

ASX RELEASE

31 JULY 2019

**DIRECTORS /
MANAGEMENT****Russell Davis**
Chairman**Nader El Sayed**
Non-Executive Director**Ziggy Lubieniecki**
Non-Executive Director**Mark Pitts**
Company Secretary**Mark Whittle**
Chief Operating Officer**CAPITAL STRUCTURE****ASX Code: HMX**

Share Price (30/7/2019)	\$0.022
Shares on Issue	351m
Market Cap	\$7.7m
Options Listed	190m
Options Unlisted	32m

Significant Shareholders

Directors	13.4%
Deutsche Rohstoff	12.5%
Resource Capital Fund	7.1%
Zenith Pacific	6.8%

QUARTERLY ACTIVITIES REPORT**FOR THE PERIOD ENDING 30 JUNE 2019****BRONZEWING SOUTH PROJECT**

- On 17 May 2019 shareholders ratified the acquisition by Hammer Metals of Carnegie Exploration Pty Ltd. Carnegie holds a 100% interest in the **Bronzewing South Gold Project** which is located within the Yandal Greenstone Belt in Western Australia.
- The tenements acquired are all within a 20km radius of Echo's 2.5Mtpa Bronzewing Mill, securing under-explored terrain immediately along strike of the 2.3Moz Bronzewing Gold Mine and the 1Moz Orelia Deposit.
- An Induced Polarisation (IP) survey was underway late in the quarter with RC drilling scheduled to commence in the second week of August.

MOUNT ISA COPPER-GOLD PROJECT

- Reconnaissance rock chip sampling over soil anomalies defined in the **Mt Philp Breccia** continued to identify new zones of mineralisation at the Mt Philp East, Range View, Mt Philp Cu-Au, Old Camp, Pelican Waterhole and Charlie Prospects. Maximum individual grades of 18.5% Cu and 2.41g/t Au have been reported from these prospects. Detailed mapping and a regional gravity survey are planned in the second half of 2019.
- At the **Kings** prospect near Malbon gold and copper mineralisation has been defined in a north south mineralised quartz vein system over a strike length of 700m. The east-west trending **Charlotte** structure which intersects the Kings structure has also been sampled along a 500m strike length. Individual maximum grades of 12.9g/t Au and 15.8% Cu have been reported from this area.
- High grade gold has been reported at the **El Questro** Prospect with maximum individual grades of up to 99g/t Au sourcing from ferruginous quartz veins.
- Pit optimisation studies continue on the **Kalman**, **Overlander** and **Jubilee** deposits with results expected to be reported soon.

CORPORATE

- The sale of Hammers' 75% interest in the **Millennium Cobalt Project** and portions of tenements covering the cobalt prospects, Mt Dorothy and Cobalt Ridge was finalised. Consideration for the sale was the issue of GEMC ordinary shares giving Hammer a 19.9% interest in GEMC for a total deemed consideration of A\$1,364,102 at CAD0.065 per share.
- The acquisition of Carnegie Exploration Pty Ltd was ratified by shareholders at a general meeting on 17 May 2019. Consideration for the purchase was the issue to the vendors of Hammer ordinary shares to the value of \$550,000 at AUD0.025 per share.
- Subsequent to the end of the quarter Hammer announced that it had received firm bids to raise approximately \$1.76 million to accelerate exploration at the Bronzewing South Gold Project. (Refer to ASX release dated 30 July 2019.)
- Cash balance at end of June is \$1.05 million.

BRONZEWING SOUTH GOLD PROJECT

On 17 May 2019 shareholders ratified the acquisition of Carnegie Exploration Pty Ltd. (Refer to ASX announcement dated 17 May 2019.) Carnegie holds the Bronzewing South Gold Project which is located within the Yandal Greenstone Belt in Western Australia (Figure 1).

The project is considered to be a positive addition to Hammers' portfolio as it is located in a prime gold exploration location and close to existing infrastructure.

E36/854 located immediately south of the Bronzewing Mine is considered highly prospective due to the area's disrupted exploration history and extensive blanketing by barren transported cover (Figure 2). Historical grid based RAB and aircore drilling to bedrock indicates that surficial cover ranges between 2m and 40m in thickness. The drilling highlighted several anomalous zones within the Bronzewing corridor at Gleeson, Gaudron, Kirby and McHugh which have received limited follow-up with deeper RC and diamond drilling. The previous drilling only tested for north-south lode orientations which did not take into account the inherent structural complexity and variable orientation of the Bronzewing lodes. Significant results include¹:

- 4m @ 6.53g/t Au from 56m in NEWBWSA0453
- 4m @ 1.11g/t Au from 56m in ABWSA295
- 4m @ 1.48g/t Au from 108m in NEWBWSA0445
- 1m @ 5.67g/t Au from 127m in NEWBWSD0001
- 1m @ 3.45g/t Au from 161m, 1m @ 2.54 from 188m, 1m @ 4.42g/t Au from 230m and 1m @ 3.27g/t Au from 242m in NMTBWRCD3208

The Carnegie tenements also cover approximately 15km strike length of the shear zones along strike to the north of the Lotus pit and adjacent Orelia deposit held by Echo Resources Limited (Figure 2). Gold mineralisation occurs within north-northwest trending shear zones and is associated with quartz carbonate veinlets. The mineralised zones are more elongate, rather than pipelike as at Bronzewing.

