ASX Announcement (ASX: HMX)

17 January 2018

EXPLORATION UPDATE

High Grade Cobalt Intersections at Millennium

Follow-on Diamond Drilling Program to Commence

Significant intercepts from the first stage December 2017 RC drilling program include:

- **28 metres at 0.20% Co and 0.35% Cu from 104 metres in MIRC026 including 17 metres at 0.26% Co from 115 metres with peak values over a one metre interval of 1.11% Co, 3.8% Cu and 1.42g/t Au.**
- **12 metres at 0.23% Co and 0.27% Cu from 127 metres in MIRC025 with peak values over a one metre interval of 0.67% Co, 0.69% Cu and 0.24g/t Au.**
- **13 metres at 0.10% Co, 0.33% Cu and 0.17g/t Au from 91 metres in MIRC025 with peak values over a one metre interval of 0.48% Co, 1.27% Cu and 0.74g/t Au.**

A 10-hole, 1300-metre diamond drilling program designed to infill and extend the current resource is planned to start in February 2018.

Hammer Metals Limited (Hammer or the Company) **(ASX: HMX)** is pleased to advise that assays from a 3 hole, 471-metre RC drilling program at the Millennium Co-Cu-Au deposit have been received. The program, completed between the 12th and 16th December 2017 was designed to test gaps in the existing drilling to confirm grade continuity. The program was a success with several significant intersections returned. (Refer to the Table 1 for details.)

This is the first program completed under the Millennium Joint Venture with TSX listed, Global Energy Metals Corporation (GEMC). The joint venture parties are keen to accelerate work with a 10-hole, 1300-metre diamond drilling program to commence as soon as possible.

The Millennium Joint Venture over granted Mining Leases 2512, 2761, 2762, 7506 and 7507) is located 19 kilometres to the west of the Rocklands Cu-Co mine operated by CuDECO Limited and 30 kilometres northwest of Cloncurry. The Millennium Co-Cu deposit is located adjacent to the Pilgrim Fault zone, which also hosts the Kalman Cu-Au-Mo-Re deposit 50 kilometres to the south. Hammer is managing the exploration activities on behalf of the joint venture.

Hammer's CEO Alex Hewlett commented that: "The joint venture activity with GEMC is off to a great start with the cobalt results from the first program meeting or exceeding our expectations. We are keen to commence the next phase of drilling at Millennium with GEMC and advance this project."

Paul Sarjeant, VP Projects at Global Energy Metals Corp. commented: "These first results confirm strong Co-Cu rich mineralisation within the JORC resource area and we are particularly excited with the results from MIRC026 which is an undercut of previous mineralisation and shows an approximate 50 m depth extension on that section. After a short break over the holiday season we are anxious to restart drilling at Millennium with our plan to further delineate this resource in the weeks ahead. Hammer has done an excellent job to this point and we are very pleased to continue working with them on this exciting cobalt project."

Hammer Metals Limited (ASX: HMX) holds a strategic tenement position covering approximately 3000km^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, the Millennium (Cu-Co-Au) deposit as well as the recently acquired Elaine-Dorothy (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.

