



Date: 12 September 2014

Allotment and Issue of Securities

Advanced explorer, **Hammer Metals Limited** (Hammer) (ASX: **HMX**), wishes to confirm the allotment and issue of 8,888,888 ordinary shares to sophisticated investors at \$0.135 to raise \$1,200,000.

The placement is made pursuant to the Company's placement capacity under listing rules 7.1 and 7.1A as follows; 2,027,248 ordinary shares pursuant to listing rule 7.1 and the balance of 6,861,640 ordinary shares pursuant to the Company's 7.1A placement capacity.

In addition to the above placement the Company issued the following additional securities:

- a) 2,253,820 fully paid ordinary shares on conversion of preference shares;
- b) 1,000,000 unlisted options with an exercise price of \$0.20 expiring 11 September 2017; and
- c) 300,000 unlisted options with an exercise price of \$0.30 expiring 11 September 2016.

7.1A DISCLOSURE

The following 7.1A disclosure is in respect of the issue of 6,861,640 ordinary fully paid shares, issued within the Company's 7.1A placement capacity pursuant to the share placement announced to the ASX on 3 September 2014.

The Company provides the following information in accordance with Listing Rule 3.10.5A:

(a) Details of the dilution to the existing holders of ordinary securities caused by the issue.

Number of shares held by existing shareholders before the Placement	71,005,107
Number of Shares on issue after the Placement (Issued pursuant to LR 7.1A)	77,866,747
% dilutionary effect of Placement on existing shareholders before the Placement	9.66%

Further details of the approximate percentage of the issued capital post the 7.1A placement held by the pre-placement security holders and new security holders is as follows:

Pre-placement security holders who did not participate in the placement	83.16%
Pre-placement security holders who did participate in the placement	7.60%
Participants in the placement who were not previously security holders	9.24%



- (b) Where the equity securities are issued for cash consideration, a statement of the reasons why the eligible entity issued the equity securities as a placement under rule 7.1A and not as (or in addition to) a pro rata issue or other type of issue in which existing ordinary security holders would have been eligible to participate.**

It was the Company's view that a pro rata issue would not deliver the necessary capital in the required timeframe and in addition it was considered that the level of support likely to be received from existing shareholders would not be sufficient.

- (c) Details of any underwriting arrangement, including any fees payable to the underwriter.**

No underwriting arrangements or underwriting fees are payable.

- (d) Any other fees or costs incurred in connection with the issue.**

Reimbursable expenses and fees payable to non-related parties in respect of the arrangement of the share placement – approximately 6% of gross placement funds where applicable.

An Appendix 3B and section 708A notice are attached for immediate release.

- ENDS -

For further information, please contact:

Alex Hewlett | Executive Director

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Hammer Metals Limited

ABN

87 095 092 158

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares
Unlisted options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 8,888,888 fully paid ordinary shares
2,253,820 fully paid ordinary shares on conversion of preference shares
1,000,000 unlisted options expiring 11 September 2017
300,000 unlisted options expiring 11 September 2016 |

3 Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)	Fully paid ordinary shares of the Company in accordance with the Company's constitution; Fully paid ordinary shares issued on conversion of preference shares (Shares issued will be subject to escrow until 22 November 2014); Unlisted options are issued with exercise price of \$0.20 expiring 11/09/2017 ; and Unlisted options are issued with exercise price of \$0.30 expiring 11/09/2016
4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? If the additional +securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	Fully paid ordinary shares issued will rank equally with the existing fully paid ordinary shares of the Company from the date of allotment. Options do not rank equally. When options are exercised the fully paid ordinary shares issued will then rank equally with the existing fully paid ordinary shares of the Company from the date of allotment.
5 Issue price or consideration	8,888,888 Ordinary shares – \$0.135 per share 2,253,820 Ordinary shares – issued on conversion of preference shares for \$0.10 in accordance with their terms. Unlisted options – issued for no consideration

+ See chapter 19 for defined terms.

6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	8,888,888 Ordinary shares issued to sophisticated investors to raise funds to be put toward the Company's planned exploration programs and working capital. 2,253,820 Ordinary shares on conversion of preference shares. 1,000,000 Unlisted options – part consideration of advisory fees 300,000 Unlisted options – part consideration of advisory fees
6a	Is the entity an *eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the *securities the subject of this Appendix 3B, and comply with section 6i	Yes
6b	The date the security holder resolution under rule 7.1A was passed	19 November 2013
6c	Number of *securities issued without security holder approval under rule 7.1	2,027,248 Ordinary shares 1,000,000 Unlisted options \$0.20 300,000 Unlisted options \$0.30
6d	Number of *securities issued with security holder approval under rule 7.1A	6,861,640
6e	Number of *securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	None
6f	Number of *securities issued under an exception in rule 7.2	2,253,820
6g	If *securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the *issue date and both values. Include the source of the VWAP calculation.	The placement offer prices was \$0.135 and is 91.7% of the 15 Day VWAP from the issue date 10 September 2014 which was \$0.15 The VWAP calculation was provided by Orient Capital Pty Ltd

