SECOND ZONE OF HIGH GRADE COPPER GOLD WITH RESULTS UP TO 25% CU

RESULTS BACK FROM JUDITH THE SECOND OF THE NEW COPPER-GOLD DISCOVERIES AT PERENTIE

22 August 2018

ASX Code: HMX

CAPITAL STRUCTURE:

Share Price (21/8/18)	**$0.027**
Shares on Issue	**269m**
Market Cap	**$7.3m**
Options Unlisted	**21m**

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

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Secondary copper mineralisation (chalcocite and malachite) associated with carbonate and hematite alteration from Judith Prospect

- Judith Prospect, the second of the new zones discovered at Perentie has returned rock chip values up to **25% Cu and 7.23 g/t Au**. (Refer to the attached table for a full result listing.)
- Judith is located 800 metres north of the Paddy B prospect from where high-grade copper-gold results were reported last week. (Refer to ASX release dated August 15th, 2018.)
- Disseminated mineralisation occurring within quartz-carbonate veined and strongly "red rock" altered granite up to 30 metres in thickness occurs over a 450 metres strike length. This zone is shaping up as a high priority drill target.
- Six previously undiscovered copper-gold prospects - discovered by 2015 AMEC Prospector of The Year Ziggy Lubieniecki – have now been sampled at Perentie.
- Multiple other targets identified with a similar geophysical signature in the Perentie area. Ground investigation of these targets continues.
- Further assay results for samples from the Susan Prospect and Anomaly 5 (located to the south of Rainbow Ridge) are expected within the next week.
- Hammer is extremely excited with this find which has potential for a significant new copper discovery within Hammer's existing portfolio.

Michael Burnett holding an example of Judith mineralisation

PERENTIE PROJECT

The Perentie Project incorporates an area of approximately 50km^2 centred on the north-western corner of the highly magnetic Wimberu Granite, a Williams-aged granite that is considered to be associated with the development of iron oxide copper-gold (IOCG) mineralisation within the Mount Isa Inlier. Perentie forms part of the Dronfield Joint Venture on EPM 18084 between Hammer Metals

(80%) and Kabiri Pty Ltd (20%). Previous exploration by Hammer in this area has focussed on strong magnetic and gravity features along the northern margin of the granite.

Hammer has recently prospected south of this area along demagnetised northerly trending structural zones and has so far located and rock chip sampled six new prospects with visible copper mineralisation at surface. Three of these prospects Judith, Paddy B and Susan are located along one of these north-south structures where they intersect north-westerly faults. The demagnetisation is caused by alteration of magnetite to hematite and is often accompanied by quartz-carbonate veining, brecciation and red-rock alteration.

A review of the magnetic response in the region indicated that there are at least 20 other demagnetised structures which require investigation. These zones will be progressively examined in coming weeks.

