



15 December 2015

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## HAMMER SIGNS JV ON MOUNT ISA PROJECT

### Highlights

- Farmin and JV Agreement signed with Newmont Exploration on Hammer's Mount Isa Project
- JV is over the Overlander, Even Steven and Dronfield iron oxide copper-gold (IOCG) targets
- Staged earn in with Newmont having the right to earn 75% by spending US\$10,500,000 (A\$14,700,000)
- Hammer to manage exploration for the first two stages of the JV until Newmont earns a 65% interest
- Hammer retains 100% interest in all currently defined Mount Isa project Mineral Resources including the Overlander North and Overlander South Resources
- Field work to commence immediately

### Material Details of the Agreement

- Areas included in the Farmin and JV totals 250km<sup>2</sup> of Hammer's 2011km<sup>2</sup> Mount Isa project.
- The JV includes 17 sub-blocks of EPM's 14232, 18116 and 25369 held 100% by Hammer and all sub-blocks in EPM18084 (Dronfield) in which Hammer can earn an 80% interest.
- Newmont can earn up to 75% of Hammer's interests in the JV area by spending US\$10,500,000 (A\$14,700,000) as follows:
  - Newmont to refund US\$75,000 to Hammer on commencement for project consolidation costs
  - Newmont can earn a 35% interest in the Farmin area by spending a total of US\$1,450,000 within two years of the commencement date (Stage 1) including a minimum of US\$500,000 of expenditure within 9 months before it can withdraw
  - Newmont can then elect to earn up to a 65% interest by spending an additional US\$3,050,000 within two years of earning the 35% interest (Stage 2)
  - If Hammer does not elect to contribute to further expenditure at this point Newmont can elect to earn up to a 75% interest by funding additional expenditure of US\$6,000,000 or by completing a feasibility study (Stage 3).
- At Hammer's option Newmont can earn up to an 80% interest by financing Hammer's share of future expenditure until production commences (Stage 4). Hammer repays the funds advanced from project cash flows.
- Hammer retains a 100% interest in its Kalman copper-gold-molybdenum-rhenium deposit, the Overlander North and South copper deposits and the Mount Philp Iron Deposit as well as the advanced Hammertime, Kalman West, Andy's Hill, Scalper, Mount Philp and Pelican IOCG targets which are not included in the Joint Venture.
- Newmont holds an option to purchase Hammer's interests in the Overlander North and South copper deposits on completion of Stage 2 of the earn in at commercial rates and a pre-emptive right if Hammer elects to sell the Overlander deposits.

Perth Western Australia: Hammer Metals Limited (ASX: HMX) is pleased to announce that a Farmin and Joint Venture Agreement has been signed with Newmont Exploration Pty Ltd ("Newmont") a subsidiary of Newmont Mining Corporation, one of the world's largest gold producers and a significant copper producer.

The Joint Venture encompasses three of Hammer's IOCG prospects – Overlander, Even Steven and Dronfield, covering approximately 250km<sup>2</sup> of Hammer's 2011km<sup>2</sup> Mount Isa project.

The joint venture is targeting an Ernest Henry style copper-gold deposit (approximately 220 million tonnes at 1.1% Cu and 0.5g/t Au).



Newmont operates several world-class mining operations in the Australia – Pacific region, including the Boddington, Kalgoorlie Superpit and Tanami gold operations in Australia and the Batu Hijau copper-gold mine in Indonesia.

Hammer will retain a 100% interest in the Kalman copper-gold-molybdenum-rhenium deposit, the current Overlander North and South copper deposits and the Mount Philp Iron Deposit which are not included in the Joint Venture.

Hammer will manage the exploration for the Joint Venture until Newmont has completed Stage 2 expenditure (US\$4,500,000) and has earned a 65% interest in the JV area.

**Hammer’s Chairman Russell Davis commented on the Joint Venture:**

“Through our regional-scale approach to exploring for large copper-gold deposits we have created the framework to unlock the considerable under-explored mineral potential in this region.”

“Hammer is committed to creating one of the most significant copper-gold exploration plays in Australia and with the input of Newmont’s technical and financial capacity, achieving an economic discovery.”

“It is pleasing that Newmont supports the strategy and approach of Hammer’s exploration, with Hammer’s experienced team continuing to operate and manage the activities of the JV. We certainly look forward to working with Newmont into the future.” said Mr Davis.

**Hammer’s CEO Alex Hewlett said:**

“We have been working on this deal for some time now and the opportunities that it brings are very obvious to us.”

“Newmont’s contribution gives our exploration budget a major boost. It allows Hammer to accelerate exploration on three of its highly prospective IOCG targets, at Overlander, Even Steven and Dronfield whilst independently advancing exploration on the other IOCG systems it has generated over the last two years,” said Mr Hewlett.

“The Joint Venture area is part of a largely overlooked IOCG province on the doorstep of Mount Isa that hosts a number of large previously unrecognized alteration systems with key untested structural and mineralogical indicators of IOCG deposits. The large size of the mineralizing systems and evidence of the target mineralisation provides strong encouragement for the discovery of a major deposit.”

**Benefits of the joint venture to Hammer include:**

- Hammer will manage and operate the first two stages of the joint venture;
- Newmont may sole fund the JV up to the completion of stage 4 with a further financing option provided.
- Hammer and Newmont have a shared goal of discovering world-class copper-gold deposits of the Ernest Henry iron oxide copper-gold (IOCG) style;
- The increased exploration funding allows an accelerated exploration program and increased chances of success;
- Access to additional specialised technical support from Newmont;
- Hammer retains 100% ownership of the defined resources at Kalman, Overlander North and South and Mount Philp as well as a range of other base metal and gold targets in tenements outside the joint venture including Hammertime, Andy’s Hill and Scalper;
- Earn in expenditures are set in US dollars which is favourable to Hammer at current currency conversion rates.



