COMPANY UPDATE – DRILLING COMMENCES AT NORTH ORELIA

ASX RELEASE
22 June 2020

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 (19/6/2020)	$0.038
Shares on Issue	569m
Market Cap	$21.6m
Options Listed	180m
Options Unlisted	33m
Performance Rights	8m

- **Drilling at the North Orelia gold prospect near Bronzewing has commenced.** An 8000m aircore program will look to **infill, extend and identify high priority targets** along the 2km gold mineralisation trend identified at Target 1 (see ASX release dated 22 April).
- **Further testing at Target 4** and to **the south of Target 1** will also be completed in the current program.
- **Preparation for drilling at our Mount Isa project is complete.** Drilling is expected to commence next week.
- **New exposures of surface copper mineralisation** observed during the clearing of drill pads at the **Shadow prospect.**
- David Church to join the Board of Directors replacing Nader El Sayed who will resign from the board on 30 June 2020.

Figure 1. Ziggy Lubieniecki and Rachel Heald inspect the resumption of drilling

Hammer's Managing Director, Daniel Thomas said: *It is fantastic to see the resumption of drilling on our Bronzewing South Project. The extent of mineralisation at Target 1 is encouraging and the current program is designed to enable us to prioritise the most prospective area along this 2km trend. Drilling at Mount Isa is imminent, and our team is enthused by the prospect of delivering results from our concurrent programs. We have several high-quality targets that will be drill tested in the coming months and this is a testament to the hard and diligent work that our team has previously completed.*

Commenting on changes to the Board composition, Hammer's Chairman, Russell Davis said*: "Nader has been with the Company since 2013 and has played a significant role in establishing Hammer's portfolio of assets and providing sound guidance to the Company. On behalf of the board and our shareholders, I would like to thank Nader for his contribution and wish him well in his future endeavours.*

I would like to take this opportunity to welcome Mr David Church to the Company. David brings a wealth of legal and corporate experience to Hammer having established a distinguished career as a lawyer specialising in Mergers and Acquisitions. We are delighted to secure David's services and we look forward to his contribution in adding value for Hammer's shareholders."

Hammer Metals Ltd (ASX:**HMX**) ("Hammer" or the "Company") is pleased to announce that it has recommenced drilling at Target 1 on its North Orelia project. The company suspended its drilling operations on this project on 26 March 2020 due to the Covid 19 pandemic.

North Orelia Target 1 Drilling

Drilling of a planned 8000m aircore program at Target 1 and 4 on the North Orelia trend has commenced. 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 include:

- 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.

Much of the historic drilling at Target 1 was vertical and shallow and therefore failed to detect mineralised trends. Drilling on Target 1 (Figure 5) will focus on 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.

Figure 2. *Hammer's North Orelia Camp*

Mount Isa Exploration

The second phase of the JOGMEC Joint Venture is underway with Hammer completing preparatory activities, establishing water sources and clearing drill pads to enable the commencement of drilling at the Shadow, Toby and Koppany prospects. Diamond drilling will initially be conducted to gather high quality geological information with drilling expected to commence at Shadow this week. New exposures of surface copper mineralisation continue to be observed by the Company during the clearing of drill pads and other light surface disturbances (Figure 4).

