ASX Announcement (ASX: HMX)

3rd June 2015

Hammertime and Kalman West

Hammer Metals Limited (**ASX:HMX**) ("Hammer" or "the Company") is pleased to announce results from the Company's first drill hole at the Hammertime prospect as well as a new and very large lead-zinc-copper-gold soil geochemical and rock chip anomaly with proximal drilling at Kalman West.

Hammertime:

- HTRC001 intercepted a 216m thick zone of IOCG alteration with disseminated copper-gold mineralisation from surface down to the drill hole's intersection with the Ballara Fault.
- The broad mineralised envelope contains higher elevated zones of copper and gold with individual 1 metre intervals with results of up to 1.23% Cu and 0.43g/t Au within the 216 metre zone averaging 0.17% Cu.
- The consistently elevated gold relative to the copper assays indicates potential for significant gold content in higher grade parts of the system.

Kalman West:

- Examination of soil sampling at Kalman West (located between Hammertime and Kalman) has identified a major zone of predominantly lead-zinc, but also copper-gold anomalism. This zone extends over a four kilometre strike length. Surface rock chip sampling has confirmed this zone.
- Peak zinc and lead values in soil geochemistry are up to 1460ppm and 2210ppm respectively. Peak copper and gold in soils are up to 3200ppm and 210ppb respectively.
- Previous drilling (immediately to the west) intercepted strongly anomalous lead, zinc, copper and gold.

Hammertime is a recently discovered copper-gold soil and rock chip anomaly co-incident with an extensive zone of IOCG style alteration located two kilometres west of Hammer's Kalman Cu-Au-Mo-Re deposit.

The surface geochemical anomalism and alteration at Hammertime extends for approximately 4km north-south and up to 800 metres east-west in the hanging wall of the major east-dipping Ballara Fault zone.

HTRC001 was drilled at the northern end of the alteration zone which extends a further 400 metres to the east from HTRC001, suggesting the Hammertime mineralised zone is potentially several hundred metres thick in this area.

Mr Hewlett commented: "Hammer considers this to be a great result for our first hole into Hammertime. The size of the altered and mineralized zone indicated by this hole is very encouraging and the presence of elevated gold values also provides confidence that this major zone of alteration and mineralisation can contain a significant copper-gold deposit. Hammertime's location between Kalman and Overlander and Andy's Hill confirms the high prospectivity of this area for further discoveries."

Hammertime Prospect

Discussion

Drill Hole HTRC001 is Hammer's first drill hole into the Hammertime Prospect. The 265 metre hole targeted a combination of IP chargeability and surface soil geochemistry. The hole was drilled vertically through a sequence of strongly red-rock altered calc-silicates of the Corella Formation intersecting the Ballara Fault at 220 metres. The hole was terminated at 265 metres after traversing the fault zone.

The surface and downhole copper-gold distribution indicates that the east dipping Ballara Fault controls the western boundary of gold and copper anomalism in the area. The Ballara Fault is a splay off the crustal scale Pilgrim Fault zone which hosts the Kalman Deposit.

The assay results from HTRC001, the widespread copper-gold soil anomalism and the thick intense alteration zone are all indicative of a large mineralised system. Future work will focus on delineating higher grade zones within the alteration zone.

Kalman West

The Kalman West Prospect is located between the Pilgrim Fault Zone (which hosts the Kalman deposit) and the Ballara Fault Zone which controls the western boundary of the Hammertime mineralisation.

Kalman West is situated on a seven kilometre long splay fault off the regional scale Pilgrim Fault. The orientation of the Kalman West structure is broadly similar to that of the Ballara Fault.

Soil sampling by Mount Isa Mines (MIM) in the 1990's identified a greater than three kilometre long soil anomaly marked by elevated copper, lead and zinc with sporadic elevated gold. Zinc and lead peak soil responses were 1460ppm and 2210ppm respectively.

MIM drilled four reverse circulation holes and one diamond drill hole, the intercepts of which are tabulated below. These holes were not positioned to test the lead zinc component of the structure, nevertheless encouraging intercepts including 24m @ 0.46% Cu and 0.24% Pb from 17m in PN213 were obtained immediately to the west of structure.

Hammer has conducted limited rock chip sampling (KR Prefix tabulated below) over the prospect. KR003 and KR004 taken in the northern portion of the lead-zinc soil anomaly returned elevated gold (0.11g/t and 0.20g/t) and lead (0.37% and 0.52%). Historical rock chip sampling further south along the trend reported assays of above 4% copper.

The Kalman West multi-element trend is considered highly prospective. The soil anomaly remains open to the north and further soil sampling along strike and drilling are planned for the 2015 field season.

