

ASX RELEASE

13 May 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 (12/05/2021)	\$0.095
Shares on Issue	796m
Market Cap	\$76m
Options Unlisted	27m
Performance Rights	6.5m

DRILLING COMMENCED AT MOUNT ISA

- Hammer Metals commenced 4,000m RC drilling program with 24 holes planned across the Company's 100% owned projects and the recent Trafalgar copper gold discovery, within the JOGMEC Joint Venture.

Mount Isa East JOGMEC JV (JOGMEC earning 60% interest)

- Drilling at the Trafalgar copper gold discovery will test extensions to previously reported significant intersections:
 - 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
 - 60m at 1.04% Cu and 0.25g/t Au from 64m including 6m at 2.38% Cu and 1.45g/t Au from 91m
- Mapping and sampling along the Trafalgar trend continues.
- JOGMEC tender process underway with bids expected by late June 2021.

Hammer (100% Mount Isa Project)

- The drilling program will test the following 100% Hammer prospects:
 - Lady Rose** – located approximately 2km south-west of Trafalgar to determine the tenor and strike continuity of the copper and gold mineralisation observed at surface;
 - The Overlander North IOCG target** - on its southern margin beneath a zone of strong iron oxide alteration and abundant gossanous scree;
 - Kalman West** - at a magneto telluric target which is overlain by anomalous Au, Cu, Pb and Zn in soil sampling;
 - Serendipity** (south of Kalman) - situated in a similar structural position to Hammer's Kalman deposit;
 - Lakeview** - ~7km along trend from Trafalgar and has historical artisanal mining shafts and outcropping copper/gold mineralisation; and
 - Kings and Charlotte** - near Malbon with strong surface copper, gold and cobalt anomalism.
- A second phase drill program will follow in H2 2021 to test known zones of mineralisation at Black Rock, Sunset, Smoko Gossan and Tiny Boot.



Figure 1. Oxide material from historical mining activity at Trafalgar

Hammer's Managing Director, Daniel Thomas said:

"The commencement of drilling in Mount Isa is pleasing and presents Hammer with its first opportunity since the Trafalgar discovery earlier this year to drill Hammer's 100% owned prospects which sit along trend and in close proximity to the discovery. The program, which has commenced, aims to test 7 high-priority targets, some of which have not been previously drill tested and have shown promising signs of base metal mineralisation. Several promising prospects remain to be tested in the second half of 2021. It's also great to see a return program at Trafalgar to follow up on our early success here and test for extensions of the copper and gold mineralisation."

Hammer Metals Ltd (ASX:HMX) ("Hammer" or the "Company") is pleased to provide an update on the commencement of drilling in our Mount Isa East project area. The program will encompass drilling at a number of high priority 100% owned Hammer targets whilst also completing further drilling at the Mount Isa East JOGMEC Joint Venture ("JV") Trafalgar copper gold discovery.

Mount Isa East JOGMEC JV (JOGMEC earning 60% interest)

Trafalgar

The JV eagerly anticipates the drill rig returning to Trafalgar testing downdip of significant intersections encountered in previous drilling (See ASX announcements dated 20 January and 9 February 2021):

Significant intersections in this first program included:

- o **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
- o **60m 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 current program will look to extend mineralisation to the South, North and West of the deposit whilst also looking to test continuity at depth.



Figure 2. View of Hammer's Mount Isa Northern Hub Copper Resources and Prospects

Hammer's 100% Mount Isa Project Area

Lady Rose

The Lady Rose prospect is part of our Neptune project area and is located approximately 2km to the west of Trafalgar in an area of complex magnetic anomalism with multiple copper prospects (Figure 2 and 3). Mineralisation is associated with magnetite alteration and this shows strong similarities to mineralisation at Trafalgar, Black Rock and the Jubilee Cu-Au resource. This style of mineralisation and alteration is typical of IOCG systems in the Mt Isa region.

Lady Rose was drilled by Paradigm Metals Limited in 2014 with two zones of mineralisation intersected (see ASX announcement 9 March 2021):

- 16m at 0.51% Cu and 0.04g/t Au from surface (oxide) in LKTPDM005
- 56m at 0.44% Cu and 0.1g/t Au from 44m in LKTPDM005, including
 - 28m at 0.70% Copper and 0.14g/t Au from 72m (sulphide); and
 - 6m at 1.5% Cu and 0.28g/t Au from 90m.

