ASX Announcement (ASX: HMX)

14 March 2018

EXPLORATION UPDATE

Second phase of Drilling complete at Jubilee

The second phase of RC drilling has been completed at the Jubilee Copper-Gold Prospect located within the Mt Frosty Joint Venture with MIM. The program is designed to follow-up the significant copper and gold results returned from Hammer's recent drilling program completed late 2017. (Refer to ASX release dated 20 December, 2017.)

Significant copper-gold intercepts included:

- **4 metres at 6.27% Copper, 0.70g/t Gold and 394ppm Cobalt from 59 metres within an envelope of 14 metres at 2.0% Copper and 0.28g/t Gold from 58 metres in HJRC020.**
- **2 metres at 4.63% Copper, 0.21g/t Gold and 469ppm Cobalt within an envelope of 9 metres at 1.30% Copper, 0.14g/t Gold and 214ppm Cobalt from 51 metres in HJRC010.**
- **5 metres at 3.36% Copper and 0.81g/t Gold within an envelope of 14 metres at 1.43% Copper and 0.37g/t Gold from 113 metres in HJRC012.**
- **3 metres at 2.95% Copper and 5.56g/t Gold within an envelope of 16m @ 1.18% Copper and 1.21g/t Gold from 141 metres in HJRC013.**
- **2 metres at 2.19% Copper and 1.10g/t Gold from 90 metres in HJRC016.**
- **3 metres at 2.14% Copper and 1.09g/t Gold from 81 metres in HJRC017.**
- **1 metre at 1.15% Copper, 0.29g/t Gold and 1080ppm Cobalt from 90 metres in HJRC021.**
- **2 metres at 2.61% Copper, 1.13g/t Gold and 1093ppm Cobalt within an envelope of 5 metres at 1.44% Copper, 0.51g/t Gold and 607ppm Cobalt from 106 metres in HJRC023.**

Hammer Metals Limited (Hammer or the Company) **(ASX: HMX)** is pleased to advise that the second drilling program has been completed at the Jubilee copper-gold target.

A program of 14 holes for 1,559 metres has been completed. The program was designed to both infill and extend the high-grade copper-gold mineralisation intercepted in the previous program.

Of particular interest the northernmost line of drilling included the intersection of 4 metres at 6.27% Cu and 0.7g/t Au from 59 metres, indicating the strong potential to extend the copper-gold system to the north.

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

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 (HMX - 51% / MIM – 49%). Hammer is managing the exploration activities.