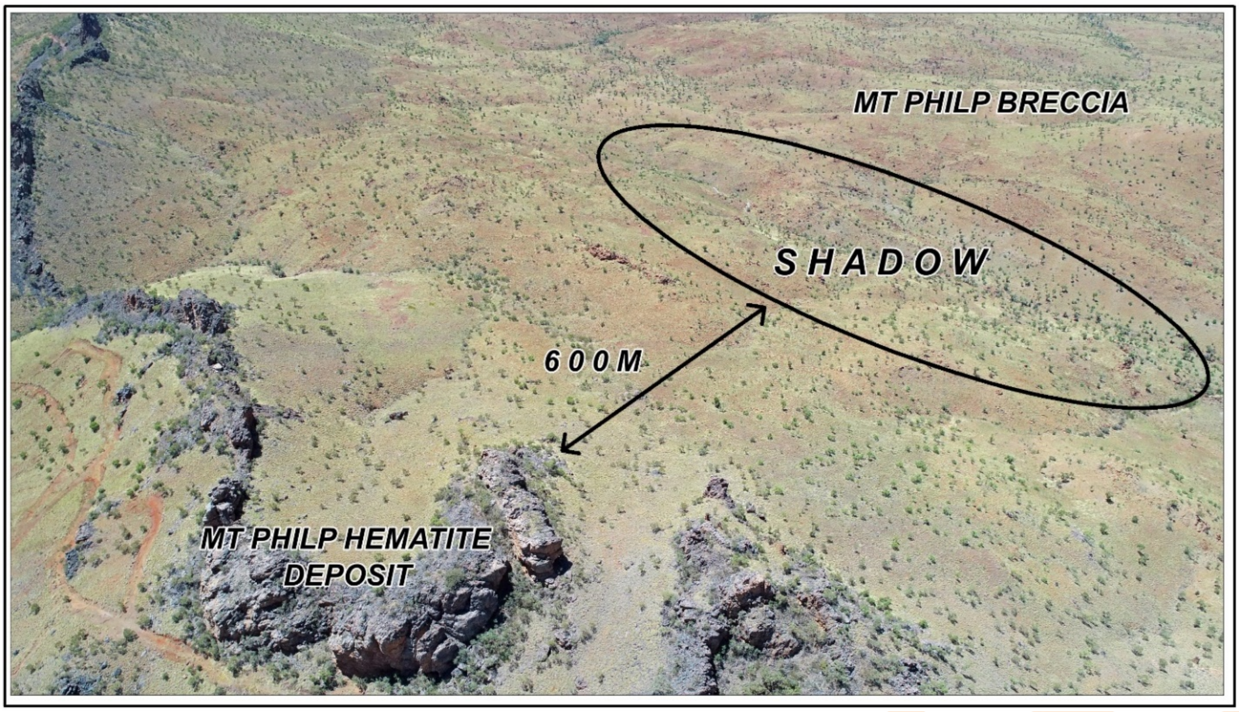

Figure 3. *Oblique view looking northeast from the Mt Philp Hematite deposit to shadow. The hills in the background are composed of the Mt Philp Breccia intrusive complex*

The second phase of drilling by the joint venture may include follow up reverse circulation drilling of the Shadow and Toby prospects, however a number of other high-ranking targets and advancing grassroots targets may be considered by the Joint Venture prior to the start of a follow up program.

Figure 4. *Drill pad preparation with surface copper mineralisation*

Corporate Update

Board Composition

The Company has received and accepted a resignation from board member, Mr Nader El Sayed effective 30 June 2020. Mr El Sayed has been a long-term non-executive director of Hammer Metals and was initially appointed by the Company on 26 June 2013. Mr El Sayed has made a significant contribution to Hammer Metals and the Company appreciates his efforts during this period.

With the resignation of Mr El Sayed, the Board has decided to appoint Mr David Church as a non-executive director effective 1 July 2020. Mr Church is currently a non-executive director of Caprice Resources Limited and a consultant to Regent Pacific Group Limited, performing the functions of General Counsel and Head of Mergers and Acquisitions. Mr Church is a qualified solicitor and has practiced in Australia with Clayton Utz, and in the UK and Hong Kong with Linklaters.

COVID-19

On April 2 in response to the COVID-19 pandemic, the Company announced that the non-executive directors would reduce their cash compensation by 50 per cent with the Managing Director and the Chief Operating Officer reducing their salaries by 30 per cent. These measures were to apply until 30 June 2020 at which point, they would be reviewed. Following the resumption of all exploration activities, the board has now resolved that previously agreed compensation will be fully reinstated from 1 July 2020. As previously advised, the Board is considering a proposed issue of equity compensation in lieu of the reduced salaries and fees, which once formalised will be subject to shareholder approval.

