ASX Announcement (ASX: HMX)

15th September 2014

KALMAN DRILLING INTERSECTS HIGHEST GRADE MOLYBDENUM YET
62 metres at 0.65% Mo and 11.4g/t Re (62m at 4.3% CuEq*)

EXTENSIONS OF HIGH-GRADE MOLYBDENUM AND COPPER-GOLD ZONES ENHANCE OPEN PIT MINING POTENTIAL

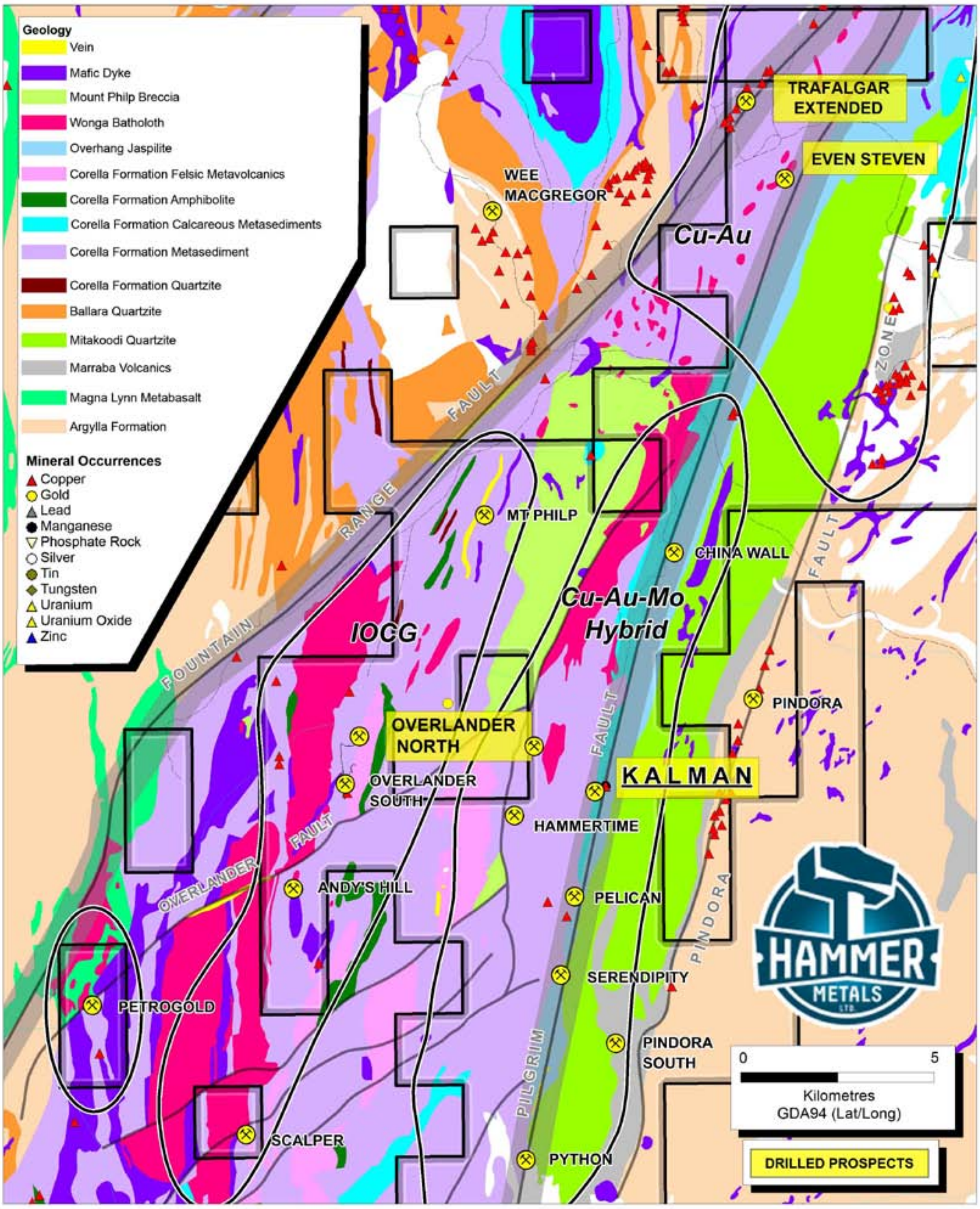
- Hammer drills thickest and highest grade molybdenum-rhenium intersection yet from the 100%-owned Kalman copper-gold-molybdenum-rhenium deposit
- New near-surface copper-gold zone located outside the current resource model intercepted in the same drill hole
- Intersections extend the top of the high-grade central shoot closer to surface – enhancing open pit mining potential
- Results from K132 include:
  - **62 metres at 0.65% Mo, 11.4g/t Re**, 0.16% Cu, 0.07g/t Au and 1.5g/t Ag **(62 m at 4.3% CuEq*)** from 152 metres,
    - including **7 metres at 3.44% Mo, 57g/t Re,** 0.33% Cu, 0.16g/t Au and 5.5g/t Ag **(7 m at 21.8% CuEq*)** from 206 metres
  - **11 metres at 1.20% Cu and 0.41g/t Au** from 55 metres
  - 26 metres at 0.60% Cu and 0.22g/t Au from 112 metres
  - 4 metres at 0.37% Mo and 5.9g/t Re from 268 metres
- Significant potential to extend this zone of enhanced metal content both laterally and up dip with further definition drilling
- A follow-up program of infill and extensional drilling is currently being planned
- Results for the remainder of the program will be released as soon as results are finalised

