

HAMMER EXECUTES EARN-IN AGREEMENT WITH SOUTH32 AT ISA VALLEY PROJECT

to target large-scale Mt Isa-style sediment hosted lead-zinc-copper discoveries

- A Letter Agreement has been executed with South32 Group Operations Pty Ltd, a wholly owned subsidiary of South32 Limited (**South32**), which provides **South32 with an option to earn an 80% interest in the Hammer Metals' Isa Valley Project in North-West Queensland (Project)** and form a joint venture.
- The Project covers sections of the Mount Isa Fault comprising ~320km² of Hammer's broader 2,800km² Mount Isa Project. These areas are considered highly prospective for Mount Isa-style sedimentary lead-zinc-copper mineralisation similar in style to the Mount Isa and George Fisher-Hilton deposits (124Mt @ 7% Zn, 6% Pb and 255Mt at 3.3% Cu and 228Mt @ 5.5% Pb, 10.6% Zn and 97g/t Ag respectively).
- **South32 has made** an initial minimum commitment to complete an ionic-leach soil sampling program in the coming months followed by **subsequent investment decisions by South32 which may include:**
 - The commitment to a 900m drilling program within 18 months (~\$150,000);
 - Expenditure of up to an additional \$3 million to earn a 70% interest in the Project (to be completed within three years); and
 - South32 may extend the earn-in period by one year by spending an additional \$1 million for a total of \$4 million.
- **South32 has the right to increase its interest in the Project from 70% to 80% by electing to free-carry Hammer to the completion of a Pre-Feasibility Study.**
- **South32 will manage and operate the exploration program.**

Hammer's Managing Director, Daniel Thomas said:

"The Hammer team enthusiastically welcomes another high-quality partner that shares our vision and belief that the Hammer's tenure in the Mount Isa district holds significant potential to yield further new Tier-1 base metal discoveries.

"This Earn-in will cover ground that Hammer applied for in 2021 along the highly prospective Mount Isa Fault. We look forward to working with South32 and leveraging their knowledge in exploring for large-scale base metal deposits.

"The ability for Hammer to attract another quality partner such as South32 supports our approach in identifying early-stage exploration targets and prospect generation across our broader land-holding in NW Queensland."

ASX RELEASE

27 May 2024

DIRECTORS / MANAGEMENT

Russell Davis

Chairman

Daniel Thomas

Managing Director

James Croser

Non-Executive Director

David Church

Non-Executive Director

Mark Pitts

Company Secretary

Mark Whittle

Chief Operating Officer

CAPITAL STRUCTURE

ASX Code: HMX

Share Price (24/05/2024)	\$0.04
Shares on Issue	886m
Market Cap	\$35m
Options Unlisted	23.1m
Performance Rights	12m
Cash (31/3/2024)*	\$1.5m

*Does not include \$6.3million in funds received subsequent to the last quarter (See ASX Announcement 21 June 2024)

