ASX Announcement (ASX: HMX)

March 2nd 2017

Trafalgar Mining Lease Application

Hammer Metals Limited (**ASX:HMX**) ("Hammer" or "the Company") is pleased to announce the recent pegging of MLA 100125 "Trafalgar".

The Mining Lease application covers an area of 12.97 hectares and includes the historic Trafalgar Copper Mine located approximately 57km to the east-southeast of Mount Isa. Trafalgar is located adjacent to the regional scale Fountain Range Fault.

The Mining Lease area and the structural trend in general is considered to be highly prospective for copper-gold mineralisation. No previous drill testing of the mine area is known to have been completed within the application. Preliminary examination of the lease area indicates that a modest amount of oxidized copper-mineralised material has been stockpiled on surface by a previous operator. This material will be assessed to determine whether it can be economically treated in the region.

Figure 1. Mineralised Stockpiles

For further information, please contact:

Alex Hewlett

Executive Director

Hammer Metals

Tel: +61 431 927 307

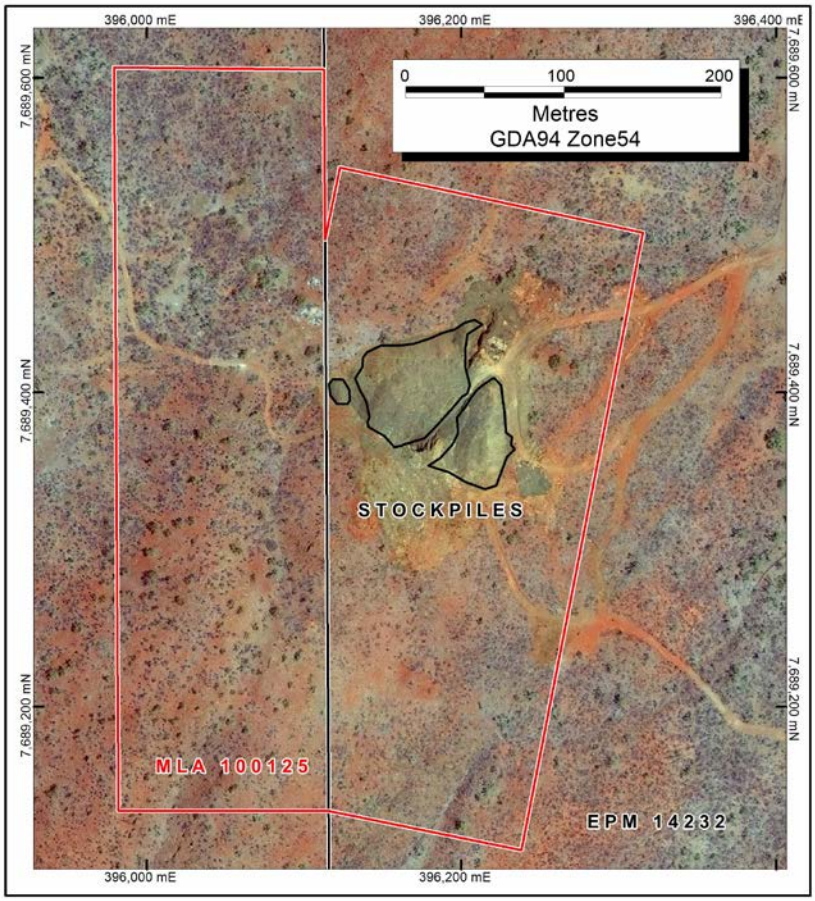

Figure 2. MLA 100125 showing mineralised stockpile locations

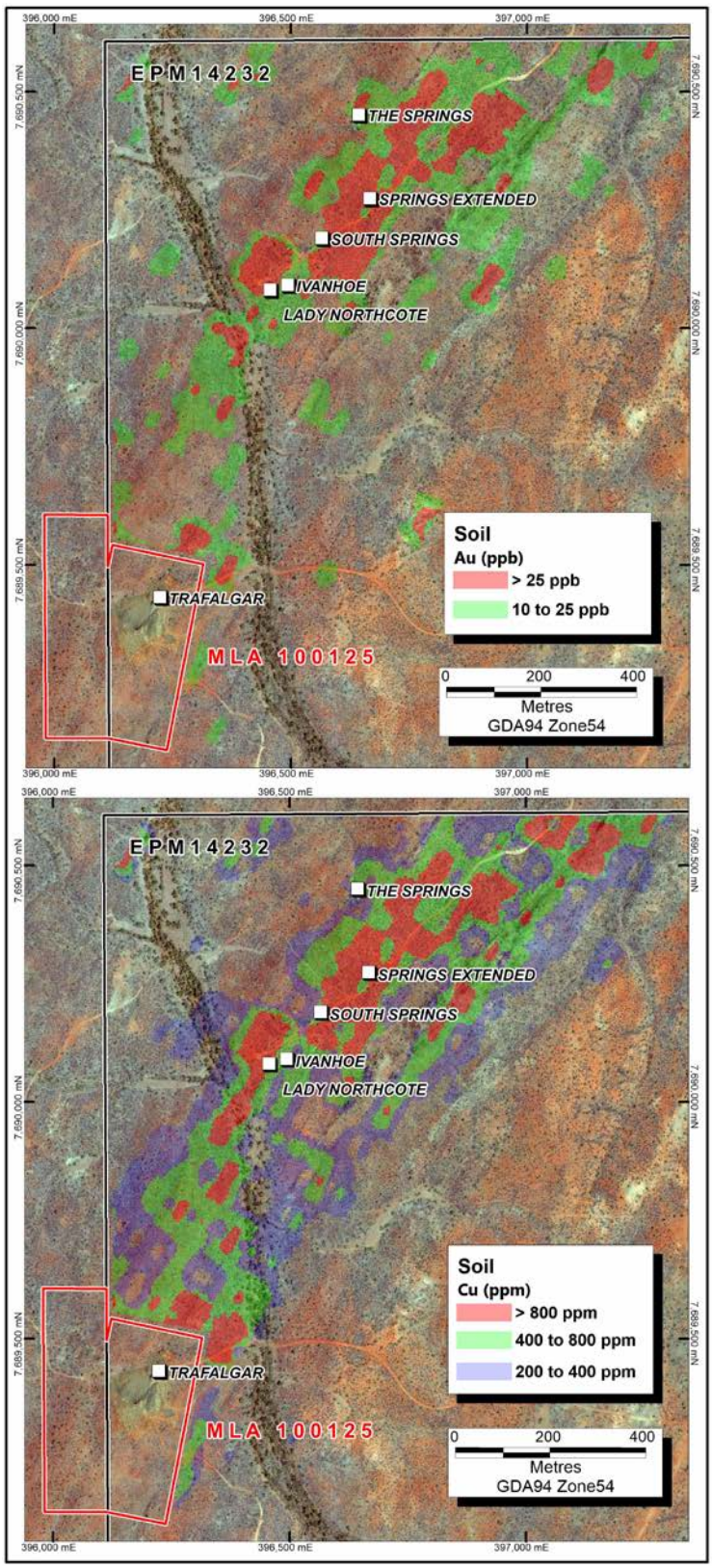

Figure 3. Trafalgar Trend showing gridded soil imagery within EPM14232, held by Mt Dockerell Mining Pty Ltd (a 100% owned subsidiary of Hammer Metals Limited).

