



10 August 2016

Drilling and Overlander Project Update

Hammer Metals Limited (ASX: HMX) wishes to update shareholders on progress with its current and planned drilling campaigns.

The current drilling program at the Millennium and Scalper projects is more than 50% complete with over 2200 metres completed to date at Millennium in 15 holes. The purpose of this program is to provide an initial test of the continuity of mineralisation intersected in previous drilling at the Millennium copper-cobalt-gold prospect as well as to test the potential for IOCG mineralisation at the Scalper target. Both of these targets are held 100% by Hammer Metals.

Preliminary positions for a planned three hole, 1500m diamond drilling program at the Overlander IOCG target within the Hammer - Newmont Farmin and JV ground have been finalized. The purpose of this program is to test for a large, bulk-tonnage copper-gold (IOCG) system in the vicinity of the gravity and magnetic anomaly immediately to the west of the current Overlander copper resource.

Drilling is expected to commence in early September and take approximately six weeks to complete.

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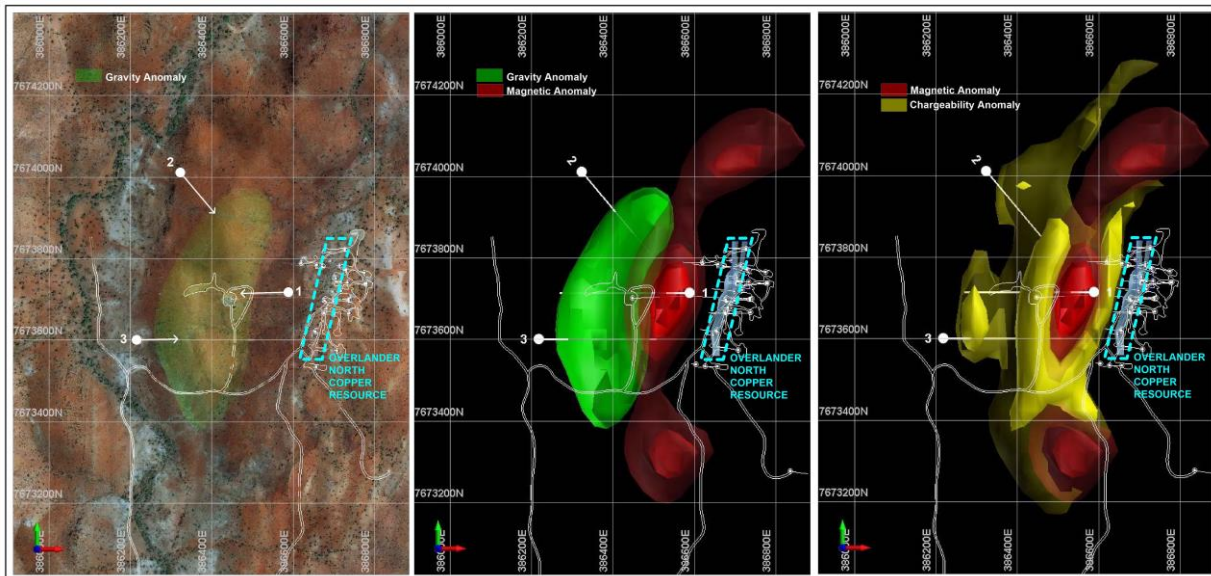
For further information, please contact:

Alex Hewlett | Executive Director

or 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 well-targeted exploration and project acquisition activities.

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Overlander – Indicative Drill Hole Positions

Competent Person's Statement

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, a consultant to the Company and a shareholder and option holder. 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.