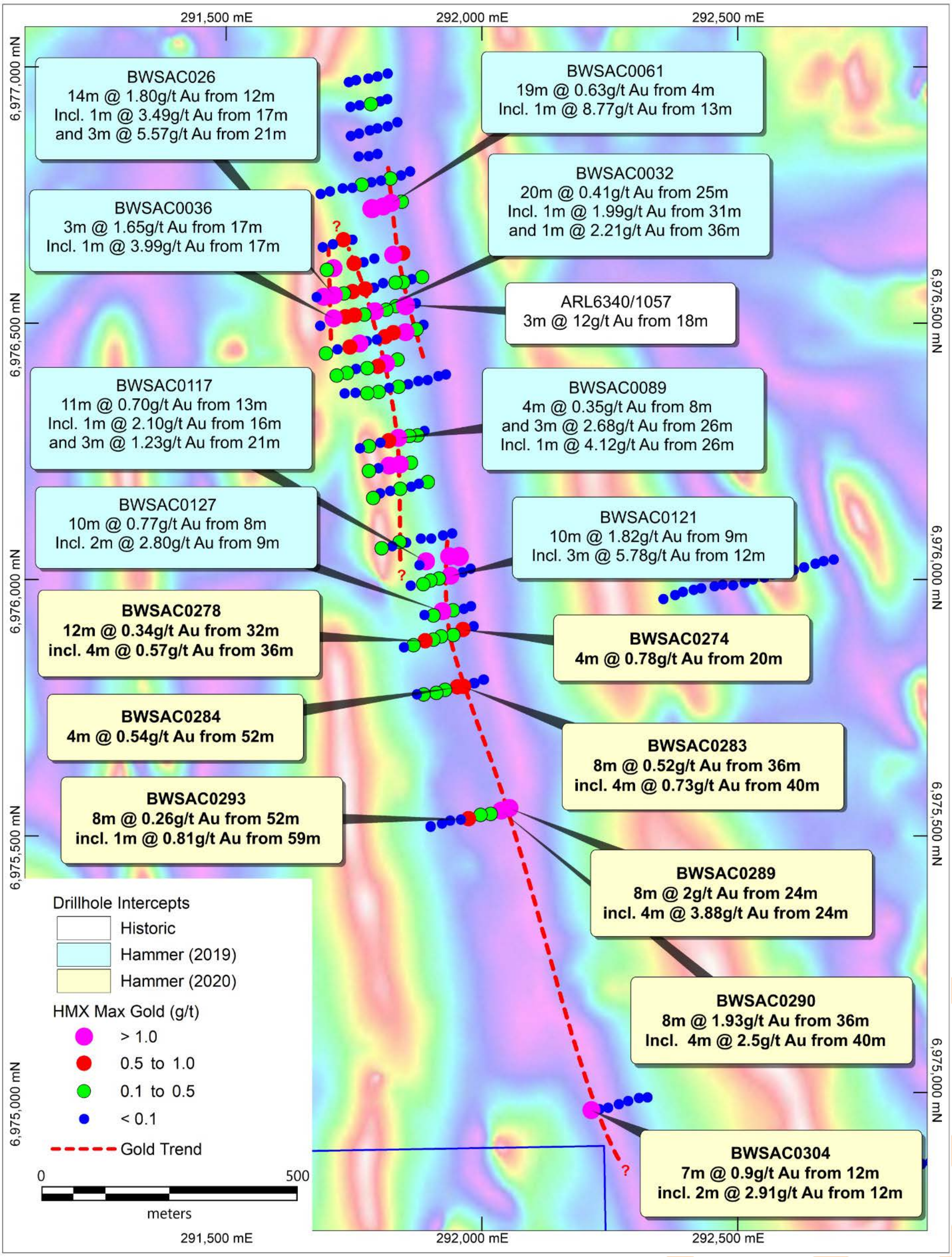

Figure 5. *Target 1 - Gold mineralisation intersections and trends on magnetic imagery*