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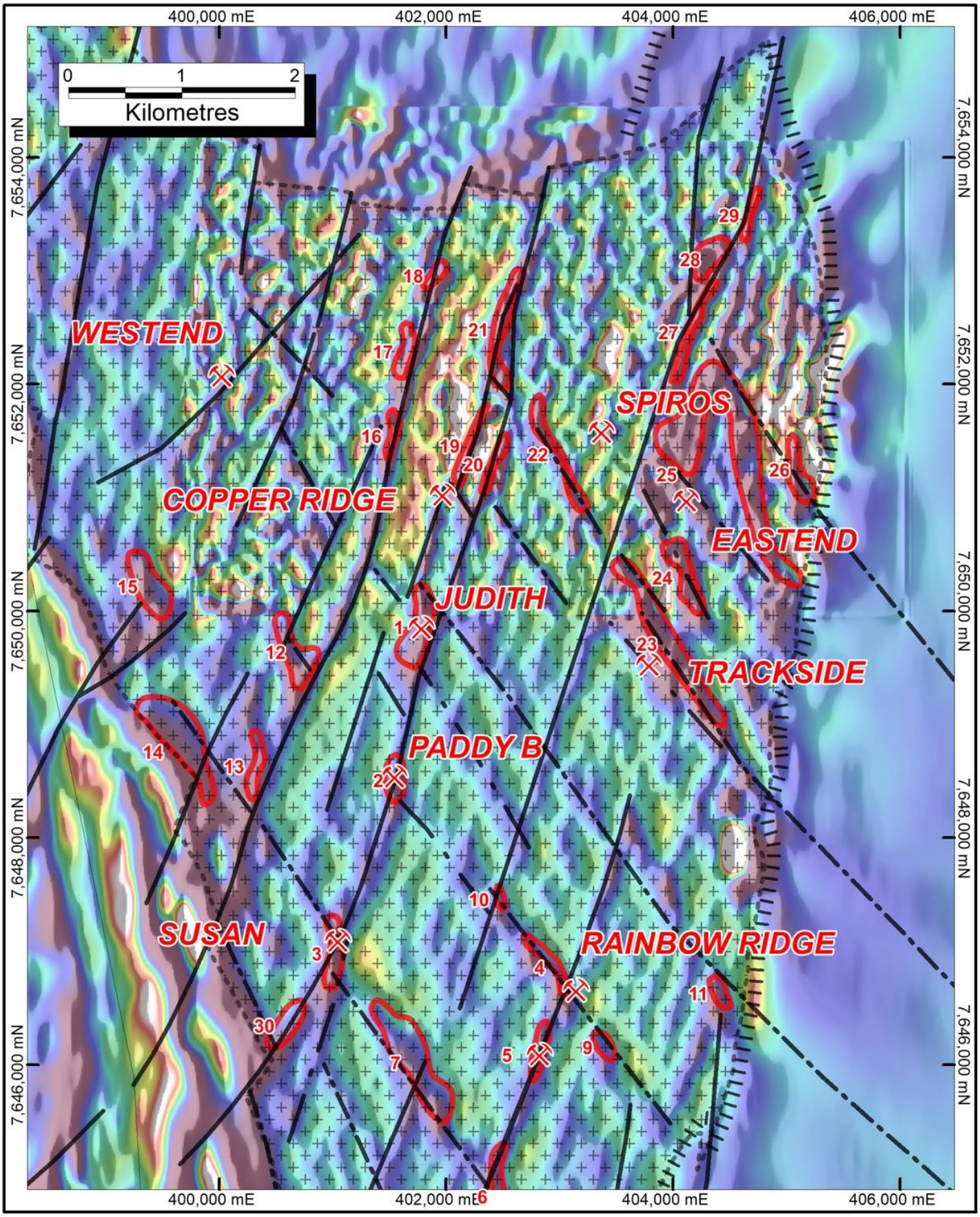
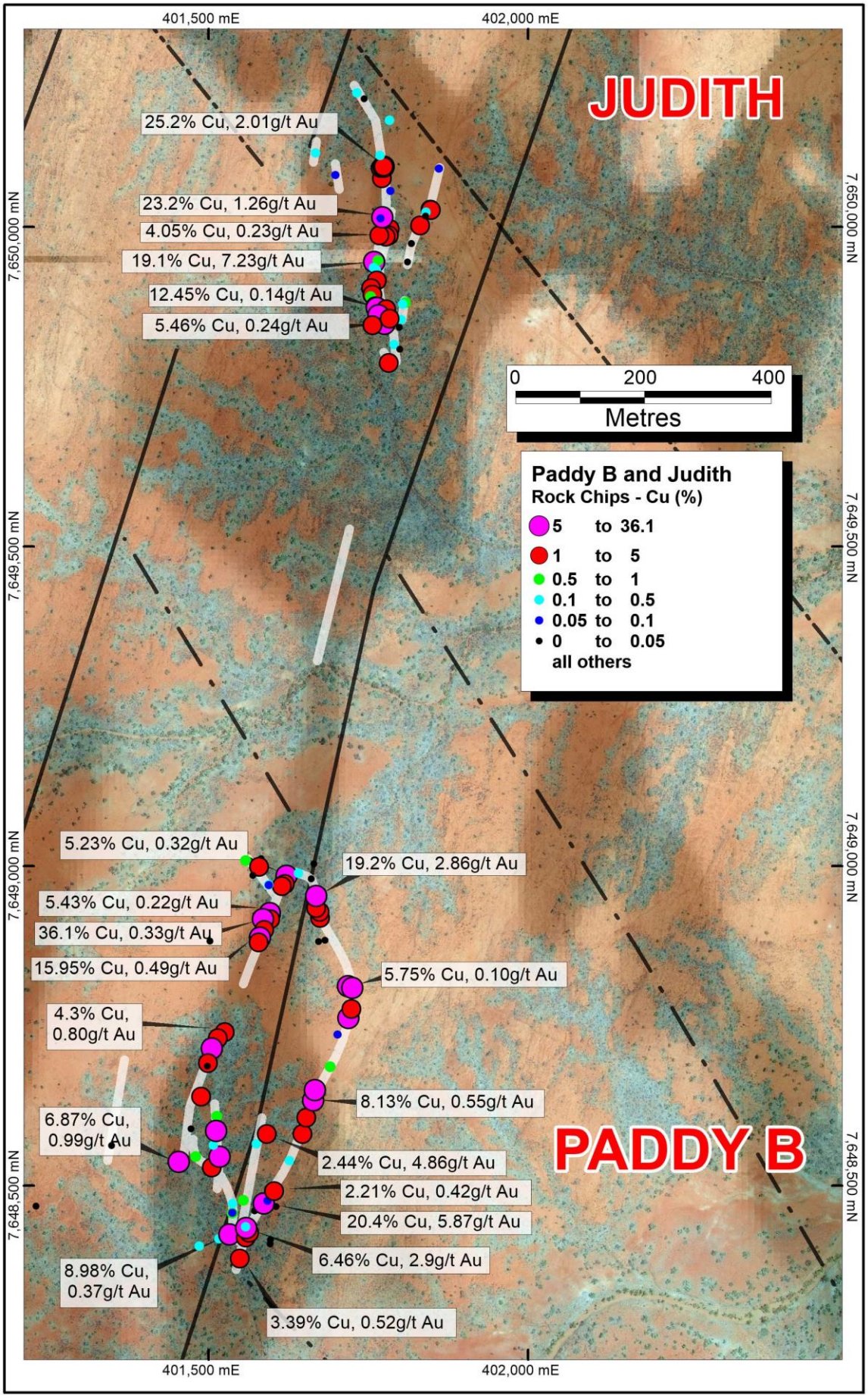
Hammer Metals Limited (ASX: HMX) holds a strategic tenement position covering approximately 3000km2 within the Mount Isa mining district, with 100% interests in the Kalman (Cu-Au-Mo-Re) deposit, the Overlander North and Overlander South (Cu-Co) deposits, the Millennium (Cu-Co-Au) deposit as well as the 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.



