



27 June 2018

ASX Code: HMX

CAPITAL STRUCTURE:

Share Price (25 June 18)	\$0.032
Shares on Issue	269m
Market Cap	\$8.6m
Options Unlisted	21m

Significant Shareholders	
Deutsche Rohstoff	13.1%
Resource Capital Fund VI	9.3%
Management	8.8%

HAMMER METALS LTD:

ABN 87 095 092 158
Suite 1, 827 Beaufort Street
Mt Lawley WA 6052

T: +61 8 63691195
E: info@hammermetals.com.au
W: www.hammermetals.com.au

DIRECTORS / MANAGEMENT:

Russell Davis
Executive Chairman

Alex Hewlett
Managing Director

Nader El Sayed
Non-Executive Director

Simon Bodensteiner
Non-Executive Director

Mark Pitts
Company Secretary

Mark Whittle
Exploration Manager

MILLENNIUM PROJECT SALE

HAMMER NEGOTIATES SALE OF THE MILLENNIUM COBALT PROJECT

- Hammer Metals Limited (Hammer) has entered into a binding term sheet whereby Hammer has agreed to sell its 75% interest in the Millennium cobalt project to TSX-listed and Joint Venture partner Global Energy Metals Corporation (GEMC).
- Consideration for the sale is the issue to Hammer of GEMC ordinary shares whereby Hammer will own a 19.9% interest in TSX-listed GEMC following the acquisition plus board representation.
- Hammer and GEMC have recently completed a 10-hole, 1141-metre diamond drilling program (MIDD001 – MIDD010), at the Millennium project with further drilling and metallurgical studies planned. (ASX: 19 June 2018)
- Under the terms of the Sale Agreement GEMC will purchase the remaining 75% interest in the project along with the cobalt targets at Mt Dorothy and Cobalt Ridge.

Hammer's CEO Alex Hewlett stated: "The work program that just concluded at Millennium, continues to highlight the potential for the project to be part of a much larger regional cobalt venture across the Mount Isa region of Northwest Queensland. With the proposed agreement Hammer is pleased to have the opportunity to have a significant interest in a focused cobalt explorer and developer, while retaining exposure to longer term value creation that the Millennium and other Mount Isa cobalt projects will offer. The sale to a focused cobalt explorer in GEMC will allow Hammer to concentrate on its other advanced copper-gold exploration programs within its 3000km² tenement package in the Mount Isa mining district."

Mitchell Smith, President & CEO of Global Energy Metals, commented: "This combination creates one of the largest and most exciting exploration cobalt packages in Australia. Spurred by the recent drilling success and confidence in adding to the already significant cobalt tonnage at Millennium, we are pleased to announce this acquisition which furthers our long-term growth and value-building strategy. With this acquisition, we continue to consolidate multi-million tonne cobalt assets and maximize cobalt leverage for our shareholders. Upon completion, we plan to recommence exploration and expansion of the project with the intent to commission a current resource estimate for the projects as well as identify new opportunities in the cobalt rich district."

SALE TERMS

Hammer has executed a Letter of Intent which will form the basis of a Sale and Purchase Agreement with GEMC (“the Definitive Agreement”) to sell the balance of its interest in the Millennium Cobalt Project (the “Millennium Property”) as well as the Mt. Dorothy Cobalt Project and the Cobalt Ridge Project (collectively the “Mount Isa Projects”).

In consideration for the acquisition GEMC will issue such number of common shares (the “Payment Shares”) as is equal to 19.9% of its issued share capital on the day prior to the date on which Exchange acceptance for such issuance is sought.

The Definitive Agreement as contemplated by the Letter of Intent is intended to be negotiated in good faith and executed within 60 days. It will supercede and replace both:

- the Millennium Agreement an option agreement in which the Hammer granted to GEMC an option to acquire 75% of the Millennium Cobalt Project (the “Millennium Property”); (ASX: 29 September 2017) and
- the Mt. Isa LOI a letter of intent in which Hammer agreed to sell 100% of certain rights and interests held, directly or indirectly, in certain mineral interests known as the “Mt. Dorothy” and “Cobalt Ridge” (the “Mt. Isa Projects”) located in Mt. Isa, Queensland (ASX: 16 March 2018).

The transaction is subject to the approval of the TSX Venture Exchange (the “Exchange”).

The Payment Shares will be subject to resale restrictions of 4 months plus one day in accordance with applicable securities legislation and will also be subject to a voluntary pooling agreement pursuant to which the shares will be released as to 20% on issuance and 40% every six months thereafter until 12 months after the date of issuance.

Upon the release of the Payment Shares, the Vendor will be limited to sell, on a weekly basis and on the open market, such number of Payment Shares that may not exceed 35% of the total volume of shares of GEMC traded on the Exchange on a weekly basis (the “Threshold Amount”). The Vendor agrees to obtain the consent of GEMC if it wishes to sell Payment Shares in excess of the Threshold Amount, such consent not to be unreasonably withheld having regard to the impact of such sale on the market price of the shares of GEMC.

For as long as the percentage of issued and outstanding shares of GEMC beneficially owned by the Vendor (the “Vendor Interest”) is at least 10%, GEMC will support the nomination of one individual designated by the Vendor for election or appointment to its board of directors.

