DRILLING BEGINS AT PERENTIE COPPER-GOLD TARGET

20 November 2018

ASX Code: HMX

CAPITAL STRUCTURE:

Share Price (16/11/2018)	**$0.03**
Shares on Issue	**278m**
Market Cap	**$8.3m**
Options Listed	**165m**
Options Unlisted	**21m**

Significant Shareholders	
Deutsche Rohstoff	**13%**
Resource Capital Fund VI	**9.3%**
Management	**8.8%**

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Non–Executive Director

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Non-Executive Director

Mark Pitts
Company Secretary

Mark Whittle
Chief Operating Officer

- Hammer Metals Limited is pleased to announce that a first pass 1000m reverse circulation (RC) drilling programme has begun at the new Perentie copper-gold target.
- **The drilling is an initial test of the +5km long Susan - Paddy B - Judith mineralised trend and the +5km Rainbow Ridge - Trackside mineralised trend recently delineated by Hammer.**
- **Rock chip grades of up to 31% Cu, 19g/t Au and 240g/t Ag were obtained in rock chip sampling in these areas** (Refer to ASX announcements dated August 15th and 22nd, September 3rd and 28th, and October 11th).
- **A Sub Audio Magnetics or "SAM" geophysical survey was completed over parts of the trends to assist with the** delineation of the structure of the mineralised trends and drill hole planning.
- It is expected that the programme will be completed within two weeks (weather permitting) and results to be received by mid-late December.