Hammer Metals Limited (ASX: HMX) ("Hammer" or "the Company") is pleased to report the assay results for RC hole K132, drilled at its Kalman Deposit from a recently completed Reverse Circulation (RC) drilling program consisting of 10 holes for 1516 metres at the Kalman, Overlander North, Dronfield, Even Steven and Trafalgar prospects near the mining centre of Mount Isa in North West Queensland.

K132 was designed to infill a poorly tested section of the upper part of the main ore shoot at Kalman.

Hammer's Executive Director, Alexander Hewlett commented, "Our positive drilling results from our 100% owned Kalman Deposit further demonstrate the substantial potential of our Mount Isa Projects."

"This very encouraging result at Kalman reinforces the robustness of this significant deposit. Given the high-grade (and high value) of this mineralisation and with the currrent relatively wide-spaced drill pattern there is considerable potential to extend this zone both closer to surface and laterally with further drilling. The impact of this discovery on the economics of open pit mining could be significant."



Project Locations

DRILLING SUMMARY

Two holes were drilled in the Kalman area (K131 and K132). K132 was designed to infill a poorly tested section of the upper part of the main ore shoot at Kalman and K131 to test for potential strike extensions at the northern end of the deposit. The results for K131 are still awaited.

The Kalman copper-gold-molybdenum-rhenium deposit is located 60 kilometres southeast of Mount Isa and is 100% owned by Hammer Metals Limited.

The Kalman Mineral Resource Estimate was updated in March 2014 in accordance with the JORC Code (2012 Edition). The Resource comprises a combined 30 million tonnes at 1.3% copper equivalent (CuEq) at 0.54% Cu, 0.28% Au, 0.08% Mo and 2.2 g/t Re in the Inferred category. (Refer to the ASX Release dated 19th March 2014 for full details of the Resource Estimate.)

