



12th June 2017

DRONFIELD DRILLING UPDATE

Hammer Metals Limited (Hammer) **(ASX: HMX)** wishes to advise that drilling is progressing well on the western anomaly at the Dronfield copper-gold project southeast of Mount Isa.

The Dronfield targets are located 25km southeast of Kalman on EPM 18084, which is subject to a farm-in agreement with Kabiri Resources Pty Ltd. Hammer has earned an 80% interest in EPM 18084 from Kabiri by spending \$250,000 on exploration. The tenement forms part of the Farm-in and Joint Venture Agreement with Newmont Exploration Pty Ltd.

The drilling program will initially consist of three holes, the first two of which are testing the western anomaly and the third testing the eastern anomaly. As of June 8th, the first hole was completed at 537m depth and drilling is currently progressing on HDD002. HDD001 intersected strongly magnetite-actinolite and red rock altered granodiorite of the Wimberu Granite (part of the Williams Batholith) over large parts of the hole. Sulphide mineralisation is dominantly pyrite-chalcopyrite with levels generally ranging between trace to 1% with thin zones (<5m) where the total sulphide content can approach 5% in total.

This drilling will be partially subsidised by a \$100,000 Collaborative Drilling Initiative ("CDI") Funding Grant from the Queensland Department of Natural Resources.

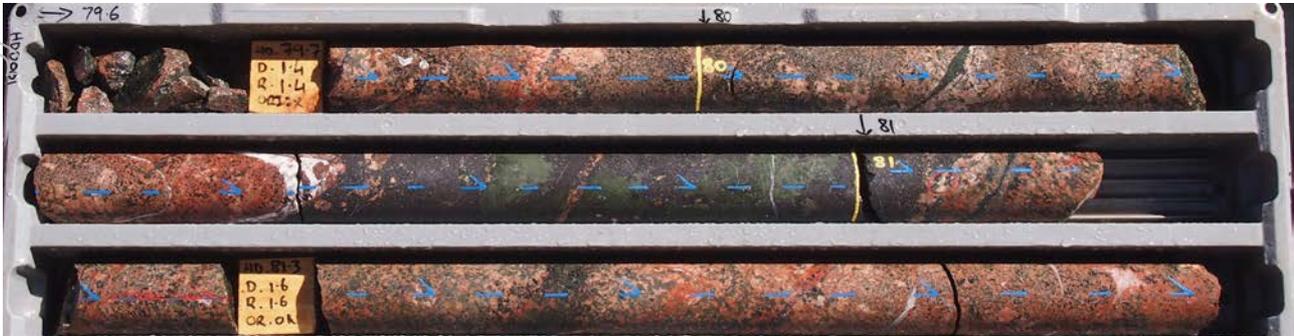
The core is being analysed for a 60+ element suite (including rare earth elements and fluorine). Initial assay results are expected to be received by late June.



