GOLD RESULTS FROM SOIL SURVEY CONFIRMS PROSPECTIVITY OF THE MT PHILP BRECCIA

1 April 2019

ASX Code: HMX

CAPITAL STRUCTURE:

Share Price (29/3/2019)	**$0.025**
Shares on Issue	**314m**
Market Cap	**$7.8m**
Options Listed	**183m**
Options Unlisted	**32m**

Significant Shareholders	
Deutsche Rohstoff	**11%**
Resource Capital Fund VI	**8%**
Management	**8%**

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Non–Executive Director

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Non-Executive Director

Mark Pitts
Company Secretary

Mark Whittle
Chief Operating Officer

- Soil survey on a 200m x 200m grid at Mt Philp has identified numerous gold anomalies with the maximum value of 401ppb Au
- Most of anomalous gold values coincide with zones of elevated copper in soil
- The core of the copper-gold anomalism is associated with the rim of an interpreted 4km in diameter circular caldera feature and magnetic highs associated with the presence of disseminated and brecciated magnetite
- Three gold anomalies not associated with copper anomalism could indicate the presence of Tick Hill style gold mineralisation.
- Field work has commenced in March with ground investigation of target zones.

Hammer's Chairman, Russell Davis said: "The soil results are very encouraging and now that surface anomalies have been defined more detailed field examination can commence. The field work and planned gravity survey aims to delineate drill targets which will be tested late in the 2019 field season."

Mt Philp Breccia near the Magnetite Prospect

MOUNT PHILP BRECCIA

The soil survey conducted in 2018 at Mt Philp Breccia Project on a 200m x 200m grid and covering area of approximately 50km^2 was initially analysed by portable XRF and this resulted in the delineation of three major copper target zones, denoted as the Core, West and East zones. (Refer to ASX announcement January 24th, 2019).

Gold assays have now been reported. The gold distribution is similar to that of copper in most instances with a number of strong Cu-Au anomalies present at the Magnetite East and West, Mt Philp Copper, Rangeview, Pelican Waterhole and Bette areas. Notably there are three +50ppb Au anomalies which are not associated with copper. Economic gold-only mineralisation is not common in the Mt Isa region however one notable exception is the Tick Hill Deposit which is located on the margin of Hammer's Mt Isa Project area 50km to the south. This deposit was small but high grade with 0.7Mt @ 22.5g/t Au mined over a short period by Mount Isa Mines Limited.

Field has commenced in March with detailed ground reviews of the copper-gold and gold-only geochemical targets. A ground gravity survey is also planned which aims to delineate possible blind targets at depth.

As announced to the ASX on December 11th, 2018 Hammer was awarded Collaborative Exploration Initiative (CEI) funding from the Queensland Government for the Mt Philp Breccia Project which covers one of the largest known breccia complexes in the Mount Isa region. The grant is to part-fund first-pass geophysical and geochemical exploration activities that are expected to generate drilling targets.

For further information contact:

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COMPETENT PERSON STATEMENT

The information in this report as it relates to exploration results, geology and exploration targets was compiled by Mr. Mark Whittle, who is a Member of the AusIMM and an employee of 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.

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 (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) 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.

