

**ASX RELEASE**

31 January 2020

**DIRECTORS /  
MANAGEMENT****Russell Davis**

Non- Executive 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 (29/01/2020)	\$0.022
Shares on Issue	507m
Market Cap	\$11.2m
Options Listed	190m
Options Unlisted	33m
Performance Rights	8m

**QUARTERLY ACTIVITIES REPORT****FOR THE PERIOD ENDING 31 DECEMBER 2019****BRONZEWING SOUTH PROJECT**

- The maiden aircore drilling program on the North Orelia trend at the **Bronzewing South Gold Project** in the Yandal Greenstone Belt was completed, with significant results from shallow depths including:
  - **14m at 1.80g/t Au** from 12m including 3m at 5.57g/t Au from 21m in BWSAC0026; and
  - **10m at 1.82g/t Au** from 9m including 3m at 5.78g/t from 12m in BWSA00121.
- Drilling at Target 1 has delineated three mineralised trends. Planning is underway for a follow-up reverse circulation drilling program to test the extent of these mineralised zones along-strike and down-dip.
- Drilling at Targets 2 and 3 tested geochemical targets and 32 of the 113 aircore holes contained gold assays greater than 0.1g/t. Further interpretation of these results is generating additional targets for future drilling.

**MOUNT ISA COPPER-GOLD PROJECT**

- Farm-in and Joint Venture ("JV") Agreement signed with Japan Oil, Gas and Metals National Corporation ("JOGMEC") over four areas within the Hammer Metals Mount Isa Project.
- The JV covers sections of the Even Steven, Mount Philp Breccia, Dronfield West and Malbon target areas covering approximately 290km<sup>2</sup> of Hammer's 2,200km<sup>2</sup> Mount Isa Project.
- Hammer retains a 100% interest in the existing resources at the Kalman Cu-Au-Mo-Re deposit, the Overlander Cu deposits and the Elaine Cu-Au deposit as well as its 51% interest in the Jubilee Cu-Au deposit.
- Joint ventures and strategic partnerships for sections of the Mount Isa Project continue to be pursued.

**CORPORATE**

- Hammer raised approximately \$1.5 million to accelerate exploration at the Bronzewing South Gold Project. (Refer to ASX release dated 5 December 2019.)
- A Share Purchase Plan (SPP) was offered to shareholders at an issue price of \$0.022 per share. The SPP and subsequent shortfall placement was completed raising \$1.14 million post the completion of this reporting period.
- Cash balance at the end of December is \$2.1 million.

## **BRONZEWING SOUTH GOLD PROJECT**

### **North Orelia**

Drilling of a first phase aircore (AC) program was conducted on three of the four target areas at the North Orelia trend at the Bronzewing South gold project (Refer to ASX releases dated 18 November 2019 and 23 December 2019 for details).

#### ***Target 1***

Drilling at Target 1 delineated three north-south mineralised trends with the central trend extending over a 500m strike length. The central mineralisation trend remains open to the south. The westernmost trend is on the extremity of historical drilling and also remains open to both the north and south. (Figure 2). Significant assays include:

- 14m at 1.80g/t Au from 12m including 3m at 5.57g/t Au from 21m in BWSAC0026;
- 3m at 1.65g/t Au from 17m in BWSAC0036;
- 19m at 0.63g/t Au from 4m including 1m at 8.87g/t Au from 13m in BWSAC0061;
- 3m at 2.68g/t Au from 26m including 1m at 4.12g/t Au from 26m in BWSAC089;
- 10m at 1.82g/t Au from 9m including 3m at 5.78g/t from 12m in BWSA00121; and
- 12m at 0.79g/t Au from 8m including 4m at 1.96g/t Au from 8m in BWSAC0127.

Follow up drilling at Target 1 was completed with holes BSWAC0241 to BSWAC0254 focussing on potential extensions of the three mineralised trends. Whilst aircore drilling provides an effective and efficient broad test of mineralised zones, this method cannot penetrate significantly into fresh rock. Several follow-up holes failed and were abandoned due to poor penetration (Figure 4). The best results from the additional drilling at Target 1 included:

- 4m at 0.74g/t Au from 16m in BWSAC0246; and
- 8m at 0.34g/t Au from 16m in BWSAC0251.