Rig on the first pad at Paddy B

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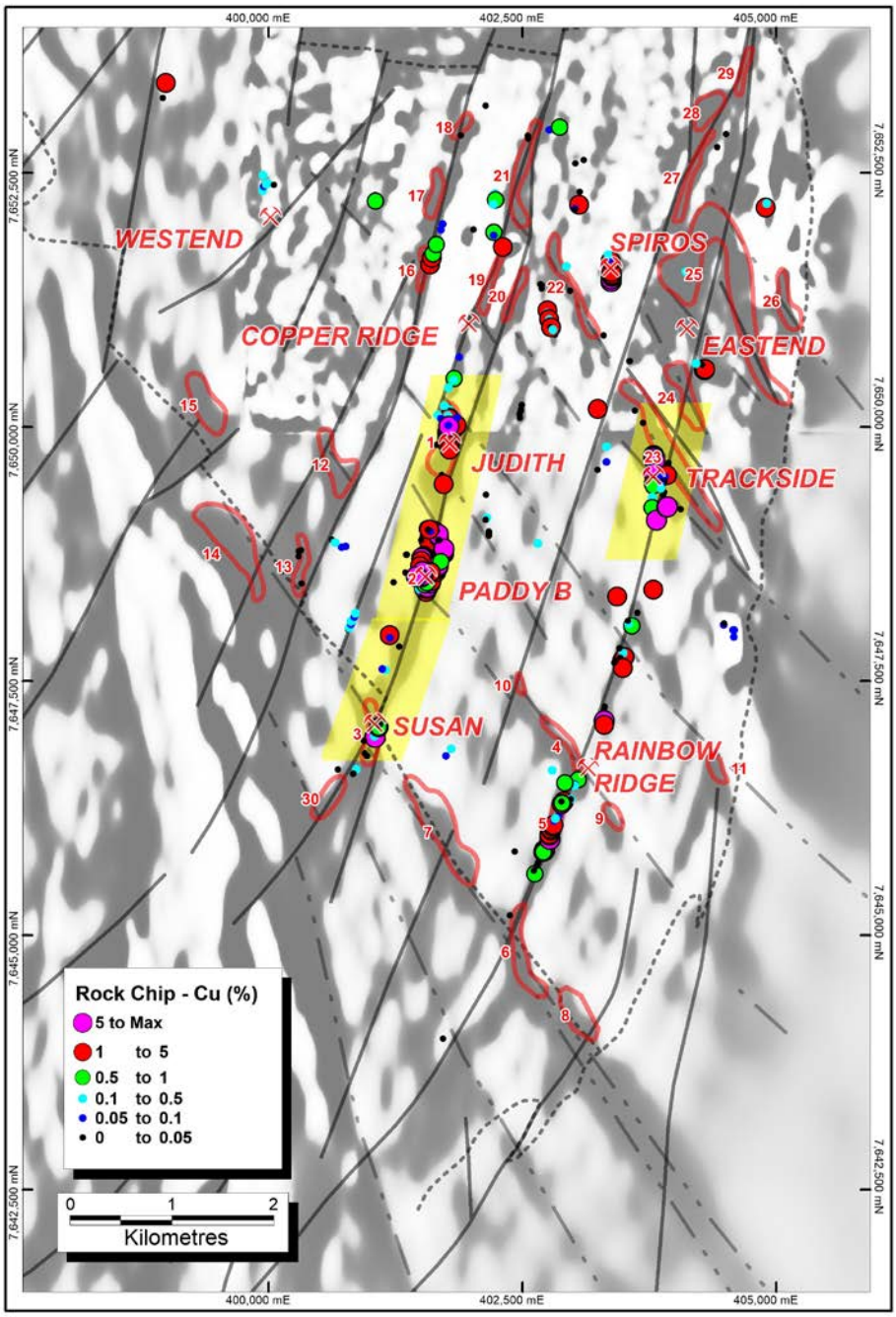
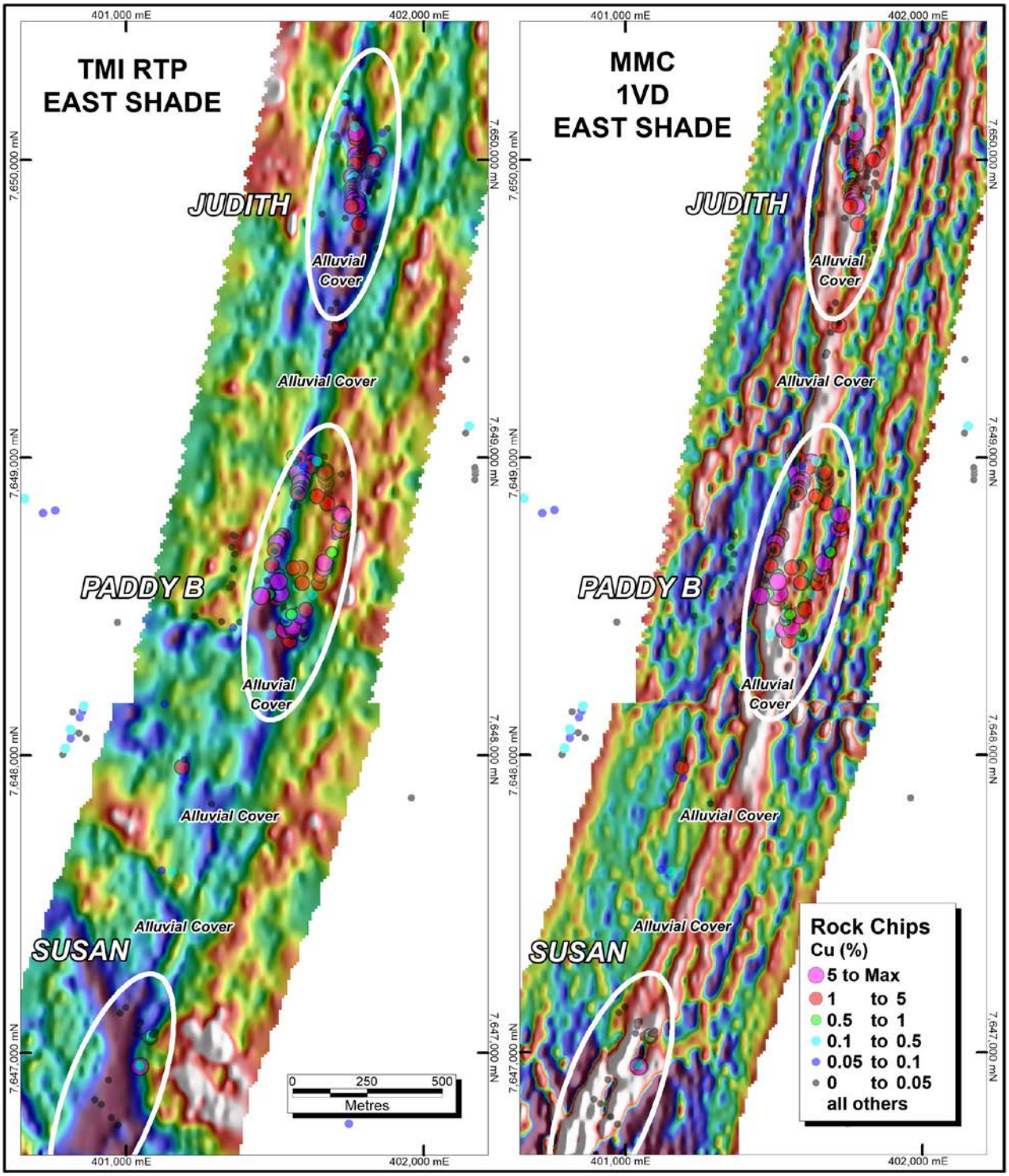


