

**HAMMER METALS LIMITED**  
**ACN 095 092 158**

**NOTICE OF ANNUAL GENERAL MEETING**  
**AND**  
**EXPLANATORY MEMORANDUM**

To be held at Suite 8, 7 The Esplanade Mt Pleasant,  
Western Australia at 11:00am (WST) on 22 November 2017

**IMPORTANT INFORMATION**

*This is an important document that should be read in its entirety.  
If you do not understand it you should consult your professional advisers without delay.*

*If you wish to discuss any aspect of this document with the Company please contact  
Mr Mark Pitts on telephone (+61 8) 9316 9100.*

The Annual Report is available online at [www.hammermetals.com.au](http://www.hammermetals.com.au)

HAMMER METALS LIMITED  
ACN 095 092 158

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of Hammer Metals Limited will be held at Suite 8, 7 The Esplanade Mt Pleasant, Western Australia at 11:00am (WST) on 22 November 2017 to conduct the following business and to consider, and if thought fit, to pass the following Resolutions.

**AGENDA**

**ORDINARY BUSINESS**

**FINANCIAL & OTHER REPORTS**

To receive and consider the financial report for the year ended 30 June 2017 and the accompanying Directors' Report, Directors' Declaration, and Auditor's Report.

**RESOLUTION 1 – ADOPTION OF THE REMUNERATION REPORT**

To consider, and if thought fit, to pass with or without amendment, the following resolution as an **advisory resolution**:

*"That the Remuneration Report that forms part of the Directors' Report for the financial period ended 30 June 2017, be adopted."*

The Remuneration Report is set out in the Directors' Report in the Annual Report. Please note that the vote on this Resolution is advisory only and does not bind the Directors or the Company.

**Voting Exclusion**

In accordance with sections 250R and 250BD of the Corporations Act 2001, the Company will disregard any votes cast on this Resolution by any Key Management Personnel ("KMP") and a closely related party of a KMP. However, the Company need not disregard a vote if it is cast by a KMP or a closely related party of a KMP as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a chairperson of the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides, or it is cast by a chairperson of the Meeting as proxy for a person who is entitled to vote, the proxy is undirected and the proxy form expressly authorises the chairperson to vote the proxy on this Resolution.

KMPs and their closely related parties will commit an offence under the Corporations Act if they vote in relation to this Resolution in breach of the voting restrictions.

**RESOLUTION 2 – RE-ELECTION OF MR RUSSELL DAVIS AS A DIRECTOR**

To consider, and if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*"That Mr Davis, having retired in accordance with clause 7.3(b) the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company with immediate effect."*

### RESOLUTION 3 – RATIFICATION OF PLACEMENT SHARE ISSUE – LISTING RULES 7.1

To consider, and if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purpose of Listing Rule 7.4, and for all other purposes, Shareholders ratify the issue of 15,794,033 Shares on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue, and any associates of such a person. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### RESOLUTION 4 – RATIFICATION OF PLACEMENT SHARE ISSUE – LISTING RULES 7.1 A

To consider, and if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*"That, for the purpose of Listing Rule 7.4, and for all other purposes, Shareholders ratify the issue of 19,705,967 Shares on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue, and any associates of such a person. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### SPECIAL BUSINESS

### RESOLUTION 5 - APPROVAL OF 10% PLACEMENT FACILITY

To consider, and if thought fit, to pass with or without amendment, the following resolution as a **special resolution**:

*"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed by Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person (and any associates of such person) who may participate in the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

DATED THIS 11th DAY OF OCTOBER 2017  
BY ORDER OF THE BOARD



MARK PITTS  
COMPANY SECRETARY

## **Notes:**

### **Definitions**

Terms which are used in this Notice and which are defined in Section 6 of the Explanatory Memorandum have the meanings ascribed to them therein.

### **Note**

If you have recently changed your address or if there is any error in the name and address used for this notice please notify the Company Secretary. In the case of a corporation, notification is to be signed by a director or company secretary.

### **Proxies**

A Shareholder who is entitled to vote at this Meeting has a right to appoint a proxy and should use the proxy form enclosed with this notice. The proxy need not be a Shareholder of the Company and can be an individual or a body corporate.

A body corporate appointed as a Shareholder's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the Meeting. The representative should bring to the Meeting evidence of this appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

A Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, section 249X of the Corporations Act will take effect so that each proxy may exercise half of the votes (ignoring fractions).

A proxy's authority to speak and vote for a Shareholder at the meeting is suspended if the Shareholder is present at the meeting.

The proxy form must be signed and dated by the Shareholder or the Shareholder's attorney. Joint Shareholders must each sign.