The upcoming program will look to extend known mineralisation to the north, whilst also looking to test under previous workings at the Lady Rose Extended and Jola Rose prospects. These two prospects are characterised by small scale shafts and workings and have not been previously drilled.

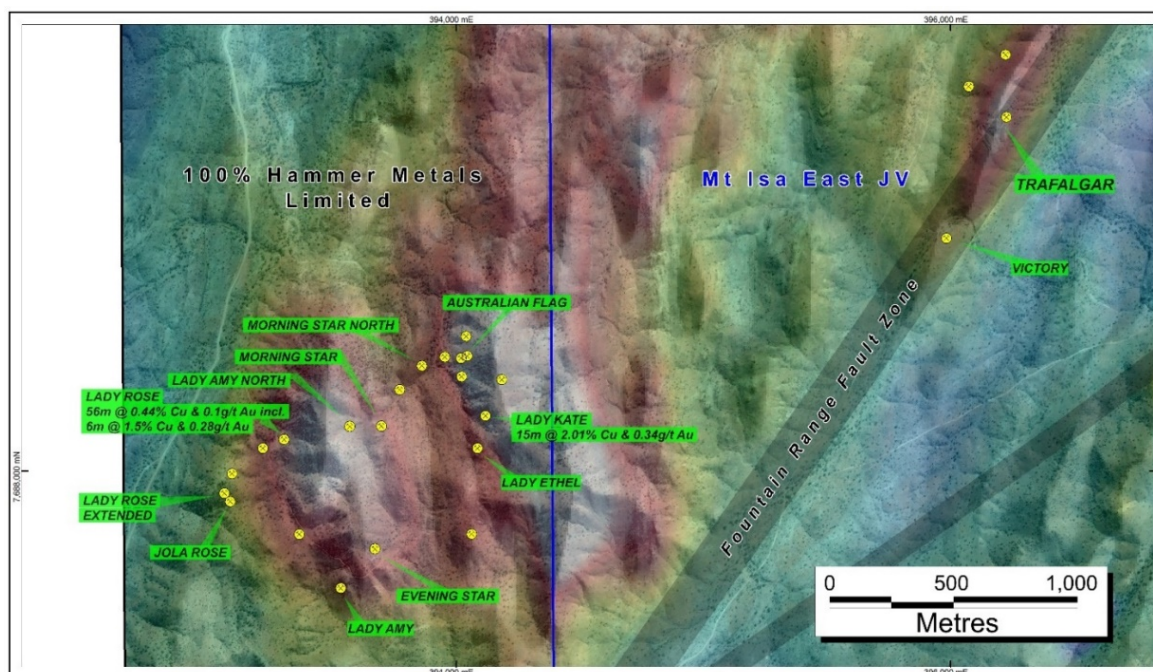


Figure 3. The Neptune Group of prospects on an Aeromagnetic RTP Image

Kalman West

Kalman West is located approximately 1km west of the Kalman Cu-Au-Mo-Re Deposit. The prospect contains a multi-element soil anomaly partially coincident with a zone of graphitic schist and a correlating VTEM anomaly. The zone has been previously drilled by Hammer with noted zones of lead, zinc and gold anomalism. The anomaly also aligns with the Magneto-Telluric anomaly that was identified during Hammer's 2020 Queensland government CEI funded survey. (Figure 4 and 5)

The planned drill hole will aim to reach across the interpreted graphitic zone and aim to test the system at a greater depth than previous drilling. Previous results at Kalman West include (see ASX announcement 28 August 2017):

- 1 metre at 36.9g/t Au from 101 metres in HKWRC001; and
- 1 metre at 3.93g/t Au from 13 metres in HKWRC002

Broad but low-grade lead and zinc mineralisation was intercepted in both holes with intervals including:

- 22 metres at 0.14% Pb and 0.23% Zn from 70 metres in HKWRC001

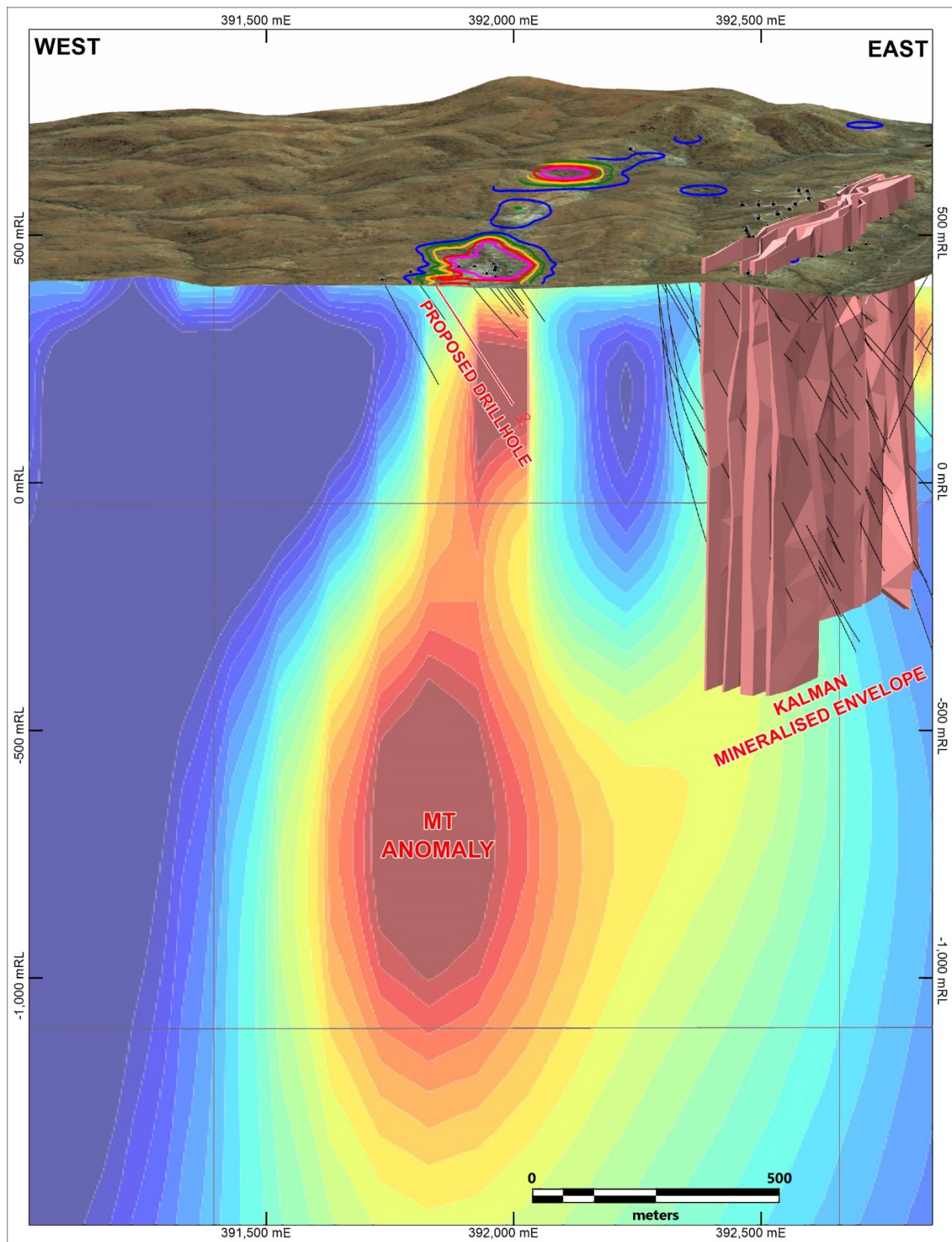


Figure 4. Oblique view of Hammer's magneto telluric survey and Kalman West target. Sum of soil Pb and Zn response contours with the Kalman mineralised envelope at right