Perentie area showing the location of the recently completed SAM survey (shaded yellow). Along the mineralised trends there is significant areas of cover. This can be seen by the numerous gaps in the surface sampling coverage.

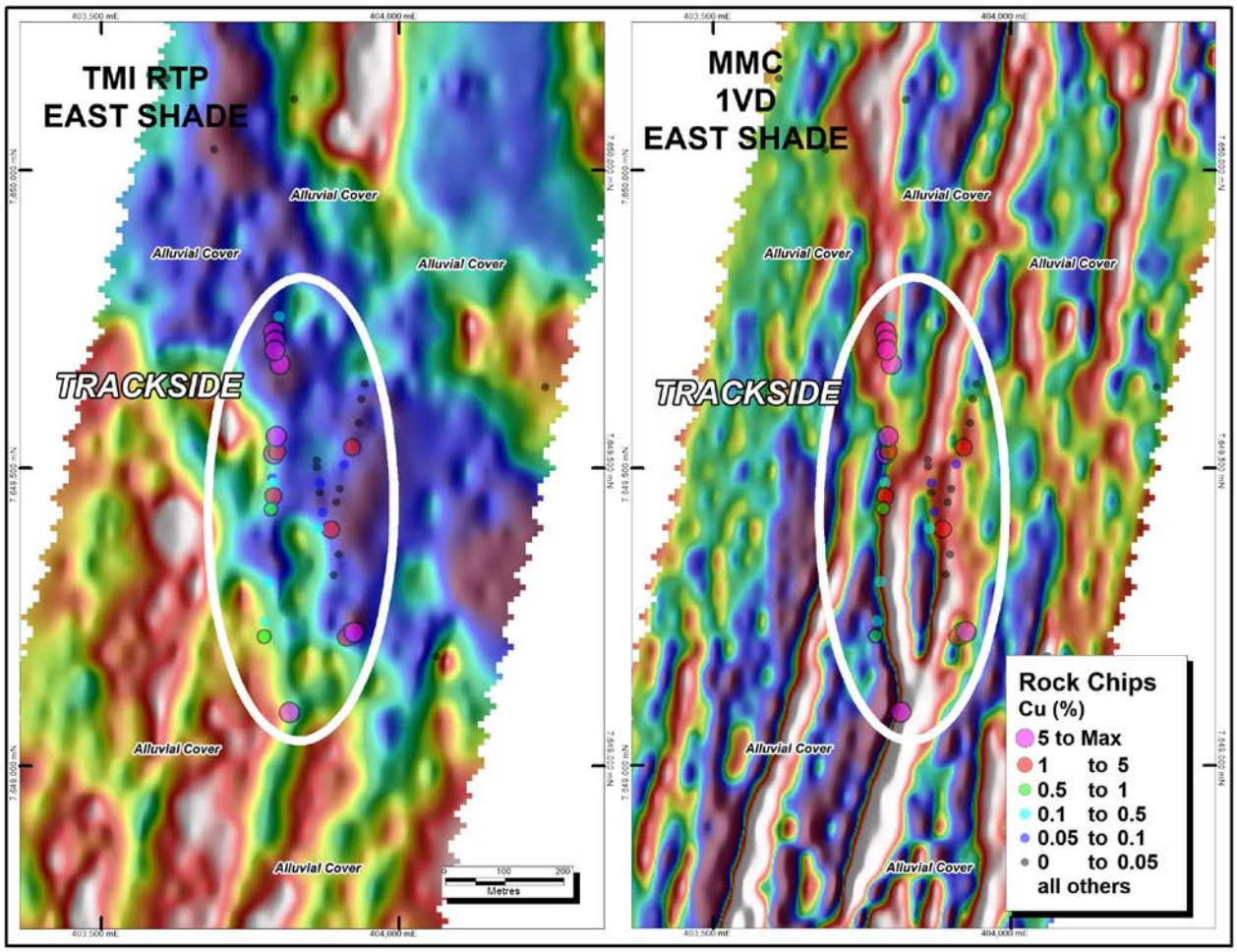
About Hammer Metals

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.