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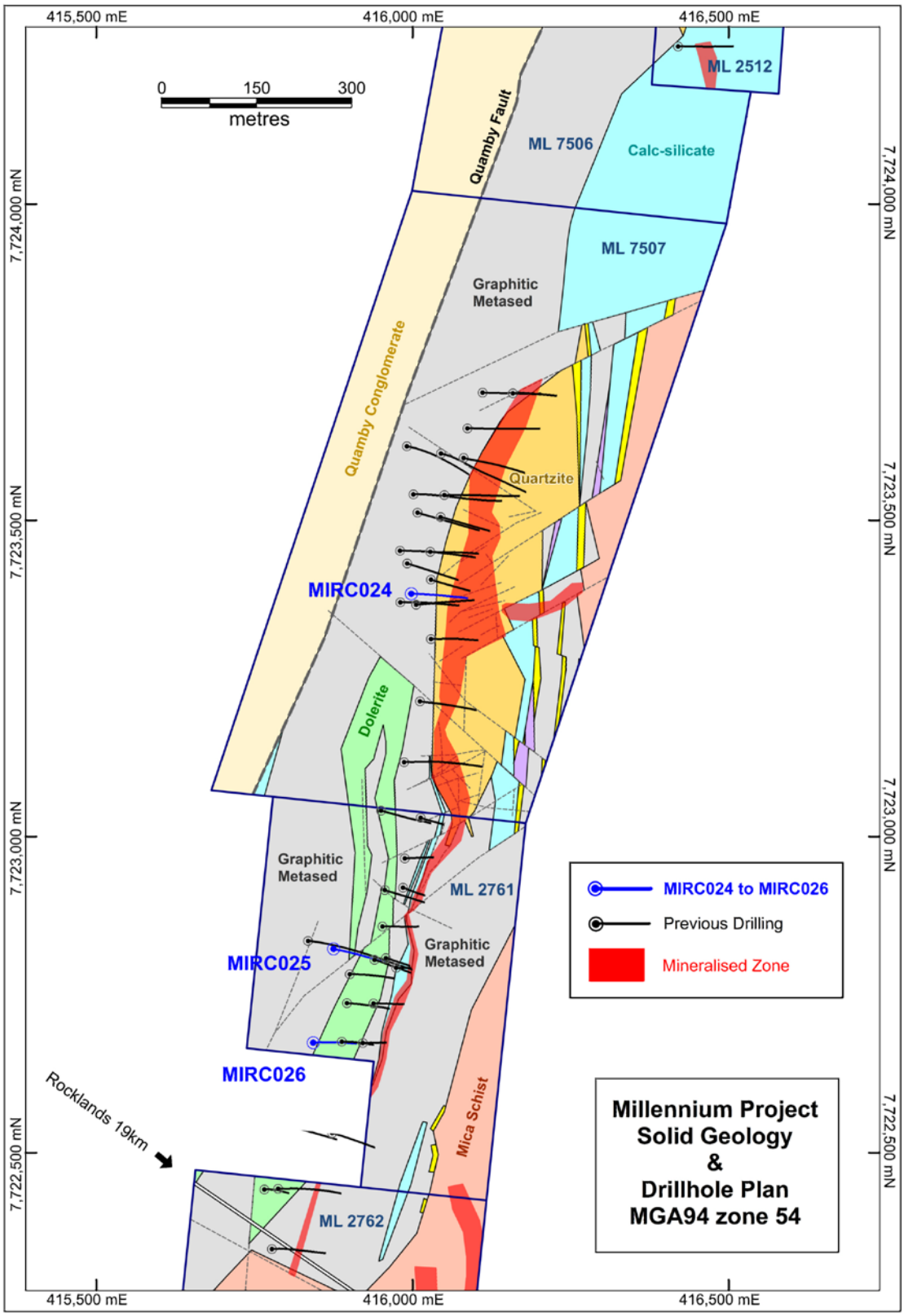