Kalman Deposit Mineral Resource Estimate

(Reported at 0.3% CuEq cut-off above 100m RL and 1.0% CuEq cut-off below 100m RL)

Classification	Mining Method	Tonnes kt	CuEq %	Cu %	Au ppm	Ag ppm	Mo %	Re ppm
Inferred	Open Pit	22,000	1.1	0.42	0.22	1.1	0.07	1.9
Inferred	Underground	8,300	1.9	0.87	0.42	2.0	0.11	2.9
Total		**30,000**	**1.3**	**0.54**	**0.28**	**1.3**	**0.08**	**2.2**

- *Note: (1) Numbers rounded to two significant figures*
- *Note: (2) Totals may differ due to rounding*
- *Note: (3) (CuEq = Cu + 0.594464Au + 0.010051Ag + 4.953866Mo + 0.074375Re)*

The deposit contains a number of high grade copper-gold and molybdenum-rhenium intersections which due to the relatively wide spacing of the current drill pattern have not been adequately defined. Hammer considers there is significant potential to extend and better define these high-grade and high value zones within the deposit, particularly in the upper parts of the deposit that would be the subject of initial open pit mining.

Hole K132 was targeted at an untested section between the surface and the interpreted top of the central core of the deposit at around 100 – 150 metres vertical depth. The drill hole intercepted a new copper-gold zone outside of the current resource envelope before intersecting the highest grade molybdenum-rhenium intersection to date at Kalman. The horizontal width of the mineralized intervals are approximately 40% of the down-hole reported width.

Results from K132 include:

- **62 metres at 0.65% Mo, 11.4g/t Re, 0.16% Cu, 0.07g/t Au and 1.5g/t Ag (4.2% CuEq*) from 152 metres, including 7 metres at 3.44% Mo, 57g/t Re, 0.33% Cu, 0.16g/t Au and 5.54g/t Ag (21.8% CuEq*) from 206 metres**
- **11 metres at 1.20% Cu and 0.41g/t Au from 55 metres**
- **26 metres at 0.60% Cu and 0.22g/t Au from 112 metres**
- **4 metres at 0.37% Mo and 5.9g/t Re from 268 metres**

*Kalman is a polymetallic deposit and the Kalman March 2012 Mineral Resource Estimate was reported with a CuEq estimated grade and the estimated grades for the individual metals which made up the CuEq calculation. Hammer does not consider the inputs have changed materially so for consistency the CuEq results reported from K132 used the same metal prices and algorithm as used for the 2012 Mineral Resource Estimate of CuEq. Supporting details for the CuEq calculation are shown below.

The intersection in K132 also contains elevated levels of silver and uranium.