6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A														
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Rule 7.1 3,576,507 Rule 7.1A Nil Total: 3,576,507														
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	10 September 2014														
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	<table><tr><th>Number</th><th>+Class</th></tr><tr><td>82,147,815</td><td>Fully Paid Ordinary Shares</td></tr></table>	Number	+Class	82,147,815	Fully Paid Ordinary Shares										
Number	+Class															
82,147,815	Fully Paid Ordinary Shares															
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	<table><tr><th>Number</th><th>+Class</th></tr><tr><td>14,300,000</td><td>\$0.20 option exp 30/06/2017</td></tr><tr><td>2,116,674</td><td>\$0.30 option exp 26/05/2016</td></tr><tr><td>1,000,000</td><td>\$0.20 option exp 26/05/2017</td></tr><tr><td>1,000,000</td><td>\$0.20 option exp 11/09/2017</td></tr><tr><td>300,000</td><td>\$0.30 option exp 11/09/2016</td></tr><tr><td>4,052,586</td><td>Preference Shares</td></tr></table>	Number	+Class	14,300,000	\$0.20 option exp 30/06/2017	2,116,674	\$0.30 option exp 26/05/2016	1,000,000	\$0.20 option exp 26/05/2017	1,000,000	\$0.20 option exp 11/09/2017	300,000	\$0.30 option exp 11/09/2016	4,052,586	Preference Shares
Number	+Class															
14,300,000	\$0.20 option exp 30/06/2017															
2,116,674	\$0.30 option exp 26/05/2016															
1,000,000	\$0.20 option exp 26/05/2017															
1,000,000	\$0.20 option exp 11/09/2017															
300,000	\$0.30 option exp 11/09/2016															
4,052,586	Preference Shares															
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A														

+ See chapter 19 for defined terms.

Part 2 - Pro rata issue

11	Is security holder approval required?	
12	Is the issue renounceable or non-renounceable?	
13	Ratio in which the ⁺ securities will be offered	
14	⁺ Class of ⁺ securities to which the offer relates	
15	⁺ Record date to determine entitlements	
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	
17	Policy for deciding entitlements in relation to fractions	
18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	
19	Closing date for receipt of acceptances or renunciations	
20	Names of any underwriters	
21	Amount of any underwriting fee or commission	
22	Names of any brokers to the issue	
23	Fee or commission payable to the broker to the issue	

24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	
25	If the issue is contingent on security holders' approval, the date of the meeting	
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	
28	Date rights trading will begin (if applicable)	
29	Date rights trading will end (if applicable)	
30	How do security holders sell their entitlements <i>in full</i> through a broker?	
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	
32	How do security holders dispose of their entitlements (except by sale through a broker)?	
33	+Issue date	

+ See chapter 19 for defined terms.

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

(a) ☒ ⁺Securities described in Part 1

(b) ☐ All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional ⁺securities

Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought					
39	+Class of +securities for which quotation is sought					
40	Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? If the additional +securities do not rank equally, please state: - the date from which they do - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment					
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another +security, clearly identify that other +security)					
42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; padding: 5px;">Number</th> <th style="width: 50%; padding: 5px;">+Class</th> </tr> </thead> <tbody> <tr style="height: 100px;"> <td></td> <td></td> </tr> </tbody> </table>	Number	+Class		
Number	+Class					

+ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: Date: 12 Sept 2014
(Company secretary)

Print name: Mark Pitts
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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	28,237,970
Add the following: - Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 - Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval - Number of partly paid +ordinary securities that became fully paid in that 12 month period Note: - Include only ordinary securities here – other classes of equity securities cannot be added - Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed - It may be useful to set out issues of securities on different dates as separate line items	1,693,595 38,684,837 Nil
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	Nil
“A”	68,616,402

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	10,292,460
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: - Under an exception in rule 7.2 - Under rule 7.1A - With security holder approval under rule 7.1 or rule 7.4 Note: <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> <i>It may be useful to set out issues of securities on different dates as separate line items</i>	Nil Nil 2,059,856 (October 2013) 229,426 (December 2013) 99,423 (May 2014) 2,027,248 (September 2014) 1,000,000 (Options May 2014) 1,300,000 (Options September 2014)
“C”	6,715,953
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	10,292,460
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	6,715,953
Total [“A” x 0.15] – “C”	3,576,507 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	68,616,402
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	6,861,640
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i>	6,861,640
“E”	6,861,640

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	6,861,640
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	6,861,640
Total [“A” x 0.10] – “E”	Nil <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.



Date: 12 September 2014

Notice under Section 708A (5)

The Company has today confirmed the issue of:

- 8,888,888 fully paid ordinary shares as a private placement to sophisticated investors at \$0.135 per share to raise \$1,200,000 before costs;
- 2,253,820 fully paid ordinary shares on conversion of preference shares
- 1,000,000 unlisted options with an exercise price of \$0.20 expiring 11 September 2017
- 300,000 unlisted options with an exercise price of \$0.30 expiring 11 September 2016.

The Company gives this notice pursuant to Section 708A(5)(e) of the Corporations Act 2001 (Cth) ("Act").

The securities were issued without disclosure to investors under Part 6D.2 of the Act.

The Company as at the date of this notice has complied with

- a) the provisions of Chapter 2M of the Act as they apply to the Company; and
- b) section 674 of the Act.

As at the date of this notice, there is no excluded information for the purposes of sections 708A(7) and (8) of the Act.

Yours faithfully

By Order of the Board

A handwritten signature in black ink, appearing to read "Mark Pitts".

Mark Pitts
Company Secretary
Hammer Metals Limited