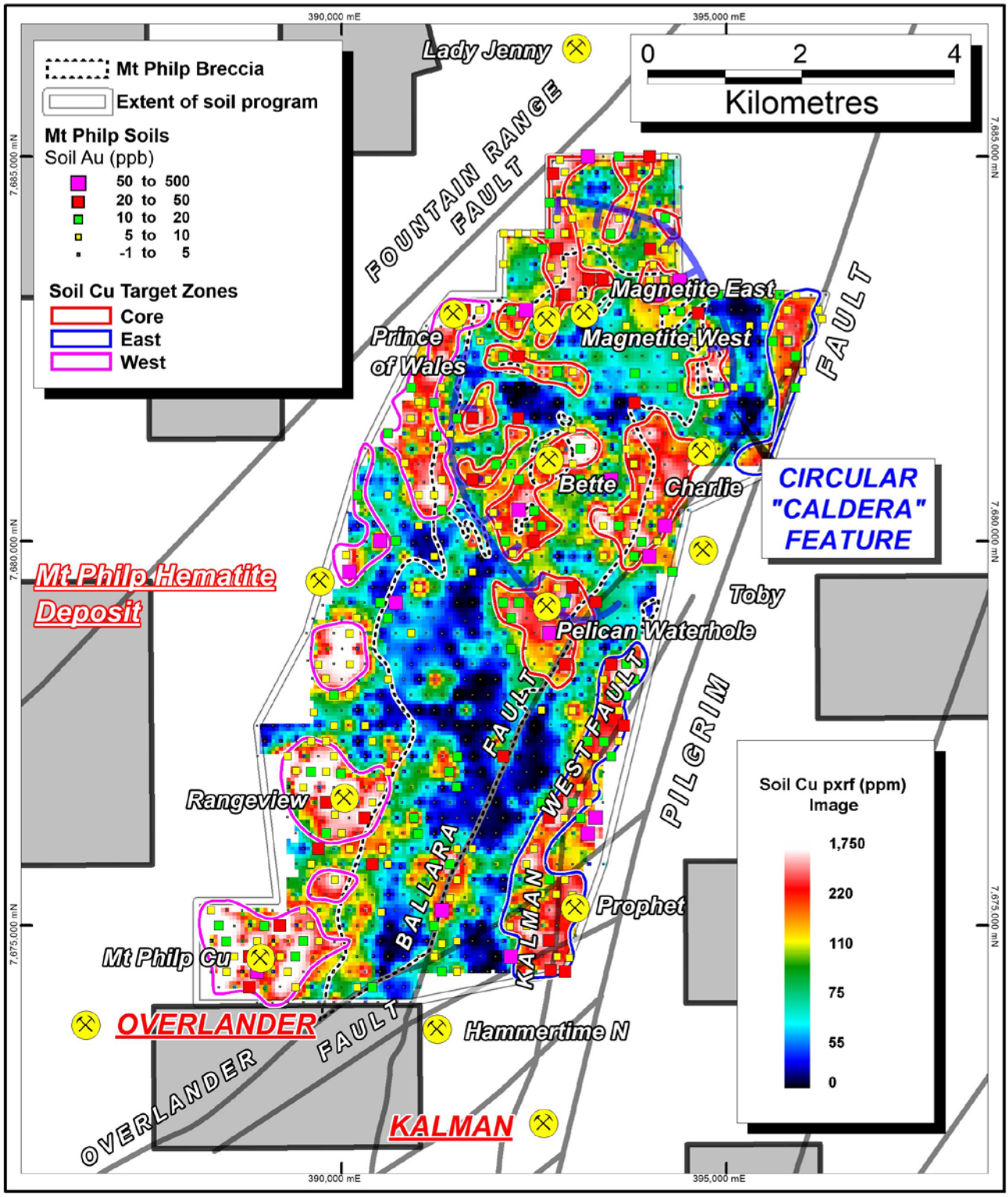

Figure 1 - Mount Philp Breccia Project showing Au soil results as points with Cu target zones on Cu portable XRF imagery

