UP TO 46% COPPER IN ROCK CHIP AT NEW ZONE EXTENDS PERENTIE MINERALISED TREND TO OVER 3.4KM

3 September 2018

ASX Code: HMX

CAPITAL STRUCTURE:

Share Price (31/8/18)	**$0.03**
Shares on Issue	**269m**
Market Cap	**$8m**
Options Unlisted	**21m**

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

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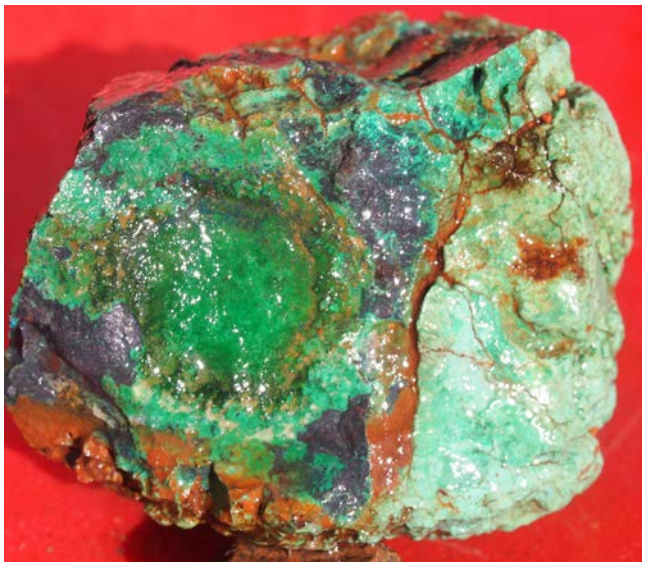

Secondary copper mineralisation (chalcocite, malachite and chrysocolla) associated with quartz vein breccia at the Susan Prospect

- Reconnaissance rock chip sampling to the south of Paddy B on the Judith – Paddy B structure has identified another zone of mineralisation 1.6 kilometres to the south. Mineralisation has now been found on this structure over a distance of more than 3.4 kilometres.
- The new occurrence named Susan, appears to be a circular "pipe-like" quartz veined zone (of up to 60 metres diameter) with peripheral veining to the south. The prospect is located at a structural intersection on the margin of the Wimberu Granite. Outcrop is poor but initial sampling at this site has obtained individual grades of up to 46% copper and 0.6g/t gold.
- In addition to Susan, a fourth zone has been identified on a separate but parallel structure approximately 2.7 kilometres to the southeast of Paddy B. Sampling along this trend has confirmed that mineralisation extends over a 900 metre strike length with marginal redrock altered granite up to 30 metres in thickness. Individual maximum grades of up to 7.47% copper and 4.72g/t gold were obtained from this structure.
- Reconnaissance sampling and mapping of the demagnetised zones will continue with more results expected in coming weeks. Aboriginal heritage clearances and geological mapping at Judith and Paddy B are also underway.
- Hammer is excited with the results to date. Following completion of the sampling programs an assessment and prioritisation of the multiple target zones will be undertaken with drilling anticipated in the next quarter.

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.

