



14th July 2014

Mount Isa Project Exploration Update

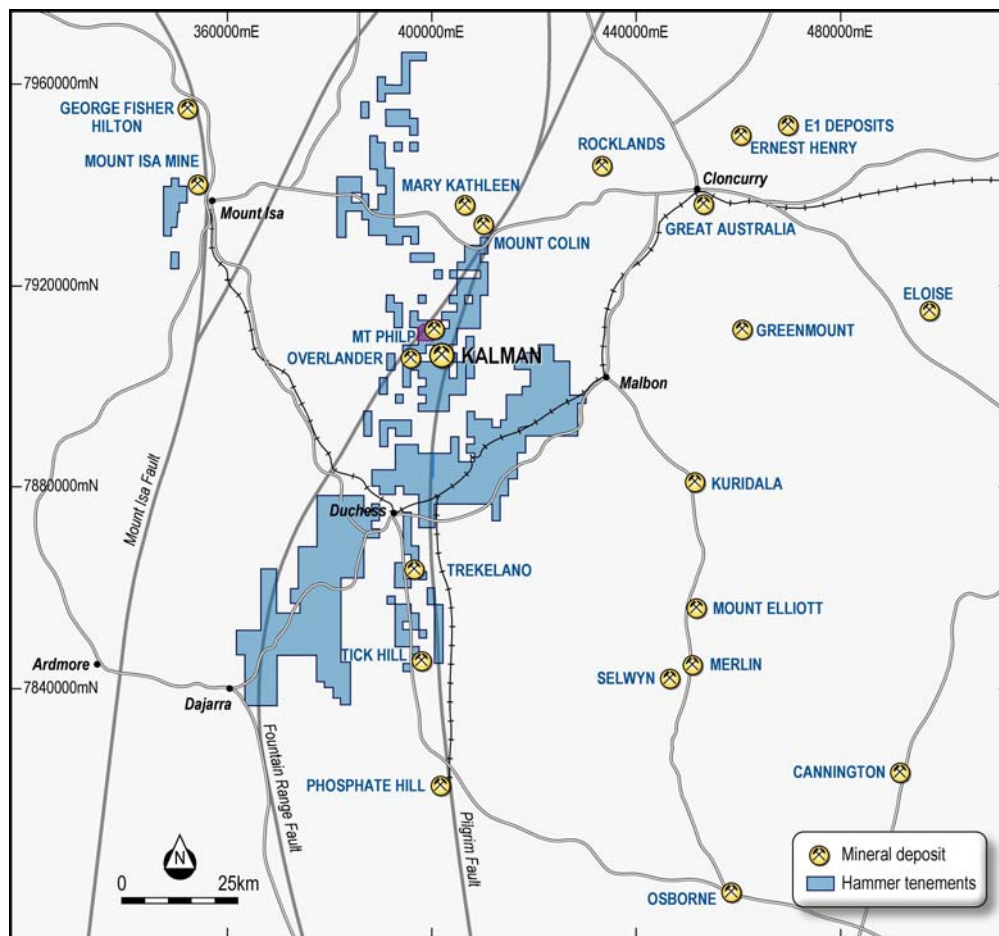
Hammer Metals Limited - Focused on the discovery and production of copper-gold deposits in Mount Isa.

Hammer Metals Limited (ASX:HMX) ("Hammer") is pleased to update shareholders on the company's current exploration and forthcoming activities on its projects.

Work to date is progressing well with ongoing mining studies at the Kalman deposit. Work is also continuing on defining a new Mineral Resource estimate at the Overlander deposits. Ongoing data reviews and ground reconnaissance has identified several new regional targets with strong potential for additional copper and gold mineralization, within a 10 to 20 kilometre radius of the Kalman deposit

Several of these regional targets represent "walk-up" drill targets, some with existing ore grade copper and gold drill intersections. Other targets will require more detailed soil and rock chip geochemical sampling to better define the targets before drilling is planned.

A drilling program is expected to re-commence in August 2014 when the drill hole targeting is finalised.



Mount Isa Project

Kalman Deposit

Hammer Metals strategy is focused on the development of its 100% owned Kalman copper-gold-molybdenum-rhenium project located 60 kilometres southeast of the Mount Isa mining centre.

Ongoing early stage mining studies at Kalman are evaluating the potential of the development of an open pit mine followed by an underground development on the deeper higher grade sections of the deposit.