Hammer considers this sector of the Mount Isa Inlier to have all the key features of a major IOCG province. The lack of testing of these large altered and mineralised systems identified within the joint venture area presents an exciting discovery opportunity.

In agreeing to this joint venture Newmont has recognized Hammer's demonstrated on-ground experience and skills and that the company is well placed to advance the tenement package.

Exploration will commence immediately in each of the three prospect areas, focusing on detailed geological and structural mapping, soil and rock chip sampling and magnetic and gravity geophysical programs. Newmont's in-house technical input will be utilized in the program development, data collection, processing and analysis.

It is anticipated drilling will commence in the first quarter of 2016.

For further information, please contact:

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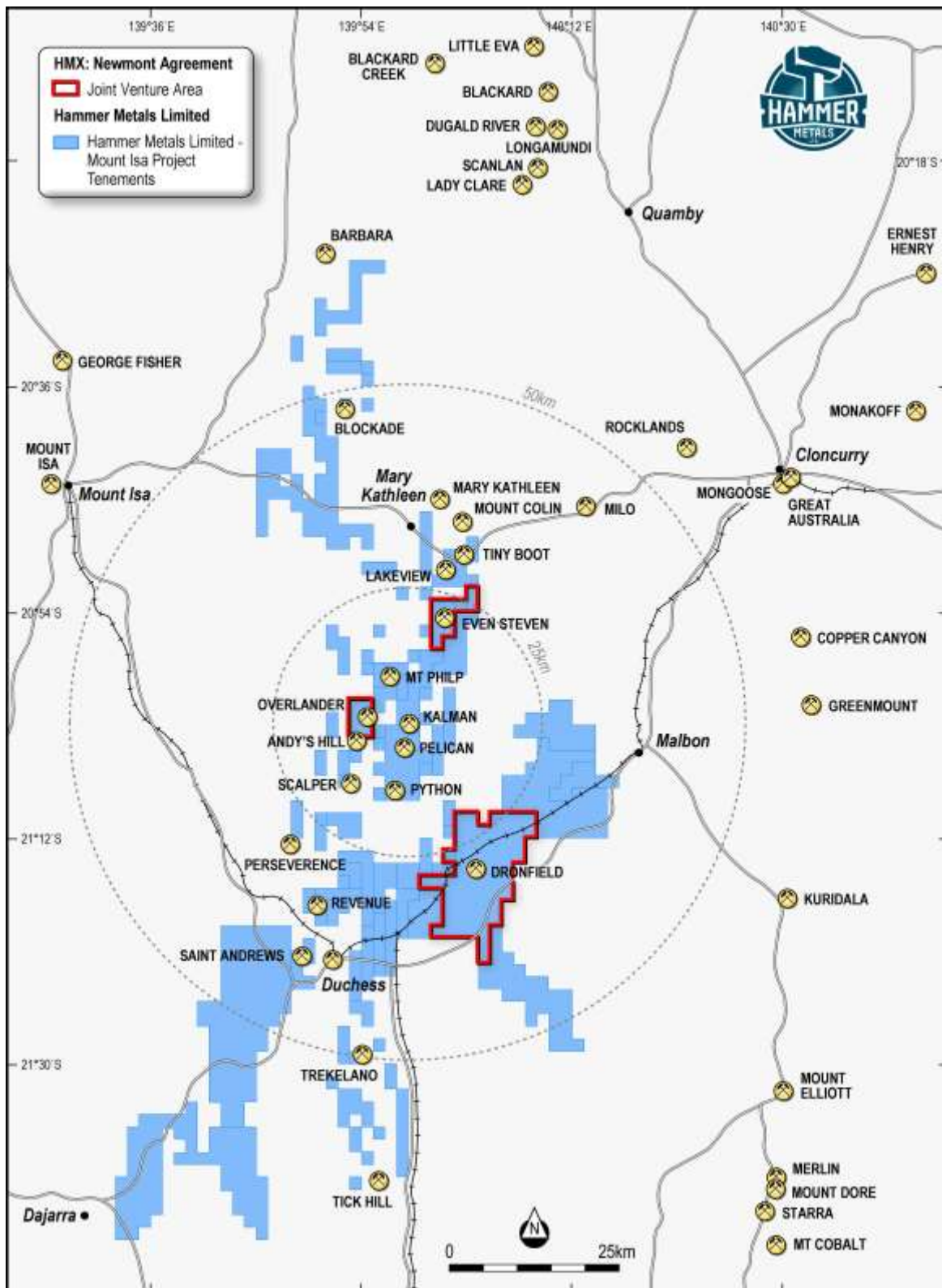
### **About Hammer Metals**

Hammer Metals Limited is an active exploration and development company with a focus on the Mount Isa region. Hammer holds a 100% interest in the Kalman copper-gold-molybdenum-rhenium deposit, the Overlander North and Overlander South copper deposits and the Mount Philp iron deposit along with a range of other copper-gold exploration targets. All the Mount Isa Project tenements are held 100% by Hammer excluding EPM 18084 (Dronfield) in which Hammer may earn up to an 80% interest from Kabiri Pty Ltd by spending \$250,000.

### **Competent Person's Statement:**

#### **Exploration Results**

The information in this report as it relates to exploration results and geology was compiled by Mr Mark Whittle, who is a Member of the AusIMM and a consultant to the Company. Mr Mark Whittle 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.



Hammer's Mount Isa Project and Newmont Joint Venture Area