RAB interface and aircore drilling to an average depth of 30m along the trend outlined numerous bottom-of-hole gold anomalies (0.1-1g/t Au) some of which have not been tested by deeper RC or diamond drilling. Significant intersections include²:

- 3m @ 12g/t Au from 18m in ARL6340/1057
- 3m @ 3.60g/t Au from 9m in ARL6160/1152
- 3m @ 2.35g/t Au from 6m in ARL6290/1055
- 3m @ 1.65g/t Au from 17m in ARLMM247

The **Kens Bore** prospect within E36/868 returned several strongly anomalous gold results in rock chips coinciding with a 3km long gold-in-soil anomaly at a granite – basalt contact marked by quartz veining. The previous shallow drilling at Ken's Bore is not considered to have fully tested the prospect.

¹ Sourced from open file Mines department reports by Audax Resources NL and Newmont Exploration Pty Ltd in addition to Audax Resources NL ASX releases between 2003 and 2005 (ASX: ADX). The data underlying these intercepts have been validated by Hammer Metals Limited personnel and it is the opinion of Hammer Metals that the historic exploration data are reliable.

² Sourced from open file Mines Department reports by Australian Resources Ltd and View Resources Ltd. The data underlying these intercepts have been validated by Hammer Metals Limited personnel and it is the opinion of Hammer Metals that the historic exploration data are reliable.

Exploration has commenced with an IP survey being conducted on the Bronzewing corridor immediately to the south of the Bronzewing Gold Deposit (Figures 4 and 5). (Refer to ASX announcements dated 5 June and 2 July 2019.) A program of RC drilling is anticipated to commence in August following the processing and interpretation of the IP data.

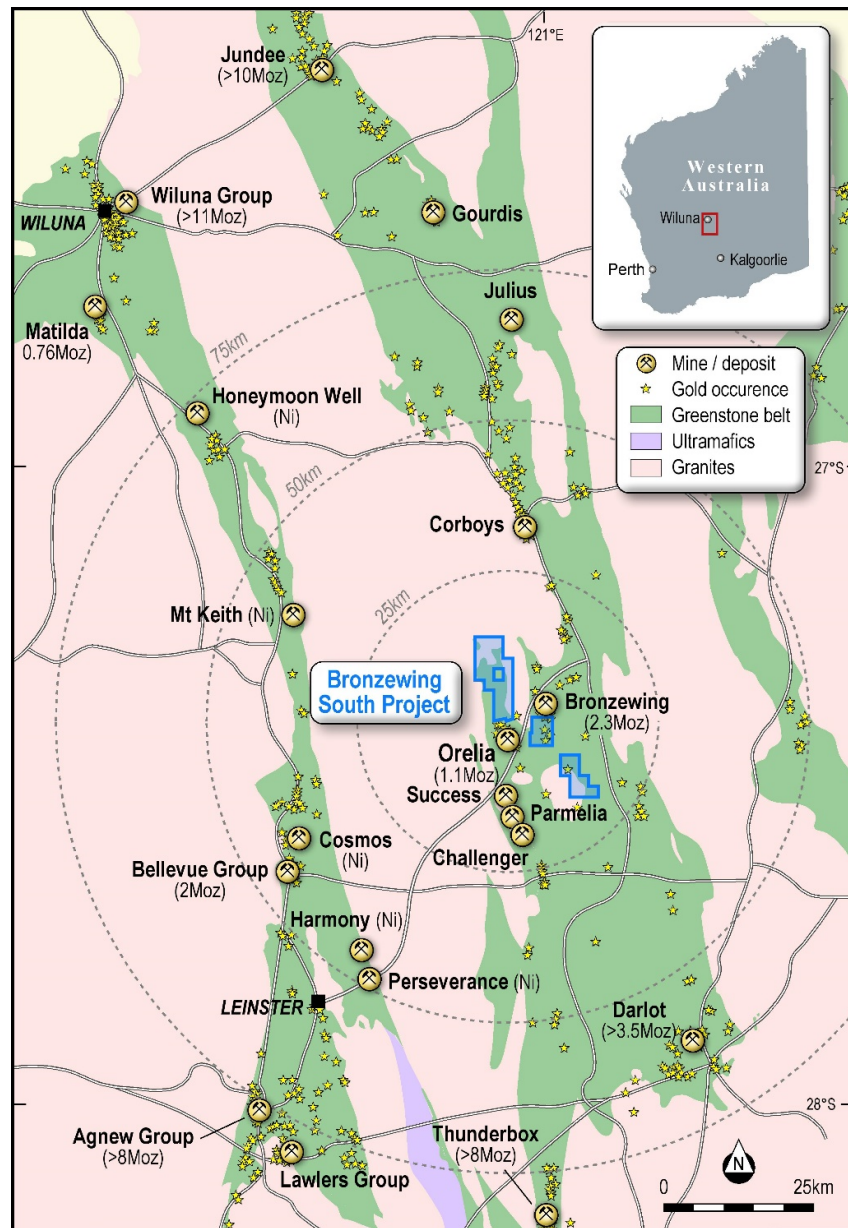


Figure 1 – Location of the Bronzewing South Project within the Yandal Belt in Western Australia

