

## INITIAL CONSIDERATION RECEIVED FOLLOWING COMPLETION OF SALE TO CARNABY

*Hammer receives \$4m in cash and becomes Carnaby Resources' largest shareholder following completion of the Mount Hope Sub-Block Sale*

- **Consideration from the initial tranche of payments has been received comprising \$4 million in cash and 9,090,909 shares in Carnaby Resources Limited (ASX: CNB)** (escrowed for 12 months). In return, a 51% interest in the three Mount Hope sub-blocks has been granted to Carnaby.
- Since the quarterly cash balance at 31 March 2024 of \$1.5 million, Hammer has now received a total of ~\$5.3 million including a previously announced R&D tax rebate of \$1.25 million. This provides the Company with a solid platform to continue its exploration programs in the Mount Isa region.
- The current value of Hammer's shares in listed exploration companies is approximately \$7.9 million.
- **The total consideration payable for the Mount Hope Sub-blocks by Carnaby is up to \$20 million.**
- **Following the now received first tranche of payments, a further \$5 million in cash will be payable to Hammer upon a Mount Hope open pit decision to mine** (including if this decision relates to ML90240, which is 100%-owned by Carnaby), increasing Carnaby's interest to 70% in the sub-blocks.
- **Hammer will retain a 30% equity** and will be free-carried by Carnaby to production from the three Sub-Blocks.
- **A final payment of \$6 million in cash will be made upon a final investment decision for any separate new development on the Sub-Blocks** (which could include prospects such as South Hope, Mount Hope U/G Extensions and The Stubby).

### UPCOMING EXPLORATION ACTIVITIES

- Preparation for the upcoming diamond drilling program at the Hardway Cu-REE prospect is largely complete, with the drill rig expected to arrive on site by the end of May.
- A down-hole Electromagnetic survey will be completed at Hardway to identify zones of prospective mineralisation coincident with previous copper results from the prospect, including:
  - **47m at 1% Cu from 14m in HMMHRC017** (see ASX Announcement 31 October 2023).
- Recent field activities have included a soil sampling program to the east and along strike from the Kalman Deposit and across the Overlander Granite.
- Results from these programs are expected in the coming weeks.

