

AWARD OF EIS FUNDING AND RESUMPTION OF BRONZEWING SOUTH PROGRAM

HIGHLIGHTS

- **Western Australian Government Exploration Incentive Scheme (“EIS”) Grant of \$150,000 awarded to Hammer** to partly fund the drilling of a compelling gravity and structural target at its Bronzewing South Gold Project.
- **Suspended aircore program to resume in mid-June** at the **North Orelia project**. Prior to the program’s suspension in March, shallow gold mineralisation trends at Target 1 had been expanded to over a 2km length. Key results from the suspended program included (see ASX release dated 22 April 2020):
 - 4m at 3.88g/t Au from 24m in BWSAC0289;
 - 8m at 1.93g/t Au from 36m including 4m at 2.5g/t Au from 40m in BWSAC0290; and
 - 7m at 0.90g/t Au from 12m including 2m at 2.91g/t Au from 12m in BWSAC0304
- The pending program has been redesigned **to infill and further test the extent of mineralisation at Target 1** whilst also completing further testing of Target 4.
- Finalisation of the recently completed Bronzewing South **gravity survey has delineated high priority targets at the Bronzewing South property**.

Hammer Metals Ltd (ASX:HMX) (“Hammer” or the “Company”) is pleased to announce that it has been awarded a \$150,000 Western Australian government EIS grant. This grant will partially fund the drilling of deeper gravity targets at Bronzewing South.

The Company’s plans for a safe resumption of drilling at the Bronzewing South project have also progressed with an anticipated recommencement date of mid-June. The aircore program was temporarily suspended in March due to the COVID-19 pandemic (see ASX release dated 26 March 2019).

The results from aircore drilling on the Orelia trend to date have confirmed the presence of shallow gold mineralisation over a 2km strike length at Target 1 and anomalous levels of gold at Target 4. Target 4 has identical stratigraphy to units hosting the Orelia and Lotus mineralisation.

Drilling at Target 4 remains incomplete with encouraging results being observed as broad spaced drill lines approach areas closest to the Orelia and Lotus gold deposits. The best result comes from the southernmost drilling with 32m at 0.15g/t Au from 32m including 4m at 0.88g/t Au from 32m in BWSAC0388.

Hammer has now completed its review and interpretation of the detailed gravity survey completed at Bronzewing South (see ASX releases dated 22 April 2020). The survey defined anomalous gravity lows in analogous geological positions to the Bronzewing Deposit.

ASX RELEASE

25 May 2020

DIRECTORS / MANAGEMENT

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Daniel Thomas

Managing Director

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Ziggy Lubieniecki

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CAPITAL STRUCTURE

ASX Code: HMX

Share Price (22/5/2020)	\$0.026
Shares on Issue	559m
Market Cap	\$14.5m
Options Listed	190m
Options Unlisted	33m
Performance Rights	8m

Hammer's Managing Director, Daniel Thomas said:

"The quality of exploration targets within Hammer's portfolio continues to be recognised and rewarded as evidenced by our successful funding applications to various state governments. The Western Australian government EIS program has a tremendous history in contributing to the discovery of valuable ore deposits. The grant will enable deeper drill-testing for a potential repetition of the Bronzewing Deposit within Hammer tenements.

Whilst the interruption to our North Orelia program was unfortunate, it has given the Company an opportunity to re-assess the priority of its targets and allows us to refocus on the displayed potential at Target 1. The Company is looking forward to a busy period with the drilling of a number of prospects at both our Bronzewing South Gold Project and our Copper and Gold prospects in Mount Isa."

Orelia North Target 1

The two phases of aircore drilling completed at Orelia Target 1 have defined mineralisation over a 2km strike length within multiple structures (refer ASX releases dated 18 November 2019, 23 December 2019 and 22 April 2020).

Significant results from Target 1 included:

- 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 8.77g/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;
- 12m at 0.79g/t Au from 8m including 4m at 1.96g/t Au from 8m in BWSAC0127;
- 4m at 3.88g/t Au from 24m in BWSAC0289;
- 8m at 1.93g/t Au from 36m including 4m at 2.5g/t Au from 40m in BWSAC0290; and
- 7m at 0.90g/t Au from 12m including 2m at 2.91g/t Au from 12m in BWSAC0304.

Significantly, much of the historic drilling was vertical and shallow and therefore failed to detect mineralised trends. Hammer intends to resume drilling on Target 1 in the current program (Figures 1 and 3), infilling lines of mineralisation to test for continuity of these trends whilst also looking to delineate multiple parallel trends of mineralisation as illustrated at the Northern end of Target 1 and as seen in the Lotus and Orelia deposits.

Targets 4 and 6

The drilling at Target 4, located 800m to the north of the Lotus Pit, was designed to test structural and lithological trends interpreted from aeromagnetics to be along strike of the Lotus deposit. Prior to the program suspension, this was confirmed through lithochemical analysis of multi-element assays which indicated that Hammer is testing the same stratigraphy as Lotus and Orelia with potential also existing to the east of Hammer's initial drilling.