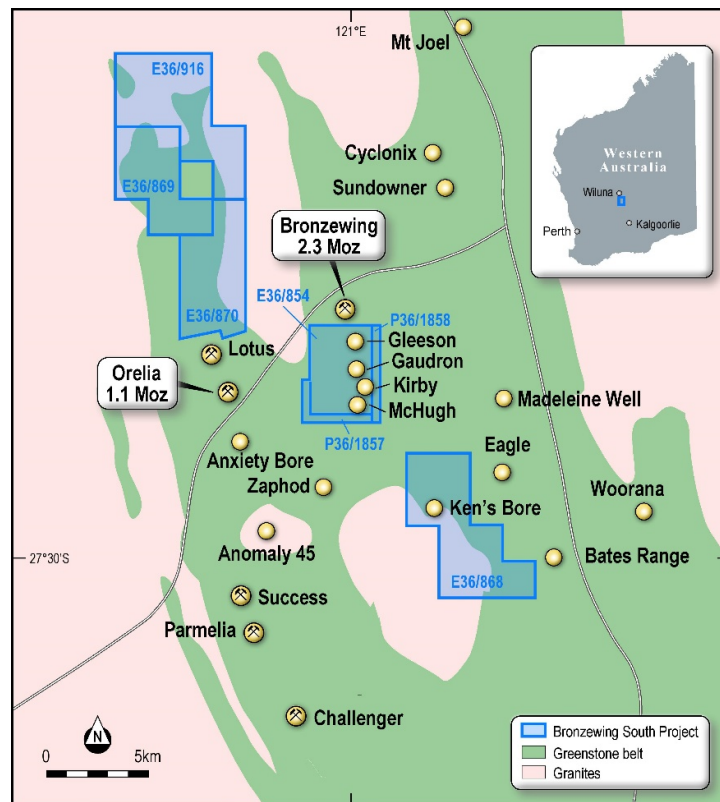


Figure 2 – The Bronzewing South Project covers the strike of prospective trends associated with the Orelia and Bronzewing Deposits

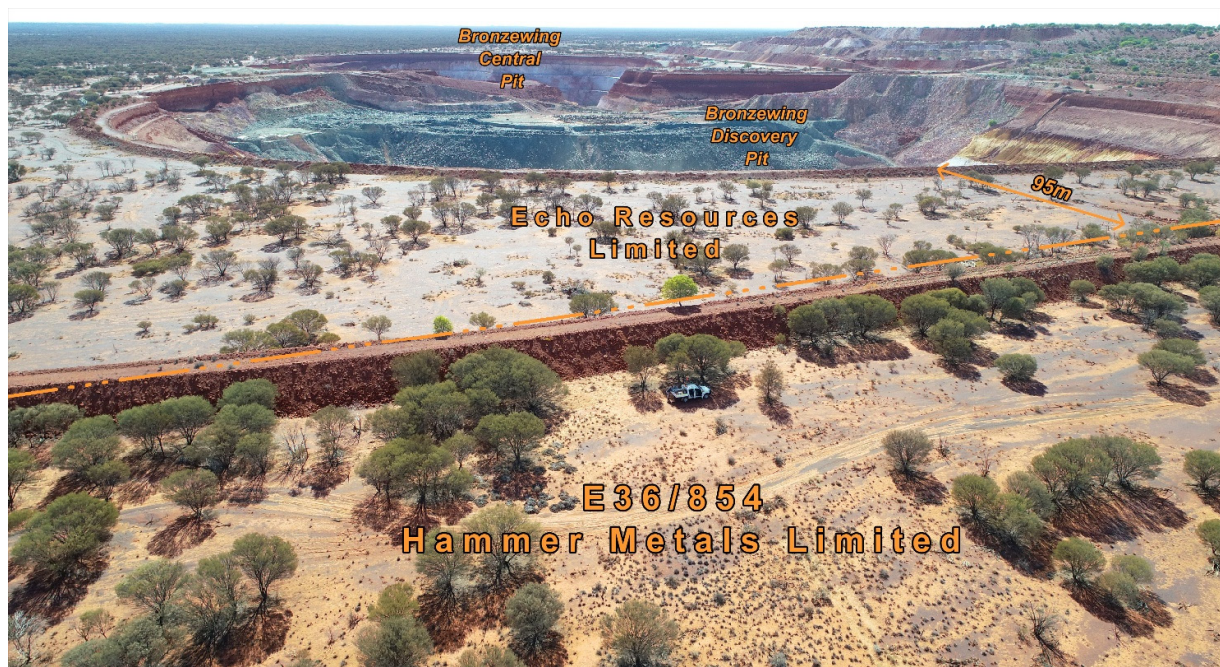


Figure 3 – Bronzewing South Gold Project tenement, E36/854, relative to the former Bronzewing Mine