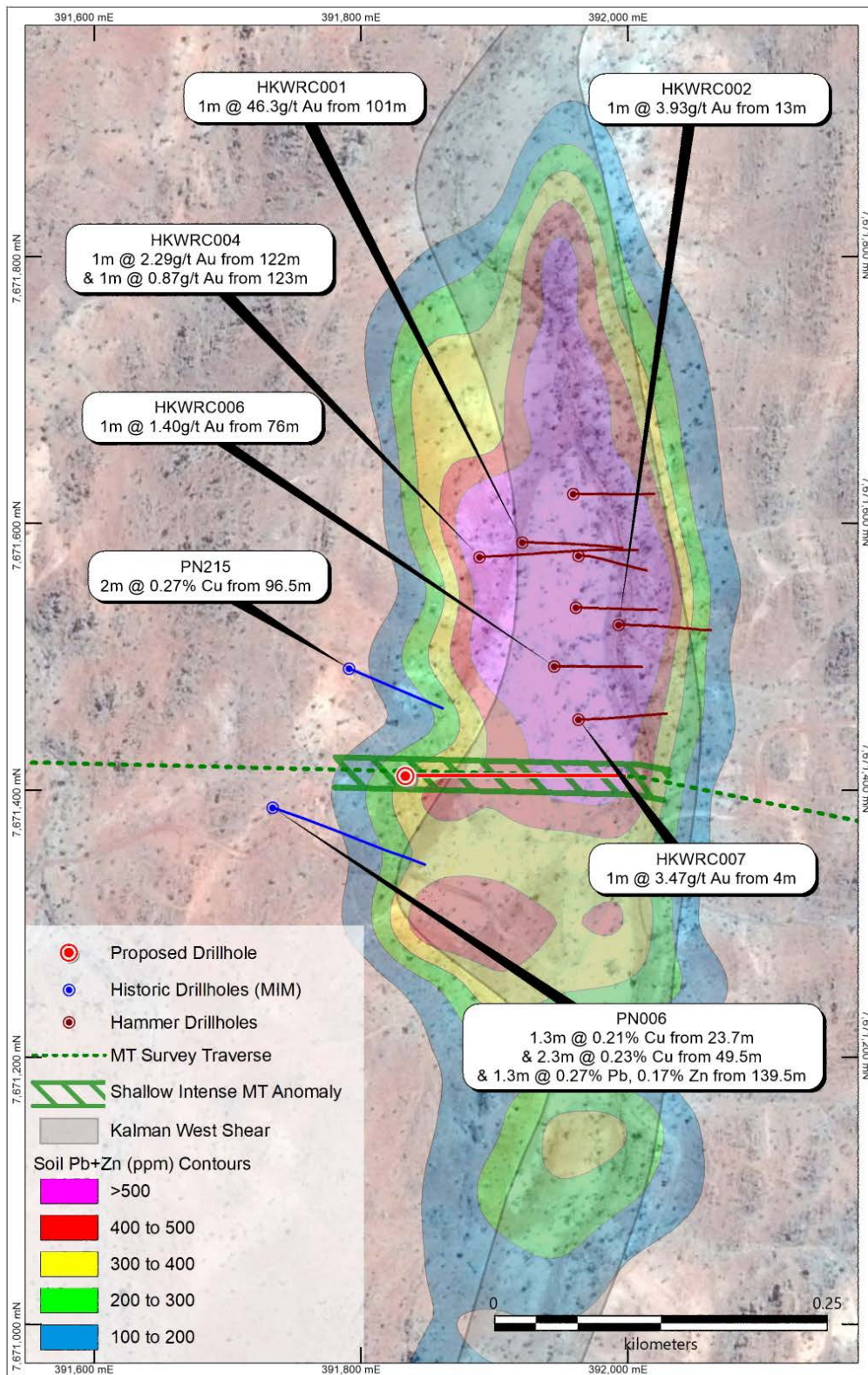


Figure 5. Kalman West lead zinc soil anomalism and MT anomaly with proposed drilling

Overlander North IOCG

The Overlander prospect is an extensive area of alteration and mineralisation which includes the Overlander North and Overlander South copper deposits, the Overlander North IOCG target and the Overlander Central rhyolite breccia target. The project is located only 6 kilometres west of Hammer's Kalman deposit. The IOCG target (Overlander North) and rhyolite breccia targets (Overlander Central) are considered to have substantial untested potential for large, mineralised bodies based on the drilling to date, their extent as indicated by mapping and drilling, and the large gaps in the drilling patterns.

The upcoming drilling program will look to test the prospective IOCG zone between the Overlander North and Central deposits. A hole will also be drilled to the east of the Overlander North deposit, targeting a zone of crackle breccia and red rock alteration (Figure 6). Historical drilling at Overlander North has delivered significant broad zones of Cu mineralisation often with significant elevated Co including (see ASX announcement 19 November 2014):

- 89m at 1.1% Cu and 0.04% Co from 173m in OVRC031 (with a maximum individual Co grade of 0.18%); and
- 75m at 1.3% Cu and 0.07% Co from 176m in OVCR029 (with a maximum individual Co grade of 0.24%); and
- 97.3 metres at 0.54% Cu and 0.02% Co from 359.5 metres in OVD001 (with individual maximum Co grade of 0.24%) including 21 metres @ 1.7% Cu and 0.06% Co from 435 metres.

Mineralisation at Overlander Central is hosted within significant widths. Intersections include:

- 117m at 0.35% Cu from 43m in OVRC024 (with a maximum individual Co grade of 0.07%); and
- 71m at 0.31% Cu from 61m in OVRC032 (with a maximum individual Co grade of 0.09%).