#### ***Targets 2 and 3***

Drilling at Targets 2 and 3, failed to intercept significant mineralisation however the results did identify geochemically significant zones of gold anomalism in weathered cover. Over 25 per cent (32 holes out of 113 holes) of the drilling at Targets 2 and 3 contained gold assays greater than 0.1g/t. The anomalous gold and geological interpretation of these results has highlighted several areas for Hammer to test in its upcoming aircore program.

#### ***Follow up Work Program***

Detailed planning is underway for follow up AC and RC drilling campaigns at North Orelia. Several areas have been identified for follow-up drilling, including:

- reverse circulation drilling under and along strike of mineralised trends intercepted at Target 1 including re-drilling aircore holes which failed to penetrate the interpreted mineralised zones;
- aircore drilling further to the south on the central and eastern trends at Target 1;
- aircore drilling of additional target areas near Targets 2; and
- Target 4 remains untested and will be considered for aircore drilling in the next program.

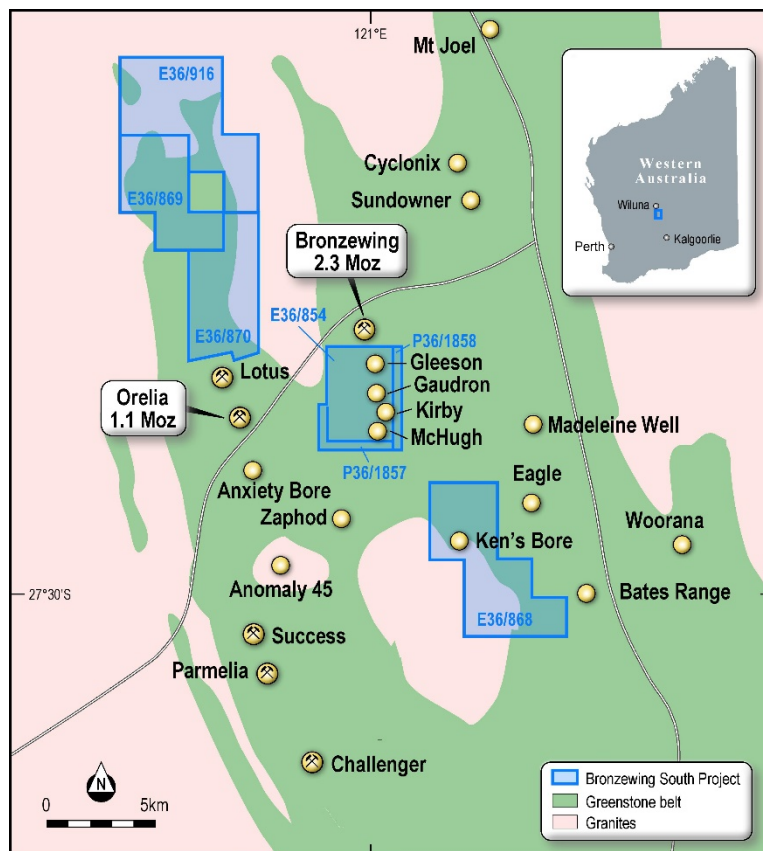
## Bronzewing South

Hammer's first drilling program at Bronzewing South was a 14 hole, 2,743m RC program that tested five targets on mineralised trends to the south of the 3.4Moz Bronzewing deposit. Further evaluation of this program, Hammer's IP survey and historical drilling has increased Hammer's geological understanding of the area and will help guide Hammer's upcoming planned activities for this area.

A follow up AC program at Bronzewing South is being planned, focussing on the eastern boundary of the Bapinmarra Dolerite. This unit is interpreted to control the western extent of mineralisation at the Bronzewing gold mine. Within the Bronzewing South Project this target zone has been poorly tested by historic drilling. An updated geophysical interpretation is also underway, and the results of this work will inform follow-up RC drilling.

## Ken's Bore

The Ken's Bore prospect is associated with 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. Historic shallow drilling at Ken's Bore is not considered to have fully tested the prospect. A first pass RC program testing a geophysical (EM) anomaly at Ken's Bore area is also being considered by the Company.



