

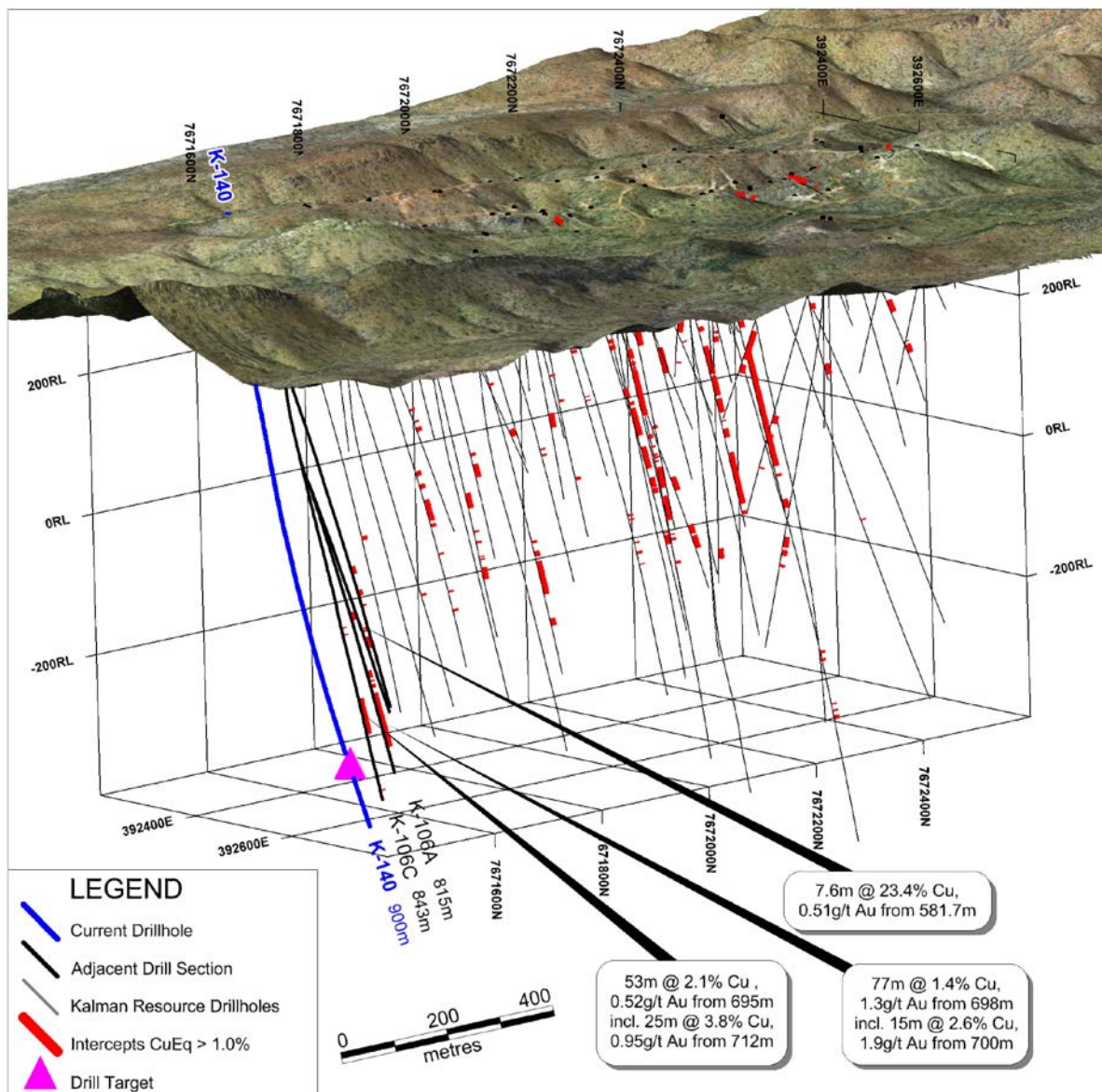
November 9th 2016

Exploration Update

Hammer Metals Limited (ASX: HMX) wishes to update shareholders on current and planned exploration activity at its Mount Isa Project.

Kalman South Drilling

As advised previously the high grade Kalman South copper-gold mineralisation intersected in hole K106 remains open at depth. A diamond drill hole targeted to test for extensions of the mineralisation has just commenced and will be operating 24 hours a day until complete. The hole is expected to take three to four weeks to complete.



Kalman South – Proposed Diamond Drill Hole (K140)



Overlander (Newmont Farm-In and Joint Venture)

The drill core for the two holes completed to date (OVD002 for 458.4 metres and OVD003 for 585.8 metres) have now been logged and the samples submitted for analysis. Both holes displayed broad zones of strong magnetite, chlorite and “red-rock” alteration with zones of disseminated sulphide. A decision on further drilling will be made after the assay results for the first two holes are assessed.