Anomalous levels of gold were identified in these holes (refer to ASX release dated 22 April 2019). These intercepts are significant as the regolith in the area is thought to be depleted of gold. Significant results included:

- 12m at 0.16g/t Au from 24m including 4m at 0.36g/t Au from 24m in BWSAC0375; and
- 32m at 0.15g/t Au from 32m including 4m at 0.88g/t Au from 32m in BWSAC0388.

The planned drilling at Target 4 will be completed in the resumed program (Figures 2 and 3).

Orelia Trend History

The Mt McClure Deposit Group, consisting of Lotus, Cockburn, Success and Parmelia deposits were mined between 1992 and 2010. The Lotus pit which is closest to the Hammer Metals project area produced 0.4Moz during this period. Previous owners Echo Resources (currently owned by Northern Star Resources) defined a 1.07Moz resource at Orelia, located beneath the Cockburn and Lotus pits.

Hammer's tenements cover the prospective structural trends adjacent to the north of the Lotus Pit for 14km. These trends were initially drilled by Australian Resources Limited between 1987 and 1997 with minor follow-up by Newmont between 2003 and 2005. An examination of this drilling has confirmed that many of the historical holes were too shallow to be effective, or if effective, the mineralised intercepts have not been adequately followed-up.

Previous historic RAB and air core drilling on the structure north of the Orelia deposit averaged 30m in depth and outlined numerous bottom-of-hole gold anomalies that will be followed-up. Significant intersections included (refer HMX announcement 14 March 2019):

- 3m @ 12g/t Au from 18m in ARL6340/1057;
- 3m @ 3.60g/t Au from 9m in ARL6160/1152,
- 3m @ 2.35g/t Au from 6m in ARL6290/1055; and
- 3m @ 1.65g/t Au from 17m in ARLMM247.

EIS grant and Bronzewing South

The Bronzewing Gold deposit is located in a zone of low gravity response between the Bapinmarra Dolerite (to the west) and the Discovery Granodiorite (to the east). An analogous situation exists within Hammer tenements immediately to the south of the Bronzewing Open Pit (Figures 4, 5 and 6). In order to better define drilling targets, Hammer engaged Atlas Geophysics to complete a detailed gravity survey over an area within E36/854 (see ASX release dated 22 April 2020).

The survey defined anomalous gravity lows in analogous geological positions to the Bronzewing Deposit. These lows are overlain by shallow gold mineralisation intersected by both previous explorers and Hammer Metals (see ASX releases dated 14 March 2019 and 2 October 2019). Results from Hammer's reverse circulation drilling on the margin of these gravity lows included 10m at 1.97g/t Au from 129m including 1m at 16g/t Au from 137m in BWSRC006 (Figure 5 and 6).

Hammer Metals applied for and was awarded a \$150,000 Western Australia Exploration Incentive Grant to partly fund diamond drill testing of this mineralisation model. It is anticipated that this testing will proceed after the Orelia Aircore Program and RC drill testing of Orelia and Kens Bore is complete.

