

NEW COPPER-GOLD DISCOVERY AT TRAFALGAR

ASX RELEASE

20 January 2021

DIRECTORS / MANAGEMENT

Russell Davis

Chairman

Daniel Thomas

Managing Director

Ziggy Lubieniecki

Non-Executive Director

David Church

Non-Executive Director

Mark Pitts

Company Secretary

Mark Whittle

Chief Operating Officer

CAPITAL STRUCTURE

ASX Code: HMX

Share Price (19/01/2021)	\$0.033
Shares on Issue	749m
Market Cap	\$24.7m
Options Unlisted	28m
Performance Rights	6.5m

Hammer Metals Ltd (ASX:HMX) (“Hammer” or the “Company”) attaches a revised version of the Announcement released earlier today which in addition to references to the Mt Isa East Joint Venture in the body of the announcement now includes amended wording in section 2 of JORC Table 1, which outlines the nature of the agreement with JOGMEC. The Company also draws shareholders attention to the announcement made on 25 November 2019.

This announcement has been authorised for issue by Mr Mark Pitts, Company Secretary, Hammer Metals Limited.

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About Hammer Metals

Hammer Metals Limited (ASX: HMX) holds a strategic tenement position covering approximately 2,200km² 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 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.

NEW COPPER-GOLD DISCOVERY AT TRAFALGAR

HIGHLIGHTS

- **Broad copper and gold intercepts confirm discovery** at the previously undrilled **Trafalgar prospect** in Hammer's Mount Isa East Joint Venture
- **Significant intercepts in the two holes drilled include:**
 - **55m at 1.12% Cu and 0.30g/t Au** from 119m including **16m at 1.77% Cu and 0.49g/t Au** from 149m in HMTRRC001; and
 - **32m at 1.04% Cu and 0.25g/t Au** from 64m including **6m at 2.38% Cu and 1.45g/t Au** from 91m in HMTRRC002
- The **Trafalgar prospect forms part of an extensive copper-gold soil anomaly** which stretches for 2.7km with little previous exploration.
- The copper mineralisation at Trafalgar is predominantly chalcopyrite and has a peripheral magnetite alteration halo with a central pyrrhotite component. **Elevated rare earths accompany the Cu-Au mineralisation**
- **The results of this drilling will be reviewed by the Joint Venture** with a view to conducting further evaluation in the next phase of exploration.
- The **drilling program recommenced on the Mount Isa East Joint Venture project on 12 January** with planned drilling at the Shadow, Toby East, Alpha, Charlie and Juliett prospects



Figure 1. Example of sulphide mineralisation encountered in drilling at Trafalgar (HMTRRC001, 151-152m)

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Hammer's Managing Director, Daniel Thomas said:

"These results are a fantastic start to the second drilling program for our Mount Isa East JOGMEC Joint Venture. To intercept a broad zone of significant sulphide mineralisation containing both gold and copper with two wide spaced holes is extremely encouraging. Whilst the oxide mineralisation at this prospect has been previously exploited by previous small-scale miners, there are no records or evidence of this system ever having been drill tested. Significantly the association of copper and gold with magnetite and rare earth mineralisation is a feature of number of prominent large scale IOCG deposits. Hammer is looking forward to working with our Joint Venture partner to further explore this prospect and the broader Trafalgar trend which is part of a very large soil anomaly which stretches for 2.7km."



Figure 2. Aerial view of the Trafalgar prospect looking south. The drill rig is on the location of HMTRRC001 with the support truck in the background on the HMTRRC002 drill pad.

Hammer Metals Ltd (ASX:HMX) ("Hammer" or the "Company") is excited to provide initial results from drilling conducted at Trafalgar, Shadow and Even Steven South prospects located within the Mt Isa East Joint Venture area ("JOGMEC JV"). This drilling was conducted in December of last year. Results have been reported for the 868m of drilling completed prior to the Christmas break, which consisted of two holes at Trafalgar, one hole at Shadow and one hole at Even Steven South prospect. Drilling resumed on 12 January and is currently ongoing with drilling planned for the Alpha, Charlie, Juliett, Shadow and Toby East prospects.

Mt Isa East Joint Venture

Trafalgar

Trafalgar is a north-northeast trending Cu-Au prospect located on the regional scale Fountain Range Fault. Small scale historical mining occurred over the prospect area until the Mining Lease was abandoned in early 2017. The Trafalgar Mine had been under a Mining Lease held by a non-related party since the late 1970's. As a result, the two Joint Venture holes drilled in December have been the first concentrated exploration work conducted in the last 40 years.