**Figure 1: The Bronzewing South Project covers the strike of trends of the Orelia and Bronzewing Deposits**



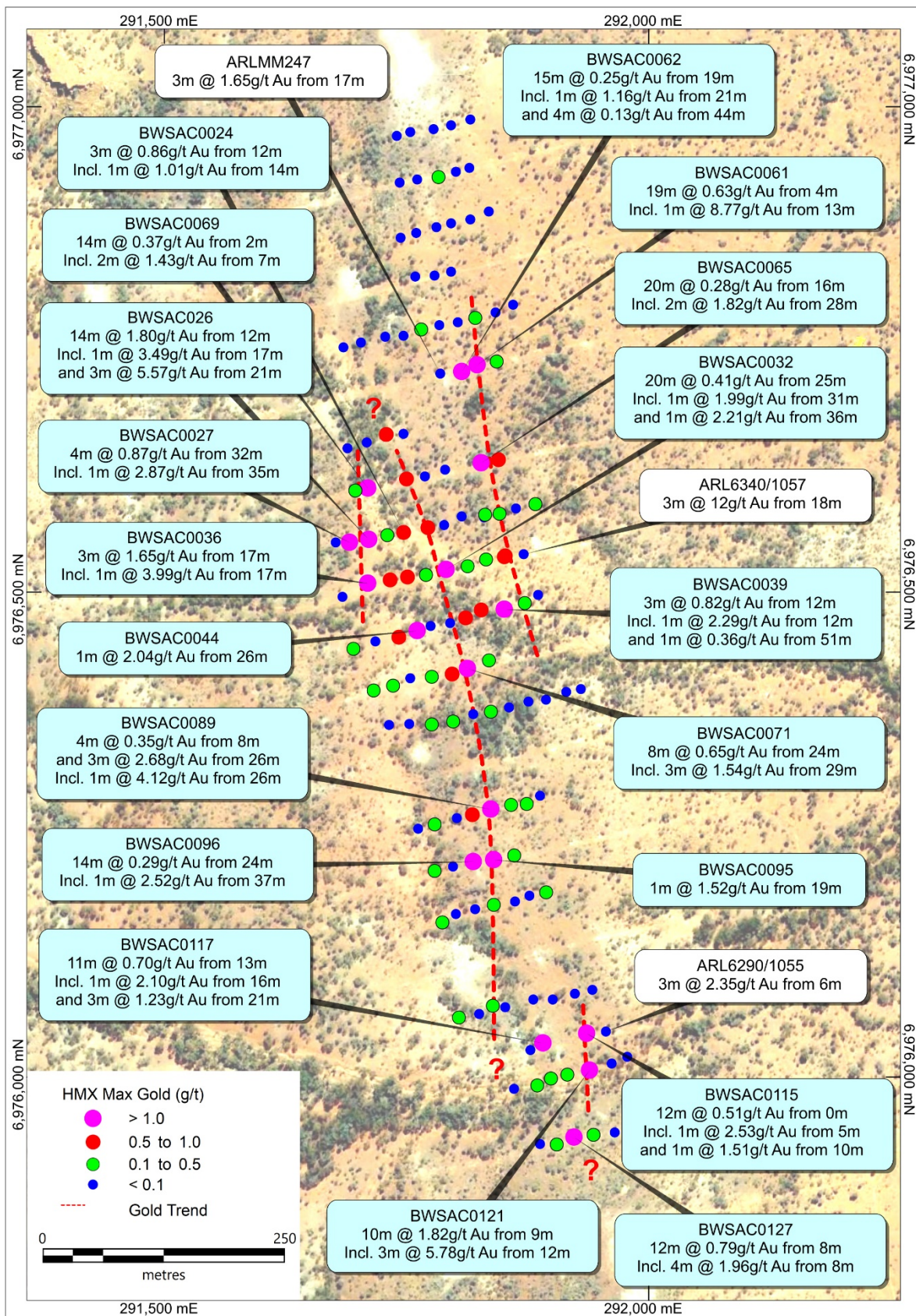


Figure 2. Target 1 - Gold mineralisation intersections