Plan

The Hammer Metals Incentive Option Plan was approved by shareholders on 23 November 2022. 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.

**13. Subsequent events**

There has not been any 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 impact of the Coronavirus (COVID-19) pandemic is ongoing for the Group up to 31 December 2022, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation continues to develop and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

**HAMMER METALS LIMITED  
and its Controlled Entities**

**DIRECTORS' DECLARATION**

In the opinion of the directors of Hammer Metals Limited ("the Company"):

- a) the condensed consolidated financial statements and notes set out on pages 6 to 16, are in accordance with the Corporations Act 2001, including:
- (i) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the six-month period ended on that date; and
  - (ii) complying with Australian Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- 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.

Signed in accordance with a resolution of the directors:



R Davis  
Non-executive Chairman

Perth

Dated 9<sup>th</sup> March 2023

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF HAMMER METALS LIMITED

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Hammer Metals Limited (the company) and controlled entities (consolidated entity) which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2022, or during the half year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Hammer Metals Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

#### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report.

#### Material Uncertainty Related to Going Concern

Without qualifying our conclusion, we draw attention to Note 4 in the financial report, which indicates that the consolidated entity incurred a net loss of \$769,151 during the half year ended 31 December 2022 and net cash outflows from operating and investing activities of \$2,628,891. These conditions, along with other matters as set forth in Note 4, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

#### Independence

We are independent of the company 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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### Directors' Responsibility for the Half-Year Financial Report

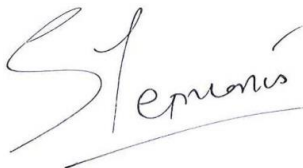
The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PKF Perth  
PKF PERTH



SIMON FERMANIS  
PARTNER

9 MARCH 2023  
WEST PERTH,  
WESTERN AUSTRALIA

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