Two holes for 368m were drilled on lines approximately 140m apart as an initial test of the width and tenor of the prospect (Figure 3). Both holes intersected copper mineralisation with a significant gold credit. Significant intersections include:

- **55m at 1.12% Cu and 0.30g/t Au from 119m including 16m at 1.77% Cu and 0.49g/t Au from 149m in HMTRRC001 with maximum individual grades of 1.96g/t Au and 3.2% Cu; and**
- **32m at 1.04% Cu and 0.25g/t Au from 64m including 6m at 2.38% Cu and 1.45g/t Au from 91m in HMTRRC002 with maximum individual of 3.22g/t Au and 7.58% Cu.**

The lode has a mineralised envelope of approximately 15-30m in true thickness. Associated with mineralisation is a peripheral magnetite halo with elevated light rare earths (cerium and lanthanum). The maximum individual sum of cerium and lanthanum is 0.71% and 0.38% in holes HMTRRC001 and HMTRRC002 respectively. Trafalgar is located within a 2.7km mineralised trend (Figure 5).

Table 1. Significant intercepts at a 0.2% Copper cut-off

MOUNT ISA PROJECT - SIGNIFICANT INTERCEPTS (UTILISING A 0.2% Cu CUT-OFF)														
Target	Hole	E_GDA94	N_GDA94	RL	TD	Dip	Az_GDA		From	To	Width	Width True*	Au (g/t)^	Cu (%)
Trafalgar	HMTRRC001	396225	7689417	335	187	-55	329		79	80	1		0.19	1.05
									103	176	73	18	0.24	0.90
								incl.	103	113	10	2	0.09	0.29
								incl.	104	105	1		0.17	0.70
								&	112	113	1		0.15	0.63
								incl.	119	174	55	14	0.30	1.12
	incl.	149	165	16	4	0.49	1.77							
Trafalgar	HMTRRC002	396177	7689307	352	181	-60	87		64	124	60	32	0.25	1.04
								incl.	88	107	19	10	0.56	2.12
								incl.	91	97	6	3	1.45	2.38
									127	129	2		0.10	0.38
Shadow	HMSHRC001	390105	7678810	411	200	-55	105		12	13	1	^^	0.16	0.13
									104	107	3	^^	0.14	0.43
								incl.	104	105	1	^^	0.31	0.85
Even Steven South	HMESRC001	396525	7685654	369	300	-70	310		120	124	4	^^	0.14	0.23
Total					868									
Note														
^ - Average analysis utilised where more than one reading conducted														
^^ - Determination of true width not possible from information currently available														
* - Note that true widths are an estimate only. Deviation on HMTRRC001 increases the uncertainty in the true width estimation														
Coordinates and azimuth relative to GDA 94 Zone 54. Default RL Utilised. Both coordinates and RL to be updated at end of program														

Shadow and Even Steven South

A single hole was also drilled at Shadow and Even Steven South prospects. Drilling at the Shadow prospect intersected 3m at 0.43% copper and 0.14g/t Gold from 140m in HMSHRC001 and drilling at Even Steven South intersected 4m at 0.23% copper and 0.14g/t gold from 120m in HMESRC001. Additional drilling is planned for Shadow as part of this program with further interpretation of these results to continue.