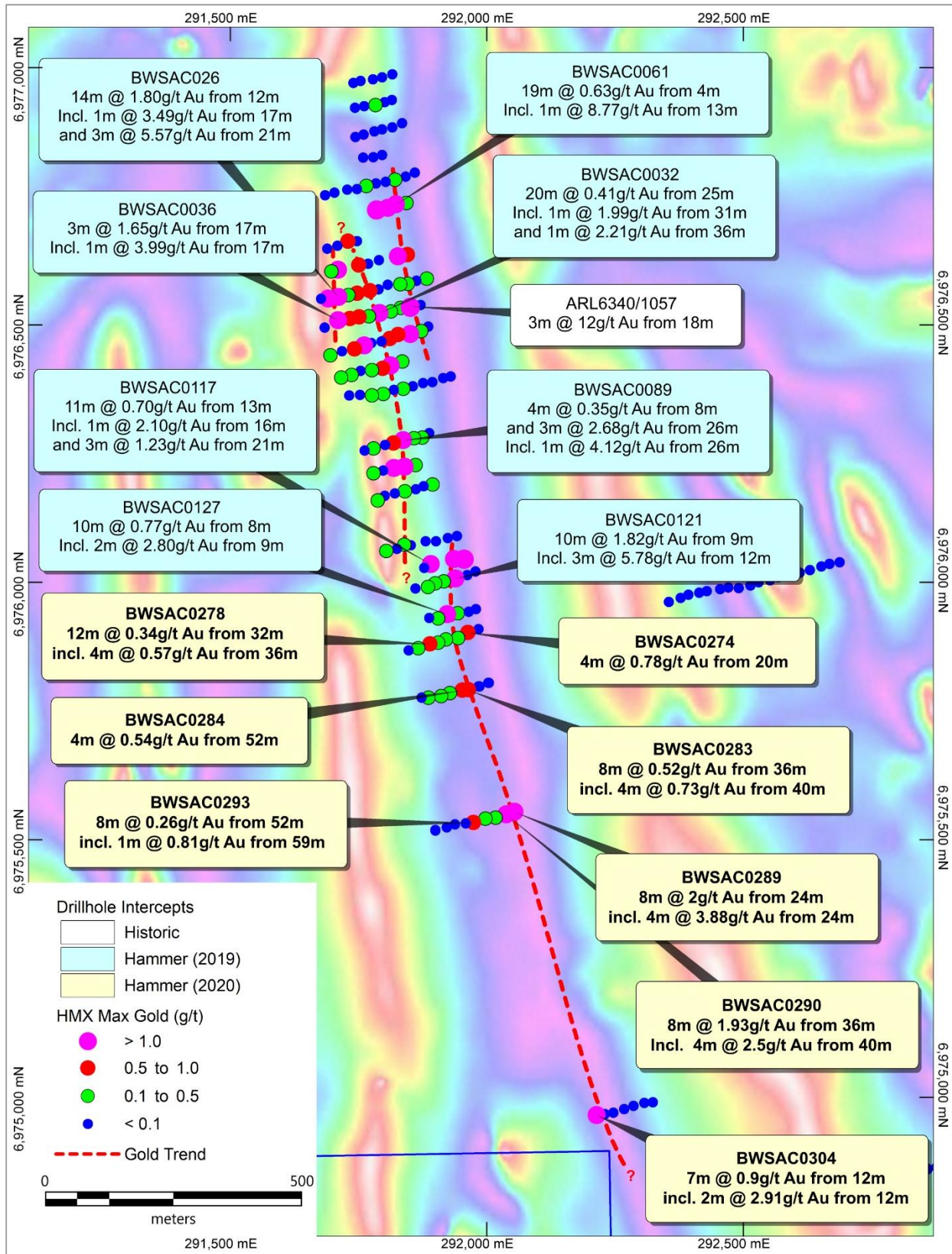


Figure 1. Target 1 - Gold mineralisation intersections and trends on magnetic imagery