Location of Spiros, Judith, Paddy B and Susan in addition to other demagnetized structural targets



Detailed figure showing sample locations on satellite imagery. Darker shades represent demagnetized zones.

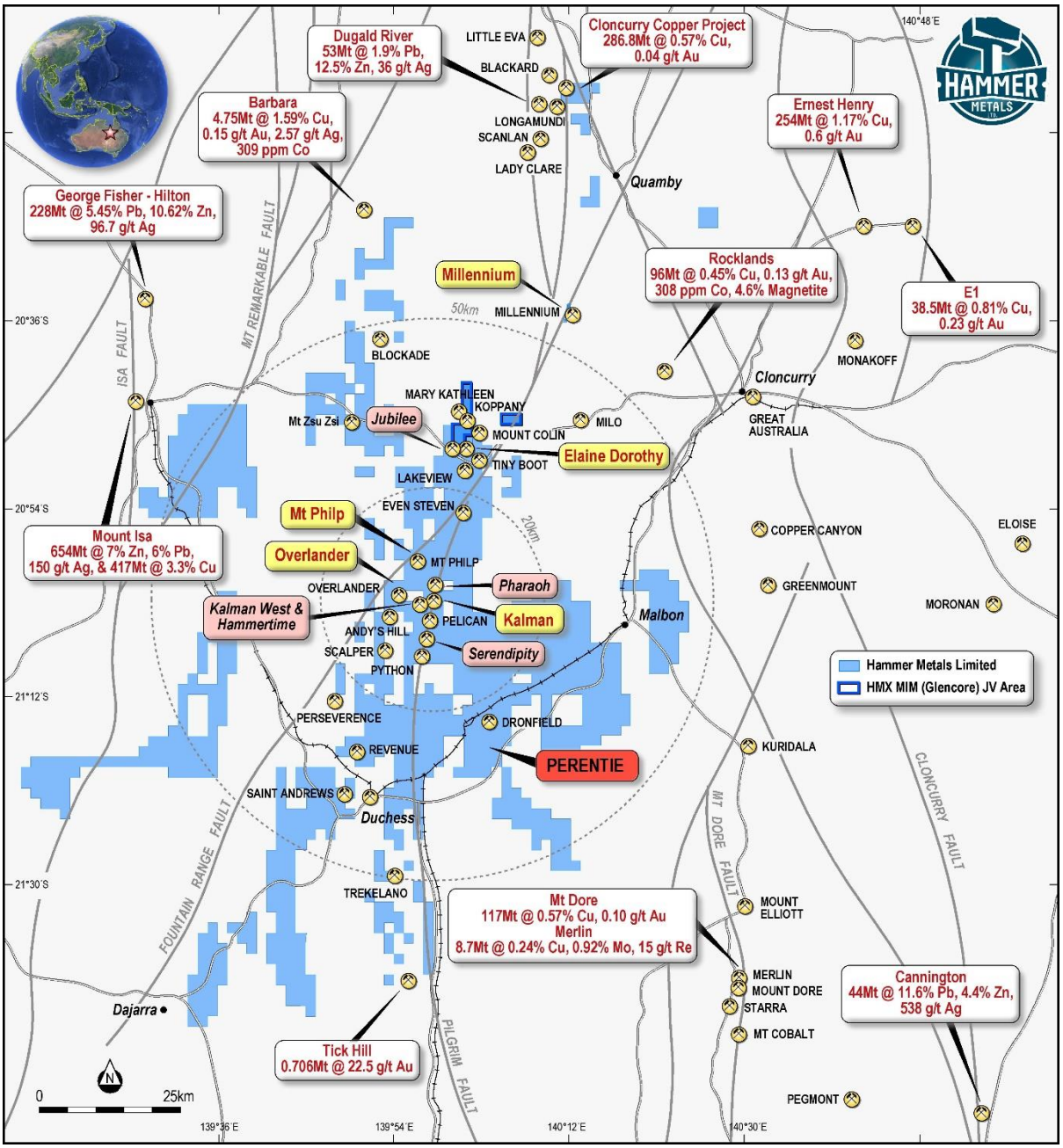
Table 1 – Rock chips from Judith (Samples taken from both mineralised and unmineralised zones)

