

ASX RELEASE

5 December 2019

DIRECTORS / MANAGEMENT

Russell Davis

Chairman

Daniel Thomas

Managing Director

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 (2/12/2019) | \$0.027 |
| Shares on Issue | 439m |
| Market Cap | \$11.9m |
| Options Listed | 190m |
| Options Unlisted | 25m |

Significant Shareholders

| | |
|-------------------|-------|
| Directors | 12.4% |
| Deutsche Rohstoff | 7.2% |
| Zenith Pacific | 5.1% |

HAMMER RECEIVES FIRM COMMITMENTS FOR SUCCESSFUL \$1.5 MILLION EQUITY RAISING AND ANNOUNCES SHARE PURCHASE PLAN OFFER

- Placement to raise \$1.5 million at an issue price of \$0.022 per share
- The Placement was well supported by a number of existing shareholders and new sophisticated & institutional investors representing a strong endorsement of Hammer's recent exploration success at the Bronzewing South project
- Following completion of the Placement, Hammer will be well funded to undertake follow-up drilling at Bronzewing South and Orelia testing multiple high priority targets identified during the initial drilling campaigns
- A Share Purchase Plan (SPP) on the same terms, will shortly be offered to eligible shareholders to raise up to an additional \$1 million

Hammer's Managing Director, Dan Thomas said: "We are delighted with the outcome of the Placement that was well supported by existing shareholders and a number of new institutional investors, well exceeding the amount sought. With the recent success of the initial drill campaigns at both Bronzewing South and Orelia North, we are excited to continue the momentum through December and into 2020."

Overview

Hammer Metals Limited (ASX: HMX) ("Hammer" or the "Company") is pleased to announce that it has successfully undertaken a Placement that will raise a total of \$1.5 million from the issuance of approximately 68.2 million new shares ("New Shares") at an issue price of \$0.022 per share ("Placement").

The Placement was strongly supported by existing shareholders and introduced a number of new, high quality domestic and international investors to Hammer's share register. The Placement ensures Hammer will be well funded to undertake a follow-up exploration programme on its 100% owned tenements at Bronzewing South and Orelia North throughout December and into Q1 2020.

The Company intends to complete follow up aircore and reverse circulation drilling at high priority targets identified during the initial drill campaigns at Bronzewing South and Orelia North.

Drilling at Orelia North has since been concluded, with the company awaiting the completion of assays. Once all assay results are received, they will be reviewed by the Company and released in the ordinary course of business. Results from a number of additional holes following up on the anomalies identified at Target 1 (Refer ASX announcement dated 18 November 2019) will also be released once received.

Hammer will also be active in Mt Isa in early 2020 with its work program for the JOGMEC joint venture. Hammer will review and update its exploration priorities on the broader Mt Isa portfolio, continuing to pursue focussed exploration activities, whilst remaining open to considering value accretive partnership opportunities.

Placement Details

The issue price of 2.20 cents represents a 18.5% discount to Hammer's last closing price of 2.70 cents per share on 2 December 2019, a 13.4% discount to the 5-day VWAP of 2.54 cents per share and a 4.2% discount to the 30-day VWAP of 2.30 cents per share.

New Shares issued under the Placement will rank equally with existing shares on issue and are expected to be allotted on Tuesday, 10 December 2019. Trading of the New Shares will commence on a normal settlement basis on the ASX on the following day.

The Placement has been conducted pursuant to the Company's existing placement capacity, with 24,280,099 New Shares to be issued under ASX Listing Rule 7.1 and 43,901,719 New Shares to be issued under ASX Listing Rule 7.1A.

Discovery Capital Partners acted as Lead Manager to the Placement.

Share Purchase Plan Details

The SPP is open to eligible Hammer Metals shareholders as at 5.00pm (AWST) on the record date of Wednesday, 4 December 2019 ("Record Date") and whose registered address is in Australia, New Zealand, or Hong Kong ("Eligible Holders"). Eligible Holders will be invited to invest up to a maximum of A\$30,000 per shareholder in the SPP, subject to any scale back, to raise approximately A\$1,000,000 (or approximately 45.5 million shares).

New shares issued under the SPP will be offered at the Placement Price of A\$0.022 per share.

Certain of the HMX Directors eligible to participate in the Offer intend to take up the maximum SPP entitlement of \$30,000 worth of Shares and have committed to taking up to \$100,000 of shortfall in the SPP (if any), subject to shareholder approval. This represents a strong indication of support from the Company's Board.

No brokerage will be payable by subscribing shareholders. Discovery Capital Partners is acting as lead manager.

Further details on the SPP and an SPP offer booklet will be distributed to Eligible Holders shortly and released on the ASX.

For further information please contact:

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Managing Director

Mark Whittle
Chief Operating Officer

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About Hammer Metals

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 and the Elaine (Cu-Au) deposit. Hammer also has 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. Hammer has recently acquired a 100% interest in the Bronzewing South Gold Project located adjacent to the Bronzewing gold deposit in the highly endowed Yandal Belt of Western Australia.

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