For further information, please contact:

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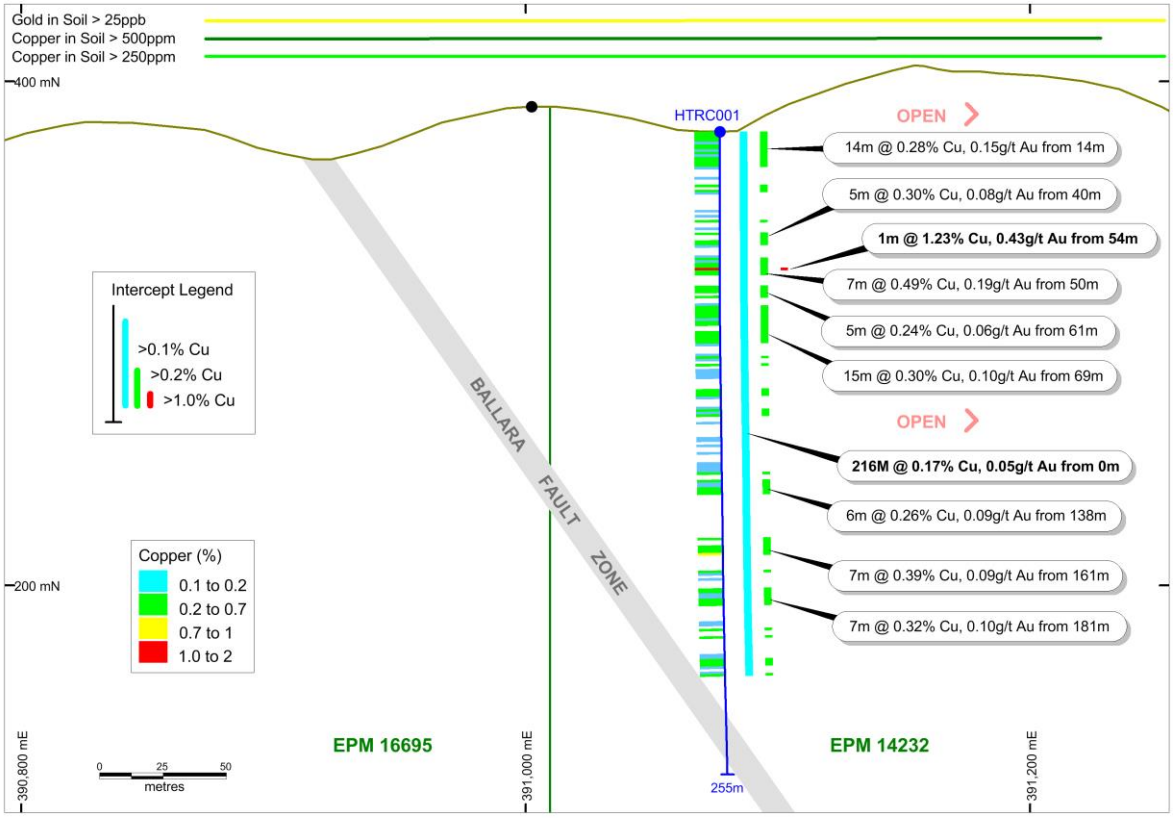
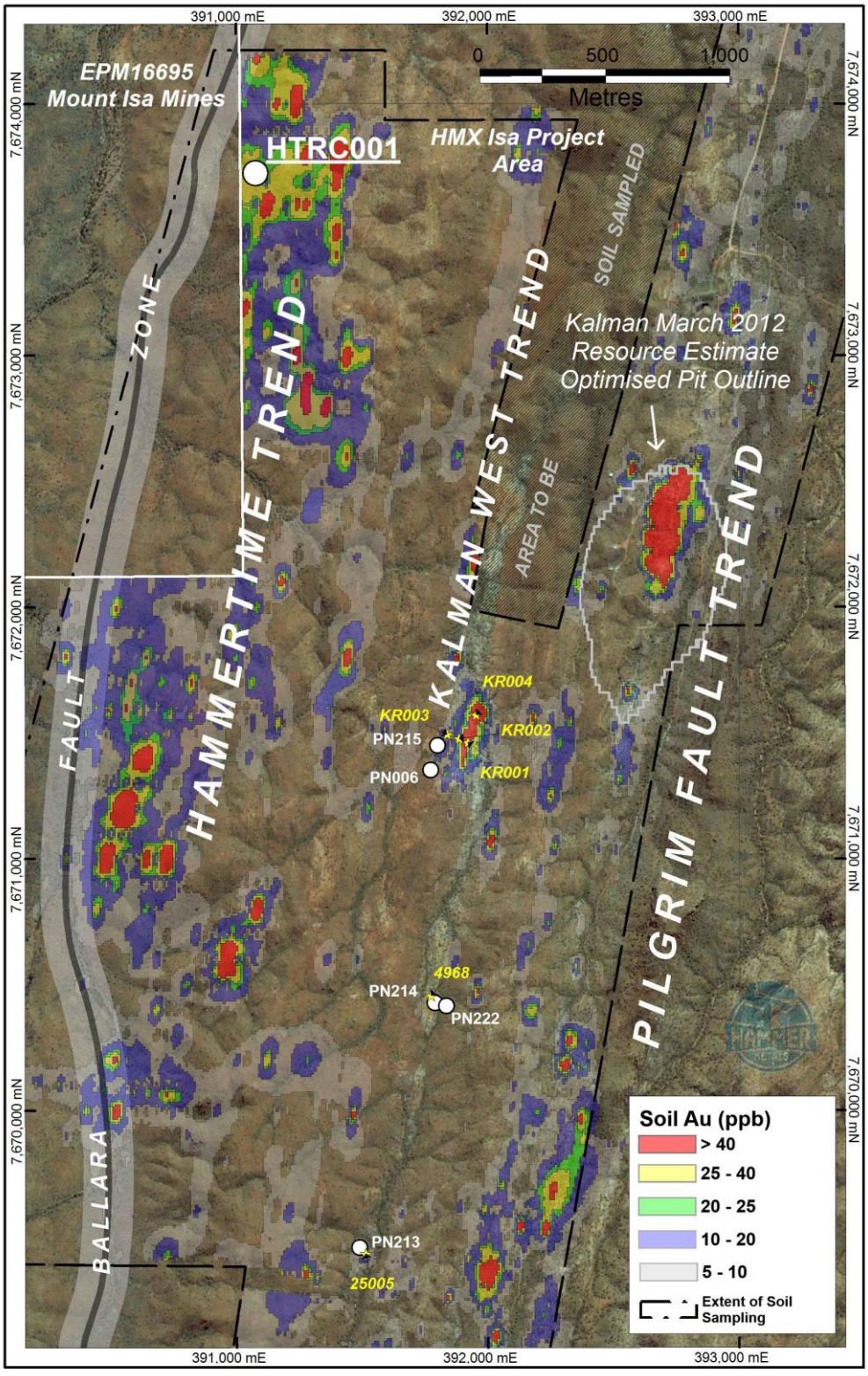
Competent Person's Statement