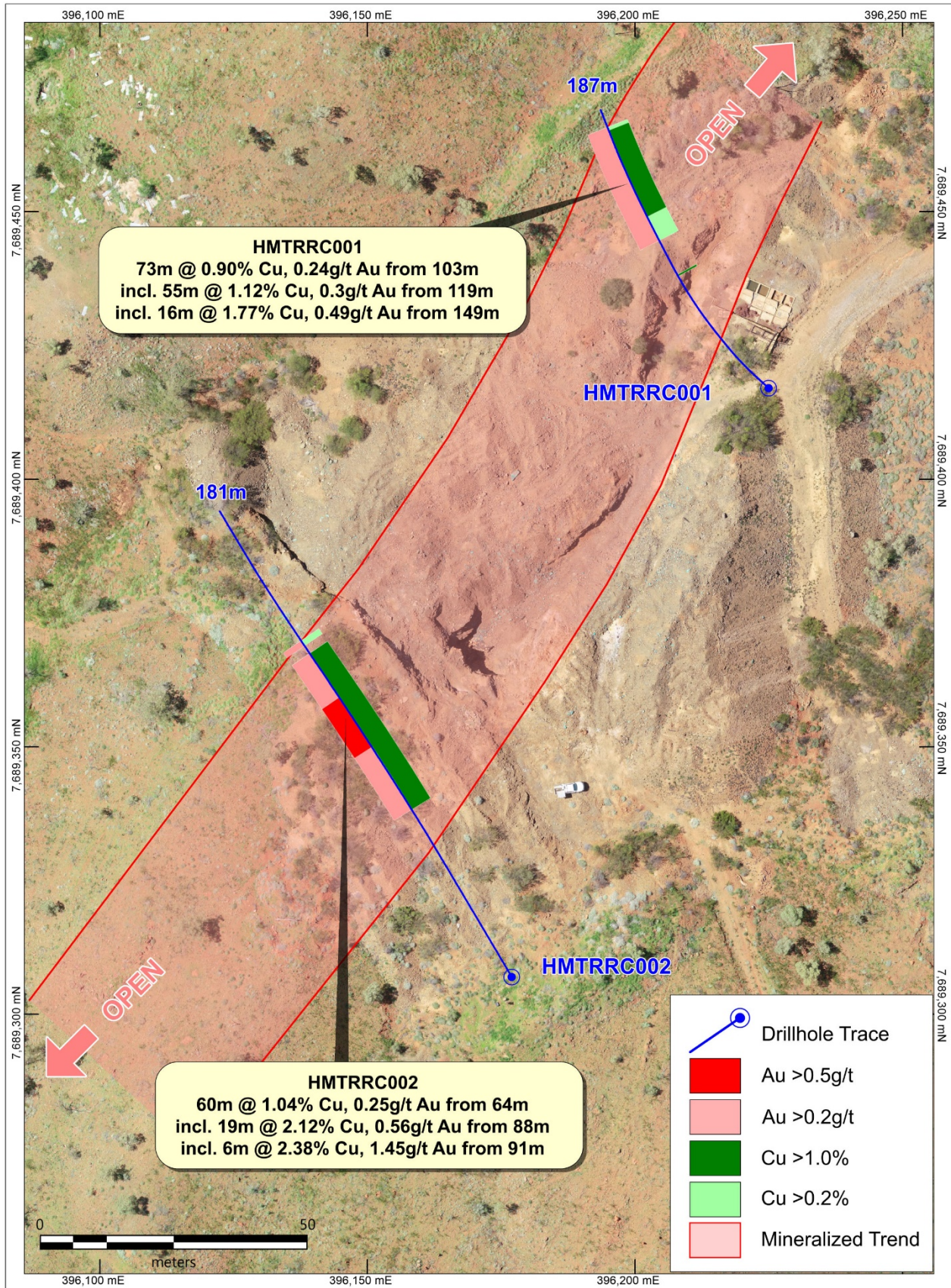


Figure 3. Plan view the Trafalgar Prospect showing the location of HMTRRC001 and HMTRRC002.