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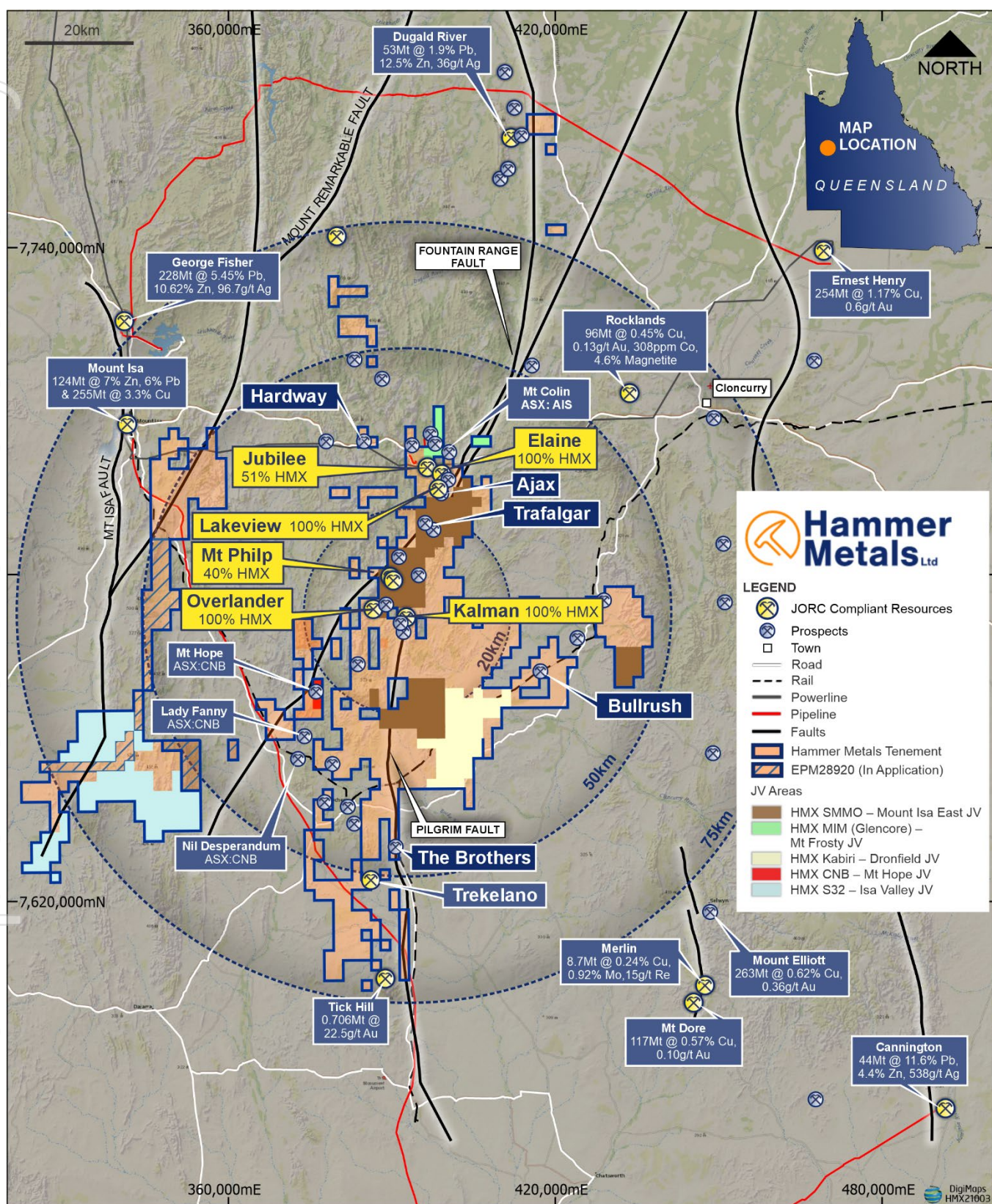


Figure 1: Hammer's Mt Isa Tenements with Isa Valley area (shaded light blue).

Material Details of the Agreement

- The Earn-in and Joint Venture is in respect of EPM28189, located 60km South of Mount Isa and comprising 321km² of Hammer's 2,800km² Mount Isa Project.
- The Project Area is held by Hammer Bulk Commodities Pty Ltd a wholly owned subsidiary of Hammer Metals Ltd.
- During the earn-in period, South32 can achieve up to an 80% interest in the Project Area by free-carrying Hammer to the completion of a Pre-Feasibility Study. The earn-in period is staged as follows, noting that South32 earns its interest after the completion of the third stage of the earn-in period:
 - **Stage 1:** South32 must fund an initial screening with ionic leach soil sampling and field assessment of the tenement costing approximately A\$20,000 to A\$25,000, which must be completed within six months.
 - **Stage 2:** At South32's election, South32 will fund expenditure for a drilling program approved by a Technical Committee, comprising 900 metres of drilling, subject to an expenditure cap of A\$150,000, to be completed within 12 months of commencing Stage 2.
 - **Stage 3:** At South32's election, South32 must fund A\$3,000,000 of exploration expenditure over a three-year period. South32 may extend the Stage 3 earn-in period, by a further 12 months whereupon expenditure commitment during this period shall be increased from A\$3,000,000 to A\$4,000,000. Upon the completion of Stage 3, South32 will have earned a 70% interest in the project and a joint venture will be formed.
- Upon completion of the Stage 3, South32 may earn an additional 10% interest in the Joint Venture by sole funding a Pre-Feasibility Study (as defined in the JORC Code 2012 Edition) for a mine development on the Tenement area and any other Joint Venture expenditure. Upon earning such further interest, South32 shall hold a Joint Venture interest of 80% and Hammer shall hold a Joint Venture interest of 20%.
- Upon completion of the earn-in, at either the conclusion of Stage 3 or the completion of a Pre-Feasibility Study, each party can elect to contribute to exploration expenditure on a pro-rata basis in accordance with its interest.
- Any party that elects to not contribute to the Joint Venture will be diluted via a standard dilution mechanism with any party diluting to less than a 10% interest, having their ongoing interest in the project convert to a 1% Net Smelter Return royalty.