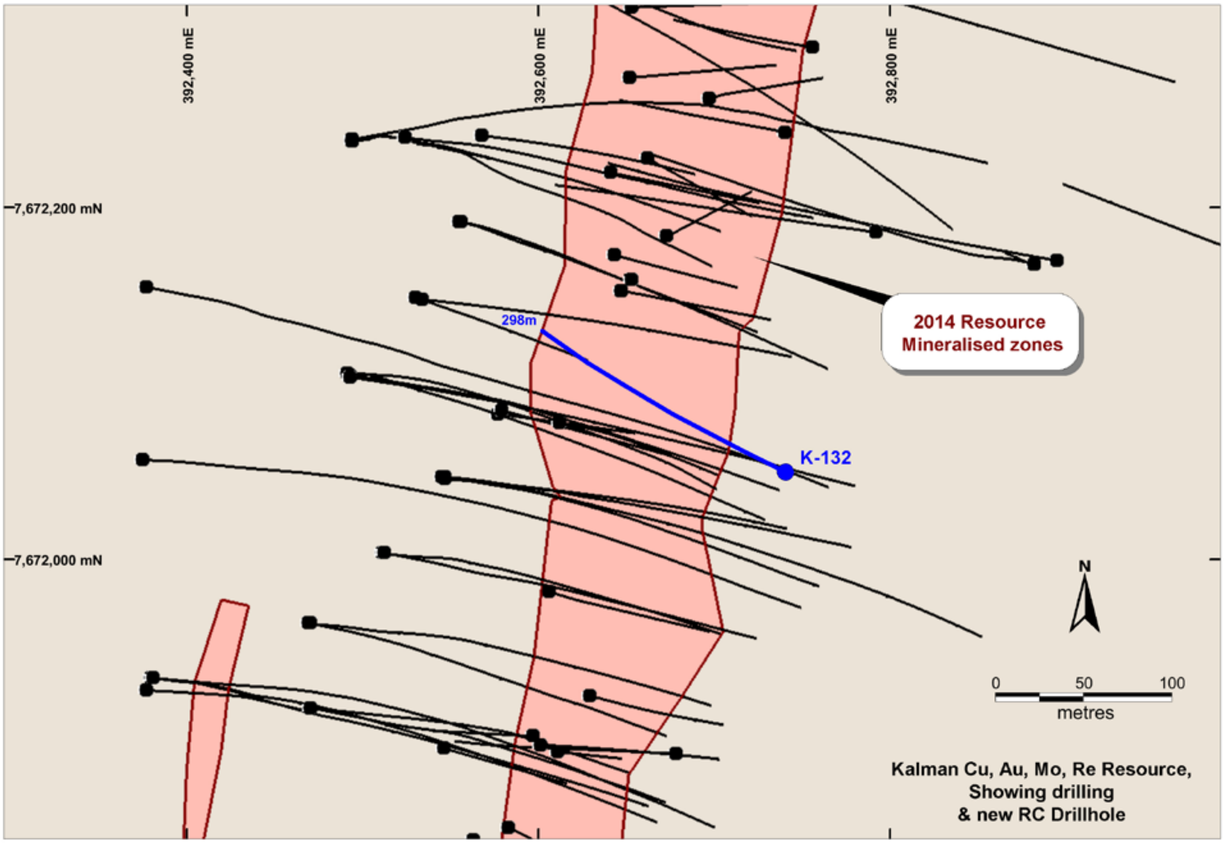
The intersections which are up-dip of the higher grade central ore shoot will expand the zone as currently modelled closer to surface with scope to be extended further up-dip and laterally.

A follow-up program of infill and extensional drilling is currently being planned at Kalman.