Proxy forms and the original or a certified copy of the power of attorney (if the proxy form is signed by an attorney) must be received:

- at Suite 8, 7 The Esplanade, Mount Pleasant, Western Australia, 6153; or
- on facsimile number (+61 8) 9 315 5475,

not later than 11.00am (WST) on 20 November 2017.

Pursuant to regulation 7.11.37 of the Corporations Regulations, the Board has determined that the shareholding of each Shareholder for the purposes of ascertaining the voting entitlements for the Meeting will be as it appears in the share register at 5 pm (WST) on 20 November 2017.

### **Bodies Corporate**

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of a company's shareholders. The appointment may be a standing one.

Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.

The representative should bring to the Meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

**HAMMER METALS LIMITED**  
**ACN 095 092 158**

**EXPLANATORY MEMORANDUM**

This Explanatory Memorandum forms part of a Notice convening the Annual General Meeting of Shareholders of Hammer Metals Limited to be held at Suite 8, 7 The Esplanade Mt Pleasant Western Australia at 11:00am (WST) on 22 November 2017. This Explanatory Memorandum is to assist Shareholders in understanding the background to and the legal and other implications of the Notice and the reasons for the Resolutions proposed. Certain terms used in the Notice and Explanatory Memorandum are defined in Section 5.

**1. FINANCIAL AND OTHER REPORTS**

As required by section 317 of the Corporations Act, the financial report for the year ended 30 June 2017 and the accompanying Directors' Report, Directors' Declaration and Auditor's Report will be laid before the Meeting.

Neither the Corporations Act nor the Company's Constitution requires a vote on the reports. However, Shareholders will have an opportunity to ask questions about the report at the Annual General Meeting. Shareholders will also be given a reasonable opportunity to ask the Auditor questions about the auditor's report and audit conduct. Written questions may be submitted 5 business days prior to the Meeting addressed to the Chairman and sent to the Company's registered office, about the management of the Company, or addressed to the Company's auditor and sent to the Company's registered office about audit conduct, accounting policies used by the Company and auditor independence. General questions about the management of the Company will also be taken.

**2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT**

As required by the Corporations Act, the Board is presenting the Remuneration Report to Shareholders for consideration and adoption by a non-binding vote. The Remuneration Report contains:

- information about Board Policy for determining the nature and amount of remuneration of the Company's Directors and senior executives;
- a description of the relationship between remuneration policy and the Company's performance;
- a summary of performance conditions, including a summary of why they were chosen and how performance is measured against them; and
- remuneration details for each executive and non-executive Directors, and Key Management Personnel.

The Remuneration Report, which is part of the 2017 Annual Report, has been sent to Shareholders (except those who have made an election not to receive the Annual Report). Copies of the 2017 Annual Report are available by contacting the Company's Share Registry or visiting the Company's web site ([www.hammermetals.com.au](http://www.hammermetals.com.au)).

The Meeting presents an opportunity to discuss the Remuneration Report for Shareholders who are interested in doing so. The vote on this Resolution is advisory only and does not bind the Directors or the Company.

Shareholders are informed that under recent reforms to the Corporations Act, if 25% or more of the vote on this Resolution are against adopting the Remuneration Report, the Company will be required to consider and report to Shareholders in the next Remuneration Report on what action is proposed to be (if any) or has been taken in response to Shareholder concerns, and if no action is proposed to be taken, the Board's reasons for this.

Shareholders also need to be aware that as a result of the legislation which became effective on 1 July 2011 a "two strikes" process will apply to the results of voting in relation to this Resolution. This means that if the resolution proposing adoption of the Remuneration Report receives a "no" vote of over 25% of

votes cast by those attending in person or by proxy and permitted to vote, at two successive annual general meetings, then at the Company's 2018 annual general meeting, an extra resolution must be put to the meeting proposing that another general meeting should be held within 90 days of the second annual general meeting. A simple majority of over 50% of the votes cast at the 2018 annual general meeting is required to pass this extra resolution. If the resolution is passed, within 90 days another general meeting must be held at which all the Directors, except the Managing Director and any new Directors appointed since the date of the 2017 annual general meeting, will be required to resign and offer themselves for re-election. These provisions are colloquially referred to as the "two strikes rule" and the "spill resolution" to be put to the "spill meeting".

If at the spill meeting, the resolutions are all passed against re-electing the relevant Directors, the legislation includes a mechanism to ensure the Board continues with the statutory required minimum of 3 Directors. After the Managing Director, the remaining two positions will be filled by the Directors whose re-election resolutions at the spill meeting received the highest percentage of votes in favour of re-election. If the number of votes is the same for two Directors, the Managing Director and any other Director whose re-election has been confirmed at this spill meeting, can choose who is to become the third Director, with such appointment to be confirmed by shareholders at the 2019 annual general meeting. The ramifications of this mechanism being invoked include that the Company would not be in compliance with its corporate governance policies as a result of not having three independent directors on the Company's audit committee or any other committees requiring independent directors.