The core of the deposit is up to 80 metres in width with significant copper-gold-molybdenum and rhenium grades including:

- **51 metres at 0.58% Mo and 15.1g/t Re** from 294 metres and **47 metres at 1% Cu, 0.49g/t Au, 0.09% Mo and 3.5g/t Re** from 343 metres in K-19
- **51 metres at 0.38% Mo and 8.3g/t Re** from 212 metres in K-52
- **72 metres at 0.2% Mo, 4.4g/t Re, 0.5% Cu and 0.7g/t Au** from 273 metres at in K-23

Deeper drilling at the southern end of the deposit intersected significant copper-gold intercepts that have yet to be fully defined including:

- **77 metres at 1.4% Cu and 1.3g/t Au** from 700 metres in K-106A
- **7.6 metres at 23% Cu and 0.5g/t Au and 20g/t Ag** from 581.65 metres in K-106A
- **25 metres at 3.8% Cu and 0.94g/t Au** from 712 metres in K106C



(Refer to ASX release dated June 6th 2014)

The planned program at Kalman will focus on extensional and infill drilling in the near surface potentially open-pittable sections of the deposit and also to increase confidence levels in the upper levels of the deposit's higher-grade core.

Hammer holds a highly prospective tenement position of approximately 2,000 km² surrounding Kalman and recent drilling by Hammer has already defined new copper deposits proximal to Kalman at Overlander North and Overlander South.

Hammer considers there to be significant potential to continue to add additional shallow high-grade copper resources within trucking distance of Kalman that can be used to augment Kalman's production profile.

Iron Oxide Copper-Gold Targets

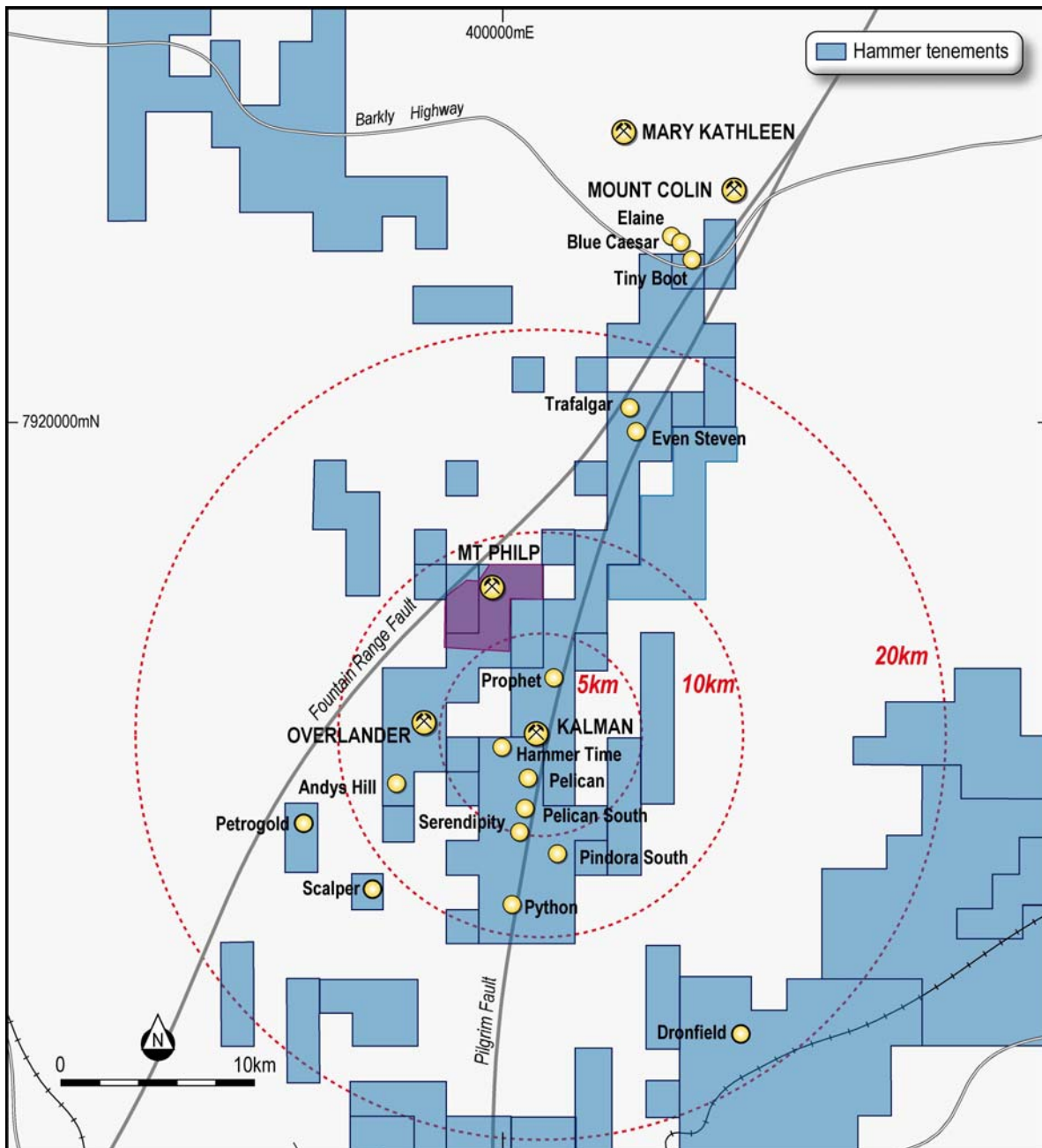
Hammer holds a number of Iron Oxide Copper-Gold (IOCG) prospects at Andy's Hill, Overlander, Mt Philp and Dronfield within the Mount Isa project area, with the strategy to discover world class IOCG ore bodies such as the 167Mt Ernest Henry copper-gold deposit near Cloncurry. Hammer is open to opportunity with developing partnerships to assist in exploring for these deposits. (Refer to ASX release dated May 20th 2014.)