Given Hammer’s technical and jurisdictional expertise, it will remain as operator of the Property until at least the first anniversary of the date of the Definitive Agreement, with such engagement to be reviewed and renewed on an annual basis thereafter. Hammer shall receive an operator’s fee of 10% of the expenditures carried out on the Property. Hammer will also have a right to appoint a representative to the GEMC board of directors.

Hammer will also co-operate with GEMC with a view to identifying and acquiring additional cobalt assets in the Mt. Isa region of Queensland, Australia fulfilling its mandate of creating a diversified and viable supply of material to offset current reliance from DRC sourced cobalt.

For further information contact:

Alex Hewlett | Executive Director & CEO

Russell Davis | Executive Chairman

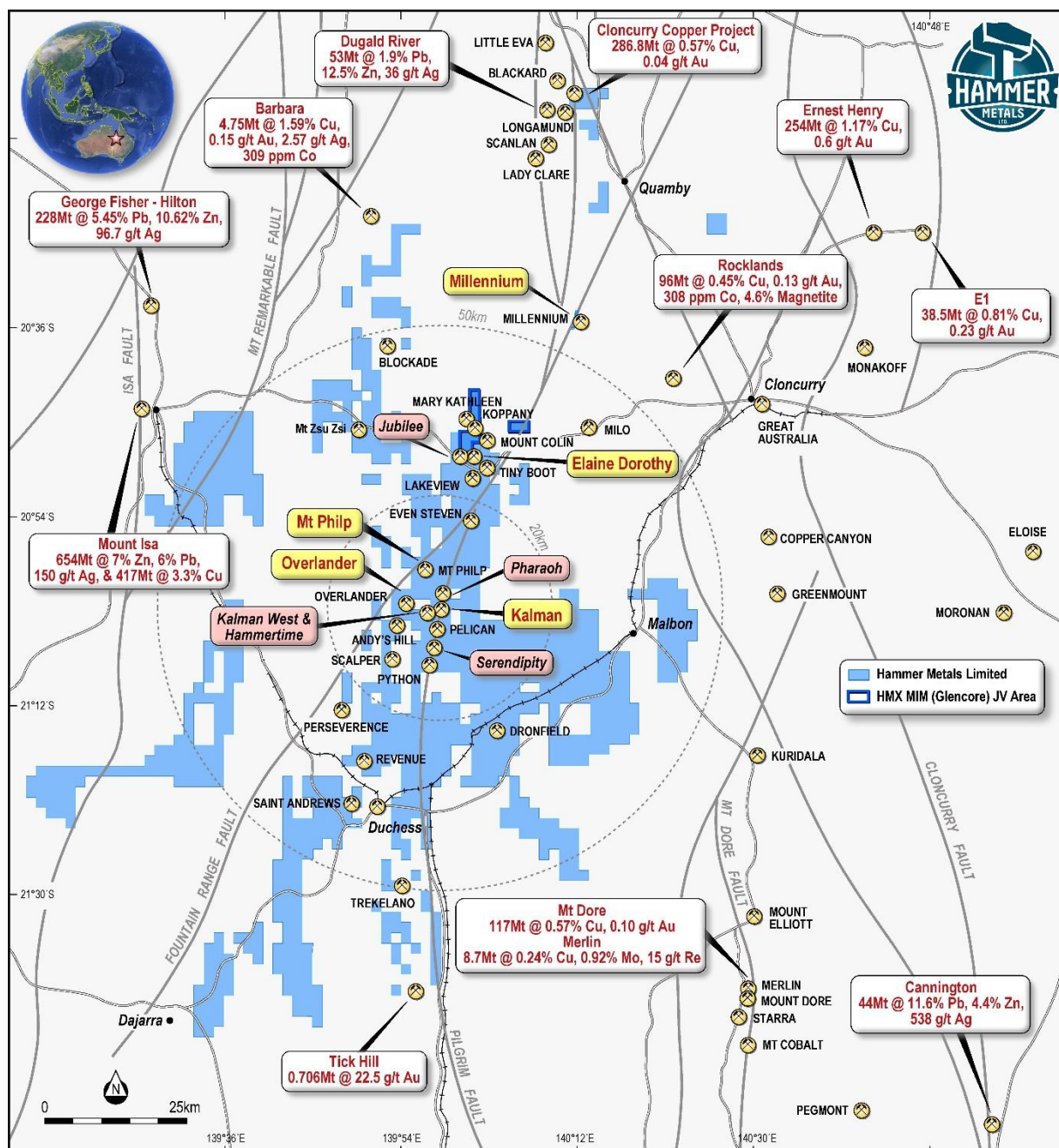
T: +61 8 6369 1195

info@hammermetals.com.au

www.hammermetals.com.au

Where the Company refers to previous Exploration Results it confirms that it is not aware of any new information or data that materially effects the information included in previous announcements and all material assumptions and technical parameters disclosed in those announcements continue to apply and have not materially changed.

Hammer Metals Limited (ASX: HMX) holds a strategic tenement position covering approximately 3000km² 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.



Mt Isa Project