Furthermore, depending on the outcome of voting at the subsequent annual general meeting, Shareholders may be obliged to consider a resolution to requiring the full Board (excluding the Managing Director) to seek re-election.

At the Company's 2016 annual general meeting the votes cast against the remuneration report considered at that meeting were less than 25%. Accordingly, the spill resolution is not relevant for this meeting.

The Chairman intends to vote all available proxies in favour of adopting the Remuneration Report. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the proxy form the Shareholder is considered to have provided the Chairman with express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intentions.

### **3. RESOLUTION 2 - RE-ELECTION OF MR RUSSELL DAVIS AS A DIRECTOR**

Resolution 2 deals with the re-election of Mr Russell Davis who retires by rotation as required by the Company's Constitution and the Listing Rules and being eligible, has offered himself for re-election.

Mr. Davis is a geologist with over 30 years' experience in the mineral resources business. He has worked on the exploration and development of a range of commodities for a number of international and Australian companies, holding senior technical and corporate positions including Chief Mine Geologist, Exploration Manager and Managing Director.

Mr Davis was a founding Director of Gold Road Resources Limited and also Syndicated Metals Limited where he was Managing Director from December 2007 to March 2012. Russell has been a Director of Hammer Metals (Australia) Pty Ltd since its inception in 2012.

All the Directors except for Mr Davis recommend that Shareholders vote in favour of Resolution 2.

The Chairman intends to vote all available proxies in favour of Resolution 2.

## 4. RESOLUTIONS 3 AND 4 – RATIFICATION OF PLACEMENT SHARE ISSUE – LISTING RULES 7.1

### 4.1 Background

On 12 September 2017, the Company announced a placement of 35,500,000 shares to sophisticated investors at \$0.035 per share to raise \$1,242,500 (before costs). The placement was made pursuant to the Company's placement under Listing Rules 7.1 and 7.1A as follows:

- 15,794,033 Shares pursuant to Listing Rule 7.1
- 19,705,967 Shares pursuant to Listing Rule 7.1A

### 4.2 Listing Rules Chapter 7

#### Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period.

#### Listing Rule 7.1A

ASX Listing Rule 7.1A provides that a company may seek Shareholder approval at its annual general meeting to allow it to issue Securities up to 10% of its issued capital, provided that it is an eligible entity (**Eligible Entity**).

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- is not included in the S&P/ASX 300 Index; and
- has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

At the time approval was obtained, the Company was an Eligible Entity as it was not included in the S&P/ASX 300 Index and had a market capitalisation of less than \$300 million.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1 and 7.1A. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 or 7.1A (and provided that the previous issue did not breach ASX Listing Rule 7.1 or 7.1A) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1 and 7.1A.

By ratifying the shares issued under Resolutions 3 and 4, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 and up to the 10% annual placement capacity set out in ASX Listing Rule 7.1A without the requirement to obtain prior Shareholder approval.

Resolutions 3 and 4 are ordinary resolutions.

### 4.3 Resolution 3 – Information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of Shares the subject of Resolution 3:

- (a) 15,794,033 Shares were issued at an issue price of \$0.035 per Share;
- (b) The Shares were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

- (c) The Shares were issued to investors who were eligible to be made offers without disclosure under an exemption under section 708 of the Corporations Act, none of whom are related parties of the Company;
- (d) The funds raised from the issue (being in total \$552,791 (before costs)) will be used to fund planned exploration programs and its Mount Isa Projects in Queensland, Australia and for working capital purposes.

The Chairman intends to vote all available proxies in favour of Resolution 3.

#### **4.4 Resolution 4 – Information required by Listing Rule 7.5**

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of Shares the subject of Resolution 4:

- (a) 19,705,967 Shares were issued at an issue price of \$0.035 per Share;
- (b) The Shares were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (c) The Shares were issued to investors who were eligible to be made offers without disclosure under an exemption under section 708 of the Corporations Act, none of whom are related parties of the Company;
- (d) The funds raised from the issue (being in total \$689,709 (before costs)) will be used to fund planned exploration programs and its Mount Isa Projects in Queensland, Australia and for working capital purposes.

The Chairman intends to vote all available proxies in favour of Resolution 4.

