



December 15th 2016

Copper and High Grade Gold Tenement Acquisition

Hammer Metals Limited (**ASX:HMX**) has signed an agreement with Chinalco Yunnan Copper Resources Ltd (**ASX:CYU**) to acquire 100% of CYU's tenement interests in the Mount Isa district.

The acquisition secures a range of prospective copper-gold targets that are considered to significantly enhance Hammer's current tenement portfolio in the Mount Isa region.

The acquisition includes a 100% interest in EPM's 14019, 14022 and 12205 which cover the previously defined Elaine-Dorothy copper-gold resource of 27 Mt at 0.53% Cu and 0.08g/t Au (CYU ASX release 18/10/2012), the GEM copper-gold resource (CYU ASX release 9/06/2010) and the Elaine uranium prospect (CYU ASX release 24/03/2010) as well as a range of other copper-gold drill intersections at the Mt Dorothy, Pindora and Prince of Wales prospects. The tenements also cover strike extensions of mineralised trends and favourable host rocks identified within Hammer's adjacent tenements.

Hammer will initially focus on assessing the potential of several high-grade gold intercepts within the Elaine-Dorothy deposit to form higher grade internal lodes. Significant gold intercepts from previous diamond drilling include:

- **30m @ 6.73g/t Au** from 508 metres in MKED009 and
- **26 metres at 1.7g/t Au, 0.24% Bi** from 160 metres, including **9 metres at 3.63g/t Au, 0.60 % Bi** from 177 metres in MKED026.

(Refer to CYU ASX releases dated November 7th 2011 and June 13th 2012 for details of the intersections.)

The acquisition also includes CYU's 51% interest in EPM 14467 (Mt Frosty), located adjacent to the Mary Kathleen uranium mine and which covers the Blue Caesar, Jubilee and Koppany copper prospects. The tenement is currently in joint venture with a third party. The acquisition of the interest is contingent on Hammer reaching agreement with the third party within 45 days of signing the purchase agreement on acceptable revised commercial terms to the current JVA.

Consideration for the acquisition is the issue to CYU of 1,500,000 ordinary shares in Hammer Metals Limited, voluntarily escrowed until October 17th 2017. If the acquisition of the 51% interest in EPM 14467 does not proceed the consideration is reduced to 1,250,000 shares. The acquisition is subject to normal commercial terms including completion of due diligence and the receipt of indicative approval for the transfers from the Department of Natural Resources and Mines.

Hammer has built up a strategic tenement position covering approximately 2,600km² within the Mount Isa region holding 100% interests in the Kalman (Cu-Au-Mo-Re) deposit, the Overlander North and Overlander South (Cu-Co) deposits and the Millennium (Cu-Co-Au) deposit.

Alexander Hewlett, CEO of Hammer Metals said that: *"This acquisition significantly enhances Hammer's Mount Isa project by acquiring additional copper-gold resources and a range of advanced copper-gold targets. Evaluating the potential of the Elaine Dorothy deposit for high grade gold zones is of particular interest"*

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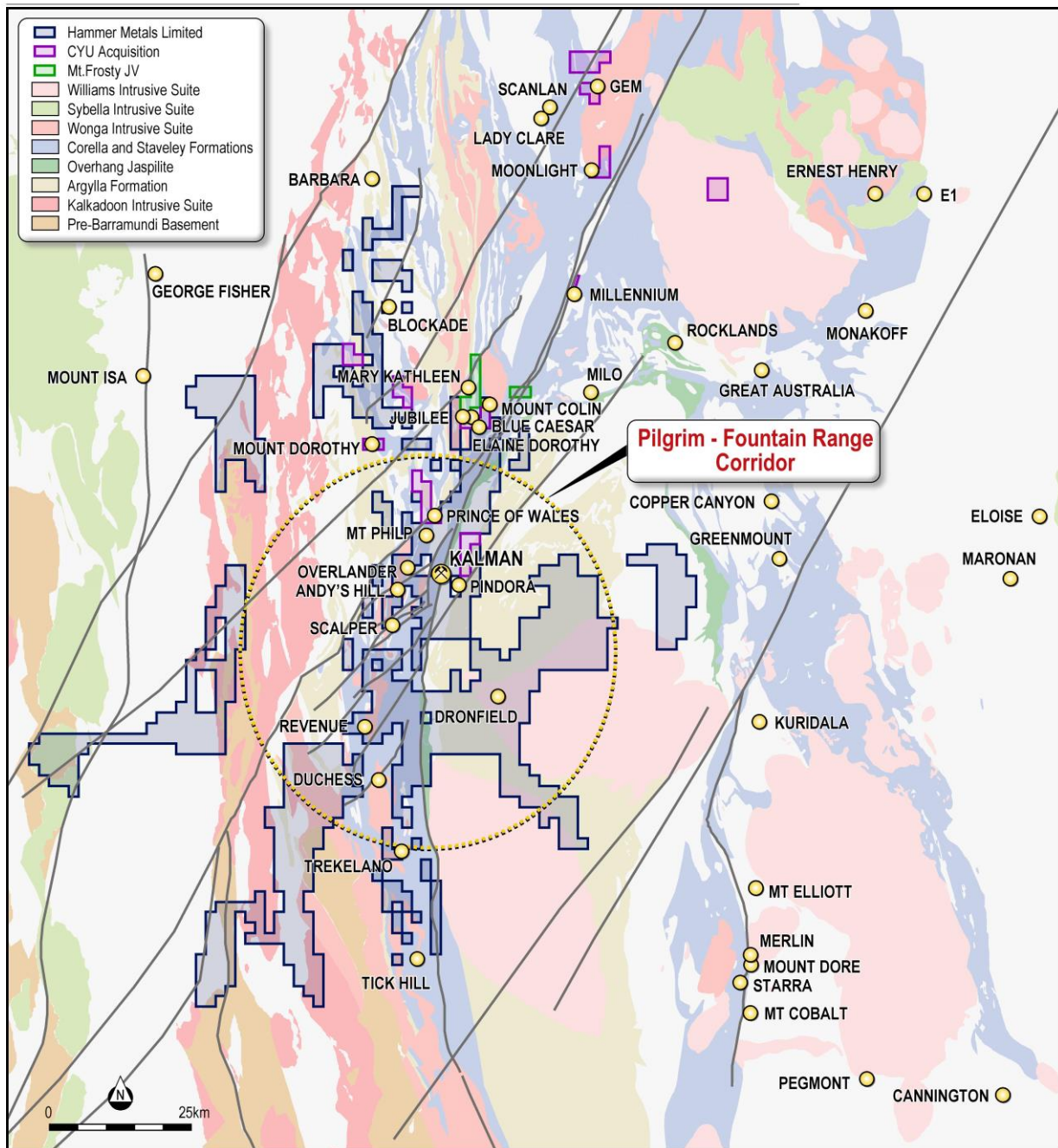