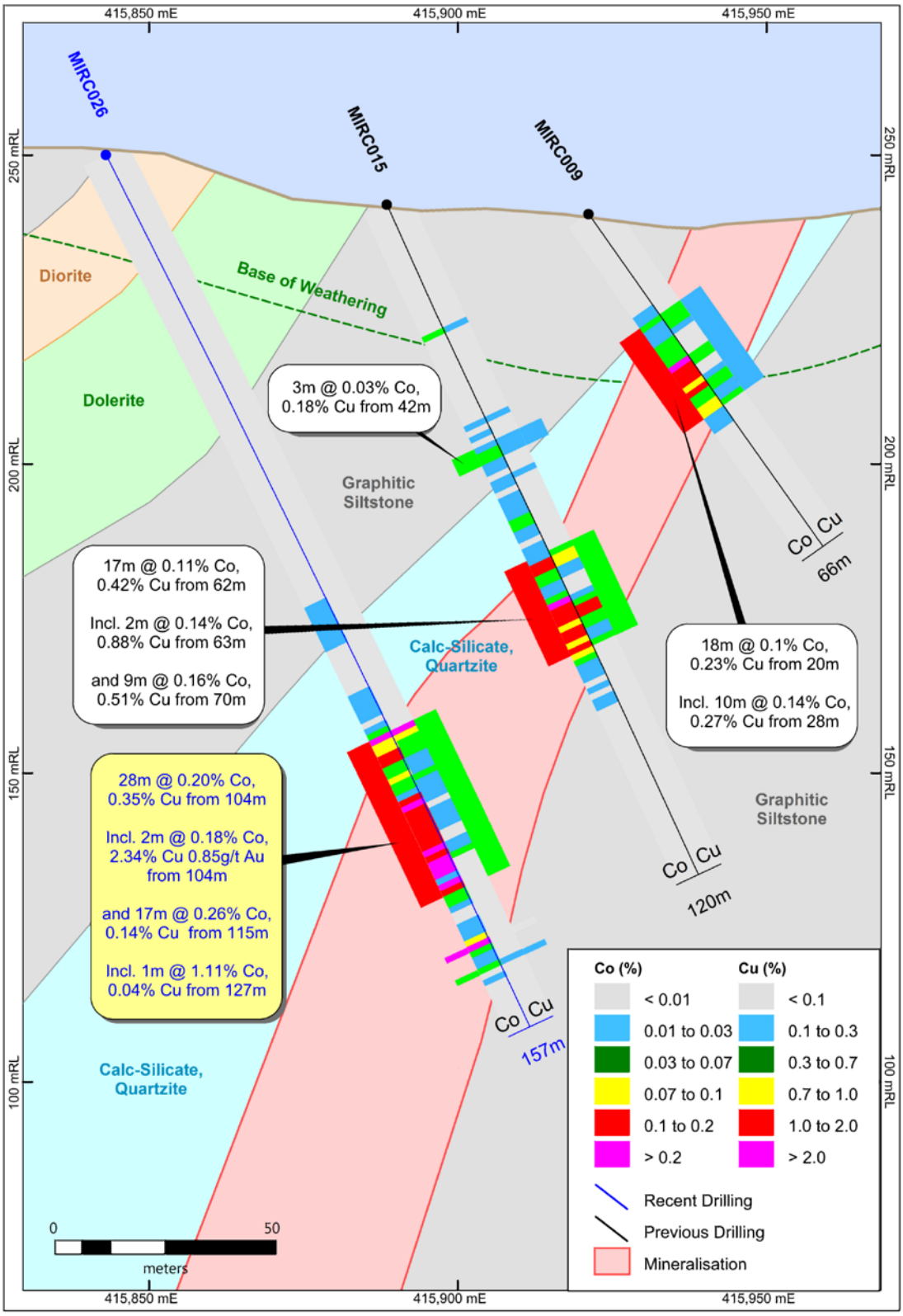
Competent Person's Statement:

Exploration Results

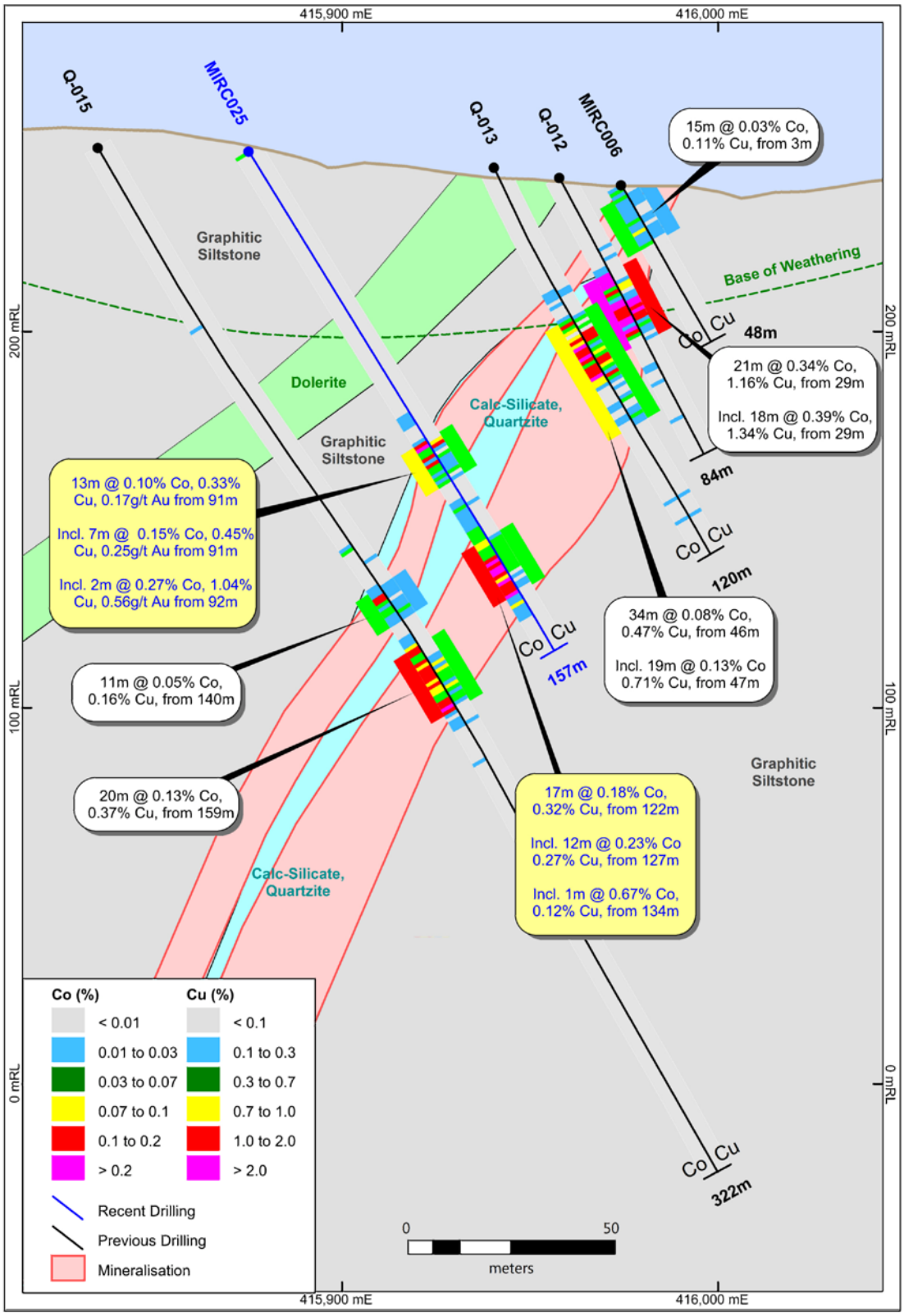
The information in this report as it relates to exploration results and geology was compiled by Mr. Mark Whittle, who is a Member of the AusIMM and a consultant to the Company. Mr. Whittle who is a shareholder and option-holder, has sufficient experience which is relevant to the style of mineralisation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