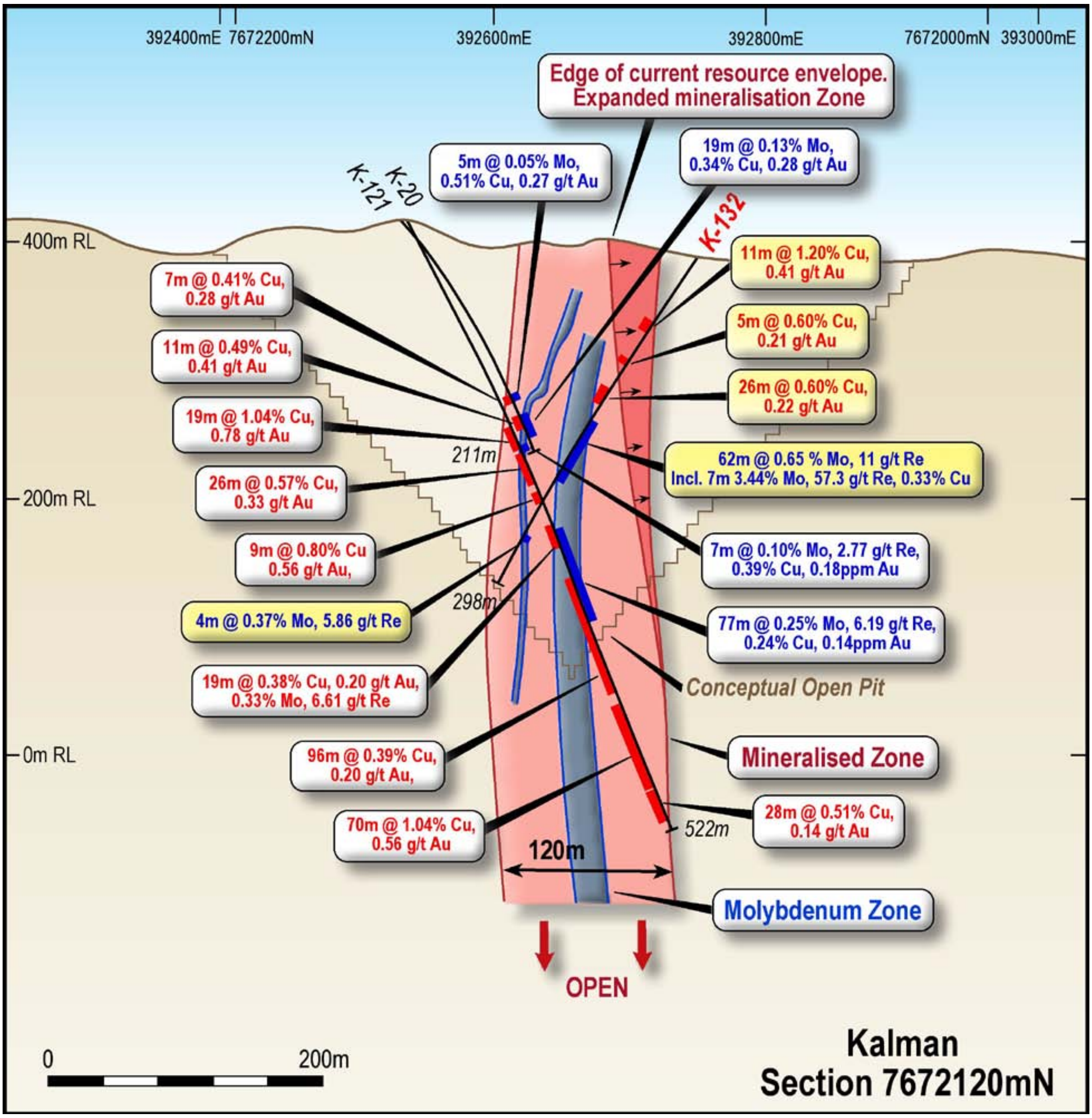
- ENDS -

For further information, please contact:

Alex Hewlett | Executive Director



Kalman Drill Hole Location



Kalman Drill Section

Notes on Copper Equivalence Calculation

Copper equivalent (CuEq) grades were calculated using estimated block grades for Cu, Au, Ag, Mo and Re. The CuEq calculation is based on commodity prices and metallurgical recovery assumptions as detailed in this release. Prices agreed to by Hammer were a reflection of the market as at 14/02/2014 and forward looking forecasts provided by consensus analysis, these prices have not varied significantly. Metal prices provided are:

- Cu: US$7,165/t
- Au: US$1,324.80/oz
- Ag: US$22.40/oz
- Mo: US$16.10/lb

The forward looking price for Rhenium was estimated using available historical and current prices.

- Re: US$5,329/kg

The CuEq equation is CuEq = Cu + 0.594464Au + 0.010051Ag + 4.953866Mo + 0.074375Re and was applied to the respective elements estimated within the resource block model.

Assumed Metallurgical Recoveries

Based on the testing completed and the current understanding of the material characteristics it has been assumed that the Kalman material can be processed using a "typical" concentrator process flowsheet. The mass balance and stage metallurgical recovery of the four major elements were based on the metallurgical test results from the molybdenum zone sample and benchmarks. The final overall recovery (Table 3) was established from the mass balance and benchmarked against other operations and projects.

Table 3: Assumed Metallurgical Recoveries

Process Stage	Molybdenum Recovery (%)	Rhenium Recovery (%)	Copper Recovery (%)	Gold Recovery (%)	Silver[1] Recovery (%)
Bulk Rougher	95	86	95	82	82
Overall	86	77	86	74	74

(1) No data available for Silver recoveries so they have been assumed similar to Gold Recoveries

It is the company's opinion that the metals used in the metal equivalent equation have reasonable potential for recovery and sale based on metallurgical recoveries in flotation test work undertaken to date. There are a number of well-established processing routes for copper-molybdenum deposits and the sale of resulting copper and molybdenum concentrates.