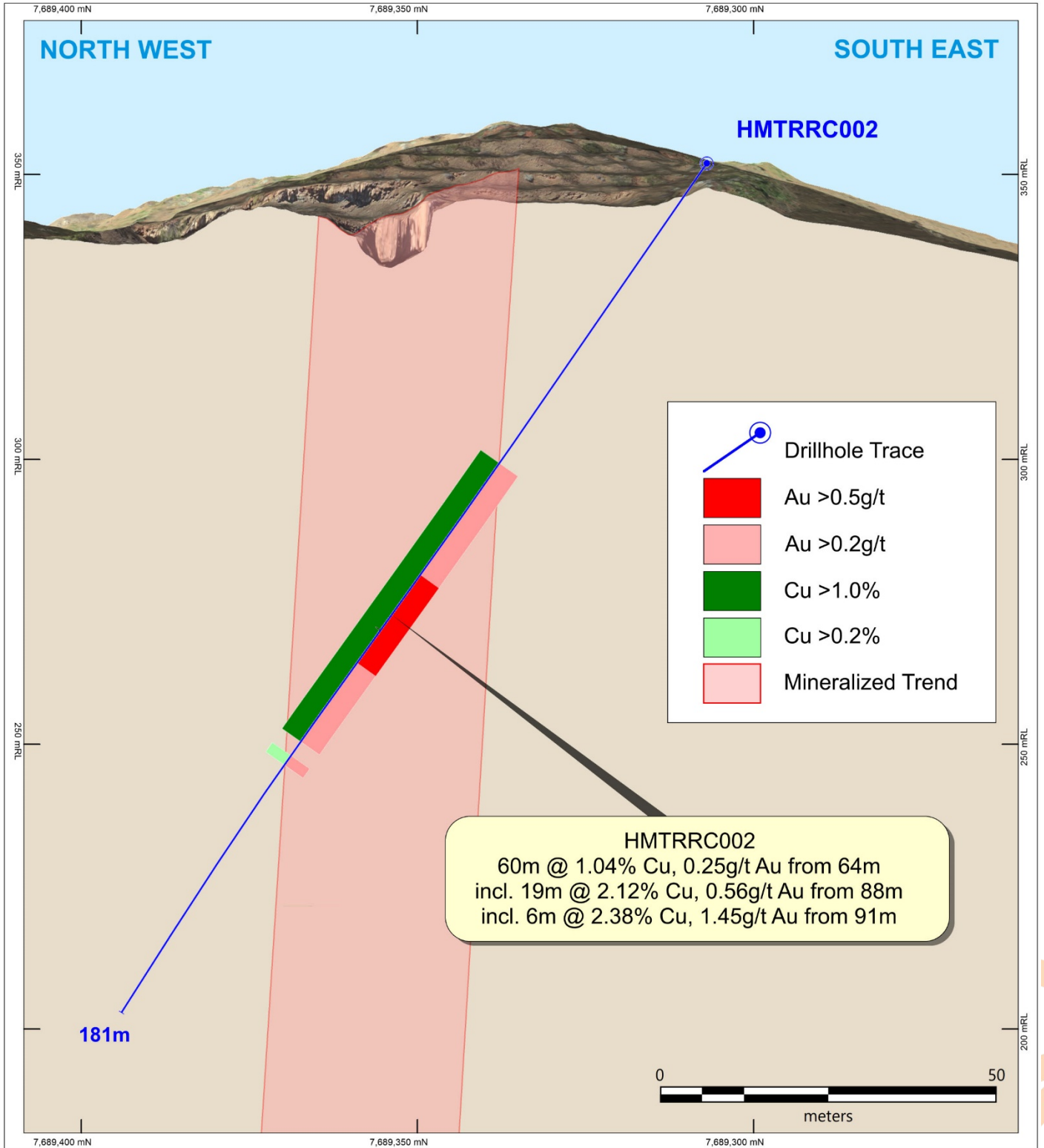


Figure 4. Section through HMTRRC002

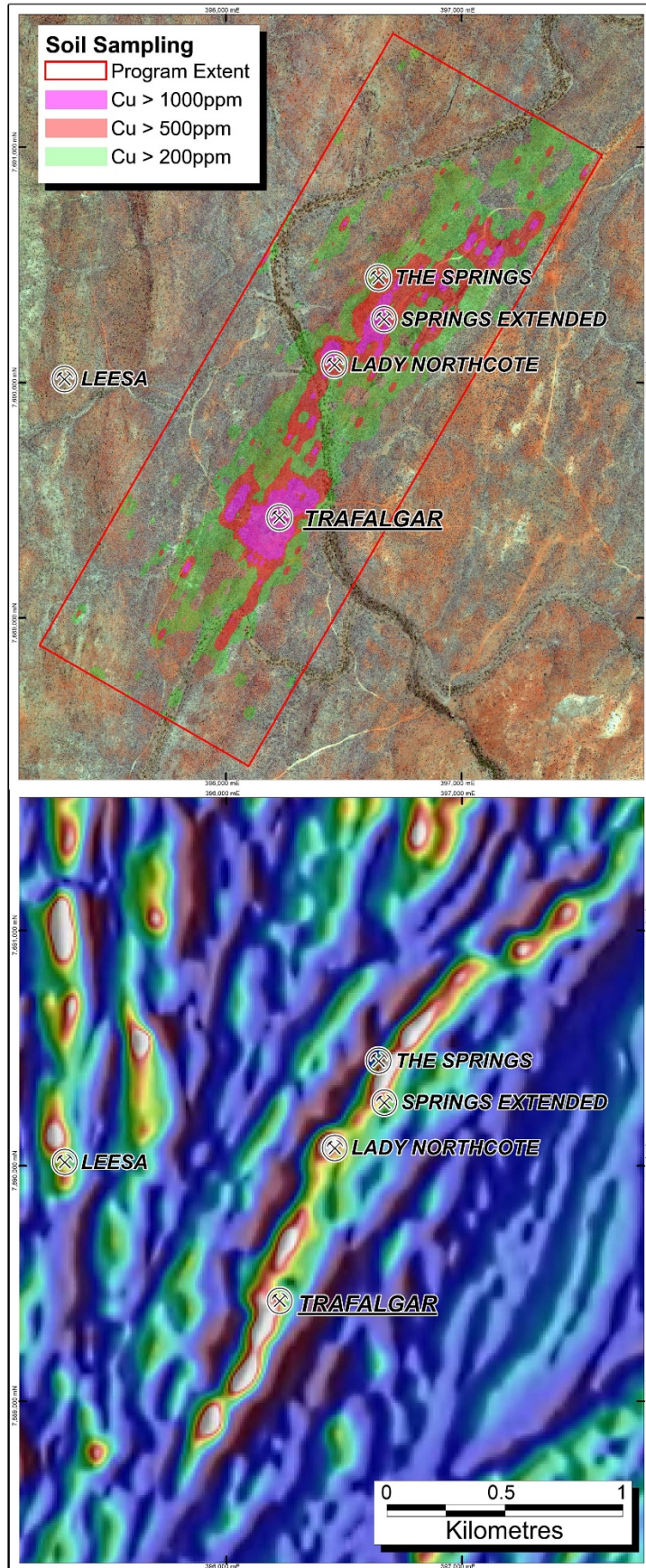


Figure 5. Plan view of the Trafalgar trend showing Cu in soil response (top) and Magnetic response (base)