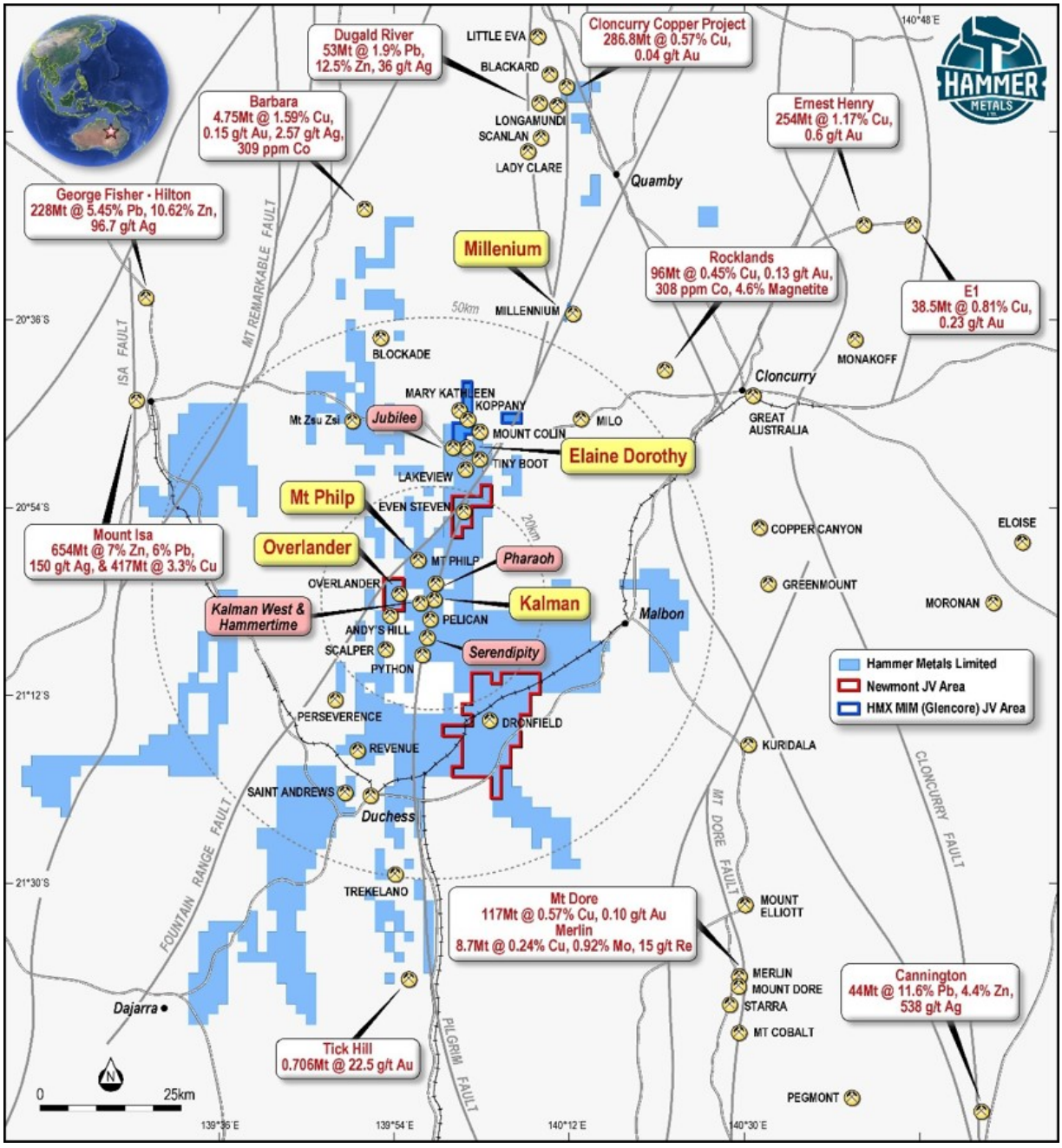
Millennium Drill Hole Location Plan



Cross Section MIRC026



Cross Section MIRC025



Mount Isa Project

Table 1: Assay intersections calculated using a 1000ppm Cobalt and/or 1000ppm Copper mineralised envelope for drill holes MIRC024 to MIRC026

Millennium Prospect - 2017 Joint Venture Drilling - Significant Intercepts														
Hole_ID	East (1)	North (1)	RL (1)	Dip	Az_Grid	TD		From	To	Int	Cu (%)	Co (%)	Au (g/t)	Ag (g/t)
MIRC024	415998	7723384	247	-55	90	157		33	39	6	0.15	0.06	0.14	0.0
							incl.	33	35	2	0.10	0.02	**0.24**	0.1
							and	36	37	1	0.02	**0.28**	0.05	0.0
								52	55	3	0.23	0.02	0.10	0.1
								67	104	37	0.28	0.07	0.11	1.9
							incl.	67	68	1	0.02	**0.18**	0.03	0.1
							and	84	90	6	**0.76**	0.06	**0.31**	2.8
							and	94	95	1	0.27	**0.17**	0.13	1.0
							and	102	104	2	**0.36**	**0.43**	0.13	0.4
								116	133	17	0.16	0.04	0.05	0.3
							incl.	116	118	2	0.15	**0.17**	0.06	0.2
							and	123	125	2	**0.64**	0.02	0.19	1.2
							and	128	129	1	0.26	0.02	0.07	0.4
							and	131	133	2	0.12	0.04	0.02	0.3
MIRC025	415875	7722822	248	-58	100	157		91	104	13	**0.33**	**0.10**	0.17	0.0
							incl.	91	98	7	**0.45**	**0.15**	**0.25**	0.1
							incl.	92	94	2	**1.04**	**0.27**	**0.56**	0.1
								122	139	17	**0.32**	**0.18**	0.08	0.5
							incl.	127	139	12	0.27	**0.23**	0.05	0.7
							incl.	134	135	1	0.12	**0.67**	0.02	2.7
MIRC026	415843	7722674	250	-63	90	157		104	132	28	**0.35**	**0.20**	0.08	0.1
							incl.	104	106	2	**2.34**	**0.18**	**0.85**	0.3
							and	115	132	17	0.14	**0.26**	0.02	0.1
							incl.	127	128	1	0.04	**1.11**	0.02	0.1
								141	142	1	0.06	**0.37**	0.01	0.1
								145	146	1	0.12	0.04	0.01	0.1

NOTE

(1) - Positions relative to GDA94, Zone 54. RL relative to a sub-metre accuracy laser scanner DEM.