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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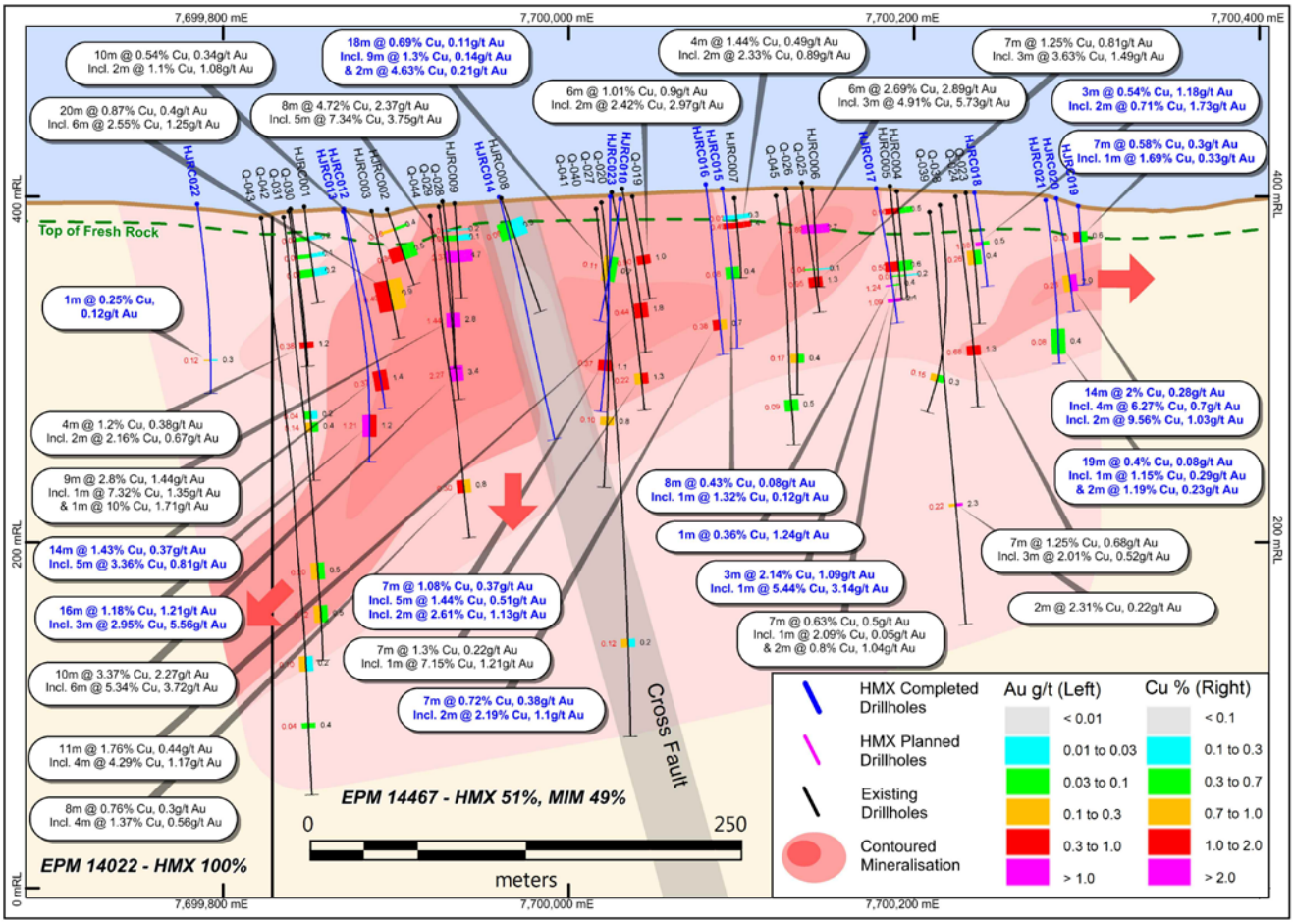
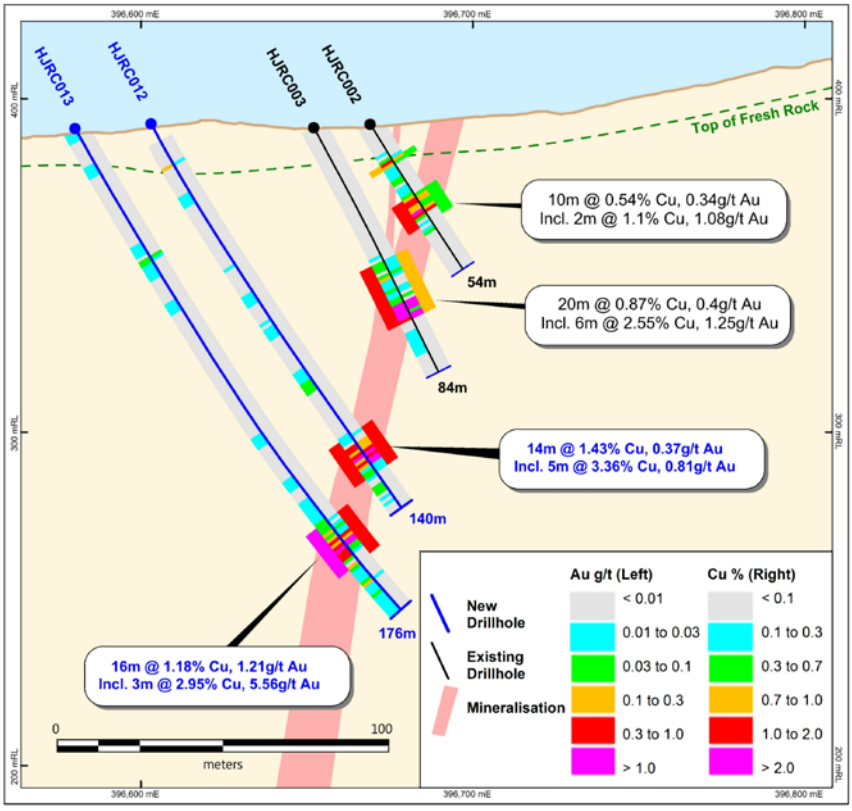
Competent Person's Statement:

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.