Exploration Results – Overlander

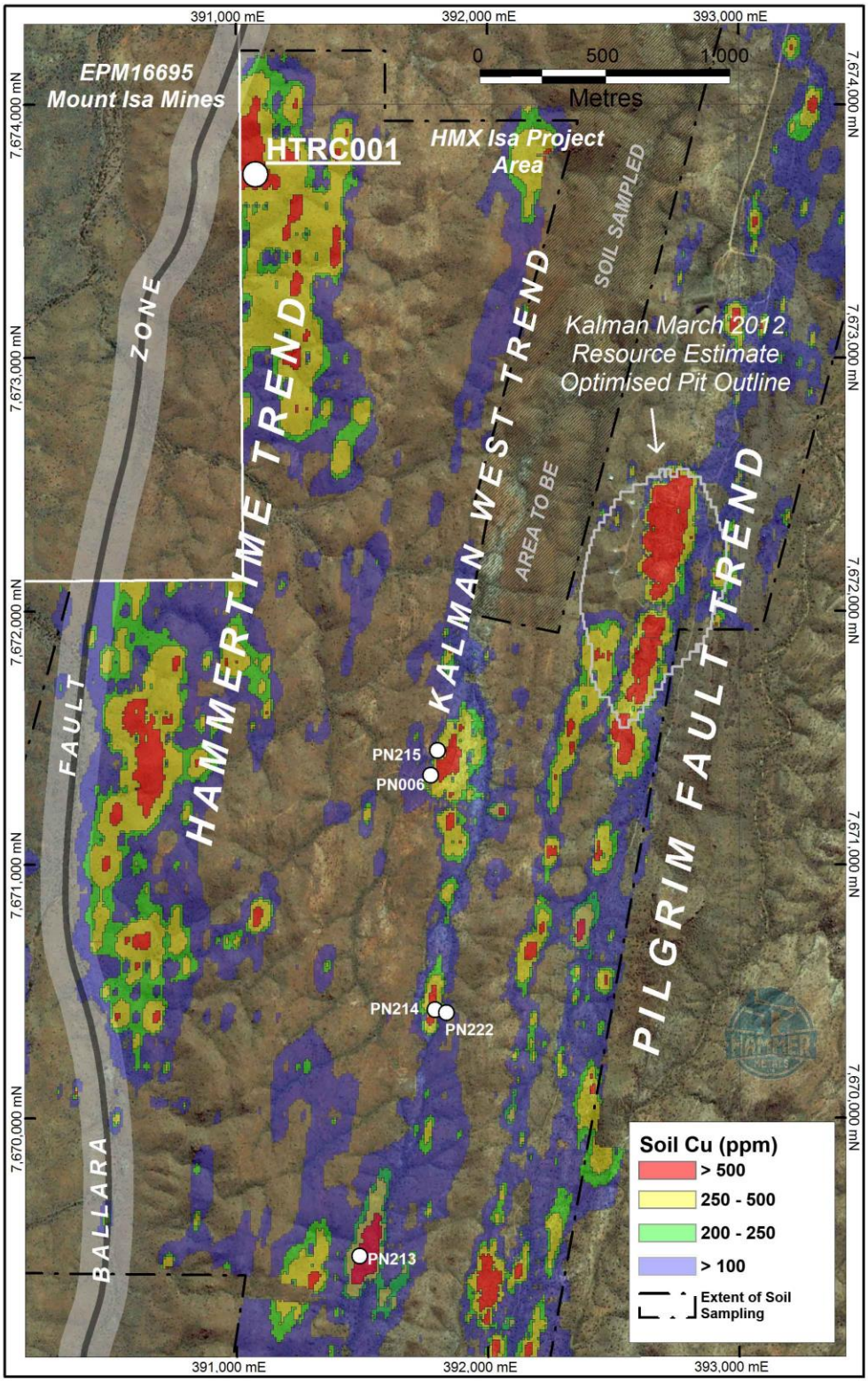
The information in this report as it relates to exploration results and geology was compiled by Mr. Mark Whittle, who is a Member of the AusIMM and a consultant to the Company. Mr. Mark Whittle has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration 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.