(2) - Intersections calculated using 1000ppm Cu and 1000ppm Co envelopes as a guide. Included intercepts calculated to highlight elevated grades of all target elements.

JORC Code, 2012 Edition

Table 1 report – Millennium Joint Venture Drilling Update

- This table is to accompany an ASX release updating the market with results from a 3-hole, 471-meter reverse circulation drilling program from the Millennium cobalt-copper-gold Deposit which is located at the Millennium joint venture (ML's 2512, 2761, 2762, 7506 and 7507) with Global Energy Metals Corporation (GEMC).
- The drilling was conducted by Hammer Metals Limited on behalf of the Joint Venture.
- Laboratory analyses are finalised for this program which was conducted in mid-December 2017

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 (eg submarine nodules) may warrant disclosure of detailed information.*	DRILLING MIRC024-MIRC026 • The entire length of each hole was sampled. • Reverse circulation (RC) drill chip samples were taken at four metre intervals but where significant mineralisation was encountered the sample length was reduced to 1m. • All samples to be submitted for assay underwent a fine crush with 1kg riffled off for pulverising to 75 micron. • Samples were submitted for 4 acid digest followed by AAS assay for gold and ICP (MS and OES) analysis for a multi-element suite including copper, silver, cobalt and molybdenum. • All assay results for MIRC024-MIRC026 have been received.
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*	• Holes were drilled by Mitchells Services utilising a UDR650 (Sandvick DE840) truck-mounted rig.

Criteria	JORC Code explanation	Commentary
	tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	• Holes were drilling using reverse circulation technique with a face sampling hammer. • Reverse Circulation Drilling (nominal 5.5" diameter holes).
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.*	• Sample recoveries were generally in excess of 90%. Exceptions being in the shallow portion of holes where recoveries could drop over short distances. • The RC was drilled dry using a booster and auxiliary compressor. Care was taken to avoid sample contamination. • No sample recovery bias was noted.
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.*	• All drill chips were geologically logged in detail by Hammer Metals Limited Geologists. • Samples were collected for every metre, stored in chip trays and photographed. • Every drilled metre was qualitatively logged for geology and quantitatively logged using an Olympus Vanta portable XRF instrument and magnetic susceptibility meter.
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 insitu 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.*	• Samples consist of RC drill chips. • Sample collection methodology and size is considered appropriate to the target-style, and appropriate laboratory analytical methods were employed. • Standard reference samples and blanks were each inserted into the laboratory submissions at a rate of 1 standard and 1 blank per 25 samples. • Two duplicate samples were taken from each drillhole and inserted at the end of the drillhole sample sequence. • The sample sizes submitted for analysis were appropriate for the style of mineralisation sought and for the sampled grain size.
Quality of assay data and	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered*	• All drilling samples were analysed by ALS for a range of elements by ICP (OES and MS) after a 4-acid digest.

Criteria	JORC Code explanation	Commentary
laboratory tests	*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.*	Gold was analysed via flame AAS. • Standard reference samples and blanks were inserted at 25 sample intervals. ALS also maintained a comprehensive QAQC regime, including check samples, duplicates, standard reference samples, blanks and calibration standards.
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.*	• All intercepts have been verified by alternate company personnel • These holes have not been twinned. • All field logging has been reviewed and entered into the company database. • Assay files were received electronically from the laboratory. • Assay files are received electronically from the laboratory. Repeat results are kept independent and are not averaged. Below-detection limit (BDL) results are saved in the database as -BDL values. BDL results are converted to half the detection limit value on export from the database. • Intercepts which contain a BDL analysis are calculated using an adjusted value which is half the listed detection.
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.*	• Drill hole collars were measured using a hand-held GPS unit with an estimated positional accuracy of approximately 5 metres. • Datum used is UTM GDA 94 Zone 54. • RL's for the drill hole collars are initially captured by GPS and subsequently adjusted. A sub-metre laser scanner DEM survey has been conducted and drillhole RL's are reconciled to this new DEM.