Hammertime

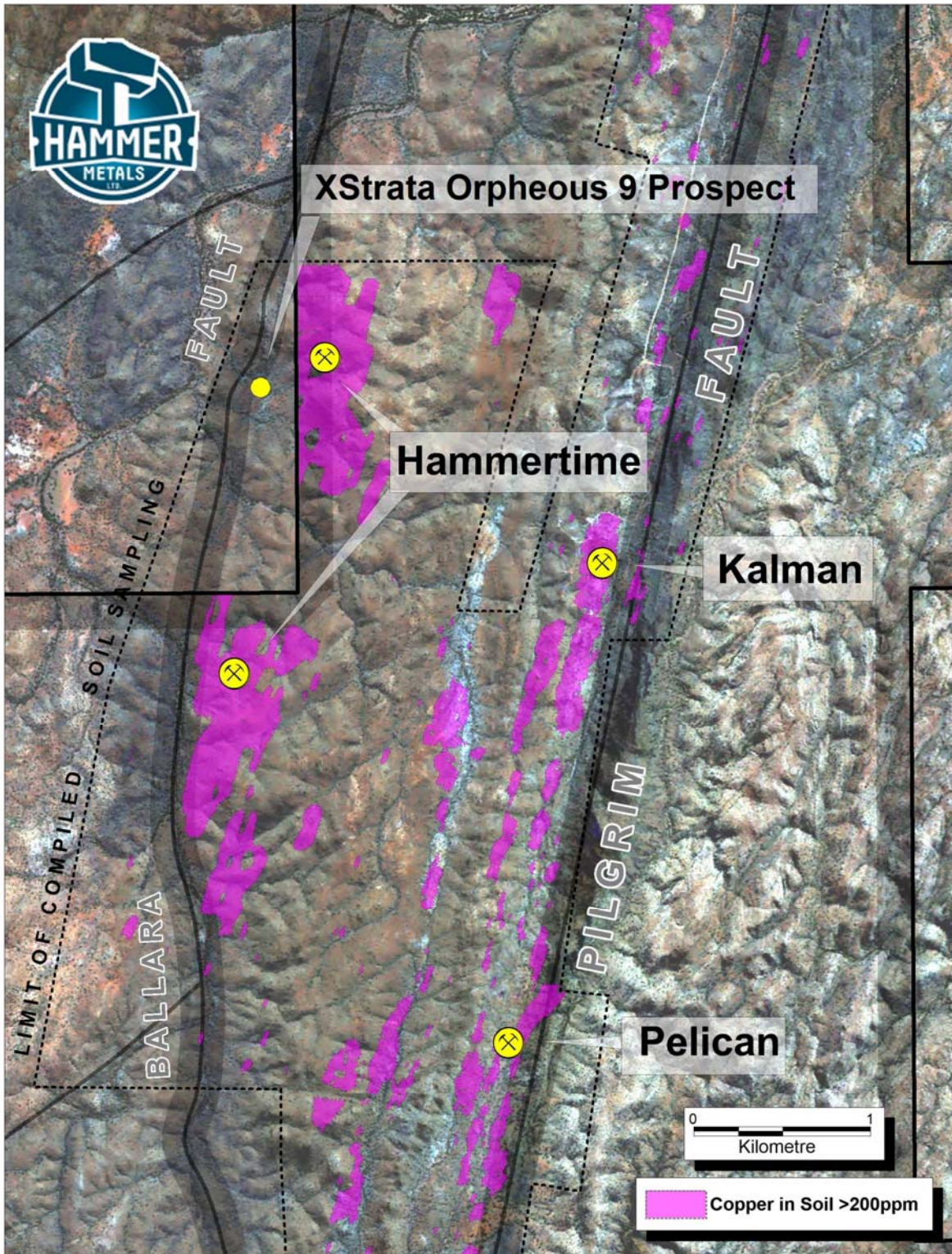
Strong copper and gold geochemical anomalism has been outlined in an area 2 kilometres west of Kalman and adjacent to the Ballara Fault, a parallel structure to the host shear zone at Kalman.