Susan – Judith trend SAM imagery. TMI RTP[1] (left) and MMC[2] (right)

[1] TMI RTP – Total Magnetic Intensity – Reduced to Pole
[2] MMC – Magnetometric Conductivity



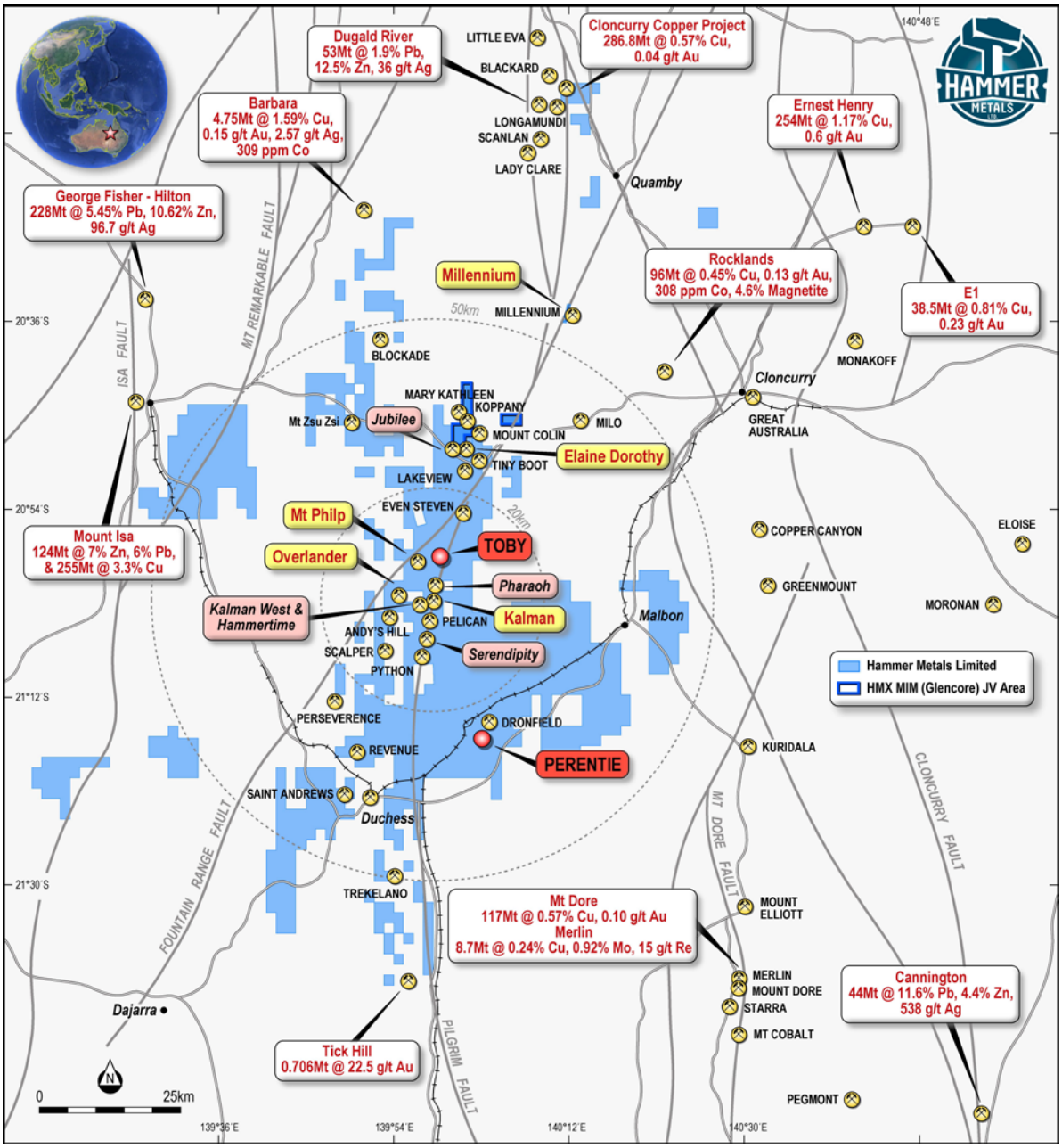
Trackside trend SAM imagery. TMI RTP[3] (left) and MMC 1VD[4] (right). The MMC image shows the structural rotation due to a fault jog

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.

