

ASX RELEASE

25 November 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 (22/11/2019)	\$0.025
Shares on Issue	439m
Market Cap	\$11.0m
Options Listed	190m
Options Unlisted	27m

Significant Shareholders

Directors	12.4%
Deutsche Rohstoff	7.2%
Zenith Pacific	5.9%

HAMMER EXECUTES \$6.0M EXPLORATION JV WITH JOGMEC

- 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, Dronfield West and Malbon target areas covering approximately 290km² of Hammer's 2,200km² Mount Isa Project. The areas are considered highly prospective for the discovery of Iron Oxide Copper Gold Deposits ("IOCG") similar in style to the Ernest Henry deposit (approximately 220Mt @ 1.1% Cu and 0.5g/t Au).
- 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.
- Hammer will manage exploration until JOGMEC earns a 60% interest.
- Hammer retains a 100% interest in the existing Resources at the Kalman Cu-Au-Mo-Re deposit, the Overlander Cu deposit and the Elaine Cu-Au deposit as well as its 51% interest in the Jubilee Cu-Au deposit.

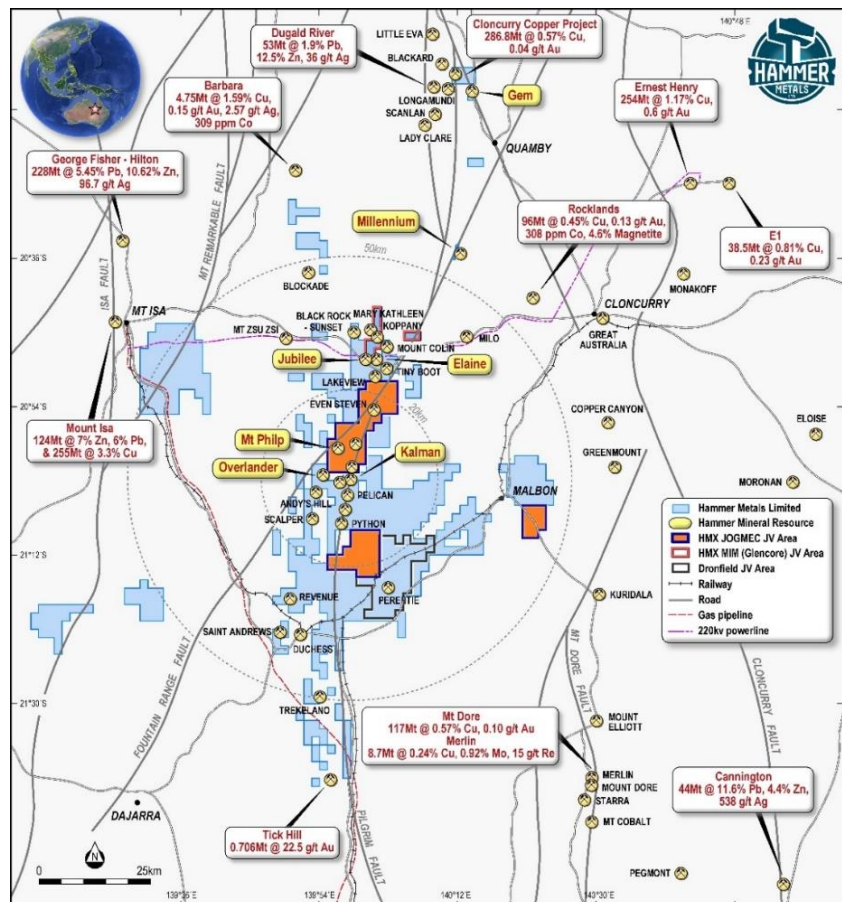


Figure 1: Hammer Metals Mount Isa Project showing the JOGMEC JV areas

Hammer's Managing Director, Daniel Thomas said:

"The Hammer team is excited that JOGMEC shares our vision that a large tonnage IOCG deposit such as Ernest Henry is present within our Mount Isa Project area. The increased exploration funding allows a focussed and accelerated exploration program at Mt Isa, thereby maximising the chances of success while minimising shareholder dilution. We aim to start immediately.

The ability for Hammer to attract a quality partner such as JOGMEC supports Hammer's approach in the identification of early stage exploration targets and prospect generation".

Material Details of the Agreement

- The Farm-in and Joint Venture is over sections of the Even Steven, Mount Philp, Dronfield West and Malbon targets for a total area of approximately 290km² of the 2,200km² 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; and
 - 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 to 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.
- The Exploration Joint Venture remains subject to the following conditions precedent:
 - JOGMEC obtaining Foreign Investment Review Board approval; and
 - The execution of a Deed of Covenant and Release for the Royalty Agreements between Hammer's subsidiaries, Santana Minerals Limited and CST Minerals Exploration 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 on its 100%-owned and other Joint Venture properties. Upcoming Mount Isa Project field work will focus on Hammer's prospects at Jubilee, Koppany, the Alice-Kings trend and Perentie. Hammer will also continue with resource development studies on its 100%-owned Kalman Cu-Au-Mo-Re Deposit.

For further information please contact:

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About JOGMEC

Japan Oil, Gas and Metals National Corporation is a Japanese government Independent Administration Institution tasked to ensure a stable supply of mineral resources for Japan. JOGMEC has a demonstrated track record of participating in the Australian mineral exploration industry. Further details about JOGMEC can be found on the corporations website: <http://www.jogmec.go.jp/english/index.html>

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 Metals also recently acquired 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.