The Hammertime anomaly (formerly Kalman West) is over 3.4 kilometres in length and is greater in aerial extent than the copper anomaly associated with the Kalman deposit. Partial coverage of the anomaly by IP within Hammer ground by an adjacent tenement holder (Glencore Copper) indicates a chargeable zone coincident with elevated copper geochemical anomalism.

Infill soil sampling and detailed geological mapping will be completed prior to drilling.



Kalman District Prospects



Hammertime Prospect



Overlander

Following completion of the recent drilling program (as reported to the ASX on June 13th 2014), the maiden Mineral Resource Estimate for Overlander South and an update of the Mineral Resource Estimate for Overlander North are close to completion and is expected to be announced in the September quarter.

These two shallow and potentially open-pittable copper deposits occur within the Overlander shear zone just 6 kilometres to the west of Kalman.

Of potentially great significance to Hammer is that the Company's exploration at Overlander continues to enhance the potential for large IOCG copper-gold systems at both the Overlander West magnetic anomaly and the mineralized and altered and brecciated rhyolite body in the footwall of the Overlander shear zone (as reported to the ASX on June 3rd 2014). Drill hole OVRC024 returned an intersection of 116 metres at 0.35% Cu from 44 metres to the end of the hole at 160 metres.

The full Overlander area will be surveyed with detailed ground magnetics and electrical geophysics in order to better target further drilling.

Even Stephen

Even Stephen comprises several copper workings located on a structure adjacent to the Pilgrim Fault approximately 16 kilometres along strike to the north of Kalman. Drilling by a previous explorer returned intersections of 14 metres at 1.3% Cu and 0.70g/t Au from 20 metres in hole ES001. The extent of the alteration and mineralisation mapped at Even Stephen gives Hammer confidence that there is potential to outline a resource at Even Stephen with further drilling.

Trafalgar Extended

The Trafalgar Extended prospect is located adjacent to the Fountain Range Fault and 17 kilometres north of Kalman. Copper-gold soil and rock chip anomalism coincident with old workings have been outlined by previous explorers over a one kilometre strike length to the north of the old Trafalgar Mine (excluded) but has never been drill tested. Detailed mapping is in progress.

Pindora South

Pindora South is represented by a zone of strongly copper and gold anomalous rock chip samples collected along the southern strike extension of the Pindora Fault zone which hosts the Pindora copper-gold mine. The anomalous zone is approximately 900 metres in length and has not been drill tested. Aboriginal Heritage clearance surveys are to be completed prior to any drilling.

Dronfield

The Dronfield tenement (EPM 18084) is in joint venture with Kabiri Pty Ltd. Hammer has the right to earn up to an 80% interest in the tenement. The principal exploration target at Dronfield is the strong magnetic anomaly associated with the margin of the Wimberu Granite which is considered to represent a high priority IOCG target.

However at the Central Prospect an outcropping quartz vein with selected rock chips containing strongly elevated copper and gold values represents an initial priority exploration target and several shallow drill holes are planned following Aboriginal Heritage clearance.



Following the completion of the preliminary surveys and clearances, a 2,000 metre RC drilling program is anticipated to commence in this quarter. Initial targets will be Even Steven, Pindora South and Dronfield.

- ENDS -

For further information, please contact:

Alex Hewlett | Executive Director

With respect to the aforementioned market announcements the Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and the form and context of the announcements have not been materially modified.

Competent Person's Statement:

The information in this report as it relates to exploration results and geology was compiled by Mr John Downing, who is a Member of the Australian Institute of Geoscientists and a full time employee of the Company. Mr Downing 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 Downing consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.