[3] TMI RTP – Total Magnetic Intensity – Reduced to Pole
[4] MMC – Magnetometric Conductivity



Hammer Metals Mount Isa Project area

JORC Code, 2012 Edition

Table 1 report – Exploration Update

- This table is to accompany an ASX release updating the market on exploration progress at the Perentie Cu-Au project.

- Any information pertaining to rock chip results has been previously released to the market. Refer to announcements dated August 15th and 22nd, September 3rd and 28th, and October 11th.

- **New information presented herein relates to a recently completed SAM survey. The details of this survey are presented below in Section 2 under the heading "other substantive exploration data"**

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.*	• Any information pertaining to rock chip results has been previously released to the market. Refer to announcements dated August 15th and 22nd, September 3rd and 28th, and October 11th. .
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).*	• No drilling is reported in this announcement.

Criteria	JORC Code explanation	Commentary
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.*	• No drilling is reported in this announcement.
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.*	• No drilling is reported in this announcement.
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.*	• Any information pertaining to rock chip results has been previously released to the market. Refer to announcements dated August 15th and 22nd, September 3rd and 28th, and October 11th.
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.*	• Any information pertaining to rock chip results has been previously released to the market. Refer to announcements dated August 15th and 22nd, September 3rd and 28th, and October 11th.

Criteria	JORC Code explanation	Commentary
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.*	• Any information pertaining to rock chip results has been previously released to the market. Refer to announcements dated August 15th and 22nd, September 3rd and 28th, and October 11th.
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. • Any information pertaining to rock chip results has been previously released to the market. Refer to announcements dated August 15th and 22nd, September 3rd and 28th, and October 11th.
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.*	• Any information pertaining to rock chip results has been previously released to the market. Refer to announcements dated August 15th and 22nd, September 3rd and 28th, and October 11th.
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.*	• Any information pertaining to rock chip results has been previously released to the market. Refer to announcements dated August 15th and 22nd, September 3rd and 28th, and October 11th.
Sample security	• *The measures taken to ensure sample security.*	• Any information pertaining to rock chip results has been previously released to the market. Refer to announcements dated August 15th and 22nd, September 3rd and 28th, and October 11th.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Any information pertaining to rock chip results has been previously released to the market. Refer to announcements dated August 15th and 22nd, September 3rd and 28th, and October 11th.

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%). • Mt Dockerell Mining Pty Ltd is a wholly owned subsidiary of Hammer Metals Limited.
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.*	• No drilling is reported in this announcement.
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*	• No drilling is reported in this announcement.

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. • Any information pertaining to rock chip results has been previously released to the market. Refer to announcements dated August 15th and 22nd, September 3rd and 28th, and October 11th.
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.*	**PERENTIE SAM SURVEY** • Sub Audio Magnetics or SAM is a geophysical method developed by Gap Geophysics. The method allows for simultaneous high definition mapping of both the subsurface magnetic and electrical properties. • A ground-based survey was undertaken at Perentie • The survey set-up was in galvanic configuration. • The method is ideal for detection and delineation of subsurface structure. In addition, electromagnetic responses can be derived from the collected data to detect sub surface accumulations of massive sulphide.

Criteria	JORC Code explanation	Commentary
		• The survey was undertaken on east-west trending 700m lines across the mineralised trends. The line spacing was approximately 50m. • The survey tested approximately 4km of the strike of the Susan-Judith trend and 1.6km of the Rainbow Ridge - Trackside trend. • In total the survey was 81-line km in size with 59-line km on the Susan-Judith trend and 22-line km on the Rainbow Ridge - Trackside trend.
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 interpretation of the SAM data is planned. • Reverse Circulation drilling has started.