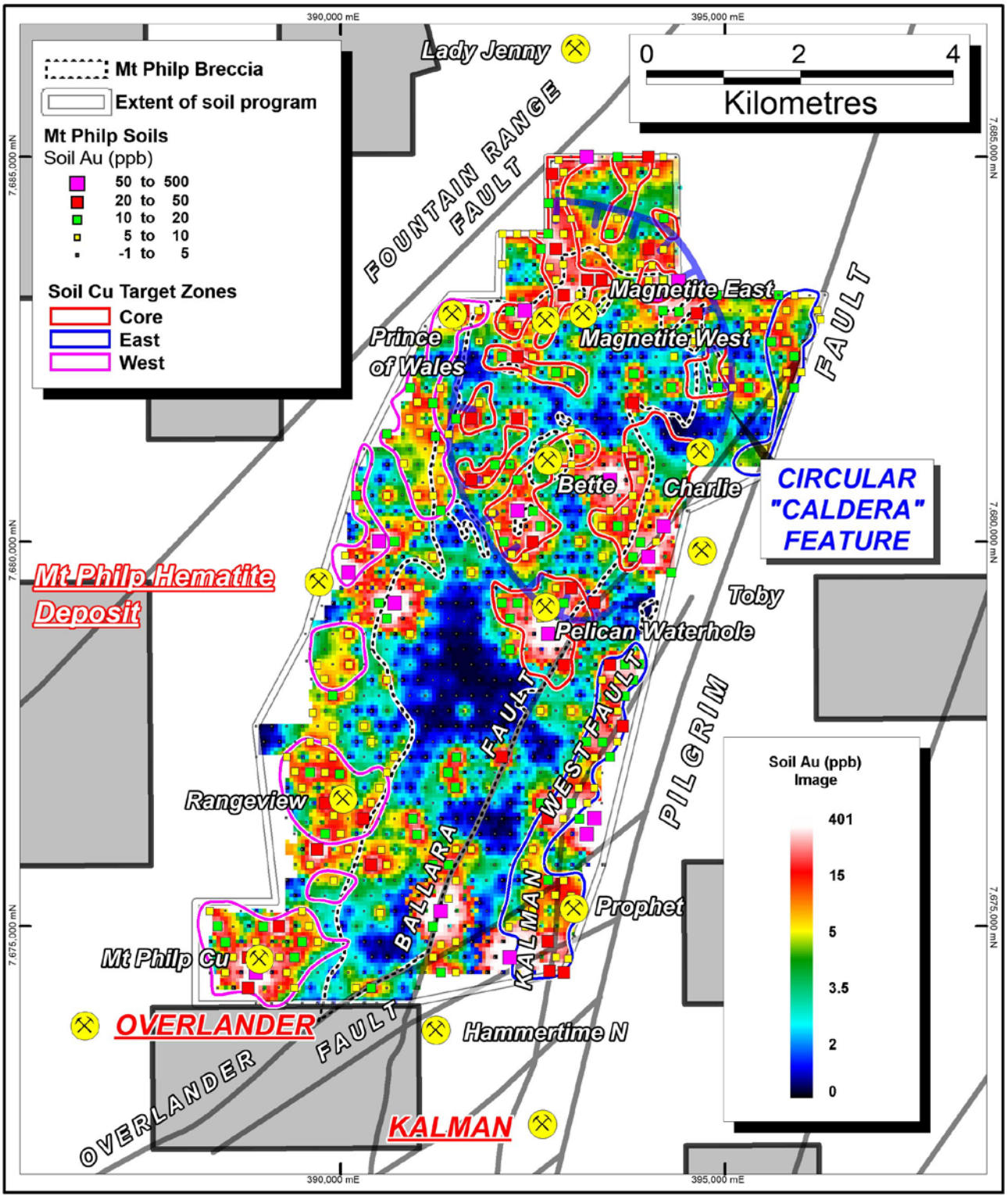

Figure 1 - Mount Philp Breccia Project showing Au soil results as points with Cu target zones on Au soil imagery