Molybdenum concentrates with rhenium require roasting to capture the rhenium from the process off-gas. There are several offshore facilities that process molybdenum concentrates of which Molymet is the world's largest molybdenum processer and the largest producer of rhenium.

Because of the relatively small market for rhenium there is limited public information available for the payment of credits for rhenium. Preliminary enquiries by the company provide the company with sufficient confidence to believe that a credit for the rhenium content of the molybdenum concentrate can be obtained.

Competent Person's Statements:

Historic Exploration Results

The information in this report as it relates to exploration results and geology first reported prior to 1 December 2013 was reviewed by Mr John Downing, who is a Member of the Australian Institute of Geoscientists and a full time employee of the Company. 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 is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Downing consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Exploration Results – Kalman

The information in this report as it relates to exploration results and geology was compiled by Mr John Downing, who is a Member of the Australian Institute of Geoscientists and a full time employee of the Company. 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 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 Downing consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Kalman Mineral Resource Estimate

Where the Company refers to the Kalman Mineral Resource Estimate in this report (referencing the release made to the ASX on 19 March 2014), it confirms that it is not aware of any new information or data that materially affects the information included in that announcement and all material assumptions and technical parameters underpinning the resource estimate with that announcement continue to apply and have not materially changed.

Hammer Metals Limited - August 2014 Drilling - Drill Hole Summary							
Prospect	Hole ID	Easting (m)	Northing (m)	RL	Dip	Azi	Depth (m)
Kalman	K-131	392671	7672432	412	-55	70	250
	K-132	392740	7672050	386	-57	297	298
Note:							
Drillhole locations will be surveyed to DGPS accuracy in due course							
Surface location and drillhole azimuth are in the datum GDA94 Zone54 .							

Hammer Metals Limited - August 2014 Drilling - Drill Hole Significant Intercepts										
Hole ID		From (m)	To (m)	Interval (m)	Cu (%)	Au (g/t)	Ag (g/t)	Mo (%)	Re (g/t)	Cu EQV
K-131	Results not yet reported									
K-132		55	66	11	1.20	0.41	0.7	0.00	0.0	1.46
		60	66	6	1.78	0.65	0.6	0.00	0.0	2.17
		87	92	5	0.60	0.21	0.4	0.00	0.0	0.72
		112	138	26	0.60	0.22	0.5	0.00	0.0	0.74
		167	174	7	0.36	0.13	0.9	0.14	2.2	1.28
		152	214	62	0.16	0.07	1.5	0.65	11.4	4.27
	incl.	206	213	7	0.33	0.16	5.5	3.44	57	21.8
		268	272	4	0.05	0.02	0.5	0.37	5.9	2.32

Kalman Drill Hole Details

JORC Code, 2012 Edition

Table 1 report – Kalman Drilling

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections in this information release.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• The sampling reported herein relates to one metre assay results from drilling conducted during late August and early September of 2014. The sampling was done using a reverse circulation (RC) drilling rig to obtain individually riffle split 1m samples weighing approximately 3kg. • Zones of 1 metre split sampling were identified from Niton (portable XRF) analysis. Identified zones were submitted for laboratory analysis. • The selected one metre samples submitted for assay underwent a fine crush with 1kg riffled off for pulverising to minus 80 mesh. • The samples were subject to 4 acid digest followed by ICP-AES on a 33 element suite (including Copper, Cobalt, Arsenic, Silver and Uranium). ICP-MS was then conducted for Molybdenum and Rhenium only. • Gold was analysed via Fire Assay with AAS finish on a 50 gram charge.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Reverse circulation.
Drill sample	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	• Recovery of samples was visually estimated and recorded in the logs. Average recovery of the samples was

