



2nd May 2017

DRILLING STARTS AT DRONFIELD COPPER-GOLD TARGETS

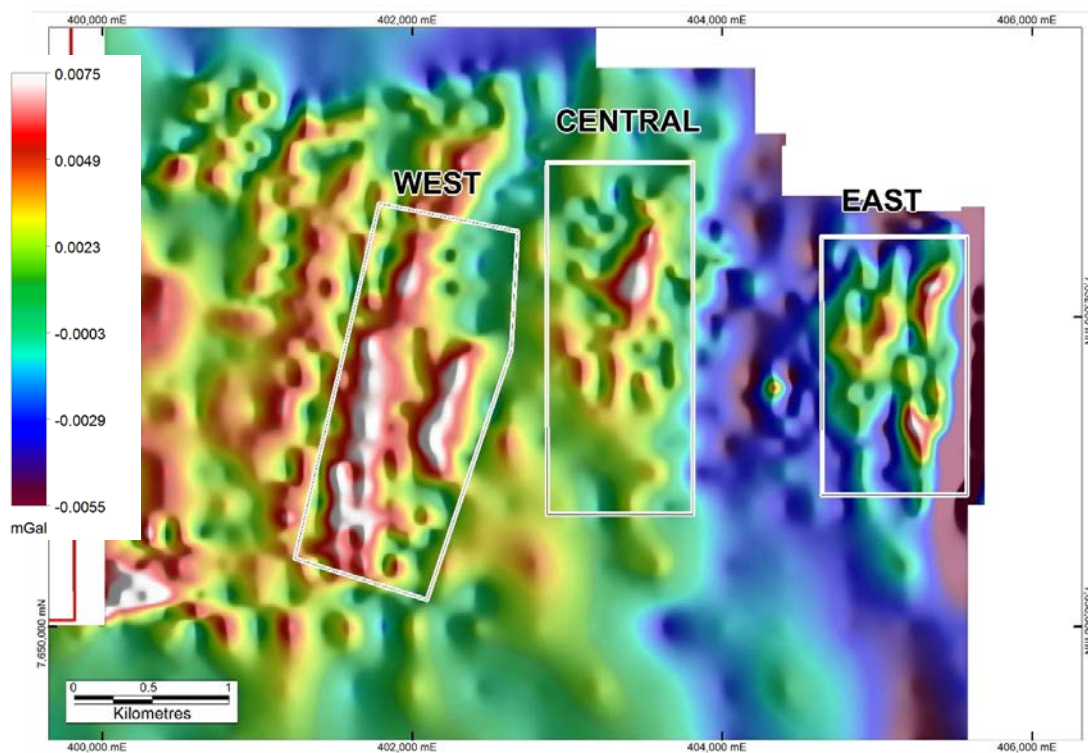
Hammer Metals Limited (Hammer) (**ASX: HMX**) wishes to advise that drilling has commenced at the Dronfield copper-gold project southeast of Mount Isa.

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.

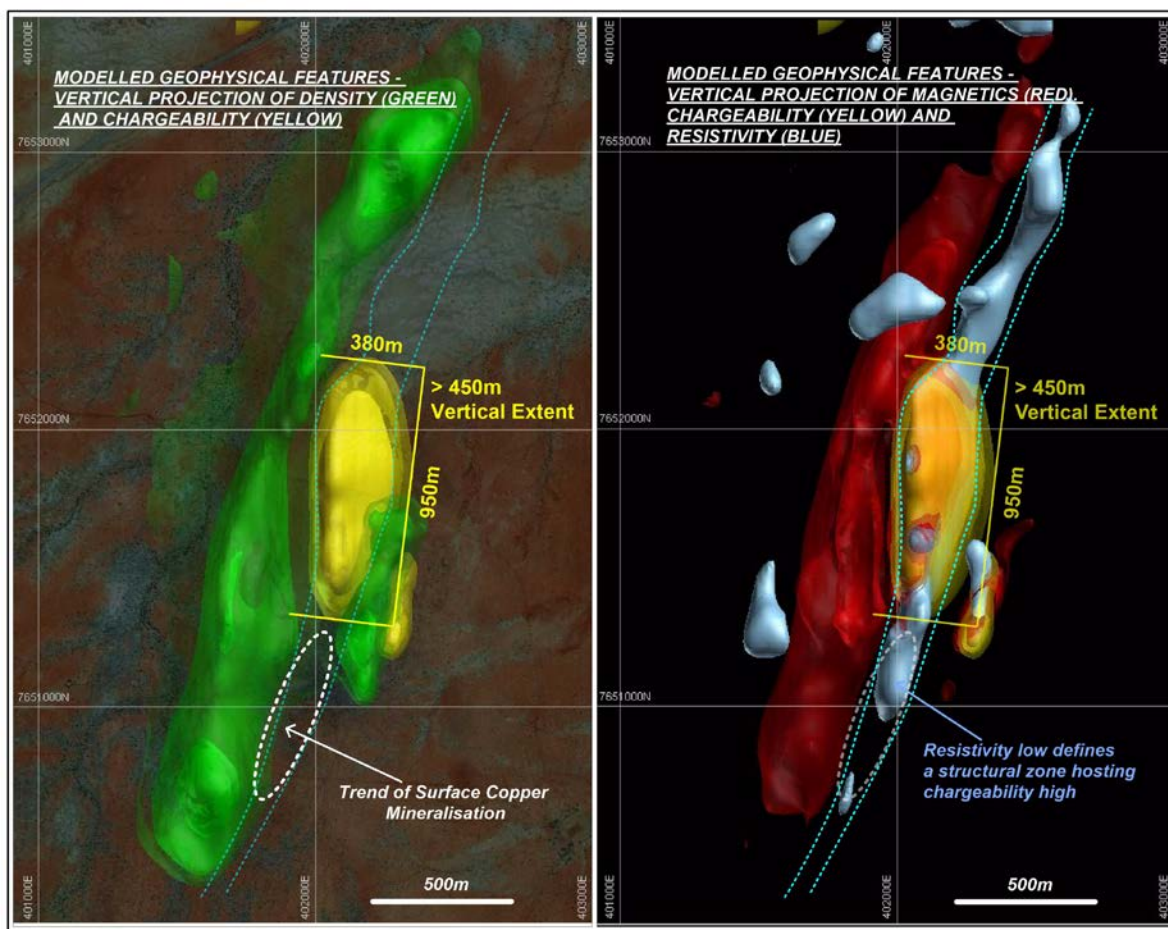
The high priority drill target is the western chargeability anomaly. This target is located along a conductive axis and interpreted to represent sulphide mineralisation located within a fault or alteration zone.