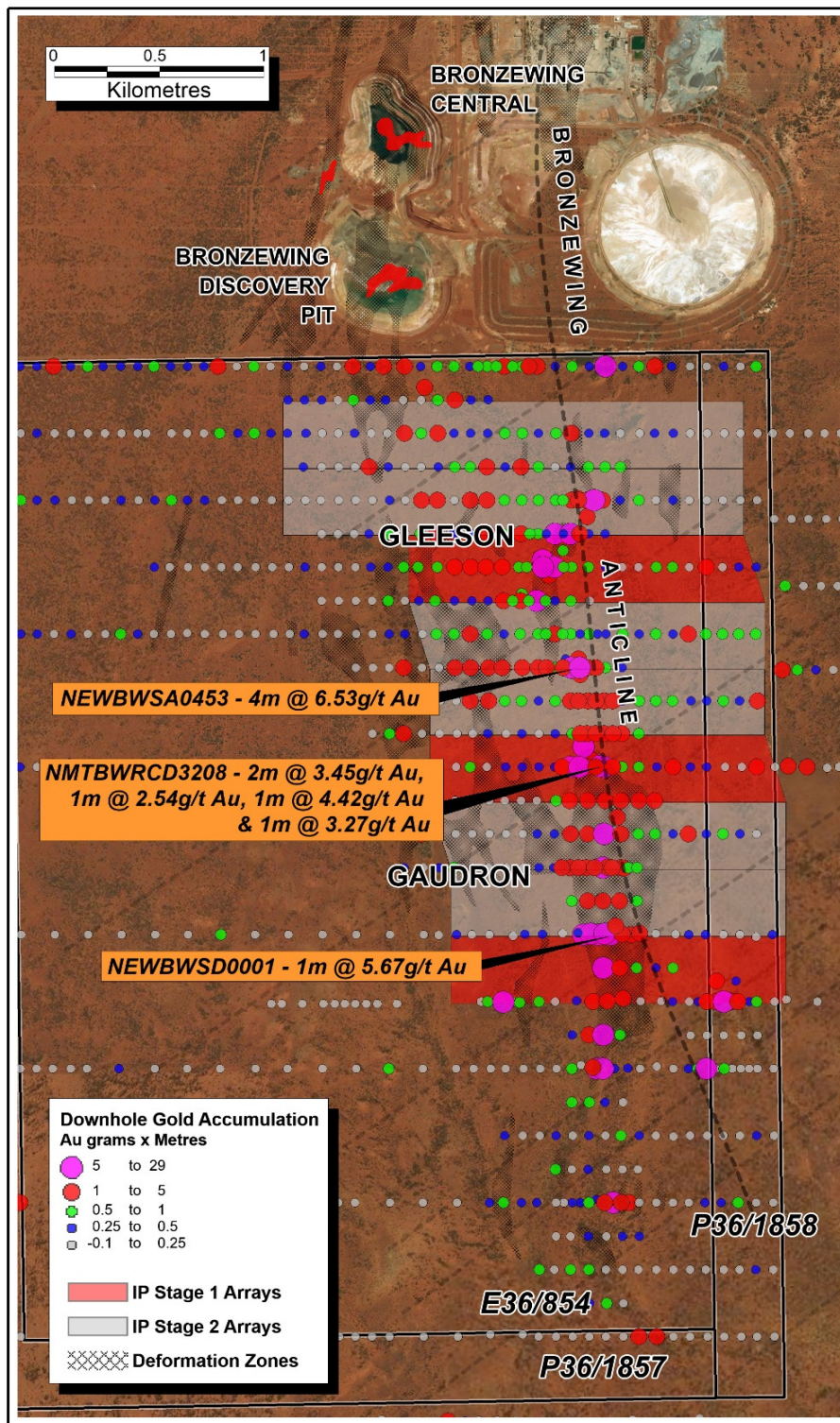


Figure 4 – Location of the Bronzewing South Induced Polarisation arrays along strike from the Bronzewing Gold Deposit



Figure 5 – Vortex Geophysics on site at Bronzewing South

MOUNT ISA COPPER-GOLD PROJECT

Hammer is exploring the Mount Isa project for large iron oxide copper-gold (IOCG) deposits of the Ernest Henry style (approximately 220 million tonnes at 1.1% Cu and 0.5g/t Au).

During the quarter, pit optimisation studies were conducted on the Kalman, Overlander and Jubilee deposits for in-house program planning purposes. This work indicates infill drilling on the Jubilee Deposit in order to upgrade the current Inferred resource to Indicated category is warranted.

Early stage exploration is focussed on the Malbon project and the Mt Philp Breccia complex with reconnaissance rock chip sampling being undertaken on multiple soil anomalies and mineralised zones.

MT PHILP BRECCIA PROJECT

The Mt Philp Breccia complex covers an area of approximately 50km² in the core of the Mt Isa Project area. During the previous quarter Hammer completed the analysis of a wide-ranging soil survey – the first of its kind over this prospective zone. (Refer to ASX announcement 1 April 2019.)

The geochemical data outlined multiple Cu-Au soil anomalies associated with and on the boundaries of the Mt Philp Breccia complex. These anomalies are progressively being investigated and ranked.

The company has currently defined 8 prospects which all display mineralisation and alteration consistent with IOCG systems (Figure 7). The reader is referred to ASX announcements dated 16 April and 11 June 2019 for details. Further sampling, ranking and geological mapping of these prospects is planned.

MALBON PROJECT

KINGS AND CHARLOTTE

Reconnaissance sampling was conducted over the Alice, Kings, Deadlock and Charlotte prospects in the Malbon region during the quarter. The sampling at Kings delineated a 700m long, north-south trending ferruginous quartz vein system with individual maximum assays of 12.9g/t Au and 15.8% Cu. At its southern extent the Kings structure is intersected by the east-west trending Charlotte structure which is also mineralised (Figures 8 and 9). The Charlotte structure has been sampled along a 500m strike length. (Refer to ASX releases dated 8 May and 11 June 2019.)

The area has not been drilled previously and Hammer plans detailed mapping and systematic sampling prior to undertaking a maiden drilling program.

EL QUESTRO

Reconnaissance sampling was conducted over an alluvial gold occurrence called El Questro located in the eastern margin of the Mt Isa Project area. Historic sampling undertaken by Battle Mountain (Australia) Inc reported gold grades of up to 83.4g/t from a quartz vein system in the vicinity of the alluvial workings. This zone was reviewed and extended 1km along strike with Hammer reporting significant grades of 99.4g/t, 15.1g/t and 2.57g/t. (Refer to ASX announcement dated 11 June 2019.)