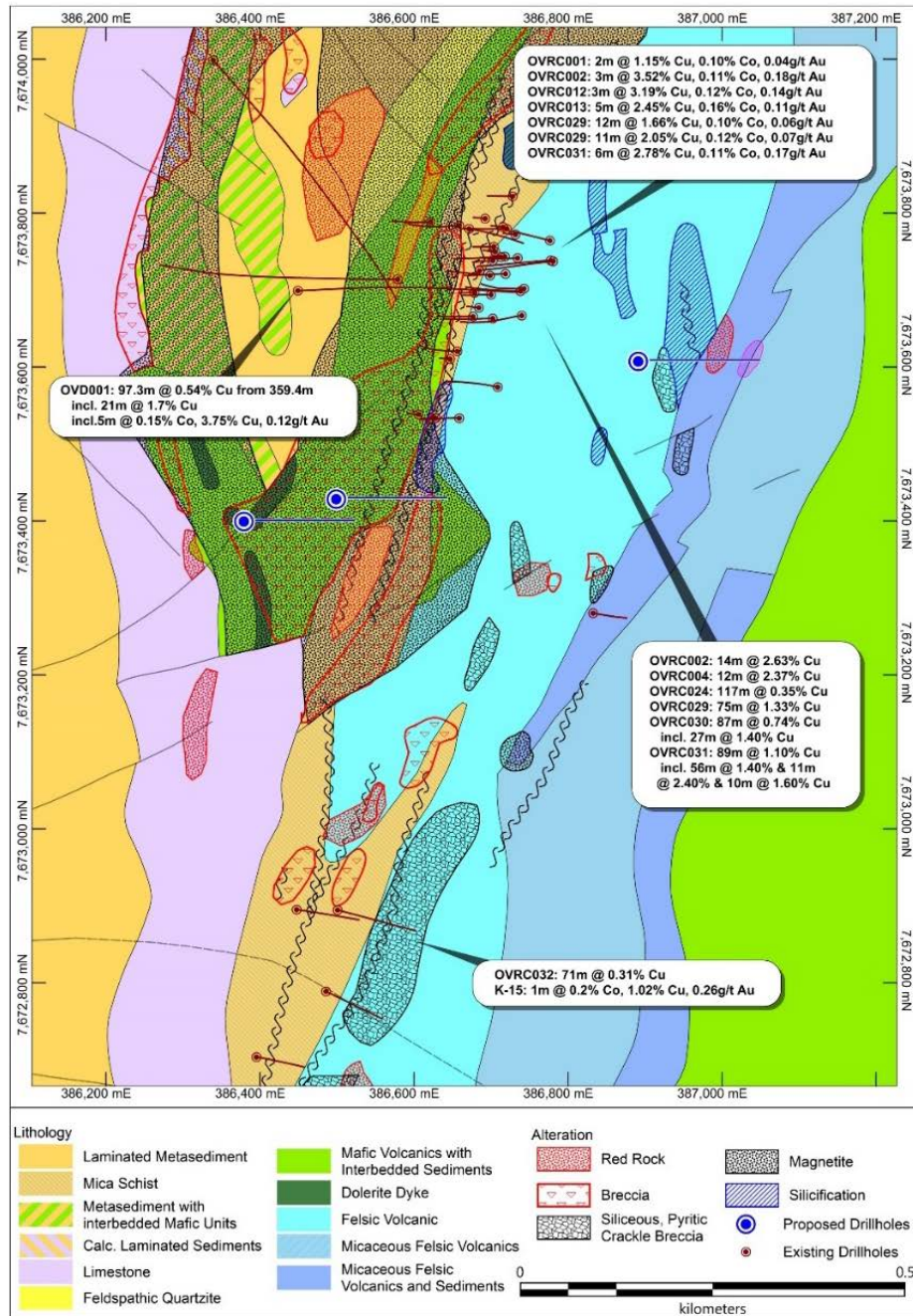


Figure 6. Overlander Central and North with proposed drilling locations

Serendipity

The Serendipity Prospect is located on the western side of the Pilgrim Fault approximately 6km south of Kalman. Au and Cu occurs as separate zones. Significant intercepts include (see ASX Release 25 January 2018):

- 9m @ 0.4% Cu and 25m @ 0.5g/t Au from 52m and 137m respectively in K-91; and
- 24m @ 0.5% Cu and 0.29g/t Au from 14m in HSRC001.