Criteria	JORC Code explanation	Commentary
recovery	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	estimated to be in the range of 80-90% in the area of interest. One area of lower recovery occurred in the top 6 metres prior to the setting of casing. • Holes were drilled dry using a booster and auxiliary compressor. Dry samples were recorded through all of the mineralised intervals. • No sample recovery bias was observed through mineralised zones.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• All drill chips were geologically logged in detail by Hammer Metals geologists recording lithology, mineralogy, alteration and mineralisation, weathering, colour and any other features of the sample to a level of detail to support appropriate studies. • Small washed samples from each one metre interval were collected and stored in a chip tray • All holes were logged in full.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• No diamond core drilling was done. All samples were submitted to ALS Mount Isa for analysis. • Sample size is considered appropriate
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks,*	• The selected one metre samples submitted for assay underwent a fine crush with 1kg riffled off for pulverising to minus 80 mesh. • The samples were subject to 4 acid digest followed by a ICP-AES, 33 element suite (including Copper, Cobalt, Arsenic, Silver and Uranium). ICP-MS was then conducted for Molybdenum and Rhenium only.

Criteria	JORC Code explanation	Commentary
	duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	• Gold was analysed via Fire Assay with an AAS finish on a 50 gram charge. • With respect to QA suitable base metal Standards were inserted at a rate of 8 per 100 samples.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• All results were checked by alternative company personnel • The release relates to 1 hole. This hole was not planned to twin existing holes. • All field logging is done into laptops on site and later entered into the company database • Assay files are received electronically from the laboratory.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• The hole collar is currently recorded to GPS accuracy (+-3m) and the elevation is derived from a LIDAR DEM which has an accuracy of less than 1m. • The Datum used is MGA 94 Zone 54. • Hole positions will be re-surveyed with DGPS in due course.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Hole spacing is sufficient to establish geological and grade continuity. • Sample compositing has not been applied to the results from this hole.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• The drill hole is oriented less than 20 degrees from perpendicular to the interpreted strike of the mineralisation.
Sample security	• *The measures taken to ensure sample security.*	• Pre-numbered bags are used and transported by company personnel to the ALS Laboratory in Mount Isa. ALS transports samples to other laboratories (within the ALS group) as required.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits or reviews have been undertaken at this stage however

Criteria	JORC Code explanation	Commentary
		regular audits are conducted as part of the planned resource estimation process.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• K-132 is located within EPM13870, which is held 100% by Mt Dockerell Mining Pty Ltd (a 100% owned subsidiary of Hammer Metals Limited). • A 2% NSR Royalty is applicable on EPM13870. • The area is within the Kalkadoon claim area • The tenement is in good standing with the Qld DME
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Exploration at Kalman has been conducted since 2005 primarily by Kings Minerals NL (now Cerro Resources Limited), Syndicated Metals Limited and Hammer Metals Limited. • Prior to this period work was also undertaken by Texins (1970's), PIMEX (1980's) and MIM (early 1990's).
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Intrusion related hydrothermal Cu-Mo-Re-Au mineralisation hosted by red rock altered Calc-Silicate rocks in the regional scale Pilgrim Fault Zone.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the*	• See attached table

Criteria	JORC Code explanation	Commentary
	Competent Person should clearly explain why this is the case.	
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• The deposit can be differentiated into Molybdenum-rich and copper-rich zones. Mineralised intervals are reported as down-hole length weighted using a 3000ppm Copper and/or 1000ppm Molybdenum cut-off. • Higher grade intervals within the above mentioned zones were reported as "including". • No top cut was applied to the data.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• K-132 was drilled at 55 to 60 degrees below horizontal. Mineralisation dips are approximately 80-90 degrees towards the hole. • Estimated true width of reported intercepts therefore varies between 36% to 39% of the down hole thickness.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• See attached figures
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• The release pertains to the results from one hole only at Kalman. As more results become available from other holes drilled in the area these results will be reported.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Other drilling at the prospect is reported on plans and cross sections accompanying the release.

Criteria	JORC Code explanation	Commentary
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Specific Gravity analysis using Gas Pycnometry will be conducted on samples from this hole in due course.