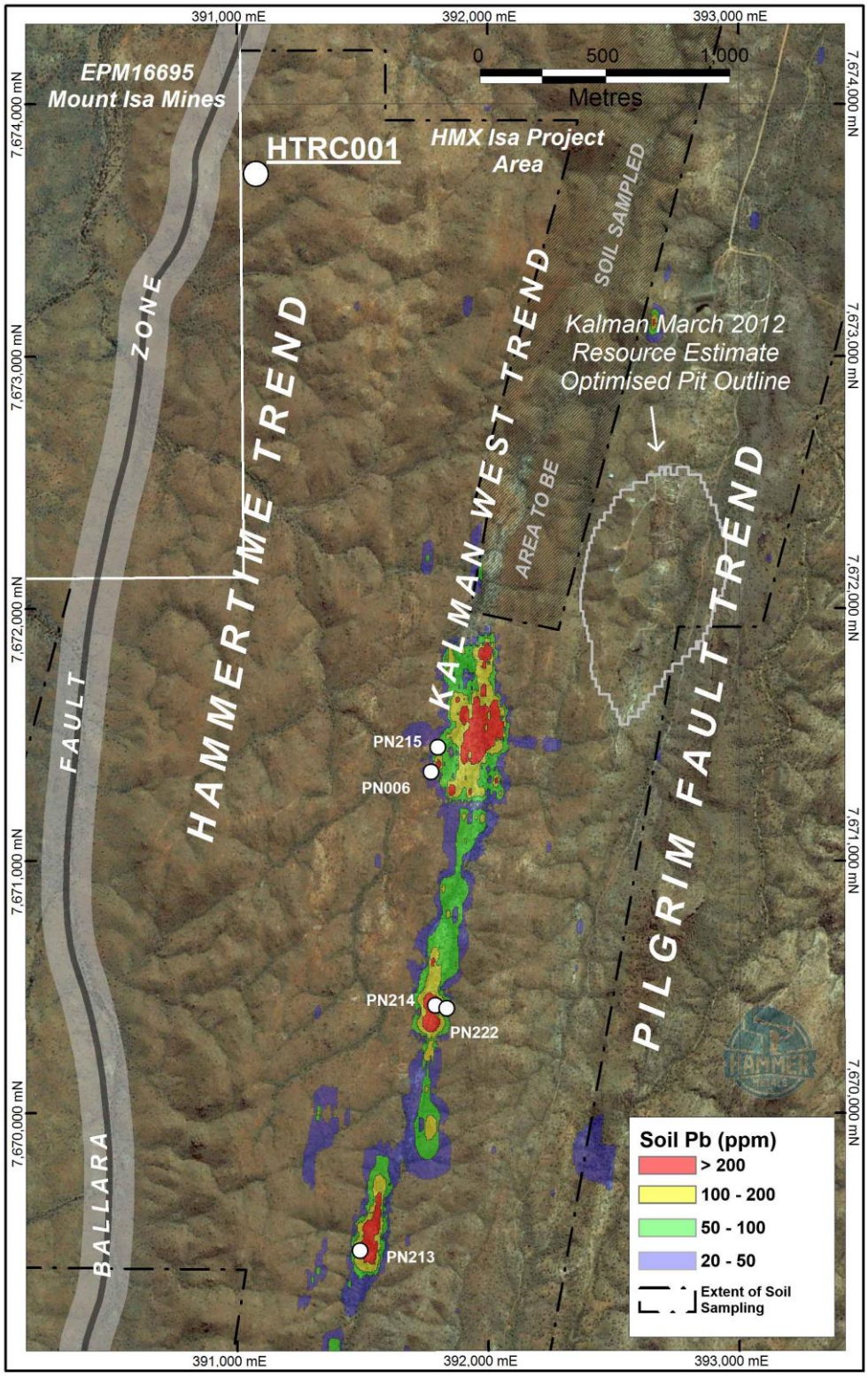
Hammertime Prospect Cross Section through HTRC001