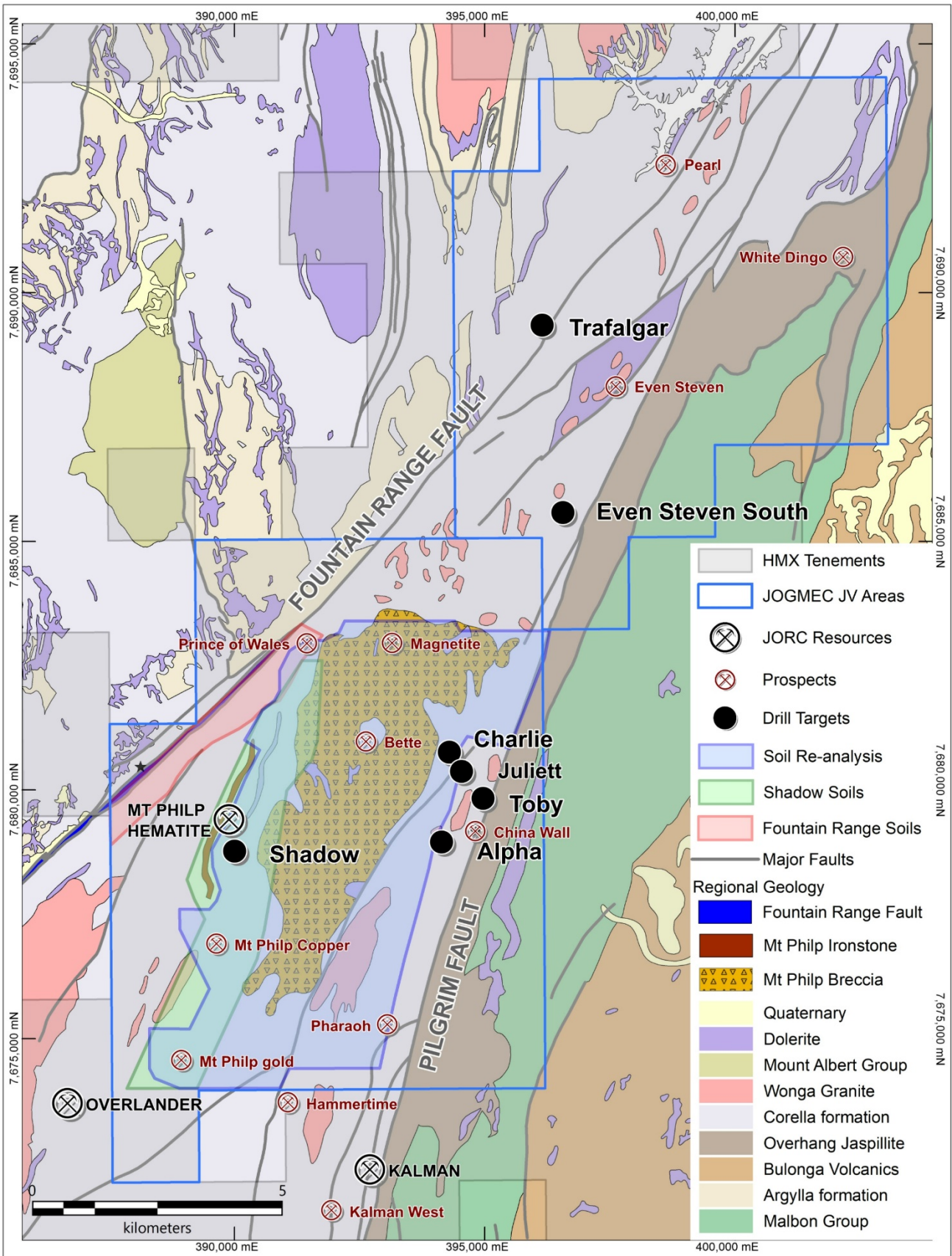


Figure 6. Location of prospects currently being drilled

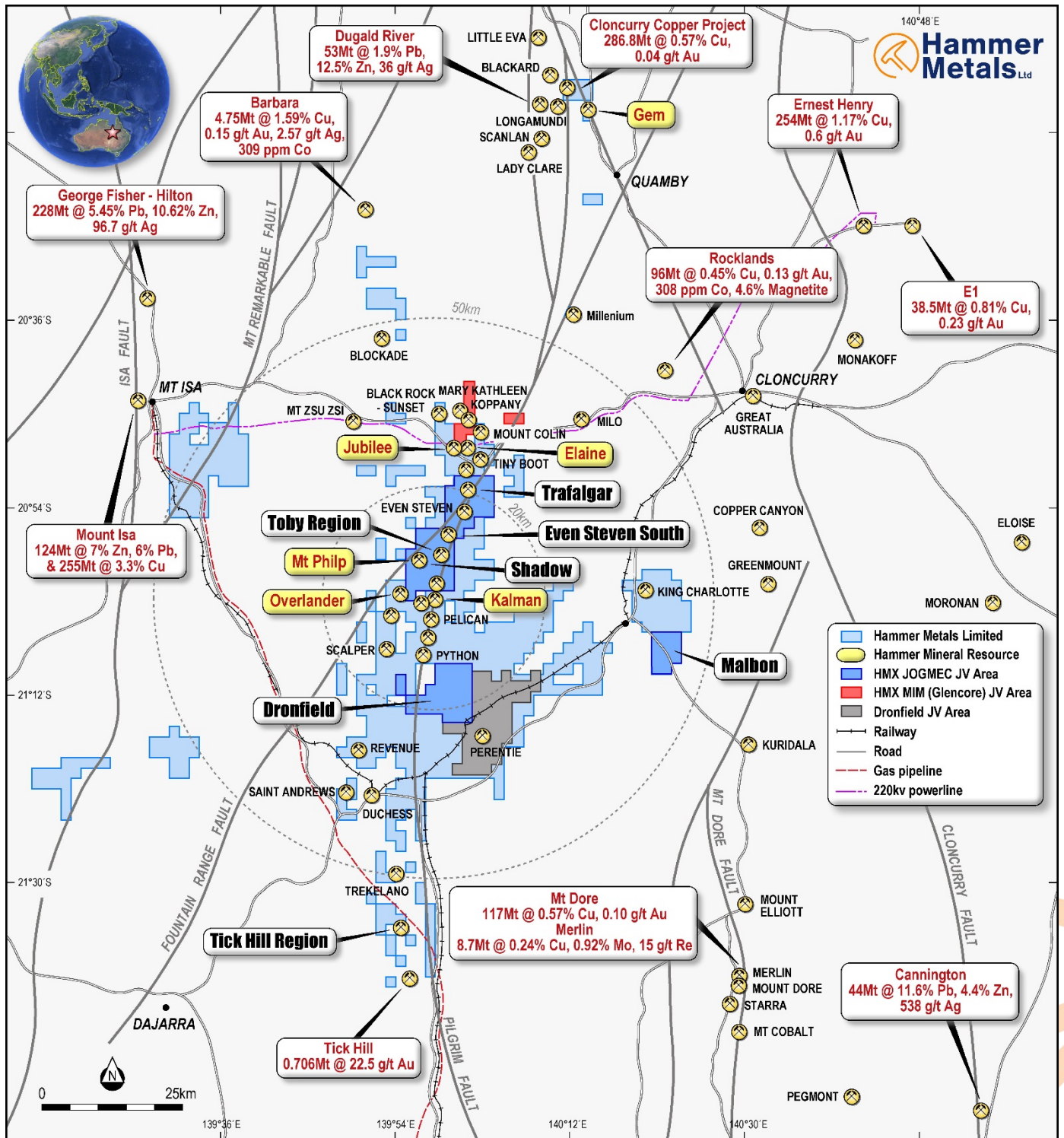


Figure 7. Mt Isa Project tenements

This announcement has been authorised for issue by the Board of Hammer Metals Limited in accordance with ASX Listing Rule 15.5.

For further information please contact:

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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 styles of mineralisation and types of deposit under consideration and to the activities 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.