The El Questro region has not previously been mapped or drilled. Further sampling and geological mapping are required to define the strike extent and width of mineralisation (Figure 10).

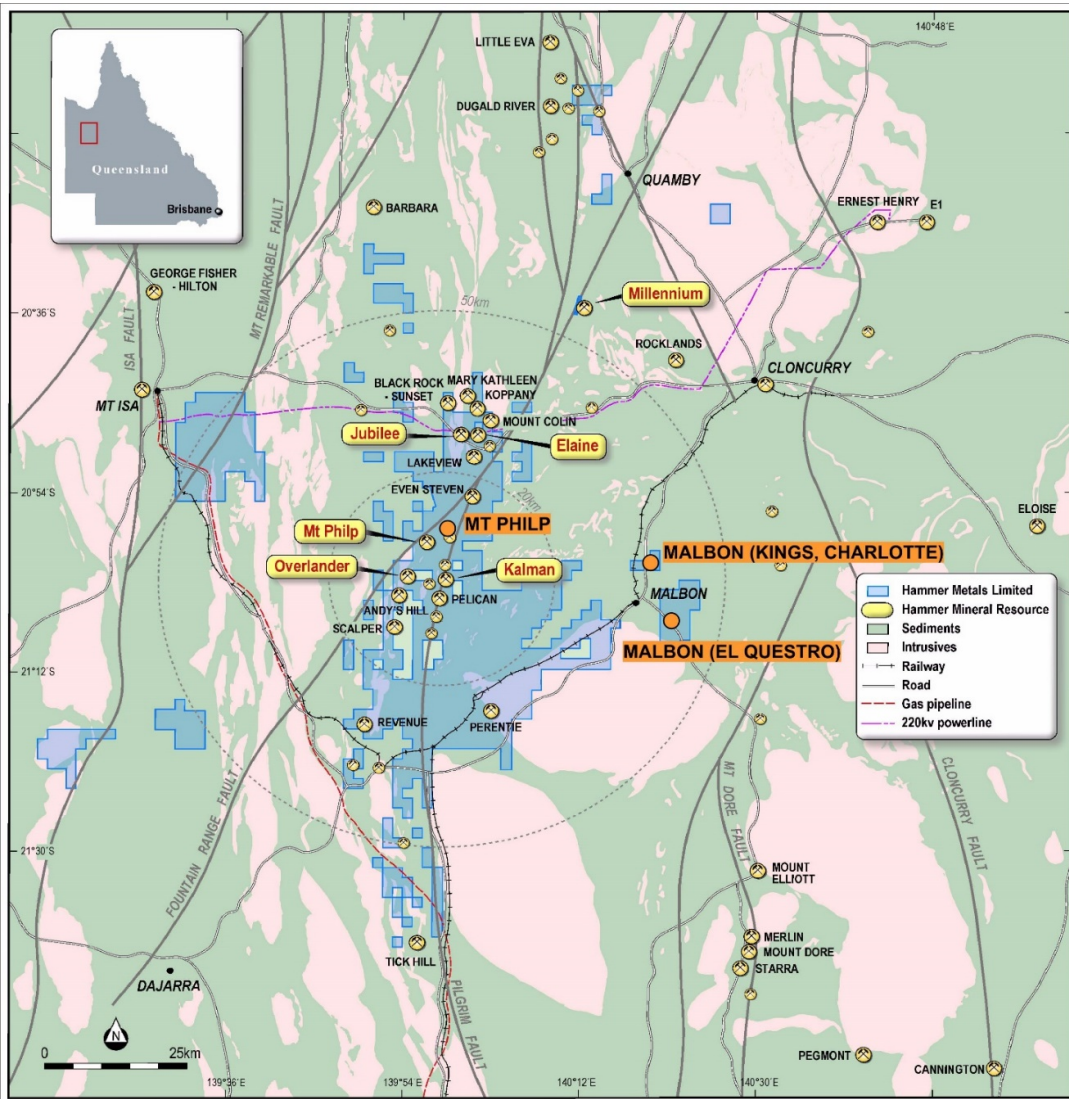


Figure 6 – Mount Isa Project showing the location of the Mt Philp and Malbon regions