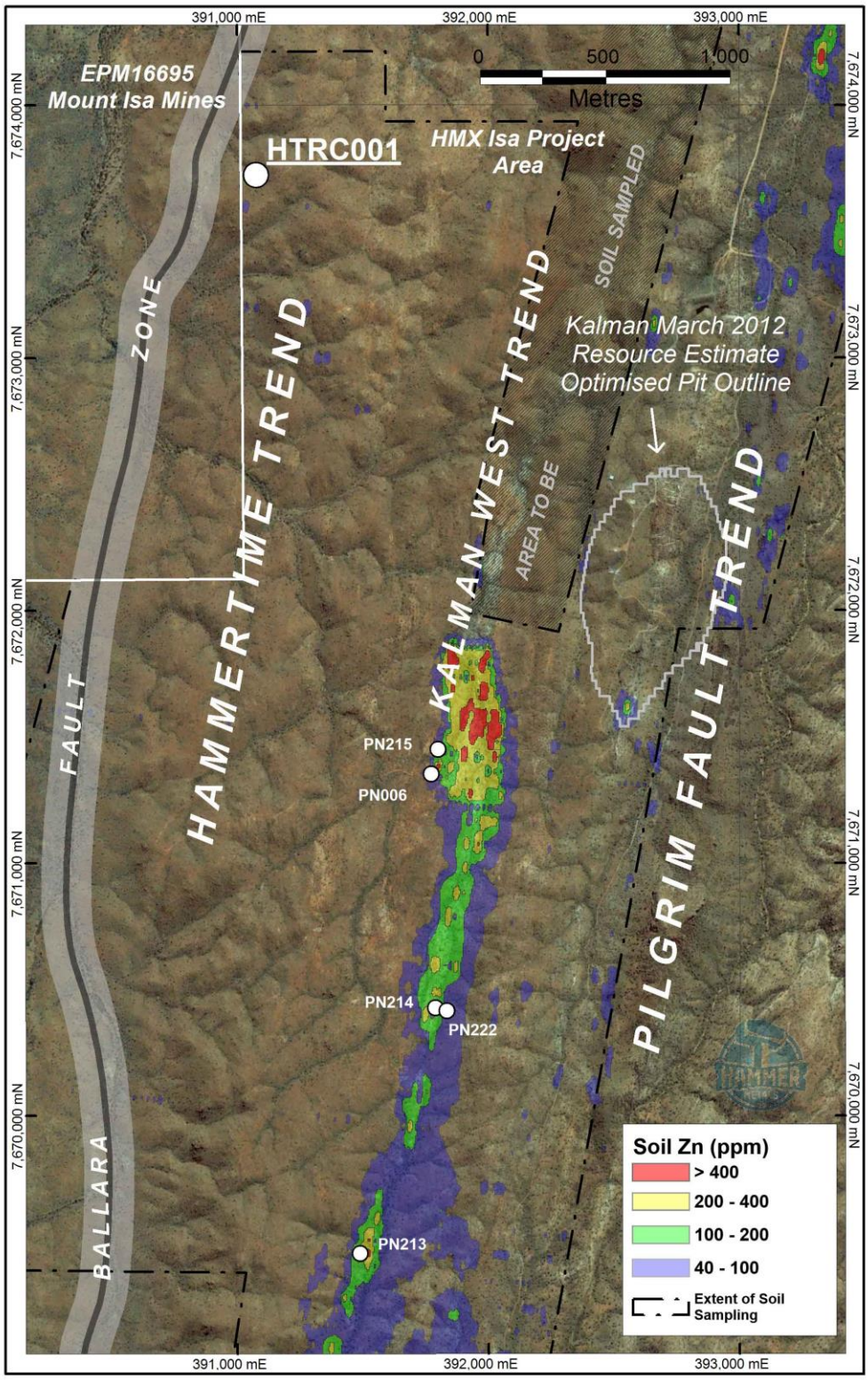
Hammertime and Kalman Gold Anomaly (showing the location of HTRC001). Kalman West Historic Drilling (PN Series) and Rock Chip Locations (yellow)