Recent prospecting south of this area by Hammer along demagnetised northerly trending structural zones 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 imagery in this area 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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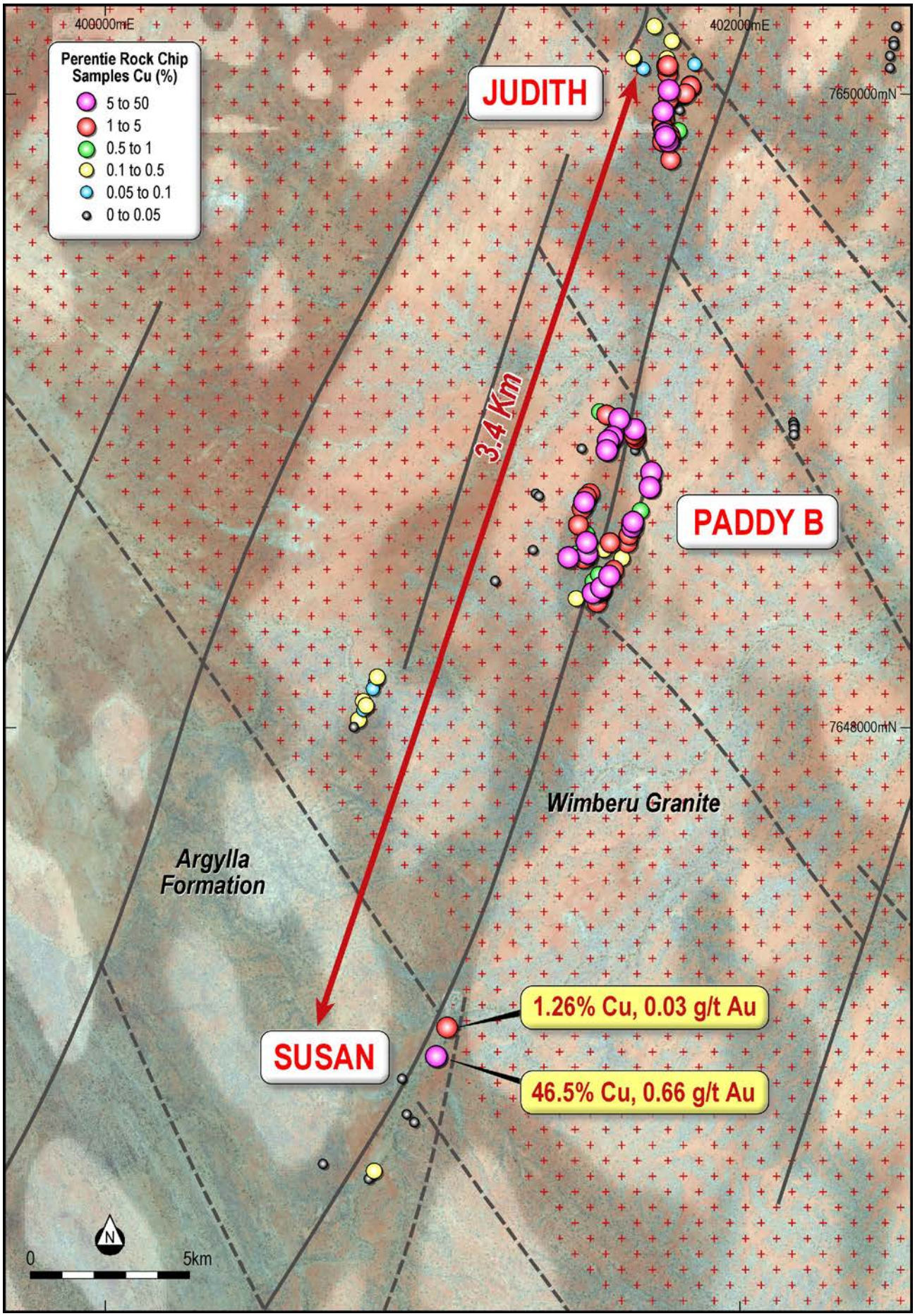