The Isa Valley Project

Hammer Metals holds approximately 90km of strike under tenure in the Mount Isa Valley. EPM28189, which will constitute the Isa Valley Joint Venture, covers a proportion of that strike length. Exploration has been sporadic along this zone since the 1960's with limited recent work being completed on this tenure. The prospective zones have seen limited deeper drilling, and no modern, deep-sensing geochemical sampling has been conducted within the Joint Venture area.

The Isa Valley Project is located in an analogous geological setting to the Mt Isa Deposit. The Mount Isa and George Fischer-Hilton lead-zinc deposits (124Mt @ 7% Zn, 6% Pb and 255Mt at 3.3% Cu and 228Mt @5.5% Pb, 10.6%Zn and 97g/t Ag respectively) have been mined continuously since 1931;

Work Program Activities

The initial exploration activities will focus on the completion of ionic leach soil sampling program along the highly prospective Mount Isa fault structure. The aim of this sampling is to detect mineralisation at depth emanating from prospective Mt Isa Group Sediments present in the project area abutting the Mount Isa Fault.

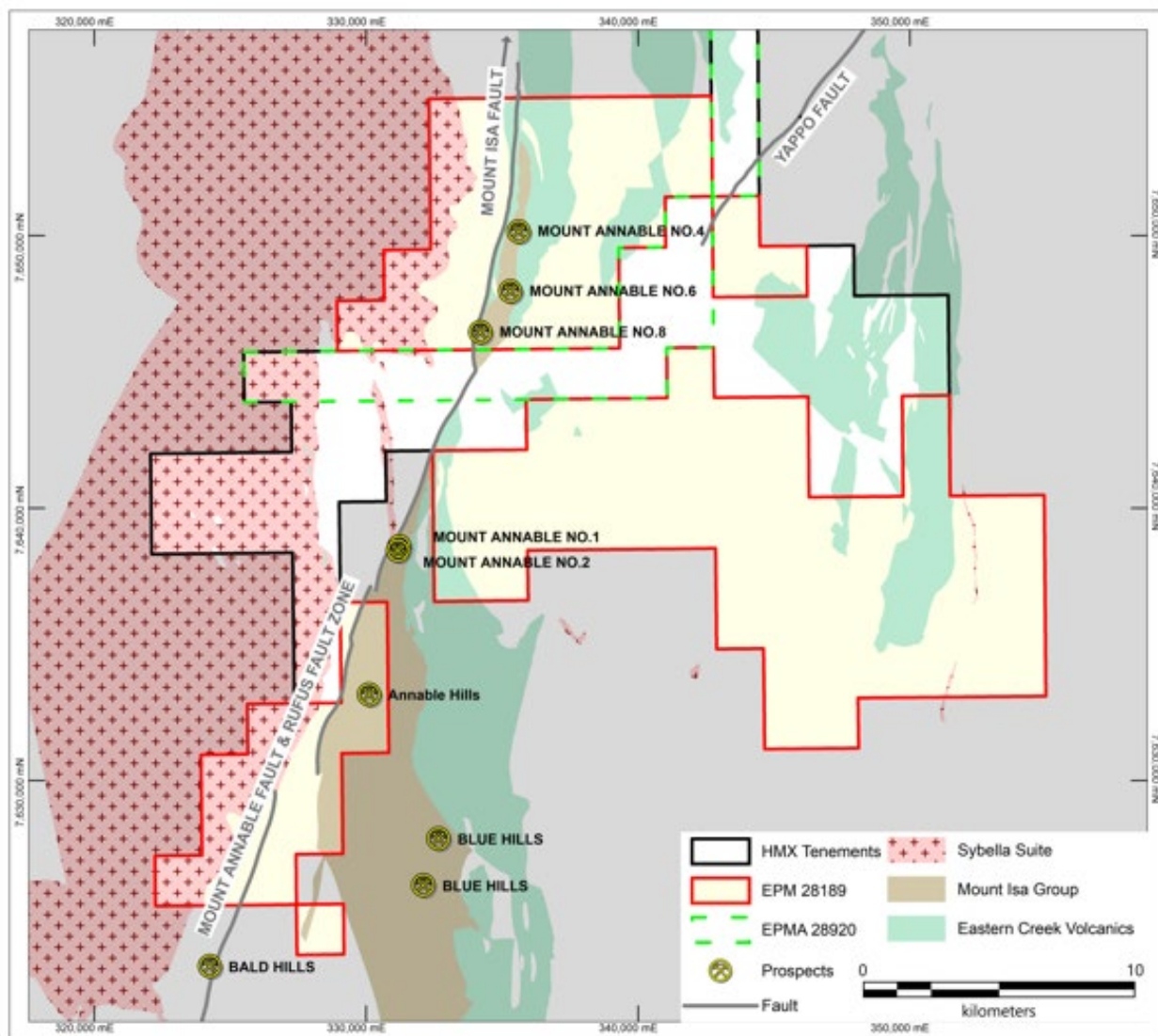


Figure 2: Hammer's EPM28189 and various base metal prospects within the tenure

Hammer will continue to progress exploration across its 100%-owned and other Joint Venture properties in the Mt Isa district. Upcoming Mount Isa Project field work will include a diamond drilling program at the 100%-owned Hardway copper/rare earth element prospect.

Hammer Metals Joint Ventures

This earn-in agreement with South32 represents Hammer's 5th partnership in the region with existing joint ventures already in place with Sumitomo Metal Mining Oceania (SMMO), Mount Isa Mines (Glencore), Carnaby Resources (CNB) and Kabiri.

Hammer has joint venture interests covering some 850km² out of its ~2,800km² position in the Mount Isa region. Hammer has retained a 100% interest in close to 2,000 km² of tenure and a 100% interest in its JORC compliant Mineral Resources at Kalman, Overlander, Elaine and Lakeview.

Table 1: Summary of Hammer Joint Ventures within the Mount Isa Project