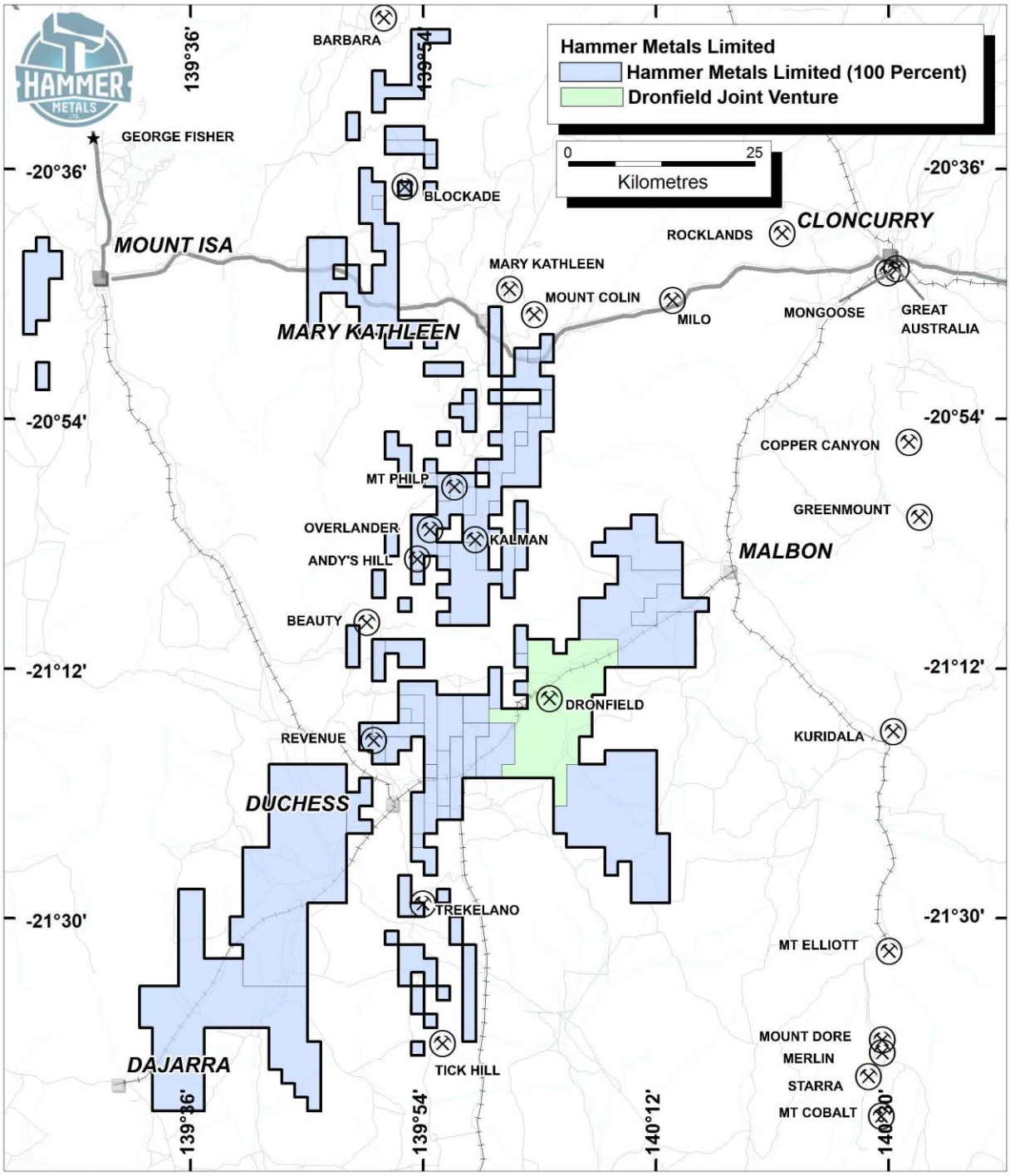
Hammertime and Kalman Copper Anomaly (showing the location of HTRC001) with Kalman West Historic Drill Hole Locations



Kalman West Lead Anomaly and Historic Drill Hole Locations



Kalman West Zinc Anomaly and Historic Drill Hole Locations



Project Location Map

Hammertime - HTRC001 - Significant Intercepts							
East*	391077						
North*	7673728						
RL	380						
Azimuth (UTM)*	270						
Dip	-90						
Total Depth	265						
Cu Threshold (%)	**Interval**		**From**	**To**	**Cu(%)**	**Au(ppm)**	
0.1	216		0	216	0.17	0.05	**
0.2	14.00		0.00	14.00	0.28	0.15	**
	3.00		21.00	24.00	0.21	0.08	
	1.00		35.00	36.00	0.24	0.10	
	5.00		40.00	45.00	0.30	0.08	**
	7.00		50.00	57.00	0.49	0.19	**
1	1.00		54.00	55.00	1.23	0.43	**
0.2	5.00		61.00	66.00	0.24	0.06	**
	15.00		69.00	84.00	0.30	0.10	**
	1.00		89.00	90.00	0.24	0.09	
	1.00		92.00	93.00	0.22	0.07	
	3.00	Incl.	102.00	105.00	0.32	0.08	
	3.00		110.00	113.00	0.24	0.04	
	1.00		135.00	136.00	0.25	0.06	
	6.00		138.00	144.00	0.26	0.09	**
	7.00		161.00	168.00	0.39	0.09	**
	1.00		174.00	175.00	0.21	0.03	
	7.00		181.00	188.00	0.32	0.10	**
	1.00		197.00	198.00	0.23	0.04	
	1.00		200.00	201.00	0.34	0.03	
	3.00		209.00	212.00	0.44	0.08	
	1.00		215.00	216.00	0.22	0.07	
* - Location and Azimuth refer to UTM Projection (GDA94, Zone 54 Datum)							
** - Shown on the release figures							