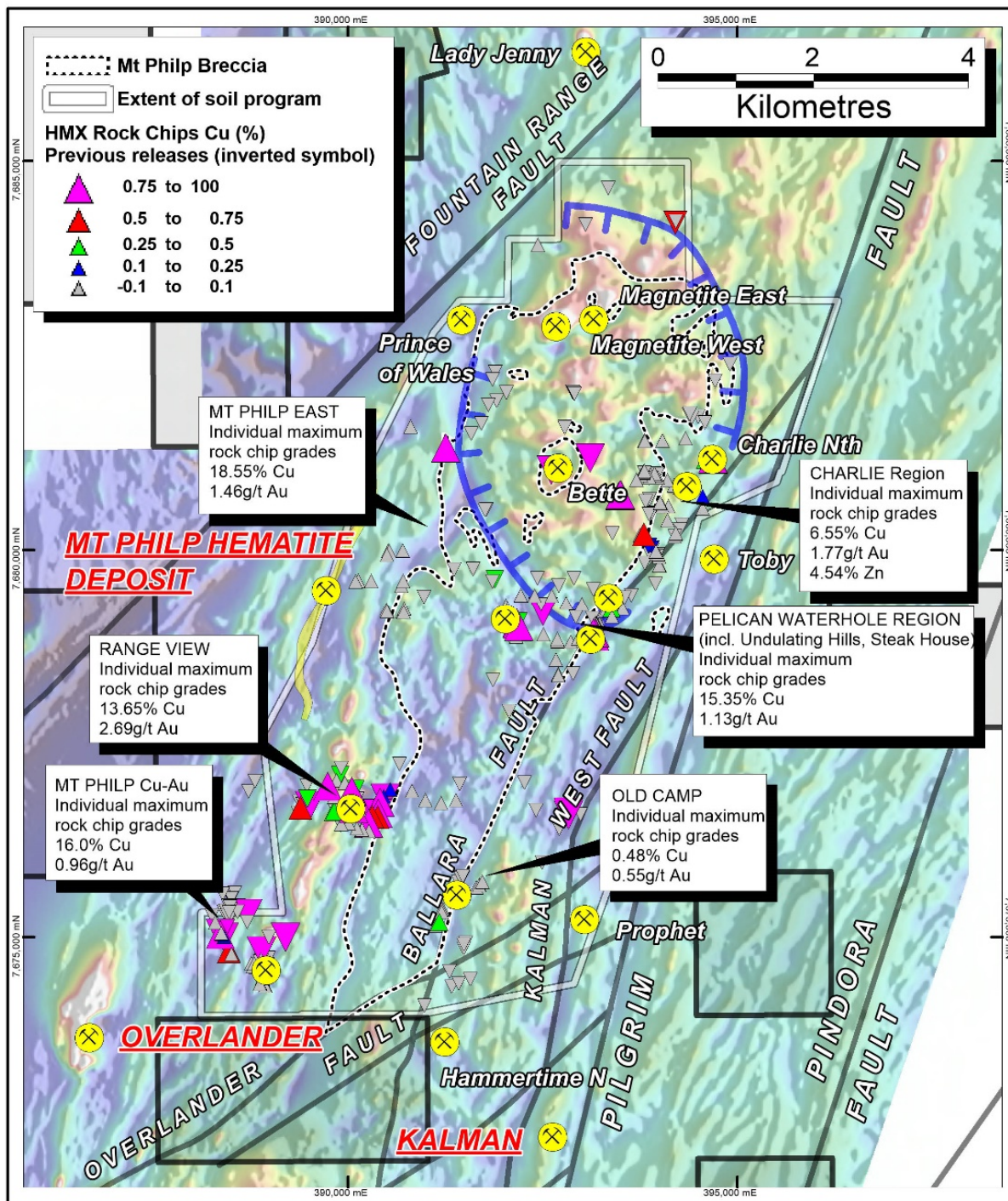


Figure 7 – Mt Phil Breccia complex showing the location of sampling conducted during the quarter



Figure 8 – Kings and Charlotte Prospect trends in the Malbon region

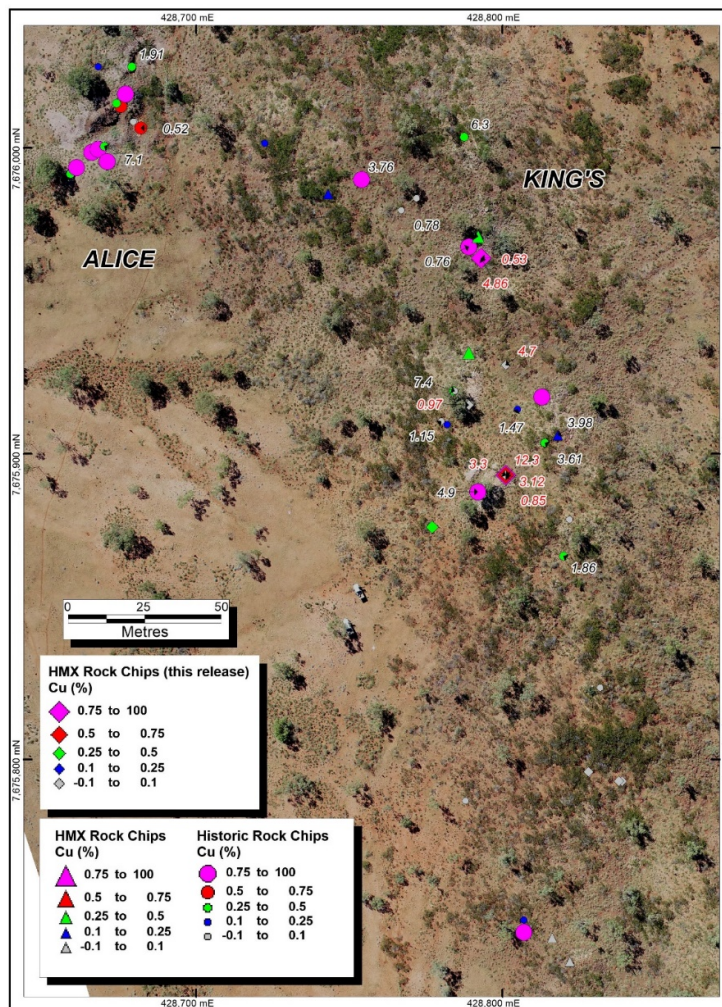


Figure 9 – Rock chip sample locations at the Kings Prospect coloured by Cu grade and annotated with Au grades above 0.5g/t.