### **5. RESOLUTION 5 – APPROVAL OF 10% PLACEMENT FACILITY**

#### **5.1 General**

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12-month period after the annual general meeting (“**10% Placement Facility**”). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 5.2(c) below).

The primary purpose for the 10% Placement Facility is to enable the Company to raise additional capital without additional regulatory impediments and to pursue possible future investment opportunities that may arise.

The Directors of the Company believe that Resolution 5 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

## 5.2 Description of Listing Rule 7.1A

### (a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

### (b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue one class of quoted Equity Securities, being Shares (having the ASX code HMX).

### (c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12-month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of shares on issue 12 months before the date of issue or agreement:

- (A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid shares that became fully paid in the 12 months;
- (C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- (D) less the number of fully paid shares cancelled in the 12 months.

*Note that A is has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.*

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

### (d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 234,059,674 Shares and has a capacity to issue:

- (i) 12,264,918 Equity Securities under Listing Rule 7.1; and
- (ii) Nil Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 5.2 (c) above).

### (e) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or

- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

**(f) 10% Placement Period**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX (“10% Placement Period”).

### 5.3 Listing Rule 7.1A

The effect of Resolution 5 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 5 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

### 5.4 Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days, on which trades in those securities were recorded, immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 5 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in Table A (below). There is a risk that:
  - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset.

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

Table A shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

**TABLE A**

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.017 50% decrease in issue price	\$0.034 Issue price	\$0.068 100% increase in issue price
Current Variable "A" 234,059,674 Shares	10% voting dilution	23,405,967 Shares	23,405,967 Shares	23,405,967 Shares
	Funds raised	\$397,901	\$795,803	\$1,591,606
50% Increase in current Variable "A" 351,089,511 Shares	10% voting dilution	35,108,951 Shares	35,108,951 Shares	35,108,951 Shares
	Funds raised	\$596,852	\$1,193,704	\$2,387,408
100% Increase in current Variable "A" 468,119,348 Shares	10% voting dilution	46,811,935 Shares	46,811,935 Shares	46,811,935 Shares
	Funds raised	\$795,803	\$1,591,606	\$3,183,212

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) No Options (including any Options under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities.
- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example at 10%.
- (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.
- (v) The table shows only the effect of the issue of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

- (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes the issue of Listed Options, it is assumed that those Listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
  - (vii) The Issue Price is \$0.034, being the closing price of Shares on ASX on 9 October 2017.
  - (viii) The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or without approval under Listing Rule 7.1.
  - (ix) The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or without approval under Listing Rule 7.1, and the total number of Shares on issue and approved or deemed approved at the date hereof for the purpose of Listing Rule 7.1 is 234,059,674.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 5 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking)).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration for the acquisition of the new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
  - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition), continued exploration and feasibility study expenditure on the Company's current assets and/or general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new assets or investments.

- (e) The Company has obtained Shareholder approval under Listing Rule 7.1A at its 2016 Annual General Meeting.

The Company has issued 19,705,967 Equity Securities under Listing Rule 7.1A during the preceding 12 months, the subject of Resolution 4.

During the preceding 12-month period a total of 37,000,000 Shares, being the existing class of quoted securities, were issued; which comprises 22.7% of the Company's Shares based on the number of Equity Securities on issue on 18 November 2016. Information relating to the issue of Equity Securities in the preceding 12 months is set out in Table B below.

**TABLE B**

Date of Appendix 3B	Number of Equity Securities	Class of Equity Securities and summary of terms	Names of recipients or basis on which recipients determined	Issue price of Equity Securities and discount to Market Price <sup>1</sup> on the trading day prior to the issue	If issued for cash – the total consideration, what it was spent on and the intended use of any remaining funds If issued for non-cash consideration – a description of the consideration and the current value of the consideration
27/03/2017	1,250,000	Fully paid ordinary shares	Issued to AUKing Mining Limited (Formerly Chinalco Yunnan Copper Resources Ltd)	Issued at \$0.051. Market price on date prior to issue was \$0.059	Ordinary shares issued pursuant to agreement for the acquisition of tenements. Value as at the date of this notice \$42,500 These shares are subject to a voluntary escrow period until 17 November 2017
17/08/2017	250,000	Fully paid ordinary shares	Issued to AUKing Mining Limited (Formerly Chinalco Yunnan Copper Resources Ltd)	Issued at \$0.051. Market price on date prior to issue was \$0.059	Ordinary shares issued pursuant to agreement for the acquisition of tenements. Value as at the date of this notice \$8,500 These shares are subject to a voluntary escrow period until 17 November 2017
12/09/2017	35,500,000	Fully paid ordinary shares	Issued to sophisticated investors	\$0.035	Consideration of \$1,242,500 (before costs) to be used to continue ongoing exploration on its 100% owned non-JV tenements and working capital. At the date of this notice approximately \$1,200,000 remains available for use.