Prospect	Sample	E_GDA (1)	N_GDA (1)	RL (2)	Au (g/t)	Ag (g/t)	Cu (%)
JUDITH	ZL142	401503	7648882	346	<0.01	<0.2	0.03
	ZL143	401559	7649009	345	0.04	0.20	0.75
	ZL144	401583	7649011	345	0.01	<0.2	0.02
	ZL145	401579	7649001	345	**0.27**	<0.2	**1.86**
	ZL146	401595	7648970	346	0.01	<0.2	0.06
	ZL147	401570	7648985	347	<0.01	<0.2	0.04
	ZL148	401725	7648811	348	0.01	<0.2	0.07
	ZL149	401725	7648811	348	<0.01	<0.2	0.09
	ZL150	401725	7648811	348	**1.39**	0.30	**10.05**
	ZL151	401683	7648883	348	<0.01	<0.2	0.01
	ZL152	401673	7648881	349	<0.01	<0.2	0.02
	ZL153	401847	7650029	353	**0.17**	<0.2	**2.10**
	ZL154	401785	7650056	348	0.09	<0.2	0.09
	ZL155	401771	7650078	347	**0.27**	<0.2	**3.76**
	ZL156	401769	7650094	347	**1.19**	<0.2	**1.10**
	ZL157	401774	7650096	347	**2.01**	<0.2	**25.20**
	ZL158	401774	7650096	347	0.02	<0.2	**1.04**
	ZL159	401769	7650112	349	<0.01	<0.2	0.30
	ZL160	401784	7650167	348	<0.01	<0.2	0.10
	ZL161	401744	7650200	348	0.02	<0.2	0.01
	ZL162	401733	7650210	347	0.01	<0.2	0.12
	ZL163	401668	7650116	348	0.01	1.20	0.10
	ZL164	401699	7650081	349	<0.01	<0.2	0.09
	ZL165	401772	7650017	349	**1.26**	<0.2	**23.20**
	ZL166	401770	7650013	349	0.01	<0.2	0.08
	ZL167	401783	7649999	350	**0.16**	1.50	**4.81**
	ZL168	401782	7649989	349	**0.12**	<0.2	**1.83**
	ZL169	401777	7649987	350	**0.42**	<0.2	**1.82**
	ZL170	401767	7649989	350	**0.23**	0.40	**4.05**
	ZL171	401759	7649947	347	0.01	<0.2	0.45
	ZL172	401759	7649947	347	**7.23**	2.60	**19.10**
	ZL173	401766	7649948	346	0.05	<0.2	0.76
	ZL174	401763	7649933	345	0.02	<0.2	0.24
	ZL175	401759	7649936	346	0.05	<0.2	0.18
	ZL176	401763	7649918	345	0.04	<0.2	**1.74**
	ZL177	401861	7650091	329	0.03	<0.2	0.07
	ZL178	401848	7650028	331	0.03	<0.2	**1.62**
	ZL179	401841	7650023	331	0.06	<0.2	0.21
	ZL180	401840	7650016	334	0.01	<0.2	0.01
	ZL181	401831	7650004	334	<0.01	<0.2	**1.62**
	ZL182	401818	7649973	336	<0.01	<0.2	0.02
	ZL183	401818	7649973	336	<0.01	<0.2	0.01
	ZL184	401812	7649944	338	<0.01	<0.2	0.01
	ZL185	401809	7649882	339	0.04	<0.2	0.90
	ZL186	401805	7649879	339	<0.01	<0.2	0.22
	ZL187	401802	7649855	343	<0.01	<0.2	0.16
	ZL188	401799	7649842	342	<0.01	<0.2	0.01
	ZL189	401791	7649816	342	<0.01	<0.2	0.33
	ZL190	401800	7649808	343	<0.01	<0.2	0.01
	ZL191	401754	7649906	339	**0.11**	<0.2	**4.55**
	ZL192	401760	7649899	340	0.01	<0.2	0.98
	ZL193	401756	7649896	340	0.01	<0.2	**1.50**
	ZL194	401754	7649891	342	0.03	<0.2	0.76
	ZL195	401761	7649878	342	**0.12**	<0.2	**3.16**
	ZL196	401763	7649875	341	**0.14**	0.30	**12.45**
	ZL197	401764	7649871	344	<0.01	<0.2	0.09
	ZL198	401778	7649873	344	0.06	0.30	**1.12**
	ZL199	401766	7649864	344	**0.30**	4.70	**6.16**
	ZL200	401783	7649858	346	0.07	<0.2	**1.07**
	ZL201	401775	7649850	347	**0.24**	1.00	**5.46**
	ZL202	401756	7649848	347	0.01	0.40	**1.48**
	ZL203	401782	7649789	345	0.01	<0.2	**2.00**

Note

(1) - Locations relative to GDA94 Zone 54

(2) - RL Assigned from GPS



Mt Isa Project showing the location of Perentie

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.