Joint Venture	Partner	HMX Interest	Blocks	Area (km ²)	Proportion of Tenure
Mount Isa East JV	SMMO	40%	104	334	12%
Mt Frosty JV	Glencore	51%	9	29	1%
Dronfield JV	Kabiri	80%	49	157	6%
Mt Hope JV	Carnaby	49%	3	10	0%
Isa Valley JV	South32	100%	100	321	11%
HMX 100%		100%	610	1,957	70%
Total			875	2,808	100%

Expected Newsflow

- **May** – Downhole Electromagnetic Survey Hardway
- **May** – Hardway Diamond Drilling Program.
- **Early June** – Mount Isa Drilling Program results – Hardway (Cu/REE) RC drilling.
- **Early June** – Mount Isa East Joint Venture Drilling Program drill results – Shadow South/Mount Philp copper/gold
- **June** – Yandal air-core program – Sword, Harrier and Gummow.
- **June/July** – Ionic Leach Soil sampling program within the Isa Valley Joint Venture

About South32 Limited

South32 is a globally diversified mining and metals Company. The Company's purpose is to make a difference by developing natural resources, improving people's lives now and for generations to come. South32 is trusted by its owners and partners to realise the potential of their resources. South32 produces commodities including bauxite, alumina, aluminium, copper, silver, lead, zinc, nickel, metallurgical coal and manganese from its operations in Australia, Southern Africa and South America. South32 also has a portfolio of high-quality development projects and options, and exploration prospects, consistent with its strategy to reshape its portfolio toward commodities that are critical for a low-carbon future.

This announcement has been authorised for issue by the Board of Hammer Metals Limited in accordance with ASX Listing Rule 15.5.

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About Hammer Metals

Hammer Metals Limited (ASX: HMX) holds a strategic tenement position covering approximately 2,800km² 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, the Lakeview (Cu-Au) deposit and the Elaine (Cu-Au) deposit. Hammer also has a 51% interest in the 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 also holds 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 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.