and trends



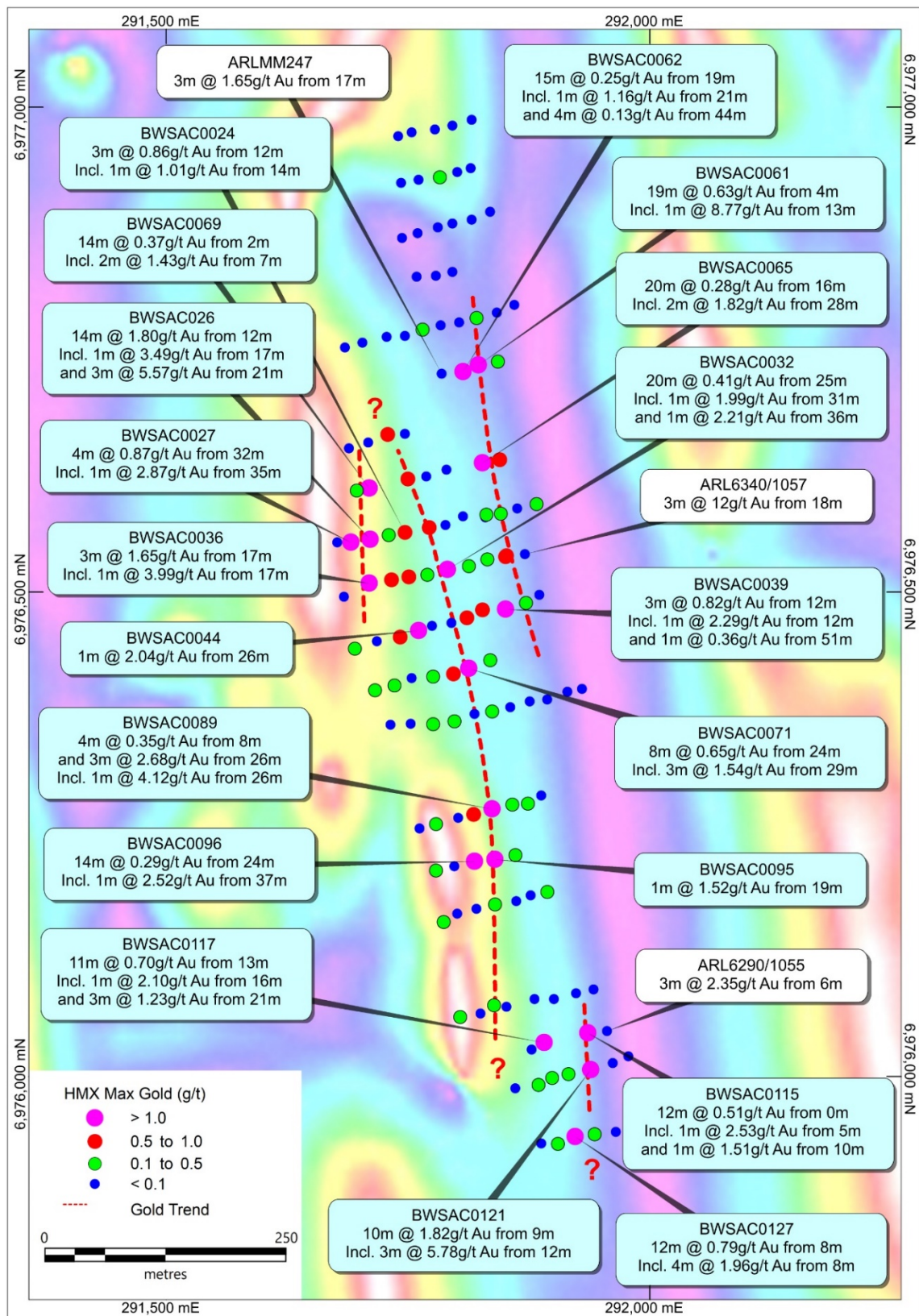
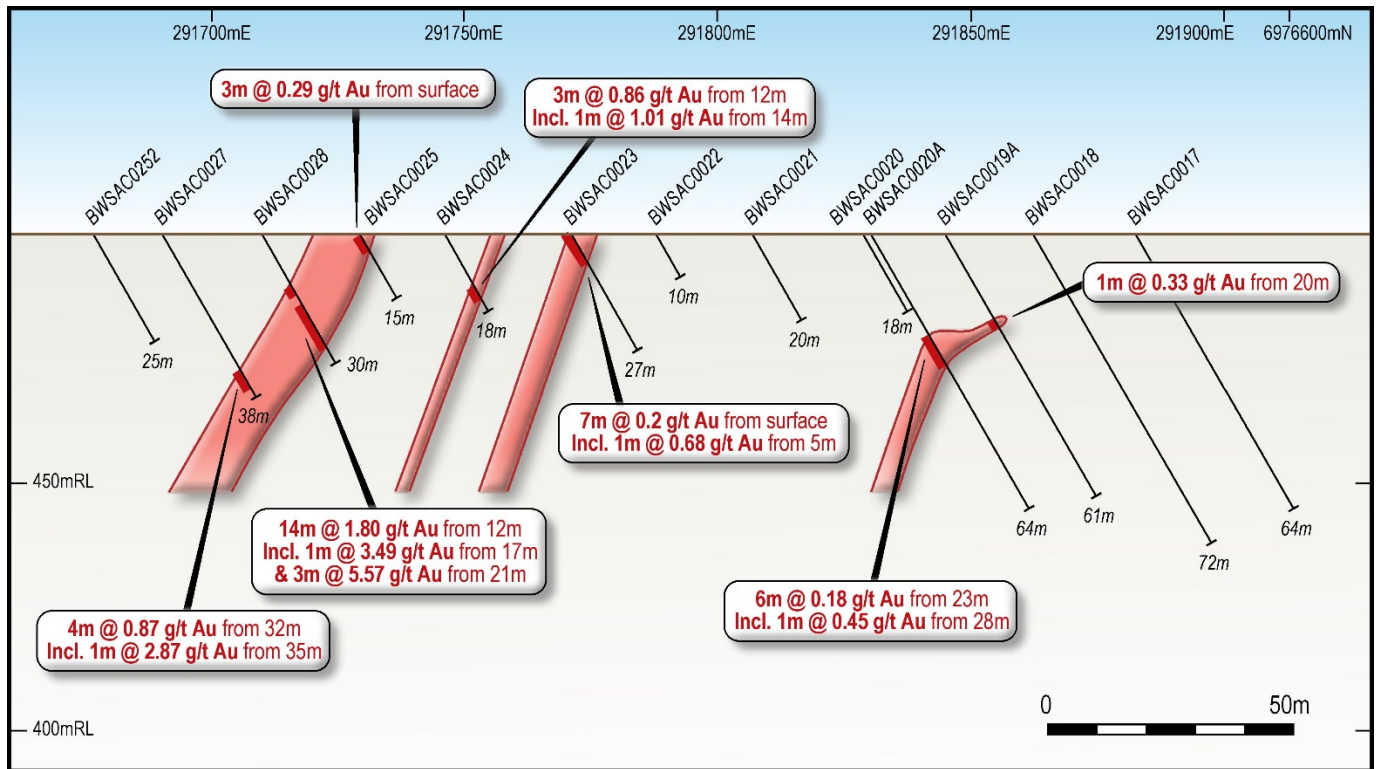