Figure 1: Project Location

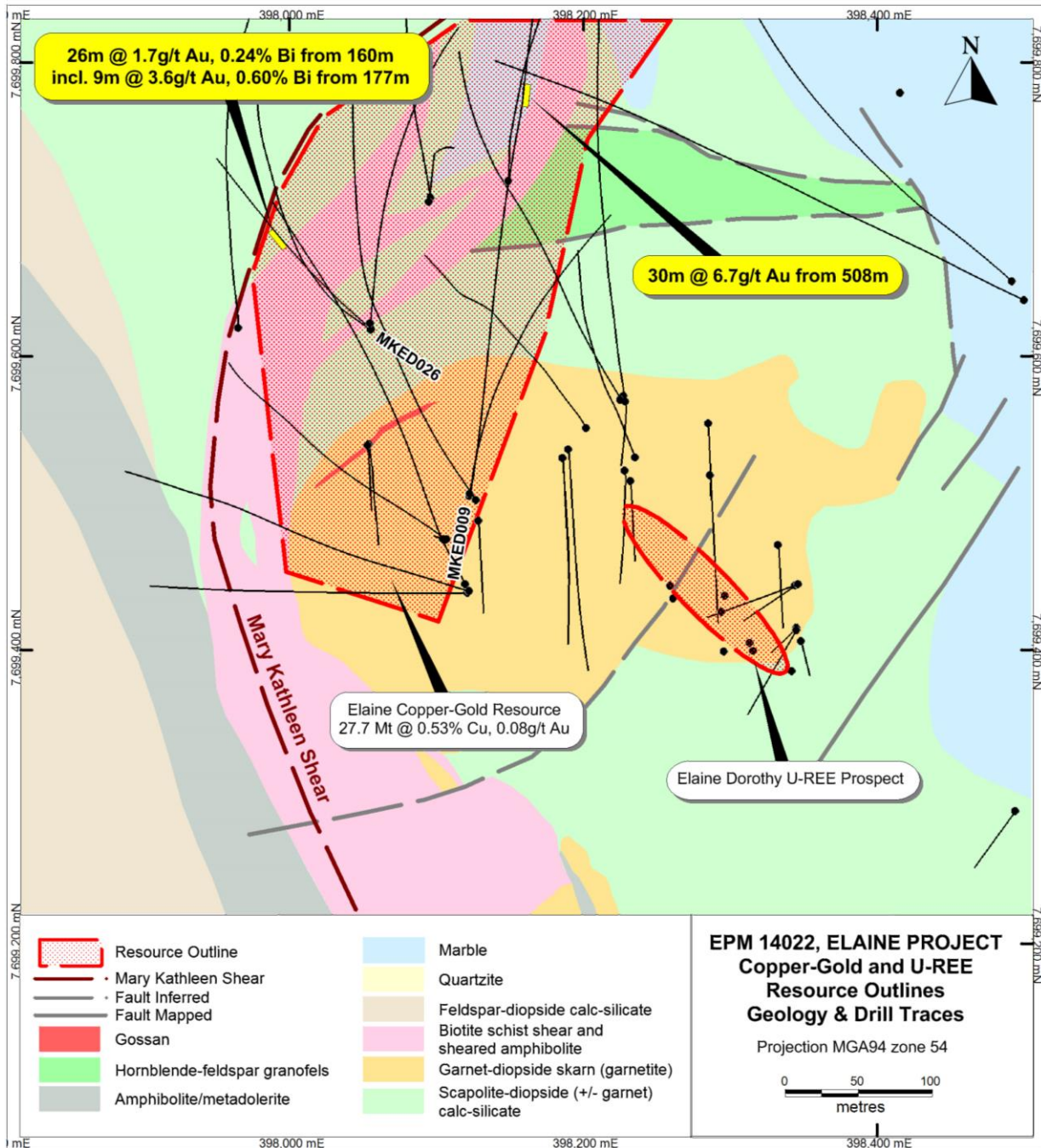


Figure 2: Plan of the Elaine Project Area, Showing Cu-Au Resource, U-REE Prospect and Drill Traces



Competent Persons Statement

The information in this report that relates to Sampling Techniques and Data and Exploration Results is based on information compiled by Mr John Downing, a Competent Person who is a Member of the Australian Institute of Geoscientists and a long-term contractor to Hammer. Mr Downing has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves'. John Downing consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.