Long section looking west showing significant intersections and planned drill holes.



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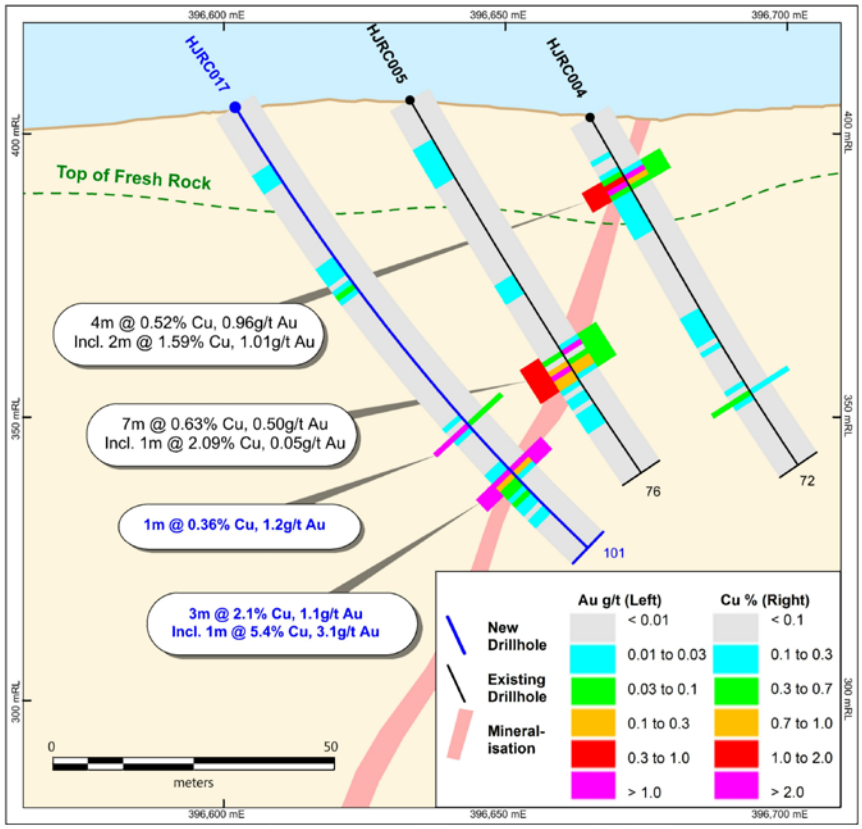

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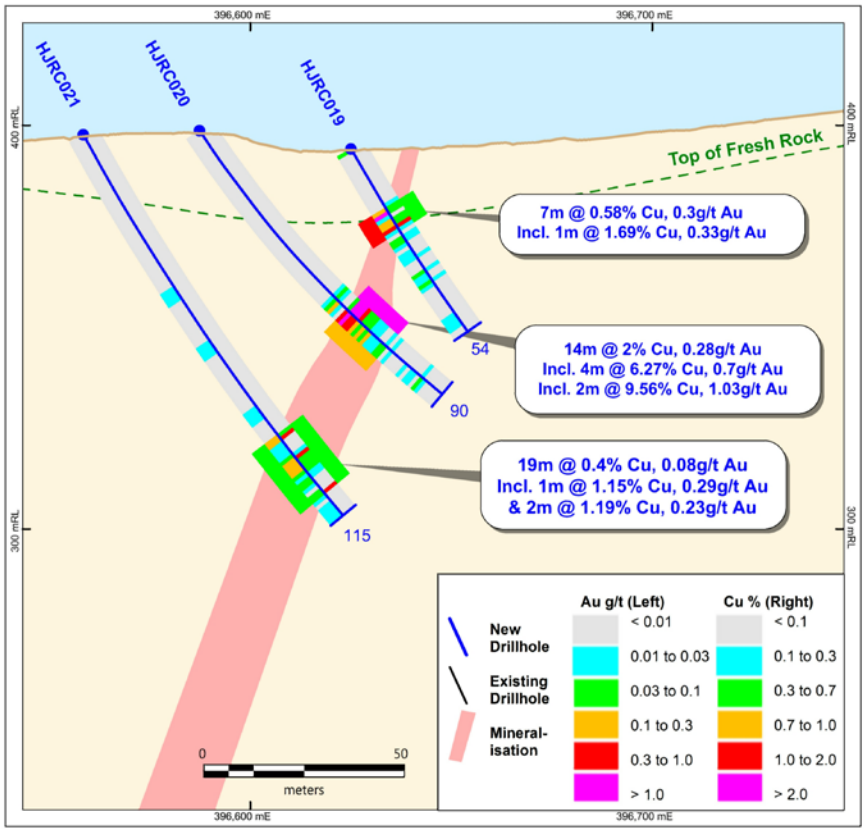