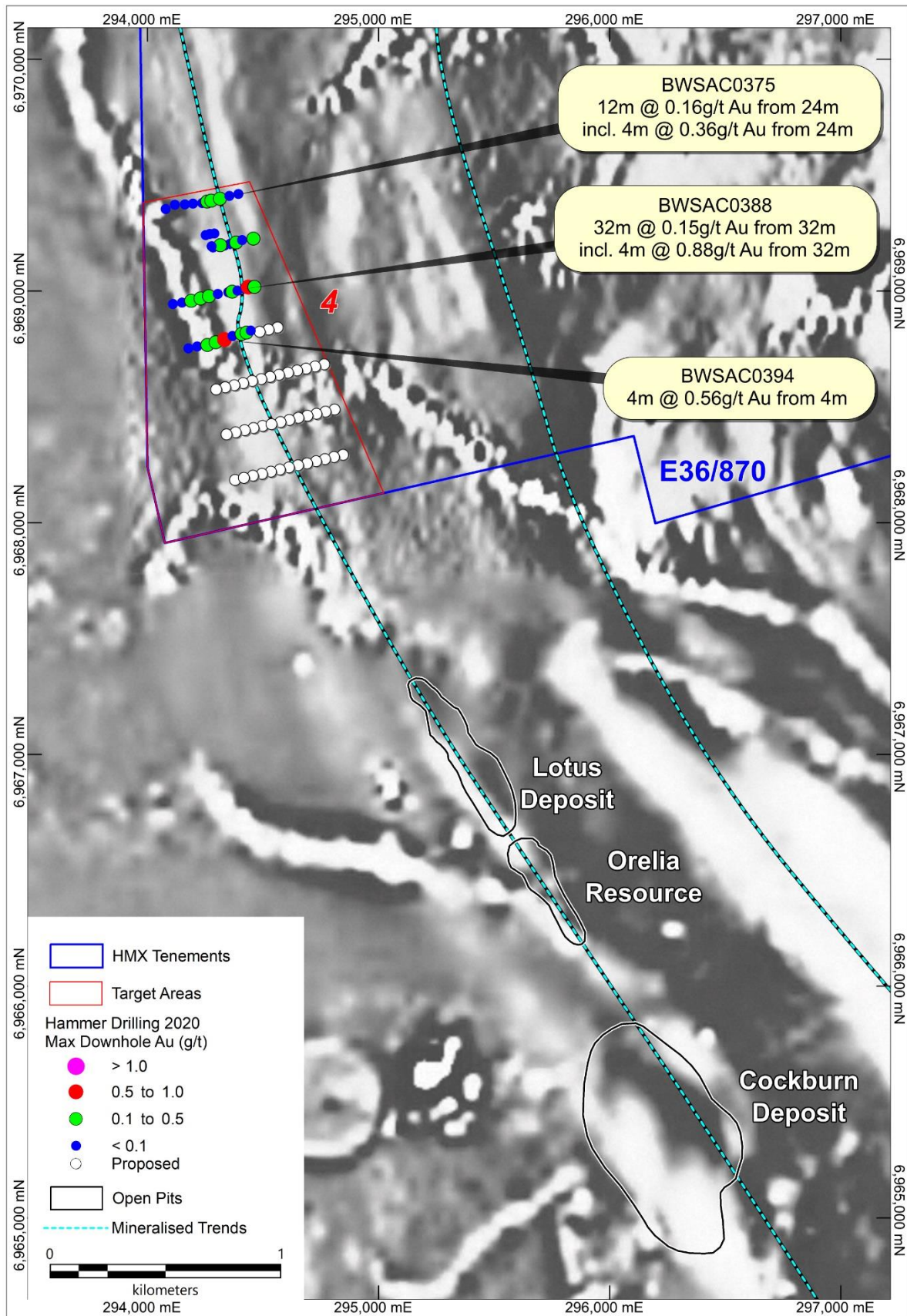


Figure 2. Target 4 - Gold mineralisation intersections and trends on magnetic imagery

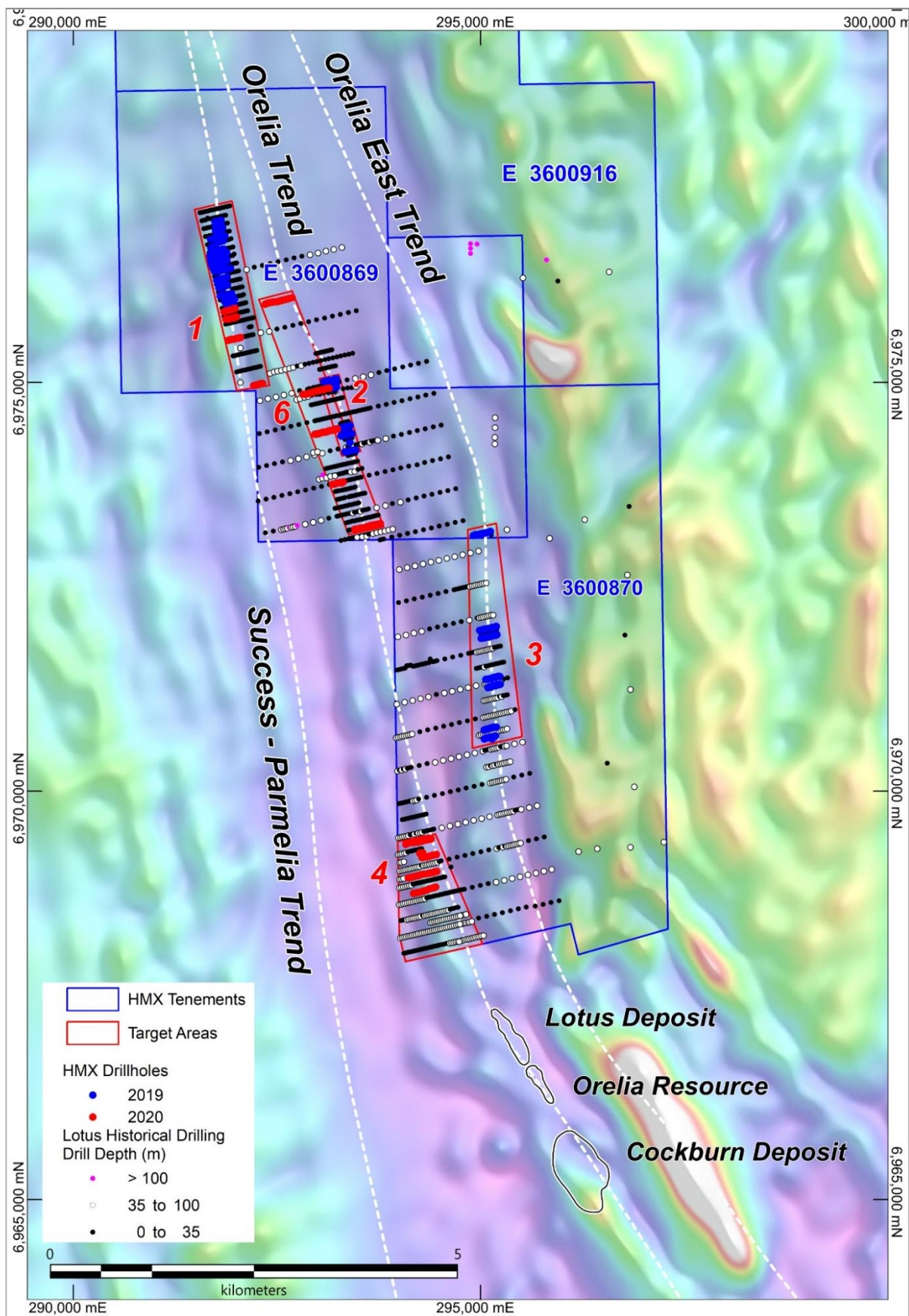


Figure 3. Overview of Orelia Targets showing drillhole locations on magnetic imagery.