### ASX RELEASE

21 May 2024

#### DIRECTORS / MANAGEMENT

**Russell Davis**  
Chairman

**Daniel Thomas**  
Managing Director

**James Croser**  
Non-Executive Director

**David Church**  
Non-Executive Director

**Mark Pitts**  
Company Secretary

**Mark Whittle**  
Chief Operating Officer

#### CAPITAL STRUCTURE

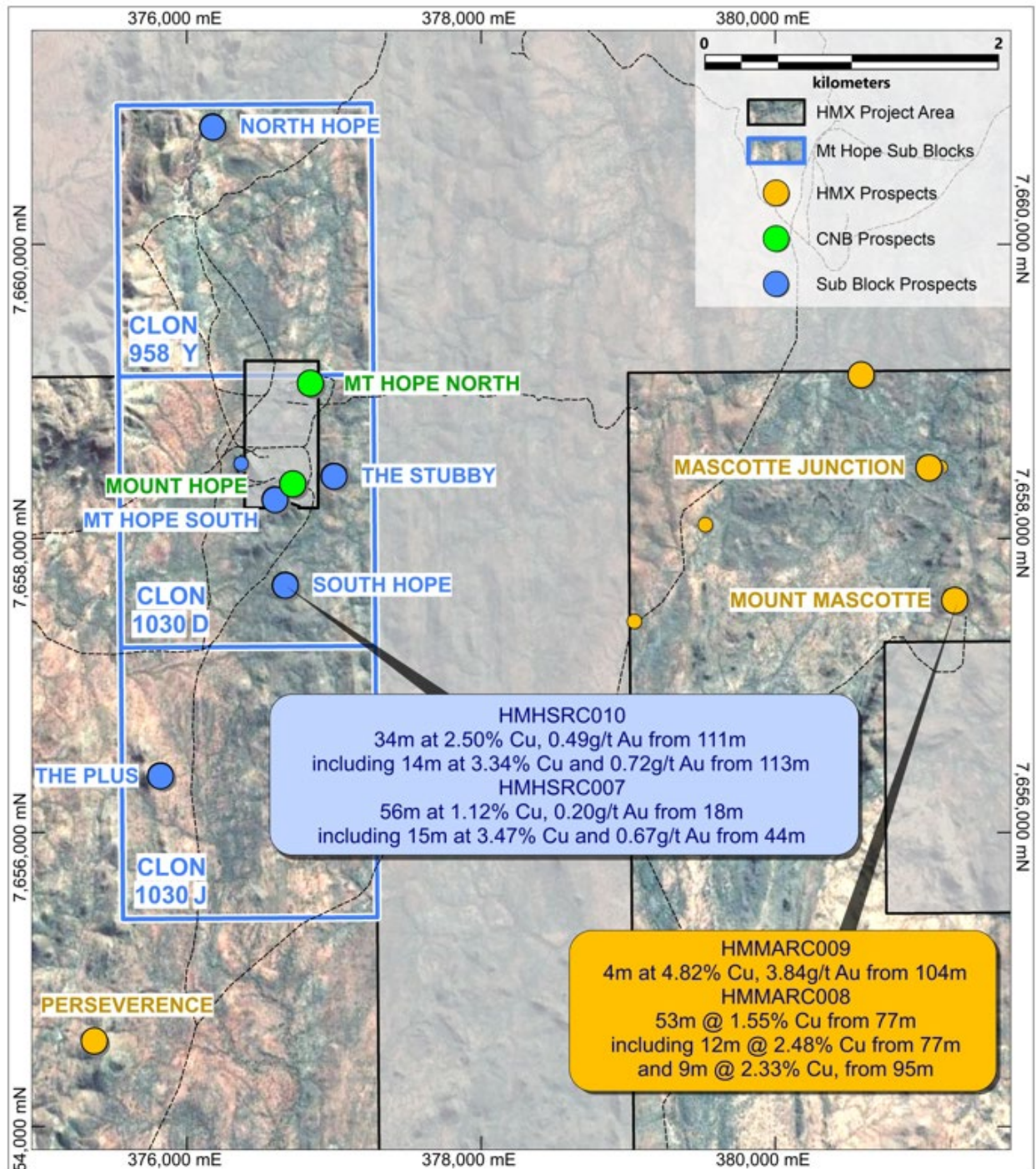
##### ASX Code: HMX

Share Price (20/05/2024)	\$0.040
Shares on Issue	886m
Market Cap	\$35m
Options Unlisted	23.1m
Performance Rights	12m
Cash (31/03/2024)	\$1.5m

**Hammer Managing Director, Daniel Thomas, said:**

*“We’re pleased that the transaction with Carnaby has finalised, allowing both parties to continue with their respective programs in the Mount Isa district. We look forward to seeing the Greater Duchess copper development progress in addition to upcoming exploration programs in and around the Mount Hope Project.”*

*“On other fronts, preparations for the upcoming diamond drilling program at the Hardway Cu-REE prospect have been completed with a geophysical crew expected in the coming days to undertake a down-hole EM survey.”*



**Figure 1.** Mount Hope Sub-Blocks subject to partial divestment (see ASX Announcements: 4 July 2023 and 5 December 2023).

**Hammer Metals Ltd (ASX: HMX)** (“**Hammer**” or “**the Company**”) is pleased to announce that the final condition precedent in the binding agreement to divest equity in three Sub-Blocks at Hammer’s Mount Hope South tenement in the Mount Isa region of Queensland to Carnaby Resources Limited (“**Carnaby Resources**” or “**Carnaby**”) has been fulfilled and the initial consideration has been received.

The three Sub-Blocks (CLON 958Y, CLON 1030D and CLON 1030J) comprise legally defined portions of Hammer’s lease EPM 26777. All of the Sub-Blocks are located immediately adjacent to the Mining Lease owned by Carnaby (ML 90240), on which Carnaby’s Mount Hope Central discovery is located.

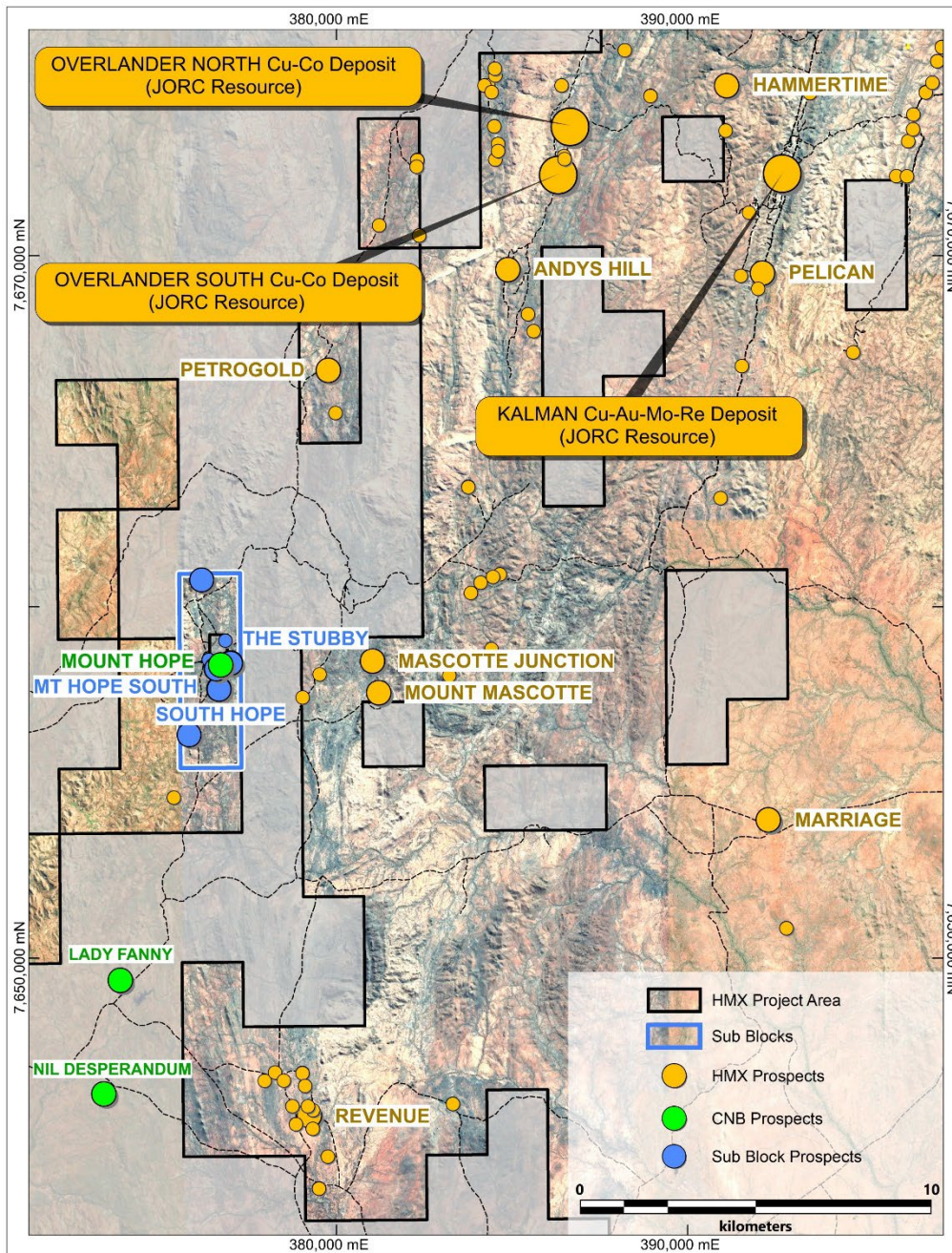
The map below shows the location of the tenements owned by both Hammer and Carnaby in the area as well as the location of the three Sub-Blocks which are the subject of the Transaction.