The proposed holes are located approximately 1km south of the previously drilled portion of the Serendipity Prospect, testing a zone of ferruginous, fractured and magnetite altered quartzite. The area has an anomalous Au in soil response and elevated Cu and Au in rock chips. (Figure 7)

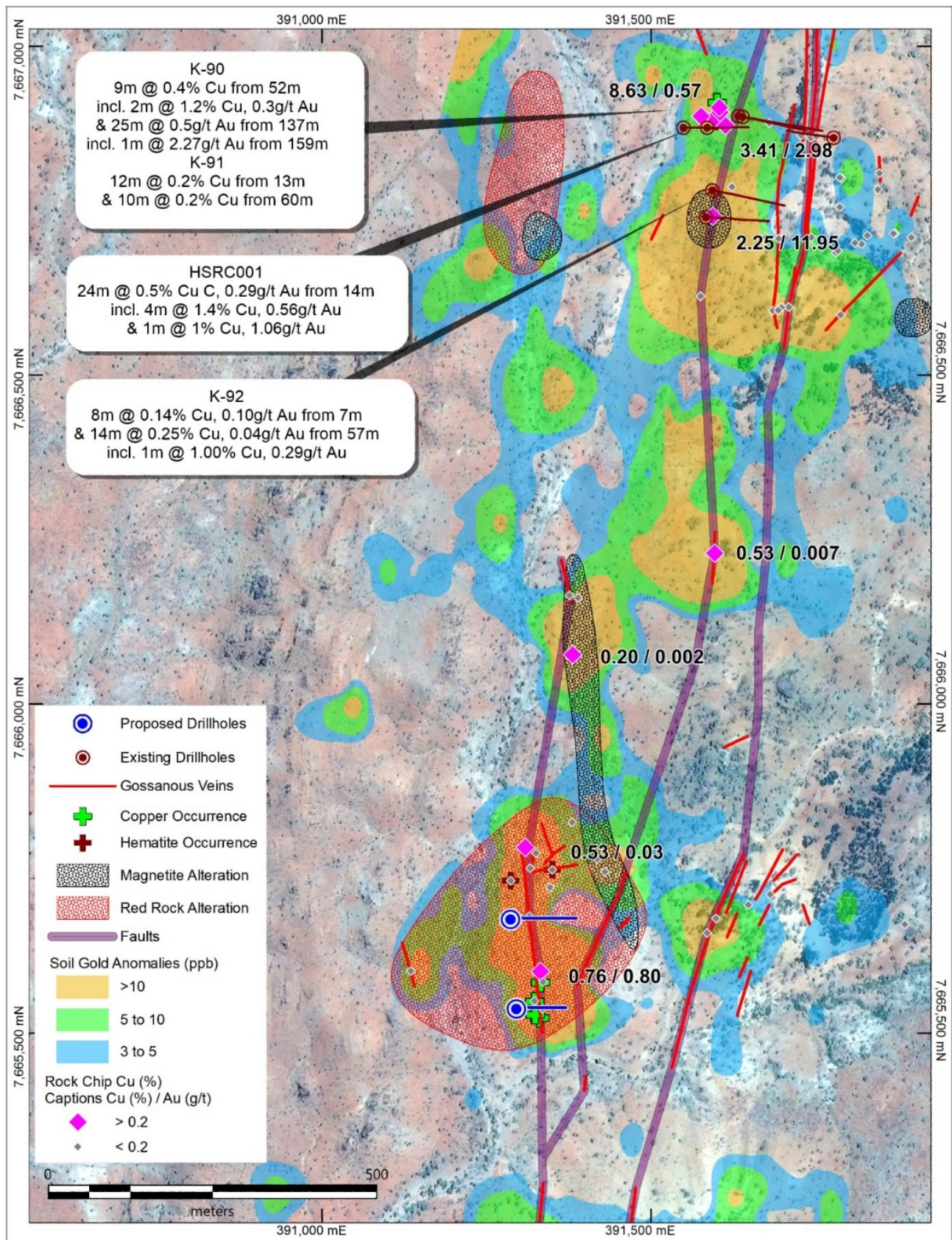


Figure 7. Serendipity showing the location of proposed drilling locations

Lake View

The Lakeview prospect is marked by workings along an approximate 500m strike length. Three shafts are present with depths of 24m, 30m and 28m. Production records indicate that the former prospect was worked in the 1960's and early 1970's with 1,213 tons of ore extracted at a 16% Cu grade.