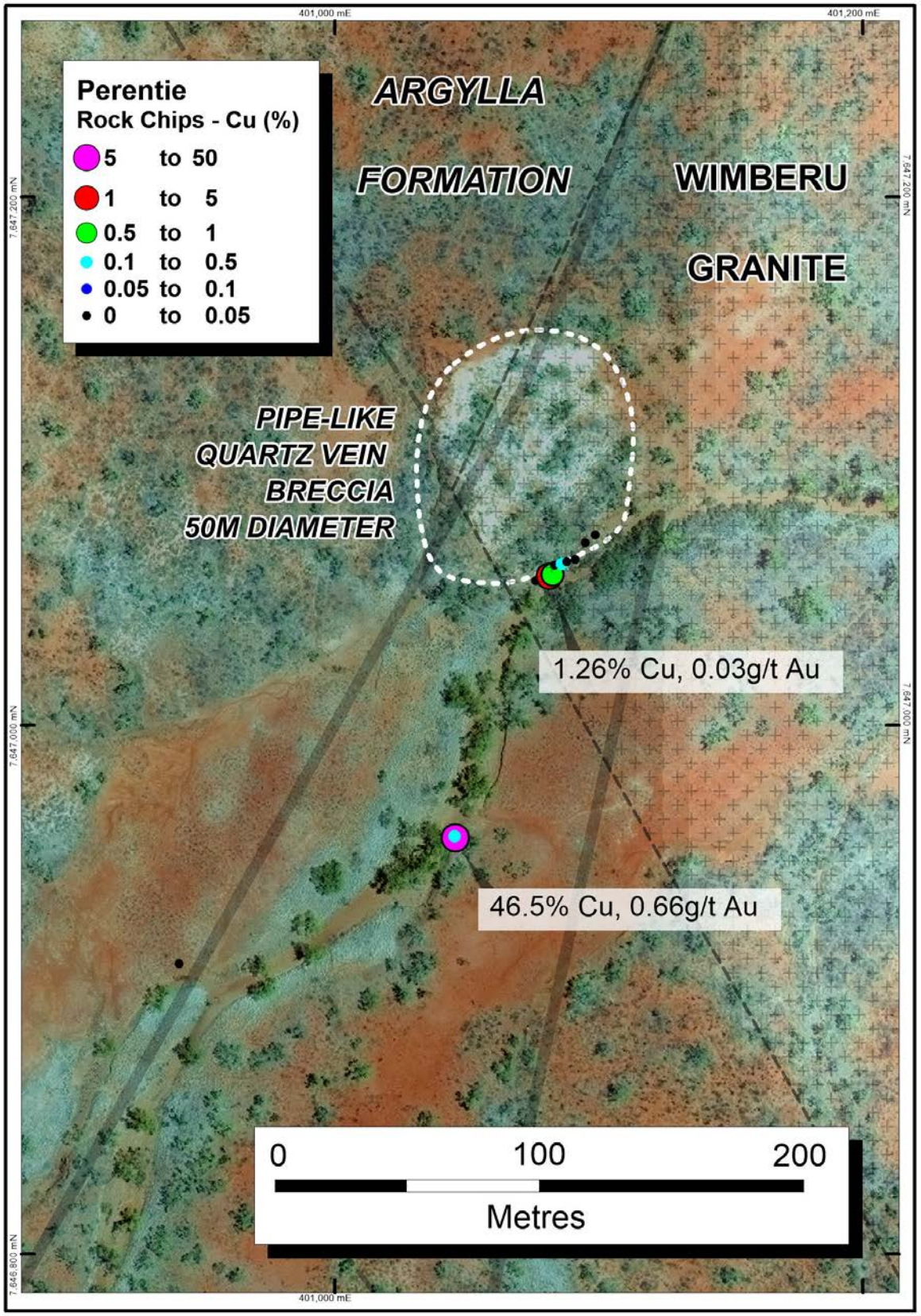
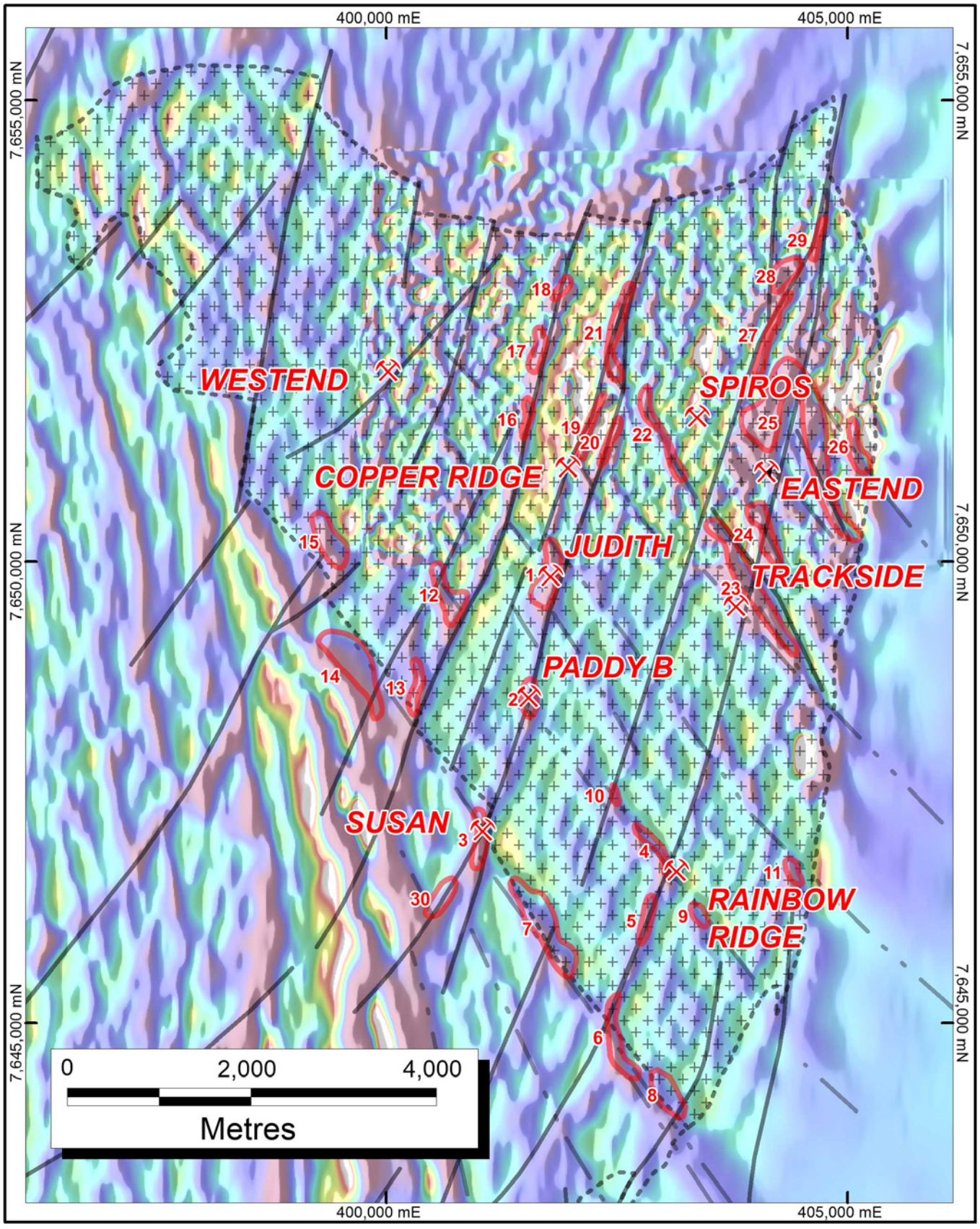
Hammer Metals Limited (ASX: HMX) holds a strategic tenement position covering approximately 3000km^2 within the Mount Isa mining district, with 100% interests in the Kalman (Cu-Au-Mo-Re) deposit, the Overlander North and Overlander South (Cu-Co) deposits and the Elaine-Dorothy (Cu-Au) deposit. Hammer also has a 75% interest in the Millennium (Cu-Co-Au) deposit and a 51% interest in the emerging Jubilee (Cu-Au) project. 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.