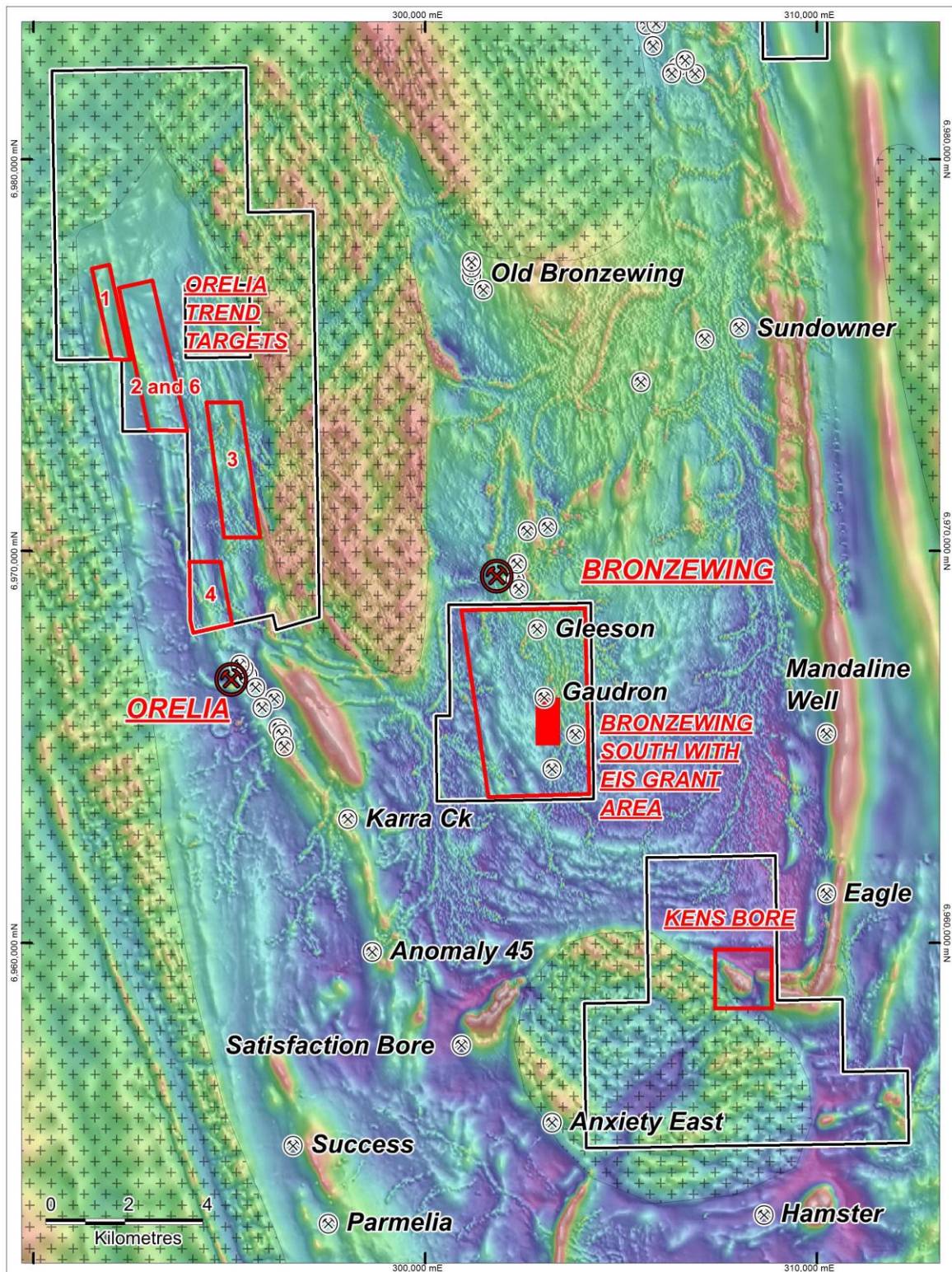


Figure 4. Target zones within Hammer tenements on magnetic imagery. The Exploration Incentive Scheme Grant area is also shown.