Figure 3. Target 1 - Magnetic 1VD Image



**Figure 4.** Cross Section 6976600N – Target 1. Follow-up RC program planned to test the western trend below existing aircore holes BWSAC0026 and BWSAC0027.



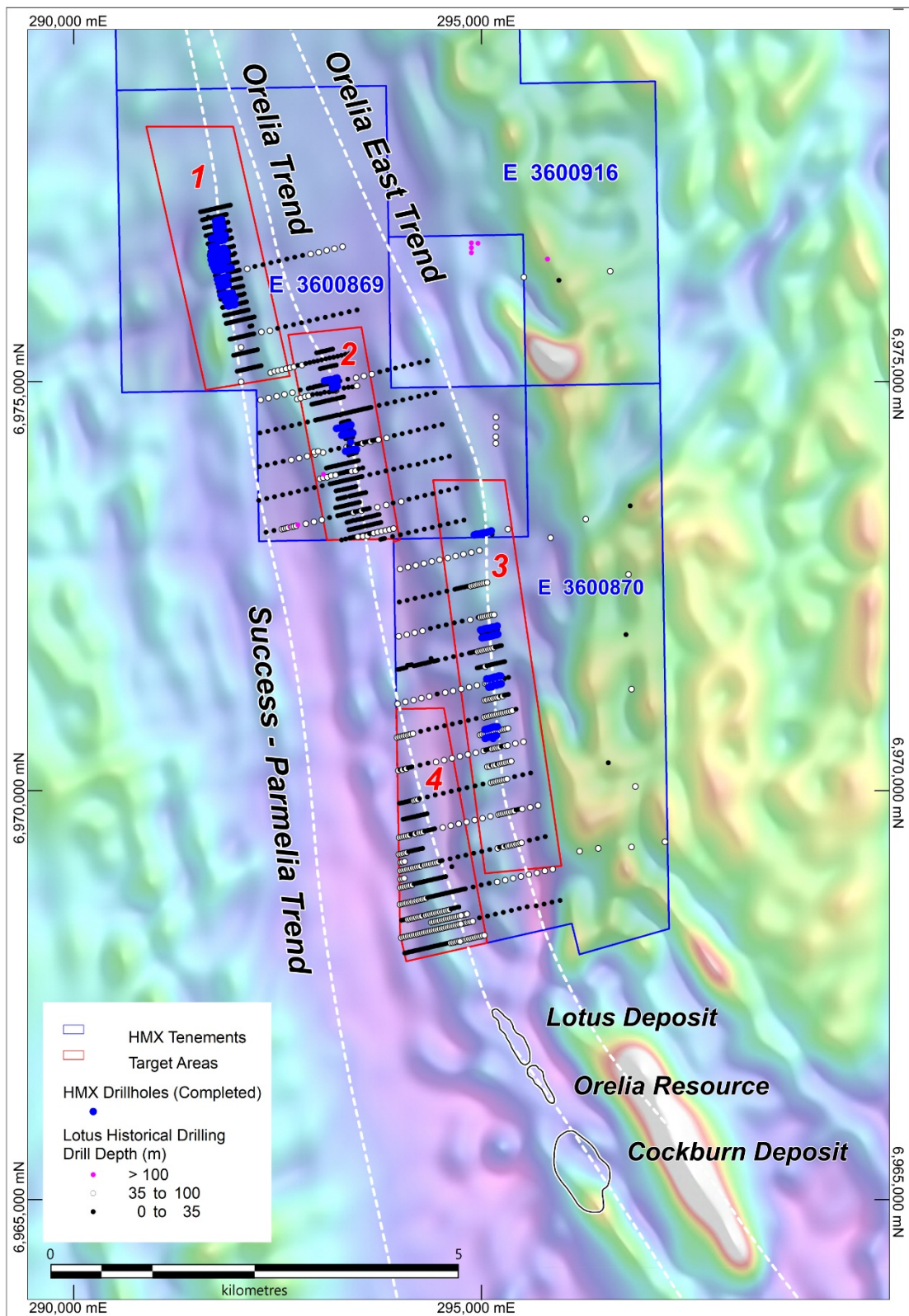


Figure 5. Overview of Orelia Targets showing drillhole locations on Magnetic imagery.