Note: At the date of the notice, up to 33,437,096 shares at \$0.035 will be issued pursuant to the non-renounceable entitlement issue due to close on or about the 12<sup>th</sup> October.

- (f) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

The Board believes that the Additional 10% Placement Facility is beneficial for the Company as it will give the Company the flexibility to issue further securities representing up to 10% of the Company's share capital during the next 12 months. Accordingly, the Board unanimously recommends that Shareholders approve Resolution 5.

The Chairman intends to vote all available proxies in favour of Resolution 5.

## 6. DEFINITIONS

In this Notice and Explanatory Memorandum:

**"10% Placement Facility"** has the meaning given to it in Section 5.1;

**"10% Placement Period"** has the meaning given to it in Section 5.2(f);

**"ASIC"** means the Australian Securities and Investments Commission;

**"ASX"** means ASX Limited ACN 008 624 691;

**"Board"** means the board of Directors;

**"Business Day"** has the meaning given to it in the Listing Rules;

**"Chairman"** means the chairman of the Board;

**"Company"** means Hammer Metals Limited (ACN 095 092 158);

**"Constitution"** means the constitution of the Company;

**"Corporations Act"** means the Corporations Act 2001 (Cth);

**"Director"** means a director of the Company;

**"Equity Securities"** has the same meaning as in the Listing Rules;

**"Explanatory Memorandum"** means this Explanatory Memorandum;

**"Listing Rules"** means the official listing rules of the ASX;

**"Notice"** and **"Notice of Meeting"** means the notice of meeting to which this Explanatory Memorandum is attached;

**"Official List"** means the official list of ASX;

**"Option"** means an option to acquire one Share and **"Optionholder"** has a corresponding meaning;

**"Resolution"** means a resolution set out in this Notice;

**"Schedule"** means a schedule to this Notice and Explanatory Memorandum;

**"Section"** means a section of this Explanatory Memorandum;

**"Share"** means an ordinary fully paid ordinary share in the capital of the Company and **"Shareholder"** has a corresponding meaning;

**"Trading Day"** has the meaning ascribed to that term in the Listing Rules;

**"VWAP"** has the meaning ascribed to the term "volume weighted average market price" in the Listing Rules;

**"WST"** means Western Standard Time.

**HAMMER METALS LIMITED**  
**ACN 095 092 158**  
**PROXY FORM**

The Secretary  
Hammer Metals Limited  
Suite 8, 7 The Esplanade,  
Mount Pleasant, WA 6153

Fax Number: +61 8 9315 5475

I/We \_\_\_\_\_

of \_\_\_\_\_

being a shareholder/(s) of Hammer Metals Limited hereby appoint \_\_\_\_\_

of \_\_\_\_\_

or failing him/her \_\_\_\_\_

of \_\_\_\_\_

or failing him/her the Chairman as my/our proxy to vote for me/us and on my/our behalf at the General Meeting of the Company to be held at Suite 8, 7 The Esplanade, Mt Pleasant, Western Australia at 11.00am (WST) on Wednesday, 22 November 2017, and at any adjournment thereof in respect of [ ]% of my/our shares or, failing any number being specified, **ALL** of my/our shares in the Company. If two proxies are appointed, the proportion of voting rights this proxy is authorised to exercise is [ ]%. (An additional proxy form will be supplied by the Company on request.)

If you wish to indicate how your proxy is to vote, please tick the appropriate places below. If no indication is given on a Resolution, the proxy may abstain or vote at his or her discretion.

I/we direct my/our proxy to vote as indicated below:

		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr Russell Davis as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of Placement Share Issue Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of Placement Share Issue Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Proxies given by a natural person must be signed by each appointing shareholder or the shareholder's attorney duly authorised in writing. Proxies given by companies must be executed in accordance with section 127 of the Corporations Act or signed by the appointor's attorney duly authorised in writing.

***THE CHAIRMAN INTENDS TO VOTE ALL UNDIRECTED PROXIES IN FAVOUR OF EACH RESOLUTION EVEN IF THAT RESOLUTION IS CONNECTED DIRECTLY OR INDIRECTLY WITH THE REMUNERATION OF A MEMBER OF KEY MANAGEMENT PERSONNEL.***

As witness my/our hand/s this            day of

2017

**If a natural person:**

SIGNED by:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature (if joint holder)

**If a company:**

Executed in accordance with section 127 of  
the Corporations Act

\_\_\_\_\_  
Signature of Director

\_\_\_\_\_  
Signature of Director / Secretary