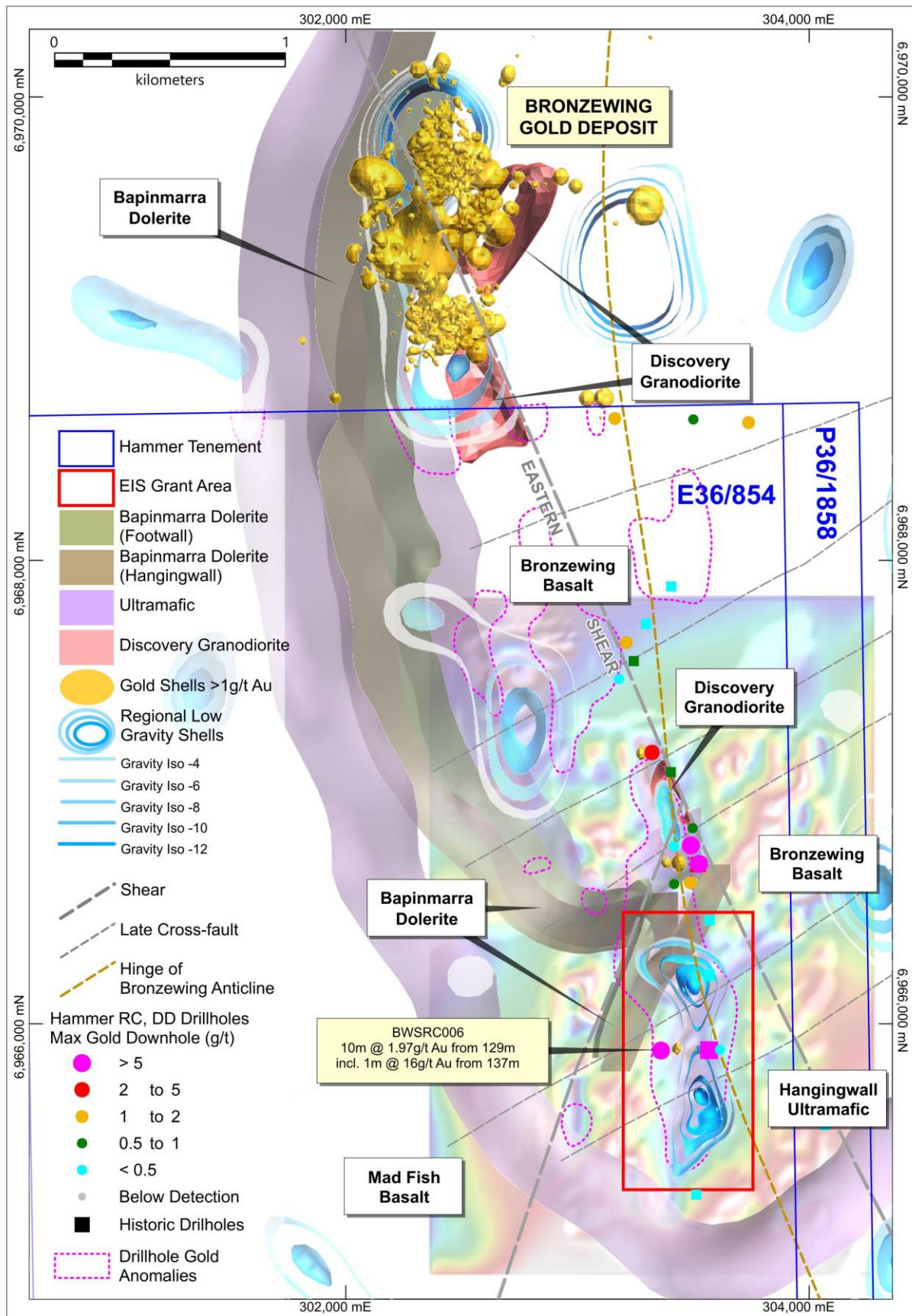


Figure 5. Location of the Gravity Survey within E36/854 and P36/1858 showing the location of the EIS grant area.