Kalman West Historic Drilling - Locations							
Hole	**Type**	**Depth**	**East***	**North***	**RL**	**Dip**	**Azimuth***
PN006	Diamond	237.5	391771.4	7671358	443	-60	108
PN213	Reverse Circulation	101	391487	7669460	453	-55	111
PN214	Reverse Circulation	117	391788.45	7670431	453	-50	93
PN215	Reverse Circulation	118.5	391798.6	7671454	447	-50	113
PN222	Reverse Circulation	40	391832.9	7670420	457	-60	270
* - Location and Azimuth refer to UTM Projection (GDA94, Zone 54 Datum)							

Kalman West Historic Drilling - Significant Intercepts								
Hole		**From**	**To**	**Interval**	**Au(g/t)**	**Cu(%)**	**Pb(%)**	**Zn(%)**
PN006		23.7	25	1.3	0.01	0.21	0.03	0.06
		49.5	51.8	2.3	0.00	**0.23**	0.02	0.03
		72.5	74.5	2	0.01	0.05	**0.10**	**0.34**
		139.5	140.8	1.3	0.00	0.03	**0.27**	**0.17**
PN213		17	41	24	0.01	**0.46**	**0.24**	0.04
	incl.	25	37	12	0.01	**0.68**	**0.28**	0.02
PN214		13	27	14	0.00	**0.10**	**0.25**	0.01
		33	55	22	0.00	**0.24**	0.03	0.02
	incl.	37	43	6	0.00	**0.50**	0.06	0.01
	and	53	55	2	0.00	**0.26**	0.05	0.06
		95	99	4	**0.21**	0.01	0.01	0.04
		111	113	2	**0.27**	0.01	0.00	0.01
PN215		96.5	98.5	2	0.02	**0.27**	0.00	0.01
PN222		0	40	40	0.01	**0.28**	0.09	0.06
	incl.	0	6	6	0.02	**0.35**	0.03	**0.30**
	and	0	12	12	0.01	**0.39**	0.04	0.19
	and	6	8	2	0.00	**1.03**	0.02	0.09
	and	12	40	28	0.01	**0.24**	**0.11**	0.01
	and	12	28	16	0.01	0.12	0.17	0.01
	and	18	40	22	0.01	**0.28**	0.10	0.01
	and	30	32	2	0.01	**0.67**	0.02	0.00
	and	38	40	2	0.01	**0.53**	0.03	0.01

Kalman West Rock Chip Sample Locations – Historic and HMX							
Sample	**East***	**North***	**Au(g/t)**	**Ag(g/t)**	**Cu(%)**	**Pb(%)**	**Zn(%)**
4968	391772	7670457	-0.001	1.4	**4.65**	0.07	0.01
KR001	391921	7671464	0.1	1.3	0.0244	0.01	0.01
KR002	391886	7671478	0.01	-0.5	0.0349	0.01	0.01
KR003	391838	7671495	**0.2**	10.7	0.0585	**0.37**	0.02
KR004	391953	7671573	**0.11**	0.7	0.0227	**0.52**	0.02
25005	391513	7669431	-0.01	0.9	**4.28**	**0.13**	0.09
* - Location refers to UTM Projection (GDA94, Zone 54 Datum)							

JORC Code, 2012 Edition

Table 1 report – Hammertime

- The primary subject of this release is to report on the results of HTRC001, drilled at the Hammertime Prospect located within EPM14232.

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.*	• Samples were selected using geological criteria (visual inspection) and Niton portable XRF analysis. • All samples submitted for assay underwent a fine crush with 1kg riffled off for pulverising to 75 micron. Drilling samples were submitted for 4 acid digest followed by fire assay for gold and ICP analysis for a range of elements including copper, silver, cobalt and molybdenum.
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).*	• Reverse Circulation Drilling (nominal 5.5" diameter holes).