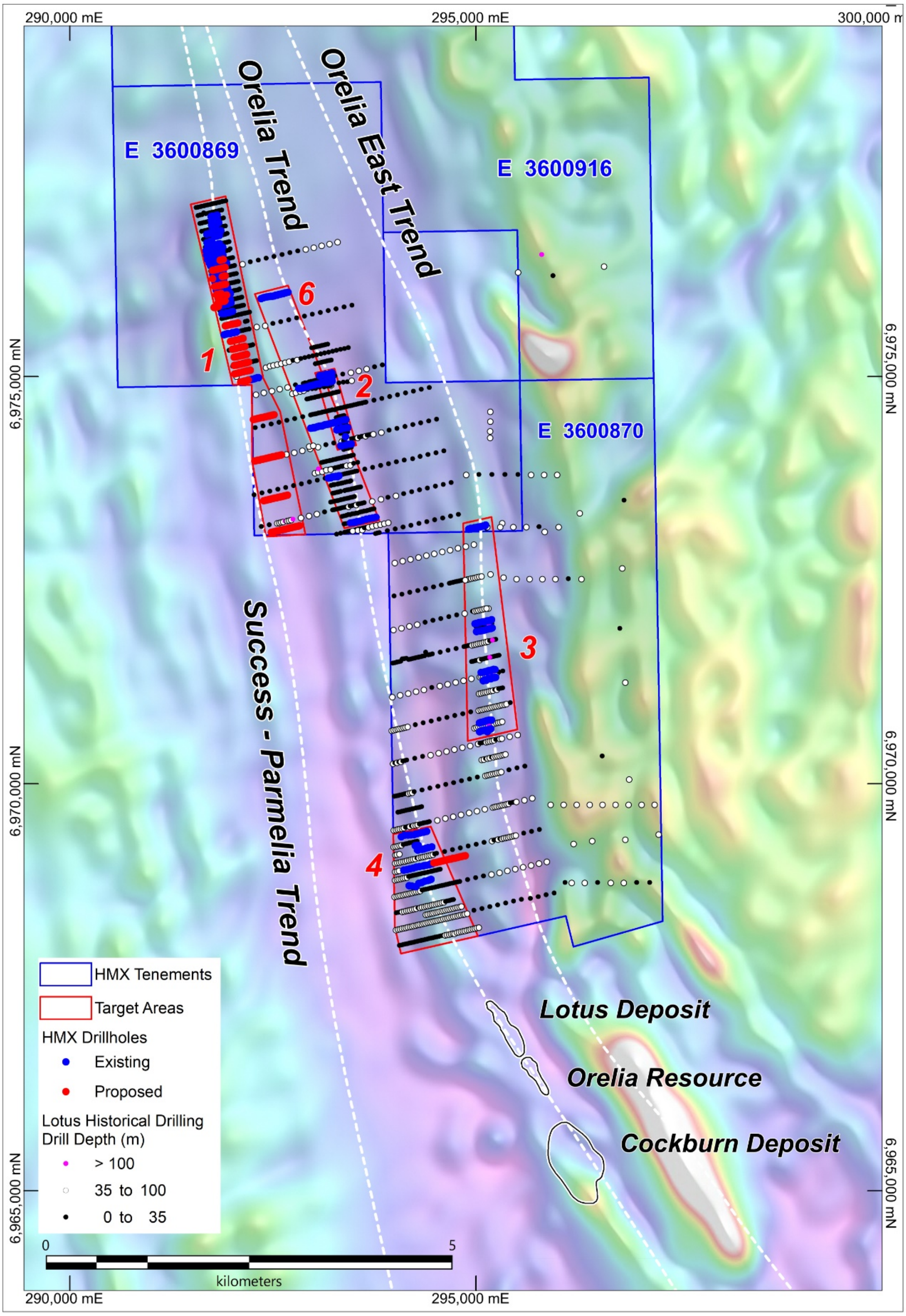

Figure 6. *Overview of Orelia Targets showing proposed drillhole locations.*

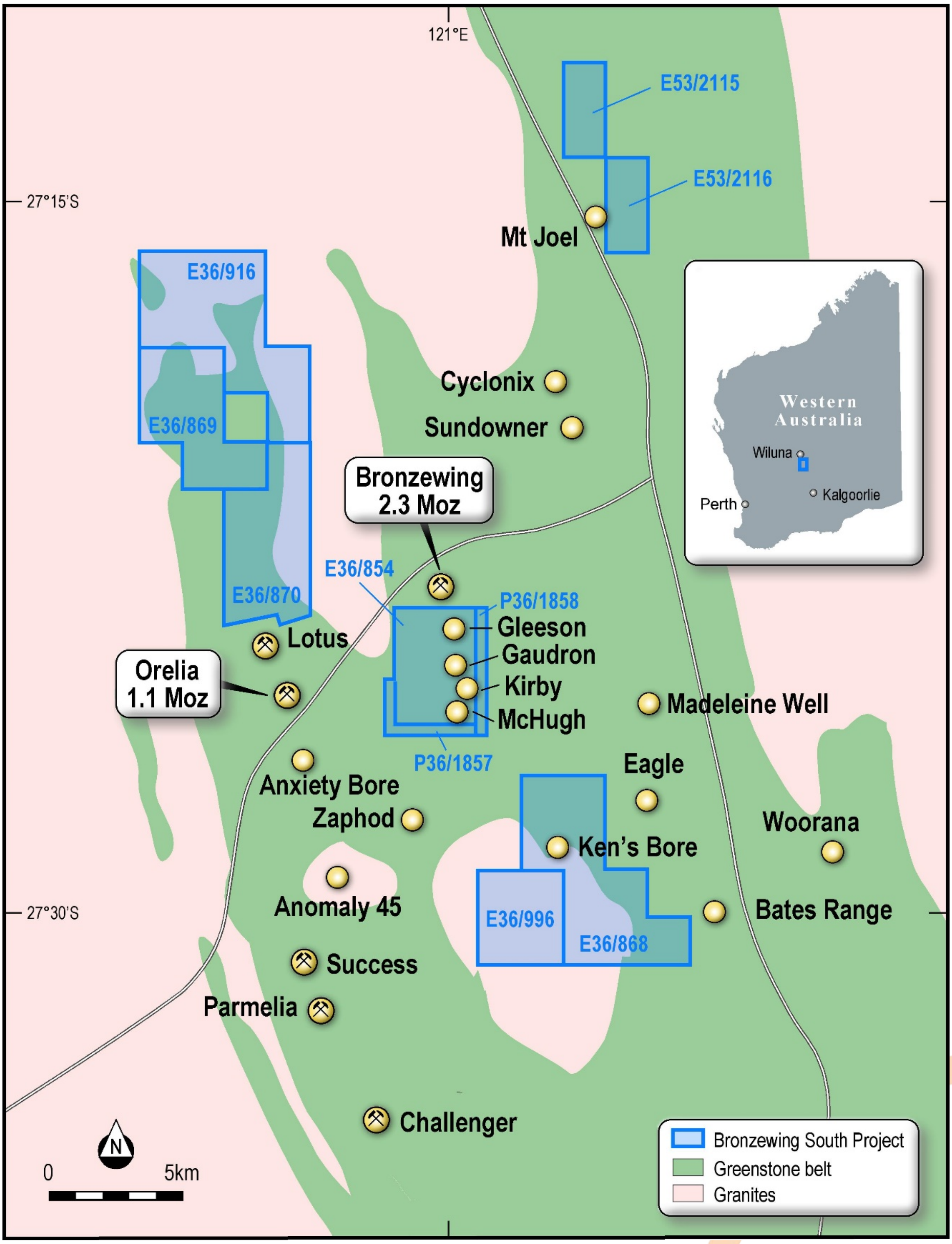

Figure 7. *Project tenements in the vicinity of Bronzewing.*