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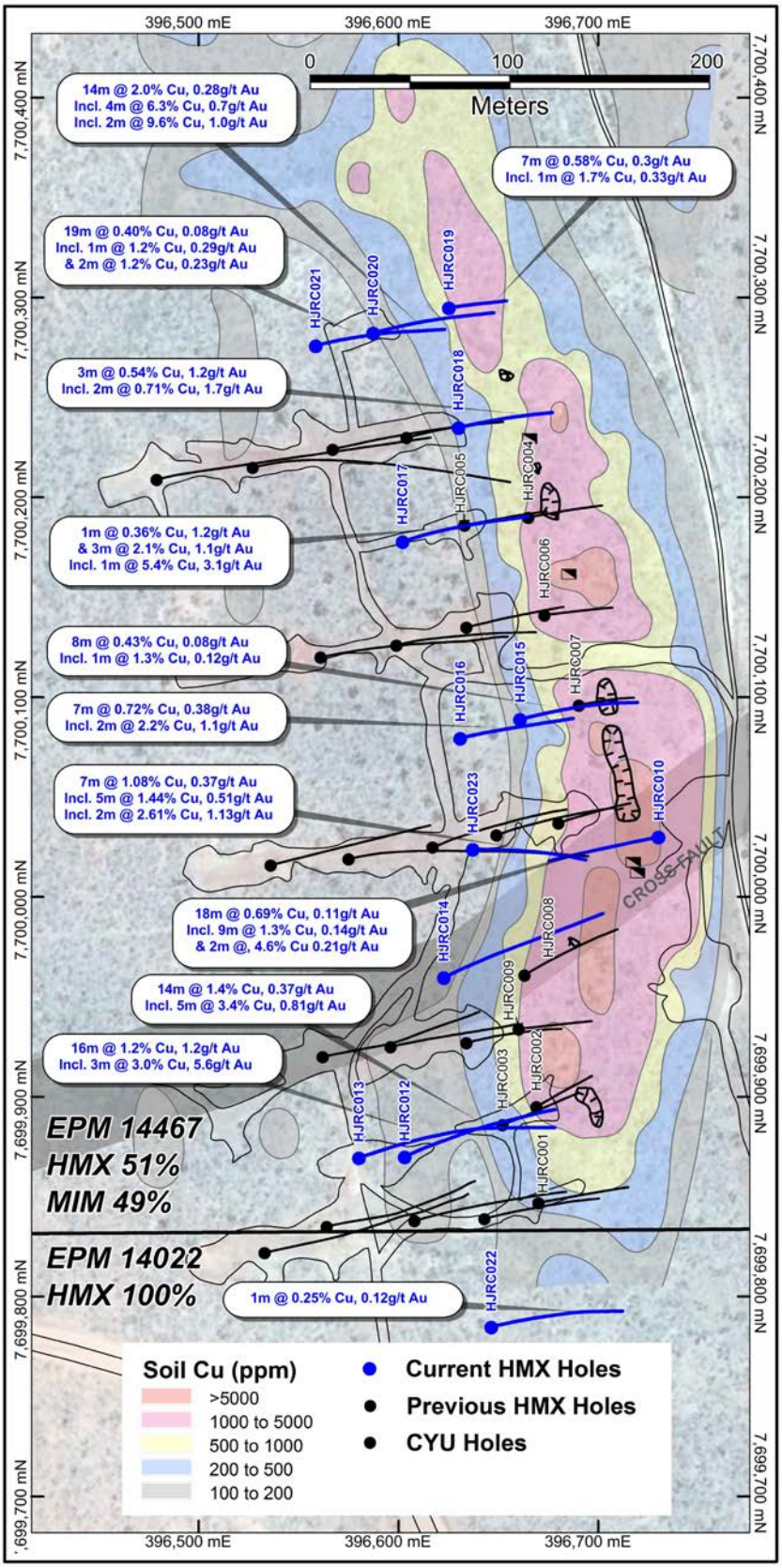
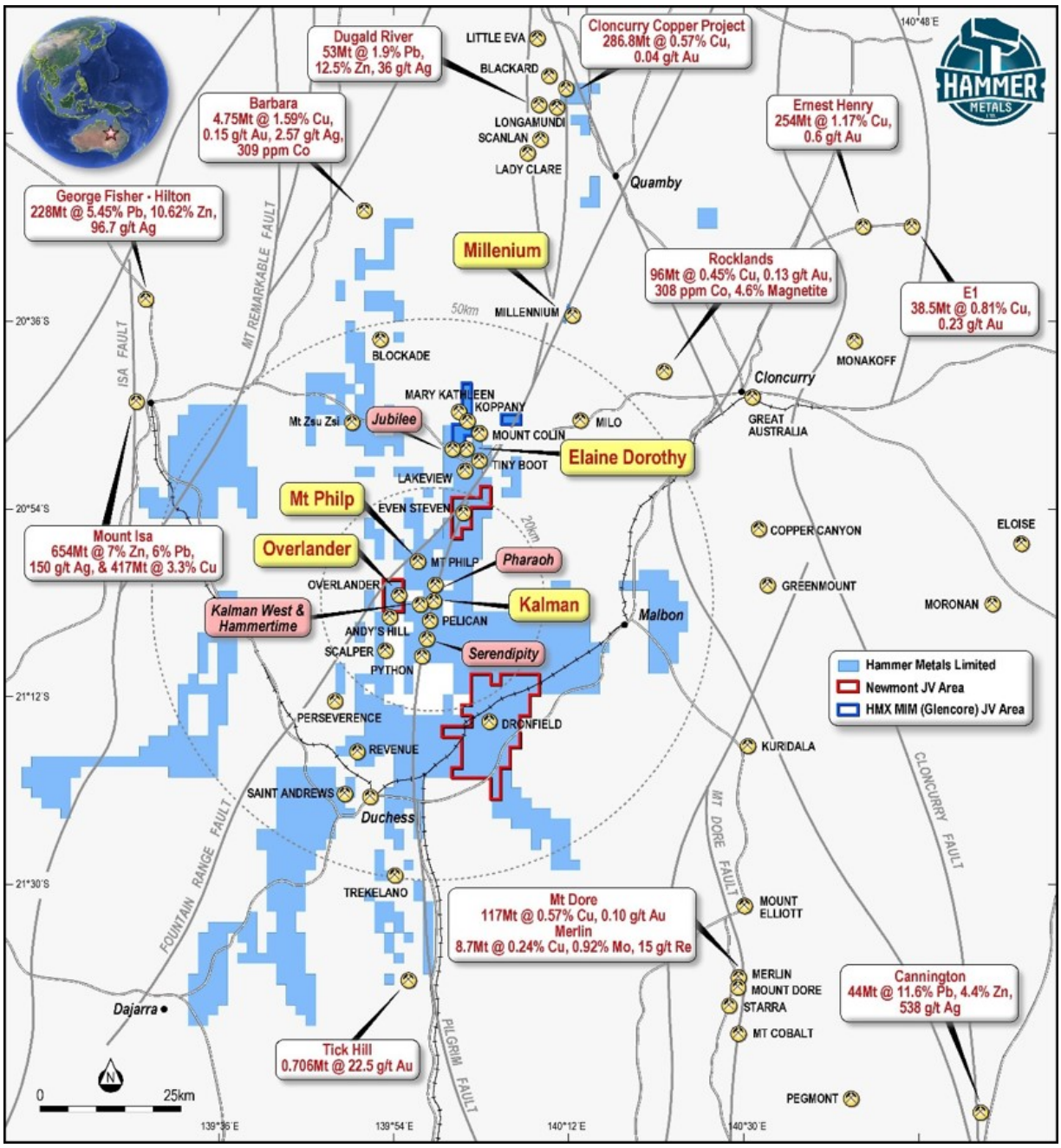