A program of geological mapping, rock chip sampling and gravity and ground magnetic surveys has now been completed at the Tourist Zone located 2 kilometres to the west of Overlander in a corresponding geological position. Copper mineralisation observed to date occurs in mineralised marble/limestone, silica breccia and red-rock altered magnetite breccia. The geophysical data is currently being processed.

Millennium Cobalt-Copper-Gold Project

The maiden Mineral Resource estimate for the project is in progress, with results expected later in the fourth quarter. Petrology and mineral liberation analysis is being undertaken on a range of the mineralised drill samples.

Pilgrim Fault VTEM Max Survey

An airborne VTEM Max (Versatile Time Domain EM) and magnetic survey are planned over a 23 kilometre strike length of the Pilgrim Fault corridor extending from China Wall in the north to Python in the south. The objective of the survey, anticipated to commence in November is to detect sulphide accumulations similar to the high grade Kalman South copper-gold mineralisation elsewhere along the fault zone. The survey will also be extended to cover the Hammertime and Kalman West prospects.

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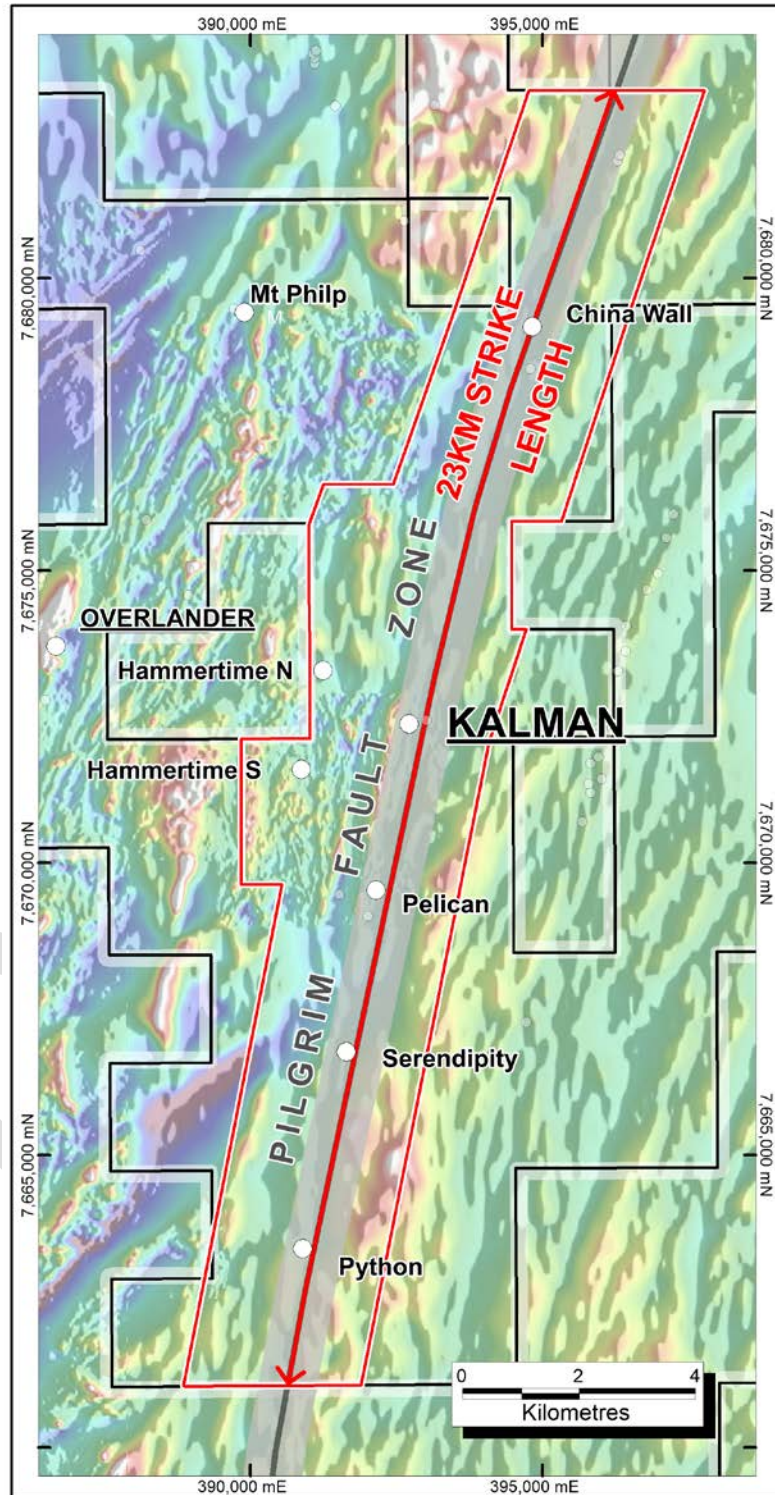
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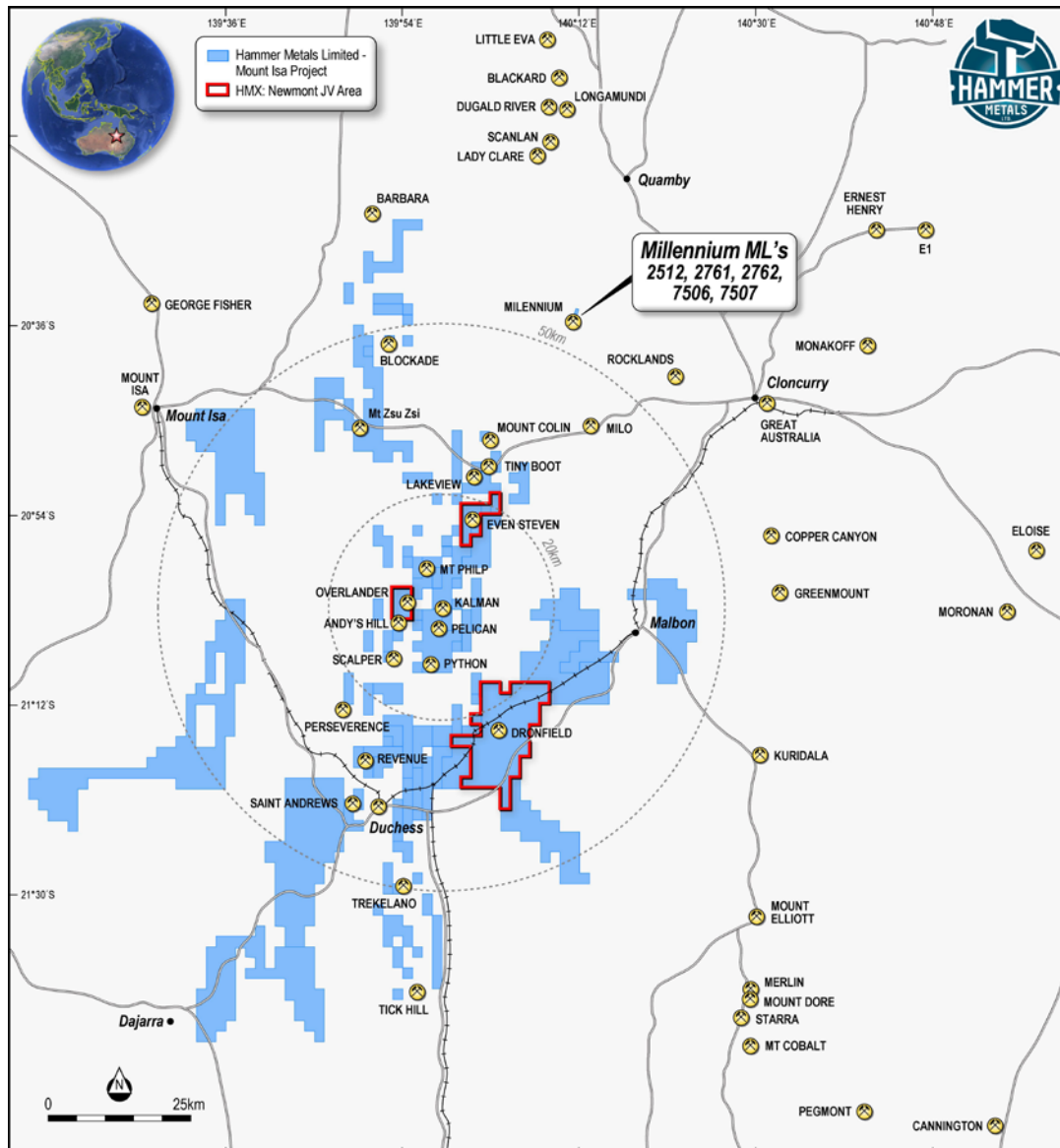
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Hammer Metals Limited (ASX:HMX), is an advanced exploration company with a major land position (2600km²) in the Mount Isa Mineral Province in NW Queensland. The tenement package is sandwiched between several large resource houses including Glencore,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



Pilgrim Fault Corridor VTEM Survey Area



Project Locations

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.