The prospect remains largely untested with one hole being drilled at the prospect by Pimex in 1988 (ATP4304M). In 2015, Hammer conducted reconnaissance rock chip samples at the prospect with maximum individual grades of 1.5% Cu and 1.48g/t Au. (See ASX announcement dated 20 April 2018).

Hammer has planned 4-8 holes to test this prospect.



Figure 8. Lakeview Overhead View of Southern Shafts

Kings/Charlotte

The Kings and Charlotte region is characterised by outcropping copper and gold mineralisation with numerous anomalous soil geochemical responses. Quartz vein hosted mineralisation at the Kings Prospect is related to the intersection between east-west trending structures and a main north-south trend. Rock chip and soil anomalism indicates that mineralisation extends for over 300m in multiple parallel shoots, which are individually up to 40m in thickness. Historic soil sampling identified broad zones of copper, gold, cobalt, phosphorous and iron levels in soil and high-grade copper and gold in rock chip samples.

The Kings-Charlotte region has not been drilled by former explorers and Hammer believes the structural setting at Kings and Charlotte is repeated at prospects such as Speculation and Pioneer Prince. Hammer has planned 5-10 holes to test this prospect during the drilling program (Figure 9).



Figure 9. Oblique view of the Kings Trend above the intersection zone with the Charlotte trend. The intersection is marked by a southeast plunging mineralised shoot.

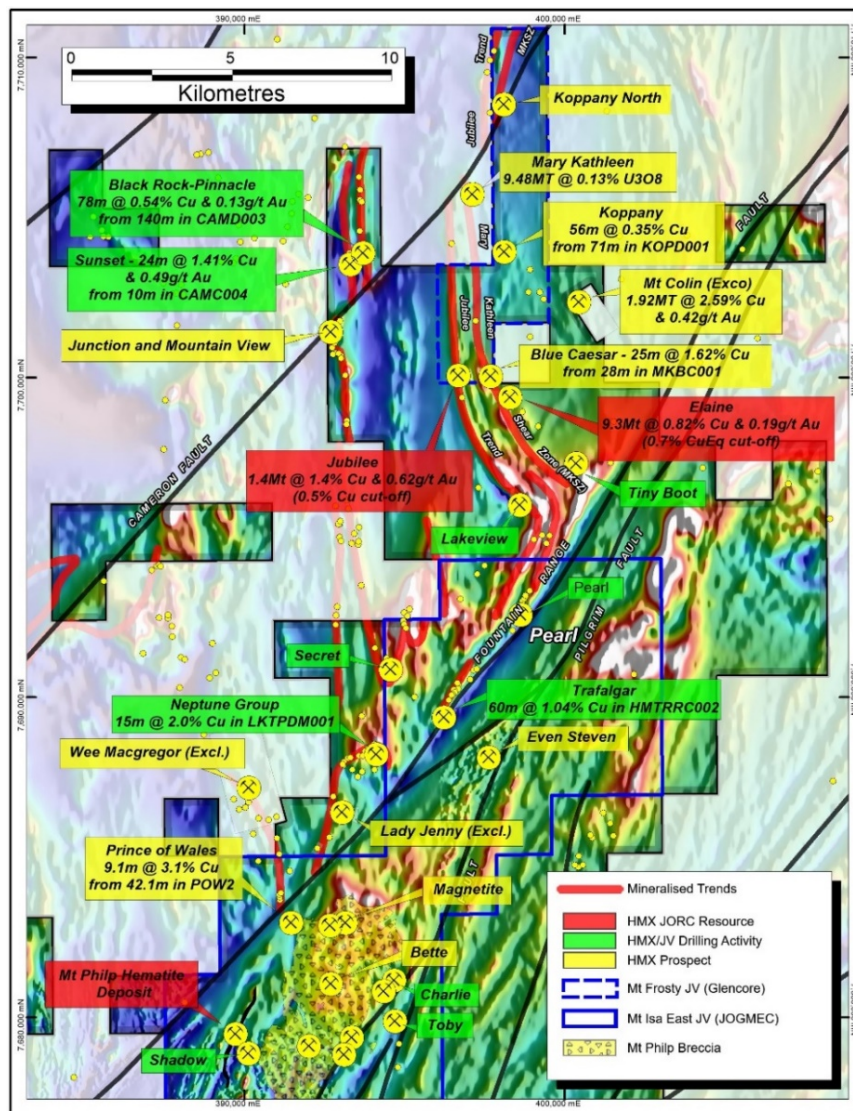


Figure 10. Trafalgar Trend extending into Hammer's 100% owned project areas showing the location of Pearl, Lakeside, Smoko Gossan and Lakeview prospects approximately 7km to the north of Trafalgar.