## **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).

### **JOGMEC Exploration Joint Venture**

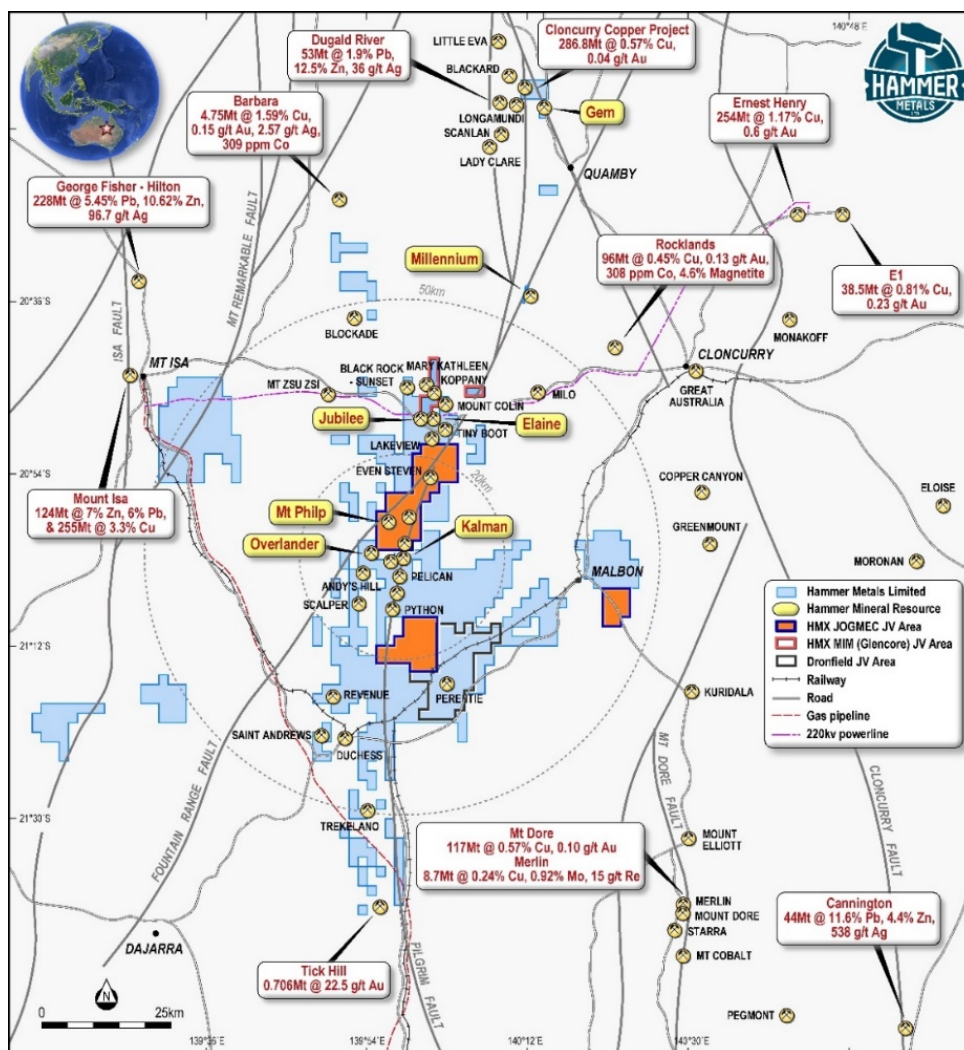
- The Farm-in and Joint Venture is over sections of the Even Steven, Mount Philp Breccia, Dronfield West and Malbon targets for a total area of approximately 290km<sup>2</sup> of the 2,200km<sup>2</sup> Mount Isa Project.
- During the Farm-in period, JOGMEC can achieve a 60% interest in the project areas by expending \$6,000,000 by 31 March 2024. The Farm-in Period is staged as follows, noting that JOGMEC earns its interest after the completion of the Fifth and final Farm-in Period:
  - The First Farm-in Period is a minimum expenditure of \$1,000,000 by 31 March 2020 before JOGMEC can withdraw from the agreement;
  - The Second Farm-in Period is an aggregate expenditure of \$2,000,000 by 31 March 2021
  - The Third Farm-in Period is an aggregate expenditure of \$3,000,000 by 31 March 2022
  - The Fourth Farm-in Period is an aggregate expenditure of \$4,500,000 by 31 March 2023
  - The Fifth and final Farm-in Period is an aggregate expenditure of \$6,000,000 by 31 March 2024.
- Upon completion of the Fifth Farm-in Period, each company can elect to contribute its pro-rata share of future funding. If either party does not contribute and is diluted to an ownership of less than 10% of the Joint Venture, the company's equitable interest will convert to a 2% Net Smelter Return Royalty. At any time, the Net Smelter Royalty Return Rate can be reduced to 1% via the payment of A\$2,000,000.
- The areas of interest are all 100% held by Hammer Metals Ltd subsidiaries Mt Dockerell Mining Pty Ltd and Mulga Minerals Pty Ltd.

### **Work Program Activities**

The initial exploration JV activities will focus on the collection of high quality geological, geophysical and geochemical datasets in the JV project areas. The final work program is to be agreed by a joint management committee but is expected to include additional geophysical surveys, detailed mapping and infill geochemistry at the Mt Philp Breccia (including the Shadow prospect), Even Steven, Dronfield and Malbon East targets. It is envisaged that the first phase of exploration may also include drilling of the highest-ranking targets within these areas. The first phase of exploration is expected to be concluded in the second quarter of 2020.

Hammer will continue to progress exploration its 100%-owned and other Joint Venture properties. Upcoming Mount Isa Project field work will focus on Hammer's prospects at Koppang, Kalman, and the Alice-Kings gold trend.





Mount Isa Project Portfolio

## CORPORATE

During the quarter Hammer raised approximately \$1.5 million (before costs) through the issue of 68,181,818 ordinary shares at \$0.022 per share to accelerate exploration at the Bronzewing South Gold Project. (Refer to ASX release dated 10 December 2019.)

A Share Purchase Plan (SPP) on the same terms was offered to eligible shareholders and subsequent to the period, the SPP generated strong interest and closed on 20 January 2020, raising \$489,800. Subsequent to the SPP, an additional \$646,100 was raised from shortfall applications. The combined SPP and subsequent placement raised \$1.14million.