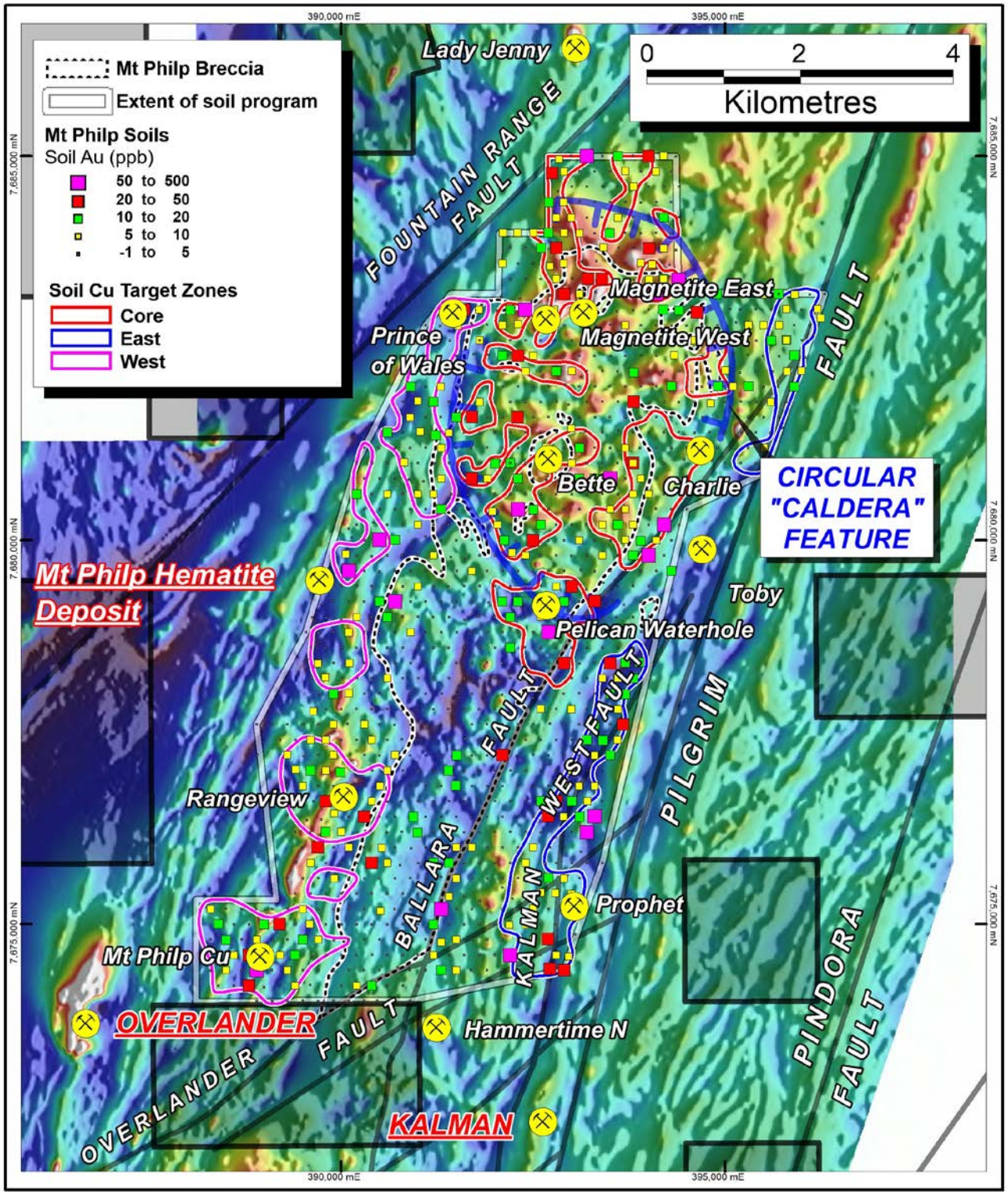

Figure 2 - Mount Philp Breccia Project showing Au soil results, Cu soil target zones on Magnetic imagery