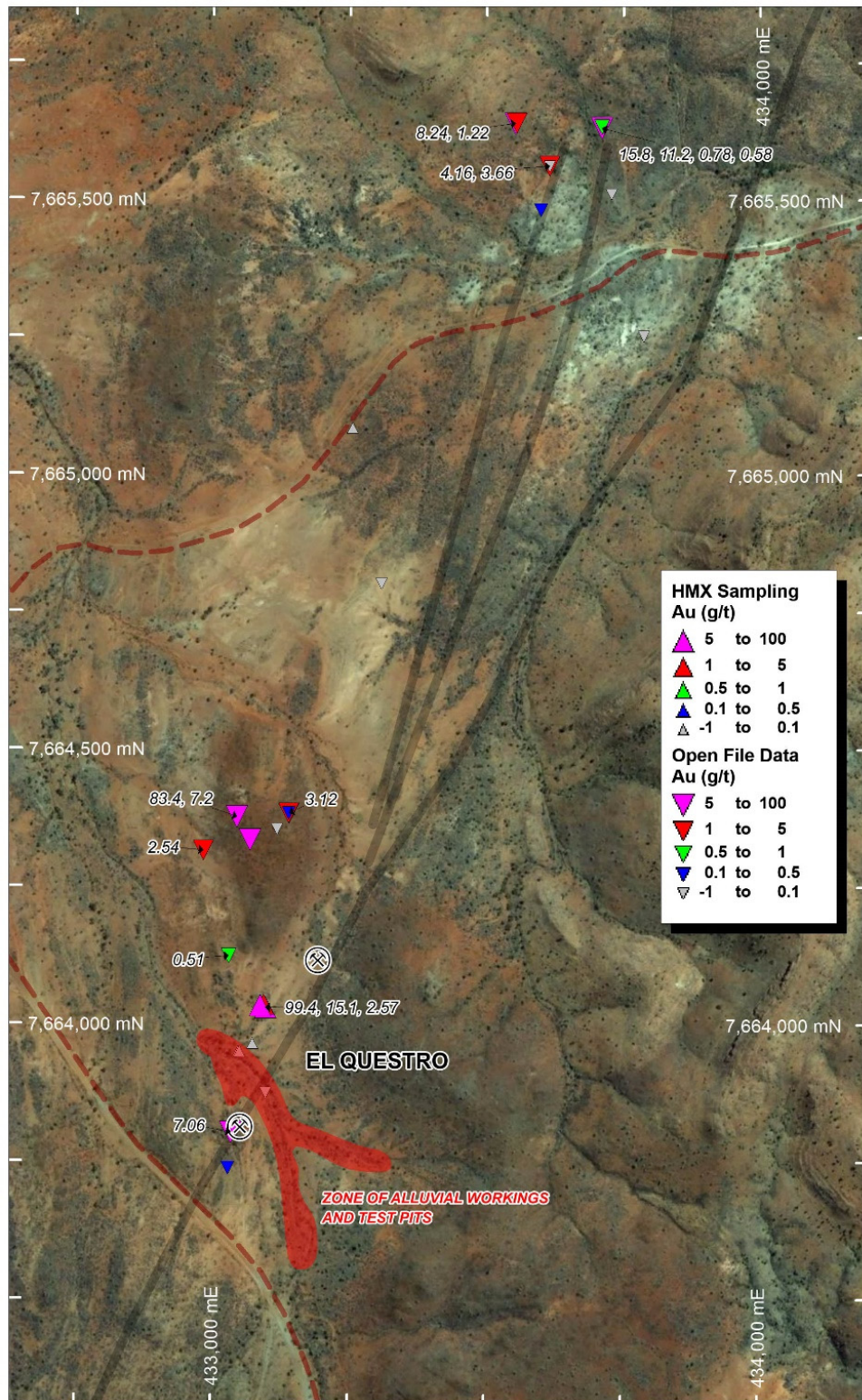


Figure 10 – El Questro Prospect with Hammer and historic sampling annotated with Au grades of above 0.5g/t

CORPORATE

The divestment of the 75% Hammer Metals interest in the Millennium Cobalt project to TSX-listed Global Energy Metals Corporation (GEMC) was finalised late in the quarter. The consideration for the project was the issue to Hammer of 19,255,641 GEMC ordinary shares resulting in Hammer holding a 19.9% interest in GEMC following the sale. The GEMC ordinary shares were issued at a share price of C\$0.065 for a total deemed consideration of C\$1,251,616 (A\$1,364,102) for the acquisition. As part of the agreement Hammer also has divested the cobalt targets of Mt Dorothy and Cobalt Ridge to GEMC. Hammer will remain operator of the properties until the first anniversary of the sale agreement with the arrangement being reviewed on an annual basis thereafter. Provided Hammer maintains a 10% interest in GEMC, Hammer has the right to nominate one person to the GEMC board of directors. (Refer to ASX announcements dated 27 June 2018 and 1 July 2019.)

The acquisition of Carnegie Exploration Pty Ltd which holds the Bronzewing South Gold Project was approved at a general meeting of shareholders on 17 May 2019. The terms of the acquisition were payment to the vendors of Hammer ordinary shares to the value of \$550,000, with the number of shares based on the 60-day VWAP calculated up until the date of the execution of the agreement. (Refer to ASX announcements dated 14 March 15 April and 2 May 2019.)

Subsequent to the end of the quarter the Company announced it had received firm offers for a capital raising of \$1.76 million. (Refer to ASX release dated July 30, 2019.)

The company held \$1.05 million on deposit at the end of the quarter.