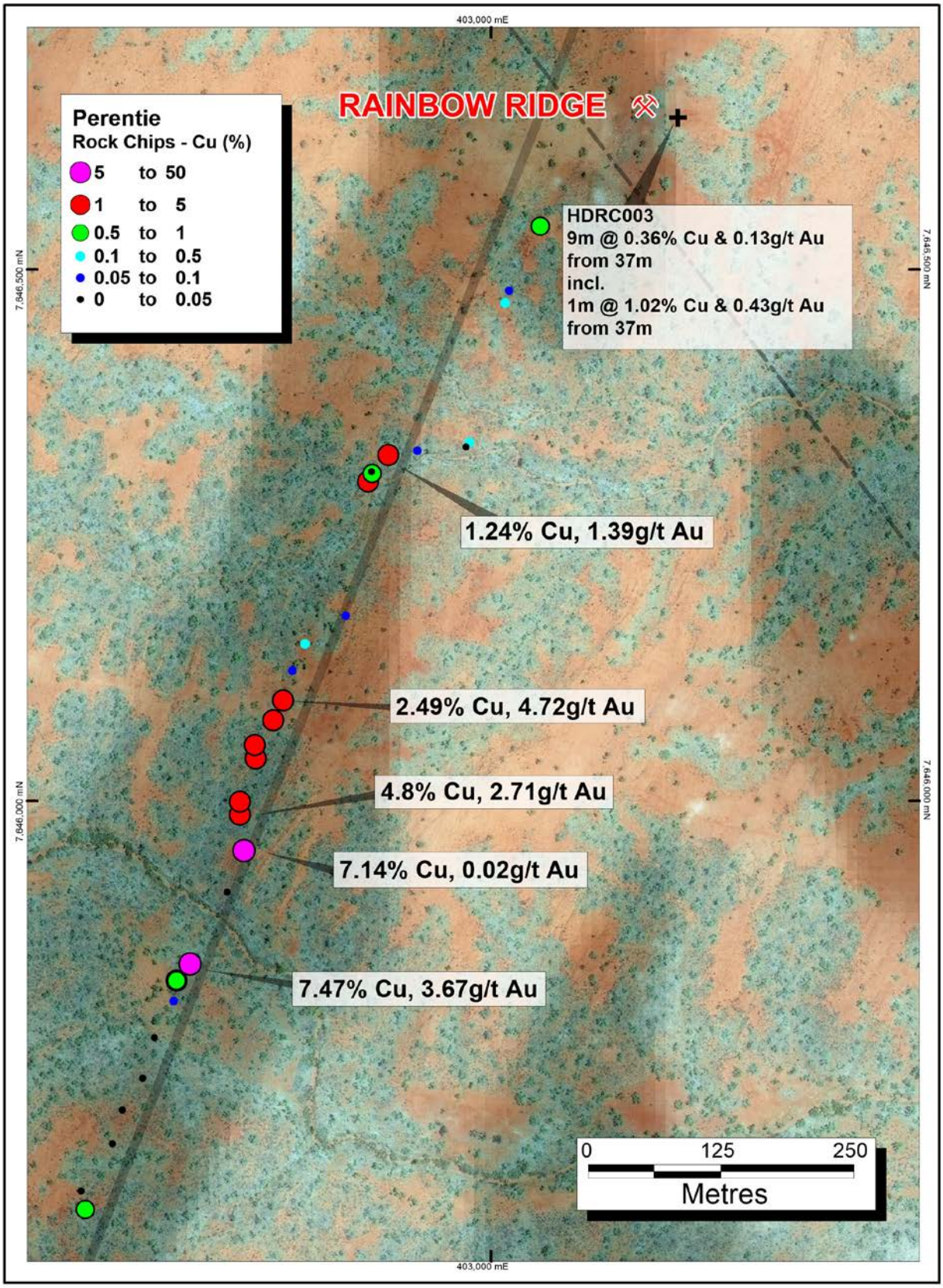
Mineralised trend between Judith and Susan. No sampling has been conducted between these zones.