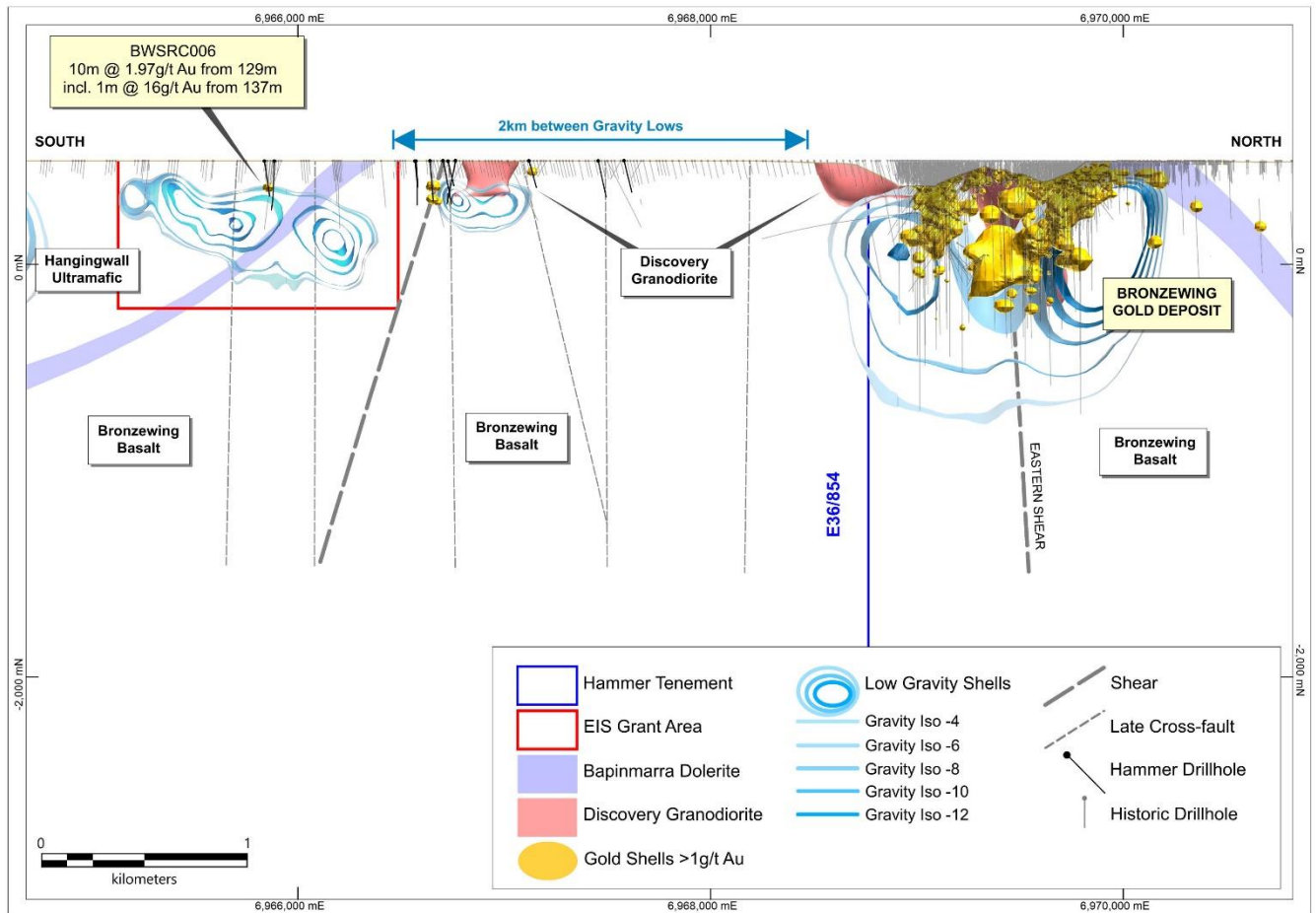


Figure 6. Long section looking west showing modelled gravity shells. The gravity low at Bronzewing South shows many similarities to the gravity response at the Bronzewing Gold Deposit.