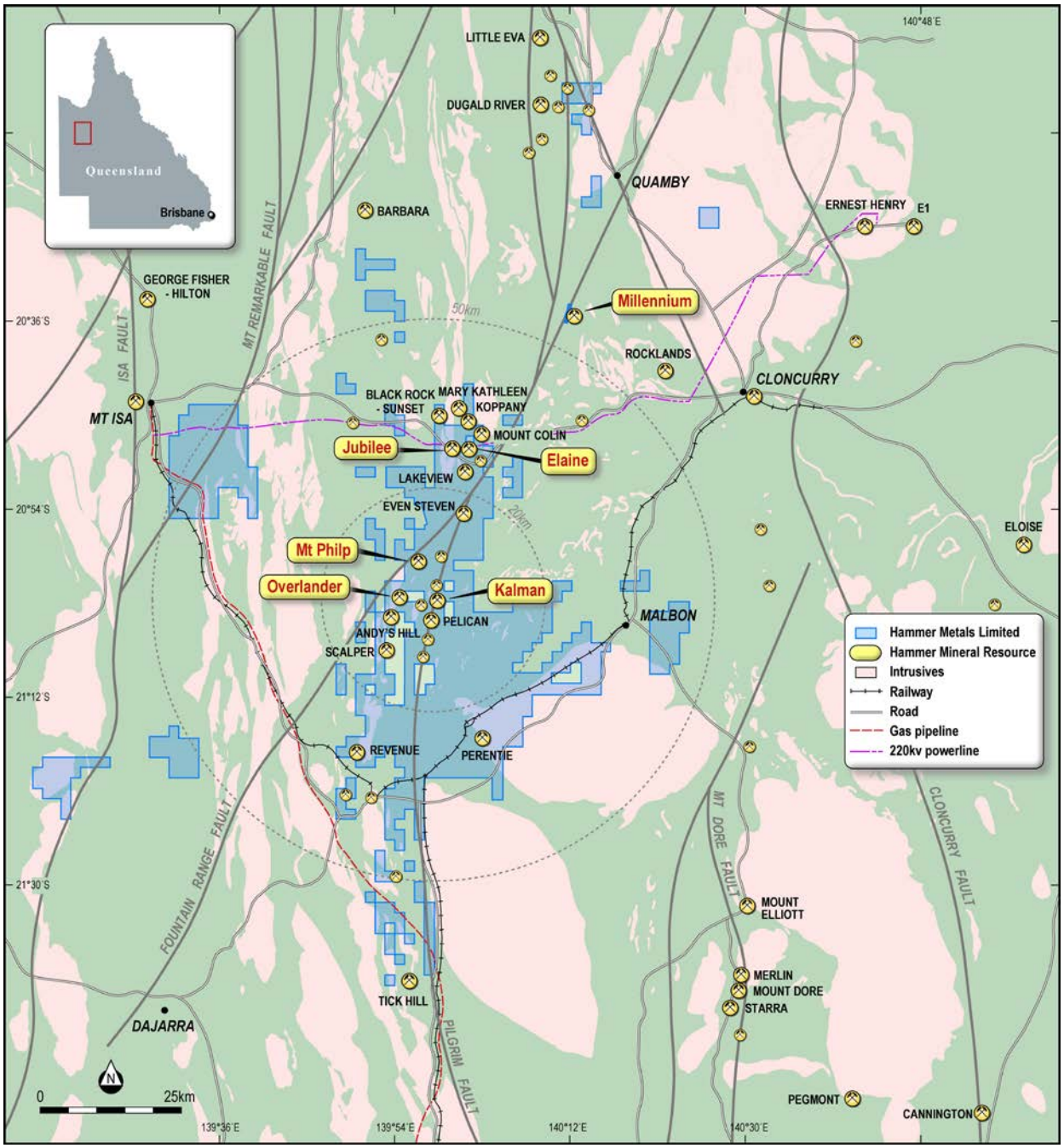

Figure 3 - Hammer Metals Mount Isa Project Tenements.

JORC Code, 2012 Edition

Table 1 report – Mt Philp Breccia Exploration Update

- This table is to accompany an ASX release updating the market with results as they are reported from soil sampling conducted over the Mt Philp Breccia Cu-Au Project.
- The project is located over multiple Exploration Licences, all held 100% by subsidiaries of Hammer Metals Limited.