### **Key terms**

Key terms of the Transaction are as follows:

- Carnaby has acquired an initial 51% interest in the Sub-Blocks for consideration comprising \$4 million in cash and 9,090,909 shares in Carnaby, with the Carnaby shares to be escrowed for 12 months. The Carnaby shares were issued to Hammer at a deemed price of \$0.55 per share. Based on Carnaby’s current share register, Hammer will become Carnaby’s largest shareholder with a shareholding of approximately 5.6%.
- Upon a decision to mine at either of Carnaby’s Mount Hope Central or Mount Hope North open pits, Carnaby will pay an additional \$5 million in cash to Hammer and Carnaby’s interest in the Sub-Blocks will increase to 70%.
- Profit generated from any ore mined within the Mount Hope Central or Mount Hope North open pits that is derived from within the Sub-Blocks will be shared based on the 70% / 30% ownership interests of the parties in the Sub-Blocks pursuant to a standard profit-sharing agreement.
- Upon a positive Final Investment Decision (FID) in respect of a separate new open pit or underground development to mine ore within the Sub-Blocks (Sub-Block FID), Carnaby will pay Hammer an additional \$6 million in cash. Carnaby’s interest in the Sub-Blocks will remain at 70%. Carnaby will free-carry Hammer through to production from any new Sub-Block development.
- From the commencement of production from any separate new Sub-Block development, Hammer can elect to either contribute in-line with its participating interest or otherwise dilute its participating interest. In the event that Hammer’s participating interest in the Sub-Block falls to 10% or less, Hammer’s participating interest will be automatically reduced to nil and convert to a 1.5% net smelter return royalty payable by Carnaby from production from the Sub-Blocks (and Carnaby’s interest in the Sub-Blocks will increase to 100%).





**Figure 2. Mount Hope Region**

**Upcoming Activities and Expected Newsflow**

- **May** – Mount Isa East Joint Venture Drilling Program drill results – Shadow South/Mount Philp copper/gold.
- **May** – Mount Isa Drilling Program results – Hardway (Cu/REE) RC drilling.
- **May** – Downhole Electromagnetic Survey - Hardway
- **End of May** – Hardway Cu/REE Diamond Drilling Program.
- **June** – Yandal Au air-core drilling program – Sword, Harrier and Gummow.

*This announcement has been authorised for issue by the Board of Hammer Metals Limited in accordance with ASX Listing Rule 15.5.*

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**About Hammer Metals**

Hammer Metals Limited (ASX: HMX) holds a strategic tenement position covering approximately 2,800km<sup>2</sup> 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, the Lakeview (Cu-Au) deposit and the Elaine (Cu-Au) deposit. Hammer also has a 51% interest in the Jubilee (Cu-Au) deposit. Hammer is an active mineral explorer, focused on discovering large copper-gold deposits of Ernest Henry style and has a range of prospective targets at various stages of testing. Hammer also holds a 100% interest in the Bronzewing South Gold Project located adjacent to the 2.3 million-ounce Bronzewing gold deposit in the highly endowed Yandal Belt of Western Australia.

**Competent Person Statement**

Where the Company references Mineral Resource Estimates and exploration results previously announced, it confirms that it is not aware of any new information or data that materially affects the information included in those announcements and all material assumptions and technical parameters underpinning the resource estimates and exploration results in the relevant market announcements continue to apply and have not materially changed.