JORC Table 1 report – Mount Isa Project Exploration Update

- This table is to accompany an ASX release updating the market with drilling from areas within the Hammer Metals Limited Mount Isa Project. The current drilling program was initiated on 16/12/2020 and after a short hiatus the program restarted on 12/01/2021.
- This drilling was conducted on tenements which form part of the Mt Isa East Joint Venture between Hammer Metals Limited and the Japan Oil, Gas and Metals National Corporation (“JOGMEC”).
- Gold and Multielement results for 4 reverse circulation holes drilled in late December have now been reported.
- All ancillary information presented in figures herein has previously been reported to the ASX.
- Historic exploration data noted in this and previous releases has been compiled and validated. It is the opinion of Hammer Metals that the exploration data are reliable.

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	<p><i>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).</i></p> <p><i>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.</i></p> <p><i>Aspects of the determination of mineralisation that are Material to the Public Report.</i></p> <p><i>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.</i></p>	<ul style="list-style-type: none"> • 4 reverse circulation holes for 868m are reported herein. • Drill chip samples were taken at dominantly four metre intervals, with a riffle split from each drilled metre combined to produce a composite sample. Where mineralisation was anticipated or encountered, the sample length was reduced to 1m with lab submission of the 1m samples. • The average sample length and weight for the assays reported herein is 1.77m and 3.45kg respectively. • All samples submitted for assay underwent fine crush with 1kg riffled off for pulverising to 75 microns. • Samples were submitted to SGS in Townsville for: <ul style="list-style-type: none"> • Fire Assay with AAS finish for gold. • 4 acid digest followed by ICP-MS and ICP-OES for a 49 element suite. • Portable XRF analysis was conducted in the field on each 1m interval. • Reanalyses will be conducted as required to investigate element repeatability.
Drilling techniques	<p><i>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).</i></p>	<ul style="list-style-type: none"> • Holes were drilled by DDH1 drilling using a Sandvik DE840 (UDR1200) drilling rig. • The reverse circulation technique which uses a face sampling hammer to reduce contamination.

Criteria	JORC Code explanation	Commentary
Drill sample recovery	<p><i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></p> <p><i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></p> <p><i>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.</i></p>	<ul style="list-style-type: none"> • Sample recoveries were generally in excess of 80%. Recoveries are typically low in the first 5m of each hole. • In zones where recovery was compromised holes were terminated. • No sample recovery bias has been noted.
Logging	<p><i>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.</i></p> <p><i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i></p> <p><i>The total length and percentage of the relevant intersections logged.</i></p>	<ul style="list-style-type: none"> • All drilling was geologically logged by Hammer Metals Limited Geologists. • Quantitative portable XRF analyses were conducted on metre intervals on site. • All metres were drilled were analysed by the lab methods listed above.
Sub-sampling techniques and sample preparation	<p><i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></p> <p><i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i></p> <p><i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></p> <p><i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></p> <p><i>Measures taken to ensure that the sampling is representative of the insitu material collected, including for instance results for field duplicate/second-half sampling.</i></p> <p><i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></p>	<ul style="list-style-type: none"> • Samples consist of RC drill chips. • Samples from the hole were collected by a three-way splitter with A and B duplicates taken for every sample. • Samples were taken at dominantly four metre intervals with samples being composited by riffle splitting material from each one metre sample bag. • Where evidence of mineralisation was encountered or anticipated, the sample length was reduced to 1m. • Sample collection methodology and sample size is considered appropriate to the target-style and drill method, and appropriate laboratory analytical methods were employed. • Standard reference samples and blanks were each inserted into the laboratory submissions at a rate of 1 per 25 samples.
Quality of assay data and laboratory tests	<p><i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></p> <p><i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model,</i></p>	<ul style="list-style-type: none"> • Each metre drilled was subject to site portable XRF analysis. • All samples were analysed for gold by flame AAS using a 30gm charge. • Each sample was analysed 4-acid multielement ICP OES and MS.