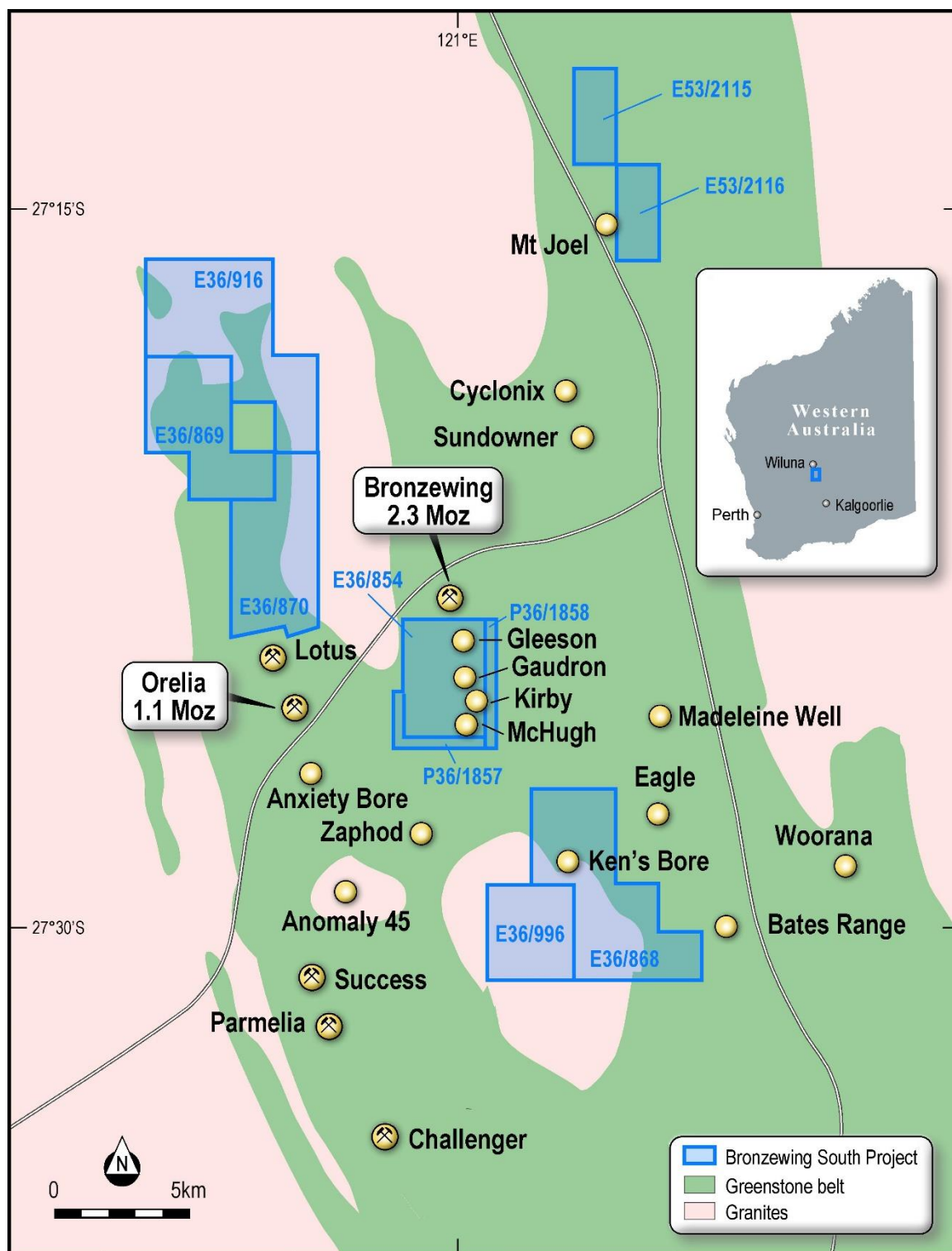


Figure 7. Project tenements in the vicinity of Bronzewing.

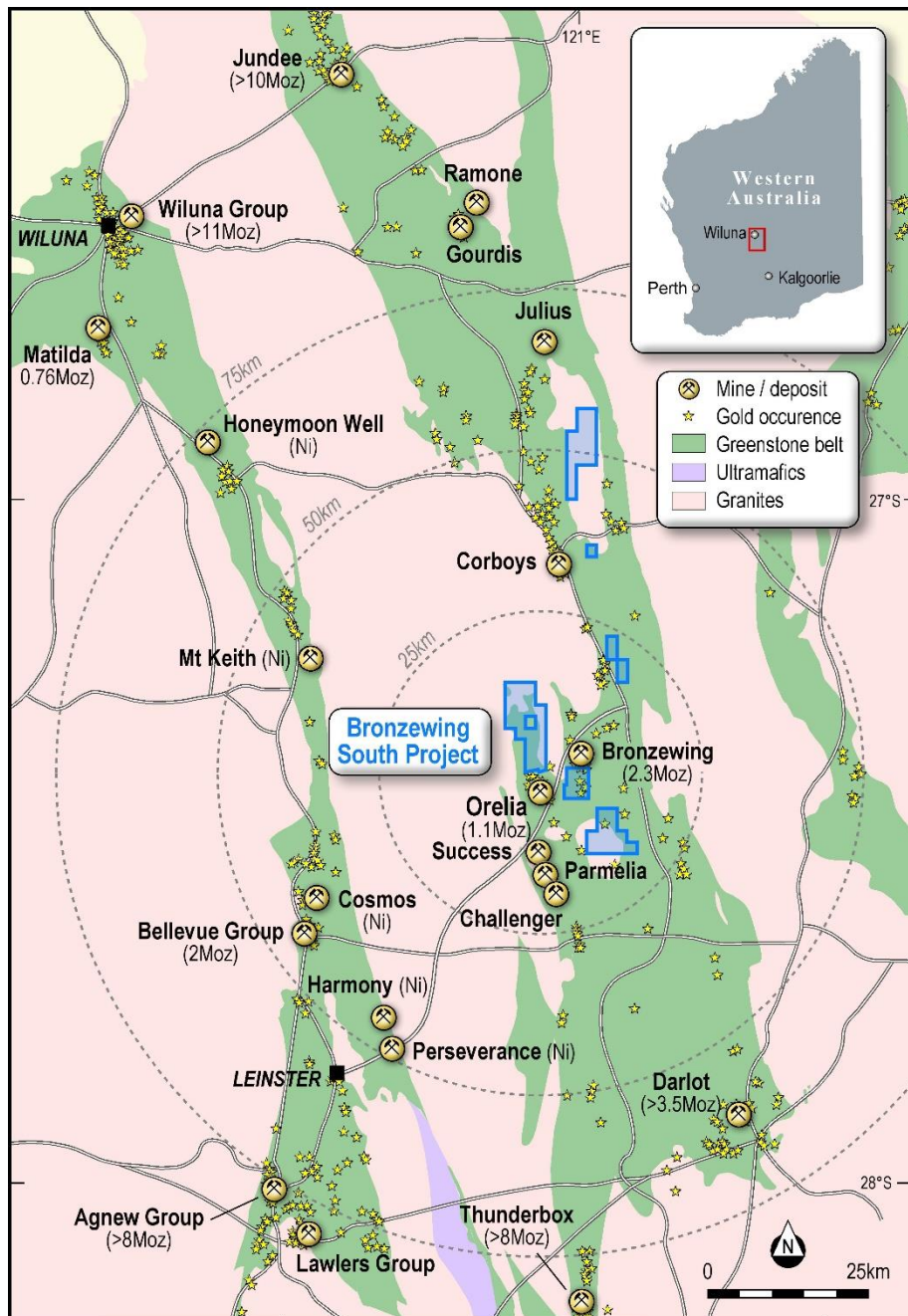


Figure 8. Yandal Belt Project tenements.

This announcement has been authorised for issue by Mr Daniel Thomas, Managing Director, Hammer Metals Limited.

For further information please contact:

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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.

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.