Criteria	JORC Code explanation	Commentary
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.*	• The drilling along the Millennium mineralised zone averages at approximately 50 metre spacing. This spacing is sufficient to establish geological and grade continuity however further drilling will be required to define high grade shoots within the mineralised zone. • Assays were taken on 1 and 4m sample lengths. 1m length was preferred in areas of increased mineralisation.
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 should be assessed and reported if material.*	• Drill holes were oriented as close to perpendicular as possible to the interpreted orientation of the geophysical targets and surface geological features.
Sample security	• *The measures taken to ensure sample security.*	• Pre-numbered bags are used and transported by company personnel to the ALS Laboratory in Mount Isa. ALS transports samples to its laboratories in Townsville or Brisbane as required.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits or reviews have been undertaken, however an audit will be conducted as part of an upcoming resource estimation processes. • The dataset associated with this drilling has been subject to data import validation protocols. • All assay data has been reviewed by two company personnel.

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*	DRILLING MIRC024-MIRC026 • This drilling occurred on granted Mining Leases (ML's 2512, 2761, 2762, 7506 and 7507) - owned by Element Minerals Australia Pty Ltd (Element).

Criteria	JORC Code explanation	Commentary
	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.*	• Element is a 100% owned subsidiary of Hammer Metals Limited. • In the event of production, a royalty is required to be paid to the Queensland State Government (Mineral Resources regulation 2013) • These Mining Leases are located within the Kalkadoon Native Title claim area. • These Mining Leases are in good standing with the Queensland Department of Mines.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Between 1964 and 1990, a number of companies completed exploration activities over the mining leases (including Carpentaria Exploration Company, Tasman Minerals NL, Strategic Resources and Diversified Mineral Resources NL). • Diversified Mineral Resources NL conducted extensive trenching across the mineralised zone. • Limited Metallurgical testing was done by these parties, however float test-work in 1980 indicated that concentrates could be produced. • In 2009, Elementos Limited conducted geological mapping and rock chip sampling. • In 2013, Chinalco Yunnan Copper Resources Limited (ASX:CYU). CYU drilled 16 reverse circulation drill-holes (Q-001 to Q-016) and conducted portable xrf soil sampling over the area.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Mineralisation is hosted by the Corella Formation on a structure related contact between metasediments (variably graphitic) and quartzite. This structure is likely to be associated with the Pilgrim Fault – a large regional structure which hosts the Kalman Cu-Mo-Re-Au deposit. • Mineralisation is controlled by the regional scale fault, a fractured limonitic quartzite to the east and cross-cutting northeast and northwest trending faults.

Criteria	JORC Code explanation	Commentary
		• The mineralisation presents as disseminated bornite, chalcopyrite with cobaltiferous pyrite and cobaltite. These sulphide minerals are associated with elevated gold and silver. The metals are associated with zones of increased carbonate veining and fracture related limonite alteration.
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.*	• See the attached table. The reader should note that the location data is subject to change as a result of a higher accuracy survey planned for late September.
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.*	• Intervals quoted in this release are based on an envelope of 1000ppm Cu and/or 1000ppm Co. These levels appear to delineate the gross mineralised envelope at Millennium. • Higher grade included intervals are quoted to highlight elevated grades in either Au, Cu or Co. • Outside of these zones the reader must assume that no mineralisation of significance is present. • Any metal price assumptions mentioned in the report are quoted in $US. • Price assumptions are Co - $75,000/t, Cu - $7,100/t, Au - $1,250/oz and Ag - $17/oz

Criteria	JORC Code explanation	Commentary
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').*	• In both plan and section drill-holes are oriented between 10-20 degrees off an ideal perpendicular intersection. • This deviation indicates that true widths should be between 85% to 95% of quoted downhole widths.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• See attached figures
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.*	• Intervals quoted in this release are based on an envelope of 1000ppm Cu and/or 1000ppm Co. These levels appear to delineate the gross mineralised envelope at Millennium. • Higher grade included intervals are quoted to highlight elevated grades in either Au, Cu or Co. Outside of these zones the reader must assume that no mineralisation of significance is present.
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.*	• Refer to the release.
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.*	• Follow-up drilling is planned in early 2018.