JORC Code, 2012 Edition

Table 1 report – Exploration Update

- This table is to accompany an ASX release updating the market with results as they are reported from the exploration activities conducted by Hammer Metals Limited over a range of work areas.
- This release reports results of reconnaissance sampling conducted on the Perentie Project, specifically sampling conducted over the Judith Prospect.

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.*	• Reconnaissance rock chip sampling is reported in this release. The nature of sampling is termed grab sampling. Samples are collected across the strike of the zone of mineralisation, but sampling is not via the continuous chip method. • This style of sampling enables general grade and metal content to be established however it is not as representative as continuous chip sampling, costean sampling or drilling to establish grade across a structure. • Samples tabulated in this release have been taken from both mineralised and unmineralised material. This is a common practice to determine background element concentrations in an area. .
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).*	• Not Applicable, no drilling being reported.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample*	• Not Applicable, no drilling being reported.

Criteria	JORC Code explanation	Commentary
	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.*	•
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.*	• Not Applicable, no drilling being reported.
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.*	• Rock chip sample weight was between 3 and 5kg per site. • No standard samples were submitted with the rock chip samples.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and 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.*	• Samples were analysed by ALS for a range of elements by ICP (OES) after an aqua regia digest. Gold was analysed via flame AAS. • The analytical method is appropriate for reconnaissance rock chip sampling.
Verification of sampling	• *The verification of significant intersections by either independent or alternative company personnel.*	

Criteria	JORC Code explanation	Commentary
and assaying	• *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 assays have been verified by alternate company personnel. • Assay files were received electronically from the laboratory.
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.*	• Datum used is UTM GDA 94 Zone 54. • Rock Chip sample locations are captured via GPS. • RL information will be merged at a later date utilising the most accurately available elevation data.
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.*	• Sample spacing is around 50-100 metres along strike. The sample spacing and sampling methodology is not sufficient to establish grade continuity. • The sampling was conducted to define the structure location and relative metal tenor of key elements such as gold, copper, cobalt and silver. • No compositing has been applied to the assay results.
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.*	• Sampling was conducted at right angles to the strike of the host structure.
Sample security	• *The measures taken to ensure sample security.*	• Pre-numbered bags were used, and samples 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 sampling 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.*	• Perentie is located on EPM18084, held by Mt Dockerell Mining Pty Ltd (80%) and Kabiri Resources Pty Ltd (20%).
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• The Perentie area has not been appraised by other parties.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Judith and Paddy B are both shear zone hosted quartz-carbonate vein breccia with unusual amounts of hematite and lesser magnetite. • The host rock is granite, granodiorite and microgranite of the Williams-aged Wimberu Granite. Proximal to the shear, the intrusive rocks are strongly red rock altered.
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:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *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.*	• Not Applicable, no drilling being reported. •
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*	• Not Applicable, no drilling being reported. .

Criteria	JORC Code explanation	Commentary
	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.*	
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').*	• Surface grab sampling cannot be utilised to determine the geometry of any possible mineralisation at depth. • The sampling methodology can only be used to determine a range of possible grades and is commonly used at a reconnaissance stage.
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.*	• All sampling conducted by Hammer Metals Limited is depicted on the attached figures and tables.
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.*	• Further rock chip sampling has been undertaken at other prospects. Results of this sampling are pending. • Detailed mapping is planned for Judith and Paddy B prior to drill testing.