Criteria	JORC Code explanation	Commentary
	<p><i>reading times, calibrations factors applied and their derivation, etc.</i></p> <p><i>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.</i></p>	<ul style="list-style-type: none"> Standard reference samples and blanks were inserted at 25 sample intervals. SGS also maintained a comprehensive QAQC regime, including check samples, duplicates, standard reference samples, blanks and calibration standards.
Verification of sampling and assaying	<p><i>The verification of significant intersections by either independent or alternative company personnel.</i></p> <p><i>The use of twinned holes.</i></p> <p><i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i></p> <p><i>Discuss any adjustment to assay data.</i></p>	<ul style="list-style-type: none"> All assays have been verified by alternate company personnel. Assay files were received electronically from the laboratory.
Location of data points	<p><i>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.</i></p> <p><i>Specification of the grid system used.</i></p> <p><i>Quality and adequacy of topographic control.</i></p>	<ul style="list-style-type: none"> Datum used is UTM GDA 94 Zone 54. RL information will be merged at a later date utilising the most accurately available elevation data.
Data spacing and distribution	<p><i>Data spacing for reporting of Exploration Results.</i></p> <p><i>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.</i></p> <p><i>Whether sample compositing has been applied.</i></p>	<ul style="list-style-type: none"> The drill density is not sufficient to establish grade continuity. The average grade has been utilised where multiple repeat analyses have been conducted on a single sample.
Orientation of data in relation to geological structure	<p><i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i></p> <p><i>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.</i></p>	<ul style="list-style-type: none"> Drill holes were oriented as close to perpendicular as possible to the orientation of the targets based on interpretation of previous exploration.
Sample security	<p><i>The measures taken to ensure sample security.</i></p>	<ul style="list-style-type: none"> Pre-numbered bags were used, and samples were transported to SGS in Townsville by a commercial carrier. Samples were packed within sealed bulka bags.

Criteria	JORC Code explanation	Commentary
Audits or reviews	<i>The results of any audits or reviews of sampling techniques and data.</i>	<ul style="list-style-type: none"> The dataset associated with this reported exploration has been subject to data import validation. All assay data has been reviewed by two company personnel. No external audits have been conducted.

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	<p><i>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.</i></p> <p><i>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.</i></p>	<ul style="list-style-type: none"> The Mt Isa Project consists of 28 tenements. The drilling reported herein was conducted on EPM26775 and EPM26776. These tenements form part of the Mt Isa East Joint Venture with Japan Oil, Gas and Metals National Corporation (“JOGMEC”). JOGMEC has the right to earn a 60% interest by expending \$6,000,000 by 31 March 2024 with a minimum expenditure commitment of \$1,000,000 by 31 March 2020. No proportional ownership change occurs until such time as the \$6,000,000 is expended and the current JOGMEC interest is 0%. See ASX announcement dated 25 November 2019, for details of the Joint Venture.
Exploration done by other parties	<i>Acknowledgment and appraisal of exploration by other parties.</i>	<ul style="list-style-type: none"> Previous holders held title either covering the tenement in part or entirely and previous results are contained in Mines Department records.
Geology	<i>Deposit type, geological setting and style of mineralisation.</i>	<ul style="list-style-type: none"> The Shadow Prospect is composed of a linear alteration system, 4km in length located on the western margin of the Mt Philp Breccia. The alteration system comprises a central breccia zone with a marginal quartz-magnetite alteration zone. This is expressed on regional aeromagnetic datasets as a linear magnetic anomaly. The Trafalgar Prospect is located on the regional scale Fountain Range Fault. The prospect is located on a magnetic and conductive trend and is typified at surface by an elevated gold and copper soil response.

Criteria	JORC Code explanation	Commentary
		<ul style="list-style-type: none"> The Even Steven South Prospect is located on the Pilgrim Fault zone and the target area is typified by an increased gravity and magnetic signature with a surficial gold and copper soil geochemical anomaly.
Drill hole Information	<p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> See the attached tables.
Data aggregation methods	<p>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.</p> <p>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.</p> <p>The assumptions used for any reporting of metal equivalent values should be clearly stated.</p>	<ul style="list-style-type: none"> Intercepts are quoted at a 0.2% Cu cut-off with included intercepts highlighting zones of increased Copper and/or Gold grade.
Relationship between mineralisation widths and intercept lengths	<p>These relationships are particularly important in the reporting of Exploration Results.</p> <p>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</p> <p>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').</p>	<ul style="list-style-type: none"> The relationship between intersected and true widths for drilling at Shadow and Even Steven South are not currently known with any certainty. The relationship between intersected and true widths for Trafalgar is noted in the intercept table.
Diagrams	<p>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</p>	<ul style="list-style-type: none"> See attached figures

Criteria	JORC Code explanation	Commentary
	<i>collar locations and appropriate sectional views.</i>	
Balanced reporting	<i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced avoiding misleading reporting of Exploration Results.</i>	<ul style="list-style-type: none"> • Intercepts are quoted at a 0.2% Cu cut-off with included intercepts highlighting zones of increased Copper and/or Gold grade. • The reader can therefore assume that any portions of a drillhole that are not quoted in the intercept tables contain grades less than the quoted cut-off.
Other substantive exploration data	<i>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.</i>	<ul style="list-style-type: none"> • All relevant information is disclosed in the attached release and/or is set out in this JORC Table 1.
Further work	<p><i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></p> <p><i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i></p>	<ul style="list-style-type: none"> • Drilling is ongoing