For further information please contact:

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Chairman

Mark Whittle
Chief Operating Officer

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About Hammer Metals

Hammer Metals Limited (ASX: HMX) holds a strategic tenement position covering approximately 2200km² 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 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. Hammer has recently acquired a 100% interest in the Bronzewing South Gold Project located adjacent to the 2.3 million-ounce Bronzewing gold deposit in the highly endowed Yandal Belt of Western Australia.

Competent Person Statements

The information in this report as it relates to exploration results and geology was compiled by Mr. Mark Whittle, who is a Fellow 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.

Where reference is made to previous releases of exploration results and mineral resource estimates in this announcement, the Company confirms that it is not aware of any new information or data that materially affects the information included in those announcements and all material assumptions and technical parameters underpinning the exploration results and mineral resource estimates included in those announcements continue to apply and have not materially changed.

Appendix A -Tenement Interests at the end of June 2019 as per Listing Rule 5.3.3

PROJECT	TENEMENT	STATUS	INTEREST %	Acquired during quarter	COMMENT
Mt Isa Copper-Gold Project - QLD	EPM 11919	Granted	100%	No	Subject to 1.5% NSR
	EPM 12205	Granted	100%	No	
	EPM 13870	Granted	100%	No	Subject to 2% NSR
	EPM 14019	Granted	100%	No	
	EPM 14022	Granted	100%	No	
	EPM 14467	Granted	51%	No	
	EPM 18084	Granted	80%	No	
	EPM 25145	Granted	100%	No	
	EPM 25165	Granted	100%	No	Subject to 1.5% NSR
	EPM 25866	Granted	100%	No	
	EPM 25867	Granted	100%	No	
	EPM 26126	Granted	100%	No	
	EPM 26127	Granted	100%	No	
	EPM 26130	Granted	100%	No	
	EPM 26474	Granted	100%	No	
	EPM 26511	Granted	100%	No	
	EPM 26512	Granted	100%	No	
	EPM 26628	Granted	100%	No	
	EPM 26694	Granted	100%	No	
	EPM 26775	Granted	100%	No	
	EPM 26776	Granted	100%	No	
	EPM 26777	Granted	100%	No	
	EPM 26809	Application	100%	No	
	EPM 26902	Granted	100%	No	Granted during quarter
	EPM 26904	Granted	100%	No	Granted during quarter
	EPM 27018	Granted	100%	No	Granted during quarter
	ML 2512	Granted	0%	No	Divested during quarter
	ML 2761	Granted	0%	No	Divested during quarter
	ML 2762	Granted	0%	No	Divested during quarter
	ML 7506	Granted	0%	No	Divested during quarter
	ML 7507	Granted	0%	No	Divested during quarter
Pilbara Iron Ore - WA	E08/1997	Granted	100%	No	
Bronzewing South Gold Project - WA	E36/854	Granted	100%	Yes	Acquired by acquisition during quarter
	E36/868	Granted	100%	Yes	Acquired by acquisition during quarter
	E36/869	Granted	100%	Yes	Acquired by acquisition during quarter
	E36/870	Granted	100%	Yes	Acquired by acquisition during quarter
	E36/916	Granted	100%	Yes	Acquired by acquisition during quarter
	P36/1857	Granted	100%	Yes	Acquired by acquisition during quarter

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

HAMMER METALS LIMITED

ABN

87 095 092 158

Quarter ended ("current quarter")

30 June 2019

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers	-	-	-
1.2 Payments for			
(a) exploration & evaluation	(281)	(1,484)	
(b) development	-	-	
(c) production	-	-	
(d) staff costs	(24)	(155)	
(e) administration and corporate costs	(197)	(651)	
1.3 Dividends received (see note 3)	-	-	
1.4 Interest received	1	3	
1.5 Interest and other costs of finance paid	-	-	
1.6 Income taxes paid	-	-	
1.7 Research and development refunds	184	367	
1.8 Other – miscellaneous	9	36	
1.8 Other – exploration expenditure relating to farm-in	(22)	(328)	
1.9 Net cash from / (used in) operating activities	(330)	(2,212)	
2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) property, plant and equipment	-	-	
(b) tenements (see item 10)	-	-	
(c) investments	-	-	

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – Cash call from JV Partner	15	15
2.5	Other – Cash disposed on sale of Subsidiary	(14)	(14)
2.6	Net cash from / (used in) investing activities	1	1
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	280	1,200
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(6)	(136)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – proceeds from issues of options	-	807
3.10	Net cash from / (used in) financing activities	274	947
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,104	1,389
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(330)	(2,212)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1	1
4.4	Net cash from / (used in) financing activities (item 3.10 above)	274	1,871

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,049	1,049

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	663	692
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other – JV bank accounts	386	412
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,049	1,104

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

59

-

Directors remuneration and consulting fees for the quarter.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	240
9.2 Development	-
9.3 Production	-
9.4 Staff costs	25
9.5 Administration and corporate costs	85
9.6 Other – exploration relating to farm-ins	75
9.7 Total estimated cash outflows	425

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	ML2512 ML2761 ML2762 ML7506 ML7507	<u>Element Minerals Australia Pty Ltd</u> Company divested during quarter	75%	0%
10.2 Interests in mining tenements and petroleum tenements acquired or increased	E36/854 E36/868 E36/869 E36/870 E36/916 P36/1857 P36/1858	<u>Carnegie Exploration Pty Ltd</u> Company acquired during quarter	0%	100%

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:  Date: 31 July 2019
(Company secretary)

Print name: Mark Pitts

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.