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.*	MT PHILP PROJECT SOIL SAMPLING • Samples consist of -80#, C horizon soil samples. Sample weight was between 100-150 grams. • Samples were taken on an offset 200m spaced grid over an area of approximately 50sqkm. • Samples were analysed by an Olympus Vanta 40kv portable XRF unit for metals other than Au. • Au analyses were conducted by Intertek in Townsville, Queensland. They conducted their analyses by fire assay using a 25-gram charge with OES finish. This method had a detection limit of 1ppb. • The survey area is dominated by skeletal soils. Samples were taken below the organic layer, which is typically <15cm below surface.
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 has been conducted over the area of the Mt Philp Breccia.
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.*	• No drilling has been conducted over the area of the Mt Philp Breccia.

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.*	• No drilling has been conducted over the area of the Mt Philp Breccia.
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.*	• No drilling has been conducted over the area of the Mt Philp Breccia. MT PHILP PROJECT SOIL SAMPLING • Standard and blank samples were inserted into the sample stream at a rate of 2 standards and 2 blanks per 50 samples. • Duplicates were taken at a rate of 2 duplicates per 50 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.*	• No drilling has been conducted over the area of the Mt Philp Breccia. MT PHILP PROJECT SOIL SAMPLING • Standard and blank samples were inserted into the sample stream at a rate of 2 standards and 2 blanks per 50 samples. • Duplicates were taken at a rate of 2 duplicates per 50 samples. • Examination of standards and blanks indicated good repeatability.
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.*	• No drilling has been conducted over the area of the Mt Philp Breccia.

Criteria	JORC Code explanation	Commentary
	• *Discuss any adjustment to assay data.*	
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.*	• No drilling has been conducted over the area of the Mt Philp Breccia. MT PHILP PROJECT SOIL SAMPLING • Sample positions were logged with a handheld GPS with a horizonal position accuracy of approximately 5m
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.*	• No drilling has been conducted over the area of the Mt Philp Breccia. MT PHILP PROJECT SOIL SAMPLING • Samples were taken on an offset 200 metre spaced grid
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.*	• No drilling has been conducted over the area of the Mt Philp Breccia. MT PHILP PROJECT SOIL SAMPLING • The orientation of lines was east-west
Sample security	• *The measures taken to ensure sample security.*	• Pre-numbered bags were used, and samples were transported to Townsville in a sealed container by a lab-approved transport company.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• The datasets reported herein have been subject to data import validation. • All 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*	• The soil sampling was conducted over granted licences held by Mt Dockerell Mining Pty Ltd (EPM's 26776, 26775, 26474 & 26694)

Criteria	JORC Code explanation	Commentary
	licence to operate in the area.	
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• No drilling has been conducted over the area of the Mt Philp Breccia. MT PHILP PROJECT SOIL SAMPLING • Soil sampling with this extent and sample density has not been conducted in the Mt Philp region previously.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• No drilling has been conducted over the area of the Mt Philp Breccia. MT PHILP PROJECT SOIL SAMPLING • The Mt Philp project covers a large intrusive complex called the Mt Philp Breccia and sediments of the Corella Formation.
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 has been conducted over the area of the Mt Philp Breccia.
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.*	. MT PHILP PROJECT SOIL SAMPLING • Soil information has been presented as both gridded images and contours. The sample locations are also shown as thematically mapped responses colour coded responses according to copper levels.
Relationship between	• *These relationships are particularly important in the reporting of*	• No drilling has been conducted over the area of the Mt Philp Breccia.

Criteria	JORC Code explanation	Commentary
mineralisation widths and intercept lengths	*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').*	
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.*	• No drilling has been conducted over the area of the Mt Philp Breccia.
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.*	• A magnetic image is also presented in one of the figures. This 50m line-spaced survey was undertaken by Hammer Metals in 2017.
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.*	MT PHILP PROJECT SOIL SAMPLING • The Mt Philp project will be subject to a gravity survey and further geological mapping during 2019.