



15 June 2016

EXPLORATION AND DEVELOPMENT INCENTIVE SCHEME

Hammer Metals Limited (Hammer or the Company) (ASX: **HMX**) is pleased to announce exploration credits will be distributed to eligible shareholders through the Federal Government's Exploration Development Incentive Scheme ("EDI").

- The EDI is intended to encourage shareholder investment in exploration companies undertaking greenfields mineral exploration in Australia by allowing junior exploration companies to distribute a portion of their tax losses to shareholders as tax credits.
- The Australian Taxation Office ("ATO") has confirmed that a modulation factor of 1.0 is to apply for the purposes of calculating an entity's eligible exploration expenditure for the 2014-15 financial year, meaning that 100% of the 2015 EDI credits can be distributed by the Company to eligible shareholders.
- EDI credits totalling \$600,000 will be distributed to eligible shareholders as a tax credit for the 2015-16 tax year.
- The benefit received by eligible shareholders is based on the pro-rata number of shares held at the Record Date as a proportion of the total shares on issue. The Record date is 30 days prior to the date of issue.

The Company is pleased to announce that it will issue entitlement statements to eligible shareholders on 24th June 2016. The Record Date for entitlement is therefore 25th May 2016. All Australian resident shareholders recorded on the Company's register on the Record Date will receive an entitlement statement upon completion of the issue.

Based on the number of shares on record on the record date, the EDI credit amounts to 0.45 cents per share (\$0.0045).

The Company's carried forward losses have been reduced proportionately to reflect the amount of exploration credits created.

Australian resident shareholders that are issued with an exploration credit will be entitled to a refundable tax offset (for shareholders who are individuals or superannuation funds) or franking credits (for shareholders who are companies). Non-resident shareholders are not eligible to use the exploration credit. It is strongly recommended that each shareholder seek their own specific taxation advice.

Further information on the EDI can be located on the ATO's website:

<http://www.ato.gov.au/business/exploration-development-incentive/>

Alex Hewlett | Executive Director

For more information about Hammer Metals and its projects please visit our website

www.hammermetals.com.au

Hammer Metals Limited (ASX:HMX), is an advanced exploration company with a major land position (2600km²) in the Mount Isa Mineral Province in NW Queensland. The tenement package is sandwiched between several large resource houses including Glencore; BHP and Chinova. Hammer is focused on developing base and precious metal resources in the district through targeted and carefully planned exploration and project acquisition activities.