Susan showing the circular vein breccia zone at the intersection of multiple structures and the Wimberu Granite – Argylla Formation contact.



Prospects in addition to demagnetized structural targets within the Wimberu Granite. The underlying image it a first vertical derivative of the total magnetic intensity (commonly used to highlight structure)



Rainbow Ridge trend showing recently reported rock chip sampling. HDRC003, drilled by HMX, was reported to the market on October 16th, 2014.

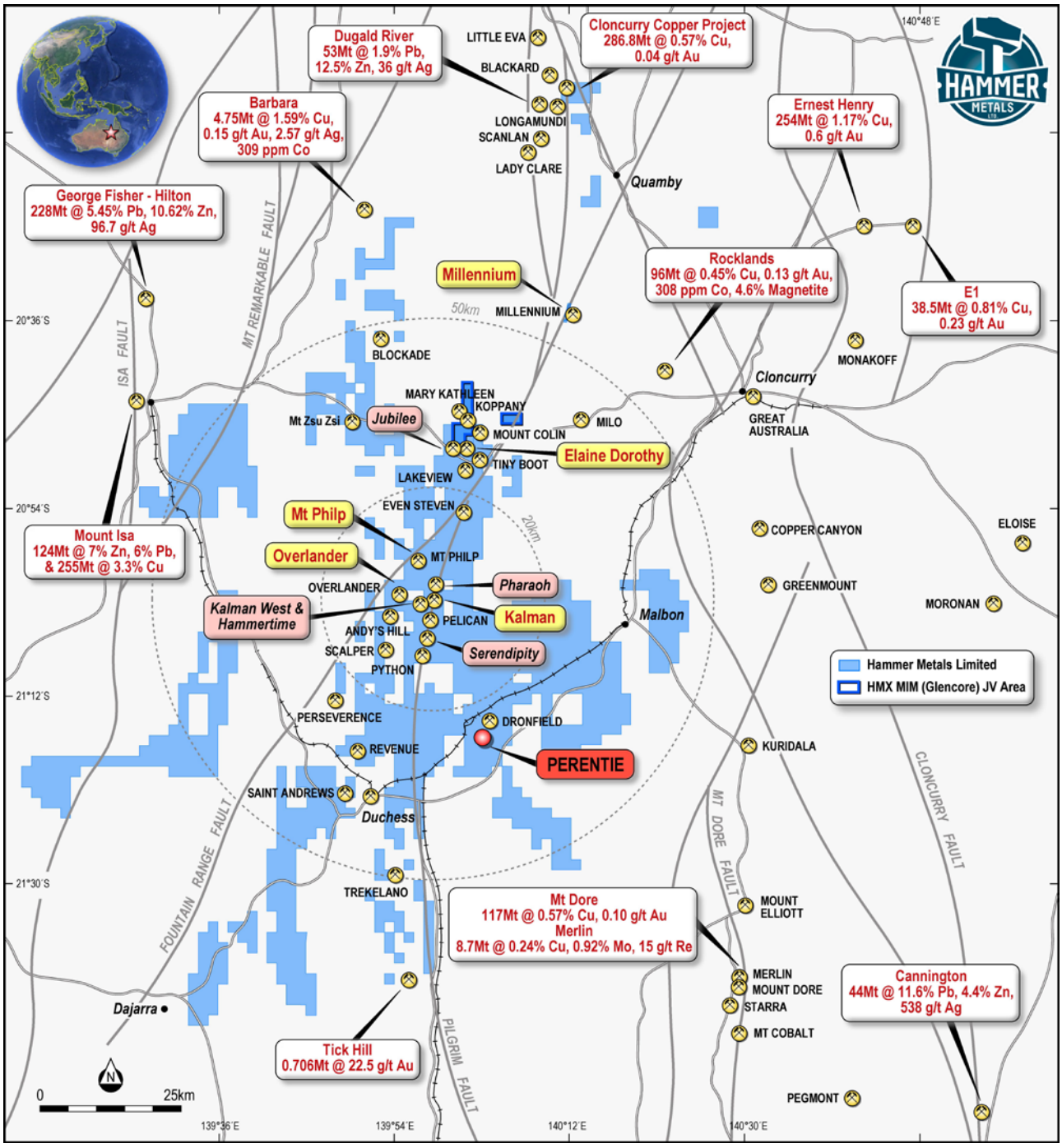
Table 1 – Rock chips from Perentie (Samples taken from both mineralised and unmineralised zones)