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

Initial results are expected to be received by early June.



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



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



Drill Rig on the first site at the Dronfield Western Anomaly



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

Hammer Metals

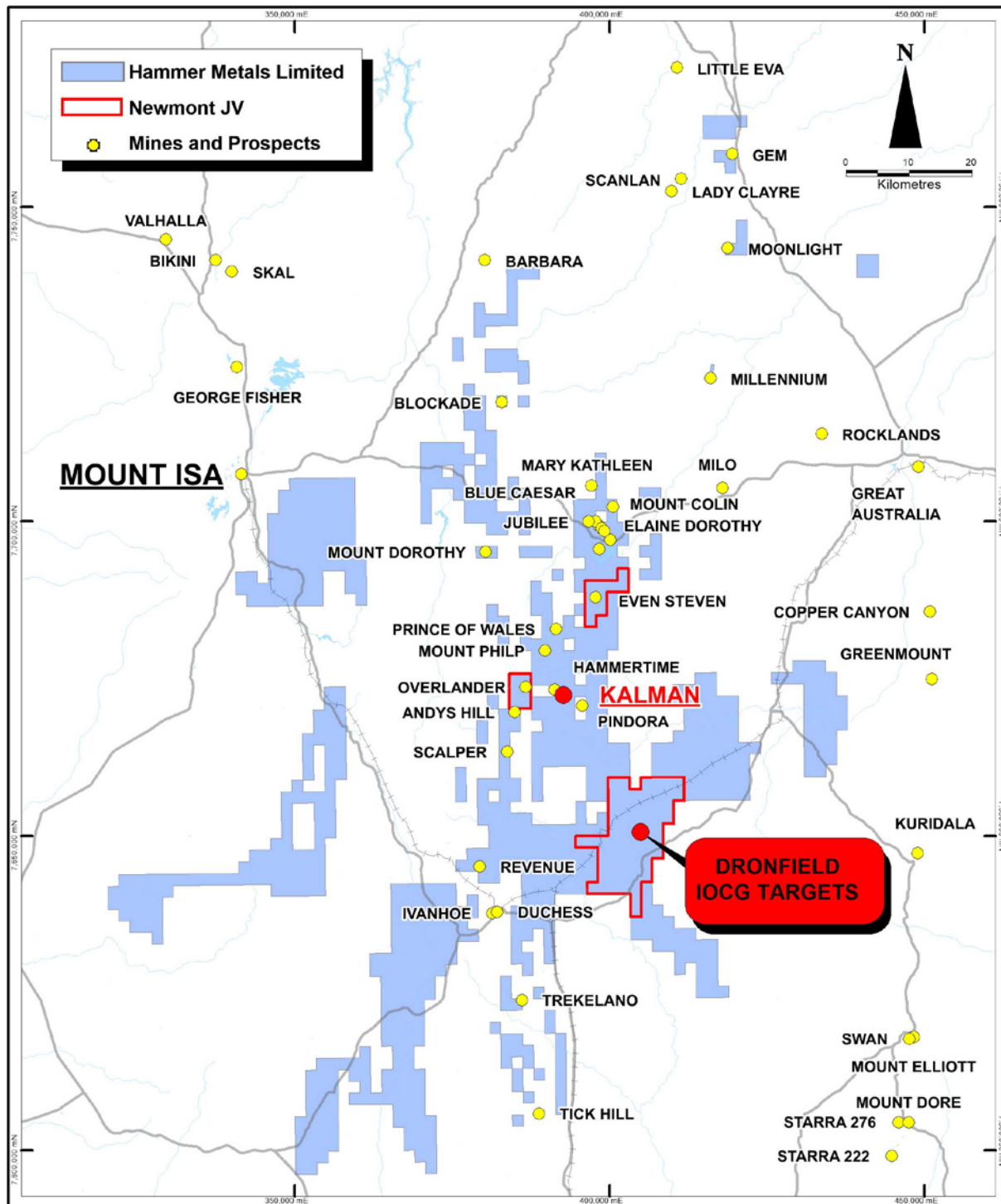
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Competent Person's Statement:

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.



Hammer's Mount Isa Project and Joint Venture Area