Jubilee Prospect with planned and completed drillhole positions and copper-in-soil contours



Mount Isa Project

Table 1: Laboratory assay intersections (at 0.2% copper cut-off) for drill holes HJRC010 to HJRC023

Jubilee Prospect - 2018 Drilling - Drill intercepts														
Prospect	Hole_ID	East (1)	North (1)	RL (2)	Dip	Az_Grid (1)	TD		From	To	Int	Au (g/t)	Cu (%)	Co (ppm)
Jubilee	HJRC010	396733	7700028	398.4	-54.1	259.7	90		23	26	3	0.09	0.19	72
								incl.	23	24	1	0.14	0.19	56
									42	60	18	0.11	0.69	143
								incl.	42	44	2	0.34	0.15	295
								&	51	60	9	0.14	1.30	214
								incl.	51	52	1	0.37	0.31	133
								&	56	58	2	0.21	4.63	469
	HJRC011	396607	7699869	392.6	-56.9	63.9	68		11	13	2	0.05	0.37	48
	HJRC012	396606	7699870	392.6	-60.0	63.8	140		14	15	1	0.11	0.26	44
									113	127	14	0.37	1.43	283
								incl.	119	124	5	0.81	3.36	393
	HJRC013	396579	7699873	391	-59.4	72.2	176		45	47	2	0.03	0.38	98
									141	157	16	1.21	1.18	130
								incl.	148	151	3	5.56	2.95	287
									156	157	1	0.23	0.06	36
									163	164	1	0.15	0.26	85
	HJRC014	396620	7699960	399	-59.7	63.7	164		77	83	6	0.15	0.25	115
								incl.	81	83	2	0.34	0.48	163
	HJRC015	396662	7700085	404	-61.0	76.4	110		53	61	8	0.08	0.43	263
								incl.	54	55	1	0.12	1.32	994
									60	61	1	0.25	0.65	409
	HJRC016	396631	7700078	407	-61.5	76.0	114		90	97	7	0.38	0.72	90
								incl.	90	92	2	1.10	2.19	180
									103	104	1	0.08	0.19	55
	HJRC017	396602	7700178	404	-57.4	73.4	101		70	71	1	1.24	0.36	98
									81	84	3	1.09	2.14	316
								incl.	81	82	1	3.14	5.44	751
	HJRC018	396630	7700235	402	-55.0	76.0	72		36	39	3	1.18	0.54	233
								incl.	36	38	2	1.73	0.71	309
									42	43	1	0.17	0.26	73
	HJRC019	396629.92	7700299	394	-60.0	82.0	54		17	24	7	0.30	0.58	189
								incl.	18	19	1	1.25	0.53	344
								&	22	23	1	0.33	1.69	173
	HJRC020	396590	7700283	399	-55.0	75.0	90		58	72	14	0.28	2.00	174
								incl.	59	63	4	0.70	6.27	394
								incl.	59	61	2	1.03	9.56	672
	HJRC021	396558	7700276	397	-61.0	75.0	115		89	108	19	0.08	0.40	148
								incl.	90	91	1	0.29	1.15	1080
								&	96	98	2	0.23	1.19	246
								&	107	108	1	0.06	1.28	40
	HJRC022 (4)	396646	7699785	395	-55.0	78.0	128		106	107	1	0.12	0.25	71
	HJRC023	396638	7700024	402	-65.0	90.0	137		104	111	7	0.37	1.08	482
								incl.	106	111	5	0.51	1.44	607
								incl.	108	110	2	1.13	2.61	1093
TOTAL	14 holes						1559m							

Note:

(1) - Positions relative to GDA94, Zone 54

(2) - RL Dervied from a laser scanner digitial terrain model

(3) - Intercepts primary dertived utilising a 0.2% Cu cut-off to illustrate mineralised envelope

(4) - On EPM14022. All other collars located on EPM14467 (Mt Frosty Joint Venture)

JORC Code, 2012 Edition

Table 1 report – Mt Frosty Joint Venture Drilling Update

- This table is to accompany an ASX release updating the market with results as they are reported from the Jubilee copper-gold prospect which is located at the Mt Frosty (EPM14467) joint venture between Mulga Minerals Pty Ltd (51%) and Mount Isa Mines Limited (49%). Mulga Minerals is a 100%-owned subsidiary of Hammer Metals Limited.
- The drilling was conducted by Hammer Metals Limited on behalf of the Joint Venture.
- Laboratory analyses are finalised.

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 HJRC010-HJRC023 • 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 (OES) analysis for a multi-element suite including copper, silver, cobalt and molybdenum. • All assay results for HJRC010-HJRC023 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 tube, depth of*	• Holes were drilled by DDH1 utilising a UDR650 track mounted rig. • Holes were drilling using reverse circulation technique with a face

Criteria	JORC Code explanation	Commentary
	diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	sampling hammer.
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. • 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 per 25 samples. • Two duplicate samples (a 1m sample and a 4m composite sample) 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 partial or total.*	• All drilling samples will be analysed by ALS for a range of elements by ICP (OES) after a 4-acid digest. Gold was analysed via flame AAS.

Criteria	JORC Code explanation	Commentary
laboratory tests	• *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.*	• 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 will be checked and entered into the company database. • Assay files were received electronically from the laboratory. • Intercepts which contain an analysis below the detection limit 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 DEM survey has been conducted and drillhole RL's are reconciled to this new DEM.
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.*	• It is not known at this stage whether the drill density will be sufficient to establish grade continuity. • Assays were taken on 1 and 4m sample lengths. 1m length was preferred in areas of increased mineralisation.
Orientation of data in	• *Whether the orientation of sampling achieves unbiased sampling of possible*	

Criteria	JORC Code explanation	Commentary
relation to geological structure	*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 were used, and sample were transported to ALS laboratory in Mt Isa by company personnel.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• The dataset associated with this drilling has been subject to data import validation. • 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 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.*	DRILLING (HJRC010- HJRC023) • HJRC010-HJRC021 and HJRC023 were drilled on granted EPM14467 - owned by Mount Isa Mines Limited (49%) and Mulga Minerals Pty Ltd (51%). Mulga Minerals Pty Ltd is a 100% owned subsidiary of Hammer Metals Limited. • HJRC022 was drilled on granted EPM14022 owned by Mulga Minerals Pty Ltd.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Exploration, including RC drilling, has previously been carried out by Chinalco Yunnan Copper, now AuKing Mining Limited
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Drillholes are located within altered sediments of the Corella Formation on the western limb of the Mary Kathleen syncline. • The style of copper-gold mineralisation at Jubilee is shear-hosted. This style of mineralisation is common in the Mount Isa region and the closest examples of this style of mineralisation would be the

Criteria	JORC Code explanation	Commentary
		nearby Mt Colin Deposit operated by CopperChem Limited.
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 tables.
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.*	• Intercepts are quoted at a 0.2% Copper cut-off with included intercepts highlighting zones of increased Copper and/or Gold-Cobalt Grades. .
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 plan, most drill-holes are oriented perpendicular to the interpreted position of the modelled structural features. In section, the average angle between the drillholes and the modelled structural features is 55 degrees. • The drilling is not yet at a sufficient density to enable any grade continuity to be established. The true width of any quoted intercept is not known with any certainty.

Criteria	JORC Code explanation	Commentary
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.*	• Intersections derived from laboratory analysis are reported at cut-off grades of 0.2% Copper. • The reader can therefore assume that any portions of a drillhole that are not quoted in the intercept tables contain grades less that the quoted cut-off.
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. • Copper contours are presented in the plan figure. These contours represent interpretation of soil samples analysed via portable XRF. The reader can assume that outside of these contoured areas the soil copper response is not considered significant.
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 mid-2018.