Prospect	Sample	E_GDA (1)	N_GDA (1)	RL (2)	Au (g/t)	Ag (g/t)	Cu (%)
Paddy B	ZL204	401365	7648737	342	0.01	<0.2	0.00
	ZL205	401358	7648740	343	<0.01	<0.2	0.04
Regional	ZL206	400787	7648002	352	<0.01	<0.2	0.00
	ZL207	400797	7648023	351	0.05	0.20	0.10
	ZL208	400814	7648057	351	0.03	<0.2	0.07
	ZL209	400820	7648080	351	0.04	0.20	0.10
	ZL210	400814	7648086	350	0.01	0.70	0.18
	ZL211	400844	7648127	350	0.01	0.40	0.09
	ZL212	400853	7648148	349	0.03	0.20	0.08
	ZL213	400858	7648165	347	0.03	0.30	0.10
	ZL214	401748	7646763	354	0.01	<0.2	0.07
	ZL215	401800	7646831	352	0.01	<0.2	0.23
Susan	ZL216	401046	7646958	345	**0.66**	2.30	**46.50**
	ZL217	401046	7646958	345	0.06	<0.2	0.28
	ZL218	401046	7646958	345	0.02	<0.2	0.26
Rainbow Ridge South and Zone 5	ZL219	402618	7645617	341	0.01	0.20	0.52
	ZL220	402615	7645632	341	<0.01	<0.2	0.02
	ZL221	402644	7645677	340	0.02	<0.2	0.01
	ZL222	402653	7645709	339	0.01	<0.2	0.02
	ZL223	402672	7645738	335	0.01	<0.2	0.03
	ZL224	402683	7645777	334	0.01	<0.2	0.04
	ZL225	402702	7645811	335	<0.01	<0.2	0.06
	ZL226	402704	7645832	336	0.04	0.30	**1.13**
	ZL227	402704	7645832	336	**0.26**	<0.2	0.50
	ZL228	402716	7645848	337	**3.67**	2.90	**7.47**
	ZL229	402752	7645914	339	0.01	<0.2	0.03
	ZL230	402767	7645954	341	0.02	<0.2	**7.14**
	ZL231	402763	7645988	341	**2.71**	1.50	**4.80**
	ZL232	402763	7646000	342	**0.49**	0.50	**3.17**
	ZL233	402778	7646041	341	**0.59**	1.40	**2.93**
	ZL234	402780	7646052	342	0.02	<0.2	0.15
	ZL235	402777	7646054	341	0.02	<0.2	0.82
	ZL236	402777	7646054	341	**0.93**	2.50	**1.40**
	ZL237	402794	7646077	343	**0.19**	<0.2	**4.36**
	ZL238	402804	7646096	345	**4.72**	5.40	**2.49**
	ZL239	402813	7646122	343	0.01	<0.2	0.09
	ZL240	402825	7646148	343	0.01	<0.2	0.15
	ZL241	402884	7646302	341	0.05	0.70	**1.42**
	ZL242	402888	7646309	342	0.03	<0.2	0.73
	ZL243	402888	7646309	342	0.01	<0.2	0.03
	ZL244	402903	7646327	341	**1.39**	0.50	**1.24**
	ZL245	402931	7646329	340	0.01	0.20	0.05
	ZL246	402980	7646337	342	0.05	0.20	0.10
	ZL247	402977	7646332	340	0.01	0.20	0.04
	ZL248	402863	7646174	342	<0.01	<0.2	0.05
	ZL249	402795	7646620	343	0.05	<0.2	0.16
	ZL250	403046	7646542	341	**0.13**	1.10	0.55
	ZL251	403017	7646480	339	<0.01	0.20	0.06
	ZL252	403014	7646469	338	0.06	<0.2	0.18
Susan	ZL253	400687	7646627	362	<0.01	<0.2	0.00
	ZL254	401076	7647055	347	0.01	<0.2	0.03
	ZL255	401079	7647055	348	0.01	<0.2	0.04
	ZL256	401079	7647056	347	0.01	<0.2	0.01
	ZL257	401081	7647057	348	0.03	<0.2	**1.26**
	ZL258	401082	7647058	347	<0.01	0.20	0.55
	ZL259	401083	7647060	347	0.01	<0.2	0.02
	ZL260	401086	7647061	347	0.01	<0.2	0.15
	ZL261	401088	7647062	347	0.01	<0.2	0.02
	ZL262	401091	7647062	348	0.08	<0.2	0.04
	ZL263	401095	7647069	347	0.01	<0.2	0.02
	ZL264	401099	7647072	347	0.01	<0.2	0.02
	ZL265	400941	7646909	348	0.01	<0.2	0.02
	ZL266	400975	7646758	350	<0.01	<0.2	0.00
	ZL267	400951	7646784	349	0.01	<0.2	0.00
	ZL268	400865	7646627	349	0.01	<0.2	0.20
	ZL269	400834	7646582	349	<0.01	<0.2	0.03
	ZL270	400839	7646587	349	<0.01	<0.2	0.00
Paddy B East	ZL271	402173	7648944	347	<0.01	0.20	0.00
	ZL272	402173	7648958	346	<0.01	<0.2	0.00
	ZL273	402172	7648966	346	<0.01	<0.2	0.00
	ZL274	402172	7648925	347	0.01	0.20	0.00
Judith East	ZL275	402495	7650214	347	<0.01	<0.2	0.00
	ZL276	402487	7650165	348	<0.01	0.20	0.00
	ZL277	402487	7650156	347	<0.01	0.20	0.00
	ZL278	402475	7650120	346	<0.01	<0.2	0.00
	ZL279	402477	7650083	346	<0.01	<0.2	0.00

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 at Susan and Rainbow Ridge Prospects.

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).*	• The details of HDRC003 were reported to the market on October 16th, 2014.
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.*	• The details of HDRC003 were reported to the market on October 16th, 2014.

Criteria	JORC Code explanation	Commentary
	• *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.*	• The details of HDRC003 were reported to the market on October 16th, 2014.
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.* • *The use of twinned holes.*	• All assays have been verified by

Criteria	JORC Code explanation	Commentary
and assaying	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	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 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.*	• Prospects mentioned in this release are all 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:* 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.*	• The details of HDRC003 were reported to the market on October 16th, 2014.
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.*	• The details of HDRC003 were reported to the market on October 16th, 2014. .

Criteria	JORC Code explanation	Commentary
	• *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.*	
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. • Native title clearances are planned at Paddy B and Judith.