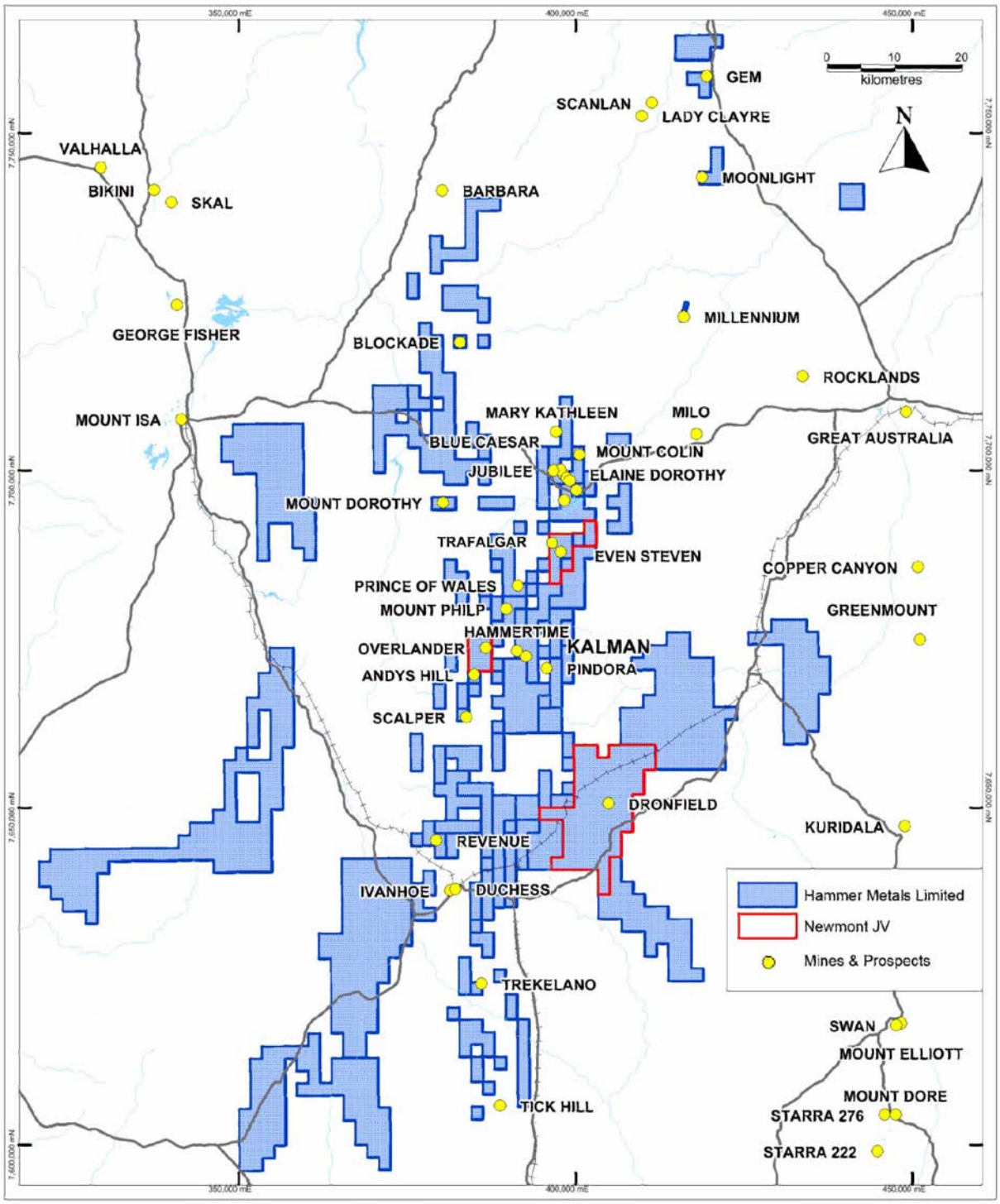

Figure 4. Project Location

Competent Person's Statement

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

JORC Code, 2012 Edition

Table 1 report – Trafalgar MLA 100125

The subject of this release is to report on the Trafalgar Mining Lease application, MLA 100125.

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections in this information release)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types*	• No previous drilling is known to have occurred within MLA100125

Criteria	JORC Code explanation	Commentary
	(eg submarine nodules) may warrant disclosure of detailed information.	
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• No previous drilling is known to have occurred within MLA100125
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• No previous drilling is known to have occurred within MLA100125
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• No previous drilling is known to have occurred within MLA100125
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• No previous drilling is known to have occurred within MLA100125
Quality of assay data	• *The nature, quality and appropriateness of the assaying and*	• No previous drilling is known to have occurred within MLA100125

Criteria	JORC Code explanation	Commentary
and laboratory tests	*laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• No previous drilling is known to have occurred within MLA100125
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• No previous drilling is known to have occurred within MLA100125 .
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• No previous drilling is known to have occurred within MLA100125
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this*	• No previous drilling is known to have occurred within MLA100125.

Criteria	JORC Code explanation	Commentary
	should be assessed and reported if material.	
Sample security	• *The measures taken to ensure sample security.*	• No previous drilling is known to have occurred within MLA100125.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No previous drilling is known to have occurred within MLA100125.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• MLA 100125 is held by Mt Dockerell Mining Pty Ltd – a 100% owned subsidiary of Hammer Metals Limited. EPM14232 which abuts ML100145 is also held by the Mt Dockerell Mining Pty Ltd.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• The release depicts imagery which is composed of gridded soil sampling data. The soil samples were taken by Kings Minerals NL (the previous holder of EPM14232) in 2011. • The soil sampling was done on 100 metre line spacing with a 25-metre sampling spacing. • Samples were subject to low level gold analysis (1ppb level of detection) and inductively coupled plasma atomic emission spectroscopy (ICP-AES) analysis after an aqua regia digest. • The location of soil sample positions was via GPS.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The mineralisation style discussed in this release is Iron-Oxide Copper Gold (IOCG). The closest example of this style is the Ernest Henry Deposit to the north of Cloncurry. • At Trafalgar, the host is strongly red rock and Epidote altered metasediments of the Corella Formation.

Criteria	JORC Code explanation	Commentary
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• No previous drilling is known to have occurred within MLA100125.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Soil data is presented as contours derived by two-dimensional inverse distance interpolation of the primary soil data points.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• No previous drilling is known to have occurred within MLA100125. • No comments have been made in relation to mineralisation geometry or widths.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These*	• See attached figures.

Criteria	JORC Code explanation	Commentary
	should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• The soil contours are derived from all reported soil data. The soil data extends outside the area of the contours depicted in Figure 3, however the geochemical response is not significant from an exploration perspective.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• The release depicts contours derived from soil geochemical sampling by the previous holder of EPM 14232. • The mineralised stockpiles on surface have not been assayed, subject to mineralogy testwork nor subject to bulk density analysis. • The deleterious element potential is unknown. • Future work will quantify the volume, grade and metallurgical characteristics of these stockpiles.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• The stockpiles of copper-mineralised material will be further assessed to determine whether the material can be economically treated.