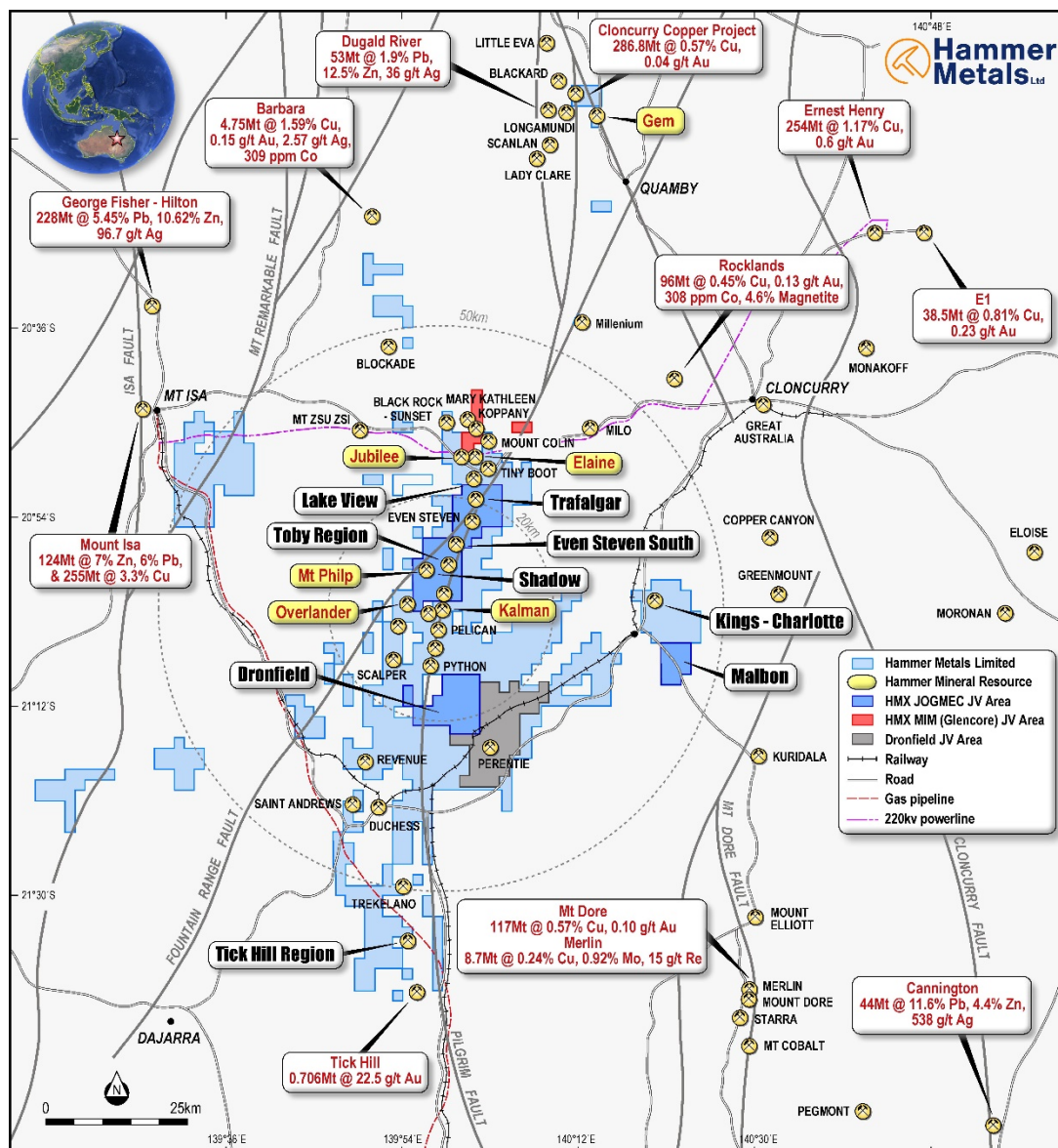


Figure 11. Mt Isa Project tenements

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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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.

About the Mount Isa East Joint Venture

Japan Oil, Gas and Metals National Corporation ("JOGMEC") has the right to earn a 60% interest by expending \$6,000,000 by 31 March 2024. No proportional ownership change occurs until such time as the \$6,000,000 is expended and the current JOGMEC interest is 0%.

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.