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.*	• Recovery of RC samples were visually estimated. Average recovery of the samples was estimated to be in the range of 80-90%. • The RC was drilled dry using a booster and auxiliary compressor. Care was taken to avoid sample contamination. • No sample recovery bias was observed through mineralised zones.
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.*	• All drill chips were geologically logged in detail by Hammer Metals geologists recording lithology, alteration and mineralisation, weathering, colour, structure, and any other features of the sample to a level of detail to support appropriate studies. • Small washed samples from each one metre RC interval were collected and stored in a chip tray. • The hole was logged in full.
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 in situ 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.*	• Sample collection and size is considered appropriate to the target-style and analytical methods. • RC field duplicates were collected by riffle-splitting on-site 1 metre sample return. Standard reference samples and blanks were each inserted into the laboratory submissions at 25 sample intervals. ALS applied industry-standard QAQC procedures throughout the sample stream. • The 3kg riffle split samples from the sample return, and the sample preparation procedures used by ALS are appropriate for the material being sampled.
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.*	• All reverse circulation samples were analysed by ALS for a range of elements by ME-ICP61 and ME-MS62s after a 4-acid digest. Gold was analysed by Au-AA26. Cu values greater than 1% were reanalysed by ME- OG62. Any other elements which exceeded their maximum analytical limits were re-analysed by the relevant over-grade methods for the particular element.

Criteria	JORC Code explanation	Commentary
	• *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.*	• Standard reference samples and blanks were inserted at 25 sample intervals. ALS Laboratories also maintained a regime of check samples, duplicates, standard reference samples, blanks and calibration standards.
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.*	• All results were checked by alternative company personnel. • HTRC001 is an initial exploration hole and as such has not been twinned. • All field logging is done into laptops on site and later checked and entered into the company database. • Assay files are received electronically from the laboratory. Repeat results are kept independent and are not averaged. Below-detection limit (BDL) results are saved in the database as -BDL values. BDL results are converted to half the detection limit value on export from the database.
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.*	• Drill hole collars were measured using a hand-held GPS unit with an estimated positional accuracy of approximately 5 metres. • Grid used is UTM MGA94 Zone54. • RL's for the drill hole collars are initially captured by GPS and subsequently adjusted using local digital elevation models (created using the most accurate RL information available at the time). • Hole positions will be re-surveyed with DGPS in due course.
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.*	• The drilling at the Hammertime Prospect is preliminary. Only gross relationships can be inferred from this density of drilling and no suggestions have been made to suggest that the results obtained can be extended to larger areas.
Orientation of data in	• *Whether the orientation of sampling achieves unbiased sampling of*	• Holes are oriented as close to perpendicular as possible to the

Criteria	JORC Code explanation	Commentary
relation to geological structure	*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.*	interpreted orientation of mineralisation or major structures.
Sample security	• *The measures taken to ensure sample security.*	• Pre-numbered bags are used and transported by company personnel to the ALS Laboratory in Mount Isa. ALS transports samples to its laboratories in Townsville or Brisbane as required.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits or reviews have been undertaken at this stage however an audit will be conducted as part of future resource estimation processes

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.*	• The Hammertime Prospect is located within EPM14232. EPM14232 is held 100% by Mt Dockerell Mining Pty Ltd (which is a 100% owned subsidiary of HMX). No royalties are applicable on EPM14232. • The Hammertime Prospect is located within the Kalkadoon Native Title claim area. • EPM14232 is in good standing with the Queensland Department of Mines.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Soil data has been depicted as two dimensional Inverse distance squared grids. These grids were created using anisotropic Inverse Distance weighting. The search ellipse looked 400 metres in the long axis direction (005 degrees UTM) and 200 metres in the short axis direction (095 degrees UTM). The cell size was 5 metres. • The soil dataset used for the gridding was composed of samples taken by previous holders of EPM14232, namely Syndicated Metals Limited

Criteria	JORC Code explanation	Commentary
		and Cerro Resources Limited. Soil sampling conducted by Mount Isa Mines in the 1990's was also included in this dataset. • Historic drilling conducted at Kalman West by Mount Isa Mines in the early 90's was sourced from open file reports. The intercepts were calculated at cut-offs of 2000ppm Copper, Lead or Zinc depending on the relative level of each element. Also intercepts of greater than 0.1g/t Gold were tabulated separately.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• At Hammertime the alteration is similar in style to that commonly associated with Iron-Oxide Copper Gold (IOCG) Deposits. The closest example of this style is the Ernest Henry Deposit to the north of Cloncurry.
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:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *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.*	• See the attached table
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*	• Interval grades are reported as down-hole length weighted using three copper cut-off grades. 1000, 2000 and 1% Copper. Up to 2m of internal waste has been included. No top-cut applied. • Aggregated results also separately report the internal high-grade intervals.

Criteria	JORC Code explanation	Commentary
	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.*	• No metal equivalent values are reported.
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').*	• At Hammertime more drilling is required to establish the geometry of mineralisation in relation to the drill hole orientation.
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.*	• Intersections have been quoted at 3 main cut-off grades to illustrate the distribution of mineralisation.
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.*	• Refer to the release.
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.*	• It is envisioned that these areas will be further examined with a view to defining drill targets during the 2015 field season.