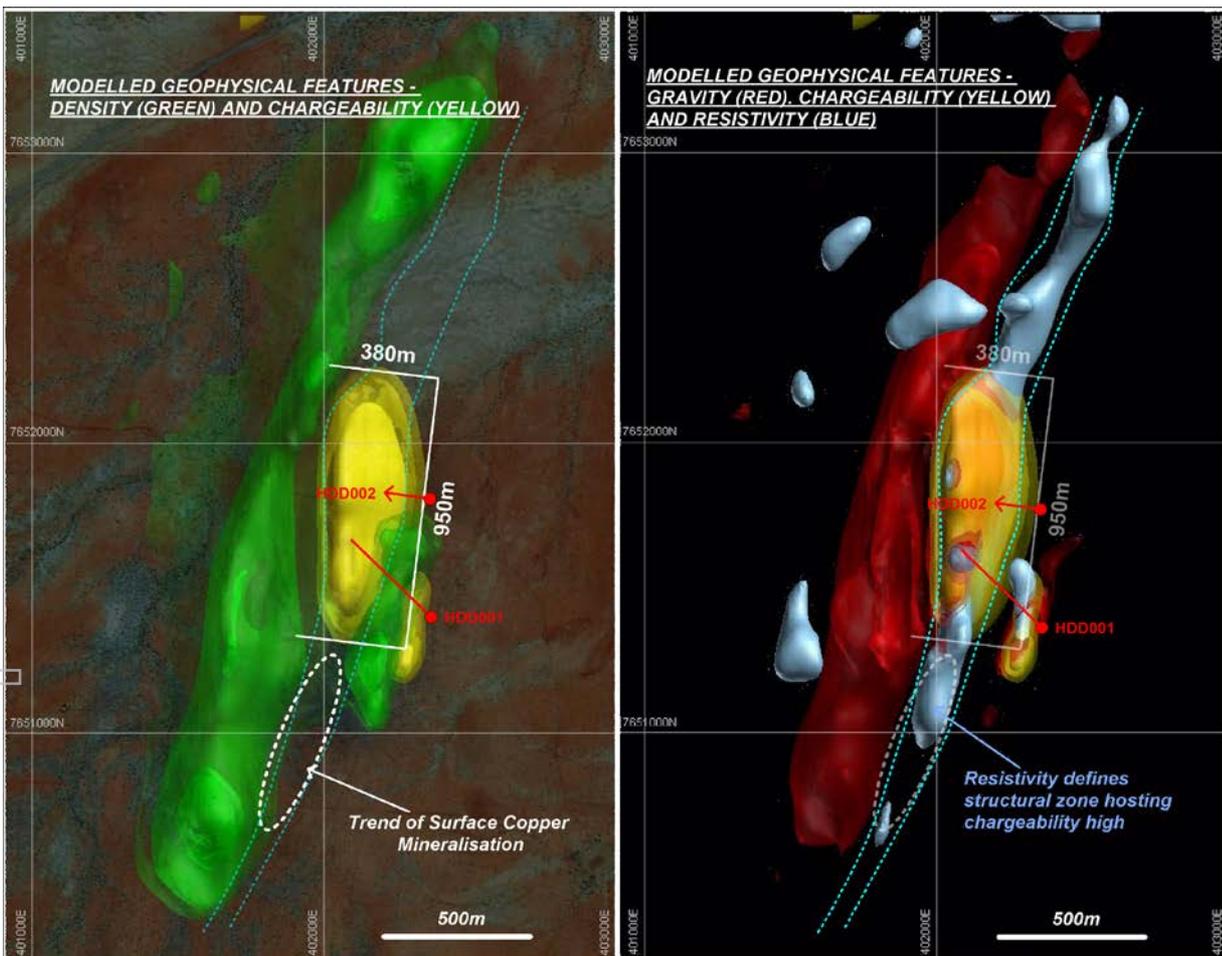
Drill Rig on HDD001



Quartz-calcite veining with chalcopyrite-magnetite-hematite associated with a mineralised zone in HDD001 (307m)



Semi-massive magnetite-actinote-chlorite-hematite alteration is a common component of the Dronfield western anomaly system (HDD001, 81m).



Modelled geophysical features of the Dronfield Western Anomaly with the locations of HDD001 and HDD002. The chargeability response shown in yellow (ranges between 35mv/v to +65mv/v)

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Hammer Metals Limited (ASX: HMX) Hammer Metals holds a strategic tenement position covering approximately 3,200km² 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, the Millennium (Cu-Co-Au) deposit as well as the recently acquired Elaine-Dorothy (Cu-Au) deposit. Hammer is an active mineral explorer, focused on discovering large copper-gold deposits of the Ernest Henry style and has a range of prospective targets at various stages of testing.

For further information, please contact:

Alex Hewlett

Executive Director & CEO

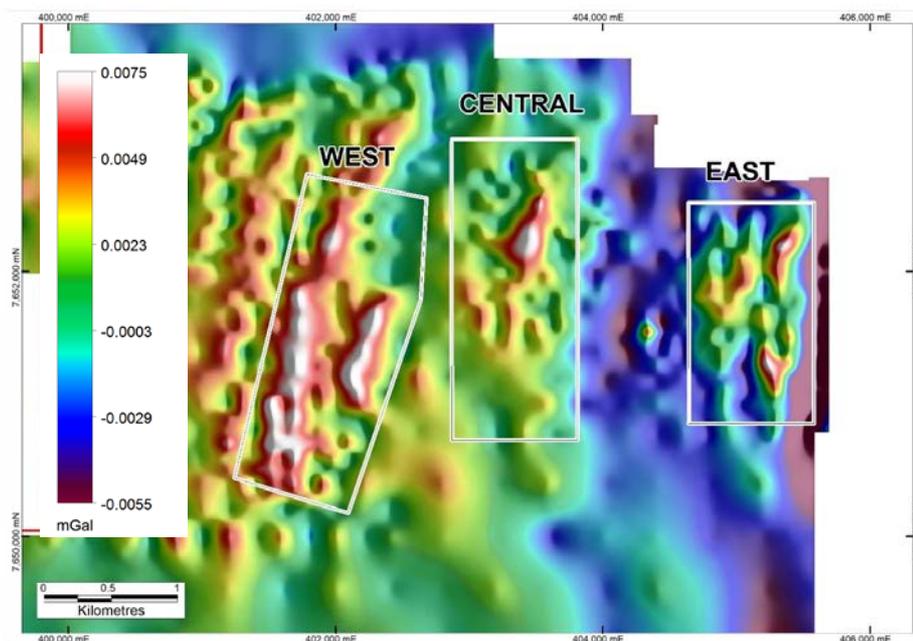
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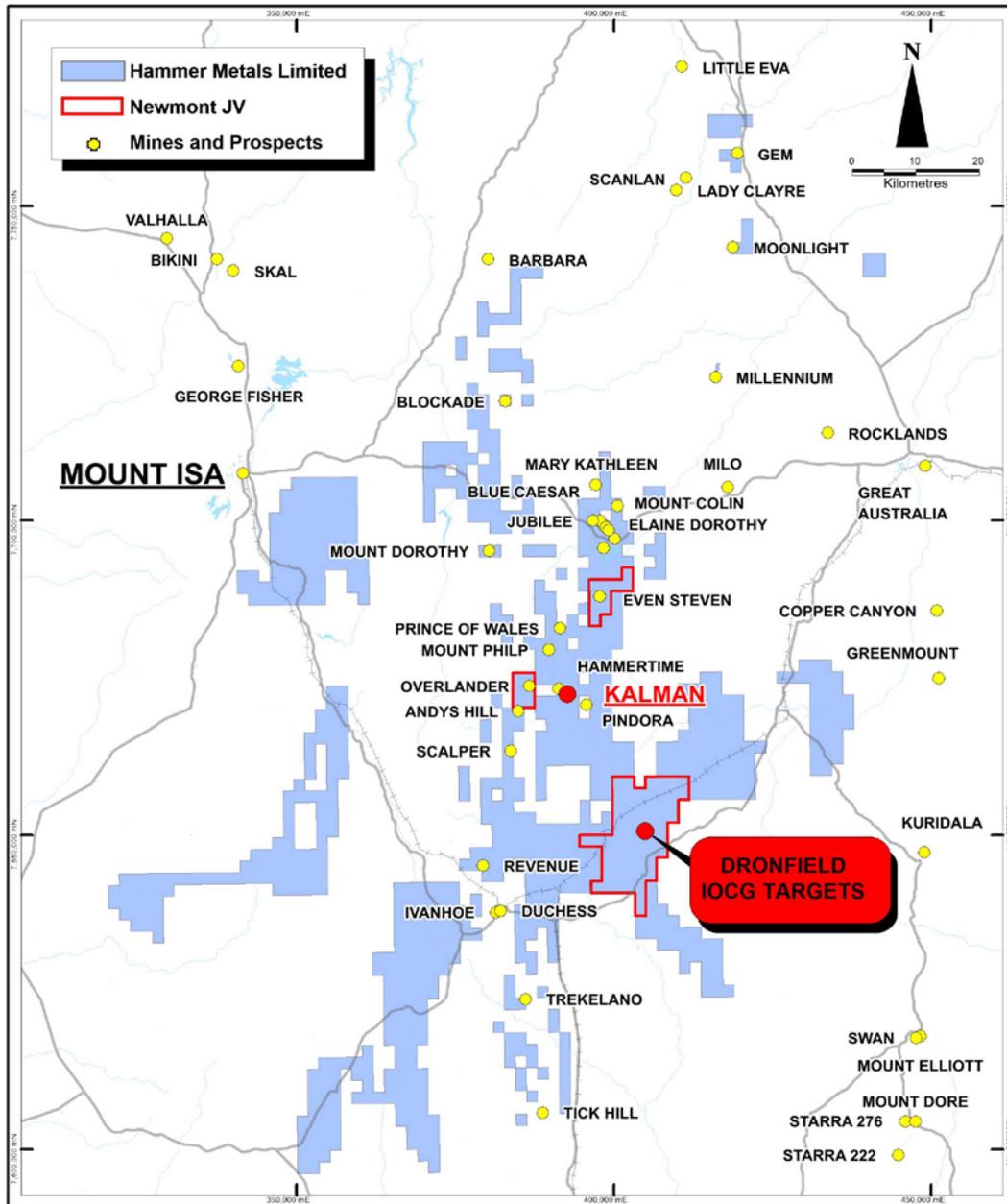
Competent Person's Statement:

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.



Gravity Bouguer first vertical derivative image showing the Western, Central and Eastern Anomalies at Dronfield



Hammer's Mount Isa Project and Joint Venture Area

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