1,500,000 unlisted options lapsed during the quarter in accordance with their terms.

Cash on hand at the end of the quarter totalled \$2.1 million.

For further information please contact:

**Daniel Thomas**  
Managing Director

**Mark Whittle**  
Chief Operating Officer

T +61 8 6369 1195  
E [info@hammermetals.com.au](mailto:info@hammermetals.com.au)

*This announcement has been approved for release by Mr Daniel Thomas, Managing Director of Hammer Metals Limited.*

### **About Hammer Metals**

Hammer Metals Limited (ASX: HMX) holds a strategic tenement position covering approximately 2200km<sup>2</sup> 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 December 2019 as per Listing Rule 5.3.3

PROJECT	TENEMENT	STATUS	INTEREST %	Acquired during quarter	COMMENT
Mt Isa 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	25% of tenement area held in trust to Global Energy Metals Corporation
	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	6.2% of tenement area held in trust to Global Energy Metals Corporation
	EPM 26776	Granted	100%	No	
	EPM 26777	Granted	100%	No	
	EPM 26902	Granted	100%	No	
	EPM 26904	Granted	100%	No	
	EPM 27018	Granted	100%	No	
	EPM 27355	Application	100%	No	
Pilbara Iron Ore - WA	E08/1997	Granted	100%	No	
Bronzewing Sth Project - WA	E36/854	Granted	100%	No	
	E36/868	Granted	100%	No	
	E36/869	Granted	100%	No	
	E36/870	Granted	100%	No	
	E36/916	Granted	100%	No	
	P36/1857	Granted	100%	No	
	P36/1858	Granted	100%	No	
	E53/2112	Application	100%	Yes	Aquired during quarter
	E53/2113	Application	100%	Yes	Aquired during quarter
	E53/2114	Application	100%	Yes	Aquired during quarter
	E53/2115	Application	100%	Yes	Aquired during quarter
	E53/2116	Application	100%	Yes	Aquired during quarter
	E53/2117	Application	100%	Yes	Aquired during quarter
	E53/2118	Application	100%	Yes	Aquired 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")

31 December 2019

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>			
1.1 Receipts from customers	-	-	-
1.2 Payments for			
(a) exploration & evaluation	(954)	(1,347)	
(b) development	-	-	
(c) production	-	-	
(d) staff costs	(35)	(72)	
(e) administration and corporate costs	(283)	(555)	
1.3 Dividends received (see note 3)	-	-	
1.4 Interest received	-	-	
1.5 Interest and other costs of finance paid	-	-	
1.6 Income taxes paid	-	-	
1.7 Research and development refunds	-	-	
1.8 Other – reimbursements of costs	16	42	
1.8 Other – exploration expenditure relating to farm-in	(4)	(20)	
1.8 Other – miscellaneous	-	2	
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,260)</b>	<b>(1,950)</b>	
<b>2. Cash flows from investing activities</b>			
2.1 Payments to acquire:			
(a) property, plant and equipment	-	-	
(b) tenements (see item 10)	(13)	(13)	

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
	(c) investments	-	-
	(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	-	-
2.5	Other – Cash disposed on sale of Subsidiary	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(13)</b>	<b>(13)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	1,500	3,256
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	(99)	(215)
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	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>1,401</b>	<b>3,041</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,999	1,049
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,260)	(1,950)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(13)	(13)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,401	3,041

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>2,127</b>	<b>2,127</b>

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	1,738	1,607
5.2	Call deposits	21	21
5.3	Bank overdrafts	-	-
5.4	Other – JV bank accounts	368	371
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,127</b>	<b>1,999</b>

**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**

94

-

Directors remuneration payments 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**

-

-



<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
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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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	450
9.2 Development	-
9.3 Production	-
9.4 Staff costs	85
9.5 Administration and corporate costs	250
9.6 Other – exploration relating to farm-ins	25
<b>9.7 Total estimated cash outflows</b>	<b>810</b>

Additionally, on 29 January 2020, the Company announced the successful completion of its Share Purchase Plan and a Placement of shortfall securities raising \$1.14M before costs of the offer.

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Refer to Appendix A to the Company's December 2019 Quarterly Activities Report			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	Refer to Appendix A to the Company's December 2019 Quarterly Activities Report			

### **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 January 2020  
(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.