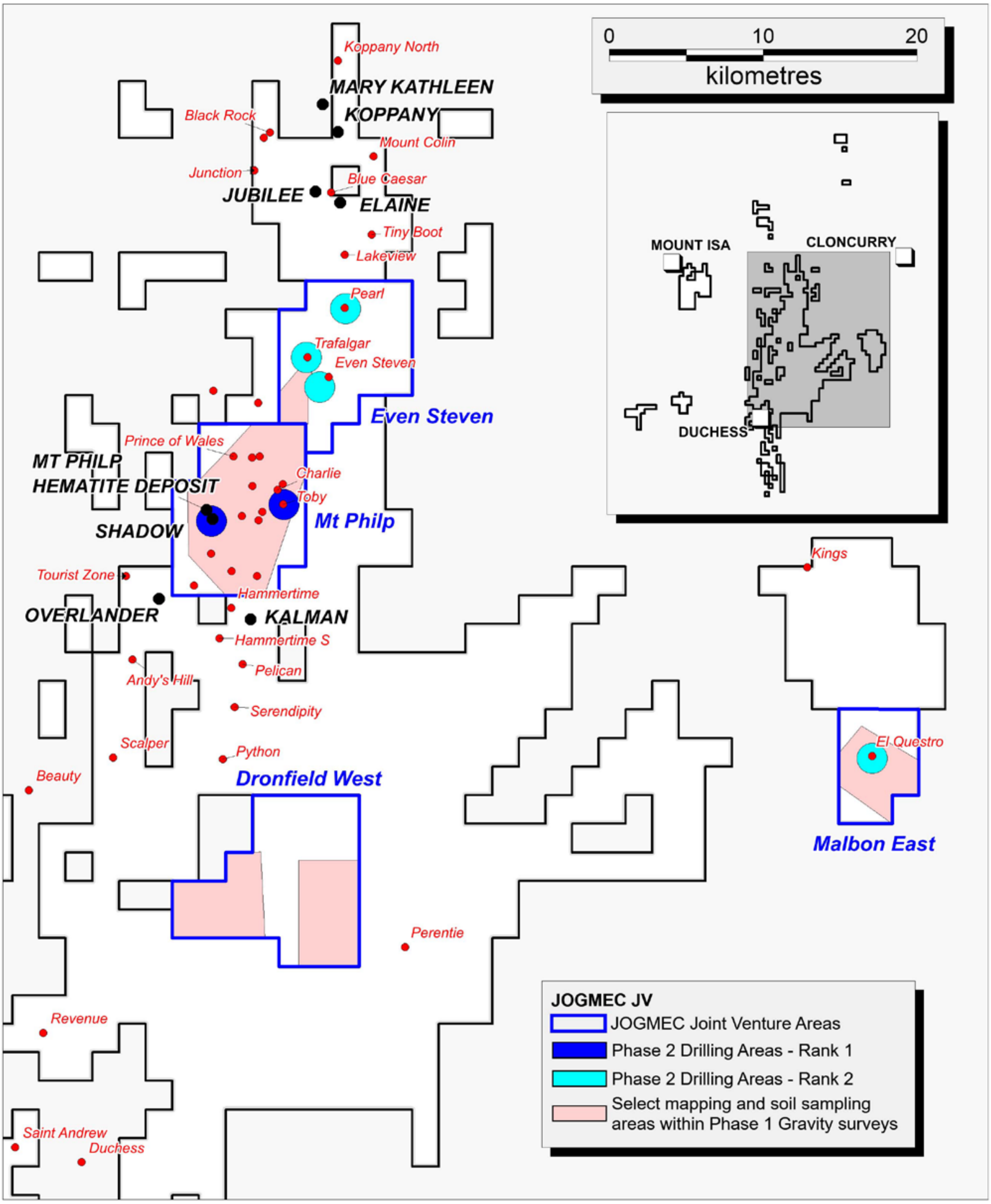

Figure 8. *JOGMEC JV Phase 2 program, areas of activity*

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

For further information please contact:

Daniel Thomas
Managing Director

Mark Whittle
Chief Operating Officer

T +61 8 6369 1195
E info@hammermetals.com.au

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About Hammer Metals

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